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STRATEGIC PLANNING PROCESS

1. PURPOSE: This Veterans Health Administration (VHA) Directive establishes a strategic planning process that assesses veterans' health care needs, plans strategic initiatives to accommodate those needs, and ensures compliance with applicable Federal and Department of Veterans Affairs (VA) planning requirements.

2. BACKGROUND

a. The strategic planning process integrates and aligns strategic planning and Capital Asset Realignment for Enhanced Services (CARES) activities, and identifies strategic planning linkages to Malcolm Baldrige Health Care Criteria for Performance Excellence.

b. Health care requires a timely and disciplined planning process. Clearly defining a planning framework, components, cycle, responsibilities and timeframes provides structure to this process. This Directive outlines a comprehensive planning continuum that effectively integrates various tasks, activities, and reporting requirements associated with budget, capital asset, information technology, human resources and/or workforce development, performance and strategic planning within VHA. The process defines and integrates VHA planning with the planning needs and expectations of both VA Central Office and the field.

c. Definitions

(1) **Environmental Scan.** Environmental scan is an ongoing internal and external customer feedback and assessment process conducted at all levels of the organization for use in developing national vision, goals, and objectives. The environmental scan reviews current trends in health care systems, current research and education, government requirements, and veteran and employee feedback.

(2) **Strategic Planning.** Strategic planning is a process by which VHA determines direction and operational focus over the next 3 to 5 years consistent with priorities established by the Secretary of Veterans Affairs as expressed in the Departmental strategic plan. There is one VHA Strategic Plan; however, strategic planning involves all parts of the organization.

(3) **Operational Planning.** Operational planning is the processes by which VHA implements annual actions and performance measures to accomplish the strategic goals and objectives. Synonymous with tactical and business planning, the product of operational planning is the Operational Plan. Operational planning occurs at all levels of the organization and represents the collective actions of Veterans Integrated Service Networks (VISNs), field units, and VHA Program Offices.

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(4) **Performance Planning.** Performance planning is a Department-level activity by which the President, Congress, and the general public are apprised of VHA goals and objectives. Office of Management and Budget (OMB) and the Government Performance Results Act (GPRA) requirements guide the format. Specifically, GPRA requires each Federal agency to:

- (a) Develop a strategic plan;
- (b) Prepare annual performance plans with commensurate performance goals; and
- (c) Report annually on actual performance compared to the goals.

(5) **VHA Goals.** VHA goals define the strategic outcomes VHA pursues to achieve its mission over a period of time. VHA goals are derived from Departmental objectives.

(6) **VHA Objectives.** VHA objectives further define intended program outcomes to achieve VHA goals.

(7) **VHA Strategies.** VHA strategies are a set of actions designed to achieve VHA objectives.

(8) **Performance Measures.** Performance measures are founded on defined domains of value, and valid and reliable metrics for evaluating the extent to which strategies and objectives are achieved.

(9) **OMB Program Assessment Rating Tool (PART).** OMB PART is an instrument that evaluates a program's purpose, design, planning, management, results, and accountability to determine its overall effectiveness.

(10) **Strategic Thinking.** Strategic thinking is a cognitive process that encourages innovative thinking into the future, 10 years or more, to identify possible futures.

(11) **Single Data Demand Model.** The single data demand model is using the same data sources and assumptions for all planning processes.

(12) **Field Units.** "Field units" is a term used to identify the various VHA components that organizationally report to the VISN Office, e.g., free-standing ambulatory care centers, medical centers, Community-based Outpatient Clinics (CBOC), Service or Care Lines, and health care systems.

d. Strategic and Operational Planning Framework

(1) The VHA strategic planning framework is based on a structure that begins with the Under Secretary for Health providing initial vision and direction at the start of the planning process. The foundation of VHA strategic planning consists of veterans' needs and demand. The domains of value help define VHA in the health care environment and are key drivers and/or

critical success factors that determine excellence in health care. VHA has identified five domains of value that provide the framework for defining and measuring value. The domains of value of quality, access, cost, veteran satisfaction, and functional status are embodied throughout the goals and are the basis for measurements of how well VHA meets veterans' needs and demand.



Figure 1: VHA Strategic Planning Framework

(2) The development of a VHA strategic plan from the mission and vision to the strategies and performance goals follows a continuum through the field unit level. Based on VHA missions of providing health care, research, education, and national emergency preparedness, VHA established one strategic plan that is implemented throughout VHA. The strategic and operational plans drive budget planning, policy formulation, and legislative initiatives (see Att. B). The VHA strategic planning process contributes to and supports the VA integrated strategic plan.

