



# **Department of Veterans Affairs Office of Inspector General**

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## **Combined Assessment Program Review of the Alaska VA Healthcare System and Regional Office**

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## **Office of Inspector General**

### **Combined Assessment Program Reviews**

Combined Assessment Program (CAP) reviews are part of the Office of Inspector General's (OIG's) efforts to ensure that high quality health care and benefits services are provided to our Nation's veterans. CAP reviews combine the knowledge and skills of the OIG's Offices of Healthcare Inspections, Audit, and Investigations to provide collaborative assessments of VA medical facilities and regional offices on a cyclical basis. The purposes of CAP reviews are to:

- Evaluate how well VA facilities are accomplishing their missions of providing veterans convenient access to high quality medical and benefits services.
- Determine if management controls ensure compliance with regulations and VA policies, assist management in achieving program goals, and minimize vulnerability to fraud, waste, and abuse.
- Conduct fraud and integrity awareness training for facility staff.

In addition to this typical coverage, CAP reviews may examine issues or allegations referred by VA employees, patients, Members of Congress, or others.

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# **Executive Summary**

## **Introduction**

During the week of July 16–20, 2001, the Office of Inspector General (OIG) conducted a Combined Assessment Program (CAP) review of the Alaska VA Healthcare System and Regional Office (AVAHS&RO). The purpose of the review was to evaluate selected health care system and regional office operations, focusing on patient care administration, quality management (QM), benefits claims processing, and financial and administrative controls. During the review we also provided fraud and integrity awareness training to about 120 AVAHS&RO employees.

## **Results of Review**

AVAHS&RO patient care and QM activities reviewed were generally operating satisfactorily. In recent years, the AVAHS&RO has made significant progress towards meeting the unique challenges of serving Alaska's veterans. AVAHS&RO management actively supported high quality patient care and performance improvement. The QM program was comprehensive and provided effective oversight of the quality of care. Regional office (RO) operations were generally effective, although there was a need to significantly improve the timeliness of compensation and pension (C&P) claims processing. Financial and administrative activities were generally operating satisfactorily, and management controls were generally effective. To improve operations, the AVAHS&RO needed to:

- Strengthen the monitoring of C&P claims processing timeliness and hire additional processing staff.
- Code medical procedures more accurately, process insurance bills more promptly, and pursue receivables more aggressively.
- Strengthen the documentation of the contract award process and the monitoring of contractor performance.
- Enforce system access controls for the Benefits Delivery Network (BDN).
- Provide training for controlled substances inspectors.
- Correct physical security deficiencies in the pharmacy.
- Improve agent cashier audits and evaluate the amount of the cash advance.
- Establish effective procedures for obtaining signed means test certifications.
- Strengthen information management for the QM, utilization review, fee basis, and fiduciary activities.
- Reduce waiting times for scheduling clinic appointments.
- Obtain background investigations for all licensed clinical practitioners.

- Ensure that all mental health patients receive comprehensive primary care.
- Better communicate to providers and patients the results of critical tests and procedures performed off-station.

## **AVAHS&RO Director Comments**

The AVAHS&RO Director concurred with the CAP review findings and provided acceptable improvement plans. (See Appendix A, pages 20-27, for the full text of the Director's comments.) We consider all review issues to be resolved but may follow up on implementation of planned actions.

*(Original signed by:)*  
RICHARD J. GRIFFIN  
Inspector General

## Introduction

### Healthcare System and Regional Office Profile

**Organization.** Based in Anchorage, the AVAHS&RO is a combined Veterans Health Administration (VHA) healthcare system and Veterans Benefits Administration (VBA) regional office providing a broad range of services to Alaska's veterans. The healthcare system provides outpatient services at the main ambulatory care clinic in Anchorage and at a community-based outpatient clinic (CBOC) at Bassett Army Hospital in Fairbanks. (In October 2001, the AVAHS&RO will open a second CBOC in the city of Kenai.) Inpatient care is provided through fee basis arrangements with various community hospitals statewide and through a joint venture with the Elmendorf Air Force Base (AFB) hospital in Anchorage. RO operations include a Veterans Service Center (VSC) and a Vocational Rehabilitation and Employment (VR&E) Division located in Anchorage. The AVAHS&RO is part of Veterans Integrated Service Network 20 and serves a veteran population of about 90,000 in a primary service area that covers the entire State of Alaska.

**Programs.** The Anchorage ambulatory care clinic provides primary care, mental health services, and limited specialty care, including dermatology, ambulatory surgery, podiatry, and neurology. Most specialty care, such as cardiology, is provided by non-VA providers on a fee basis. The AVAHS&RO operates a 50-bed Homeless Veterans Domiciliary and a 24-bed Psychiatric Residential Rehabilitation Treatment Program. The RO provides C&P and VR&E services, fiduciary services for incompetent veterans, and general benefits information and referral services. The RO also provides limited loan guaranty services, such as property management and specially adapted housing. (VA loan processing for Alaska veterans is done by the Denver Regional Loan Center.)

**Affiliations and Research.** The AVAHS&RO is affiliated with the University of Alaska in Anchorage and supports training programs in social work, nursing, laboratory, and dentistry. The AVAHS&RO also has an affiliation with the University of Washington School of Medicine under which third year students in the school's Family Practice Program see VA patients at the Anchorage clinic and at a nearby community hospital.

**Resources.** In Fiscal Year (FY) 2000, AVAHS&RO medical care expenditures totaled \$69.5 million. The FY 2001 medical care budget is \$76.3 million, 9.8 percent more than FY 2000 expenditures. FY 2000 clinical staffing was 360 full-time equivalent employees (FTEE), including 20 physician and 79 nursing FTEE. FY 2000 RO general operating expenses totaled about \$2.5 million, and staffing was 35 FTEE.

**Workload.** In FY 2000, the AVAHS&RO treated 11,452 unique patients, a 2.3 percent increase from FY 1999. The combined outpatient workload for the Anchorage clinic and the Fairbanks CBOC was 86,824 visits. The number of admissions to non-VA hospitals totaled 1,840 (1,246 to community hospitals and 594 to the joint venture hospital). The combined average daily census for the domiciliary and the psychiatric residential program was 61.8. FY 2000 costs for

purchased care or fee services totaled about \$29.4 million. About \$6.2 million in C&P benefits were paid to 10,955 beneficiaries.

