

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Health Administration

*Review of Alleged
Delays in Care Caused
by Patient-Centered
Community Care (PC3)
Issues*

July 1, 2015
14-04116-408

ACRONYMS

CAPRI	Compensation and Pension Records Interchange
CBO	Chief Business Office
FY	Fiscal Year
HN	Health Net Federal Services, Limited Liability Corporation
NVCC	Non-VA Care Coordination
OIG	Office of Inspector General
PC3	Patient-Centered Community Care
TW	TriWest Healthcare Alliance Corporation
VA	Veterans Affairs
VHA	Veterans Health Administration
VISN	Veterans Integrated Services Network

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Report Highlights: Review of Alleged Delays in VHA Care Caused by Patient-Centered Community Care (PC3) Issues

Why We Did This Review

The Office of Inspector General (OIG) received an allegation that Veterans Health Administration (VHA) use of Patient-Centered Community Care (PC3) contracted care caused patient care delays. The allegation highlighted issues identified by VHA staff at seven facilities and one Veterans Integrated Service Network. This is the second of a series of reports addressing PC3 service delivery issues, the adequacy of the PC3 contract, provider networks, and the completeness of the medical documentation for PC3 payments.

What We Found

PC3 contracted care issues caused delays in care. PC3 was not achieving its intended purpose to provide veterans timely access to care. Pervasive dissatisfaction under the PC3 contracts caused all nine of the facilities we reviewed to limit or stop using the PC3 program as intended. From January 1 through September 30, 2014, the national utilization rate was about 9 percent. This is significant since VHA was relying on high-usage rates to achieve estimated cost savings.

It took VHA an average of 19 days to submit the authorization to the PC3 contractors. VHA has no timeliness criteria for submitting authorizations to the contractors. We projected PC3 contractors returned—or should have returned—almost

43,500 of 106,000 authorizations because of limited network providers and “blind scheduling,” that is, PC3 contractors scheduling appointments without discussing the tentative appointment with the veteran.

VHA also lacks controls to ensure facilities submit timely authorizations, and PC3 contractors schedule appointments and return authorizations in a timely manner.

What We Recommended

VHA should ensure PC3 contractors submit timely authorizations, evaluate the PC3 contractors’ network, revise contract terms to eliminate blind scheduling, and implement controls to make sure PC3 contractors comply with requirements.

Agency Comments

The Interim Under Secretary for Health concurred with our recommendations and provided acceptable action plans. We will follow up on the implementation of the corrective actions.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

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RESULTS AND RECOMMENDATIONS

Allegation **Has VHA’s Use of Patient-Centered Community Care (PC3) Caused Patient Care Delays?**

On July 21, 2014, the Office of Inspector General (OIG) received an allegation that Veterans Health Administration (VHA) use of Patient Centered Community Care (PC3) was causing patient care delays. The allegation included an email chain involving staff from seven medical facilities and one Veterans Integrated Service Network (VISN) that originated in response to VHA’s guidance that the PC3 contract be the preferred source for obtaining non-VA purchased care. Although the email chain identified a number of issues, the primary concern—and the focus of this review—related to patient care delays including dissatisfaction with PC3 contractors:

- Lacking an adequate network of providers
- Returning a high number of authorizations
- Scheduling gastroenterology and rheumatology service appointments beyond the contract-required 30 days
- Scheduling retina patients with ophthalmologists who were not retina specialists

Background

In September 2013, VA awarded TriWest Healthcare Alliance Corporation (TW) and Health Net Federal Services, LLC (HN) PC3 contracts totaling approximately \$4.4 billion and \$5.1 billion, respectively. According to VA, it established the PC3 contract to provide veterans timely access to quality care from providers available within the contractors’ network. The PC3 network of providers would deliver medical services when VHA facilities could not provide veterans with timely care.

What We Did

During our review, we identified a universe of about 110,000 authorizations and sampled 490 authorizations, including four inpatient authorizations. To ensure our review focused on the outpatient care provided by PC3 contractors, we excluded a projected 830 inpatient authorizations. We also identified 12 authorizations that did not have a PC3 receipt date by July 31, 2014 (the date the PC3 contractor received the authorization), which projected to 2,800 authorizations. To determine if patient care delays occurred, we projected on 474 of the remaining 106,000 authorizations received by the PC3 contractors from January 1 through July 31, 2014.¹ We

¹ We identified 11 cases in which VHA approved the PC3 authorizations, from January 1 through July 31, 2014, but the PC3 contractors had not received them until after July 31, 2014.

reviewed data in VA's Compensation and Pension Records Interchange (CAPRI) system and both PC3 contractors' databases to determine the status of each of the 474 authorizations. We performed site visits and interviewed staff at nine judgmentally selected VA medical facilities, based on high PC3 usage and returned authorization rates. TW serviced five of the medical facilities and HN serviced the other four. We also interviewed program staff from two VISNs and staff at VHA's Chief Business Office (CBO) to obtain information on PC3 program implementation and oversight.

What We Found

We substantiated that PC3 contracted care issues were causing delays in patient care resulting in nine VA medical facilities limiting their use of the PC3 program. Specifically, we found:

- Staff at all nine VA medical facilities were dissatisfied with the PC3 program.
- VHA staff did not provide authorizations to the PC3 contractors in a timely manner.
- PC3 contractors returned a high percentage of incomplete authorizations to VHA.
- PC3 contractors were not meeting contract timeliness requirements, including the scheduling of rheumatology appointments.
- VHA relies on contractor data to track and monitor the number of returned and completed PC3 authorizations.

We did not substantiate that PC3 contractors scheduled a significant number of gastroenterology appointments beyond 30 days or that PC3 contractors scheduled retina patients with ophthalmologists who were not retina specialists.

Limited Use of the PC3 Program

We found pervasive dissatisfaction with the PC3 program at all nine VA medical facilities. Because of this dissatisfaction, eight sites have limited their use of the PC3 program and one facility stopped using TW for any services. The examples below highlight how medical facilities have reduced their PC3 contractor use to only a limited number of specialty care services.

Example 1

Staff at a TW-serviced VA medical facility told us they initially used TW for 17 different specialty care services. However, a few months later, they learned the PC3 network lacked sufficient network providers to support all their non-VA care needs. As of October 2014, they primarily use TW to acquire three specialty services: optometry, audiology, and chiropractic.

Example 2

Staff at an HN-serviced VA medical facility told us that they initially sent all their non-VA care requests to HN. However, after using the PC3 contract for several months, they found that the HN network providers were unable to adequately fulfill all of their non-VA care needs, especially those related to surgery. According to the Chief of non-VA

care coordination (NVCC), from July through August 2014, they submitted approximately 800 to 900 authorizations to HN, and HN returned all of them. Therefore, as of October 2014, their non-VA care staff send HN only the authorizations they believe HN can timely manage, such as optometry and physical therapy.

From January 1 through September 30, 2014, VHA data show optometry accounted for nearly 18 percent, and physical therapy accounted for about 16 percent of PC3 authorizations. The next highest source of PC3 authorizations comes from colonoscopy procedures and ophthalmology care at about 5 percent each. VHA data show that VHA only used the PC3 program for a little over 9 percent of non-VA care authorizations, from January 1 through September 30, 2014, which was significantly less than the initial estimated usage of at least 25 percent. Given the dissatisfaction we found among VHA staff with the PC3 program, usage rates will unlikely achieve their initial estimates unless changes occur in the PC3 program.

