

October 16, 2006

FIRST PARTY CO-PAYMENT MONITORING POLICY

- 1. REASON FOR ISSUE.** This Veterans Health Administration (VHA) Handbook establishes policies and procedures for monitoring first party co-payments assessed to veterans who were potentially charged inappropriately.
- 2. SUMMARY OF MAJOR CHANGES.** This is a new VHA Handbook outlining the processes for monitoring first party co-payments.
- 3. RELATED DIRECTIVE.** VHA Directive 1030.
- 4. RESPONSIBLE OFFICE.** The Compliance and Business Integrity Office is responsible for the contents of this Handbook. Questions may be referred to (708) 202-3768 or (973) 395-7056.
- 5. RESCISSIONS.** None.
- 6. RECERTIFICATION.** This VHA Handbook is scheduled for recertification on or before the last working day of October 2011.

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FIRST PARTY CO-PAYMENT MONITORING POLICY

1. PURPOSE

This Veterans Health Administration (VHA) Handbook establishes procedures for monitoring first party co-payments assessed to veterans who were potentially charged inappropriately.

2. BACKGROUND

a. On December 1, 2004, the Department of Veterans Affairs (VA) Office of Inspector General (OIG) issued Report Number 03-00940-38, Evaluation of Selected Medical Care Collection Fund First Party Billings and Collections. In response to VA OIG recommended actions, the Under Secretary for Health implemented an action plan requiring the Office of Compliance and Business Integrity (CBI) to monitor co-payment charges issued to certain veterans.

b. Title 38 United States Code (U.S.C.) 1710, 1710B, 1722, and 1722A establish VA's co-payment authority. Not all veterans are subject to these co-payments; however, when it is determined that a veteran has been billed co-payments inappropriately, the co-payment bills must be cancelled, and the veteran's patient account must be adjusted to reflect such cancellations. Such adjustments may result in a refund being issued to the veteran.

c. The VA OIG has indicated that until VHA has demonstrated a billing error rate of less than 10 percent for two consecutive quarters, the VA OIG will continue to monitor this activity.

3. SCOPE

First party co-payments issued to certain veterans are monitored, and corrective action must be taken to reduce any billing errors.

4. RESPONSIBILITIES OF THE CHIEF CBI OFFICER

The Chief CBI Office is responsible for:

a. Generating facility specific reports on a quarterly basis which list veterans that may have been inappropriately billed. This report is generated by reconciling a subset of the VA Compensation and Pension File with a list of veterans referred to VA's Debt Management Center (DMC) for administrative offset of their respective veterans' compensation payments or pensions.

b. Securely transmitting the quarterly reports to the Veterans Integrated Service Network (VISN) Director and the VISN CBI Officer. The information in the reports will contain patient-specific, personally-identifiable data and must be transmitted in accordance with applicable VA and VHA information security guidelines.

c. Providing the report due dates on a quarterly basis. Reports are normally due within 15 workdays of the notification to VISN Directors.

d. Coordinating the return submission of the reports from facilities.

e. Analyzing and reporting the findings of the reviews to the Deputy Under Secretary for Health for Operations and Management, VISN Directors, VISN CBI Officers, the Chief Business Office, and the Inspector General.

5. RESPONSIBILITIES OF THE VISN DIRECTOR

The VISN Director is responsible for ensuring that first party co-payment monitoring is effectively implemented within the VISN.

6. RESPONSIBILITIES OF THE VISN CBI OFFICER

The VISN CBI Officer is responsible for:

a. Coordinating the review activity with affected medical centers each quarter.

b. Acting as a resource to field sites in their efforts to complete the reviews in a timely manner.

c. Reviewing site submissions to assure that they accurately conform to all requirements and instructions for completing the first party accounts receivable case reviews.

d. Requesting reporting extensions for sites, if necessary, and reporting the results of the review activity to the CBI Office in VA Central Office by the report due date.

7. RESPONSIBILITIES OF THE BUSINESS IMPLEMENTATION MANAGER

The Business Implementation Manager is responsible for:

a. Developing and implementing standardized business practices across VISN sites to ensure all reviews are consistently completed, and

b. Providing an accurate reflection of operational challenges for sites to address in remedial improvement plans.

8. RESPONSIBILITIES OF THE FACILITY DIRECTORS

The facility Director is responsible for ensuring that the reports are reviewed and appropriate corrective actions are taken and reported back to the VISN CBIO in advance of the report due date.