## **Objectives and Scope of CAP Review**

**Objectives.** CAP reviews are one element of the OIG's efforts to ensure that our Nation's veterans receive high quality VA healthcare and benefits services. The objectives of the CAP review program are to:

- Conduct recurring evaluations of selected medical center and regional office operations, focusing on patient care, QM, benefits delivery, and financial and administrative controls.
- Provide fraud and integrity awareness training to increase employee understanding of the potential for program fraud and of the need to refer suspected fraud to the OIG.

**Scope.** We reviewed selected clinical, financial, administrative, and claims processing activities to evaluate the effectiveness of patient care administration, QM, general management controls, and benefits delivery. Patient care administration is the process of planning and delivering patient care. QM is the process of monitoring the quality of patient care to identify and correct harmful or potentially harmful practices or conditions. Management controls are the policies, procedures, and information systems used to safeguard assets, prevent errors and fraud, and ensure that organizational goals are met. Benefits delivery is the process of ensuring that veterans' claims and requests for benefits or services are processed promptly and accurately.

In performing the review, we inspected work areas; interviewed managers, employees, and patients; and reviewed clinical, benefits, financial, and administrative records. The review covered the following 24 activities:

### **Clinical Activities**

Behavioral Health Care  
Laboratory and Radiology  
Medical Record Privacy

Practitioner Background Investigations  
Primary Care Clinics  
Quality Management

### **Financial and Administrative Activities**

Accounts Receivable  
Agent Cashier Operations  
Controlled Substances Accountability  
Fee Basis Program  
Information Management  
Information Technology (IT) Security

Means Test Certifications  
Medical Care Collections Fund (MCCF)  
Pharmacy Security  
Purchase Card Program  
Service Contracts  
Unliquidated Obligations

### **Benefits Delivery Activities**

Benefits Delivery Network Security  
Compensation and Pension  
Employee Claim Folder Security

Fiduciary and Field Examinations  
Regional Office Management Systems  
Vocational Rehabilitation and Employment

As part of the review, we used questionnaires and interviews to survey patient and employee satisfaction with the timeliness of service and the quality of care. Patients generally reported a high level of satisfaction with the quality of care, but many expressed concerns about long waiting times for clinic appointments (see page 13). In addition, the survey and individual complaints received during the CAP review indicated a significant level of employee dissatisfaction with staffing levels and management styles. We discussed these issues with the AVAHS&RO Director who agreed to review the full survey results, identify specific employee concerns, and initiate actions to improve employee morale. We concluded that the employee survey results and individual complaints did not warrant our making specific recommendations or suggestions for corrective action in this report. The full survey results were provided to AVAHS&RO management.

During the review, we also presented seven fraud and integrity awareness briefings for AVAHS&RO employees. About 120 employees attended these briefings, which covered procedures for reporting suspected criminal activity to the OIG and included case-specific examples illustrating procurement fraud, false claims, conflicts of interest, and bribery.

The review covered AVAHS&RO operations for FY 2000 and FY 2001 through July 2001 and was done in accordance with OIG standard operating procedures for CAP reviews.

In this report we make recommendations and suggestions for improvement. Recommendations pertain to issues that are significant enough to be monitored by the OIG until corrective action is implemented. Suggestions pertain to issues that should be monitored by AVAHS&RO management until corrective actions are completed.



## Results of Review

### Organizational Strengths

AVAHS&RO management had created an environment that supported high quality patient care and performance improvement. The patient care administration, QM, benefits delivery, financial, and administrative activities reviewed were generally operating satisfactorily, and management controls were generally effective.

**Fee Basis Care Was Properly Authorized and Paid.** The AVAHS&RO has the largest fee services program in VA, with an annual cost of about \$30 million (which is about 39 percent of the AVAHS&RO's total medical care budget). Management of the fee services program is one of the AVAHS&RO's most important administrative functions. Effective controls had been implemented to ensure program integrity. In FY 2000, AVAHS&RO management divided the fee program into two separate functions – authorization controlled by the Coordinated Care Unit (CCU) and payment controlled by Fiscal Service. To ensure that fee care was properly authorized, the CCU had implemented several controls, including care managers for high-risk patients, utilization review of inpatient admissions and nonroutine procedures, and well-defined criteria for obtaining fee care. Fiscal Service had implemented controls to ensure the proper payment of vendor invoices. Coders and billers reviewed all invoices to ensure that the care was authorized, procedure codes were accurate, and billed amounts were correct. In addition, MCCF staff later reviewed the invoices to identify any veterans with insurance coverage that could allow VA to recover the costs of care.

**On-Station Test and Procedure Results Were Communicated to Providers and Patients.** For tests and procedures performed at the Anchorage clinic, the AVAHS&RO had effective processes for communicating critical results to care providers and patients. Laboratory and Radiology employees consistently notified providers of the results of tests and procedures. All providers surveyed reported that they had consistently notified patients of critical results. We found documented evidence of patient notification in 29 (91 percent) of 32 medical records reviewed. All patients interviewed who had critical results of tests or procedures reported that their care providers had notified them of the results and the need for follow-up care. (As discussed on page 19, improvements were needed in communicating the results of tests and procedures performed off-station.)

**Information Technology Security Was Generally Effective.** The Anchorage clinic had implemented effective policies and procedures to protect the integrity and confidentiality of health care data in automated systems. Procedures such as forced password changes every 90 days and deactivating access for terminated employees had been implemented to control and monitor access to automated databases. Physical security for the computer room and equipment was adequate. Comprehensive risk analyses had been conducted for the local area network and for the Veterans Health Information Systems and Technology Architecture. In addition, the AVAHS&RO had prepared draft contingency and security plans for all major computer systems, with full implementation to be completed by September 2001. (As discussed on page 10, IT security for one RO automated system, the BDN system, needed improvement.)

## Opportunities for Improvement

### Compensation and Pension Claims Processing – Monitoring Claims, Hiring More Staff, and Analyzing Operations Will Improve Timeliness

**Conditions Needing Improvement.** The RO needed to significantly improve the timeliness of C&P claims processing. Processing timeliness is a major challenge facing VA. As of June 2001, VAROs nationwide had a combined backlog of about 600,000 C&P claims that had not been processed to resolution. Like all VAROs, the Alaska RO has had difficulty processing claims promptly.

