

**Department of  
Veterans Affairs**

# Memorandum

Date:  
From: Deputy Assistant Secretary for Finance (047)  
Subj: Fiscal Year 2017 Fourth Quarter Report on High-Dollar Overpayments (VAIQ: 7859669)  
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. 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. During the fourth quarter, VA identified \$2.1 million in high-dollar overpayments. While testing for the quarter was statistically valid, some programs, which are highly complex and subject to significant improper payments, did not identify a substantial amount of overpayments meeting the reporting threshold. To ensure transparency, VA is also reporting that during the fourth quarter approximately \$136 million in established debt was reported from Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) programs that may meet high-dollar overpayment criteria; however, they have not been verified as improper payments. This debt represents about 0.13 percent of the total payments issued collectively by VBA and VHA in fourth quarter.

3. 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.

4. 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

**Executive Order 13520 – Reducing Improper Payments  
Department of Veterans Affairs  
Fiscal Year (FY) 2017 Fourth Quarter High-Dollar Overpayments (HDOPs) Report**

**Total High-Dollar Overpayments Identified in Quarter: \$2,082,201<sup>1</sup>**

To ensure transparency, the Department of Veterans Affairs (VA) is also reporting that during the fourth quarter \$136 million in established debt was reported from Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) programs that may meet high-dollar overpayment criteria; however, they have not been verified as improper payments. For these programs, the established debt is approximately 0.13 percent of the total payments issued collectively by VBA and VHA in the fourth quarter. As reported in VA's 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, as stated above, they have not been verified as improper payments.

**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, 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 (CAPs). Key overall actions to prevent future overpayments, as well as milestones from the published CAPs are provided below:

**Veterans Health Administration:**

- Issue memorandum to the IPERA VISN Points of Contact (POCs) listing their responsibilities to respond to IPERA requirements. For example, the memo will notify VISN POCs of their responsibility to promptly distribute samples to

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<sup>1</sup> All high dollar overpayments are attributed to VHA. HDOP were found in the following VHA programs VA Community Care (VACC), Communications, Utilities, and Other Rent, and Grants-State Home Per Diem Grants.

- stations upon receiving; upload supporting documentation to the VHA SharePoint in accordance with requested due date and in a proper filename format; review supporting documentation for completeness, using the document checklist as a reference; respond to follow-up requests from VHA in a timely manner; and provide complete and thoughtful responses to concurrence requests in a timely manner. Estimated Completion Date: Completed.
- Transition Choice claims to Financial Services Center's (FSC's) Plexis Claims Manager (PCM), which is an adjudication system that will apply pricing and industry standard claim edit checks. Estimated Completion Date: Completed.
  - Ensure contractor compliance with the use of Network Providers or Provider Agreements, and/or modify contracts to align with industry standards and reasonable, executable processes. Estimated Completion Date: Completed.
  - Additional efforts to streamline the implant ordering process for surgical implant contracts is being addressed by coordinating efforts to ensure timely access to services and unburden VA providers requesting the National Program Office for Prosthetic and Sensory Aids Service (PSAS) items. VA is working towards delegating 38 USC § 8123 authority to the Under Secretary for Health and implement ordering official designation for purchasing agents in PSAS. This will allow for clinical staff or designees to verbally request implants from vendors and PSAS staff to pay for those devices locally over \$3,500. Estimated Completion Date: January 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, 38 C.F.R. § 17.56. Estimated Completion Date: February 2018.
  - The VA Community Care and Choice program will implement a process to validate that payments made using bulk payment processes are not duplicates of prior payments. Implement a single repository for all Choice claims to check duplicate prepayments and aide internal controls and auditing functions. Estimated Completion Date: March 2018.
  - Finalize duplicate payment mitigation strategies – including implementing Program Integrity Tool (PIT) duplicate review prepayment for all expedited and Choice payments. Estimated Completion Date: March 2018.
  - Continuation of the IT project to streamline vendor selection, lower the threshold for claims to be routed to a High Dollar Review Queue, eliminate manual work arounds for reopened claims, and develop other enhancements to improve payment accuracy. Estimated Completion Date: March 2018.
  - Develop and implement guidance and 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: April 2018.
  - 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, eligibility documentation, referral process flows and SOPs, etc.), make