This is significant since VHA was relying on high-usage rates to achieve the estimated cost savings. In the *Review of VA's Patient-Centered Community Care (PC3) Contracts' Estimated Cost Savings*, (Report No. 14-02916-336, April 28, 2015), OIG reported:

Inadequate price analysis, high up front contract implementation fees, and low PC3 utilization rates impeded VA from achieving its \$13 million PC3 cost saving estimate in [fiscal year] FY 2014. VA paid approximately \$18.9 million in FY 2014, to the PC3 contractors: \$15.1 million (80 percent) for implementation and administrative fees and \$3.8 million (20 percent) for health care services.

These same health care services would have cost about \$4.0 million if they had been purchased under the non-VA care program. . . . Further, VA lacked an implementation plan to ensure the utilization of PC3. Thus, VA could not ensure it achieved the estimated cost savings and recouped the fees paid to the PC3 contractors. VA simply assumed that the PC3 contractors would develop adequate provider networks; medical facilities would achieve the desired utilization rates; and the accrued PC3 cost savings for health care services would more than offset the contractors' fees. These flawed assumptions contributed to significant PC3 contract performance problems and a 9 percent utilization rate in FY 2014.

***VHA's Timeliness
in Providing
Authorizations to
the PC3
Contractors***

VHA staff need to improve their timeliness in submitting authorizations to the PC3 contractors. VHA medical facilities follow the non-VA care consult/referral process to determine if the veteran is eligible for care outside VA. If the medical facility cannot provide the needed care, the clinician submits a non-VA care consult to the NVCC team, which then conducts an administrative and clinic eligibility review. The administrative review verifies eligibility and enrollment for VHA care and the clinical review determines the medical necessity for outside care. If the consult passes both reviews, the authorization is entered into the Fee Basis Claim System and sent to the PC3 contractor for scheduling.

We projected that it took staff an average of 19 days from the date of a VHA clinician's initial consult to submit the authorization to the PC3 contractors. Three of the facilities we visited acknowledged that delays occurred and attributed the delays to insufficient staff to process the significant increase in non-VA care consults. VHA does not have timeliness standards for submitting authorizations to the contractors. VHA needs to establish and monitor timeliness standards from the date of the consult to the date staff provide the authorization to the PC3 contractor; it also needs to take appropriate actions to improve performance when medical facility staff do not meet standards.

***High Percentage
of Authorizations
Returned to VHA***

We projected PC3 contractors returned—or should have returned—approximately 43,500 of the 106,000 authorizations (41 percent) received from VHA, from January 1 through July 31, 2014. We identified authorizations as “should have been returned,” if the appointment was not scheduled or the scheduled appointment did not take place. We projected that just over 580 additional authorizations had appointments scheduled, but documentation was not available to determine whether the scheduled appointment took place. We found that:

- Of the approximately 55,700 authorizations that TW received, we projected it returned—or should have returned—almost 20,600 authorizations (37 percent). Out of the 20,600 authorizations, TW did not schedule 9,000 appointments and TW scheduled 11,600 appointments, but the appointments were never held.
- Of the approximately 50,300 authorizations that HN received, we projected it returned—or should have returned—almost 22,900 authorizations (46 percent). Out of the 22,900 authorizations, HN did not schedule 12,900 appointments and HN scheduled 10,000 appointments, but the appointments were never held.

VA staff at eight facilities expressed frustration with the significant number of authorizations returned. They attributed the high number of returns to the limited PC3 provider networks; some facilities included the contractors' ability to schedule appointments without communicating with the veterans as another reason for so many returns.

Limited Network of Providers

CBO staff compiled the contractors' reasons for returning authorizations. From January 1 through September 30, 2014, CBO reported about 39,900 returns and cited the following three most common reasons PC3 contractors returned authorizations:

- Veteran declined the appointment (33 percent)
- Provider network was insufficient (25 percent)
- VA requested their return (18 percent)

Because of the high number of declined appointments, CBO staff solicited feedback from a sample of 1,128 veterans who, according to PC3 contractors, had declined their appointments. Of these 1,128 veterans, CBO staff received responses from 298 veterans. A limited network of PC3 providers appeared to be a frequent reason given for declining appointments.² Primarily, veterans were not satisfied with:

- Their appointment times or options (58 veterans)
- The distance and lack of adequate transportation to their designated appointment (25 veterans)

The contracts require the contractor to make available a high-quality network of providers with a sufficient number, mix, and geographic distribution of qualified providers that offer the full scope of health care required by the contracts. The contracts state the PC3 contractors are required to schedule appointments with their network providers using the following guidelines:

- Urban—within 60 minutes commute time
- Rural—within 120 minutes commute time
- Highly rural—within 240 minutes commute time

Our interviews of staff at the nine VA medical facilities confirmed that limited network providers resulted in not being able to schedule an appointment in a timely manner or within a reasonable commuting distance. VHA needs to evaluate PC3 contractor networks to ensure they are sufficient to meet contract performance requirements.

Blind Scheduling

According to staff at all five TW- and four HN-serviced facilities, PC3 contractors scheduled appointments without discussing the appointment details with the veteran. VHA prohibits VA medical facilities from engaging in this scheduling practice, which VHA commonly refers to as “blind scheduling.” According to PC3 contract terms, if the PC3 contractor cannot reach the veteran within 3 days of receiving the authorization, the contractor

² We are performing a separate national review to evaluate in more detail the adequacy of the PC3 provider networks. We will share these results in a subsequent report once the review has been completed.

is required to send a secure communication to the veteran with the appointment details.

Of the 298 responses the CBO received from veterans who declined their appointment, 56 (19 percent) stated they did not know about their scheduled appointments. This is significant because missed appointments potentially delay the veteran's care and may discourage PC3 network providers from participating in the PC3 program. Staff at three VA medical facilities told us that PC3 network providers have left the PC3 program due to missed appointments. In addition, non-VA care supervisors told us missed appointments result in lost revenue for the PC3 providers. VHA needs to revise the PC3 contract terms to eliminate the PC3 contractors' ability to schedule an appointment without first communicating with the veteran.

***PC3 Contractors
Did Not Meet
Contract
Timeliness
Requirements***

PC3 contractors were not meeting contract timeliness requirements. Specifically, PC3 contractors were not:

- Returning authorizations if they could not schedule appointments within 5 days of the authorization's receipt
- Scheduling rheumatology appointments to occur within 30 days from the create date
- Notifying VHA of missed appointments within 14 days of the scheduled appointment date
- Returning medical documentation within 14 days of the scheduled appointment date

***PC3 Contractors
Not Timely
Returning
Authorizations***

PC3 contractors were not meeting contract timeliness requirements for returning authorizations to VHA. The PC3 contracts state that the appointment will be created within 5 business days of receipt of authorization. We projected that TW averaged 21 days, and it took HN an average of 15 days to return authorizations to VHA when appointments were not scheduled.³ Contractors should return incomplete authorizations in a timely manner to ensure VHA can immediately schedule the veteran's appointment through the traditional non-VA care process and minimize any delays in care.