To evaluate claims processing procedures, we interviewed RO managers and employees and reviewed the timeliness of processing for 100 randomly selected C&P claims. Of the 100 claims, 84 had avoidable delays in processing. Based on our interviews and claims review, we concluded that processing delays could be addressed by better tracking the status of claims, hiring and training additional staff, and performing Systematic Analyses of Operations (SAOs).

Tracking the Status of Claims in Process. The main cause of processing delays was that C&P managers and staff did not effectively use the BDN Work-In-Process (WIPP) system reports to track and manage individual claims. As a result, claims were often set aside with no action taken on them for long periods of time. The following examples illustrate this problem:

- On June 14, 1999, the RO received a veteran's compensation claim. On November 2, 1999, RO staff began developing the claim but mistakenly requested the veteran's service medical records from the Army when they should have been requested from the Navy. Meanwhile, on December 9, 1999, the RO received the results of the veteran's VA C&P medical examination, which provided sufficient information to complete the claim. However, it was not until about 8 months later on July 30, 2000, that the RO rating board recognized that the C&P examination information was sufficient and that the service medical records were not needed. On February 3, 2001, 600 days after the RO had received the claim, it was denied. For this claim, the avoidable delays totaled 485 days [600 days total processing time – 115 allowable days for processing per VBA criteria = 485 avoidable days (110 days for claim development and 375 days for claim rating)].
- On March 12, 1999, the RO received a veteran's compensation claim. On March 22, 1999, RO staff began developing the claim and requested the veteran's service medical records. The RO did not receive the records until September 22, 2000, 550 days after the request. On December 28, 2000, 657 days after receiving the claim, the RO authorized a compensation award. For 550 days (about 18 months), the RO staff waited for the records without following up on the initial request. For this claim, avoidable processing delays totaled 388 days [657 days total processing time – 269 allowable days for processing per VBA criteria and for delays not attributable to the RO = 388 avoidable days (3 days for claim establishment, 360 days for claim development, and 25 days for claim rating)].

In both cases, improved monitoring of pending workload would have detected errors and prevented extended delays in processing. RO management agreed that better use of WIPP reports for monitoring would significantly improve claims processing.

Hiring and Training Additional Staff. As of July 2001, the RO had four rating veteran service representatives (RVSRs) and the authority to hire two more RVSRs. However, RO management believed that they could not hire additional RVSRs because they were concerned that they could not provide adequate training for these new employees. Newly hired RVSRs would need to receive on-the-job training from the RO's two senior RVSRs. However, these two RVSRs were on flexiplace schedules under which they worked at home. RO managers had asked these RVSRs, who were union members, to work full-time at the RO, but the employees declined because they believed the union agreement authorized their working at home. The union took this issue to the Federal Labor Relations Authority (FLRA), and on July 3, 2001, the FLRA ruled that the AVAHS&RO could not change the current flexiplace arrangement without renegotiating the current union agreement. As a result of this decision, AVAHS&RO management agreed not to require the two senior RVSRs to work full-time at the RO. However, based on our discussions with union officials and RO managers, we believe that there is potential for negotiating a resolution to the training problem under which the home-based RVSRs would agree to come into the RO as needed to train the new RVSRs. Hiring and training two new RVSRs would significantly contribute to reducing the claims backlog and improving timeliness.

Systematic Analyses of Operations. Performing SAOs would help the RO monitor claims processing and identify problems that needed correction. VBA policy requires RO managers to perform annual SAOs for each business line. SAOs are written analyses of operational functions that help management identify existing or potential problems and define corrective actions. An SAO of the C&P business line should cover all aspects of C&P claims processing, including quality and timeliness. The RO had not performed SAOs of the C&P business line for at least 5 years. RO management agreed that SAOs needed to be performed.

**Recommended Improvement Action 1.** We recommended that the AVAHS&RO Director ensure that the RO: (a) improves monitoring of claims processing timeliness and aggressively follows up on processing delays, (b) fills the two vacant RVSR positions, (c) makes necessary arrangements to provide training for the new RVSRs, and (d) performs annual SAOs for the C&P business line.

The Director concurred and reported that as of September 2001 the RO had implemented a new comprehensive claim tracking system that makes it easier for the RO to identify and complete follow-up actions on specific claims. RO management will also negotiate with the union to develop an alternate workplace agreement that will allow the two senior RVSRs to provide on-the-job training for two RO employees that will be promoted into the RVSR positions by December 2001. The RO will also begin performing SAOs of the C&P business line in November 2001. The improvement actions are acceptable, and we consider the issues resolved.

## **Medical Care Collections Fund – Coding, Billing, and Collections Should Be Improved**

**Conditions Needing Improvement.** The AVAHS&RO staff needed to code medical visits correctly, bill insurers promptly, and pursue receivables from insurers more aggressively. All physician-patient encounters should be documented in the medical records and assigned Current Procedural Terminology (CPT) codes. Because CPT codes are the basis for billing insurers, the codes should accurately reflect the care provided and should be supported by documentation. VHA policy requires facilities to implement compliance programs to ensure accurate documentation, coding, and insurance billing. Under the MCCF program VA may recover from health insurance companies the cost of treating insured nonservice-connected veterans and insured service-connected veterans for nonservice-connected conditions.

Coding Accuracy. The Compliance Officer and MCCF supervisor needed to ensure that medical visits were coded accurately and that only bills with correct codes were sent to insurers. To determine if the AVAHS&RO was meeting this requirement, we interviewed key employees and reviewed medical records pertaining to 50 outpatient visits that occurred during the 2<sup>nd</sup> quarter of FY 2001. All of these visits had been coded as patient evaluation and management visits.

The overall coding error rate was 70 percent, with 35 of the 50 visits having codes that were not supported by medical record documentation (15 of 20 non-billable visits and 20 of 30 billable visits). Coding errors in billable visits are more significant because they can result in overcharging insurers and potential fraud charges. Of the 20 errors on billable visits, 15 were assigned codes with higher values than justified by the documentation, and 5 were assigned codes with lower values. Bills for all 20 of the billable visits with incorrect codes had been submitted to insurers, and reimbursement had been received for 12 visits while the other 8 remained active awaiting reimbursement. Managers agreed to review the overcharged visits and make the necessary adjustments.