(a) Senior leaders and staff play a key role in the development and deployment of strategic and/or operational plans, providing innovation and creativity to support operational and strategic planning.

(b) The flow chart in Attachment A depicts the VHA strategic and operational planning process, timeframes, and integration and/or alignment with associated processes, documents, and products. The planning process begins with an environmental scan, incorporating both a top down and bottom up process. **NOTE:** Process steps are described in Attachment B. It also serves as a communication tool with the goal of providing consistent direction to all VHA employees. **NOTE:** For the FY 2004 cycle, the CARES process will be a separate component. It will then be integrated into the strategic planning process.

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3. POLICY: It is VHA policy to establish a Strategic Planning Process that supports VA core missions and meets criteria established by VA senior management, VHA senior management, and mandated by Public Law (Pub. L.) 103-62, GPRA of 1993.

4. ACTION

a. Under Secretary for Health

(1) The Under Secretary for Health represents VHA in the development of VA goals and objectives; establishes the vision and clear direction; and sets priorities for the VHA strategic planning process.

(2) The Under Secretary for Health, or designee, is responsible for ensuring that:

(a) VISN and/or Field Units and all VHA and VA Central Office Program Offices must submit annual operational plans implementing VHA strategies and performance goals, and providing input for future goals and strategies.

(b) All VHA leaders effectively engage their staff in the strategic planning process. While Attachment A depicts the integration of VA and VHA Planning processes in a flow chart format, Attachment C highlights the core decision steps used to accomplish the VHA strategic planning process.

b. **National Leadership Board (NLB).** Based on national and field level environmental assessments, the NLB is responsible for establishing strategic goals and objectives that support VHA direction and priorities, and for formulating strategies to accomplish those goals for recommendation to the Under Secretary for Health. While the strategic planning process is cyclical, this does not preclude the NLB from developing and/or modifying strategies, objectives, or performance goals during the planning cycle. Out of cycle planning resulting from policy changes and unanticipated events requiring a rapid response may be initiated by the NLB using the planning process defined by this Directive but within a compressed timeframe. On an annual basis the NLB evaluates the effectiveness of the strategic planning process using measures approved by the Executive Committee (EC) and/or using the Baldrige criteria regarding strategic plan development and deployment

(1) **NLB Communications Committee.** The NLB Communications Committee is responsible for developing and implementing a communication plan for the strategic planning process for all levels within VHA.

(2) **All NLB Committees.** All NLB committees are responsible for:

(a) Assisting with the development of VHA strategies and operational initiatives related to their specific areas of responsibility;

(b) Identifying general and specific information to assist program offices and VISNs in operational plan development;

(c) Recommending operational planning initiatives and direction for their areas of responsibility; and

(d) Monitoring progress toward accomplishment of the strategies.

c. **Strategic Planning Committee (SPC)**. The SPC is responsible for:

(1) Overseeing the strategic planning process including the environmental scan and annual submission of VHA strategic planning information to the NLB for approval.

(2) Coordinating the strategic plan activities of other NLB Committees.

(3) Ensuring that VHA goals, objectives, strategies, performance goals, and capital asset plans are linked with the requirements in GPRA and other Congressional and/or external reporting requirements and are linked to VA's goals and objectives.

d. **Assistant Deputy Under Secretary for Health (10A5)**. The Assistant Deputy Under Secretary for Health (10A5), is responsible for:

(a) Developing planning assumptions based on information gathered from environmental scan for use by SPC, NLB, and the Under Secretary for Health;

(b) Developing and issues guidance for planning;

(c) Supporting the SPC;

(d) Providing support and consultation to VHA Program Offices and VISN and/or Field Units in the development of operational plans;

(e) Coordinating and assisting with preparation of mandatory external reports;

(f) Coordinating data collection and analysis needed by the Department and VHA senior management, VHA Central Office Program Offices, VISNs and/or Field Units, and the NLB;

(g) Maintaining and developing database and website information;

(h) Consulting, as appropriate, on all VHA performance measures;

(i) Developing VHA's portion of the VA Strategic Plan as directed by SPC; and

(j) Supporting the NLB Communication Committee in the dissemination of the VHA strategic plan to all employees.

