

Department of
Veterans Affairs
JUL 27 2018

Memorandum

Date:

From: Deputy Assistant Secretary for Finance (047)

Subj: Fiscal Year 2018 Second Quarter Report on High-Dollar Overpayments (VIEWS:
00063564)

To: Inspector General (50)

1. Agencies with programs susceptible to significant improper payments are required to report quarterly the high-dollar overpayments that occurred within those specific programs to the agency's Inspector General, the Council of Inspectors General on Integrity and Efficiency, and to make this report available to the public.¹ A high-dollar overpayment is any overpayment meeting the threshold that exceeds 50 percent of the correct amount of the intended payment. The threshold for individuals is \$25,000 and for entities it is \$100,000. VA uses the results of statistically valid sampling for annual Improper Payments Elimination and Recovery Act reporting purposes to identify high-dollar overpayments.

2. The attached report provides the total amount of reportable high-dollar overpayments made from VA's high-risk programs, actions taken or planned to recover identified overpayments, and actions taken or planned to prevent re-occurrence. VA is focusing its remediation efforts to reduce improper payments that represent a monetary, collectable loss to the Government while continuing its work to reduce technically improper payments.

3. If you have any questions, please have a member of your staff contact Nicole Frish, Director, Improper Payments and Remediation Office (IPRO) at (202) 461-6145.



Laurie Park

Attachment

cc: Council of Inspectors General on Integrity and Efficiency

¹ Office of Management and Budget (OMB), Circular A-123, Appendix C, Improper Payments Information Act, October 20, 2014

**Executive Order 13520 – Reducing Improper Payments
Department of Veterans Affairs (VA)
Fiscal Year (FY) 2018 Second Quarter High-Dollar Overpayments (HDOPs)
Report**

Total High-Dollar Overpayments Identified in Quarter: \$742,744.35¹

Actions/Plans to Recover Overpayments:

VA will provide a Notice of Indebtedness to debtors informing them of VA's intent to recover the debt, remedies, and the consequences of failure to cooperate with collection efforts. VA will aggressively pursue the collection of delinquent debts through all means necessary, including but not limited to internal offset from current or future benefit payments, installment agreements, and/or the Treasury Offset Program.

Overall Actions/Plans to Prevent Re-occurrence of Improper Payments:

VA is working to prevent re-occurrence of improper payments in its high-risk programs by implementing corrective action plans (CAPs). Key overall actions to prevent future overpayments, as well as milestones from the published CAPs are provided below:

Veterans Health Administration:

- Develop and implement guidance and standard operating procedures (SOP) regarding adherence to Fee Basis Claims System (FBCS) scrubber edits and proper processes to follow when scrubber edits do not apply to the claim. Estimated Completion Date: July 2018.
- Define the process to purchase care consistent with VA Acquisition Regulations (VAAR) requirements for individual authorizations less than \$10,000 and increase the percentage of VAAR compliant individual authorizations less than \$10,000 to purchase care in the community with the appropriate delegation of authority. Estimated Completion Date: July 2018.
- Develop and implement a plan to ensure all non-VA physician-administered drugs (other than orally administered) are paid in accordance with the Code of Federal Regulations. Estimated Completion Date: August 2018.
- Implement business rules into the Program Integrity Tool (PIT) and FBCS to proactively identify improper payments in a prepayment stage. Estimated Completion Date: July 2018.
- The Office of Clinical Integration (CI) will review training material and guidance to the field for referral to the Choice program through the contractor portal (10-0386,

¹ All high-dollar overpayments are attributed to VHA. HDOPs were found in the following VHA programs Beneficiary Travel (BT) and Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).