Billing Delays. As of July 2001, the AVAHS&RO had about 5,100 unbilled outpatient episodes of care with a total value of about \$1.3 million. For the first 3 quarters of FY 2001, the average time to initiate a bill was 181 days. According to the MCCF supervisor, some of the unbilled cases may have been as much as a year old. The supervisor stated that the billing delays were caused by the resignations of two billers, the need for billers to review procedure codes for accuracy, and the requirement to review all fee basis invoices for cases that could be billable. Our review confirmed that staff turnover, coding problems, and cumbersome manual reviews and processes had contributed to the delays in billing insurers. As of July 2001, the MCCF unit employed only one full-time biller. Increasing the number of billers could reduce backlogs.

Collection Delays. As of June 2001, the AVAHS&RO had 3,802 outstanding third party receivables with a total value of about \$980,000 (excluding receivables that had been referred to the VA Regional Counsel for collection). Of these, 1,667 with a total value of \$462,100 (47.2 percent of the total value) were more than 90 days old. To evaluate AVAHS&RO collection efforts, we reviewed 20 receivables (value = \$38,510) that had been outstanding for more than 90 days. Based on our review and discussions with the MCCF supervisor, we concluded that 11 of the 20 receivables (value = \$17,559) required more aggressive collection. Fiscal Service had

sent collection letters but had not called the insurers to determine why payment had not been made. To aggressively pursue receivables, multiple collection letters should be sent and follow-up telephone calls should be made. The MCCF supervisor cited the high volume of work and low staffing levels as the cause of the collection delays. As of July 2001, the MCCF unit had one accounting technician and a summer student assigned to collections. Increasing the number of employees assigned to this function could ensure prompt follow-up on delinquent receivables.

Through June of FY 2001, the AVAHS&RO's collection rate for third party receivables was about 47 percent. This rate reflects the fact that most insurers do not pay 100 percent of the insurance claim. For example, for a Medicare-eligible patient an insurer may only pay VA 20 percent of the claim for procedures ordinarily covered under Medicare. As a result, VA collection rates vary from facility to facility depending on the number of patients who are Medicare-eligible (usually 65 years of age or older) as well as other factors, such as the prevalence of health maintenance organizations (HMOs) which typically do not reimburse non-HMO providers like VA.

Despite the AVAHS&RO's limited pursuit of receivables, its collection rate appeared to be relatively high compared to other VA facilities. The rate was higher because Alaska has fewer Medicare-eligible veterans and no HMOs. We estimate that if MCCF staff pursued receivables more aggressively they could increase the collection rate by about 10 percent, which would provide the AVAHS&RO with additional revenue of about \$46,210. (The \$46,210 estimate was calculated by applying a potential 10 percent collection rate increase to the \$462,100 value of receivables over 90 days old.)

**Recommended Improvement Action 2.** We recommended that the AVAHS&RO Director ensure that: (a) procedures are improved so that CPT codes are correct, (b) overcharged cases are reviewed and necessary adjustments made, (c) insurance billings are done promptly, (d) receivables are pursued more aggressively, and (e) the feasibility of increasing MCCF staffing is explored.

The Director concurred and reported that in May 2001 procedures were implemented that require coding staff to review the accuracy of coding for episodes of care furnished to patients with third party insurance. The AVAHS&RO will review the number of coders on staff and by November 2001 will hire sufficient staff to review the coding for all billable cases. MCCF staff will review the billing errors identified during our review and make the necessary adjustments by October 2001. In August 2001, the AVAHS&RO hired two additional billing staff. AVAHS&RO management believes that hiring the additional staff will allow elimination of the billing backlog by March 2001. In June 2001, the AVAHS&RO assigned a summer hire to help pursue receivables and as of September 2001 outstanding receivables had been reduced significantly. The Director also reported that because the hiring of additional coders will reduce MCCF workload additional MCCF staff will not be needed. The improvement actions are acceptable, and we consider the issues resolved.

## **Service Contracts – Contract Awards Should Be Better Documented and Contract Monitoring Should Be Improved**

**Conditions Needing Improvement.** The AVAHS&RO needed to improve the documentation of the contract award process and the monitoring of contractor performance. Contract files for competitive contracts should include documentation supporting contractor selection. Files for noncompetitive contracts should include sufficient cost or pricing data to support the reasonableness of prices and a Price Negotiation Memorandum (PNM) that documents the negotiation process. In addition, for each contract a contracting officer's technical representative (COTR) should be designated to monitor performance and to ensure that services are provided in accordance with contract terms. To determine if AVAHS&RO contract administration and negotiation procedures were effective, we reviewed five service contracts (estimated combined annual costs = \$5.6 million). Three contracts were competitive (inpatient/outpatient services, air ambulance, and durable medical equipment) and two were noncompetitive (home oxygen and ophthalmology). We identified two contract administration issues that needed corrective action.

Insufficient Documentation. The contract award process needed to be better documented. The contract files were in such disarray that it was difficult or impossible to review the contract award process. For the three competitive contracts, the files did not adequately document the basis and reasonableness of projected workloads and prices and did not include adequate documentation of the solicitation of bids, the number of bidders, or the basis for contractor selection. The files for the two noncompetitive contracts did not contain cost or pricing data or other information, such as PNMs, to support negotiated prices. Without the PNMs, the most important elements of the contract negotiation process were not documented, including the purpose of negotiations, a description of the services contracted for, and an explanation of how contract prices were determined.

Inadequate Contract Monitoring. The contracting officer had not designated COTRs for any of the five contracts. We reviewed a sample of contractor invoices and supporting documents for each contract and found that monitoring procedures did not ensure that the services paid for were received. The following examples illustrate this problem:

- **Home Oxygen Contract.** Contract monitoring procedures for the home oxygen contract (annual cost = \$389,000) did not ensure that veterans received the equipment and amount of oxygen that was paid for by the AVAHS&RO. When the contractor delivered equipment or oxygen to veterans, the contractor should have obtained the veterans' signatures on the delivery vouchers. The contractor had not obtained these signatures, and contracting staff had not required this verification.
- **Ophthalmology Services Contract.** Contract monitoring procedures for the ophthalmology services contract (annual cost = \$144,000) did not ensure that the contractor provided 2.5 days of services every week as required. Each month the contractor billed the AVAHS&RO based on estimated services instead of an accounting of actual services provided. The AVAHS&RO did not verify that the billed hours had been worked or reconcile actual versus billed hours.