The following examples illustrate the effect of delays in returning authorizations.

Example 3

At a TW-serviced VA medical facility, program managers discussed the issues they faced with their TW service and gave us a briefing paper, which highlighted, among other things, gastroenterology authorizations

³ Although we identify averages for TW and HN throughout the report separately, the differences between them were not statistically significant. The differences could be attributed to sampling variation and do not mean that one contractor outperformed the other.

submitted from May through July 2014 to TW. On July 11, 2014, VA medical facility staff learned that TW returned 172 of 192 authorizations submitted from May through July 2014 because of a lack of TW network providers. Since these consults were already significantly delayed, VA medical facility staff immediately began reviewing the 172 returned authorizations and determined that 57 patients were symptomatic for potentially significant conditions, such as cancer, and needed priority scheduling. VA medical facility staff spent the following week reviewing, prioritizing, and scheduling appointments for these 57 priority veterans. Staff continued to schedule the remaining 115 veterans with non-VA care providers in the community once the priority veterans' appointments had been processed.

Example 4

At an HN-serviced VA medical facility, an NVCC supervisor had similar issues with HN not returning authorizations in a timely manner. The supervisor told us that HN would frequently hold authorizations several days before returning them to VA. In addition, the supervisor gave us data on 50 authorizations returned in September and October 2014 for various specialty services including 9 colonoscopies and 12 mammograms. HN took an average of 146 days (nearly 5 months) to return these authorizations.

The PC3 contractors should return the authorizations that they cannot schedule to the medical facility in a timely fashion. This will ensure veterans can receive timely care through the VA medical facility or traditional non-VA care processes. VHA needs to implement a control to ensure that the PC3 contractors return the authorizations to VA if they cannot schedule an appointment within 5 days of receipt of the authorization.

*PC3 Contractors
Not Scheduling
Appointments
To Occur Within
30 Days of the
Appointment
Create Date*

Of the 84,100 scheduled appointments, we projected that the PC3 contractors scheduled about 9,500⁴ appointments (11 percent) more than 30 days from the appointment create date.

- TW scheduled 6,300 of its 46,700 scheduled appointments (13 percent) beyond the 30-day contract requirement. These 6,300 appointments averaged about 21 days beyond the 30-day requirement.
- HN scheduled 3,300 of its 37,400 appointments (9 percent) beyond the 30-day contract requirement. These 3,300 appointments averaged about 12 days beyond the 30-day requirement.

Moreover, we substantiated the allegations that TW scheduled rheumatology appointments beyond the contract-required 30 days from the appointment

⁴ Projected total does not sum to individual TW (6,300) and HN (3,300) totals due to rounding. See Appendix C for actual projections.

create date. We projected that 94 of 150 scheduled appointments (63 percent) occurred beyond the 30-day requirement with an average of 45 days beyond the requirement.

To better evaluate contractor performance, VHA needs to implement a control to ensure the PC3 contractors return authorizations, including rheumatology appointments, when PC3 contractors cannot arrange for an appointment to occur within the 30-day requirement.

*PC3 Contractors
Not Timely Notifying
VHA of Missed
Appointments*

PC3 contractors did not timely notify VA medical facility staff when veterans missed appointments. The contracts state that the contractor should notify VHA within 14 days of missed appointments. We projected that veterans missed about 16,400 appointments.⁵ Of these 16,400 missed appointments, we projected that 9,800 were serviced by TW and 6,600 were serviced by HN.

For the 9,800 missed appointments, TW:

- Notified medical facilities of approximately 2,500 missed appointments within 14 days (26 percent⁶)
- Notified medical facilities of about 3,300 missed appointments after 14 days, with an average of 72 days after the missed appointment date (34 percent)
- Failed to notify medical facilities of approximately 4,000 missed appointments (41 percent)

For the 6,600 missed appointments, HN:

- Notified medical facilities of about 2,200 missed appointments within 14 days (33 percent)
- Notified medical facilities of about 3,400 missed appointments after 14 days with an average of 49 days after the missed appointment date (52 percent)
- Failed to notify medical facilities of approximately 1,000 missed appointments (15 percent)

PC3 contractors should notify medical facility staff of missed appointments in a timely manner to ensure facility staff can adequately follow up to provide veterans with necessary care. VHA should implement a control to ensure the contractors notify VHA of missed appointments within 14 days of the scheduled appointment date.

⁵ We cannot determine whether the veterans knowingly missed their appointments, or whether they missed their appointments because they did not know about them.

⁶ The percentages do not equal 100 percent due to rounding.

*PC3 Contractors
Not Timely
Returning Medical
Documentation*

PC3 contractors completed a projected 61,900 appointments out of the 106,000 authorizations. The PC3 contracts considered an appointment complete if the veteran receives the authorized medical care, and the PC3 contractor provides VHA the required medical documentation. The PC3 contracts stated that medical documentation for authorized care “shall be submitted within 14 calendar days after completion” of the initial outpatient appointment.⁷

- TW completed a projected 35,000 appointments with medical documentation, of which about 16,800 (48 percent) had the documentation provided within the 14 days required by the contract. We projected that the remaining 18,200 (52 percent) had not returned medical documentation in a timely manner; for these appointments, TW returned medical documentation an average of 50 days after the appointment had occurred.
- HN completed a projected 26,900 appointments with medical documentation, of which about 14,100 (52 percent) had the documentation provided within the 14 days required by the contract. We projected the remaining 12,800 (48 percent) had not returned medical documentation in a timely manner for these appointments; HN returned medical documentation an average of 54 days after the appointment had occurred.

PC3 contractors should follow up with their network providers to obtain the medical documentation within 14 days to provide VHA staff with the necessary information and ensure the veteran’s medical records are complete. Below are some examples illustrating what staff at the eight of nine medical facilities we visited told us about the need to constantly request documentation after appointments have been completed.

Example 5

TW received the authorization on May 20, 2014. The veteran received care for a TW-scheduled rheumatology appointment on October 8, 2014. The VA medical facility staff requested an update on the authorization from TW on November 24, 2014, and they requested medical documentation on December 24, 2014. However, VHA did not receive the medical documentation until February 11, 2015—126 days after the appointment.

⁷ For this review, we considered an appointment complete if we found medical documentation in the contractors’ databases that related to the authorization’s appointment date. We did not evaluate the medical documentation to ensure it met all requirements necessary for payment purposes. We are conducting a separate national review of the completeness and accuracy of the medical documentation used to support PC3 payments. We will issue these results once the review has been completed.

Example 6

A HN-serviced VA medical facility submitted an optometry authorization that HN received on April 11, 2014. HN staff timely scheduled the appointment and the patient received treatment on May 5, 2014. However, HN did not follow up with its provider in a timely manner, and VHA did not receive the medical documentation until August 20, 2014—107 days after the appointment.

Staff at two medical facilities stated that they frequently have to contact the PC3 network providers directly for the medical documentation, which is usually more effective than contacting VHA's PC3 contract staff about the delayed documentation. VHA should implement a control to ensure PC3 contractors follow the terms of the contracts to return medical documentation within 14 days of the appointment.

