



FACT SHEET 01-14 HISTORY OF THE HAC Department of Veterans Affairs Health Administration Center

- From 1973 through 1986, VA medical centers across the country were responsible for processing CHAMPVA applications and determining if applicants were eligible for the program.
- The Center's initial staff of five employees (four programmers) began developing the eligibility and claims software in 1986, before the Center was chartered.
- In June 1986, VA centralized management of the CHAMPVA Program at the Denver VA Medical Center (VAMC) at 10th Avenue and Clermont Street. The original agency name was Central CHAMPVA Registration Center. Initially, the Denver VA Medical Center was responsible only for beneficiary eligibility determinations.
- In 1987, the agency moved to 40th and Jackson Street and started expanding with the hiring of additional employees, but remained attached to the Denver VAMC.
- In 1989 the agency separated from the Denver VAMC and was renamed The CHAMPVA Center, a field activity of VHA's Central Office. In 1990, the organization began to assume responsibility for all aspects of the program, including claims processing, which previously had been done by the Department of Defense. In November 1990, the first claims processed at the CHAMPVA Center were for the State of New Hampshire.
- In 1992, the Center began the CHAMPVA Inhouse Treatment Initiative (CITI). Under CITI, VA medical facilities provide care to CHAMPVA beneficiaries when they have the space and capacity to do so, after serving Veterans.
- In 1993, the Center became fully responsible for performing all CHAMPVA program administrative functions, including claims processing, beneficiary eligibility determinations and payments for beneficiaries residing in the 50 states, the District of Columbia and Puerto Rico. The transition was complete January 1, 1996, when the Center assumed responsibility for all foreign CHAMPVA claims processing and payments.
- In 1994, the Center assumed responsibility for VA's Foreign Medical Program. Under this program, the Center pays for health services required for Veterans with service-connected disabilities who live or travel overseas or who are enrolled in a VA-approved vocational rehabilitation program overseas. The successful transfer of the program resulted in a VA Scissors Award. In 1994 the agency also moved to 300 South Jackson Street (the Jackson Building).
- In 1995, the Center was honored with a National Performance Review Hammer Award for the 1993 consolidation of all CHAMPVA program administrative functions (claims processing, eligibility determinations and claims payments for beneficiaries

residing in all 50 states, the District of Columbia and Puerto Rico) under the Center's scope of responsibility.

- In 1996, the CHAMPVA Center was officially renamed the Health Administration Center.
- In January 1996, the Center assumed responsibility for processing CHAMPVA foreign claims for CHAMPVA beneficiaries living or traveling outside the United States (not to be confused with the Foreign Medical Program).
- In 1996, Congress authorized medical examinations for family members of Gulf War Veterans, and the Center processed those claims for payment.
- In 1996, the Center took the lead to initiate and negotiate an interagency process redesign. The change in process resulted in payment checks and explanations of benefits being mailed together—previously they were sent separately. With the Department of Treasury's Austin Center as a partner, the government saved more than \$225,000 in postage costs. The HAC received another VA Scissors Award for this effort.
- In 1997, the Center became the home of the Spina Bifida Health Care Program. Under this program, children of Vietnam Veterans with spina bifida are provided a full range of health care services related to their spina bifida.
- In 2000, the Center further expanded services to CHAMPVA beneficiaries through a mail order pharmacy program, providing improved access to care and decreased costs for the beneficiary and the government. This program allows eligible beneficiaries to receive their maintenance medications free of charge through a VA mail-order program rather than purchase them from local pharmacies. The mail order pharmacy program, called Meds by Mail, received a VA Scissors Award in 2000 for excellence and innovation.
- In June 2001, Congress authorized the extension of CHAMPVA benefits for beneficiaries over the age of 65, effective October 1, 2001. The Center contacted more than 250,000 individuals, notifying them of their eligibility for this program over the next two years. Between July 2001 and the end of fiscal year 2004, the Center added 80,394 beneficiaries, who were over 65 years old, to the program.
- Because of its success with the Spina Bifida Health Care Program, the Center was selected to administer health benefits under the Children of Women Vietnam Veterans Health Care Program, a benefit program that began in December 2001.
- In the summer of 2002, the HAC was tasked with beginning the centralization of claims processing for VA's National Fee Program and ensuring that the program met Health Insurance Portability and Accountability Act (HIPAA) mandates by October 2003. HIPAA mandates were met through deployment of the Fee Payment Processing System.
- The Center accepts institutional and outpatient claims through EDI. This technology held the promise of being able to help the Center control operational costs. In late 2002, the Center implemented optical character recognition technology, which has

reduced claims processing times.