The contracting officer agreed that better procedures were needed to monitor contractor performance. As of July 2001, the AVAHS&RO had developed, but had not implemented, a draft policy memorandum on contracting for health care services. The draft policy required that COTRs be designated for all service contracts and specified that COTRs would be responsible for monitoring contractor performance. Implementing this new policy should address the contract monitoring deficiencies.

**Recommended Improvement Action 3.** We recommended that the AVAHS&RO Director ensure that: (a) a one-time cleanup of all contract files is performed so that the contract award process is clearly documented and (b) COTRs are designated and adequate contract monitoring procedures are implemented for all service contracts. The Director concurred and reported that a review of all contract files was in process and that COTRs had been instructed to follow new procedures that will ensure adequate contract monitoring. The target date for completing these actions is October 2001. The improvement actions are acceptable, and we consider the issues resolved.

## **Benefits Delivery Network Security – System Access Requirements Should Be Enforced**

**Conditions Needing Improvement.** The AVAHS&RO needed to better control access to the Benefits Delivery Network and to fully comply with VBA security requirements. The BDN is an automated data processing system that VAROs use to process benefit payments and to maintain entitlement information. BDN security controls are intended to protect the privacy of personal data and to prevent the fraudulent misuse of the system. Our review found three significant weaknesses in BDN security.

**Risk of Employees Processing Transactions to Their Own Claims Records.** VA employees who are also veterans may be authorized to access the BDN to review their own benefits claims records, but they may not process any transactions affecting their own records or benefit claims. To prevent inappropriate claims transactions, the designated security officer should enter the employee-veteran's VA claim number into the BDN security data record.

To determine if there were effective controls, we asked an RO employee to attempt to process a transaction in his own compensation record. The employee was able to process the transaction, which demonstrated that his system access had not been properly restricted. We identified four other employee-veterans who had similar improper BDN access. RO staff could not explain why these employees' VA claim numbers were not in the BDN security file, but they immediately corrected this problem. However, because of the inadequate controls it is possible that employee-veterans might have inappropriately altered their benefits claims in the past. To determine if this has occurred and to take any appropriate corrective action, AVAHS&RO management should conduct a review of the five employee claims records. This review should be done by VBA employees who are unrelated to and independent of the employees whose claims are to be reviewed.

Employee With Inappropriate Combinations of Claims Processing Commands. VBA internal control guidance states that employees should not have BDN command authorities that would allow them to establish, adjudicate, and authorize payment for the same claim. An employee who had this combination of three commands could establish a fictitious claim and authorize improper payments or could improperly increase payments on an existing award.

We reviewed the BDN access authorizations for 138 RO and Anchorage clinic employees and identified 1 employee who had all 3 commands. This employee had been given these commands in order to expedite the processing of claims. The VR&E manager agreed to revise the employee's command authorizations to bring his access into compliance with VBA security guidelines.

Employee Claim Files Not Electronically Locked. VBA policy requires that VA claim files for all employee-veterans and their relatives be electronically locked to prevent unauthorized BDN users from having access to these files. We reviewed VA claim file sensitivity levels for the 117 AVAHS&RO employee-veterans with active C&P awards. Eight of the 117 did not have their VA claim files electronically locked. Human Resources Management Service (HRMS) had not notified the RO employee responsible for electronically locking files that these employees were veterans, but this problem was immediately corrected. To ensure that the claims files for the eight employee-veterans have not been improperly altered, AVAHS&RO should also conduct a review of these files.

**Recommended Improvement Action 4.** We recommended that the AVAHS&RO Director ensure that: (a) VA claim numbers of employee-veterans are properly entered into BDN security files, (b) claims processing commands are properly assigned, (c) claims files of all employee-veterans and their relatives are electronically locked, and (d) an independent review of the 13 employee-veteran claims records is conducted and necessary corrective action taken.

The Director concurred and reported that as of September 2001 all employee-veterans had been identified and properly entered into BDN security files, controls over claim processing commands had been improved to prevent employees from being able to establish, adjudicate, and authorize payment for the same claim, and the electronic security of claim files for employee-veterans was being monitored by the Target Security Officer. By December 2001, the AVAHS&RO will complete the recommended independent review of the 13 employee-veteran claims records. The improvement actions are acceptable, and we consider the issues resolved.

## **Controlled Substances Accountability – Better Procedures and Training Would Strengthen Unannounced Inspections**

**Conditions Needing Improvement.** The AVAHS&RO needed to address weaknesses in controlled substances inspection procedures and to implement a formal training program for inspectors. VA medical facilities are required to conduct monthly unannounced inspections to ensure that controlled substances are properly accounted for. To evaluate controlled substances accountability, we reviewed inspection reports for the 13-month period June 2000–June 2001, observed an unannounced inspection of all four areas where controlled substances were stored



and dispensed, and assessed the physical security of drug storage areas. We identified six weaknesses in inspection procedures.

- Inspections did not have the element of surprise. AVAHS&RO written inspection procedures specified the days of the week and the time of day that inspections could be performed. (For example, Pharmacy Service inspections were to be done only on Mondays, Wednesdays, or Fridays, between 8:00 a.m. and 10:00 a.m.)
- The controlled substances coordinator did not maintain records for all inspections. There was no documentation for 46 (88.5 percent) of the required 52 inspections (4 inspection areas x 13 months). Before January 2001, inspectors only sent a memorandum to the coordinator stating that the inspections had been done. Beginning that month, inspectors completed a checklist that was intended to better document the inspections. However, this checklist did not adequately differentiate the inspection results in the four inspection areas or clearly document that all four areas had been inspected.
- Inspection procedures did not ensure that all controlled substances storage locations were inspected every month. No inspections were performed in September and December 2000.
- Inspectors did not personally count the controlled substances in the pharmacy vault as required by VHA policy. Instead, they allowed pharmacy technicians to perform the counts.
- Inspectors did not review drug expiration dates. Instead, they relied on handwritten expiration date labels that pharmacy staff placed on the bins where the drugs were stored.
- Inspectors did not account for all blank prescription forms. They properly counted the forms that were kept in the pharmacy for issuance to physicians, but they did not count unused forms that had been returned by physicians who had terminated their AVAHS&RO employment. On the OIG-observed inspection, we found 355 such forms.