VHA Monitoring of Authorizations

VHA did not have a comprehensive database of all authorizations their staff have referred to the PC3 contractors. VHA relies on contractor data to track and monitor the number of returned and completed PC3 authorizations.

Returned Authorizations

When PC3 contractors return authorizations, VHA's procedure is to remove the PC3 identification number and input the new non-VA care identifying information for the authorization. As a result, VHA could not provide us with the total number of authorizations submitted to the PC3 contractors or returned from the PC3 contractors. Instead, VHA had to rely on contractor-provided data, which, we found, did not accurately identify authorizations PC3 contractors returned to VHA. We projected that:

- HN underreported the number of authorizations returned by 12 percent.
- TW underreported the number of authorizations returned by 4 percent.

This is significant because one of the performance objectives of the contract quality assurance and surveillance plans requires 90 percent compliance with the network's adequacy for providing access to appointments, within the stated contract commute times. If VHA is unable to identify the number of authorizations the PC3 contractors returned, it will not be able to determine if the contractors meet their performance objective. To properly evaluate the contracts' effectiveness and consider potential contract improvements, VHA staff need to know the number of authorizations they submitted and that the contractors returned, as well as the reasons behind the returned authorizations. VHA should implement its own system to monitor all authorizations submitted to the PC3 contractors.

Completed Authorizations

While VHA's CBO has a PC3 dashboard showing various performance measures, none of the measures showed the number of completed authorizations. We requested the number of completed authorizations from CBO staff on several occasions, but they never provided this information. From HN's Web site, we obtained data showing that HN completed about 24,400 of the approximately 81,700 authorizations (30 percent), as of

November 18, 2014. However, we were not able to obtain this information for the TW authorizations. This critical information should be available for VHA to evaluate the PC3 contracts and contractor effectiveness. VHA should revise the PC3 dashboard to report the number and percentage of total PC3 authorizations completed.

Conclusion

PC3 contracted care issues were causing delays, and the PC3 program was not achieving its intended purpose to provide timely access to care. We found that veterans were not receiving completed PC3 appointments, and that VHA and the contractors could improve timeliness.

Recommendations

1. We recommended the Interim Under Secretary for Health establish timeliness criteria for submitting authorizations to the Patient-Centered Community Care contractors.
2. We recommended the Interim Under Secretary for Health monitor timeliness of submitting authorizations to Patient-Centered Community Care contractors and take actions to improve timeliness when standards are not met.
3. We recommended the Interim Under Secretary for Health evaluate the Patient-Centered Community Care contractor networks to ensure they are sufficient to meet contract performance requirements.
4. We recommended the Interim Under Secretary for Health revise contract terms to eliminate the option of scheduling appointments before communicating with the veteran.
5. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors return authorizations if they cannot schedule an appointment within 5 business days of receipt of the authorization.
6. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors return authorizations when they cannot arrange for an appointment to take place within 30 days of the appointment creation date.
7. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors comply with requirements to notify Veterans Health Administration within 14 days of a missed appointment.
8. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors comply with requirements to return medical documentation within 14 days of the appointment's occurrence.

9. We recommended the Interim Under Secretary for Health implement a mechanism to monitor all authorizations submitted to the Patient-Centered Community Care contractors.
10. We recommended the Interim Under Secretary for Health revise the Patient-Centered Community Care dashboard to report completed authorizations and the percentage of total authorizations by the specific contractors performing these services.

**Management
Comments**

The Interim Under Secretary for Health concurred with our recommendations and reported that the CBO for Purchased Care will develop and disseminate timeliness criteria for submitting authorizations to the PC3 contractors, and monitor compliance with the timeliness criteria. The CBO will develop a plan to evaluate utilization rates to help assess PC3 contractors' network adequacy and will also pursue contract revisions to eliminate the option for blind scheduling appointments without direct communication with the veteran. In addition, the CBO will monitor the contract timeliness standards for returning: authorizations within 5-business days for authorizations without scheduled appointments, authorizations for appointments not scheduled to occur within 30 days, and documentation within 14 days of the appointment date. Letters of corrections will be issued when the PC3 contractors are not meeting the requirements. Further, the CBO will establish a monitor to identify missed appointments that are not returned within 14 days and evaluate if further corrective actions are required. Lastly, the CBO for Purchased Care will develop a listing of authorizations and returned totals by VAMC, and revise the PC3 Dashboard to show the percentage of PC3 authorizations for each VAMC, and report the percentage of completed PC3 authorizations.

OIG Response

VHA's planned corrective actions are responsive. We will monitor VHA's progress and follow up on the implementation of our recommendations until all proposed actions are completed. Appendix D provides the full text of the Interim Under Secretary for Health's comments.

Appendix A Background

Allegation The primary allegation claimed that VHA’s use of PC3-provided care was causing patient care delays. An email chain, provided as support, identified many issues with the PC3 Program. The access-to-care issues on which we focused included:

- Patients are scheduled with providers unaware that they are part of the contractor’s network.
- Providers are no longer willing to be a part of the network, or unwilling to offer PC3 authorized care.
- Patients are scheduled with providers outside their commuting area.
- Contractors are returning a high number of authorizations.
- Contractor (TW) is referring authorizations for retinal care to ophthalmologists who are not retina specialists.
- Contractor (TW) is scheduling gastroenterology and rheumatology service appointments beyond the 30-day contract requirement.

The allegation also included issues that we did not evaluate. These allegations involved PC3 contractor network providers billing VHA directly; PC3 contractor provider lists being redundant and incorrect; and HN network providers not being allowed to write prescriptions directly to the VA pharmacy.

This is the second of a series of reports addressing PC3 service delivery issues, the adequacy of the PC3 contract, provider networks, and the completeness of the medical documentation for PC3 payments.

VHA Chief Business Office CBO’s Purchased Care business line is responsible for a broad range of activities that support the delivery of health care benefits for veterans and their dependents by offering health care services located outside of VHA facilities. The Purchased Care team’s goal is to provide assistance to the field by leading transformation of Purchased Care business practices, implement health benefits policy, and support the delivery of quality health care.

Non-VA Purchased Care If a veteran is eligible for certain medical care, his or her first option is to access health services from the VA health care network. If the care is unavailable—because there are no available specialists, wait times are lengthy, or the travel distances between patients and providers are too long—VHA may consider authorizing payment for non-VA provided care.

PC3 PC3 is a CBO-managed program that provides health care when VHA cannot readily offer the needed care due to demand exceeding capacity, geographic inaccessibility, or other limiting factors. VHA initiated the PC3 contracts to offer a more efficient alternative to traditional non-VA-provided care

methods. The contracts provide inpatient and outpatient specialty care and ideally reduce cost, increase efficiency, and standardize processes.