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e. **VISN Support Service Center (VSSC)**. The VSSC is responsible for:

(1) Developing data summaries, gap analysis, and data for use by Networks in development of their Operational Plans. *NOTE: This summarized data includes space, costs, and utilization projections, analyzed and displayed in a standardized format.*

(2) Maintaining the portal for data.

(3) Providing automated tools to assist in data analysis and Operational Plan development.

f. **Chief Officer, Office of Quality and Performance**. The Chief Officer, Office of Quality and Performance is responsible for:

(1) Developing reliable and valid strategic performance measures based on defined domains of value that provide information on how well established objectives and strategies have been met;

(2) Obtaining general guidance for a measure, then refining draft measures with the Performance Measurement Work Group (PMWG) for a final recommendation to the SPC, Executive Committee, and NLB;

(3) Recommending strategic target and interim annual targets for each measure; and

(4) Consulting, as appropriate, with the Assistant Deputy Under Secretary for Health (10A5), the Chief Financial Officer (CFO), and other Offices in development of targets that reflect workload and budget projections.

g. **CFO**. The CFO is responsible for:

(1) Ensuring that VHA financial goals, objectives, and strategies are incorporated into budget submissions;

(2) Providing appropriate financial assumptions and resource guidance to the strategic planning process;

(3) Ensuring that only those performance measures that have been recommended by the Performance Measures Workgroup and the SPC are included in the budget submission; and

(4) Coordinating and assisting with the Assistant Deputy Under Secretary for Health (10A5), and the Office of Quality and Performance in the preparation of mandatory external reports.

h. **VHA Program Offices**. VHA Program Offices are responsible for:

(1) Contributing to the VHA strategic planning process by:

(a) Providing information on:

1. New technology,
2. Future health and business practices,
3. Benchmarking, and
4. Special population demographics.

(b) Gathering stakeholder input for their respective program(s).

(2) Developing operational plans as a component of the VHA Strategic Plan using information gained from environmental scan, NLB Committee guidance, and VISN operational plans. **NOTE:** *These operational plans are to include national initiatives and suggestions for future goals and objectives.*

(3) Serving as subject matter experts to SPC in their respective program areas;

(4) Submitting operational plans to the SPC through appropriate supervisory channels (i.e., 10A, 10N, or Chief of Staff) for action;

(5) Tracking and reporting accomplishments of the operational plans to the Office of the Under Secretary for Health on an annual basis.

(6) Providing input regarding future goals, objectives, and strategies.

i. **VISN and/or Field Unit Directors.** VISN and/or Field Unit Directors are responsible for:

(1) Submitting ideas and needs for input into VA and VHA strategic planning.

(2) Developing operational plans to implement the VHA Strategic Plan. **NOTE:** *Operational plans identify actions to be taken by various organizational units to collectively carry out VHA strategies.*

(3) Implementing operational plans.

(4) Regularly developing plans to address local issues.

(5) Submitting operational plan to SPC through appropriate supervisory channels (i.e., 10A, 10N, or Chief of Staff) and VISNs for action.

(6) Tracking and reporting accomplishments of the operational plans to the Office of the Under Secretary for Health on an annual basis.

(7) Providing input regarding future goals, objectives, and strategies.

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5. REFERENCES

- a. Pub. L. 103-62, GPRA of 1993.
- b. VHA Directive 2002-078, National Leadership Board.

6. FOLLOW-UP RESPONSIBILITIES: The Assistant Deputy Under Secretary for Health (10A5), is responsible for the contents of this Directive. Questions may be addressed to 202-273-8932.

7. RESCISSIONS: VHA Directive 99-054, Strategic Planning Process, dated November 10, 1999, is rescinded. This VHA Directive expires December 31, 2007.

