

**Department of
Veterans Affairs
APR 25 2018**

Memorandum

Date: **APR 25 2018**
From: Acting Deputy Assistant Secretary for Finance (047)
Subj: Fiscal Year 2018 First Quarter Report on High-Dollar Overpayments (VIEWS #00043819)
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 collectable loss to VA 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.



Joanne Choi

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
Fiscal Year (FY) 2018 First Quarter High-Dollar Overpayments (HDOPs) Report**

Total High-Dollar Overpayments Identified in Quarter: \$480,215.40¹

To ensure transparency, the Department of Veterans Affairs (VA) is also reporting that during the first quarter \$133.6 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 0.37 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:

- The VA Community Care (VACC) and Choice program will implement a process to validate that payments made using bulk payment processes are not duplicates of prior payments. Implemented a single repository for all

¹ All high dollar overpayments are attributed to VHA. HDOPs were found in the following VHA programs Beneficiary Travel (BT) and Purchase Long-Term Services and Support (PLTSS).

- Choice claims to check duplicate prepayments and aide internal controls and auditing functions. Estimated Completion Date: Completed.
- Implemented 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: Completed.
 - Lowered the threshold for the over-reimbursement review queue from \$75,000 to \$50,000. 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 8123 authority to the Under Secretary for Health and will 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: April 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: April 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: April 2018.
 - Develop and implement guidance and standard operating procedure (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 reinform the field. Estimated Completion Date: April 2018.
 - CI will review and update (as needed) all pertinent training materials and advise field of the same. Estimated Completion Date: April 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: May 2018.
 - Implement business rules into the Program Integrity Tool (PIT) and FBCS to proactively identify improper payments in a prepayment stage. Estimated 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 and payment processing; 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.

- 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 the Center for Medicare and Medicaid Services (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 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 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 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 Veteran Integrated Service Networks (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 Veteran Affairs Medical Centers (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 Improper Payments Elimination and Recovery Act (IPERA) review. 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 P&LO, the VA National Acquisition Center (NAC), and the VA 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 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 will work closely with the 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.
 - 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.
 - 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:

- 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: March 31, 2018
- Assess current skill set and determine training requirements. Provide training necessary to avoid under evaluations followed with consistency study necessary to ensure effectiveness. Estimated Completion Date: September 30, 2018
- Process more 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 30, 2018
- Timely reduction of temporary total evaluations by identifying a consistency study to administer. 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 30, 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 30, 2018
 - Reduce rating errors associated with granting benefits without supporting evidence by mandating relevant training for Rating Veterans Services Representatives (RVSRs) in TMS and customized training by site visit staff on RO visits. Estimated completed date: September 30, 2018
 - 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.
 - 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 30, 2018
 - Implement a 3-way matching tool with State Medicaid programs to determine if the State Medicaid programs are paying the beneficiary's medical benefits. This will reduce overpayments. Carryover corrective action from FY16 CAP (from FY15 IPERA Testing). Estimated completed date: September 30, 2018
 - Continue to upload and scan all documents in support of claims into Legacy Content Manger (LCM)/Veterans Benefit Management Systems (VBMS) for efficient viewing and expeditious processing. Estimated completion date: September 30, 2018