There were two reasons for the deficiencies. First, the written procedures for conducting controlled substances inspections did not comply with VHA policy. Second, managers did not provide formal training to new inspectors. Instead of receiving training, new inspectors were told to read the inspection memorandum and to seek assistance from pharmacy staff, if needed. More structured training would better ensure that inspectors are familiar with correct inspection procedures, that the inspection weaknesses are corrected, and that the inspections provide the intended level of controlled substances accountability.

**Suggested Improvement Actions.** We suggested that the AVAHS&RO Director ensure that: (a) controlled substances inspection procedures are revised to comply with VHA policy, (b) the inspection coordinator maintains records of all inspections, (c) inspectors account for all prescription forms, and (d) a training program is implemented for inspectors. The Director agreed and reported that controlled substance inspection procedures were being revised to better comply with VHA policy. The revised procedures will require the inspection coordinator to maintain a copy of inspection records and the inspectors to account for all prescription forms during the inspections. A comprehensive training program was also being developed to ensure

that adequate training is provided to all inspectors. The target date for completing these actions is October 2001. The improvement actions are acceptable, and we consider the issues resolved.

## Pharmacy Security – Physical Security Deficiencies Should Be Corrected

**Conditions Needing Improvement.** VHA policy requires that pharmacies have strong security controls to prevent unauthorized access to areas where drugs are stored. To evaluate pharmacy security, we reviewed security policies and access control records, inspected pharmacy work and storage areas, and interviewed security personnel. For most pharmacy areas, access controls were effective, and physical security was adequate. However, the (b)(2)..... pharmacy had three security deficiencies that needed correction:

- (b)(2).....
- (b)(2)..... (b)(2).....
- (b)(2).....

The Chief of Pharmacy Service agreed that correcting these deficiencies would improve pharmacy security.

**Suggested Improvement Actions.** We suggested that the AVAHS&RO Director ensure that: (a) (b)(2)....., (b) (b)(2)....., and (c) (b)(2)..... The Director agreed and reported that the (b)(2)..... (b)(2)..... The improvement actions are acceptable, and we consider the issues resolved.

## Clinic Appointment Waiting Times – Delays in Scheduling Appointments Needed To Be Reduced

**Condition Needing Improvement.** The AVAHS&RO was not meeting VHA's FY 2001 performance measurement goal of scheduling primary and specialty care clinic appointments within 45 days. For primary care clinics, in February and April 2001 patients had to wait 72 days for the next available appointment, and in June 2001 they had to wait 80 days. For Neurology clinic appointments, patients had to wait 87 days in February, 19 days in March, and 47 days in April.

AVAHS&RO managers acknowledged that waiting times were too long and explained that they have had difficulty recruiting and retaining primary care providers and specialists. We reviewed the physician vacancy list and numerous advertisements in professional journals and confirmed that AVAHS&RO managers had made significant efforts to recruit physicians. To address the problem of clinic appointment waiting times, AVAHS&RO managers have identified a number of initiatives, including a primary care program manual and more effective management of walk-in patients, that are in various stages of implementation.

**Suggested Improvement Action.** We suggested that the AVAHS&RO Director ensure that managers focus improvement efforts on reducing appointment waiting times and meeting the performance measurement goal. The Director agreed and reported that as of September 2001 the AVAHS&RO was actively recruiting both primary and specialty care providers and identifying Institute for Healthcare Improvement initiatives that the AVAHS&RO could implement to help reduce appointment waiting times. The improvement actions are acceptable, and we consider the issues resolved.

## **Agent Cashier Operations – Strengthening Controls Would Improve Funds Accountability and Security**

**Conditions Needing Improvement.** The AVAHS&RO needed to improve agent cashier unannounced audits, change the agent cashier door lock and safe combinations more frequently, and analyze the amount of the cash advance. Unannounced audits of the agent cashier should be randomly scheduled and initiated by the Director or designee at least every 90 days and should be performed by at least two employees who are skilled in fiscal or audit techniques and who do not perform agent cashier functions. Agent cashier door locks and safe combinations should be changed at least once a year and any time there is a change of incumbents in the agent cashier position. The cash advance turnover rate should be at least 130 percent. To evaluate agent cashier controls we reviewed records for six unannounced audits completed during the 24-month period May 1999–April 2001, and we requested and observed an unannounced audit of the agent cashier. We identified three issues that required management attention.

Unannounced Audits. To ensure the element of surprise agent cashier audits needed to be done at least every 90 days, and auditors needed to follow the AVAHS&RO's written audit procedures:

- Five of the six audits reviewed did not have the element of surprise. The agent cashier knew when these audits were going to occur because he initiated them. When more than 90 days had passed since the previous audit the agent cashier reminded Fiscal Service that another audit was due. Fiscal Service then reminded the Director's office, which called the audit.
- Even though the Agent Cashier called for them, five of the six audits were not initiated within 90 days of the previous audit. One of the audits was initiated 205 days after the previous audit. The other four audits were initiated at 93, 105, 119, and 133 days.

- Auditors did not follow AVAHS&RO written audit procedures. On the unannounced audit that we observed auditors did not have the written procedures with them and as a result did not follow all of the procedures. For example, to help resolve a \$20.00 discrepancy the agent cashier, not the auditor, counted the cash on hand.

Security. The agent cashier door lock and the combination to the safe were not changed at least once a year as required. In December 2000, the door lock was changed for the first time in 18 months. In June 2001, the safe combination was changed for the first time in 14 months.

Agent Cashier Advance. Fiscal Service needed to determine if the cash advance amount was appropriate and take action to adjust the amount if necessary. As of July 2001, the advance was \$9,000. This amount had been established in December 1994 and had not been adjusted since that time. For the 6-month period from January through June 2001, the advance turnover rate ranged between 71 and 93 percent. To meet the 130 percent turnover goal required by VA policy, the advance would need to be reduced from \$9,000 to \$5,750. The agent cashier auditors had calculated the turnover rate and determined the advance was too high, but they had not recommended that Fiscal Service reduce the amount. Fiscal Service personnel told us that the higher amount was needed to cover seasonal fluctuations in cash disbursements. However, Fiscal Service had not evaluated the decision to maintain the higher amount since the last cash advance adjustment in 1994.

**Suggested Improvement Actions.** We suggested that the AVAHS&RO Director ensure that: (a) unannounced audits are initiated by the Director's office at least every 90 days, (b) auditors follow correct audit procedures, (c) the safe combination and door lock are changed at least once a year, and (d) the amount of the agent cashier advance is analyzed to determine if it can be reduced.

