

Department of Veterans Affairs

Executive Order 13520 – Reducing Improper Payment

FY 2010 First Quarter High-Dollar Overpayments Report

The President signed Executive Order 13520, “Reducing Improper Payments.” On March 22, 2010, the Office of Management and Budget (OMB) issued the government-wide guidance on the implementation of the Executive Order. The guidance is under Part III, Appendix C of OMB Circular A-123. This guidance requires agencies with programs susceptible to significant improper payments to submit to the agency’s Inspector General and the Council of Inspectors General on Integrity and Efficiency, and make available to the public, a quarterly report on any high-dollar overpayments identified by the agency.

In the 2009 Performance and Accountability Report, VA reported 3 Veterans Benefits Administration (VBA) programs, and 2 Veterans Health Administration (VHA) programs that meet the Improper Payments Information Act of 2002 (IPIA) thresholds for susceptibility to significant improper payments. These programs are Compensation, Pension, Education, Non-VA Care Fee, and Non-VA Care Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA).

In accordance with OMB Circular A-123, Appendix C, Part III, VBA and VHA reviewed the five programs that were susceptible to significant improper payments. The OMB guidelines define a high-dollar improper payment as any payment in excess of 50 percent of the correct amount of the intended payment under the following circumstances:

1. Where the total payment to an individual exceeds \$5,000 as a single payment or in cumulative payments for the quarter; or
2. Where a payment to an entity exceeds \$25,000 as a single payment or in cumulative payments for the quarter.

The OMB guidelines require that agencies submit, on a quarterly basis, a report to:

1. List all high-dollar overpayments identified by the agency during the quarter;
2. Describe whether each high-dollar overpayment was made to an entity or individual, and the city/county and state where that entity or individual was located;
3. List the program responsible for each high-dollar overpayment error;
4. Describe any actions the agency has taken or plans to take to recover high-dollar overpayments; and
5. Describe any actions the agency will take to prevent overpayments from occurring in the future.

The report is divided into five parts for each program area and the high-dollar overpayments are identified from the highest to lowest overpayments within each program area. In addition to OMB’s guidelines, our report includes two additional categories: the cause of overpayment and the status of overpayment. The status of an overpayment will either be “collection in progress” or “collection in full.” Collection in progress is defined as actions taken by VA to recover from future benefit awards or payments, referral to the Treasury Offset Program, or request to return money that was paid after the death of a beneficiary through reclamation procedures. Veterans also have dispute and waiver request rights during the collection processes.

1. Compensation Program

Compensation and Pension Service identified 38 high-dollar compensation overpayments.

Thirty of the compensation overpayments (79 percent) were created due to the death of the beneficiary. Entitlement to benefits ceases effective the first day of the month in which death occurs. These overpayments are caused when a beneficiary dies too late in a month to stop the release of the payment for the month of death, or when VA is not timely notified of the death of a beneficiary. It should be noted that 55 percent of the payments issued subsequent to death, without a

surviving spouse, were returned to the Treasury, thereby eradicating the overpayment. Further, the surviving spouse becomes entitled to the Veteran's payment for the month of death.

Three overpayments (8 percent) were caused by retroactive adjustments due to incarceration of the beneficiary. Notification of incarceration is a function of agreements made with States, the Bureau of Prisons, and other law enforcement agencies. Once notified of a beneficiary's incarceration, VA must provide due process notice to the beneficiary before any adjustment may occur.

Three overpayments (8 percent) were caused when Veterans returned to Active Duty status. The Department of Defense runs a quarterly match of the active duty and VA disability files to identify persons who are receiving active duty pay and VA disability benefits concurrently. Once notified of active duty status, VA must provide due process notice to the beneficiary before any adjustment may occur.

Two overpayments (5 percent) were caused when Veterans were hospitalized at VA expense requiring an adjustment to the rate of payment. Information is regularly exchanged between VA medical centers and regional offices by automated methods when a Veteran is hospitalized at VA expense and is subject to a payment adjustment. Once notified of hospitalization status, the regional office must provide due process notice to the Veteran before any adjustment may occur.