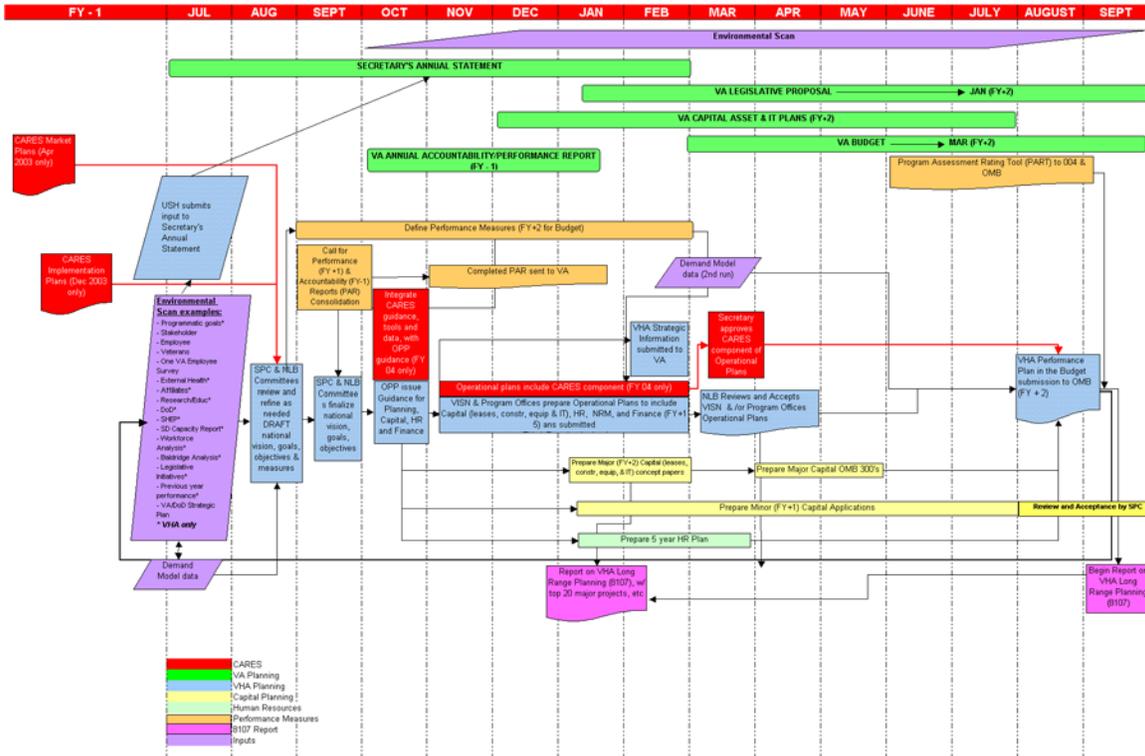
S/ Nevin M. Weaver for
Robert H. Roswell, M.D.
Under Secretary for Health

Attachments

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ATTACHMENT A

VETERANS HEALTH ADMINISTRATION (VHA) STRATEGIC AND OPERATIONAL PLANNING PROCESS, TIMEFRAMES, AND INTEGRATION AND/OR ALIGNMENT WITH ASSOCIATED PROCESSES, DOCUMENTS, AND PRODUCTS



ATTACHMENT B

VETERANS HEALTH ADMINISTRATION (VHA) STRATEGIC PLANNING PROCESS FLOWCHART NARRATIVE

1. ENVIRONMENTAL SCAN

a. **Description of Activity.** The Environmental Scan addresses Veterans Health Administration (VHA) national and local environments, including Department of Veterans Affairs (VA)-Department of Defense (DOD) and Tricare, to evaluate and ensure optimization of community resources and VHA capabilities relative to other government and community health partners and providers. In addition, the Environmental Scan:

(1) Assesses technological and other key changes that may impact VHA health care service delivery.

(2) Assesses strengths and weaknesses, including staff and other resources.

(3) Assesses supplier and/or partner strengths and weaknesses, including those of health care provider alliances (contracted services).

(4) Assesses financial, societal, regulatory and other potential risks.

(5) Assesses health care delivery processes and past performance.

(6) Assesses laws, other policies, Congress, and the Office of Management and Budget (OMB).

(7) Assesses degree and changes in level of customer satisfaction.

(8) Collects information from the Field Units through the Veterans Integrated Service Networks (VISNs).

b. **Responsible Party.** VHA Office of the Assistant Deputy Under Secretary for Health (10A5), collects and analyzes the information from the environmental scan and presents the results to the Strategic Planning Committee (SPC).

c. **Timeline.** A full environmental scan must be completed every 3 years with updates ongoing and annually. The SPC must review the information annually in July.

2. DEMAND MODEL DATA

a. **Description of Activity.** The Assistant Deputy Under Secretary for Health (10A5), receives the data run from the Actuary in mid-to-late summer. After analysis, the data are summarized and provided to the SPC for consideration in drafting the VHA Strategic Plan.

