



OFFICE OF INSPECTOR GENERAL

EVALUATION OF THE DEPARTMENT OF VETERANS AFFAIRS HEALTH ELIGIBILITY CENTER CENTRALIZED MEANS TEST PILOT PROGRAM

The HEC procedures tested provided reasonable assurance that signed and dated means tests were available to support proposed income verification matching.

Report No.: 00-02165-119

Date: August 1, 2001

Department of Veterans Affairs

Memorandum

Date: August 1, 2001

From: Assistant Inspector General for Auditing (52)

Subj: Memorandum Report – Evaluation of the Department of Veterans Affairs Health Eligibility Center Centralized Means Test Pilot Program (Report No. 00-02165-119)

To: Under Secretary for Health (105E)

1. SUMMARY

The Department of Veterans Affairs (VA) Health Eligibility Center (HEC) requested that the Office of Inspector General (OIG) conduct an evaluation of the Centralized Means Test (CMT) Pilot Program. The purpose of the evaluation was to ensure internal controls provide adequate assurance that VA has signed means tests for income verification matching (IVM) with the Internal Revenue Service (IRS) and the Social Security Administration (SSA). The IRS terminated the Veterans Health Administration's (VHA) authority to conduct IVM in July 1999. The HEC last matched means tests with IRS for means test year 1998. The HEC proposes to match calendar years (CYs) 1999 and 2000 means tests records for veterans receiving care at VA medical centers in Veterans Integrated Service Network (VISN) 1¹ and VA medical centers located in North Carolina, where the HEC has documentation of a signed and dated means tests. The CY 2000 records the HEC plans to match also include means tests imaged to the HEC by VA medical center Memphis.

We reviewed records randomly selected from the HEC CY 1999 and 2000 CMT pilot program databases to verify that all records were supported by signed means tests on file at the HEC. We determined that 98.1 percent of the records in the CY 1999 database sample and 100 percent of the records in CY 2000 database sample were supported by signed means tests.

In our opinion, the degree of accuracy found provides reasonable assurance that the HEC has signed means tests for the cases they plan to match for CYs 1999 and 2000. However, two CY 1999 means tests were not signed and four were signed by someone other than the veteran, but the HEC had no evidence that the person reporting the veteran's income was the veteran's legal representative. We also found that 10 CY 1999 means tests and 5 CY 2000 means tests we reviewed were not dated.

¹ VAMCs in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

We recommended that the HEC improve controls to ensure that means tests are signed and dated by the veterans or their legal representatives, and that the HEC maintains documentation supporting the authority of representatives to sign on behalf of the veterans.

2. BACKGROUND

In July 1999 the IRS terminated agreements it had with VHA that allowed VHA to conduct IVM with the IRS and SSA. The agreements were terminated because VHA did not have internal controls in place to ensure that IVMs were supported by self-reported signed means tests.

In May 2000 we reviewed the means test process and determined that VHA had not established internal controls to ensure that only signed means test data would be included in IVMs with the IRS and SSA.² In response to recommendations we made, VHA changed its procedures and required that copies of signed means tests be on file at the HEC to support the records HEC intends to refer for IVM. HEC staff receive and review hardcopy and imaged copies of means tests from VA medical centers that document the veterans' self-reported income. HEC staff also code a field in the HEC database showing that a signed means test is on file. According to VHA's Chief Information Officer and the HEC Director, only veteran records with the signed means test indicator in the database would be matched with the IRS and SSA.

VHA also developed a three-phase implementation plan to re-establish IVM.

- | | |
|-------------|--|
| Phase One | Match CY 1999 means tests for veterans treated at medical centers in VISN 1 and medical centers in North Carolina. HEC holds signed means tests for these records. |
| Phase Two | Match CY 2000 means tests for veterans treated by medical centers in VISN 1 and North Carolina, and VA medical center Memphis. HEC holds either hardcopy or imaged copies of the signed means tests. |
| Phase Three | HEC plans to expand the Phase Two matching process to all other VA medical centers ³ . |

3. SCOPE OF EVALUATION

We sampled veteran records in the HEC's CY 1999 and 2000 databases to determine whether there was reasonable assurance that a signed means test was on file for all veteran patients that the HEC planned to IVM in Phases One and Two of VHA's

² Report No. 00-02165-54, Audit of the Department of Veterans Affairs Health Eligibility Center, dated March 26, 2001.

³ Phase Three was not included in the scope of this evaluation.

implementation plan. We reviewed hardcopy and imaged means tests held at the HEC and met with HEC officials and staff concerning the CMT process and planned future means testing. We also contacted IRS officials to determine whether means tests could be signed by veterans' representatives and whether means tests must be dated to meet the requirements of the matching agreement.