- updates as needed, and re-inform the field. Estimated Completion Date: April 2018.
- Implement business rules into the PIT and FBCS to proactively identify improper payments in a prepayment stage. Estimated Completion Date: May 2018.
  - CI will review and update (as needed) all pertinent training materials and advise field of the same. Estimated Completion Date: May 2018.
  - 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 CenterEstimated Completion Date: June 2018.
  - The Beneficiary Travel Self-Service System (BTSSS), Commercial Off-The-Shelf (COTS), Software-as-a-Service solution, will provide a customized and enhanced tool to streamline claims; automate eligibility determinations, payment processing, and detection and prevention of improper payments; and enhance 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.
  - Implement a daily prepayment review on all claims paid over \$75,000 to identify major processing issues more timely and facilitate sustainment training for individual staff. Estimated Completion Date: September 2018.
  - Lower the threshold for the over-reimbursement review queue from \$75,000 to \$50,000. 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
  - 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.
  - Implement a daily post payment review of approximately 20 percent of each employee's workload. Estimated Completion Date: September 2018.
  - Since 2015, data matches with CMS and Tricare are being utilized to detect changes in beneficiary 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 FAR Part 41 (Utilities)

- has been complied with. Fiscal offices will not establish new 1358s without complying with FAR Part 41. Program offices utilizing noncompliant 1358s will have one month to submit requirements to Network contracting office to establish a contract. Contracting offices will have three months to attempt to award a contract. OM will update VA 1358 policy as needed to ensure the success of this corrective action. Estimated Completion Date: September 2018.
- VHA Procurement and 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 had a supplemental measure to increase the number of FAR compliant contracts for Community Nursing Home and Inpatient Hospice care to 85 percent by September 30, 2017. As of July 2017, 78 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.
  - Define the process to purchase care consistent with FAR requirements for individual authorizations greater than \$10,000. Decrease the number of non-contract authorization payments issued under 38 U.S.C. § 1703 and increase the amount of non-VA health care services purchased through FAR-based contracts. Estimated Completion Date: September 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: 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.
  - PSAS will work with VISN Purchase Card Managers to provide required purchased card supporting documentation to include VA Forms 0242 and reconciliation reports for the 2018 IPERA review. Estimated Completion Date: September 2018.

- VHA will work closely with the VA National Acquisition Center (NAC) and the VA Strategic Acquisition Center (SAC) to document internal controls and ways to verify line item pricing on national contracts for IPERA testing. Estimated Completion Date: September 2018.
- VHA will work closely with the VHA Consolidated Mail Out Pharmacy (CMOP) to obtain 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.
- 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 VA NAC to obtain national contracts when referenced in purchase orders. Estimated Completion Date: September 2018.
- VHA will work closely with P&LO, the NAC, and the SAC to establish ways to verify line item pricing on VHA and national contracts for IPERA testing. Estimated Completion Date: October 2018.
- The 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.

**Veterans Benefits Administration:**

- Extend upfront income verification using Federal Tax Information (FTI) received from the Internal Revenue Service to include Social Security Administration information for claims due to reopen, dependency, medical adjustments, and requests for increase. Estimated completion date: September 2018.
- Explore additional opportunities to improve timeliness and accuracy when processing dependency claims. Estimated completion date: This process is ongoing.
- Review manual policies and procedures, to determine if clarification and updates are needed in the following areas: increase identification of death of beneficiaries; lack of supporting documentation; Medicaid Nursing Home patients; incarcerated beneficiaries; administrative errors; and dependents entitled to higher compensation. Estimated completion date: This process is ongoing.
- Pension and Fiduciary (P&F) Service identifies quality errors and provides error details to Pension Management Centers (PMCs). The PMCs are allowed an opportunity to agree with or rebut the cited error(s). The errors are compiled into one report and uploaded to the Systematic Technical Accuracy Review (STAR) database on a quarterly basis for viewing by all stations. This helps to identify and determine training deficiencies and trends. Estimated completion date: This process is ongoing.
- Education Service will conduct nationwide deployment of refresher training as necessary to Regional Processing Office (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: This process is ongoing.**