Total Compensation Payments made this quarter: \$10,468,197,078

Total High-Dollar Overpayments identified in this quarter: \$283,846

Percent of Overpayments: 0.0027%

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$15,300.00	Individual	Shelton	WA	Death	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	VA strives to improve in all areas to alleviate overpayment errors. Three signatures are required for awards where the retroactive payment of any benefit exceeds \$25,000. VA continues its efforts to expand staffing levels. Based on the increase in staffing levels, the number of inexperienced decision makers will continue to be a significant factor for the immediate future, as it takes 2 to 3 years to become fully trained and productive. Therefore, the potential
\$15,600.00	Individual	Martinsburg	WV	Death		Collected in Full	
\$10,027.00	Individual	Springfield	MO	Death		Collection in Progress	
\$8,927.00	Individual	Dixons Mills	AL	Death		Collected in Full	
\$8,019.00	Individual	Elgin	OR	Death		Collection in Progress	
\$7,800.00	Individual	Augusta	GA	Death		Collection in Progress	
\$7,800.00	Individual	Mesa	AZ	Death		Collected in Full	
\$7,800.00	Individual	Vinton	VA	Death		Collection in Progress	
\$7,800.00	Individual	Richmond	VA	Death		Collection in Progress	
\$7,650.00	Individual	Riverside	CA	Incarceration		Collected in Full	
\$7,650.00	Individual	Richmond	VA	Death		Collected in Full	
\$7,650.00	Individual	Taunton	MA	Death		Collection in Progress	
\$7,650.00	Individual	Florence	SC	Death		Collected in Full	
\$7,650.00	Individual	Central City	IL	Death		Collected in Full	
\$7,650.00	Individual	Canton	GA	Death		Collection in Progress	
\$7,414.00	Individual	Breckenridge	MI	Active Duty		Collection in Progress	
\$7,212.00	Individual	Devils Lake	ND	Active Duty		Collected in Full	

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$6,819.00	Individual	Clarksville	TN	Death	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collected in Full	for errors in evaluating, granting, and denying benefits may be greater in the short term.
\$6,819.00	Individual	El Paso	TX	Death		Collected in Full	
\$6,819.00	Individual	Ephrata	PA	Death		Collected in Full	
\$6,819.00	Individual	Bend	OR	Death		Collection in Progress	
\$6,785.40	Individual	Columbus	OH	Death		Collection in Progress	
\$6,770.00	Individual	Millsboro	MD	Death		Collected in Full	
\$6,669.00	Individual	Columbus	OH	Death		Collection in Progress	
\$6,669.00	Individual	San Diego	CA	Death		Collection in Progress	
\$6,669.00	Individual	Coconut Grove	FL	Death		Collected in Full	
\$6,669.00	Individual	Jefferson	WI	Death		Collection in Progress	
\$6,669.00	Individual	Bellflower	CA	Death		Collection in Progress	
\$6,669.00	Individual	San Antonio	TX	Death		Collected in Full	
\$6,504.00	Individual	Palm Coast	FL	Death		Collected in Full	
\$6,478.00	Individual	West Memphis	AR	Death		Collected in Full	
\$6,458.00	Individual	Vacaville	CA	VAMC Reduction		Collected in Full	
\$6,130.00	Individual	Laurinburg	NC	Active Duty		Collected in Full	
\$5,986.00	Individual	Salinas	CA	Death		Collected in Full	
\$5,966.00	Individual	New Smyrna Beach	FL	VAMC Reduction		Collected in Full	
\$5,400.00	Individual	Brady	TX	Incarceration		Collected in Full	
\$5,346.00	Individual	Roseburg	OR	Death		Collected in Full	
\$5,134.00	Individual	Wheat Ridge	CO	Incarceration	Collected in Full		

2. Pension Program

Compensation and Pension Service identified 1 high-dollar pension overpayment which was caused by a processing error.

Total Pension Payments made this quarter: \$1,073,850,120
 Total High-Dollar Overpayments identified in this quarter: \$6,895
 Percent of Overpayments: 0.00064%

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$6,895.00	Individual	Evansville	IN	Processing Error	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	VA has completed consolidation of the pension workload to 3 Pension Management Centers in order to improve the quality and timeliness of pension processing, as well as to focus training in these areas. The improved quality of pension processing and focused training should reduce the number and average size of pension overpayments. Pension processing quality has already improved significantly through consolidation and specialization, and that trend is expected to continue.