The evaluation was made in accordance with generally accepted government auditing standards for staff qualifications, independence, and due professional care; fieldwork standards for planning, supervision, and evidence; and reporting standards for content and timeliness.

4. RESULTS OF EVALUATION

The HEC provided the OIG a database of 16,598 records that represented signed CY 1999 means tests on file at the HEC. We reviewed a random sample of 309 records and determined that 303 (98.1 percent) had signed means tests on file. Two means tests were not signed and four were signed by someone other than the veteran, but the HEC had no documentation that the persons reporting the veterans' income were authorized to represent the veterans. Ten other means tests were not dated. IRS officials informed us that they require that the HEC maintain documentation of the representative's authority to sign means tests on behalf of veterans and stated that future means tests must be dated to comply with the IVM agreement(s).

The HEC also provided the OIG a database of 3,343 veterans with signed CY 2000 means tests on file at the HEC. This database represents means tests received by the HEC during the period January 1 through April 5, 2001. We reviewed a random sample of 309 of these veterans and found that all had signed means tests on file and 'YES' indicators in the HEC database. Five means tests were not dated. The table below shows the results of the means test evaluation for CYs 1999 and 2000:

SAMPLE RESULTS										
CY	Medical Facility	Sample Size	Signed Means Tests	Percent Signed	Unsigned Means Tests	Error Rate	Means Tests Not Dated	Error Rate	'YES' Indicator	Percent
1999	VISN 1 and North Carolina	309	303	98.1%	6	1.9%	10	3.2%	NA	NA
2000	VISN 1, North Carolina, and Memphis	309	309	100%	0	0%	5	1.6%	309	100.0%

5. CONCLUSION

HEC procedures provided reasonable assurance that a signed and dated means test supported CYs 1999 and 2000 records proposed for IVM. However, internal controls should be improved to correct the minor exceptions noted.

6. RECOMMENDATION

We recommended that the Director, HEC:

- a. Establish improved controls to ensure that a means test, signed and dated by the veteran or their legal representative, supports all records in the HEC's IVM database.
- b. Maintain documentation supporting the representatives' authority to sign on the veterans' behalf.

7. COMMENTS OF THE UNDER SECRETARY FOR HEALTH

The Under Secretary for Health concurred with the findings and recommendations. The Under Secretary stated that in reviewing the means tests that were signed by someone other than the veteran, the issue arose as to who may legally sign a veteran's means test. In the cases reviewed, one veteran had a Power of Attorney indicated on his Hospital Inquiry (HINQ) and another two were signed by the veterans' wives and indicated that the wives had Power of Attorney, but their files did not show that they were the veterans' legal representatives. As a result of these findings, VHA is in the process of determining from legal counsel who may legally sign a means test on behalf of veterans, which will affect implementation of the recommendations. When the legal opinion is received, the recommendations will be implemented through appropriate policy and software modifications.

8. IMPLEMENTATION PLAN

VHA anticipates receiving this legal opinion by September 30, 2001, and the software modifications will be completed by November 30, 2001.

9. OFFICE OF INSPECTOR GENERAL COMMENTS

The Under Secretary for Health's comments and implementation plan are responsive to the recommendation. We consider the issues resolved. However, clarification as to who may legally sign a means test on behalf of veterans is also a matter of negotiation between the IRS and VHA. The Under Secretary should ensure that IRS accepts the opinion before making any final changes to the process.

For the Assistant Inspector General for Auditing

(Original signed by:)

JAMES R. HUDSON

Director, Atlanta Audit Operations Division

Appendices:

- I Details of Evaluation - Sampling Plan and Results
- II Comments of the Director, HEC
- III Report Distribution

DETAILS OF EVALUATION

Sampling Plan and Results

Sampling Plan

We randomly selected 309 means tests from universes identified by the HEC for both CYs 1999 and 2000. The universes consisted of 16,598 veterans for CY 1999 and 3,343 for CY 2000 that reportedly had signed means tests on file at the HEC. The sampling parameters for each sample were:

- Confidence Level 99%
- Precision (+/-) 1.5%
- Expected Error Rate 1%

Sample Size

Based on an expected error rate of 1 percent, desired confidence level of 99 percent, and a precision of +/- 1.5 percent, we selected random samples of 309 veterans for each CY.

Sample Objectives

The sample objectives were to determine whether the records in the HEC CY 1999 and 2000 IVM databases had a signed means test on file at the HEC that supported the veteran's self-reported income.

