

# Improper Payments Information Act of 2002 (IPIA)

## Narrative Summary of Implementation Efforts for FY 2005/ Agency Plans for FY 2006 – 2008

### Detail I

Describe your agency's risk assessment(s), performed subsequent to compiling your full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on OMB guidance thresholds) identified through your risk assessments. Be sure to include the programs previously identified in the former Section 57 of OMB Circular A-11.

VA reviewed the requirements of the Improper Payment Information Act of 2002 to identify those programs which are susceptible to significant erroneous payments. After completing the review, VA performed risk assessments for all 19 programs. Thirteen of the programs had estimated improper payments of less than \$10 million. Dependency and Indemnity Compensation (DIC) is one of the programs previously identified in the former Section 57 of OMB Circular A-11 but is reported here as part of Compensation & Pension. Five programs either had estimated improper payments exceeding \$10 million and/or were programs previously identified in the former Section 57 of OMB Circular A-11.

In FY 2005, statistical samplings were performed on all required programs to estimate improper payments. (FY 2004 data were used to ensure that an accurate representation of a full fiscal year's results was obtained.) These programs include Compensation & Pension, Education, Insurance, the Loan Guaranty (LGY), and Vocational Rehabilitation & Employment programs. The benefit programs are managed by the Veterans Benefits Administration (VBA). VBA recognizes the inherent risk associated with administering benefits programs to veterans and beneficiaries. The criteria used to determine entitlement, the scope of administering through 57 regional offices, the legislative changes, reporting requirements, time constraints, and the

responsibility of ensuring appropriate use of resources all contribute to VBA's emphasis on identifying and minimizing vulnerabilities that lead to improper payments.

### 1. Compensation (including Dependency & Indemnity Compensation) and Pension

Erroneous payments are defined as payments made to ineligible beneficiaries or payments that were made for an incorrect amount. Erroneous payments may be caused by procedural or administrative errors made during the claims process, delays in claims processing due to requirements to provide due process, late reporting, misreporting, or fraud on the part of employees, beneficiaries, or claimants.

Over and underpayments are based on the results of the national Systematic Technical Accuracy Review (STAR) program. The STAR process involves a comprehensive technical accuracy review of a statistically valid random sample of completed cases. The annual STAR review sample totaled 11,261 currently processed cases.

The STAR process identifies erroneous payments for the following categories: Improper Grant/Denial, Improper

Percentage Evaluation Assigned, Improper Effective Dates Affecting Payment, and Improper Payment Rates, Improper Income Calculations, Improper Dependency Payment, Improper Payment of Burial Benefits, and Improper Waivers. The results of this review sample are extrapolated to the universe of completed claims to calculate estimated annual overpayments and underpayments. Separate annual amounts are calculated for the compensation program and pension program. (Please refer to Detail II for a full discussion regarding the statistical sampling process.) Our methodology for determining overpayments and underpayments also assesses the causes of the erroneous payments. Overpayments created not due to error on the part of VA are included in our overpayment figures.

### **Compensation and Pension is composed of several programs as discussed below.**

- a. Disability Compensation** is provided to veterans for disabilities incurred or aggravated while on active duty. The amount of compensation is based on the degree of disability. Several ancillary benefits are also available to certain severely disabled veterans.
- b. Dependency and Indemnity Compensation** is provided for surviving spouses, dependent children, and dependent parents of veterans who died while on active duty on or after January 1, 1957, or whose post-service death was caused by or contributed to by their service-incurred disabilities, or to survivors who die of nonservice-connected conditions but who were continuously rated totally disabled due to service-connected condition(s) for a number of years immediately preceding death as specified in law of service-connected causes. Prior to January 1, 1957, death compensation was the benefit payable to survivors.
- c. Nonservice-Connected Disability Pension** is provided for veterans with nonservice-connected disabilities who served in time of war. The veterans must be permanently and totally disabled or must have attained the age of 65 and must meet specific income limitations.
- d. Death Pension** is provided for surviving spouses and children of wartime veterans who died of nonservice-connected causes, subject to specific income limitations.

## 2. Education

The Education program assists eligible veterans, servicemembers, reservists, survivors, and dependents in achieving their educational or vocational goals.

Education Service conducts Quality Assurance (QA) Reviews of a random sample of completed Education benefit claims, to identify the Payment Accuracy Rate. This is the percentage of claims in which no erroneous payments (under or over) are authorized. It is therefore the inverse of a payment error rate. QA reviewers use a checklist with eight questions, one of which is used in determining the Payment Accuracy Rate: "Were the payment determinations correct?" The checklist also requires additional information about each case reviewed, including:

- Amount of payment authorized.
- Amount actually due.
- Amount of over or underpayment, if any, erroneously authorized.

The payment information currently collected through the QA review process can be compared with the total benefit dollars paid in a given fiscal year in order to produce an estimate of both the percentage and amount of erroneous payments in the Education program. The data as collected do not cover claims processed in the fiscal year; rather it covers claims processed from the 4th quarter of the previous fiscal year through the 3rd quarter of the current fiscal year. However, for a preliminary assessment, the QA erroneous payment percentage was compared to total benefits paid for the corresponding fiscal year. From FY 2000 through FY 2003, the percentage of erroneous payments exceeded 2.5 percent in two of the 4 years, while the total amount of erroneous payments exceeded \$10 million in all 4 years. Since data for all quarters of a given fiscal year are available through this system, mispayment data from the four quarterly reviews for FY 2004 were aggregated to provide the actual baseline measurement data.

## 3. Vocational Rehabilitation & Employment

Vocational Rehabilitation and Employment Service (VR&E) handles applications for benefits and processes payments from the Benefits Delivery Network (BDN) from its 57

regional offices nationwide. FY 2004 outlays totaled over \$550 million and are expected to rise to over \$603 million and \$632 million in fiscal years 2005 and 2006, respectively. The VR&E program offers a wide range of services tailored to the specific needs of veterans and their dependents. These services require extensive assessments and evaluations to validate entitlement and payments. VBA recognizes the inherent risk associated with administering a sizable and diverse national program.

VA's VR&E Service implemented the Quality Assurance Program, which was created under the provision of Public Law 106-117, The Veterans Millennium Health Care and Benefits Act, which states that VBA must establish and execute a Quality Assurance Program. It is a procedure designed to assess the quality of services provided to veterans and a case manager's work in terms of quality and accuracy of entitlement determination, rehabilitation services, fiscal activities, and rehabilitation outcomes.

Internal controls including the Systematic Analyses of Operations (SAO) for Debt Avoidance and Fiscal Control, and the reestablishment of VR&E Field Surveys are used to minimize the occurrence of improper payments. These controls help ensure the accuracy of the following:

- Entitlement Determination – accuracy of decision for entitlement of a veteran to receive Chapter 31 benefits/ services.
- Outcome Determination – accuracy of decision for closing a veteran's case when a veteran has achieved his or her rehabilitation goal or when a veteran is no longer able to participate in the Chapter 31 program.
- Rehabilitation Services – accuracy and quality of services provided to the Chapter 31 program participants, which includes fiscal activities.

## 4. Loan Guaranty

The purpose of the VA LGY program is to encourage and facilitate the extension of favorable credit terms by private lenders to eligible veterans, active duty personnel, surviving spouses, and selected reservists for the purpose of purchasing a home. The LGY program has an additional purpose of assisting veterans retain their homes in times of financial hardship and distress. The program operates in nine Regional Loan Centers (RLC), two regional offices, and two Eligibility Centers. Additionally, several important

program functions are contracted out, and LGY Service maintains Monitoring Units to oversee those operations. In FY 2004, the program guaranteed over 335,000 loans for a dollar value in excess of \$44 billion. LGY Service was ultimately responsible for the processing of over \$1.2 billion in payments during that same fiscal year. With this level of inherent risk involved, LGY Service has instituted a number of internal controls to ensure that this risk is mitigated, and that payments made are accurate and justifiable.

The LGY program's internal control procedures significantly reduce the risk of improper payments. Only limited amounts of improper payments have been discovered during the annual financial statement audit that includes auditing payments for many of the processes identified in Detail II. About 75 percent of LGY's payments are intra-governmental that are processed electronically from one LGY account to another or to Treasury. For those payments made externally, LGY has a number of procedures in place to mitigate the risk of improper payments. LGY conducts random sample post-audit reviews of payments made under the Property Management contract, and in Claims & Acquisitions. LGY also conducts 100 percent Final Accounting Reviews of all Specially Adapted Housing grant payments and 100 percent reviews of all vouchers submitted by the Portfolio Loan Servicer.

## 5. Insurance

The Insurance program provides veterans and servicemembers life insurance benefits that are not available from the commercial insurance industry because of lost or impaired insurability resulting from military service. Insurance coverage is available at competitive premium rates and with policy features comparable to those offered by commercial companies. A competitive, secure rate of return is ensured on investments held on behalf of the insured.

Based on our ongoing evaluation of methods and procedures of the Insurance program's internal controls and the percentage of improper payments in prior years, we consider the risk assessment of improper payments to be low. However, this program was previously required under section 57 of OMB Circular A-11 and must be reported.

## Detail II

Describe the statistical sampling process conducted to estimate the improper payment rate for each program identified.

### 1. Compensation (including Dependency & Indemnity Compensation) and Pension

VBA's calculation of the estimate of the improper payment rate for both the Compensation (including Dependency & Indemnity Compensation) and Pension programs is based upon actual dollar amounts of debt referred to the VA Debt Management Center (DMC) and erroneous payments identified in VA's quality assurance program known as STAR. Half of the estimated debt identified by STAR is included in the calculation of erroneous payments. That half is the amount which is written off as an administrative error. The other half of the STAR identified erroneous payment results in award action to create debts which are reflected in the DMC data. Debts referred to the DMC can reflect erroneous payments spanning multiple years as in overpayments associated with VA's Income Verification Match (IVM) and fugitive felon match. In FY 2004, the DMC received \$131.3 million in compensation debt and \$255 million in pension debt.

The STAR process captures over and underpayment errors found during the claims processing review and calculates the dollar amounts associated with those payment errors. Since the review is based on a random sample of cases, the results are applied to the universe of claims processed and a weighting factor is applied to each regional office's workload share to generate overall estimated improper payments.

In FY 2004, the STAR process included 11,261 cases -- 9,423 compensation cases and 1,838 pension cases. A total of 361 payment errors were documented for compensation cases (3.8 percent error rate), including 226 underpayments totaling \$1,124,703 and 135 overpayments totaling \$616,158. A total of 91 payment errors were documented for pension cases (4.95 percent error rate), including 46 underpayments totaling \$64,441 and 45 overpayments totaling \$85,671.

The number of cases reviewed for compensation and pension represents 0.73 percent of the 1,547,186 cases subject for review. While the errors were clearly identified as either compensation or pension, the overall review sample contained some cases with both compensation and pension elements. Accordingly, the sample size for the compensation program was 0.84 and 0.42 percent for the pension program.

When extrapolated to the completed compensation claims for FY 2004, including a weighting factor for each regional office's share of national workload, total estimated Compensation program underpayments were \$133.9 million and overpayments were \$74.4 million.

When extrapolated to the completed pension claims for FY 2004, including a weighting factor for each regional office and pension maintenance center's share of national workload, total Pension program estimated underpayments were \$15.3 million and estimated overpayments were \$20.4 million.

