

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Health Administration

*Review of  
Alleged Irregularities with the  
Health Eligibility Center's  
365-Day Response Letters  
to Individuals with  
Pending Health Care  
Enrollment Records*

March 22, 2018  
17-02123-109

# ACRONYMS

FY	Fiscal Year
HEC	Health Eligibility Center
OIG	Office of Inspector General
USC	United States Code
VA	Department of Veterans Affairs
VHA	Veterans Health Administration

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# Review of Alleged Irregularities with the Health Eligibility Center's 365-Day Response Letters to Individuals with Pending Health Care Enrollment Records

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## Why the OIG Did This Review

Federal law authorizes VA to close claims for VA benefits after notice is given that additional information is necessary to complete the application and the information is not received within one year.<sup>1</sup> In March 2016, with the VA Secretary's approval, the Veterans Health Administration (VHA) began notifying individuals with incomplete health care applications that their applications would be closed within a year if they did not respond to VA's request for additional information needed to process their applications. The Health Eligibility Center (HEC) sent outreach letters to approximately 400,000 individuals who had records coded as pending enrollment in the Enrollment System. Two iterations of the outreach letters were mailed based on the type of additional evidence required: verification of military service or missing financial "means test" information. Each letter identified the type of evidence needed from the applicant to complete the application process and informed the individual that he or she had one year from the date of the letter to submit additional evidence or the current application would be closed.

The OIG evaluated the merits of allegations received in early 2017 that identified irregularities during the outreach mailing campaign. The complainant alleged that the HEC sent incorrect 365-day response letters to veterans with pending health care enrollment records. Specifically, the complainant alleged that VA sent letters to veterans requesting verification of their military service when the individuals only needed to provide missing financial means test information and vice versa. The complainant based the allegation on a December 2016 email sent by Matthew Eitutis, former Acting Member Services Director, to VA leadership reporting the incorrect mailing. The complainant alleged that despite the mistake, VHA planned to declare more than 500,000 health care applications incomplete and abandoned at the end of March 2017, and would subsequently delete the associated records from the Enrollment System.

## Background

VHA provides comprehensive health care to eligible veterans. However, most veterans must apply and be determined eligible to be enrolled for VA health care. Eligibility for enrollment is determined by evaluating evidence of qualifying military service and financial need. The HEC, a component of VHA's Member Services Division, is VA's central authority for eligibility and enrollment processing activities, as well as the business owner for the Enrollment System supporting the delivery of VA health care benefits.

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<sup>1</sup> 38 USC § 5102 (b), *Incomplete Applications* and 5102 (c), *Time Limitation*.

In September 2015, the OIG published the *Review of Alleged Mismanagement at the Health Eligibility Center*.<sup>2</sup> The review substantiated allegations of extensive, persistent problems with veterans' health care enrollment records maintained by the HEC. The review verified the existence of about 867,000 pending Enrollment System records, but noted that the number of pending records often did not represent veterans actively seeking enrollment in VA health care. More than 307,000 of the records were for individuals reported to be deceased by the Social Security Administration. About 75 percent of the pending records had been created five years prior to September 30, 2014, indicating that many records were not active applications for health care. In addition, pending records resulted from sources other than enrollment applications, such as data feeds from other VA systems and non-veteran patients treated under a sharing agreement.

## What the OIG Found

The OIG did not substantiate the allegation that VHA sent individuals with pending records the incorrect type of letter. In addition, the OIG concluded that the content of the letters was appropriate and VHA did not plan to prematurely close or delete pending records.

From April through December 2016, a HEC vendor mailed 16 batches of outreach letters, totaling approximately 400,000 letters according to the vendor, in an attempt to contact individuals regarding the need for additional evidence to support pending enrollment records. The vendor provided the printer proofs directly to the OIG in response to a request for copies of what was actually sent to the individuals with pending records. The OIG independently traced and verified that the proofs for each batch of form letters printed and mailed by the vendor matched the letters sent to the vendor by HEC's Contracting Officer. Overall, all 16 batches designated as either pending military verification or pending means test had printer proofs demonstrating the intended type of letters were not switched.