Sampling Results

Based on the sample results, we estimate at a 99 percent confidence level that 98.1 percent of veterans in the CY 1999 database and 100 percent in the CY 2000 database had signed means tests on file at the HEC. Details of the sample results are shown below:

	<u>CY 1999</u>	<u>CY 2000</u>
Universe	16,598	3,343
Sample Size	309	309
Number of Successes	303	309
Error Rate	1.94%	0%
Precision	(+/-) 1.5%	(+/-) 1.5%
Estimate for Population	16,276 (98.1%)	3,343 (100%)
Upper Limit of Confidence Interval	16, 525	3,343
Lower Limit of Confidence Interval	16, 027	3,094

COMMENTS OF THE DIRECTOR, HEC**Department of
Veterans Affairs****Memorandum**

Date: July 16, 2001

From: Under Secretary for Health (10/105E)

Subj: OIG Draft Report, *Evaluation of the Department of Veterans Affairs Health Eligibility Center (HEC) Centralized Means Test Pilot Program* (EDMS# 140339)

To: Assistant Inspector General for Auditing (52)

1. The appropriate program offices have reviewed the draft report and we concur with the report findings and recommendations. In reviewing the means tests identified during your review that were signed by someone other than the veteran, the issue arose as to who may actually legally sign a veteran's means test. In the cases reviewed, one veteran had a Power of Attorney indicated on his Hospital Inquiry (HINQ) and another two were signed by the veterans' wives and indicated that the wives had power of Attorney, but our files did not show that they were the veterans' legal representatives.
2. As a result of these findings, we are in the process of determining from legal counsel who may legally sign a means test on behalf of veterans, which will affect implementation of the recommendations. When the legal opinion is received, we will implement the recommendations through appropriate policy and software modifications. We anticipate receiving this opinion by September 30, 2001.
3. Thank you for the opportunity to review the draft report. Attached is an action plan for implementing the recommendations. If you have any questions, please contact Gregg A. Pane, MD, MPA, Acting Director, Management Review and Administration Service (105E), Office of Policy and Planning, at 202-273-8932.

(original signed by Tom Sanders for:)
Thomas L. Garthwaite, M.D.

Attachment

COMMENTS OF THE DIRECTOR, HEC

Action Plan in Response to OIG/GAO/MI Audits/Program Evaluations/Reviews

Name of Report: *Evaluation of the Department of Veterans Affairs Health Eligibility Center (HEC) Centralized Means Test Pilot Program*

Project No.: N/A

Date of Report: OIG draft report, dated June 13, 2001

Recommendations/ Actions	Status	Completion Date
-----------------------------	--------	--------------------

We recommend that the Director, HEC:

- a. Establish improved controls to ensure that a means test, signed and dated by the veteran or their legal representative, supports all records in the HEC's IVM database.**

Concur

The HEC has requested legal counsel to determine who many legally sign means tests on behalf of veterans. That opinion is anticipated by September 30, 2001. The HEC will then ensure that the means test imaging system annotates when a representative has signed the means test on behalf of a veteran. Until the HEC receives the legal opinion, the signed means test indicator will be set to "No" for affected cases.

Software modifications and appropriate policy changes will be completed, as appropriate, once the legal opinion is received.

In process	11/30/01
------------	----------

- b. Maintain documentation supporting the representatives' authority to sign on the veterans' behalf.**

Concur

Once the legal opinion noted above is received, appropriate guidance as to what documentation will be required will be determined and disseminated to appropriate staff.

In process	11/30/01
------------	----------

REPORT DISTRIBUTION

VA DISTRIBUTION

Secretary (00)
 Under Secretary for Health (105E)
 General Counsel (02)
 Assistant Secretary for Public and Intergovernmental Affairs (002)
 Acting Principal Deputy Assistant Secretary for the Office of Management (004)
 Principal Deputy Assistant Secretary for the Office of Policy and Planning (008)
 Deputy Assistant Secretary for Congressional Affairs (009C)
 Deputy Assistant Secretary for Public Affairs (80)
 Director, Office of Management Controls (004B)
 VHA Chief Information Officer (19)
 Health Care Information Registry (10M1)
 Assistant Deputy Under Secretary for Health (10N)
 Director, Health Eligibility Center, Atlanta, Georgia (742/00)

NON-VA DISTRIBUTION

Department of Treasury
 Office of Management and Budget
 U.S. General Accounting Office

Congressional Committees (Chairmen and Ranking Members):

Committee of Veterans' Affairs, United States Senate
 Committee on Governmental Affairs, United States Senate
 Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations,
 United States Senate
 Committee on Veterans' Affairs, House of Representatives
 Committee on Government Reform and Oversight, House of Representatives
 Subcommittee on VA, HUD, and Independent Agencies, Committee on Appropriations,
 House of Representatives
 Staff Director, Subcommittee on Oversight and Investigations, House of
 Representatives

This report will be available in the near future on the VA Office of Audit web site at <http://www.va.gov/oig/52/reports/mainlist.htm>. *List of Available Reports.*

This report will remain on the OIG web site for two fiscal years after it is issued.