### 2. Education

QA Reviews were designed to provide statistically valid results at the 95 percent confidence level and 5 percent precision (also expressed as a margin of error of plus or minus 2.5 percent), for an estimated Payment Accuracy Rate of 94 percent (equivalent to an error rate of 6 percent). The annual nationwide random sample of 1,600 cases is selected from the database of completed end products in quarterly increments. Reviews are also conducted and reports issued quarterly. Provided that the estimated erroneous payment rate is similar to the estimated error rate used in constructing the QA sample, that is, 6 percent or less, the data may be considered statistically valid. Data on percentage and amount of erroneous payments from quarterly QA Reviews for awards authorized in FY 2004 were compared to total benefits paid for that fiscal year.

### 3. Vocational Rehabilitation & Employment

Data for the improper payment rate are gathered through the Quality Assurance review. In 2002 Booz-Allen-Hamilton conducted a study on the VR&E Quality Assurance Program. Starting in FY 2003 the total number of cases to be reviewed annually was increased from 2,850 to a minimum of 3,648 cases, or 64 cases per regional office, as a result of the study recommendations. The increase allowed for a valid random sampling size for each regional office review of cases based on a confidence level on a 5 percent margin of error. The National QA Review is divided into two review sessions with 32 cases per regional office per session. In FY 2004, there were 3,973 cases reviewed. The review sample results are applied to the national total workload to generate VR&E's estimated overall improper payments by using weighting factors based on the regional offices' caseload size.

### 4. Loan Guaranty

The LGY program helps veterans and active duty personnel purchase and retain homes in recognition of service to the nation. The program enables eligible veterans to obtain financing for the purchase, construction, or improvement of a home by insuring a percentage of the loan. This mandatory program encourages the lender to extend favorable loan terms and competitive interest rates to veterans who might otherwise prove ineligible. The LGY program disburses payments for:

- Specially Adapted Housing (SAH) Grants.
- Claim and Acquisition Payments.
- Portfolio Servicing of Direct Loans.
- Property Management.

**a. Specially Adapted Housing Grants (SAH)** – SAH staff at the regional loan centers (RLCs) certify that all grant requirements have been met prior to authorizing the dispersal of grant funds to the veteran's escrow account for payment of authorized expenses incurred for construction or modification of the veteran's home. The RLC staff then conducts a 100 percent Final Accounting Review for all cases. The cases are then sent to LGY Service Central Office (CO) for a second-level review. LGY CO reviews 100 percent of these files. For FY 2004 and FY 2005, no errors have been found in any part of the SAH grant payment process.

**b. Claims & Acquisition Payments** – LGY conducts a stringent first-level review of all claim payments. A 100 percent manual review is conducted on all claims received. The Loan Service and Claims (LS&C) system requires that at least two different LGY staff members review and certify the claim in the system before it will release it for payment. LGY also conducts statistically valid post-audit reviews of Claims & Acquisition payments. LGY reviews a random sampling of Claims & Acquisition payments during Quality Control visits to each of the 9 RLCs and the San Juan and Honolulu Regional Offices. LGY also includes a post-audit review of claims paid as part of the Statistical Quality Control Review 321. A first-level review of cases is done at the RLC, and a second-level validation is conducted by LGY CO. Between the Quality Control site visits and SQC reviews, the total claim payments which are being post-audited are significant at the 90 percent confidence level with +/- 2.5 percent margin of error. For FY 2004 and FY 2005, the error rate is less than 1 percent. These errors were minor in nature (under \$20 each).

**c. Portfolio Loan Voucher Payments** – Countrywide Home Loans (CHL) is LGY's contracted portfolio loan servicer. The Portfolio Loan Oversight Unit (PLOU) classifies CHL vouchers into seven types, based on nature of the service provided or the type of items included within. For example, the 003-Type contains reimbursable fees such as property preservation costs, foreclosure/bankruptcy costs, and recording fees; the 002-Type consists of property tax payments. As per the requirements of the Prompt Payment Act, VA pays each invoice as it is received. The PLOU staff then conducts a 100 percent post-audit of each voucher payment to ensure correctness and accuracy of payments. Error rates were extrapolated across the entire amount of voucher payments to arrive at the total amount of improper payments.

**d. Property Management Voucher Payments** – Ocwen is LGY's property management contractor. VA's Property Management Oversight Unit (PMOU) receives two types of vouchers (After Sale and Supplemental) from Ocwen. Both are handled in the same manner. Invoices are reviewed upon receipt by a Realty Specialist for compliance with the contract requirements and to assure that proper supporting documentation is included; then the invoice is approved by the Realty Specialist and submitted to a supervisor to certify it for payment per the

requirements of the Prompt Payment Act. The Centralized Property Tracking System (CPTS) pulls a 10 percent random sample of vouchers for post-audit review. The 10 percent sample requirement is statistically significant at the 95 percent confidence level with approximately +/-4 percent margin of error. [A 10 percent sample of a total of 6,229 invoices yields 623 cases for review valid at the 95 percent confidence level with +/-3.8 percent margin of error]. Please note that as a result of the second-level review performed on these payments, to date VA has found no payment errors.

## 5. Insurance

The steps to determining the actual rate of improper payments are:

- Determine the number of accounts receivable established in the prior fiscal year by the Finance section through a report created by the Accounts Receivable database manager.
- Determine which accounts receivables were created because of an improper payment, using the reason codes listed in the report.
- Determine the dollar amount of all the receivables determined to be improper payments.

- Determine the dollar amount of all disbursements made for the same fiscal year from the Finance section.
- Divide the dollar amount of all improper payments by the dollar amount of all disbursements to determine the improper payment rate for the fiscal year.

The Insurance program uses its Statistical Quality Control (SQC) program to help validate the improper payment rate. The Insurance SQC program is our method for assessing the ongoing quality and timeliness of our work products. A random sample of completed or pending work products are reviewed each month to ensure that the service provided to the veteran or the veteran's representative was accurate, appropriate, and complete, according to established guidelines. Each month a computer-generated program randomly selects 100 cash disbursements created by a policy loan or a cash surrender and 100 samples relating to the processing and payment of a death claim. Each case is reviewed for accuracy and timeliness. Our accuracy rate for cash disbursements for the past 12 months was over 99 percent.

## Detail III

Describe the Corrective Action Plans for:

A. Reducing the estimated rate of improper payments. Include in this discussion what is seen as the cause(s) of errors and the corresponding steps necessary to prevent future occurrences. If efforts are underway, and/or have been ongoing for some length of time, it is appropriate to include information in this section.

B. Grant-making agencies with risk susceptible grant programs, discuss what your agency has accomplished in the area of funds stewardship past the primary recipient. Include the status on projects and results of any reviews.

## 1. Compensation (including Dependency & Indemnity Compensation) and Pension

A higher ratio of compensation underpayments compared to overpayments was anticipated based on last year's statistical sampling results. The primary reason is the different standard applicable to a finding of underpayment and a finding of overpayment. For underpayment based on denial of service-connection or under-evaluation, the evidence does not have to show conclusively that all listed entitlement criteria are met. If the evidence is in equipoise, VA is required to resolve the claim in the claimant's favor (38 CFR 3.102). For overpayments the standard is clear and unmistakable error, that is, there is no basis in any reasonable judgment that the benefit granted could be sustained (38 CFR 3.105 (a) & (d)). Part of the identified underpayments in both compensation and pension may subsequently be corrected through the appeals process. For the Pension program, less judgment is involved in determining entitlement, with the primary evaluation factor based upon compliance with a very detailed set of rules for establishing dependency and complex detailed rules for developing and considering income to determine entitlement and payment rates. This is the primary reason for the higher ratio of overpayments to underpayments.

## 2. Compensation

Based on STAR data, the three most common causes for erroneous compensation overpayments are improper effective dates (35 percent of errors), the assignment of improper evaluations (22 percent of errors), and the improper grant of service connection (14 percent of errors). These reasons are the same reasons for erroneous underpayments. VBA continues to be engaged in initiatives that address these errors.

The first of these initiatives is the Regulation Rewrite project charged with redrafting VA's regulations into clear and understandable language. The project to rewrite the regulations is a result of a recommendation outlined in the October 2001 VA Claims Processing Task Force: Report to the Secretary of Veterans Affairs aimed at improving VA's claims adjudication process.

One of the most complex regulations in VA's inventory deals with effective dates. Clarifying the regulation regarding effective dates is a primary focus of the Regulation Rewrite Staff. Publication of the final regulation dealing with effective dates is anticipated in calendar year 2007. VBA anticipates the rewritten regulation will help reduce common errors identified above that result in overpayments.

VA continues its efforts to expand its rating capacity. Since the number of inexperienced rating specialists is significant, this means that the potential for errors in evaluation and granting or denying of benefits is greater. We believe that our training programs, the increasing experience of disability decision makers, and publication of the STAR Reporter (which advises the field of error trends), will significantly improve these areas.

Other reasons for overpayments include:

- Non-entitlement for the month of death.
- Reductions/terminations due to incarceration or fugitive felon status.
- Remarriage of surviving spouse.

The month of death overpayment occurs when the veteran dies late in the month, too late to stop the release of the check for the month of death, a benefit to which he/she is not entitled. Approximately 79,000 veterans were removed from the compensation rolls in FY 2004, virtually all due to death. This resulted in approximately \$25.3 million in overpayments because death occurred in the last 10 days of the month. The average compensation payment in FY 2004 was \$943 monthly. Although the overpayment is created, the majority of these payments are recouped.

Overpayments also are created as a result of notification of incarceration or fugitive felon status. According to current statute these cases are given due process and then adjusted. Notification of either status is a function of agreements made with states, the Bureau of Prisons, and law enforcement agencies. As previously indicated, these overpayments typically span multiple years as the IG's negotiation of agreements with various jurisdictions expands.

### 3. Pension

The Pension program administered by VA is a highly complex program that is intended to provide the financial resources needed by beneficiaries based upon anticipated income. It then requires adjustment based upon actual income. Consequently, like similar programs such as Supplemental Security Income, it is prone to overpayments due to late or misreporting of income changes or failure to report such changes by claimants. For this reason, VA consolidated the processing of all pension maintenance workload in order to improve the quality and timeliness of the pension processing, as well as to focus training in this area. Another goal of consolidation is to reduce the size of erroneous payments through greater claims processing efficiencies and reduced cycle time. We believe that an improved quality of pension processing and focused training should reduce the average size of overpayments but not substantially the number of erroneous payments. Pension processing quality has increased dramatically through the consolidation and specialization, and we expect it to continue. Consolidation of initial claims processing to the pension centers is anticipated in calendar year 2007.

The most common causes for erroneous pension overpayments and underpayments are improper effective dates and improper calculation of family income. The size of overpayments in the pension program is aggravated by the effective date rules that govern the adjustment of accounts and the need to provide due process. Since the fact of entitlement or the rate of entitlement is affected by income, and changes in status and rate of payment are effective the first of the month following changed income, the claimant and VA are in an overpayment situation in virtually every income adjustment based on new or increased income.

Other causes for overpayments are:

- Non-entitlement for the month of death.
- Reductions or terminations due to claimant reports on Eligibility Verification Reports (EVR).
- Reductions or terminations based upon matching programs.
- Inaccurate reporting of monthly social security benefits.

Approximately 80,000 pension records were terminated in FY 2004. The estimated annual overpayment for the month of death (considering deaths that occur in the last 10 days of the month), with an average monthly payment of \$521 when veterans and survivors are combined, is \$13 million.