The HEC process for sending the letters involved using a vendor to print and mail individualized letters to applicants generated through a mail merge process. This involved merging electronic data on individuals with pending records into the electronic form letter appropriate for their pending category. As early as March 2016, HEC staff discovered in various internal emails that the file names for draft form letters did not match the contents. For example, the contents for a form letter file identified as additional financial information actually focused on military verification. These naming discrepancies persisted as late as December 2016. The internal miscommunications led Member Services leadership to conclude that the HEC sent incorrect letters to individuals with pending records.

However, the OIG review of the actual letters the contractor printed and sent for each batch revealed that the incorrectly identified draft letters were not used in external mailings as reported. The OIG verified that the correct type of letter went to the correct group of veterans. For example, if VHA's requirements specified the form number for when additional military service information was needed, then the OIG confirmed that records provided by the vendor demonstrated that the outreach letter discussed this requirement. In addition, the OIG results were consistent with the VHA's internal reviews of these issues conducted in 2017.

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<sup>2</sup> Report No. 14-01792-510, September 2, 2015.

The OIG reviewed and found that the content for both outreach form letter types was appropriate and complied with the statutory requirements.<sup>3</sup> For example, the October 2016 letter for pending means test identified that additional financial information was needed to determine eligibility. The pending military verification form letter for the batch stated that enrollment could not be processed due to supporting military information not being located. Instructions were provided to the applicant on how to obtain supporting military documentation. Both pending letters in the October 2016 batch provided the applicant with a VA health care application form, along with a return envelope and where the applicant could obtain more information on VA's health benefits. As required by law, each letter also notified the applicant that if a response was not received within one year of the date of the letter, the current application would be closed.<sup>4</sup> Lastly, the letters indicated that an applicant could reapply for VA health care benefits at any time.

VHA and the HEC sent letters to notify potential claimants based on the best available addresses. The HEC also planned to send a second notice 30 days prior to the end of the one-year notice period to reiterate that VHA would place the application in a closed status unless the claimant responded in a timely manner. However, according to an April 2017 letter from the VA Secretary to the Chairman of the U.S. House Committee on Veterans' Affairs, no records would be closed until after the completion of the OIG review. HEC leadership informed the OIG that they voluntarily suspended sending the planned, second 30-day notices while this matter was under OIG review.

The OIG also did not identify evidence that VHA has or planned to prematurely close or delete pending enrollment records prior to the required retention period. Based on analysis of multiple system control documents and interviews with VHA Member Services program officials, and VA Office of Information and Technology staff, the OIG concluded that staff conducting day-to-day enrollment activities could not remove or delete enrollment records. If the one-year notification period ended without a response, the Enrollment System would be able to convert the pending status to that of a closed application automatically. For veterans seeking care whose application records are in a closed status, system updates allow staff to reopen and update their records using information from a newly submitted application.<sup>5</sup> In addition, if veterans presented at a VA medical facility to receive care, local staff can assist them in completing the application process at that time.

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<sup>3</sup> According to 38 U.S.C. § 5102, VA is required to notify the claimant of any information necessary to complete an application and the time limitation in which the information is to be provided.

<sup>4</sup> According to 38 U.S.C. § 5102, if the claimant has not provided the necessary information to complete an application within one year from the date the notice of incomplete application is sent, "no benefit may be furnished by reason of the application."

<sup>5</sup> This sentence was revised as a result of a technical comment made to the draft report by the Executive in Charge, Office of the Under Secretary for Health. Appendix B contains the full text of the Executive Director's management comments.

## What the OIG Recommended

The OIG did not substantiate the allegations that the HEC sent incorrect 365-day response letters to veterans with pending health care enrollment records or that VHA planned to declare more than 500,000 health care applications incomplete and abandoned at the end of March 2017, and subsequently delete the associated records from the Enrollment System. Accordingly, the OIG made no recommendations for improvement.