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NOTE: VHA Strategic Planning and Capital Asset Realignment for Enhanced Services (CARES) processes use the same data and assumptions.

b. **Responsible Party.** The Assistant Deputy Under Secretary for Health (10A5), completes this analysis and presents it to the SPC at the September meeting.

c. **Timeline.** July and March annually. *NOTE: The July data supports development of the VHA Strategic Plan and March data feeds budget development.*

3. SPC AND THE NATIONAL LEADERSHIP BOARD (NLB) DEVELOP AND RECOMMEND NATIONAL VHA VISION, GOALS, OBJECTIVES, STRATEGIES, AND PERFORMANCE MEASURES

a. **Description of Activity.** The Environmental Scan and Demand Model are analyzed to develop a draft national vision, goals, objectives, strategies, and performance measures. This information is fed back through the NLB committees for validation. The draft objectives and strategies are sent to the Performance Management Work Group (PMWG) to begin the process of developing national performance measures.

b. **Responsible Party.** SPC with other NLB Committees

c. **Timeline.** August for incorporation into the VA Strategic Planning Process.

4. SPC AND NLB FINALIZE NATIONAL VISION, GOALS, OBJECTIVES, AND STRATEGIES

a. **Description of Activity.** The vision, goals, objectives, and strategies are finalized by the NLB and used as the basis for the Assistant Deputy Under Secretary for Health (10A5), to develop planning guidance.

b. **Responsible Party.** The Under Secretary for Health approves the final version, with the exception of the performance measures, and the Assistant Deputy Under Secretary for Health (10A5), begins development of planning guidance.

c. **Timeline.** September.

5. THE ASSISTANT DEPUTY UNDER SECRETARY FOR HEALTH (10A5), ISSUES GUIDANCE FOR STRATEGIC, CAPITAL ASSET, HUMAN RESOURCES (HR), INFORMATION TECHNOLOGY (IT), FINANCE, HEALTH SYSTEMS, EMERGENCY PREPAREDNESS, RESEARCH, AND EDUCATION PLANNING

a. **Description of Activity.** Planning guidance for HR, IT, Capital Asset, and Finance is collected and incorporated into one departmental guidance. *NOTE: This also is an opportunity to influence future strategies.*

b. **Responsible Party.** The Assistant Deputy Under Secretary for Health (10A5) develops and the SPC approves the guidance.

c. **Timeline.** October.

6. VISN AND PROGRAM OFFICES PREPARE OPERATIONAL PLANS

a. **Description of Activity.** VISNs and VHA Program Offices develop operational plans to support the VHA strategies integrating HR, Capital Asset, IT, Financial, Research, and Education issues.

b. **Responsible Party.** VISNs and Program Offices

c. **Timeline.** Based on the guidance provided to VISNs and Program Offices, operational plans are developed and returned to the Assistant Deputy Under Secretary for Health (10A5), in February.

7. VHA STRATEGIC INFORMATION SUBMITTED TO VA

a. **Description of Activity.** VHA strategic information including performance measures are submitted to the NLB for approval and subsequently to the Office of the Under Secretary for Health for submission to the Department-level for incorporation into the full VA strategic plan.

b. **Responsible Party.** SPC submits the final information to the NLB and the Office of the Under Secretary for Health.

c. **Timeline.** February.

8. ACCEPTED OPERATIONAL PLANS

a. **Description of Activity.** VISN and Program Office operational plans are reviewed for alignment with the VHA Strategic Plan by the appropriate unit within the Office of the Under Secretary for Health. After acceptance, copies of the plans are sent to all appropriate offices. Information is aggregated and disseminated. The operational plans feed into the VHA environmental scan and provide an opportunity to influence future VHA strategies.

b. **Responsible Party.** Deputy Under Secretary for Health (10A) and the VHA Chief of Staff (10B).

c. **Timeline.** April.

NOTE: Processes, tools, and data developed during the CARES Phase II process will be fully utilized and absorbed into the new strategic planning process by Fiscal Year (FY) 2005 (see Att. A).

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9. OTHER STRATEGIC PLANNING PRODUCTS. Description of Activity. VHA is responsible for responding to Congressional, Departmental, and Administration requirements for reports on VA medical care programs. The information in these reports is derived largely from the strategies, performance goals, and capital asset plans as well as Program and VISN Operating Plans formulated in the strategic planning process. These reports are the primary mechanisms VHA uses to articulate results of its strategic planning process to external stakeholders.

(1) VHA Performance Plan in the Annual Budget Submission to the Office of Management and Budget (OMB)

(a) Responsible Party: The Assistant Deputy Under Secretary for Health (10A5).

(b) Timeline: September.

(2) Program Assessment Rating Tool (PART) to 004 and OMB

(a) Responsible Party: The Assistant Deputy Under Secretary for Health (10A5).