Due to the particular nature of the pension program, a significant number of overpayments will be created due to reporting failures by beneficiaries. The following list of audits and investigations is designed to detect misreporting.

- **Death Match Project:** The Office of Inspector General (OIG) death match project is conducted to identify individuals who may be defrauding VA by receiving VA benefits intended for beneficiaries who have passed away.
- **Fugitive Felon Program:** On December 27, 2001, Public Law 107-103 was enacted. The law prohibits veterans who are fugitive felons, or their dependents, from receiving specified veterans benefits. At any given time more than 100,000 individuals are on a fugitive felon list maintained by the federal government and/or state and local law enforcement agencies. This program, as it is rolled out with other police jurisdictions, is an example of how overpayments will be identified in later years based upon newly acquired information.
- **Payments to Incarcerated Veterans:** An agreement was reached with the Social Security Administration (SSA) that allowed VA to use the State Verification and Exchange System (SVES) to identify claimants incarcerated in state and local facilities. We are processing both Bureau of Prisons Match and SSA Prison Match cases on a monthly basis.
- **Railroad Retirement and OPM Matches:** These matches report income from these sources compared to what pension beneficiaries report.
- **EVR:** This is an annual report required of most pension recipients in which they are required to report their actual previous year and anticipated current year income. This program results in overpayments due to a late reporting of income changes that result in larger overpayments due to two statutory provisions:
  - a. Reductions are effective first of the month following receipt of the changed income. Because VA normally is required to provide due process of 60 days in such cases, an overpayment is created for not only the historical period back to the receipt of the income but for a minimum of two months into the future.

b. Failure to return an EVR results in termination of the award and resulting overpayment from the beginning of the calendar year.

- Monthly Benefit Rate Match: This is a match with SSA in which the amount of monthly social security reported by the claimant is compared to SSA records.
- Unmatched records with SSA: C&P Service analyzes an extract of hits from data runs in order to obtain the Unverified Social Security Numbers listing.

## 4. Education

Education Service has used the Quality Assurance Review program to assess payment errors since FY 1992. Quarterly Education Service quality review reports are used to identify error trends and causes; the results then become topics for discussion at refresher training. Required training based on quarterly quality reviews was conducted in FY 2004. However, compared to the previous fiscal year, estimated erroneous payments rose from 2.4 percent to 3.0 percent. The principal factor inhibiting improvement was an increase in workload, which led to errors as personnel attempted to increase the speed of processing. In FY 2004, as in the previous fiscal year, the majority of erroneous payments were due to:

- Incorrectly determining the student's rate of training (full-time rate or part-time).
- Incorrectly awarding benefits for intervals between terms.
- Incorrectly determining the date on which to reduce or terminate benefits.
- Incorrectly processing monthly verification of enrollment data concurrent with award action.

Education Service is developing a rules-based automated claims processing system, which will help reduce payment errors. A prototype system is in place, and the full system is expected to improve performance when fully implemented. In addition, Education Service has developed standardized training materials for use by field stations. Use of these materials began in FY 2004, and is expected to help improve performance in the future.

## 5. Vocational Rehabilitation & Employment

The National Quality Assurance Team monitors the errors annotated in the Quality Assurance reviews and tracks the corrective actions taken on identified errors. Also, as the team monitors the results of the reviews, any frequently identified error or best practice is brought to the attention of management. Any further action (i.e., national training or publication of best standards of practice) to address the area(s) identified is discussed and implemented.

After each review, an outbriefing letter containing the results of the National QA Review is provided to each regional office. The letter outlines the errors found during the review and indicates the required corrective actions. Each regional office is required to submit certification of compliance to the corrective actions to the VR&E Service through the Director's Office at each regional office within 90 days of receipt of the letter. VR&E Service also revised the manual chapter on Systematic Analysis of Operations in December 2003 and strengthened the fiscal accuracy and review section.

In January 2004, VR&E Service required that all compliance reports for corrective actions on errors found on fiscal activities must also include the amount of over or underpayment for Chapter 31 benefits. The types of errors that were noted varied but included such items as:

- Entry of incorrect end date identifying timeframe for completion of training session and, therefore, veteran was either paid at an incorrect rate or no payment was issued and veteran should have received the subsistence allowance.
- Incorrect subsistence allowance rate entered and veteran was compensated at the wrong rate.
- Award did not reflect dependent child attending school and an amendment was required to reflect this change.

As VR&E Service continues to move forward in developing and implementing plans to reduce the estimated rate of improper payments, two major actions improved the data collection and dissemination process:

- First, the QA Web site, which maintains the data for the improper payment statistics, became available in December 2003.

- Second, a decision was made to centralize the QA Review site to Nashville to ensure consistency in the review process. All new QA Reviewers are now assigned in one location as opposed to the reviewers previously assigned in outbased locations.

## 6. Loan Guaranty

SAH grant payments have been found to be error-free. LGY will continue to conduct the 100 percent Final Accounting review and second-level Central Office reviews of the SAH grant process. Additionally, LGY has developed a Statistical Quality Control (SQC) Schedule for the SAH program, which will provide additional opportunity for review of the grant process, including grant payments.

Claims & Acquisitions payments have been found to have very few errors (.249 percent error rate in FY 2005). Since the error rate is so low, and the instances of error so minor in value, LGY will continue its procedures for first and second-level reviews prior to payment and will continue to perform all post-audit review of cases as per existing Site Visit and SQC schedules.

Portfolio loan servicing payments are processed for payment by the Portfolio Loan Oversight Unit (PLOU) within the timeframe sanctioned by the Prompt Payment Act. Payments are then post-audited by the PLOU staff for accuracy and correctness. For FY 2004 and FYTD 2005, errors were found only in the 002 and 003-series of vouchers, with the bulk of mistakes being located in the 002 vouchers. This means that errors were only found on vouchers related to tax payments and calculations (002) and on invoices consisting of reimbursable fees (foreclosure costs, property preservation fees, etc.). LGY monitors 002-series vouchers and maintains information on overcharges/unallowable charges submitted by holders. LGY offsets claims submitted by holders for any overcharges/unallowable charges contained therein. If the claim for the specific account has already been processed, then LGY makes adjustments on future claims submitted by the holder. While most errors on the 003-series vouchers for FY 2004 and FY 2005 were procedural in nature, and did not involve a dollar value, LGY also monitors this series of vouchers for unallowable charges/overcharges and pursues collection/reimbursement of any items VA has paid in error. The 003a-series vouchers are payments recovered via a vis this procedure.

## 7. Insurance

The majority of our improper payments are usually the result of human error which is directly related to the speed of service we endeavor to provide, as well as the large volume of transactions we process. In the overall universe of transactions processed, improper payments are relatively insignificant, constituting well less than one percent of all transactions processed. This low figure is primarily due to the reviews conducted by the Insurance Internal Control Staff (ICS).

Established in 1992, the ICS monitors, reviews, and approves all employee-generated insurance disbursements and certain other controlled transactions. It is the duty of these reviewers to perform accurate reviews to verify the correctness and propriety of all critical insurance actions. In short, this staff is the primary control point for all of our processes involving employee-generated disbursement actions. This staff also has the responsibility of ensuring the propriety of our system-generated disbursements. They exist to augment our traditional management controls (internal system edits, supervision, performance reviews, and quality control reviews, etc.).

In addition to the above, the ICS conducts a variety of post-audit reviews using, among other things, matching reports to help us prevent and detect fraud, waste, and abuse. Moreover, the ICS reviews the work of its own staff. Through these reviews, the staff supervisors ensure that work is being done in date order, that it is being reviewed properly, and that no fraud has been committed.

The ICS identified best practices by consulting with the OIG, who provided a variety of computer matching programs that assist in identifying patterns that may indicate abuse. Internal Control managers also regularly attend classes in statistical sampling and in the prevention and detection of fraud, waste, and abuse, and have received formal training in management and accountability. They have shared their expertise with other elements of VBA, and the OIG has referred to their operation as a “best practice.”

## Details IV

The table on the next page is required for each reporting agency. Please note that with this fiscal year, we require actual Outlay Dollars, Improper Payment percent, and Improper Payment Dollars for FY 2004 and 2005, and estimate Outlay Dollars, Improper Payment percent, and Improper Payment Dollars for FY 2006 – FY 2008. We highlight the following for clarification: (1) all risk susceptible programs must be listed in this chart whether or not an error measurement is being reported; (2) where no measurement is provided, agency should indicate the date by which a measurement is expected; (3) if FY 2005 is the baseline measurement, indicate by either footnote or by “n/a” in the “FY 04 percent” column; (4) if any of the dollar amount(s) included in the estimate correspond to newly established measurement components in addition to previously established measurement components, separate the two amounts to the extent possible; (5) include outlay estimates for FY 2006–2008; and (6) agencies are expected to report on FY 05 activity, and if not feasible, then FY 04 activity is acceptable.

During the third quarter of FY 2005, VA revised the improper payment reduction targets for FY 2004 through FY 2008. The revised reduction targets present a more realistic estimate of VA's improper payments compared to our initial estimates provided in the FY 2004 PAR. VA has met the revised improper payment reductions for FY 2004.

**Improper Payment Reduction Outlook FY 2004 – FY 2008**  
(\$ in millions)

Program	FY 04 Outlays \$ <sup>(1)</sup>	FY 04	FY 04	FY 05 Outlays \$ <sup>(1)</sup>	FY 05	FY 05	FY 06 Outlays \$ <sup>(1)</sup>	FY 06	FY 06	FY 07 Outlays \$ <sup>(1)</sup>	FY 07	FY 07	FY 08 Outlays \$ <sup>(1)</sup>	FY 08	FY 08
		IP %	IP \$												
Compensation <sup>(2)</sup>	26,298	0.64%	168.5	28,960	0.63%	181.0	29,772	0.61%	181.6	30,000	0.59%	177.0	34,697	0.57%	197.8
		0.51%	133.9		0.49%	141.9		0.47%	139.9		0.45%	135.0		0.43%	149.2
Pensions	3,391	7.82%	265.4	3,293	7.50%	247.0	3,470	7.48%	259.6	3,223	7.46%	240.4	3,510	7.44%	261.1
		0.45%	15.3		0.43%	14.0		0.41%	14.2		0.39%	12.6		0.37%	13.0
Education	2,316	1.60%	37.0	2,661	1.30%	34.0	2,888	1.20%	35.0	2,973	1.20%	36.0	3,031	1.20%	36.0
		1.40%	33.0		1.10%	30.0		1.10%	31.0		1.10%	32.0		1.10%	33.3
Vocational Rehabilitation	551	0.49%	2.7	603	0.44%	2.7	632	0.39%	2.5	669	0.34%	2.3	723	0.29%	2.1
		1.23%	6.8		1.18%	7.1		1.13%	7.1		1.08%	7.2		1.03%	7.4
Loan Guaranty <sup>(3)</sup>	1,249	0.50%	6.3	1,219	0.35%	4.2	2,582	0.33%	8.5	2,591	0.30%	7.8	2,657	0.28%	7.4
Insurance	1,678	0.02%	0.312	1,664	0.02%	.333	1,679	0.02%	.336	1,683	0.02%	.337	1,684	0.02%	.337

**Notes to Improper Payment Reduction Outlook Table:**

<sup>1</sup> The outlays for 2004 are actuals. The outlays for FY 2005 through 2008 are estimates. Overpayments (shaded cells) and underpayments are identified for programs for which separate data are available.

