

**Department of
Veterans Affairs**

Memorandum

Date: **JUN 26 2015**

From: Secretary (00)

Subj: Fiscal Year 2015 First Quarter Report on High-Dollar Overpayments (VAIQ# 7581070)

To: Inspector General (50)

1. In accordance with the revised Office of Management and Budget (OMB) Circular A-123, Appendix C, agencies with programs susceptible to significant improper payments under the Improper Payments Information Act are required to report quarterly the high-dollar overpayments that occurred within those specific programs to the agency's Inspector General and the Council of Inspectors General on Integrity and Efficiency, and to make this report available to the public. This will be the second quarter VA will report under OMB's newly revised guidance of Circular A-123, Appendix C, issued on October 20, 2014.

2. A high-dollar overpayment is any overpayment meeting the threshold that is in excess of 50 percent of the correct amount of the intended payment. The new guidance raised the high-dollar overpayments threshold from \$5,000 to \$25,000 for individuals and from \$25,000 to \$100,000 for entities. In addition, the revised OMB guidance reduced the information agencies are required to report.

3. In VA's fiscal year (FY) 2014 Performance and Accountability Report, the following programs were reported as either susceptible to significant improper payments (high-risk), or identified as low risk but tested based on a program management decision:

- Beneficiary Travel
- Civilian Health and Medical Program of the VA
- Non-VA Medical Care
- Veterans Health Administration (VHA) - Purchased Long-Term Services and Support
- State Home Per Diem Grants
- VHA - Supplies and Materials
- Compensation
- Pension
- Vocational Rehabilitation and Employment
- Veterans Benefits Administration (VBA) - Education (Chapter 33, Chapter 1606, and Chapter 1607)
- Disaster Relief Act - Hurricane Sandy
- Payments to Federal Employees

4. During the first quarter, VA identified \$19.4 million in high-dollar overpayments in high-risk programs using statistically valid quarterly sampling methods and self-identification. While testing for the quarter was statistically valid, some programs which are highly

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complex and subject to significant improper payments, did not identify a significant amount of overpayments meeting the new reporting threshold. To ensure transparency, VA is also reporting that during the first quarter, \$100 million in debt was established from VBA programs for debts over \$8,333. The \$100 million in debt is 0.60 percent of the total payments issued by VBA in the first quarter for these programs. As reported in the Office of Inspector General's "Audit of VA's Implementation of Executive Order 13520, "Reducing Improper Payments"," dated August 12, 2011, VA must consider debts established below the threshold because these debts may stem from payments that are over 50 percent of the intended payment amount. However, these debts cannot be reported as high-dollar overpayments for this reporting period because they have not been verified as improper payments.

5. The attached report provides the total amount of reportable high-dollar overpayments made from VA's high-risk programs, the actions taken or planned to recover the identified overpayments, and the actions taken or planned to prevent re-occurrence.

6. If you have any questions, please have a member of your staff contact Ms. Laurie Park, Deputy Assistant Secretary for Finance, at (202) 461-6180.



Robert A. McDonald

Cc: Council of Inspectors General on Integrity and Efficiency

Attachment

**Executive Order 13520 – Reducing Improper Payments
Department of Veterans Affairs
Fiscal Year (FY) 2015 First Quarter High-Dollar Overpayments Report**

Total Payments Made in Quarter for the Programs Reported: \$9,144,991,647

Total High-Dollar Overpayments Identified in Quarter: \$19,422,162

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Actions/Plans to Recover Overpayments:

VA will provide a Notice of Indebtedness to the debtor 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, or the use of 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 (CAP) published in the FY 2014 Performance and Accountability Report. Key overall actions to prevent future overpayments, as well as milestones from the published CAPs are provided below.

Veterans Health Administration (VHA):

- VHA's Chief Business Office will increase awareness of eligibility and claims issues identified by internal audits by tracking and correcting claims, and providing training to staff where and when errors are identified.
- In December 2014, VA's Financial Services Center implemented the Invoice Payment Processing System, which includes enhanced duplicate payment detection capabilities along with the ability to import electronic invoices in one standard format. These technological advances are designed to reduce all types of payment errors, including duplicate payments. In addition, field level corrective actions are taking place where the improper payment

- occurred to include ongoing training to staff and development of a spreadsheet to identify duplicate invoice numbers.
- VHA's Field Assistance Program will further develop the national Non-VA Care training program, which includes guidance and training through The Bulletin (a publication for the Non-VA Medical Care community), monthly calls, as well as developing curriculum on claims processing, and focused trainings targeting identified areas of concern such as determining correct payment authority and correct payment amount.
 - In November 2014, VHA's Geriatrics and Extended Care Office released a tool-kit and checklist for completing the authorization template that will include accurate rate information, which will reduce payment errors made in the incorrect amount, prevent the wrong schedule being used, and improve the claim approval process. It also prompts the review of contracts to ensure they are current.
 - VHA will conduct eligibility data matches, improve electronic processing systems to reduce manual errors, and develop and implement a tracking plan that will monitor the status of overpayments.

Veterans Benefits Administration (VBA):

- In 2014, VBA identified ways to streamline processes for drill pay, timely process dependency claims, and provide standards to increase the number of dependency claims completed through Rules Based Processing System (RBPS).
- VBA continues to implement improvements to increase the skill certification pass rate which will reduce error rates associated with both rating and non-rating claims processing and increase overall quality results to align with agency goal of 98% quality goal by September 2015.
- In October 2013, VBA analyzed errors discovered during Systematic Technical Accuracy Reviews for trends that may have contributed to verification errors. Quality Assurance staff will review and disseminate findings to the Pension Management Centers, enabling claim-specific error training to remedy errors.
- September 2015, VBA will adjudicate Do Not Pay (DNP) Death Master File matches. In July 2014, VBA began automatically suspending future payments based on the VA match of master records to the Social Security Administrations Death Master File.
- VBA will update procedures to include documentation imaging requirements and review existing policy guidance to determine if new guidance/procedure is required for Medicaid Nursing Home adjustments and automation of benefit adjustments when beneficiary enters a Medicaid Approved Nursing Home.