(b) Timeline: September.

(3) Report on VHA Long -range Planning (8107) to Congress

(a) Responsible Party: The Assistant Deputy Under Secretary for Health (10A5).

(b) Timeline: March.

(4) Performance and Accountability Report to OMB

(a) Responsible Party: The Assistant Deputy Under Secretary for Health (10A5).

(b) Timeline: February.

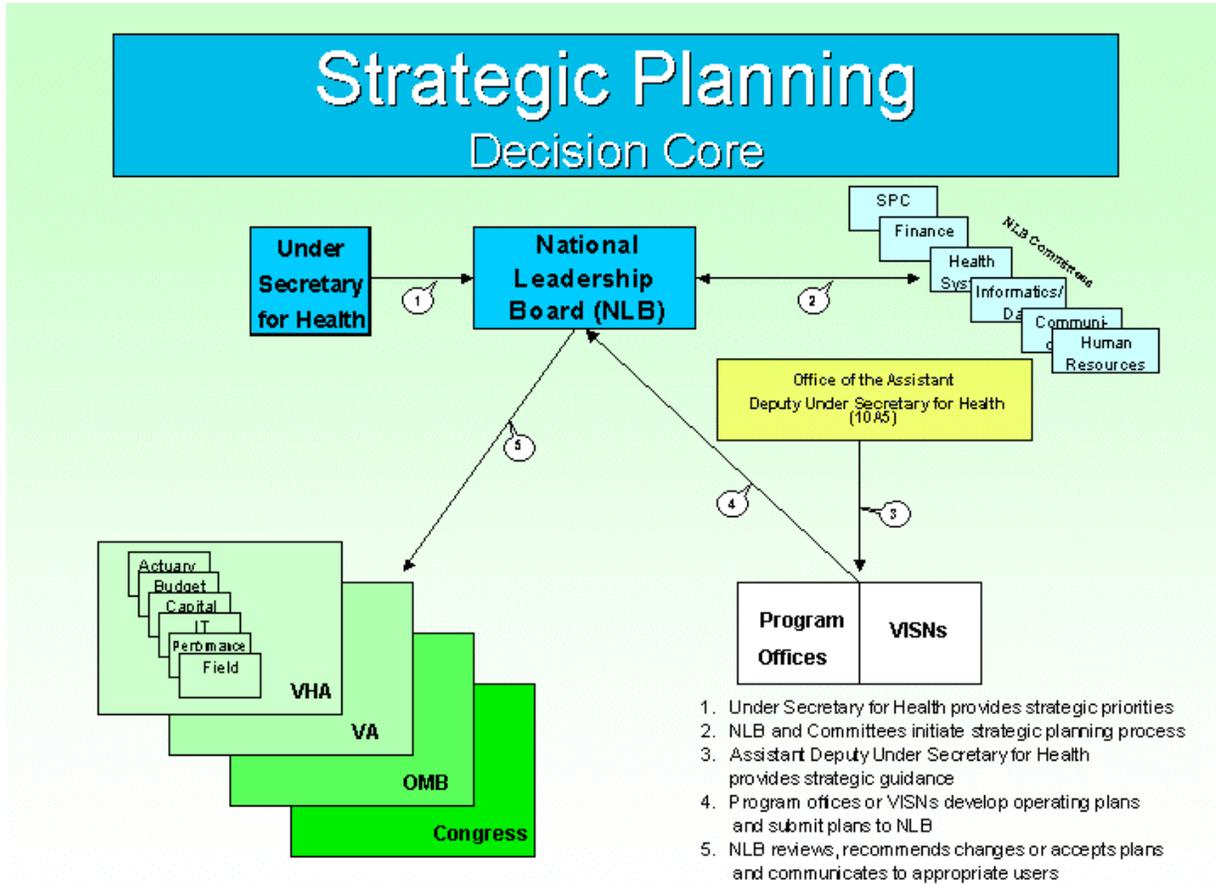
(5) Capital Asset Plan that Supports all Strategic Planning Efforts

(a) Responsible Party: Facilities Management (18) and VHA Informatics Office (19).

(b) Timeline: March.

ATTACHMENT C

STRATEGIC PLANNING DECISION CORE



Acronyms:

- IT Information Technology
- NLB National Leadership Board
- OMB Office of Management and Budget
- SPC Strategic Planning Committee
- VA Department of Veterans Affairs
- VHA Veterans Health Administration
- VISNs Veterans Integrated Service Networks