<sup>2</sup> Dependency & Indemnity Compensation is included with Compensation.

<sup>3</sup> FY 2006 through 2008 outlay estimates for Loan Guaranty are based on obligations as shown in the FY 2006 President's Budget and will be revised with updated information.

**VA Recovery Targets for all Susceptible Programs (\$ in millions)**

Program	Collections											
	FY 04 Estimated \$	FY 04 Actual \$	FY 04 Estimated %	FY 04 Actual %	FY 05 \$	FY 05 %	FY 06 \$	FY 06 %	FY 07 \$	FY 07 %	FY 08 \$	FY 08 %
Compensation & Pension (1)	250	281	25	28	250	25	240	26	230	27	220	28
Education & VR&E (2)	100	113	50	56	100	50	95	50	90	50	85	50
Loan Guaranty	1.5	1.9	60	69	1.5	60	1.4	65	1.3	65	1.2	65
Insurance	.700	.717	15	15	.700	15	.700	15	.680	15	.675	15

**Notes to VA Recovery Targets for all Susceptible Programs Table:**

<sup>1</sup> Compensation and Pension collections are shown as one figure.

<sup>2</sup> Collections reported for Education are collections for both Education and Vocational Rehabilitation & Employment (VR&E).

## Details V

Discuss your agency's recovery auditing effort, if applicable, including any contract types excluded from review and the justification for doing so; actions taken to recoup improper payments, and the business process changes and internal controls instituted and/or strengthened to prevent further occurrences. In addition, complete the table below.

### 1. Financial Services Center, Austin, TX

VA continued to enhance its vendor payment processes throughout FY 2005. The Department processed over 5.5 million Prompt Payment Act (PPA) eligible invoices worth over \$8.7 billion, with over 99 percent paid on time. In FY 2005, interest payments VA-wide declined by \$116,000 (from \$862,000 to \$746,000 - a 13.5 percent improvement over FY 2004 levels). At the same time, discounts earned surged by \$3.4 million to \$6.2 million, a 124 percent improvement over FY 2004 levels. VA's percentage of discounts earned also improved from 86.1 percent in FY 2004 to 91.1 percent in FY 2005. Combined, payment processing improvements saved VA \$3.5 million in FY 2005 - savings the Department can use to improve veterans care.

VA also continued to gain efficiencies and better results through an initiative started in FY 2004 to centralize vendor payment activities at the FSC. By centralizing vendor payment activities, VA strengthened its focus on identifying and preventing vendor payment errors. The FSC also enhanced audit recovery efforts of improper/duplicate vendor payments. The FSC reviews VA vendor payments daily to systematically identify, prevent, and recover improper payments made to commercial vendors. Current payment files are matched to identify and, where possible, prevent duplicates prior to payment. Also, payments from prior fiscal years are matched to identify potential duplicate payments for further analysis, assessment, and, as appropriate, collection. The FSC also reviews vendor payments to identify and collect improper payments resulting from payment processing such as erroneous interest penalties, service charges, and sales taxes. This initiative, started in FY 2004, recovered over \$124,000 in erroneous interest penalties, service charges, and sales taxes for reuse by VA entities during FY 2005. Overall, during FY 2005, collections of improper payments and the recovery of unapplied vendor statement credits totaled over \$2.7

million. Improved payment oversight also enabled VA to identify and cancel nearly \$3.5 million in potential improper payments prior to disbursement during FY 2005. Since the inception of the FSC's audit recovery effort in FY 2001, VA has recovered over \$13.2 million in improper payments and prevented the improper payment of another \$13.2 million.

### 2. Health Administration Center (HAC), Denver, CO

Public Law 106-74 mandated VA conduct, by contract, a recovery audit program of past payments for hospital care. In the associated conference report for Public Law 106-379, the primary intent of this program was further described as an interest to ensure that clinical diagnoses and treatments match the codes, which are submitted to VA for payment and, where an overpayment has been made, enable VA to recover the funds for medical care. VA awarded a recovery audit contract in December 2000. From December 2004 to July 2005, the contractor has identified 77,004 receivables totaling \$56,060,631 of which VA has recovered \$41,291,575.

Public Law 108-199 extended the mandate for VA to conduct, by contract, a recovery audit program of past payments for hospital care through FY 2006. VA awarded the new recovery audit contract in December 2004. The contract started on July 11, 2005, with requests sent to providers and VA Medical Centers for information.

### 3. Supply Fund

The Office of Acquisition and Materiel Management works with the Office of Inspector General (OIG) to recover funds owed VA due to (1) defective pricing - whether the prices for the items awarded were based on accurate, complete, and current disclosures by the offeror during contract

negotiations; and (2) price reduction violations - whether the contractor complied with the terms and conditions of the price reduction clause. As part of the OIG post-award contract reviews, staff also look for and collect overcharges

that were the result of the contractor charging more than the contract price. In FY 2005, this audit recovery program recovered over \$1.2 million.

**Audit Recovery Table**

Agency Component	Amount Subject to Review for FY 05 Reporting	Actual Amount Reviewed and Reported (X) \$	Amounts Identified for Recovery (Y) \$	Amounts Identified for Recovery/Actual Amount Reviewed and Reported (Y divided by X)	Actual Amounts Recovered \$
FSC	N/A	5,189,735,613	4,223,107	0.081%	2,659,556
HAC	N/A	176,245,294	17,688,720	10%	9,051,547
Supply Fund	2,263,495	2,335,471	1,089,310	2.14%	1,246,161

## Details VI

Describe the steps the agency has taken and plans to take (including time line) to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.

### 1. Compensation & Pension

VBA is committed to ensuring agency managers are held accountable for reducing and recovering improper payments. This is accomplished in a number of ways for the C&P Business line. First, regional directors, service center managers, and all management personnel share the same performance standards with respect to the management of delivery of compensation and pension. Non-supervisory field staffs have performance standards that measure them against quality and timeliness standards. Within C&P Service, management and staff are responsible for measuring quality, development of counter measures and training, and development of legislative and technological changes where possible to avoid, reduce, and recover overpayments.

### 2. Education

Performance accountability measures, including payment accuracy, are set by VBA top management for directors of the offices that process Education claims, and set by the

directors for subordinates. Education Service has developed standardized nationwide performance standards including payment accuracy for personnel who process claims.

### 3. Vocational Rehabilitation & Employment

VR&E Service is currently using the Quality Assurance Review results to track improper payments. There are national performance measures for VR&E employees and managers, which include a fiscal accuracy measure. After the Quality Assurance Team has conducted a review of cases, each regional office is required to submit its certification of compliance on the corrective actions within 90 days from receipt of the QA Review Results Letter. A database was developed and is being populated to track the regional office's compliance to required fiscal corrective actions, including the amount of under and overpayments. Also, an annual statement of written assurance on this subject will be added as a critical element for the program.

## 4. Loan Guaranty

Quality of work performed at the RLCs and regional offices that have an LGY presence is of key importance to the LGY program. Performance standards for the directors of these LGY stations include quality standards that cover virtually

all facets of the program, accuracy of payments being part of these standards. LGY Service works with the Office of Field Operations to set performance requirements and stretch goals for the LGY quality measures. Award money is available for stations that exceed requirements and achieve the stretch goals.

## Details VII

A. Describe whether the agency has the information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.

### 1. Compensation (including Dependency & Indemnity Compensation) and Pension

The agency has information systems and infrastructure to reduce improper payments. The information systems, however, reflect old technology and do not prevent or reduce the size of overpayments to the extent possible. VBA's VETSNET system, currently being deployed with a target completion date at the end of calendar year 2006, will enhance our ability to affect overpayments. VETSNET enhancements will directly affect both the creation and the size of overpayments. The elimination of batch cycle processing and conversion to real time processing will enable us to discontinue payments up to the day before payment is to be issued. The system will be integrated such that the disability rating decision will be entered once and support the rating, eliminating or substantially reducing errors due to data entry and effective date problems. The amount of retroactive payments is calculated as the award is being prepared and is known to the decision maker and the authorizer prior

to authorizing the payment. Where three signatures are required, the system will have the internal control to ensure that three signatures are present. We will also eliminate problems with the calculation of manual out-of-system payments, an area with increased potential for error.

### 2. Education

Education Service is developing a rules-based automated claims processing system. The goal of this system, when fully implemented, is to automatically process 90 percent of all enrollments and changes in enrollment. While the principal effect of implementation is to reduce processing times, it is also expected to reduce erroneous payments.

Given the improvements currently being implemented and those that are planned for the future, LGY, VR&E, and Insurance programs have the information systems and other infrastructure needed to keep improper payments at the levels targeted and should be able to reduce improper payments.

B. If the agency does not have such systems and infrastructure, describe the resources the agency requested in its FY 2006 budget submission to Congress to obtain the necessary information systems and infrastructure.

Funding for VETSNET is included in the FY 2006 budget request. In addition, the FY 2006 budget includes a requested \$10.9 million in resource requirements for the Education Service TEES development project.

## Details VIII

Describe any statutory or regulatory barriers which may limit the agencies' corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.

### Compensation (including Dependency & Indemnity Compensation) and Pension

There are statutory and regulatory barriers that limit our corrective actions in reducing improper payments. Many of these barriers are in the Pension program. Under current governing legislation, adjustments to payments are effective the first of the month following the month of the change in income or net worth. Additionally, benefits are paid on a prospective basis based on the beneficiary's estimate of anticipated income. Thus, an award adjustment due to

changes in income is always after the fact and creates an overpayment. While this process does create overpayments, we believe it should not be changed since the program meets the requirement to provide income support for current need.

Likewise, the need to provide due process to claimants where adjustment or termination of their award is needed results in continued payment at improper rates for approximately 90 days following discovery. When the award is done, however, adjustment is from the first of the month following the month in which the change in circumstance occurred. Again, we believe that the principles of due process are so important that these continued payments are a cost of administering the program.