9. RESPONSIBILITIES OF THE FACILITY CBI OFFICERS

The facility CBI Officer is responsible for:

- a. Ensuring appropriate internal systems are in place to receive each quarterly report.
- b. Submitting to the VISN CBI Officer any extensions or requests for assistance which become necessary.
- c. Coordinating the review activity with revenue staff or other responsible staff within the medical center (see App, A). *NOTE: If the CBI Officer is absent for any reason, an individual must be designated to coordinate the review.*
- d. Working with facility Revenue and the associated Business Office staff to ensure that:
 - (1) Corrective actions are taken, and
 - (2) Results are tracked and reported to address business system failures resulting in inappropriate first party billing to veterans.
- e. Preparing the spreadsheet for the report submission according to the instructions provided in Appendix A.

10. RESPONSIBILITIES OF THE FACILITY REVENUE COORDINATORS

The facility Revenue Coordinator is responsible for:

- a. Taking appropriate action to verify veterans' award and eligibility information is correct.
- b. Ensuring that:
 - (1) Co-payment bills determined to be inappropriate or inaccurate are cancelled in VistA Integrated Billing (IB) package regardless of Accounts Receivable (AR) status.
 - (2) All AR manual adjustments are accomplished.
 - (3) Unapplied amounts are credited to any valid debts.
 - (4) Refunds to veterans are appropriately processed, if applicable.

11. REFERENCES

- a. VA Office of Inspector General (VA-OIG) Report Number 03-00940-38, Evaluation of Selected Medical Care Collection Fund First-Party Billings and Collections, dated December 1, 2004.

- b. Public Laws 99-272, 101-508, and 106-117.
- c. Title 38 U.S.C. 1710, 1710B, 1722, and 1722A
- d. Title 38 Code of Federal Regulations (CFR) 17.108, 17.110, and 17.111.

INSTRUCTIONS TO THE FACILITY CBI OFFICER FOR REVIEWING FIRST PARTY CO-PAYMENTS

The veteran accounts appearing on the report provided by the Chief Compliance and Business Integrity (CBI) Officer have been referred to the Department of Veterans Affairs' (VA) Debt Management Center (DMC) and this action may have resulted in offset of the veterans' compensation or pension disbursements.

1. The following instructions are provided for conducting the review of potential erroneous first party co-payment assessments to certain veterans. The facility CBI Officer needs to coordinate any activity with the facility's Business Implementation Manager, revenue coordinator or other revenue office staff and Veterans Integrated Service Network (VISN) CBI Officer to complete the following actions within 15 workdays of the date of notification to the VISN Director.

2. For each veteran identified on the quarterly report:

a. Verify the identified veteran's service-connection percentage or pension status and award date by Veterans Benefit Administration using tools such as the Hospital Inquiry (HINQ), the Veterans Information System (VIS) application, by consulting the appropriate VA Regional Office or other appropriate means. If the award and eligibility information in the facility Veterans Health Information Systems Technology Architecture (VistA) system is erroneous, ensure that corrective actions are taken and communicate the correct information to the Health Eligibility Center (HEC) so that the veteran's eligibility for health benefits is accurately reflected in all VistA systems.

b. Review co-payment charges to ensure that the identified veteran was not inappropriately charged for medications or services provided after their respective award dates. In addition, review all third party insurance claims to ensure that claims were not generated for service-connected treatment or medications. Accomplish billing cancellations, exemption of interest and/or administrative fees, manual account adjustments, and refund to veterans and insurance carriers as appropriate.

c. Complete the spreadsheet by providing the following data for each facility in your Network:

(1) Number and total dollar amount of bills reviewed;

(2) Number and total dollar amount of bills cancelled and interest/administrative fees exempted and;

(3) Number and total dollar amount of refunds issued. **NOTE:** *The number and total dollar amount of bills cancelled should not exceed the number and total dollar amount of bills reviewed for cancellation. Likewise, the number and total dollar amount of refunds should not exceed the number and total dollar amount of cancellations and exemptions. Cancellation of erroneous*

co-payment bills in the VistA Integrated Billing Package must be accomplished regardless of Accounts Receivable Status (e.g., Active, Collected, Closed, Suspended, etc.).

3. Questions regarding a veteran's eligibility within VistA are to be referred to the Health Eligibility Center at (404) 235-1300. Questions regarding the completion of the spreadsheet should be referred to the Office of Compliance and Business Integrity at (973) 395-7056 or (708) 202-3768.