PC3 Contractors

In September 2013, VA awarded PC3 contracts to TW and HN totaling approximately \$4.4 billion and \$5.1 billion, respectively. The contractors were given an implementation period of October 2013 through April 2014 to establish provider networks in 6 geographical regions spanning all 21 VISNs. VA staff evaluate contractors' performance based on elements in the Quality Assurance and Surveillance Plan, such as timeliness in completing veteran appointments, return of medical documentation, and veteran commute times. The contractors are required to submit monthly performance reports to the contracting officer representatives for the elements outlined in the Quality Assurance and Surveillance Plan.

Appendix B Scope and Methodology

Scope We conducted our review from August 2014 through April 2015. The scope of our review focused on the population of all PC3-delivered outpatient non-VA-provided care authorizations with a Veterans Health Information Systems and Technology Architecture create date from January 1 through July 31, 2014. We obtained our review universe from a reconciliation of PC3 authorizations reported by VHA and those authorizations reported within HN and TW monthly reports.

Methodology We reviewed applicable laws, regulations, policies, procedures, and guidelines. To evaluate appointment timeliness, we reviewed 490 sample PC3 authorizations. To understand the PC3 issues, we interviewed PC3 program officials and managers, including key staff at VISN 18 (VA Southwest Health Care Network in Gilbert, AZ), VISN 20 (Northwest Network in Vancouver, WA) and nine VA medical facilities located at the following locations:

<u>Serviced by HN</u>	<u>Serviced by TW</u>
Denver, CO	Phoenix, AZ
Fayetteville, NC	Portland, OR
Minneapolis, MN	Prescott, AZ
Richmond, VA	Seattle, WA
	Tucson, AZ

Data Reliability We used computer-processed data obtained from multiple sources, including data from VHA’s Corporate Data Warehouse and the PC3 contractors’ monthly reports for the period of January through July 2014. To test for reliability, we compared information in VA’s CAPRI system and the PC3 contractors’ databases with the data provided by OIG’s data analysis division. This helped determine whether we could identify the PC3 authorization in the VA and contractor databases and whether this was within the scope of our review. Although we identified one instance in which the PC3 contractors did not have the authorization in their database, we determined that the error was not significant enough to affect our ability to rely on data from the Corporate Data Warehouse.

Government Standards We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

Appendix C Statistical Sampling Methodology

To determine whether VHA's use of PC3 contracted care was causing patient care delays, we sampled authorizations that contained a Veterans Health Information Systems and Technology Architecture create date from January 1 through July 31, 2014. We also identified and sampled authorizations in the PC3 contractors' monthly reports that were not included in the Corporate Data Warehouse.

Population

We identified 109,635 authorizations that VA medical facility staff sent to either HN or TW from January 1 through July 31, 2014. We matched unique PC3 authorization data from HN, TW, and VHA to establish a complete universe.

Sampling Design

We separated our population into two main groups: HN authorizations and TW authorizations. VHA did not have a comprehensive database of all the authorizations that staff referred to the PC3 contractors. This was because VHA uses HN and TW identification numbers from the Fee Basis Claim System to identify PC3 authorizations. When the PC3 contractors return authorizations, VHA's procedure is to remove the PC3 identification number and input the new non-VA care identifying information for the authorization. To identify our universe, we obtained the authorizations from each of the PC3 contractors and added unique authorization numbers to VHA's database. We stratified the universe to ensure review of authorizations from each stratum included:

- Returned authorizations
- Authorizations identified in the VHA and contractor databases
- Authorizations identified in the VHA and contractor databases (with VHA's data not including the contractor's identifying information)
- Authorizations unique only to VHA or the contractors' respective databases
- TW authorizations for each of the gastroenterology, rheumatology, and ophthalmology specialty services

We designed the sampling plan to make sure we had a chance to select from all authorizations and allowed for making a projection over the whole population. In total, the sample included 490 PC3 authorizations from January 1 through July 31, 2014.

Table 1 shows our sample strata, the total number of authorizations we sampled and total authorizations on which we projected.

Table 1. Sample Size by Stratum

Stratum	Sample Reviewed	Total Population of Authorizations
HN Authorizations		
Returned Authorizations	50	10,184
Identified in VHA and HN Data but Not Identified as HN in VHA's Data	30	8,037
Identified in VHA and HN Data and Identified as HN in VHA's Data	50	16,966
Identified Only in HN Data	50	7,952
Identified Only in VHA Data	30	8,298
Total HN Authorizations	210	51,437
TW Authorizations		
Returned Authorizations	50	6,335
Identified in VHA and TW Data but Not Classified as TW in VHA's Data	30	2,371
Identified in VHA and TW Data and Classified as TW in VHA's Data	50	37,157
Identified Only in TW Data	30	2,485
Identified Only in VHA Data	30	6,214
Gastroenterology Only	30	1,095
Ophthalmology Only	30	2,376
Rheumatology Only	30	165
Total TW Authorizations	280	58,198
Total HN and TW Authorizations Sampled	490	109,635
Less Inpatient Authorizations Excluded	4	829
Less Authorizations Not Received	12	2,763
Total Authorizations Projected	474	106,043

Source: VA OIG statistical sample selection from OIG statistician using data from VA Corporate Data Warehouse, HN, and TW

Weights

We calculated estimates in this report using weighted sample data. We computed sampling weights by taking the product of the inverse of the probabilities of selection at each stage of sampling.

Margins of Error and Projections

The margins of error and confidence intervals are indicators of the precision of the estimates. If we repeated this audit with multiple samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

We sampled 490 authorizations. Of the 490 selected for our sample, four were inpatient authorizations. We projected 829 of our original universe of 109,635 were inpatient authorizations. Since most of the sample was outpatient authorizations, we excluded the inpatient authorizations from our projections leaving a sample of 486 and a projected universe of 108,806 (+/- 646) outpatient authorizations.

As shown in Table 2, we identified 486 outpatient authorizations in our universe, which projected to 108,806.

Table 2. Universe and Received Authorizations

PC3 Contractor	Projected Universe of Outpatient Authorizations	Margin of Error	Confidence Interval Lower ⁸	Confidence Interval Upper	Sample Size
TriWest	57,369	646	56,723	58,016	276
Health Net	51,437	0	0	0	210
Total	108,806	646	108,160	109,453	486

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

We identified 12 of the 486 authorizations that the PC3 contractors did not receive; this projected to 2,763 authorizations of the 108,806 not received by the PC3 contractors. As shown in Table 3, this left an estimated 106,043 authorizations received by the PC3 contractors.

⁸ Our sample is based on 90 percent confidence intervals. If we repeated this review with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time.

Table 3. Outpatient Authorizations Received and Not Received by PC3 Contractors

Authorization Status by PC3 Contractor	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Not Received									
TriWest	1,657	2.9	841	1.5	816	1.4	2,498	4.3	276
Health Net	1,106	2.2	863	1.7	243	0.5	1,970	3.8	210
Total	2,763	2.5	1,205	1.1	1,558	1.4	3,969	3.6	486
Received									
TriWest	55,712	97.1	932	1.5	54,781	95.7	56,644	98.6	276
Health Net	50,331	97.8	863	1.7	49,467	96.2	51,194	99.5	210
Total	106,043	97.5	1,270	1.1	104,773	96.4	107,313	98.6	486

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

As shown in Table 4, we projected that 61,915 authorizations resulted in a completed appointment and 44,128 authorizations were not completed. Of the 44,128 authorizations that were not completed, 584 (+/-464) had appointments scheduled, but documentation was not available to determine whether the scheduled appointment took place. TW accounted for 107 and HN accounted for 477.