# Definitions

## Definitions of Key Measures

**Please note:** Key Measures are also defined in the Key Measures Data Table (see page 154).

### **Average days to complete original and supplemental education claims**

Elapsed time, in days, from receipt of a claim in the regional processing office to closure of the case by issuing a decision. Original claims are those for first-time use of this benefit. Any subsequent school enrollment is considered a supplemental claim. (Education)

### **Average days to process – DIC actions**

The average length of time it takes to process a Dependency and Indemnity Compensation (DIC) claim from the date of receipt of claim in VA until the date of completion. (Compensation)

### **Average days to process insurance disbursements**

Insurance disbursements are death claims paid to beneficiaries, policy loans, and cash surrenders requested by policyholders. Average processing days are a weighted composite for all three types of disbursements based on the number of end products and timeliness for each category. Processing time begins when the veteran's application or beneficiary's fully completed claim is received and ends when the internal controls staff approves the disbursement. The average processing days for death claims is multiplied by the number of death claims processed. The same calculation is done for loans and cash surrenders. The sum of these calculations is divided by the sum of death claims, loans, and cash surrenders processed to arrive at the weighted average processing days for disbursements. (Insurance)

### **Clinical Practice Guidelines Index**

The Clinical Practice Guidelines Index is a composite measure comprised of the evidence and outcomes-based

measures for high-prevalence and high-risk diseases that have significant impact on overall health status. The indicators within the Index are comprised of several clinical practice guidelines in the areas of ischemic heart disease, hypertension, diabetes mellitus, major depressive disorder, schizophrenia, and tobacco use cessation. The percent compliance is an average of the separate indicators. (Medical Care)

### **Foreclosure avoidance through servicing (FATS) ratio**

The FATS ratio measures the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure. (Loan Guaranty)

### **Increase non-institutional long-term care as expressed by average daily census**

The number is the Average Daily Census (ADC) of veterans enrolled in Home and Community-Based Care programs (e.g., Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services). (Medical Care)

### **National accuracy rate (Compensation core rating work)**

Claims processing accuracy for compensation claims that normally require a disability or death rating determination. The accuracy rate is captured after all processing actions are complete based on the following criteria: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed. (Compensation)

**National accuracy rate (Pension authorization work)**

Claims processing accuracy for pension claims that normally do not require rating decisions (i.e., determinations and verifications of income as well as dependency and relationship matters). The accuracy rate is captured after all processing actions are complete based on the following criteria: all pension authorization work such as correct decision, correct effective date, and correct payment date when applicable. It also includes Veterans Claims Assistance Act (VCAA)-compliant development. Accuracy rate is determined by dividing the total number of cases with no errors in any one category by the number of cases reviewed. (Pension)

**Non-rating pension actions - average days to process**

The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed. Pension Non-Rating claims include: Disability and death dependency claims (EP130); Income, Estate and Election Issues (EP150); Income Verification Match Cases (EP154); Eligibility Verification Report referrals (EP155); and Original Death Pension (EP190). (Pension)

**Number of peer-reviewed publications by VA investigators**

The number of peer-reviewed publications by VA investigators that show VA listed as the affiliated institution as determined by a PubMed search. (Medical Research)

**Percent of graves in national cemeteries marked within 60 days of interment**

The number of graves in national cemeteries for which a marker has been set at the grave or the reverse inscription completed within 60 days of the interment divided by the number of interments, expressed as a percentage. (Burial)

**Percent of patients rating VA health care service as very good or excellent: Inpatient and Outpatient**

Data are gathered for these measures via a VA survey that is applied to a representative sample of inpatients and a sample of outpatients. The denominator is the total number of patients sampled who answered the question, "Overall, how would you rate your quality of care?" The numerator is the number of patients who respond "very good" or "excellent." (Medical Care)

**Percent of primary care appointments scheduled within 30 days of desired date**

This measure tracks the time between when the primary care appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. The percent is calculated using the numerator, which is those scheduled within 30 days of desired date (includes both new and established patient experiences), and the denominator, which is all appointments in primary care clinics posted in the scheduling software during the review period. (Medical Care)

**Percent of respondents who rate national cemetery appearance as excellent**

The number of survey respondents who agree or strongly agree that the overall appearance of the national cemetery is excellent divided by the total number of survey respondents, expressed as a percentage. (Burial)

**Percent of respondents who rate the quality of service provided by the national cemeteries as excellent**

The number of survey respondents who agree or strongly agree that the quality of service received from national cemetery staff is excellent divided by the total number of survey respondents, expressed as a percentage. (Burial)

**Percent of specialty care appointments scheduled within 30 days of desired date**

This measure tracks the number of days between when the specialty appointment request is made (entered into the computer) and the date for which the appointment is actually scheduled. This includes both new and established specialty care patients. The percent is calculated using the numerator, which is all appointments scheduled within 30 days of desired date and the denominator, which is all appointments posted in the scheduling software during the review period in selected high volume/key specialty clinics. (Medical Care)

**Percent of veterans served by a burial option within a reasonable distance (75 miles) of their residence**

The measure is the number of veterans served by a burial option divided by the total number of veterans, expressed as a percentage. A burial option is defined as a first family member interment option (whether for casketed remains or cremated remains, either in-ground or in columbaria) in a national or state veterans cemetery that is available within 75 miles of the veteran's place of residence. (Burial)

### Prevention Index II

The Prevention Index is an average of nationally recognized primary prevention and early detection interventions for nine diseases or health factors that significantly determine health outcomes. The nine diseases or health factors include: rate of immunizations for Influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, colorectal cancer, and cholesterol levels; and prostate cancer education. Each disease has an indicator. Each indicator's numerator is the number of patients in the random sample who actually received the intervention they were eligible to receive. The denominator is the number of patients in the random sample who were eligible to receive the intervention. (Medical Care)

### Rating-related actions - average days to process

The average elapsed time (in days) it takes to complete claims that require a disability decision is measured from the date the claim is received by VA to the date the decision is made. The measure is calculated by dividing the total number of days recorded from receipt to completion by the total number of cases completed. Includes the End Products (EP): Original Compensation, with 1-7 issues (EP110); Original Compensation, 8 or more issues (EP010); Original Service Connected Death Claim (EP140); Reopened Compensation Claims (EP020); Review Examination (EP310); and Hospitalization Adjustment (EP320). For Pension cases, the category includes original pension claims (EP180) and reopened pension claims (EP120). (Compensation and Pension)

### Rating-related compensation actions - average days pending

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Compensation Rating includes all pending claims in the following categories: EPs 110, 010, 020, 140, 310, and 320. (Compensation)

### Ratio of collections to billings

The collections to billings ratio is a calculation based on the total cumulative fiscal year collections divided by the total cumulative billings. VA cannot collect from Medicare; however, 100 percent of the charges must be included to assert claims to Medicare supplemental carriers. The

resulting ratio is comparatively lower than the private sector standard. (Medical Care)

### Vocational Rehabilitation and Employment Rehabilitation rate

The number of veterans who acquire and maintain suitable employment and leave the program, divided by the total number leaving the program. For those veterans with disabilities that make employment unfeasible, Vocational Rehabilitation and Employment (VR&E) seeks to assist them on becoming independent in their daily living. (VR&E)

## Definitions of Supporting Measures

### Accuracy of decisions (Services)

Percent of cases completed accurately for veterans who receive Chapter 31 (disabled veterans receiving vocational rehabilitation) services and/or educational/vocational counseling benefits under several other benefit chapters. Accuracy of service delivery is expressed as a percent of the highest possible score (100) on cases reviewed. (VR&E)

### Accuracy of program outcome

This measure seeks to ensure the accuracy of decisions made to declare a veteran rehabilitated or discontinued from a program of services. (VR&E)

### Appeals decided per Veterans Law Judge

The total number of decisions, remands, dismissals, and vacatur issued by the Board of Veterans' Appeals, divided by the total number of Veterans Law Judges. (BVA)

### Appeals resolution time (in days)

The average length of time it takes the Department to process an appeal from the date a claimant files a Notice of Disagreement (NOD) until a case is finally resolved, including resolution at a regional office or by a final decision by the Board. (BVA and C&P)

### Attainment of statutory minimum goals for small business expressed as a percent of total procurement

This number represents the percentage of total dollars spent with small business concerns based on total dollars reported. Data are obtained from the Federal Procurement Data System—Next Generation (FPDS-NG), provided by the Federal Procurement Data Center (FPDC) at: <https://www.fpds.gov>. (Departmental Management)

**Average cost of placing participant in employment**

This performance measure is a Common Measure whose definition is under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**Average hold time in seconds**

The average length of time (in seconds) that a caller using the toll-free service number waits before being connected to an insurance representative. (Insurance)

**Average number of days to initiate development of remands at the Appeals Management Center**

The average length of time it takes to develop a remand from the date the case is received at the Appeals Management Center until the date development begins. (Compensation)

**Average number of days to process a claim for reimbursement of burial expenses**

Elapsed time, in days, from receipt of a claim in the regional office to closure of the case by issuing a decision by the regional office. (VBA/Burial)

**BVA cycle time**

BVA cycle time measures the time a case spends at the Board, other than the time the case file is in the possession of a veterans service organization. (BVA)

**Cost – Obligations per unique patient user**

The average cost of total obligations for medical care divided by unique patients served. (Medical Care)

**Cost per case**

A unit decision cost derived by dividing BVA's total obligational authority by the number of decisions produced. (BVA)

**Cumulative number of kiosks installed at national and state veterans cemeteries**

The total number of kiosk information centers installed at national and state veterans cemeteries to assist visitors in finding the exact gravesite locations of individuals buried there. In addition to providing the visitor with a cemetery map for use in locating the gravesite, the kiosk information center provides such general information as the cemetery's burial schedule, cemetery history, burial eligibility, and facts about the National Cemetery Administration. (Burial)

**Customer satisfaction**

Customer satisfaction scores (measured on a scale of one through five, with five being the highest possible score) are based on surveys returned to OIG by the principals impacted by audits, investigations, contract reviews, health care inspections, and Combined Assessment Program Reviews. In instances where customer surveys are returned with lower than anticipated ratings, management may follow up with survey participants to identify any issues that caused low ratings and possible solutions. (OIG)

**Customer satisfaction – high ratings**

Nationally, the percentage of respondents to the education customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the way VA handled their education benefits claim. (Education)

**Customer satisfaction (Survey)**

Percent of veterans who answered "very satisfied" or "somewhat satisfied" overall with the VR&E program (of those who completed or withdrew from the program). (VR&E)

**Decrease Non Mission Dependent assets from 2005 baseline**

Non mission dependent assets include owned and direct leased buildings that fall below 50 percent utilization, and land parcels specifically identified as not mission dependent. (Departmental Management)

**Decrease operating and maintenance costs adjusting for inflation from 2004 baseline**

Operating and maintenance costs are actual costs based on Budget Object Codes for Roads and Grounds Maintenance (2549); Utility Plant Operations (2548); Rent costs (2330, 2334); Energy costs (2390 – 2399, 2650); Cleaning and Janitorial Services (2542); and Recurring Maintenance and Repair Services (2543). (Departmental Management)

**Decrease underutilized space as compared to overall space to 30 percent or less**

Using an approved space model, underutilized space is the ratio of owned and direct leased square feet not needed to the owned and direct leased square feet available. (Departmental Management)

**Deficiency-free decision rate**

This goal is based on a random sampling of 5 percent of Board decisions. Decisions are checked for deficiencies in the following categories: identification of issues, findings of fact, conclusions of law, reasons and bases/rationale for preliminary orders, and due process. (BVA)

**Documented increases in the use of joint procurement contracts**

Dollar increase in the amount of purchases made through joint procurement contracts with DoD. VA and DoD jointly negotiate procurement contracts to reduce procurement costs through bulk purchasing. (Medical Care)

**Dollar value of 1<sup>st</sup> and 3<sup>rd</sup> party collections**

Medical care received within VHA has a co-payment attached in some cases. This co-payment is referred to as 1<sup>st</sup> party collections. In addition, for veterans who have other insurance, as appropriate, those insurance companies are billed for services. Those collections are referred to as 3<sup>rd</sup> party collections. (Medical Care)

**Efficiency – Annual number of appointments per year per FTE**

The ratio of all outpatient visits against the number of clinical full-time equivalent employees. The measure has an indirect relationship to efficiency. (Medical Care)

**Fiduciary Activities – Initial Appointment & Fiduciary – Beneficiary Exams (completed) (%)**

This measure is the percentage of work products completed that exceeded the timeliness standard. It is obtained by dividing the sum of initial appointment (IA) and fiduciary beneficiary (FB) field examination work products completed untimely during a month by the total number of IAs and FBs completed during that month. A work product is considered overdue if it is completed in over 45 days for IAs and over 120 days for FBs. The FY measure is the total sum of each month's overdue completed cases divided by the total number of completed IAs + FBs. (C&P)