3. Education Program

Education Service identified 28 high-dollar overpayments.

Seven of the education overpayments (25 percent) were created due to the receipt by the beneficiary of grades which were not counted toward graduation requirements. In these instances, the law requires retroactive termination of benefits effective the first day of the term. Although benefits may be reinstated and the debt recovered if the beneficiary submits an acceptable statement of mitigating circumstances, this seldom occurs.

Six overpayments (22 percent) were created due to failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment. Because of the unprecedented workload associated with the implementation of the Post-9/11 GI Bill during the review period, processing times for all actions were greatly increased.

Four overpayments (14 percent) were caused by late reporting by schools of termination or reduction in the beneficiary's enrollment. Schools are required by regulation to report such changes without delay, generally within 30 days.

Two overpayments (7 percent) resulted from operator error in entering one-time retroactive housing award amounts as recurring monthly amounts.

Two overpayments (7 percent) were caused when housing benefits were erroneously authorized to a beneficiary receiving transferred benefits from a transferor who was on active duty.

Two overpayments (7 percent) were due to operator entry of the wrong beginning date of an award, producing an erroneous retroactive award.

The remaining five errors (18 percent) had varying individual causes.

Total Education Payments made this quarter: \$1,950,444,927

Total High-Dollar Overpayments identified in this quarter: \$244,290

Percent of Overpayments: 0.013%

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$32,342.32	Individual	Gastonia	NC	Operator entry of the wrong beginning date of an award, producing an erroneous retroactive award	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	Short term: refresher training. Long term: development of automated processing system.

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$31,572.00	Individual	Merritt Island	FL	Operator entry of the wrong beginning date of an award, producing an erroneous retroactive award	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	Short term: refresher training. Long term: development of automated processing system.
\$11,777.25	Individual	Peoria	AZ	Active Duty beneficiary received less than honorable discharge, resulting in retroactive termination of eligibility, due to insufficient service		Collection in Progress	Retroactive termination of eligibility required by law; regular mailings to service members inform them in advance of service requirements for eligibility
\$10,558.00	Individual	Mason	MI	Dollars and cents amount entered without decimal point		Collected in Full	Short term: refresher training. Long term: development of automated processing system.
\$10,263.07	Individual	Lake Bluff	IL	Operator error in entering one-time retroactive housing award amount as recurring monthly amount		Collection in Progress	Short term: refresher training. Long term: development of automated processing system.
\$9,060.70	Individual	Pompano Beach	FL	Late reporting by school of termination or reduction in the beneficiary's enrollment		Collection in Progress	Regular contact with school officials to remind them of requirement for timely reporting
\$8,371.20	Individual	Los Angeles	CA	Operator error in entering one-time retroactive housing award amount as recurring monthly amount		Collection in Progress	Short term: refresher training. Long term: development of automated processing system.

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$7,926.00	Individual	Pomona	CA	Receipt by the beneficiary of grades which were not counted toward graduation requirements	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	Retroactive termination of benefits required by law; award letters inform beneficiaries in advance
\$7,731.40	Individual	Davie	FL	Housing benefits were erroneously authorized to a beneficiary receiving transferred benefits from a transferor who was on active duty		Collection in Progress	Short term: refresher training. Long term: development of automated processing system.
\$7,493.20	Individual	Boca Raton	FL	Receipt by the beneficiary of grades which were not counted toward graduation requirements		Collection in Progress	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$7,466.60	Individual	San Diego	CA	Receipt by the beneficiary of grades which were not counted toward graduation requirements		Collected in Full	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$6,886.40	Individual	Irvine	CA	Receipt by the beneficiary of grades which were not counted toward graduation requirements		Collected in Full	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$6,532.73	Individual	Horseheads	NY	Late reporting by school of termination or reduction in the beneficiary's enrollment		Collection in Progress	Regular contact with school officials to remind them of requirement for timely reporting