Table 4. Status of Outpatient Authorizations PC3 Contractors Received

Authorization Status by PC3 Contractor	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Completed									
TriWest	34,989	62.8	4,015	7.1	30,974	55.7	39,004	69.9	268
Health Net	26,925	53.5	2,498	4.9	24,428	48.6	29,423	58.3	206
Total	61,915	58.4	4,729	4.4	57,186	54.0	66,643	62.8	474
Incomplete									
TriWest	20,723	37.2	3,979	7.1	16,744	30.1	24,702	44.3	268
Health Net	23,405	46.5	2,463	4.9	20,942	41.7	25,868	51.4	206
Total	44,128	41.6	4,680	4.4	39,449	37.2	48,808	46.0	474

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

For the projected 61,915 completed authorizations, we identified 30,975 authorizations that had medical documentation returned over 14 days with an estimated average of 51.8 days. See Table 5 below.

Table 5. Timeliness of Medical Documentation Returned

Timeliness (From Appointment Date)	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Over 14 Days									
TriWest	18,171	51.9	4,379	11.0	13,792	40.9	22,550	62.9	130
Health Net	12,804	47.6	2,606	8.7	10,198	38.9	15,410	56.2	100
Total	30,975	47.9	5,096	7.3	25,879	40.6	36,070	55.2	230
Average Days*									
TriWest	50.2	-	11.1	-	39.1	-	61.3	-	64
Health Net	54.1	-	7.9	-	46.3	-	62.0	-	46
Total	51.8	-	7.2	-	44.6	-	59.0	-	110
Within 14 Days									
TriWest	16,819	48.1	4,276	11.0	12,543	37.1	21,094	59.1	130
Health Net	14,121	52.4	2,670	8.7	11,451	43.8	16,791	61.1	100
Total	30,940	52.1	5,041	7.3	25,899	44.8	35,981	59.4	230

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

Note: Average days if over 14-day requirement

As shown in Table 6, we projected PC3 contractors returned/should have returned 43,545 authorizations to VHA but were not. We identified authorizations as “should have been returned” if the appointment was not scheduled or the scheduled appointment did not take place.

Table 6. Returned Authorizations and Authorizations That Should Have Been Returned

PC3 Contractor	Projected Returned and Should Have Been Returned	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
TriWest	20,617	37.0	3,978	7.1	16,639	29.9	24,595	44.1	268
Health Net	22,928	45.6	2,457	4.8	20,471	40.7	25,385	50.4	206
Total	43,545	41.1	4,676	4.4	38,869	36.7	48,220	45.5	474

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

As shown in Table 7, we projected that TW underreported the number of authorizations returned by 2,198. We projected HN underreported the number of authorizations returned by 4,714.

Table 7. Returns Not in the Return Strata

PC3 Contractor	Projected Returned Authorizations Not in Return Strata	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
TriWest	2,198	4.5	1,345	2.7	853	1.7	3,544	7.2	218
Health Net	4,714	11.7	1,508	3.8	3,206	8.0	6,221	15.5	156
Total	6,912	7.7	2,021	2.3	4,892	5.5	8,933	10.0	374

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

We projected the PC3 contractors scheduled 9,536 appointments to take place more than 30 days after the appointment create date. TW scheduled 6,259 beyond the 30-day contract requirement. These appointments averaged about 21.2 days beyond the 30-day requirement. HN scheduled 3,277 appointments beyond the 30-day contract requirement. These appointments averaged about 12 days beyond the 30-day requirement. See Table 8 below.

Table 8. Scheduled Over 30 Days From the Appointment Create Date

Timeliness (from Appointment Create Date)	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Over 30 Days									
TriWest	6,259	13.4	2,942	6.3	3,317	7.1	9,200	19.6	206
Health Net	3,277	8.8	1,516	4.0	1,762	4.7	4,793	12.8	146
Total	9,536	11.3	3,309	3.9	6,227	7.4	12,845	15.2	352
Average Days*									
TriWest	21.2	-	13.9	-	7.3	-	35.1	-	41
Health Net	12	-	6.5	-	5.5	-	18.5	-	13
Total	18.1	-	9.2	-	8.8	-	27.3	-	54

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

Note: Average days beyond the 30-day requirement

We projected that 94 of 149 scheduled rheumatology appointments occurred beyond the 30-day requirement with an average of 45.2 days beyond the requirement. See Table 9 below.

Table 9. Timeliness of Rheumatology Appointments

Timeliness (From Date Scheduled to Appointment Date)	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Over 30 Days									
TriWest	94	63.0	25	15.6	68	47.3	119	78.6	27
Within 30 Days									
TriWest	55	37.0	24	15.6	31	21.4	79	52.7	27
Total	149	90.0	15	9.2	133	80.8	164	99.2	27
Average Days*									
TriWest	45.2	-	10.0	-	35.2	-	55.2	-	17

Source: VA OIG statistical analysis of PC3 contractor, VA Corporate Data Warehouse, and CAPRI data

Note: Only applies to those over 30 days; calculation is the average days beyond the 30-day requirement

In Table 10 below, we identify an estimated 16,358 instances in which the patient missed an appointment.

Table 10. Missed Appointments

PC3 Contractor	Projected Missed Appointments	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
TriWest	9,772	20.9	3,479	7.4	6,294	13.6	13,251	28.3	206
Health Net	6,585	17.6	1,996	5.3	4,589	12.3	8,582	22.9	146
Total	16,358	19.4	4,011	4.7	12,347	14.7	20,368	24.2	352

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

We projected that the vendor did not notify VHA of 5,002 authorizations. We projected 4,674 appointments that VHA was notified within 14 days after the missed appointment, and VHA was notified over 14 days from the missed appointment date for 6,682 authorizations with a projected average of 60.8 days. See Table 11 below.

Table 11. Notified of Missed Appointments

Notification Timeliness	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Notified Within 14 Days									
TriWest	2,505	25.6	1,799	17.5	706	8.1	4,305	43.2	28
Health Net	2,169	32.9	1,166	15.7	1,003	17.2	3,335	48.7	25
Total	4,674	28.6	2,144	12.0	2,530	16.6	6,818	40.6	53
Notified Over 14 Days									
TriWest	3,284	33.6	2,146	19.7	1,137	13.9	5,430	53.3	28
Health Net	3,399	51.6	1,440	16.8	1,958	34.8	4,839	68.4	25
Total	6,682	40.9	2,585	13.4	4,097	27.5	9,267	54.2	53
Not Notified									
TriWest	3,984	40.8	2,429	20.7	1,555	20.0	6,412	61.5	51
Health Net	1,018	15.5	949	13.6	69	1.9	1,967	29.1	28
Total	5,002	30.6	2,607	13.5	2,394	17.1	7,609	44.1	79
Average Days*									
TriWest	72.5	-	19.0	-	53.5	-	91.4	-	17
Health Net	49.5	-	15.7	-	33.7	-	65.2	-	15
Total	60.8	-	14.2	-	46.6	-	74.9	-	53

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

Note: Average days to notify VHA for appointments in which PC3 contractors took more than 14 days from the missed appointment date

For the projected 106,043 authorizations received by a PC3 contractor, the average wait from the consult date until receipt was an estimated 19 days. See Table 12 below.