**Fiduciary Activities – Initial Appointment & Fiduciary – Beneficiary Exams (pending) (%)**

This measure is the percentage of pending field examinations that are already pending beyond the timeliness standard. The percentage is obtained by dividing the sum of initial appointment (IA) and fiduciary-beneficiary (FB) field examinations pending over standard by the total number of IAs

and FBs pending at the end of the month. IAs and FBs pending over 45 and 120 days, respectively, are untimely. (C&P)

**Franchise Fund**

VA's fund is comprised of six enterprise centers that competitively sell common administrative services and products throughout the Federal Government. The funds are deposited into the Franchise Fund. The Centers' operations are funded solely on a fee-for-service basis. Full cost recovery ensures they are self-sustaining. (Departmental Management)

**High customer ratings**

The percent of insurance customers who rate different aspects of insurance services in the highest two categories, based on a 5-point scale, using data from the insurance customer survey. (Insurance)

**Home Purchase – Percent of active duty personnel and veterans that could not have purchased a home without VA assistance**

Comparison (ratio) of the median financial assets available to veterans at closing of a guaranteed loan versus the amount necessary to obtain an FHA loan. (Loan Guaranty)

**Implementation guides developed for those Consolidated Health Informatics Standards adopted by VA and DoD**

In order to fully implement the interoperable VA/DoD health information systems, VA and DoD must agree on consolidated standards for informatics to ensure compatibility of information. Implementation guides are developed to provide guidance on how these standards will be implemented. (Medical Care)

**Increase Annual Percent Condition Index from 2005 baseline**

The Condition Index is the ratio of repair needs to plant replacement value. The higher the Condition Index the better the condition of the constructed asset. Condition Index includes owned buildings and structures. (Departmental Management)

**Low customer ratings**

The percent of insurance customers who rate different aspects of insurance services in the lowest two categories, based on a 5-point scale, using data from the insurance customer survey. (Insurance)

### **Medical residents' and other trainees' scores on a VHA survey assessing their clinical training experience**

The satisfaction survey for residents and other medical trainees assists VHA in determining how well we are achieving VA's academic mission of providing innovative and high-quality health care training for VA and the Nation. The survey results are used to learn what satisfies medical trainees and to improve the clinical training experience. The sources of this data are the responses to a summary question from the Learners' Perceptions Survey. (Medical Care)

### **Montgomery GI Bill usage rate: All program participants**

The MGIB usage rate is derived by dividing the number of veterans who have received MGIB benefits by the number of all veterans who participated in the MGIB program and have separated from active military service. The usage rate includes those veterans who are still within their 10-year eligibility period but have not, as yet, applied for education benefits. (Education)

### **Montgomery GI Bill usage rate: Veterans who have passed their 10-year eligibility period**

The MGIB usage rate is derived by dividing the number of veterans who have received MGIB benefits by the number of all veterans who participated in the MGIB program, have separated from active military service, and are beyond their eligibility period, generally 10 years after they left active duty. (Education)

### **National accuracy rate (Compensation authorization work)**

Claims processing accuracy of compensation claims that do not require a rating decision. The accuracy rate is captured after all processing actions are complete based on the following criteria: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed. (Compensation)

### **National accuracy rate (fiduciary work)**

Nationwide, the percentage of field examinations and account audits completed and determined to be technically accurate. The accuracy rate for the Nation is a compilation of the C&P Service's review of the 57 regional offices. (C&P)

### **National accuracy rate (Pension core rating-related work)**

Claims processing accuracy for pension claims that normally require a disability or death rating determination. The accuracy rate is captured after all processing actions are complete based on the following criteria: addressing all issues, Veterans Claims Assistance Act (VCAA)-compliant development, correct decision, correct effective date, and correct payment date if applicable. Accuracy rate is determined by dividing the total number of cases with no errors in any of these categories by the number of cases reviewed. (Pension)

### **National Accuracy Rate for burial claims processed**

The percentage of burial claims (EP 160) completed and determined to be technically accurate. (VBA/Burial)

### **Non-rating compensation actions - average days pending**

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Compensation Non-Rating includes: Disability and death dependency claims (EP130); Accrued Benefits (EP165); Burial (EP160); and other special eligibility determinations (EP290). (Compensation)

### **Non-rating compensation actions – average days to process**

The average elapsed time (in days) it takes to complete claims is measured from the date the claim is received by VA to the date the decision is made. The measure is calculated by dividing the total number of days from receipt to completion by the total number of cases completed. Compensation Non-Rating includes: Disability and death dependency claims (EP130); Accrued Benefits (EP165); Burial (EP160); and other special eligibility determinations (EP290). (Compensation)

**Non-rating pension actions – average days pending**

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Pension Non-Rating claims include: Disability and death dependency claims (EP130); Income, Estate and Election Issues (EP150); Income Verification Match Cases (EP154); Eligibility Verification Report referrals (EP155); and Original Death Pension (EP190). (Pension)

**Number of audit qualifications identified in the auditor's opinion on VA's Consolidated Financial Statements**

Audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of the Office of Management and Budget (OMB) Bulletin No. 01-02, "Audit Requirements for Federal Financial Statements," as amended. This measure reports how many audit qualifications are identified each year in VA's consolidated financial statements. (Departmental Management)

**Number of business lines transformed to achieve a secure veteran-centric delivery process that would enable veterans and their families to register and update information, submit claims or inquiries, and obtain status**

Maintain a *One VA* information technology framework that supports the integration of information across business lines and provides a course of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders. (Departmental Management)

**Number of discovery disclosures by VA investigators**

Executive Order 10096 mandates that when inventions are made by VA-salaried employees with research responsibilities and there was a contribution by VA, then VA may assert an ownership right in the invention. Discovery disclosures are VA's assertion of ownership in an invention. (Medical Research)

**Number of indictments, arrests, convictions, administrative sanctions, and pretrial diversions**

Output measures resulting from the conduct of an OIG investigation into allegations of criminal activities related to programs and operations of VA or into allegations against senior VA officials and other high profile matters of interest to Congress and the Department. (OIG)

**Number of material weaknesses identified during the Annual Financial Statement Audit or identified by management**

Audits are performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and the requirements of the Office of Management and Budget (OMB) Bulletin No. 01-02, "Audit Requirements for Federal Financial Statements," as amended. This measure reports how many material weaknesses are identified each year in VA's consolidated financial statements. (Departmental Management)

**Number of reports issued**

An output measure resulting from the preparation and release of a formal document prepared and released by the OIG following the conduct of a Consolidated Assessment Program review, administrative investigation, audit, or health care inspection. (OIG)

**Out of all original claims filed within the first year of release from active duty, the percentage filed at a BDD site prior to a service member's discharge**

This is the percentage of original claims filed by separating service members during the first year following release from active duty through the Benefits Delivery Discharge (BDD) program. The percentage is determined by dividing the number of original claims filed at the BDD sites by the total number of original claims that are filed within 1 year of discharge from service. (Compensation)

**Overall satisfaction (Compensation)**

The percentage of respondents to the C&P customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the way VA handled/is handling their compensation claim. (Compensation)

**Overall satisfaction rate (Pension)**

The percentage of respondents to the C&P customer satisfaction survey who were "very satisfied" or "somewhat satisfied" with the way VA handled/is handling their pension claim. (Pension)

**Payment accuracy rate**

Measures how well decisions reflect payment at the proper rate for the correct period of time. (Education)

**Percentage of beneficiaries that believe their VA educational assistance has been either very helpful or helpful in the attainment of their educational or vocational goal**

This draft measure will determine the proportion of beneficiaries who report their VA educational benefits helped them accomplish their educational or vocational goal. (Education)

**Percentage of clinicians who remain in the VA health care system for at least three years after completion of their career development award period**

The objective of the award program is to build and maintain capacity for VA clinicians to conduct research in areas of high relevance to the health care of veterans. Providing a career development award to a clinician acts as an incentive for them to stay for a period of time after completion of their award. (Medical Research)

**Percentage of planned business process reengineering studies of non-core, commercial, competitive functions initiated (per annum)**

This performance measure tracks VA's progress in pursuing management analysis and business processing reengineering studies in order to meet savings and performance goals and better serve veterans. The measure is calculated by dividing the number of functions initiated for study by the total number of functions planned for study, expressed as a percentage. (Departmental Management)

**Percentage of tort claims settled administratively**

At the administrative level, fairly compensate veterans who have been injured by substandard medical treatment. Thus, the veterans will not have to file law suits in federal court. Administrative settlement of meritorious claims will reduce the cost of handling tort claims against the government. (Departmental Management)

**Percentage of VAMCs contracted to serve as TRICARE network providers**

VAMCs who contract to serve as TRICARE network providers facilitate the transfer of active duty patients to VA prior to discharge. This benefits servicemembers' transition to veteran status and provides continuity of care during the discharge process by ensuring VA facilities can care for and appropriately bill for services rendered. (Medical Care)

**Percent change in earnings from pre-application to post-program employment**

This performance measure is a Common Measure whose definition is under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**Percent increase of EDI usage over base year of 1997**

The percent increase in the number of line items ordered through Electronic Data Interchange (EDI) by fiscal year. (Departmental Management)

**Percent of admission notes by residents that have a note from attending physician within 1 day of admission: Medicine, Psychiatry, Surgery**

Attending physician notes that are entered within a day after admission notes by a resident attests to the supervision of residents and ensures a higher level of quality of care. (Medical Care)

**Percent of applications for headstones and markers for the graves of veterans who are not buried in national cemeteries processed within 20 days**

This measures the timeliness of processing applications for headstones and markers for the graves of veterans who are not buried in national cemeteries using NCA's Automated Monument Application System. This percentage represents the number of headstones and markers ordered within 20 days of the receipt of the application divided by the number of applications for headstones and markers received. (Burial)

**Percent of appointments for primary care scheduled within 30 days of desired date for veterans and service members returning from a combat zone**

This measure ensures veterans and service members returning from a combat zone have priority access to primary care appointments. (Medical Care)

**Percent of appointments for specialty health care services scheduled within 30 days of desired date for veterans and service members returning from a combat zone**

This measure ensures veterans and service members returning from a combat zone with an injury or illness have priority access to specialty care appointments. (Medical Care)

**Percent of blocked calls**

The percentage of call attempts for which callers receive a busy signal because all circuits were in use for the insurance toll-free service number. (Insurance)

**Percent of cases using alternate dispute resolution (ADR) techniques**

The percent of contract dispute matters electing to use Alternate Dispute Resolution (ADR) techniques. ADR techniques refer generally to several formal and informal processes for resolving disputes that do not entail courtroom litigation. (Departmental Management)

**Percent of compensation recipients who perceive that VA compensation redresses the effect of service-connected disability in diminishing the quality of life**

The percent of veterans in a Program Outcome Study of the compensation program who believe the compensation they are receiving is fair. (Compensation)

**Percent of compensation recipients who were kept informed of the full range of available benefits**

Nationally, the percentage of respondents to the C&P customer satisfaction survey who indicated that the VA kept them informed of the full range of VA benefits and services available, of those who needed that information. (Includes both persons applying for and receiving compensation.) (Compensation)