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$6,377.56	Individual	Kelso	WA	Late reporting by school of termination or reduction in the beneficiary's enrollment	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	Regular contact with school officials to remind them of requirement for timely reporting
\$6,106.00	Individual	Burlington	NC	Paid retroactively beyond the statutory period allowed		Collection in Progress	Short term: refresher training. Long term: development of automated processing system.
\$6,097.33	Individual	Dana Point	CA	Failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment		Collection in Progress	Short term: workload reduction. Long term: development of automated processing system with improved workload management features.
\$6,054.00	Individual	San Diego	CA	Failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment		Collected in Full	Short term: workload reduction. Long term: development of automated processing system with improved workload management features.
\$5,916.90	Individual	Columbia	MD	Housing benefits were erroneously authorized to a beneficiary receiving transferred benefits from a transferor who was on active duty		Collected in Full	Short term: refresher training. Long term: development of automated processing system.
\$5,887.47	Individual	Weston	MA	Failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment		Collection in Progress	Short term: workload reduction. Long term: development of automated processing system with improved workload management features.

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$5,866.39	Individual	Green Cove Springs	FL	Receipt by the beneficiary of grades which were not counted toward graduation requirements	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$5,779.69	Individual	Brooklyn	NY	Beneficiary receiving transferred benefits paid at erroneously high rate based on incorrect information about transferor's service provided by Department of Defense		Collected in Full	Continued cooperation with Department of Defense to improve automated data provided to VA
\$5,661.57	Individual	Oceanside	CA	Failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment		Collected in Full	Short term: workload reduction. Long term: development of automated processing system with improved workload management features.
\$5,661.57	Individual	Bellevue	WA	Receipt by the beneficiary of grades which were not counted toward graduation requirements		Collection in Progress	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$5,632.47	Individual	Chicago	IL	Duplicate retroactive housing payment authorized		Collected in Full	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$5,584.20	Individual	Kaneohe	HI	Failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment		Collected in Full	Short term: workload reduction. Long term: development of automated processing system with improved workload management features.

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$5,485.12	Individual	Radcliff	KY	Receipt by the beneficiary of grades which were not counted toward graduation requirements	Overpayments are routinely recovered from future benefits awarded. If not recovered, further actions are then taken by the VA Debt Management Center, including referral to the Treasury Offset Program, as appropriate.	Collection in Progress	Retroactive termination of benefits required by law; award letters inform beneficiaries of this provision in advance
\$5,129.47	Individual	Hinesville	GA	Late reporting by school of termination or reduction in the beneficiary's enrollment		Collection in Progress	Regular contact with school officials to remind them of requirement for timely reporting
\$5,070.00	Individual	Riverside	CA	Failure of VA to timely process a report from the school showing termination or reduction of the beneficiary's enrollment		Collection in Progress	Short term: workload reduction. Long term: development of automated processing system with improved workload management features.

4. Non-VA Care Fee Program

Non-VA Care Fee identified 34 high-dollar overpayments totaling \$569,978 for the first quarter of fiscal year (FY) 2010 through the Diagnostic Related Group (DRG) recovery audit for hospital care provided between FY 2003 to FY 2006. All overpayments have been collected in full or have been referred to the United States Department of the Treasury for offset. Due to the success of the recovery audit program, the VHA Chief Business Office (CBO) is in the process of expanding the recovery audit to include high dollar outpatient services. The new contract will begin reviewing FY 2009 claims.

Total Fee Payments made this quarter: \$1,034,471,046
 Total High Dollar Overpayments identified in this quarter: \$569,978
 Percent of Overpayments: 0.06%

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$36,079.89	Entity	Lubbock	TX	Incorrect payment methodology was used to calculate payment.	Collection action initiated by recovery audit contractor.	Collected in Full	1. CBO has jointly developed with the Austin Information Technology Center staff, a tool that identifies potential duplicate payments across facilities. The delivery date of the central fee payment tool was October 2009. Initial assessment of the effectiveness of the tool is underway. 2. Fee Basis Claims System: CBO has initiated installation of a commercial off-the-shelf product into the program, allowing integrated claims scrubbing, automated identification of duplicate payments, and system-wide use of electronic claims processing. This tool, installed at approximately 50 percent of
\$32,090.94	Entity	Amarillo	TX			Collected in Full	
\$31,471.10	Entity	Little Rock	AR			Collection in Process	
\$30,917.91	Entity	Boise	ID			Collection in Progress	
\$26,891.35	Entity	Chicago	IL			Collected in Full	
\$20,836.94	Entity	Birmingham	AL			Collected in Full	
\$20,724.27	Entity	Dallas	TX			Collection in Progress	
\$20,225.92	Entity	Jackson	MS			Collection in Progress	
\$20,224.29	Entity	Jackson	MS			Collection in Progress	
\$20,057.22	Entity	Myrtle Beach	SC			Collection in Progress	
\$19,746.08	Entity	St. Louis	MO			Collection in Progress	
\$19,558.54	Entity	Milwaukee	WI			Collected in Full	