Table 12. Average Wait Times
(in Days)

PC3 Contractor	Projected Average Wait Time From Consult Date Until PC3 Receipt Date	Margin of Error	Confidence Interval Lower	Confidence Interval Upper	Sample Size
TriWest	21.1	5.1	16.0	26.3	268
Health Net	16.7	3.2	13.5	19.9	206
Total	19.0	3.1	15.9	22.1	474

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

For the projected 21,920 appointments not scheduled, the average time to return the authorization to VHA was a projected 21.5 days for TW and 14.5 days for HN. See Table 13 below.

Table 13. Appointments

Appointment Status by PC3 Contractor	Projected	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
Scheduled									
TriWest	46,718	83.9	2,708	4.7	44,010	79.2	49,426	88.5	268
Health Net	37,405	74.3	1,616	2.9	35,788	71.4	39,021	77.2	206
Total	84,123	79.3	3,153	2.8	80,969	76.5	87,276	82.1	474
Not Scheduled									
TriWest	8,994	16.1	2,599	4.7	6,396	11.5	11,593	20.8	268
Health Net	12,926	25.7	1,467	2.9	11,459	22.8	14,393	28.6	206
Total	21,920	20.7	2,984	2.8	18,936	17.9	24,905	23.5	474
Days To Return*									
TriWest	21.5	-	7.0	-	14.5	-	28.5	-	51
Health Net	14.5	-	5.5	-	9.1	-	20.0	-	58
Total	16.8	-	4.3		12.5	-	21.2		109

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

Note: Average days to return if no appointment was scheduled

We projected that PC3 contractors scheduled 21,624 appointments that were never held: TW had scheduled 11,622 and HN had scheduled 10,002. See Table 14 below.

Table 14. Appointments Scheduled But Not Held

PC3 Contractor	Projected Appointments Scheduled But Not Held	%	Margin of Error	%	Confidence Interval Lower	%	Confidence Interval Upper	%	Sample Size
TriWest	11,622	20.9	3,527	6.3	8,095	14.5	15,150	27.2	268
Health Net	10,002	19.9	2,307	4.6	7,695	15.3	12,309	24.4	206
Total	21,624	20.4	4,215	4.0	17,410	16.4	25,839	24.4	474

Source: VA OIG statistical analysis of PC3 contractors, VA Corporate Data Warehouse, and CAPRI data

Appendix D Management Comments

Department of Veterans Affairs

Memorandum

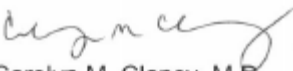
Date: June 4, 2015

From: Interim Under Secretary for Health (10)

Subj: OIG Draft Report, Review of Allegations of Delays in Care Caused by Patient-Centered Community Care Issues (VAIQ 7603618)

To: Assistant Inspector General for Audits and Evaluations (52)

1. I have reviewed the draft report and concur with the report's recommendations. Attached is the Veterans Health Administration's corrective action plan for recommendations 1 to 10.
2. Thank you for the opportunity to review the draft report. If you have any questions, please contact Karen Rasmussen, M.D., Director, Management Review Service (10AR) at VHA10ARMRS2@va.gov.


Carolyn M. Clancy, M.D.

Attachment

**VETERANS HEALTH ADMINISTRATION (VHA)
Action Plan**

OIG Draft Report, Review of Allegations of Delays in Care Caused by Patient-Centered Community Care Issues

Date of Draft Report: April 30, 2015

Recommendations/	Status	Completion Date
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Actions

Recommendation 1. We recommended the Interim Under Secretary for Health establish timeliness criteria for submitting authorizations to the Patient-Centered Community Care contractors.

VHA Comments

Concur. The Chief Business Office for Purchased Care (CBOPC) currently reports monthly on timeliness of consult to appointment. However, CBOPC has not established timeliness criteria specifically from the authorization creation date to acceptance of the authorization by the contractor. CBOPC will conduct a review of current processes for submitting authorizations to Patient-Centered Community Care (PC3) contractors to identify data points required to develop timeliness criteria as well as identify barriers currently impacting timeliness. From this review, timeliness criteria will be developed and disseminated to field staff.

To complete this action, CBO will provide the following documentation:

- The timeliness criteria resulting from the review.
- Dissemination of the criteria to field staff (e.g., Standard operating procedure, email, national call).

Status:	Target Completion Date:
In process	October 31, 2015

Recommendation 2. We recommended the Interim Under Secretary for Health monitor timeliness of submitting authorizations to Patient-Centered Community Care contractors and take actions to improve timeliness where standards are not met.

VHA Comments

Concur. The Chief Business Office for Purchased Care (CBOPC) will monitor compliance with the timeliness criteria on a monthly basis and publish performance on these criteria on the Patient-Centered Community Care (PC3) Dashboard. To ensure field staff understand the expectations related to these new timeliness criteria, and to support their ability to perform to the level of excellence expected in the Veterans Health Administration, CBOPC will develop training materials prior to implementing the monitoring program. CBOPC will conduct a review to identify data points and development of a report to monitor compliance of timely submittal of authorizations. CBOPC will identify sites that are not reasonably meeting the newly established timeliness criteria, and request effective corrective actions from the respective Veterans Integrated Service Networks for improving timeliness.

To complete this action, CBO will provide the following documentation:

- PC3 Dashboard demonstrating monitoring data on the timeliness criteria;
- Training Materials on timeliness criteria;
- List of sites that are not meeting timeliness criteria; and
- Examples of site corrective actions.

Status:	Target Completion Date:
In process	February 29, 2016

Recommendation 3. We recommended the Interim Under Secretary for Health evaluate the Patient-Centered Community Care contractor networks to ensure they are sufficient to meet contract performance requirements.

VHA Comments

Concur. As stated in the reply to OIG's Review of VA's Patient-Centered Community Care (PC3) Contracts' Estimated Cost Savings Report on April 28, 2015, the Chief Business Office (CBO) will develop an action plan to evaluate PC3 utilization rates. As part of that action plan, CBO will evaluate network adequacy. The plan will identify sites with low PC3 usage, a high percentage of appointments scheduled greater than 30 days, and a high electronic waiting list count.

To complete this action, CBO will provide the following documentation:

- Action Plan for PC3 Contracts' Estimated Cost Savings Report.
- Results of the evaluation for PC3 network adequacy.

Status:	Target Completion Date:
In process	October 31, 2015

Recommendation 4. We recommended the Interim Under Secretary for Health revise contract terms to eliminate the option to schedule appointments prior to communicating with the veteran.

VHA Comments

Concur. Importantly, the current Patient-Centered Community Care (PC3) contract requires PC3 contractors to make three attempts to contact the Veteran before scheduling an appointment. In the event the Veteran cannot be contacted, the PC3 contractor may schedule the appointment and must send a letter to the Veteran with the appointment information. The Chief Business Office for Purchased Care (CBOPC) appreciates the risk of “blind scheduling” for appointments as Veterans can miss out on receiving the care they need. Thus, CBOPC will pursue contract revision to eliminate the option of blind scheduling appointments without direct communication with the Veteran.