- In 2003, the program that offered medical examinations for family members of Gulf War Veterans, for which the Center processed the claims for payment, ended when the authority to provide benefits expired.
- In 2003, the Center was given program responsibility for the National Fee Program. In that capacity, the Center provided policy and program guidance to all VHA activities and sponsored the National Non-VA Advisory Council.
- In the fall of 2003, the Center met HIPAA transaction set standards for all programs, including Fee.
- According to an audit of the Center's HIPAA compliance by Price Waterhouse Coopers in March 2004, the "HAC is on par with the leading health plan organizations and well ahead of many others."
- In late March 2004, the HAC rolled out "Fee 101," the first of several standardized national training programs for Fee clerks.
- In 2005, to provide quality service and to ensure continuity of operations for its Meds by Mail program, the Center expanded its partnership with the Cheyenne VA Medical Center and the Leavenworth Consolidated Mail Outpatient Pharmacy, to include the Dublin VA Medical Center.
- The Center's mission was expanded in April 2005 when the Center assumed the management for Veterans' health care services provided in Canada.
- In the fall of 2005, HAC provided ClaimCheck® software (a claims-scrubbing tool) access to the Fee Program and allowed Fee clerks across VA to take advantage of the inherent cost avoidance measures the tool provides. This was the first national tool to be used for this purpose.
- In 2005, the HAC completed the American Customer Satisfaction Index (ACSI) for the CHAMPVA program, scoring 86—the third highest score in the federal government after two Health and Human Services programs.
- In 2005 the HAC won the Combined Federal Campaign Travel Award, which is presented annually to the federal agency that runs the most exceptional overall campaign.
- In 2006 the HAC was awarded the "Timberline Award," in recognition of the systematic deployment of our approaches and processes (the highest award presented by the Colorado Performance Excellence program in 2006).
- In 2006, VISN 7 assumed overall management of both Meds by Mail locations. The two Meds by Mail processing centers serve as "the pharmacy" where beneficiaries send prescriptions.
- In 2006, in collaboration with the VA's Chief Business Office, the Center provided resources to establish Project HERO, a pilot program that helps Veterans access the health care they need when specific medical expertise or technology isn't available

within the VA health care system. The ultimate goal of Project HERO is to ensure that all care delivered by VA, whether through VA providers or through improving access to community partners, is of the same quality and consistency for Veterans.

- Although some staff had moved earlier, in 2006, the HAC completed its move to consolidate at its current location at 3773 Cherry Creek North Drive.
- Through the use of imaging technology and Electronic Data Interchange (EDI) applications, the HAC has developed a state-of-the-art claims processing system. The system contains an artificial intelligence component and uses a commercial code-editing software system called ClaimCheck®. The Center's artificial intelligence system, fraud, waste and abuse detection and use of ClaimCheck® software saved the Center \$34.2 million in FY07.
- In April 2007, the HAC hosted the first VHA Fee Claims Backlog Management Summit, which brought together VA health care professionals from the national, VISN and local levels to share experiences and expertise toward improving the VHA-wide Fee claims backlog issue.
- With continued projected growth in use, complexity and budget, the National Fee Program was organizationally realigned in June 2007 as its own separate component under the deputy chief business officer for Purchased Care.
- In the 2007 CHAMPVA survey, 97.8% of beneficiaries said they were either "Satisfied" or "Very Satisfied" with our overall service.
- In 2007, the HAC again completed the American Customer Satisfaction Index (ACSI) for the CHAMPVA program, scoring 82—still in the top five for the federal government.
- During 2007, the call center average speed of answer had risen to 23 minutes (as compared with our goal of 2 minutes) and fewer than 40% of claims were processed in 30 days or fewer (as compared with our goal of 95% in 30 days). With additional funding, the HAC began to remedy the staffing shortage.
- By the end of 2008, the claims processing speed had improved to more than 97.4% of claims processed in 30 days and the average speed of answer was down to 2 minutes, compared with more than 15 minutes per call at the beginning of the year.
- In the 2008 CHAMPVA survey, 96.2% of beneficiaries said they were either "Satisfied" or "Very Satisfied" with our overall service.
- The Center's artificial intelligence system, fraud, waste and abuse detection and use of ClaimCheck® software saved the Center \$42.05 million in FY08.
- In 2008, Meds by Mail was placed under the operational control of the VHA Pharmacy Benefits manager.
- In 2008 we implemented Virtual Hold, which allows beneficiaries to request a return call instead of waiting on hold.
- On October 6, 2008, the HAC received full accreditation for claims processing from the URAC accreditation body, a notable benchmark in the HAC's 21-year history. The

designation as a URAC accredited organization is a high accolade that demonstrates that the HAC is one of the truly outstanding claims processing organizations in the country.

- Effective October 10, 2008, there was a change in the public law outlining benefits available under the Spina Bifida Program. As a result of this change, medical services and supplies for spina bifida beneficiaries are no longer limited to the spina bifida condition. The program now covers comprehensive health care considered medically necessary and appropriate.
- In 2008, the HAC developed, published and delivered the first issues of the multicolor Your Health beneficiary magazine, mailing it to 222,000 active CHAMPVA beneficiaries to promote preventative health awareness.
- In 2008, the HAC was presented with The American Heart Association's Start! Fit-Friendly Company Recognition Platinum Award (presented to employers who champion employee health by creating physical activity programs within the workplace).
- As the Center's mission changed from eligibility determination to claims processing for CHAMPVA, adding other benefits programs as well as non-health benefits missions, the staff had increased to more than 700 employees by June 2009.
- In 2009, the HAC again completed the American Customer Satisfaction Index (ACSI) for the CHAMPVA program, with the score rising back to 88, reflecting the quantum improvements in operations.

Center Leadership

Center directors have included: Charles DeCoste, 1989–1996, Michael Hartford, 1997–1999, Mary Beth Saldin (acting) 1999–2000 and Ralph Charlip, 2000–2007. Mary Beth Saldin was appointed HAC director in March 2008.