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$17,829.20	Entity	Phoenix	AZ	A review of the medical record supported a change to the Diagnostic Related Group (DRG) as billed by provider.	Collection action initiated by recovery audit contractor.	Collected in Full	<p>all sites will assist with addressing errors tied to manual data entry.</p> <p>3. The CBO Fee Program Office developed an audit tool to provide local managers the capability to analyze their own results in regards to overpayments. This tool was released to the local facilities in the second quarter of FY 2010 and utilized during the annual Improper Payments Information Act audit.</p> <p>4. Training – CBO has presented multiple trainings this past year on internal controls. In addition, monthly training offerings are now available via Live Meeting allowing broader staff participation in these key events.</p> <p>5. Site Assessment Visits – CBO created a Field Assistance Unit to provide assistance in improving local operations by assessing current site status and assisting with the development of increased management control. Approximately 52 sites have been assessed with additional tools developed based on those site visits.</p>
\$17,442.32	Entity	Richmond	VA	Incorrect payment methodology was used to calculate payment.		Collected in Full	
\$16,762.30	Entity	Anchorage	AK			Collection in Progress	
\$16,012.22	Entity	Lagrange	GA			Collected in Full	
\$15,411.99	Entity	Amarillo	TX			Collected in Full	
\$14,207.46	Entity	Philadelphia	PA			Collected in Full	
\$13,482.68	Entity	Jackson	MS			Collection in Progress	
\$12,674.77	Entity	Spokane	WA			Collection in Progress	
\$11,886.25	Entity	Jackson	MS			Collection in Progress	
\$11,590.61	Entity	Seattle	WA			Collection in Progress	
\$11,500.20	Entity	St. Louis	MO			Collection in Progress	
\$11,496.64	Entity	Fayetteville	AR			Collection in Progress	
\$10,991.74	Entity	Cincinnati	OH			Collection in Progress	
\$10,690.29	Entity	Birmingham	AL			Collected in Full	
\$10,435.69	Entity	Anchorage	AK			Collection in Progress	
\$10,415.16	Entity	Birmingham	AL			Collected in Full	
\$9,957.97	Entity	Birmingham	AL			Collected in Full	
\$9,869.43	Entity	Ann Arbor	MI	Collection in Progress			

Amount of Overpayment	Entity or Individual	City/County	State	Cause of Overpayment	Actions/Plans to Recover Overpayment	Status of Overpayment	Overall Action Plans
\$9,747.15	Entity	Fargo	ND	Incorrect payment methodology was used to calculate payment.	Collection action initiated by recovery audit contractor.	Collected in Full	
\$9,677.14	Entity	Wichita	KS			Collected in Full	
\$9,551.87	Entity	Iowa City	IA			Collection in Progress	
\$9,520.81	Entity	Phoenix	AZ			Collected in Full	

5. Non-VA Care CHAMPVA Program

Non-VA Care CHAMPVA did not identify any high-dollar overpayments for the first quarter of FY 2010.

The majority of CHAMPVA payments are to entities and approximately 99 percent of payments are under \$1,000. Only .02 percent of claims exceed \$25,000. To identify high-dollar overpayments, the Health Administration Center (HAC) reviewed (1) a quarterly possible duplicate payment audit, (2) a quarterly claims audit, and (3) an ongoing weekly high-dollar audit for all claims over \$100,000. The HAC conducts a 100 percent multi-division in depth prepayment review of all claims over \$100,000 and the Claims Processing Division conducts a prepayment review of all claims over \$10,000 to reduce the likelihood of a high-dollar improper payment being made.