To complete this action, CBO will provide the following documentation:

- Revised contract language submitted to the PC3 contractor.

Status:	Target Completion Date:
In process	February 29, 2016

Recommendation 5. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors return authorizations if they cannot schedule an appointment within 5 business days of receipt of the authorization.

VHA Comments

Concur. The Chief Business Office for Purchased Care (CBOPC) currently monitors the timeliness of scheduling appointments within five (5) business days of receipt of the authorization. CBOPC also monitors the number and reasons why the Patient-Centered Community Care (PC3) contractors are returning authorizations. For PC3 contractors who are not meeting the return authorization 5-business day standard, the Non-VA Care Support Office (NVCSO) will issue “Letters of Corrections” that require the contractor to submit a corrective action plan. Upon review and acceptance of contractors’ corrective action plans by NVCSO, PC3 contracting officer representatives (CORs) will monitor corrective actions through to satisfactory completion. The PC3 CORs will also continue to monitor the PC3 contractors’ performance on a monthly basis. CBOPC will identify the required data elements for developing this monitor and take necessary steps to implement.

To complete this action, CBO will provide the following documentation:

- PC3 Dashboard containing the monitor for return authorizations in 5-business days;

- Examples of PC3 contractors' corrective action plans; and
- Evidence of performance improvement monitoring for those PC3 contractors required to take corrective actions.

Status:
In process

Target Completion Date:
March 31, 2016

Recommendation 6. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors return authorizations when they cannot arrange for an appointment to occur within 30 days of the appointment creation date.

VHA Comments

Concur. The Chief Business Office for Purchased Care (CBOPC) currently monitors authorizations for adherence to the 30-day appointment creation date standard as well as volumes and reasons for returned authorizations. For Patient-Centered Community Care (PC3) contractors who are not meeting the return authorization 30-day standard, the Non-VA Care Support Office (NVCSO) will issue "Letters of Corrections" that require the contractor to submit a corrective action plan. Upon review and acceptance of contractors' corrective action plans by NVCSO, PC3 contracting officer representatives (CORs) will monitor corrective actions through to satisfactory completion. The PC3 CORs will also continue to monitor the PC3 contractors' performance on a monthly basis. CBOPC will identify the required data elements for developing this monitor and take necessary steps to implement.

To complete this action, CBO will provide the following documentation:

- PC3 Dashboard containing the monitor for return authorizations related to the 30-day standard;
- Examples of PC3 contractors' corrective action plans; and
- Evidence of performance improvement monitoring for those PC3 contractors required to take corrective actions.

Status:
In process

Target Completion Date:
March 31, 2016

Recommendation 7. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors comply with requirements to notify Veterans Health Administration within 14 days when veterans miss scheduled appointments.

VHA Comments

Concur. The Chief Business Office for Purchased Care (CBOPC) currently has a control to identify the number of missed scheduled appointments on a monthly basis. CBOPC will refine the current monitor to capture the 14-day standard. The monitor and respective outcomes will be evaluated 6 months after implementation to determine if adjustments or further corrective actions are required.

To complete this action, CBO will provide the following documentation:

- Patient-Centered Community Care (PC3) Dashboard containing monitor for contractor notification of missed scheduled appointments within 14-days.
- 6-month analysis of monitoring data and future plans.

Status:	Target Completion Date:
In process	March 31, 2016

Recommendation 8. We recommended the Interim Under Secretary for Health implement a control to ensure Patient-Centered Community Care contractors comply with requirements to return medical documentation within 14 days of the appointment's occurrence.

VHA Comments

Concur. The Chief Business Office for Purchased Care (CBOPC) has implemented a control to ensure Patient-Centered Community Care (PC3) contractors comply with requirements to return medical documentation within 14 days of the appointment's occurrence. In addition, we have issued "Letters of Corrections" to the PC3 contractors' and the contractors' have submitted a corrective action plan. The corrective action plans are under review by the PC3 contracting officer representatives (CORs) and upon acceptance will be monitored by the CORs through completion.

To complete this action, CBO will provide the following documentation:

- PC3 Dashboard containing the monitor for returned medical documentation within 14 days;
- Examples of PC3 contractors' corrective action plans; and
- Evidence of performance improvement monitoring for those PC3 contractors required to take corrective actions.

Status:	Target Completion Date:
In process	March 31, 2016

Recommendation 9. We recommended the Interim Under Secretary for Health implement a mechanism to monitor all authorizations submitted to the Patient-Centered Community Care contractors.

VHA Comments

Concur. Currently, the Patient-Centered Community Care (PC3) Station Level Dashboard displays the total number of authorizations reported as being received by the PC3 contractor, authorizations returned by the contractor, and the number of authorizations that were created and remain in the Fee Basis Claims System (FBCS). At the onset of PC3 in January 2014, it was decided that returned authorizations would be edited, primarily by removing the PC3 contractor from the vendor field on the authorization so they would no longer be reported as a PC3 authorization out of FBCS. After several months as utilization increased, it became apparent that many facilities were not following the proper procedure. The Non-VA Care Support Office (NVCSO) and PC3 Field Assistants have since reminded the VA Medical Centers (VAMC) as to the correct procedures for returned authorizations.

To correct this disparity, the Chief Business Office Purchased Care (CBOPC) will reinforce national policy on proper procedures for handling PC3 authorizations in the CBOPC bi-weekly publication titled *The Bulletin* and reiterate applicable policy on upcoming National Non-VA Medical Care Program Office (NNPO) national calls. CBOPC will also develop a listing of authorization and returned totals by VAMC to target those facilities that may not be following the proper return procedures. Once this listing is developed, CBOPC will develop and use action plans to coordinate follow-up activities with the facilities. Finally, CBOPC will enhance the PC3 Dashboard to show percentage of PC3 authorizations at the VAMC level that have at least one claim linked to the authorization.

To complete this action, CBO will provide the following documentation:

- PC3 Dashboard;
- *The Bulletin* issue containing the published article;
- Minutes from the NNPO call containing the identified information;
- Sample listing of authorization and returned totals; and
- Action plan coordinating follow-up activities.

Status:
In process

Target Completion Date:
October 31, 2015

Recommendation 10. We recommended the Interim Under Secretary for Health revise the Patient-Centered Community Care dashboard to report completed authorizations and percentage of total authorizations by the specific contractors performing these services.

VHA Comments

Concur. While the current Patient-Centered Community Care (PC3) Dashboard currently reports on completed authorizations by virtue of the return of medical

documentation, we acknowledge that this data is not presented in such a way to be comparable to total authorizations. CBOPC will make appropriate modifications to the PC3 Dashboard's content and appearance to now report on the percentage of completed authorizations.

To complete this action, CBO will provide the following documentation:

- PC3 Dashboard representing the percentage of completed authorization by specific contractors.

Status:
In process

Target Completion Date:
October 31, 2015

Veterans Health Administration

June 2015

Appendix E **OIG Contact and Staff Acknowledgments**

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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