**Percent of DIC recipients above the poverty level**

The percent of DIC recipients as measured by the Spouse and Parents DIC Program Outcome Studies who are above the poverty level threshold for the year in which the study is done. (Compensation)

**Percent of DIC recipients who are satisfied that the VA recognized their sacrifice**

The percent of DIC recipients in a Program Outcome Study of the DIC program who believe the DIC benefits they are receiving are fair. (Compensation)

**Percent of Emergency Planners who have completed orientation**

This performance measure ensures that those in VA responsible for developing continuity of operations plans and guaranteeing VA will continue to provide essential functions understand their responsibilities for emergency

preparedness planning and the directives governing such planning. (Departmental Management)

**Percent of funeral directors who respond that national cemeteries confirm the scheduling of the committal service within 2 hours**

The percent of funeral directors who respond that the amount of time it typically takes to confirm the scheduling of an interment is less than 2 hours. (Burial)

**Percent of gravesites that have grades that are level and blend with adjacent grade levels**

This percentage represents the number of gravesites that are level and blend with adjacent grade levels divided by the number of gravesites assessed. (Burial)

**Percent of headstones and markers ordered by national cemeteries for which inscription data are accurate and complete**

This percentage represents the number of headstone and marker inscriptions ordered by national cemeteries for which inscription information is correctly and accurately recorded by cemetery personnel divided by the total number of inscriptions ordered. (Burial)

**Percent of headstones and markers that are undamaged and correctly inscribed**

This percentage represents the number of headstones and markers that are undamaged and correctly inscribed, divided by the number of headstones and markers ordered. (Burial)

**Percent of headstones and/or markers in national cemeteries that are at the proper height and alignment**

This percentage represents the number of headstones and markers in national cemeteries that are at the proper height and alignment divided by the total number assessed. (Burial)

**Percent of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations**

This percentage represents the number of headstones, markers, and niche covers that are clean and free of debris or objectionable accumulations divided by the total number assessed. (Burial)

**Percent of Montgomery GI Bill participants who successfully completed an education or training program**

This draft measure will determine the proportion of Montgomery GI Bill participants who accomplished their education or training program. (Education)

**Percent of outpatient encounters that have electronic progress notes signed within 2 days**

The percent of all outpatient encounters that have progress notes entered into the electronic medical record within 2 days of the encounter. (Medical Care)

**Percent of participants employed first quarter after program exit**

This performance measure is a Common Measure under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**Percent of participants still employed three quarters after program exit**

This performance measure is a Common Measure under development with the Departments of Labor, Education, Health and Human Services, and Veterans Affairs and will go into effect in FY 2007. (VR&E)

**Percent of patients who report being seen within 20 minutes of scheduled appointments at VA health care facilities**

Percent of patients who report in the Survey of Health care Experiences of Patients (SHEP) that they were seen by the provider within 20 minutes or less of their scheduled appointment time. (Medical Care)

**Percent of pension recipients who were informed of the full range of available benefits**

Nationally, the percentage of respondents to the C&P customer satisfaction survey who indicated that the VA kept them informed of the full range of VA benefits and services available, of those who needed that information. (Includes both persons applying for and receiving pension.) (Pension)

**Percent of recipients who said their claim was “very” or “somewhat fair”**

Nationally, the percentage of respondents to the C&P customer satisfaction survey who indicated that VA’s evaluation of their claim was “very” or “somewhat” fair.

(Includes both persons applying for and receiving pension.) (Pension)

**Percent of respondents who would recommend the national cemetery to veteran families during their time of need**

The percent of survey respondents who agree or strongly agree that they would recommend the national cemetery to veteran families during their time of need. (Burial)

**Percent of Under Secretaries, Assistant Secretaries, and other key officials who self-certify their teams “ready to deploy” to their COOP site**

This performance measure ensures that the highest levels of leadership within the Department know the requirements for maintaining continuity of operations and service to veterans and their organizations have plans in place and are ready to relocate to their alternate site if necessary. (Departmental Management)

**Percent of VA employees who indicate they understand VA’s strategic goals**

VA seeks to foster a clear understanding of the Department’s strategic goals among its employees. To this end, each employee receives a copy of the annual *VA Report to Employees*, which articulates our strategic goals. In addition, VA conducts periodic employee surveys to gain feedback, identify issues for management action, and ascertain employee understanding of VA’s strategic goals. (Departmental Management)

**Percent of veterans in receipt of compensation whose total income exceeds that of like-circumstanced veterans**

A figure derived from a Compensation Program Outcome Study measuring available income and other cash and non-cash resources for service-connected disabled veterans compared to nonservice-connected veterans. (Compensation)

**Percent of veterans returning from a combat zone who respond “yes completely” to survey questions regarding how well they perceive that their VA provider listened to them and if they had trust and confidence in their VA provider**

The continual assessment of patient satisfaction tells VHA what patient expectations are and what dimensions of care concern veterans the most. This enables VHA to identify our

strengths and to quickly address areas where patients are less satisfied. VHA continues to be a leader in achieving a high level of patient satisfaction. (Medical Care)

**Percent of veterans who were discharged from a Domiciliary Care for Homeless Veterans (DCHV) Program or HCHV Community-based Contract Residential Care Program to an independent or a secured institutional living arrangement**

This measure tracks the percentage of veterans discharged from a DCHV or HCHV program directly to independent living or secure housing in the community. Independent living is defined as residence in one's own apartment, room, or house. Secured living arrangement is defined as half-way house, transitional housing, or domiciliary. (Medical Care)

**Prevention Index II (Special Populations)**

The overall Prevention Index score is comprised of nine disease or health factors that measure how well VA follows nationally recognized primary prevention and early detection recommendations that significantly determine health outcomes. Indicators within the Index include: rate of immunizations for influenza and Pneumococcal pneumonia; screening for tobacco consumption, alcohol abuse, breast cancer, cervical cancer, and colorectal cancer; screening for prostate cancer education; and screening for cholesterol levels. The same overall index is then evaluated for those patients who meet the definition of a special population as a sub-group. (Medical Care)

**Rating-related pension actions – average days pending**

The measure is calculated by counting the number of days for all currently pending claims from the date each claim is received through the current reporting date. The total number of days is divided by the total number of pending claims. Pension Rating includes all pending claims in the following categories: EPs 180 and 120. (Pension)

**Speed of entitlement decisions in average days**

Average number of days from the time the application is received until the veteran is notified of the entitlement decision. (VR&E)

**Statistical quality index**

A quality index that reflects the number of correct actions found in Statistical Quality Control reviews, measured as a percentage of total actions reviewed. (Loan Guaranty)

**Telephone activities - abandoned call rate**

Nationwide, the percentage of call attempts for which the caller gets through, but hangs up before talking to a VA representative. (C&P, Education)

**Telephone activities - blocked call rate**

The percentage of call attempts for which callers receive a busy signal because all circuits are in use. (C&P, Education, Insurance)

**Value of monetary benefits from IG audits**

Funds put to better use and monetary recoveries associated with recommendations to enhance VA operations and correct operating efficiencies resulting from OIG audits. (OIG)

**Value of monetary benefits from IG contract reviews**

Funds put to better use and monetary recoveries resulting from preaward and postaward contract reviews. (OIG)

**Value of monetary benefits from IG investigations**

Funds, including fines, penalties, restitutions, civil judgments, recoveries, and efficiencies that result from criminal and administrative investigations. (OIG)

**Veterans satisfaction**

The percentage of veterans answering the Loan Guaranty customer satisfaction survey that were "very satisfied" or "somewhat satisfied" with the process of obtaining a VA home loan. (Loan Guaranty)

## Definitions of Financial and Other Terms

**Accounts payable**

The money VA owes to vendors and other Federal entities for products and services purchased. This is treated as a liability on the balance sheet. (Financial)

**Accounts receivable**

The amount of money that is owed to VA by a customer (including other Federal entities) for products and services provided on credit. This is treated as a current asset on the balance sheet and includes such items as amounts due from third-party insurers for veterans' health care and from individuals for compensation, pension, and readjustment benefit overpayments. (Financial)

**Allowance**

The amounts included in the President's budget request or projections to cover possible additional proposals, such as statutory pay increases and contingencies for relatively uncontrollable programs and other requirements. As used by Congress in the concurrent resolutions on the budget, allowances represent a special functional classification designed to include amounts to cover possible requirements, such as civilian pay raises and contingencies. Allowances remain undistributed until they occur or become firm, then they are distributed to the appropriate functional classification(s). (Financial)

**Apportionment**

A distribution made by the Office of Management and Budget of amounts available for obligation in an appropriation or fund account. Apportionments divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred. (Financial)

**Appropriation**

The specific amount of money authorized by Congress for approved work, programs, or individual projects. (Financial)

**Appropriation Authority**

The authority granted by Congress for the agency to spend government funds. (Financial)

**Average daily census**

The number is the Average Daily Census of veterans enrolled in Home and Community-Based Care programs (Home-Based Primary Care, Contract Home Health Care, Adult Day Health Care (VA and Contract), and Homemaker/Home Health Aide Services). (Medical Care)

**Balance sheet**

A summary of all the assets the agency owns and the liabilities owed against those assets as of a point in time (the end of the fiscal year for VA is September 30). This statement always shows two consecutive fiscal year snapshots so the reader can compare the information. There is no "owners' equity" in a federal agency as there is in a non-government company. However, we instead report our "net position," which is the amount of unexpended appropriation authority. (Financial)

**Budget Authority**

The authority provided by law to enter into obligations that will result in immediate or future outlays involving Federal Government funds, except that budget authority does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority may be classified by the period of availability (1-year, multiple-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite). (Financial)

**Budgetary resources**

Budgetary resources are forms of authority given to an agency allowing it to incur obligations. Budgetary resources include new budget authority, unobligated balances, direct spending authority, and obligation limitations. (Financial)

**CARES – Capital Asset Realignment for Enhanced Services**

The program to assess veteran health care needs in VHA Networks, identify service delivery options to meet those needs in the future, and guide the realignment and allocation of capital assets to support the delivery of health care services. (Medical Care)

**Chief Financial Officers Act of 1990**

Legislation enacted to improve the financial management practices of the Federal government and to ensure the production of reliable and timely financial information for use in the management and evaluation of Federal programs. (Financial)

**Departmental Measure**

A staff office measure, which because of its importance and/or the extent to which it affects various organizations within VA, is considered significant.