- eligibility documentation, referral process flows and SOPs, etc.), make updates as needed, and inform the field. Estimated Completion Date: July 2018.
- The Beneficiary Travel Self-Service System (BTSSS), commercial off the shelf, Software as a Service (SaaS) solution will provide a customized and enhanced tool to streamline claims, automate eligibility determinations and payment processing, detection and prevention of improper payments, and enhance its reporting and auditing capabilities. Scheduled testing of BTSSS began at test sites in September 2017. Once test sites have proven successful, implementation will be scheduled throughout VA. Estimated Completion Date: September 2018.
 - The National Program Office for Prosthetic and Sensory Aids Service (PSAS) is working towards the development of internal controls to support the Micro Purchase Threshold increase (\$10,000) for purchase card holders in PSAS. Additional efforts to streamline the ordering process for PSAS is being addressed by coordinating efforts to ensure timely access to services and unburden VA contracting officers previously required to purchase PSAS durable medical equipment and supplies > \$3,500. This will allow for PSAS staff to pay for all durable medical equipment and supplies locally <\$10,000.00. Estimated Completion Date: September 2018.
 - VHA will work closely with the continuation of the information technology (IT) project to streamline vendor selection, lower threshold for claims to be routed to a High Dollar Review Queue, elimination of manual work arounds for reopened claims, and other enhancements to improve payment accuracy. Estimated Completion Date: September 2018.
 - In September 2017, a quarterly reporting process was developed that allows for more targeted reviews of Sole Community Hospitals' vendor files, to review for critical changes prior to staff reviews, avoiding vendor file selection errors. Estimated Completion Date: September 2018.
 - Implement a daily post payment review of approximately 20 percent of each employee's workload. Estimated Completion Date: September 2018.
 - PSAS will work with Veteran Integrated Service Network (VISN) Purchase Card Managers to provide required purchased card supporting documentation to include VA Forms 0242 and reconciliation reports for the 2018 Improper Payments Elimination and Recovery Act (IPERA) review. Estimated Completion Date: September 2018.
 - Review existing vendor desk procedures for the Health Care Reimbursement staff, make necessary updates, and conduct refresher training for all voucher examiners, leads, and queue clearers for the critical connection between payment accuracy and proper vendor and facility type selection. Estimated Completion Date: September 2018.
 - Since 2015, data matches with Centers for Medicare and Medicaid Services (CMS) and Tricare are being utilized to detect changes in the beneficiary's status that could affect CHAMPVA eligibility. Estimated Completion Date: September 2018.
 - For utilities over the simplified acquisition threshold of \$150,000, local fiscal offices will review new and existing VA Forms 1358, Obligation or Change in

Obligation, and require facilities to give evidence that Federal Acquisition Regulation (FAR) Part 41 (Utilities) has been complied with. Fiscal offices will not establish new 1358s without complying with FAR Part 41. Program offices utilizing non-compliant 1358s will have 1-month to submit requirement to Network contracting office to establish a contract. Contracting offices will have 3-months to attempt to award a contract. Office of Management will update VA 1358 policy as needed to ensure the success of this corrective action. Estimated Completion Date: September 2018.

- VHA Program & Logistics Office (P&LO) personnel will review contracted payments and proposed acquisition findings as subject matter experts to determine appropriate payment determination. P&LO will also assist with updating test plans and explore best practices and corrective actions to remediate identified errors. Estimated Completion Date: September 2018.
- VHA will work closely with P&LO, VA National Acquisition Center (NAC), and Strategic Acquisition Center (SAC) to establish ways to verify line item pricing on VHA and national contracts for IPERA testing. Estimated Completion Date: September 2018.
- VHA will work closely with the VA NAC to obtain national contracts when referenced in purchase orders. Estimated Completion Date: September 2018.
- VHA will work closely with the VA NAC and SAC to document internal controls and ways to verify line item pricing on national contracts for IPERA testing. Estimated Completion Date: September 2018.
- Implement an interactive competency assessment to be taken yearly by the Veterans Administration Medical Center (VAMC) State Home Per Diem (SHPD) point of contact to ensure properly trained staff are reviewing the application packages and making correct payments. Estimated Completion Date: September 2018.
- VHA had a supplemental measure to increase the number of FAR compliant contracts for Community Nursing Home and Inpatient Hospice care to 95 percent by September 30, 2018. As of December 2017, 93 percent of contracts (Basic Ordering Agreements [BOA]) were signed by Contracting Officers; however, these payments remain improper because order officer delegations were not established as required. VHA has pilots in two VISNs, working on the development and implementation for converting BOAs to Indefinite Delivery, Indefinite Quantity FAR-compliant contracts. Estimated Completion Date: September 2018.
- VHA has provided technical assistance to VAMCs that have converted skilled home care authorizations to the Medicare Prospective Payment System (PPS). VHA has clarified the types of skilled home care authorizations that are appropriate for Medicare PPS. VHA has provided guidance to VAMCs on the use of Choice provider agreements for skilled home care. Estimated Completion Date: September 2018.
- Define and revise management process for resolving Purchased Long Term Services and Supports audit findings for lack of supporting documentation. Estimated Completion Date: September 2018.