## Management Comments

The Executive in Charge, Office of the Under Secretary for Health, concurred with the report's findings and provided one technical comment for consideration. The OIG reviewed the comment, as well as additional evidence obtained from VHA Member Services officials, and agreed to update report language related to the treatment of a veteran's enrollment record when a new application is received. The OIG considers the matter closed.



**LARRY M. REINKEMEYER**  
Assistant Inspector General  
for Audits and Evaluations

## Appendix A Scope and Methodology

### Scope

The OIG conducted review work from July 2017 through January 2018. The OIG reviewed actions taken during the HEC 365-Day Pending Letter mail campaign that occurred between March and December 2016.

### Methodology

To conduct this review, the OIG examined applicable federal regulations and VA criteria to determine whether VA appropriately provided follow-up notification to individuals whose records were in a pending enrollment status. The OIG interviewed key VHA and contract vendor personnel. The OIG reviewed and analyzed key documentation, such as pending letter proofs provided directly from the vendor by print order number, HEC Informatics Division and Enrollment System documentation, and VHA internal reviews.

The OIG determined if the correct letters were sent by comparing VHA's letter requirements for each batch of individuals having pending records with the vendor's documentation of what was actually sent.

### Data Reliability

The OIG identified letter requirements for mail batches using summary data provided by VHA. The OIG assessed the reliability of the summary data by comparing them with the contents of the electronic files of individual recipients VHA provided to the vendor. These comparisons included accuracy checks such as comparing file names, record counts, and codes for the letters to be produced for each individual. The OIG review also used key procurement documents to trace batch orders and deliverables through the process. The OIG obtained confirmation from the vendor of form types used for each batch, which the OIG then traced to copies provided by the vendor of letters that were actually sent. Finally, the OIG used additional data provided by the vendor to provide context or background information without independent verification. Using these procedures the OIG review team is confident that the data used were sufficiently reliable for the review's purposes.

### Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix B Management Comments

### Department of Veterans Affairs Memorandum

Date: February 9, 2018

From: Executive in Charge, Office of the Under Secretary for Health (10)

Subj: Office of Inspector General (OIG) Draft Report: Review of Alleged Irregularities with the Health Eligibility Centers 365-Day Response Letters to Individuals with Pending Health Care Enrollment Records (VAIQ 7872452)

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

1. Thank you for the opportunity to review the OIG draft report, Department of Veterans Affairs Review of Alleged Irregularities with the Health Eligibility Centers 365-Day Response Letters to Individuals with Pending Health Care Enrollment Records.
2. I have reviewed the draft report and concur with one technical comment for your consideration.
3. If you have any questions, please email Karen Rasmussen, M.D., Director, Management Review Service at [VHA10E1DMRSAction@va.gov](mailto:VHA10E1DMRSAction@va.gov).

*(Original signed by)*

CAROLYN M. CLANCY, M.D.

Attachment

**VHA Technical Comments**

**OIG Draft Report – Draft Report: Review of Alleged Irregularities with the Health Eligibility Centers 365-Day Response Letters to Individuals with Pending Health Care Enrollment Records**

**Comment 1**

**Draft location:** Page 3, paragraph 3, lines 7-10

**Current language:** “For veterans seeking care whose application records are in a closed status, system updates allow staff to re-open these records and treat them as new applications.”

**Comment and justification:** To enhance clarity, VHA requests that OIG consider changing the language to, “[F]or Veterans seeking care whose application records are in a closed status, system updates allow staff to utilize the information previously collected by the Veteran to efficiently submit a new application.”

*For accessibility, the format of the original documents in this appendix has been modified to fit in this document, to comply with Section 508 of the Rehabilitation Act of 1973, as amended.*

## Appendix C **OIG Contact and Staff Acknowledgments**

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Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Steven Wise, Director Candice Brown Susanna Fischer Jason Ramserran Shawn Steele
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## **Appendix D Report Distribution**

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