**Exchange Revenue**

Exchange revenues arise when a Federal entity provides goods and services to the public or to another government entity for a price. (Financial)

**Federal Credit Reform Act of 1990**

Legislation enacted to improve the accounting for costs of federal credit programs. (Financial)

### **Federal Financial Management Improvement Act (FFMIA)**

The FFMIA requires agencies to produce timely and reliable financial statements that demonstrate their compliance with Federal financial management systems requirements, Federal accounting standards, and the U.S. government standard general ledger. If an agency believes its systems are not FFMIA-compliant, it must develop a remediation plan to achieve compliance within 3 years. (Financial)

### **Federal Managers' Financial Integrity Act (FMFIA) of 1982**

Legislation that requires Federal agencies to establish processes for the evaluation and improvement of financial and internal control systems in order to ensure that management control objectives are being met. (Financial)

### **Fund Balance with the Treasury**

The aggregate amount of funds in VA's accounts with the Department of the Treasury for which we are authorized to make expenditures and pay liabilities. This account includes clearing account balances and the dollar equivalent of foreign currency account balances. (Financial)

### **Government Management Reform Act of 1994**

Legislation enacted to provide more effective and efficient executive branch performance in reporting financial information to Congress and committees of Congress. (Financial)

### **Heritage Assets**

Heritage Assets are unique and are generally expected to be preserved indefinitely. Heritage assets may have historical or natural significance; be of cultural, educational, or artistic importance; or have significant architectural characteristics. (Financial)

### **Intragovernmental assets**

These assets arise from transactions among Federal entities. These assets are claims of the reporting entity against other Federal entities. (Financial)

### **Intragovernmental liabilities**

These liabilities are claims against the reporting entity by other Federal entities. (Financial)

### **Inventory**

An inventory is a tangible personal property that is (i) held for sale, including raw materials and work in process, (ii) in the process of production for sale, or (iii) to be consumed in the production of goods for sale or in the provision of services for a fee. (Financial)

### **Management (or internal) controls**

Safeguards (organization, policies, and procedures) used by agencies to reasonably ensure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud, and mismanagement; (iv) laws and regulations are followed; and (v) reliable and timely information is obtained, maintained, reported, and used for decision making. (Financial)

### **Material weakness**

A reportable condition in which the design or operation of the specific internal control does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the consolidated financial statements being audited. This condition may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. (Financial)

### **Memorial Service Network**

NCA's field structure is geographically organized into five Memorial Service Networks (MSNs). The national cemeteries in each MSN are supervised by the MSN Director and staff. The MSN offices are located in Philadelphia, Pennsylvania; Atlanta, Georgia; Indianapolis, Indiana; Denver, Colorado; and Oakland, California. The MSN Directors and staff provide direction, operational oversight, and engineering assistance to the cemeteries located in their geographic areas. (Burial)

### **Net cost of operations**

Net cost of operations is the gross cost incurred by VA less any exchange revenue earned from its activities. The gross cost of a program consists of the full cost of the outputs produced by that program plus any non-production costs that can be assigned to the program. (Financial)

**Net position**

Net position comprises the portion of VA's appropriations represented by undelivered orders and unobligated balances (unexpended appropriations) and the net results of the reporting entity's operations since inception, plus the cumulative amount of prior period adjustments (cumulative results of operations). (Financial)

**Net program cost**

Net program cost is the difference between a program's gross cost and its related exchange revenues. If a program does not earn any exchange revenue, there is no netting and the term used might be total program cost. (Financial)

**Notes to the Consolidated Financial Statements**

The notes provide additional disclosures that are necessary to make the financial statements more informative and not misleading. The notes are an integral part of the financial statements. (Financial)

**Obligations**

Obligations represent the amount of orders placed, contracts awarded, services received, and other transactions occurring during a given period that would require payments during the same or future period. (Financial)

**OMB Circular No. A-123**

The Office of Management and Budget (OMB) issued Circular No. A-123 to provide guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on management controls. (Financial)

**OMB Circular No. A-127**

OMB issued Circular No. A-127 to prescribe policies and standards for executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems. (Financial)

**Outlay**

Outlay is the amount of checks, disbursement of cash, or electronic transfer of funds made to liquidate a Federal obligation. Outlays also occur when interest on the Treasury debt held by the public accrues and when the Government issues bonds, notes, debentures, monetary credits, or other cash-equivalent instruments in order to liquidate obligations. (Financial)

**Program evaluation**

An assessment, through objective measurement and systematic analysis, of the manner and extent to which Federal programs achieve intended outcomes. (Departmental Management)

**Prompt Payment Act**

The Prompt Payment Final Rule (formerly OMB Circular No. A-125, "Prompt Payment") requires Executive departments and agencies to pay commercial obligations within certain time periods and to pay interest penalties when payments are late. (Financial)

**Property, Plant, and Equipment**

Property, plant, and equipment consist of tangible assets, including land, that have estimated useful lives of 2 years or more, not intended for sale in the ordinary course of operations, and have been acquired or constructed with the intention of being used, or being available for use, by the reporting entity. (Financial)

**PTSD – Post-Traumatic Stress Disorder**

PTSD is an anxiety disorder that can occur following the experience or witnessing of life-threatening events, such as military combat, natural disasters, terrorist incidents, serious accidents, or violent personal assaults such as rape. People who suffer from PTSD often relive the experience through nightmares and flashbacks, have difficulty sleeping, and feel detached or estranged. These symptoms can be severe enough and last long enough to significantly impair the person's daily life. Common PTSD stressors in veterans include war zone stress (e.g., combat and exposure to mass casualty situations), the crash of a military aircraft, or sexual assault. VA is committed to providing an integrated, comprehensive, and cost-effective continuum of care for veterans with PTSD. (Medical Care)

**Reportable Conditions**

Matters coming to the auditor's attention that, in the auditor's judgment, should be communicated because they represent significant deficiencies in the design or operation of internal control that could adversely affect the organization's ability to properly record, process, and summarize transactions and comply with applicable laws and regulations. (Financial)

### Research and Development

Research and development investments are expenses included in the calculation of net costs to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new and improved products and processes, with the expectation of maintaining or increasing national economic productivity capacity or yielding other future benefits. (Financial)

### State Veterans Cemetery

State veterans cemeteries, which complement VA's system of national cemeteries, provide burial options for eligible veterans and their family members. These cemeteries may be established by the States with the assistance of VA's State Cemetery Grants Program (SCGP). The SCGP provides grants to states of up to 100 percent of the cost of establishing, expanding, or improving state veterans cemeteries. (Burial)

### Statement of Budgetary Resources

A financial statement that provides assurance that the amounts obligated or spent did not exceed the available budget authority, obligations and outlays were for the purposes intended in the appropriations and authorizing legislation, other legal requirements pertaining to the account have been met, and the amounts are properly classified and accurately reported. (Financial)

### Statement of Changes in Net Position

A financial statement that provides the manner in which VA's net costs were financed and the resulting effect on the Department's net position. (Financial)

### Statement of Financing

A financial statement that explains how budgetary resources obligated during the period relate to the net cost of operations. It also provides information necessary to understand how the budgetary resources finance the cost of operations and affect the assets and liabilities of the Department. (Financial)

### Statement of Net Costs

A financial statement that provides information to help the reader understand the net costs of providing specific programs and activities, and the composition of and changes in these costs. (Financial)

### Statement of Written Assurance

A statement of written assurance is required by the Federal Managers' Financial Integrity Act. Each year, the head of each executive agency must prepare a statement that the agency's systems of internal accounting and administrative control fully comply with the requirements of the law, or that they do not comply. In the latter case, the head of the agency must include a report in which (a) material weaknesses in the agency's system of internal accounting and administrative controls are identified and (b) the plans and schedules for correcting any such weaknesses. (Financial)

### Status of Budgetary Resources

Obligations incurred, the unobligated balances at the end of the period that remain available, and unobligated balances at the end of the period that are unavailable except to adjust or liquidate prior year obligations. (Financial)

### Stewardship Land

Land not acquired for or in connection with items of general property, plant, and equipment. (Financial)

### Stewardship Property, Plant, and Equipment

Assets whose physical properties resemble those of general PP&E that are traditionally capitalized in financial statements. However, due to the nature of these assets, (1) valuation would be difficult and (2) matching costs with specific periods would not be meaningful. Stewardship PP&E consists of heritage assets, national defense PP&E, and Stewardship Land. (Financial)

### Telehealth

The use of electronic communications and information technology to provide and support health care when distance separates the participants. It includes health care practitioners interacting with patients, and patients interacting with other patients. (Medical Care)

### Telemedicine

The provision of care by a licensed independent health care provider that directs, diagnoses, or otherwise provides clinical treatment delivered using electronic communications and information technology when distance separates the provider and the patient. (Medical Care)

**Unobligated Balances**

Balances of budgetary resources that have not yet been obligated. (Financial)

**VA Domiciliary**

A VA domiciliary provides comprehensive health and social services in a VA facility for eligible veterans who are ambulatory and do not require the level of care provided in nursing homes. (Medical Care)

**VA Hospital**

A VA hospital is an institution that is owned, staffed, and operated by VA and whose primary function is to provide inpatient services. Note: Each division of an integrated medical center is counted as a separate hospital. (Medical Care)

**VA National Cemetery**

A VA national cemetery provides gravesites for the interment of deceased veterans and their eligible family members. VA's 121 national cemeteries are national shrines that are important sites for patriotic and commemorative events.

**VA Regional Office**

A VA regional office is a VBA office located in each state that receives and processes claims for VA benefits. (VBA)

**Veterans Integrated Service Network (VISN)**

The 21 VISNs are integrated networks of health care facilities that provide coordinated services to veterans to facilitate continuity through all phases of health care and to maximize the use of resources. (Medical Care)

# List of Abbreviations and Acronyms

**BDD**

Benefits Delivery at Discharge

**BDN**

Benefits Delivery Network

**BVA**

Board of Veterans' Appeals

**C&P**

Compensation and Pension

**CAP**

Combined Assessment Program

**CARES**

Capital Asset Realignment for Enhanced Services

**CBOC**

Community-based Outpatient Clinic

**CLO**

Chief Logistics Officer

**CMOP**

Consolidated Mail Outpatient Pharmacy

**COOP**

Continuity of Operations

**CoreFLS**

Core Financial and Logistics System

**CSRS**

Civil Service Retirement System

**DIC**

Dependency and Indemnity Compensation

**DOOR**

Distribution of Operational Resources

**EDI**

Electronic Data Interchange

**F&FE**

Fiduciary and Field Examination

**FASAB**

Federal Accounting Standards Advisory Board

**FASB**

Financial Accounting Standards Board

**FECA**

Federal Employees' Compensation Act

**FERS**

Federal Employees Retirement System

**FTE**

Full-time Equivalent

**GIP**

Generic Inventory Package

**GPRA**

Government Performance and Results Act

**HCHV**

Health Care for Homeless Veterans

**HIPAA**

Health Information Portability and Accountability Act

**JCAHO**

Joint Commission on Accreditation of Healthcare Organizations

**LETC**

Law Enforcement Training Center

**LGY**

Loan Guaranty

**LS&C**

Loan Service & Claims

**MCCF**

Medical Care Collections Fund

**MSN**

Memorial Service Network

**NCA**

National Cemetery Administration

**OGC**

Office of General Counsel

**OWCP**

Office of Workers' Compensation Program

**P&F**

Program and Financing

**PART**

Program Assessment Rating Tool

**PP&E**

Property, Plant & Equipment

**SFFAS**

Statement of Federal Financial Accounting Standards

**SGLI**

Servicemembers' Group Life Insurance

**STAR**

Systematic Technical Accuracy Review

**TEES**

The Education Expert System

**TRICARE**

DoD-managed care support contract

**VAMC**

VA Medical Center

**VA RC&V**

VA Records Center and Vault

**VARO**

VA Regional Office

**VBA**

Veterans Benefits Administration

**VERA**

Veterans' Equitable Resource Allocation

**VETSNET**

Veterans Services Network

**VGLI**

Veterans' Group Life Insurance

**VHA**

Veterans Health Administration

**VISN**

Veterans Integrated Service Network

**VistA**

Veterans Health Information Systems and Technology Architecture

**VR&E**

Vocational Rehabilitation and Employment

**WCP**

Workers' Compensation Program

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**Rita A. Reed**

Principal Deputy Assistant Secretary for Management

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