The Director agreed and reported that an electronic reminder system will be implemented which will ensure that unannounced audits are performed randomly at least every 90 days and that the safe combination and door lock are changed at least once a year. A training plan will be developed that will teach auditors correct audit procedures, and the amount of the cash advance will be analyzed to determine if it can be reduced. The target date for completing all of these actions is October 2001. The improvement actions are acceptable, and we consider the issues resolved.

## **Means Test Certifications – Signed Certifications Should Be Obtained**

**Condition Needing Improvement.** The AVAHS&RO needed to improve procedures for obtaining signed means test forms from veteran-patients. VA may collect copayments from certain patients to offset the costs of treatment for nonservice-connected conditions. Each year patients who may be subject to copayments must provide updated income information by signing means test forms. This form not only includes important information about the veteran's service record, health insurance or Medicare coverage, and financial situation, but it also includes a certification by the signer that the information is correct and that all copayments will be paid as

required. At the AVAHS&RO, both veterans receiving VA and non-VA care are required to complete means test forms each year.

To evaluate the AVAHS&RO's means test certification procedures, we reviewed the administrative files of 10 veterans who were required to complete means test certifications and who received VA care during the first 3 quarters of FY 2001. Of the 10 files, 6 contained outdated certifications. For three of the six cases, care was authorized and provided on a fee basis (total cost \$44,931). According to the CCU Chief and the Director of the Eligibility Center, means test information for these veterans was most likely obtained over the telephone because of the urgency of the medical need or because of distance from the Anchorage clinic. However, no follow-up was done to ensure that signed means tests were completed and placed in the veterans' administrative files. The CCU Chief acknowledged that they should not have been obtaining means test information over the telephone because they were not able to get the veteran's signature. She stated that this practice was stopped in about March 2001.

The Eligibility Center Director acknowledged that the rate for means test certifications at the AVAHS&RO was between 40 and 50 percent. She cited two reasons for the low certification rate. First, about 50 percent of Alaska's veterans live outside of the Anchorage area, and most of these veterans receive fee basis care. Although the AVAHS&RO mailed means test forms to these veterans, there was minimal follow-up if veterans did not return the completed forms. Second, the AVAHS&RO did not have an effective system to ensure that clerks at the Anchorage clinic and the Fairbanks CBOC received training on means test procedures and that they consistently notified veteran-patients that an updated means test was due.

**Suggested Improvement Actions.** We suggested that the AVAHS&RO Director ensure that: (a) effective procedures are implemented to obtain signed means test forms as required and (b) clinic staff receive training emphasizing the importance of obtaining signed means test forms. The Director agreed and reported that more effective procedures for obtaining signed means test forms will be implemented and communicated to all relevant clinical staff by December 2001. The improvement actions are acceptable, and we consider the issues resolved.

## **Information Management – Documentation, Data Analysis, and File Organization Should Be Improved**

**Conditions Needing Improvement.** AVAHS&RO managers should improve data collection and analyses to assist in decision making. The collection, reporting, and analysis of various types of workload, clinical, and financial data support effective management decision making. Based on discussions with AVAHS&RO managers, we concluded that in recent years they had improved data collection. However, we still found that there were gaps in information pertaining to various activities. The major activities requiring better data collection, organization, and analyses were the QM, utilization review (UR), fee basis, and fiduciary programs.

**Quality Management.** The QM program was comprehensive, the facility was fully accredited, and the QM plan was thorough and consistent with the facility strategic plan. However, while employees collected data for a number of quality care measures, they did not consistently

aggregate or statistically analyze the data in a meaningful way. For example, patient complaint data were collected and organized in tables and presented at committee meetings, with the general conclusion to “continue to monitor.” Program coordinators did not provide data analyses, conclusions, or proposed actions based on trends in the data. More consistent use of statistical analysis would enhance reports by providing a valid basis for making conclusions and taking actions.

Utilization Review. UR data were fragmented, with employees generating 14 separate reports that were difficult to integrate to gain an understanding of the overall status of the program. For example, although UR employees tracked denials for inpatient fee basis care by hospital, they did not perform trend analyses of the data to identify practice patterns that might warrant discussion or education with a participating hospital. A effective UR database contains the number of veterans applying for care, the number of admissions meeting criteria, the number of continued stay days meeting criteria, care denials with justifications, and pertinent quality issues. Given the size and complexity of AVAHS&RO’s fee basis program, clinical and administrative managers needed reliable UR data to use in decision making. UR program managers needed to provide concise summary reports to document and track pertinent UR and quality issues.

Fee Basis Program. Although the AVAHS&RO had VA’s largest fee basis program, program documentation and tracking were not adequate for evaluating program costs and benefits. Program staff tracked fee basis inpatient care and emergency room visits. However, they did not track fee basis outpatient visits, nor did they monitor costs associated with visits or inpatient services. In addition, staff were unable to provide a current list of fee providers and the amounts paid to each provider in the past year. In our opinion, this type of cost and workload data is important for evaluating the fee program by identifying areas where cost savings might be achieved, providing useful cost data for contract negotiations, and tracking provider billing errors or fraudulent practices. We recognize that the AVAHS&RO automated fee basis system has limitations. However, AVAHS&RO management should work with facility Information Resource Management and Austin Automation Center staff to determine ways to capture and use program workload and cost data for more informed decision making.

Fiduciary Program. Our review of 10 principal guardianship folders found that the files were poorly organized, which hindered our ability to locate records and documentation pertaining to fiduciary oversight. Seven of the folders contained required information including rating decisions and requests for field examinations, individualized field examination reports, and accountings. However, there was little consistency in how information was filed. Two of the folders did not contain necessary follow-up documentation pertaining to referrals made to social workers, and none of the files had reviewers’ notes and conclusions addressing the adequacy of submitted accountings. Better documentation and file organization could help minimize delays in beneficiary services and ensure follow-through on identified issues, such as delinquent or inadequate accountings by fiduciaries. The VSC Manager should initiate a one-time cleanup of all the fiduciary files to ensure that they are complete and organized consistently for easier use.

**Suggested Improvement Actions.** We suggested that the AVAHS&RO Director ensure that: (a) information management is improved to better collect, analyze, and use program data for decision making in the programs discussed above and (b) a one-time cleanup of fiduciary folders

is completed. The Director agreed and reported that a Governing Body will be established and convene on a regular basis to review trends and patterns and analyze data in conjunction with both operational and strategic decision making. In addition, a review of all fiduciary files will be performed. The target date for completing these actions is February 2002. The improvement actions are acceptable, and we consider the issues resolved.