- VHA P&LO will assist in providing the delegation of authority for purchase card payments when not readily available by the field. Estimated Completion Date: September 2018.
- VHA will work closely with the VHA Consolidated Mail Out Pharmacy (CMOP) to obtain United States Postal Service/United Parcel Service (USPS/UPS) tracking numbers to confirm receipt and the VA NAC to obtain line item pricing) to verify amount paid. Estimated Completion Date: September 2018.
- CI will obtain full compliance adopting the following Medicare Schedules, when applicable:
 - Durable Medical Equipment, Prosthetics/Orthodontics, and Supplies
 - Hospital Outpatient Critical Access Hospital
 - Skilled Nursing Facility
 - Rural Health Clinic
 - Federally Qualified Health Center
 - Community Mental Health Center
 Estimated Completion Date: September 2018.
- VHA P&LO will provide training to Contracting Officers on the IPERA contracting testing guidance so that they can avoid mistakes that lead to improper payments. Estimated Completion Date: October 2018.
- Finalize duplicate payment mitigation strategies – including implementing PIT duplicate review prepayment for all expedited and Choice payments. Estimated Completion Date: December 2018.

Veterans Benefits Administration:

- Assess current skill set and determine training requirements. Provide training on avoiding evaluations and avoidance of evaluations of the same disability under various diagnoses with consistency study. Estimated Completion Date: September 2018.
- Process dependency claims accurately and timely by using contractors. Administer a consistency study on dependency awards and monitoring the daily workload reports to ensure timely processing of the awards. Estimated Completion Date: September 2018.
- Administer a consistency study to ensure timely reduction of temporary total evaluations. Updating Veterans Benefits Management System (VBMS) to assist with timely award reduction while monitoring and tracking temporary total claims on the quarterly workload report. Estimated Completion Date: September 2018.
- Increase quality accuracy rates for claims to prevent processing errors by providing guidance and mandating Talent Management System (TMS) training to Regional Offices (ROs) nationally. Estimated Completion Date: September 2018.
- Reduce rating errors associated with granting benefits without supporting evidence by mandating relevant training for Rating Veterans Service Representatives (RVSRs) in TMS and customized training by site visit staff on RO visits. Estimated Completion Date: September 2018.
- In addition to conducting bi-weekly Systematic Technical Accuracy Review (STAR) quality reviews, yearly targeted program reviews (TPRs) will be performed

within the Pension Management Centers (PMCs). This process will be used to identify possible training issues and trends, and determine the validity of claim decisions. Estimated Completion Date: September 2018.

- Extend Federal Tax Information (FTI) functionality to claims for special monthly pension, dependency, and medical adjustments. Perform a Social Security Administration (SSA) Income Match on a consistent basis to identify the date that beneficiaries begin to receive SSA income approximately from ages 62 to 66. Estimated Completion Date: September 2018.
- Continue to upload and scan all documents in support of claims into Legacy Content Manger (LCM)/Veterans Benefits Management Systems (VBMS) for efficient viewing and expeditious processing. Estimated Completion Date: September 2018.
- National Training Curriculum updated to reflect processes in alignment with current policies and procedures. Mandated refresher training provided to ensure proper claims development to include calculation of benefits. Estimated Completion Date: September 2018.
- Education Service will conduct nationwide deployment of refresher training as necessary to Regional Processing Offices (RPO) staff, school, and training facility officials to ensure adherence to proper reporting requirements. Training focusing on the reduction of improper payments will be provided. The training will be consistent across all four RPOs through utilization of the National Training Curriculum and updates to the Education Service Manual M22-4. Estimated Completion Date: September 2018.