## **Background Investigations – Investigations Should Be Completed for All Licensed Practitioners**

**Condition Needing Improvement.** AVAHS&RO managers needed to ensure that required Office of Personnel Management background investigations were done for all licensed independent practitioners, such as physicians, dentists, and nurse practitioners. To evaluate controls for obtaining background investigations, we reviewed the personnel files for a random sample of 20 practitioners. HRMS personnel did not record the date when each background investigation was initiated, and therefore we could not determine the timeliness of the certification process.

In 4 of the 20 cases, the personnel files did not contain the required documentation indicating that background investigations had been conducted. The Chief of HRMS agreed to develop a tracking system, conduct background investigations for the four employees, and determine if there were other employees that had been missed.

**Suggested Improvement Actions.** We suggested that the AVAHS&RO Director ensure that: (a) background investigations are requested and completed for all practitioners hired in the future, (b) an investigations tracking system is implemented, and (c) a review of personnel files of previously hired practitioners is conducted and background investigations are initiated as needed. The Director agreed and reported that as of September 2001 procedures had been implemented that ensure background investigations are completed and tracked for all newly hired personnel, an investigation tracking system had been implemented, a review of personnel files of previously hired practitioners had been conducted, and background investigations had been initiated as needed. The improvement actions are acceptable, and we consider the issues resolved.

## **Primary Care for Mental Health Patients – Providers Should Improve Chronic Disease Management**

**Condition Needing Improvement.** Anchorage clinic providers needed to ensure that clinicians use established guidelines for managing chronic medical problems of patients with mental illnesses. VHA's National Performance Measures include the preventive care index (PCI) and clinical practice guidelines for managing common chronic diseases. Primary care is the mechanism for providing coordinated, comprehensive health care. We evaluated AVAHS&RO's provision of primary care in the mental health population by reviewing policies and medical records and by interviewing patients.

Primary care providers adequately documented their assessment of patients' chronic medical conditions in 9 of 10 cases reviewed. However, providers addressed standard interventions relevant to the patients' chronic diseases in only 7 of the 10 medical records. Specifically, patients with diagnoses of hypertension or coronary artery disease had not consistently received exercise or nutrition counseling.

While our review primarily involved mental health patients, we did find that the facility's PCI and clinical practice guideline performance as of May 2001 generally exceeded the established national goals. We discussed our findings with the Chief of Primary Care, who agreed and stated that she would discuss the findings with the primary care clinicians.

**Suggested Improvement Action.** We suggested that the AVAHS&RO Director ensure that patients treated for mental health conditions receive required interventions for chronic disease management. The Director agreed and reported that a template was being developed to document primary care provided to mental health patients. The target date for completing this action is October 2001. The improvement action is acceptable, and we consider the issues resolved.

## **Communication of Critical Test and Procedure Results – Results from Off-Station Tests and Procedures Should Be Consistently Reported**

**Condition Needing Improvement.** The AVAHS&RO had established effective procedures for notifying providers and patients of the results of tests and procedures performed within the facility. However, better procedures were needed for documenting in patient medical records the critical results of tests and procedures performed off-station by non-VA providers. Non-VA providers perform many tests and procedures for AVAHS&RO through the fee basis program or the joint venture with Elmendorf AFB hospital. Many patients and employees told us that the results of these tests and procedures were not consistently communicated to the ordering provider. Managers acknowledged this problem and stated that two performance improvement efforts, tracking test and procedure timeliness and managing the receipt of test results, had been initiated. In our opinion, stronger actions are needed to correct this problem.

**Suggested Improvement Action.** We suggested that the AVAHS&RO Director ensure that effective procedures are implemented for reporting and documenting critical test results performed by non-VA providers. The Director agreed and reported that as of September 2001 procedures for reporting off-station test results had been improved to ensure that the results are reported to the AVAHS&RO. The improvement action is acceptable, and we consider the issues resolved.



## Alaska VA Healthcare System and Regional Office Director Comments

Department of  
Veterans Affairs

### Memorandum

Date: September 17, 2001

From: Director, Alaska VA Healthcare System and Regional Office (00/463)

Subj: Draft Report: Combined Assessment Program Review of the Alaska VA Healthcare System and Regional Office (Project No. 2001-02016-R8-0127)

To: VA/Office of the Inspector General (52SE)  
Attn: Kent Wrathall

In accordance with your memorandum dated August 22, 2001, same subject, we have attached our comments to the CAP Review conducted at the Alaska VA Healthcare System and Regional Office the week of July 16, 2001. Should you have any questions regarding these comments, please contact Dave Stockwell, Chief Operating Officer, at (907) 257-5460.

*(Original signed by:)*  
Alex Spector

Attachments

Attachment

**Alaska VA Healthcare System and Regional Office  
Comments and Implementation Plan to VA OIG CAP inspection project  
2001-02016-R8-0127**

**Recommendation #1: We recommend that the AVAHS&RO Director ensure that the RO:**  
**(a) improves monitoring of claims processing timeliness and aggressively follows up on processing delays, (b) fills the two vacant RVSR positions, (c) works with union officials and the two home-based RVSRs to provide training for the new RVSRs, and (d) performs annual SAOs for the C&P and VR&E business lines.**

Concur with recommended improvement action.

- a. We recently began using a new claim tracking system. This new system of reports will enable management to complete a much more comprehensive review of pending claims and assign work to specific teams or individuals. Follow up actions will be easier to complete and easier to identify if missed. Training has been completed and we are in the process of running our first reports. A user guide assigning responsibilities to everyone in the Division has been deployed. Target date: Implemented September 1, 2001, first follow up review November 1, 2001, with additional reviews as needed.
- b. Management plans on promoting two individuals into the RVSR position. Target date: Post announcement in November. Select and fill in December 2001.
- c. Management and labor are still negotiating an alternate workplace agreement for RVSRs. No agreements have been made or signed. To date the issue remains unresolved. Target date: EOM October.
- d. We agree with the recommendation to complete SAOs described in M21-4. Target date: Assignments will be made by November 1, 2001. Completion of each report will be in accordance with M21-4.

**Recommendation #2: We recommend that the AVAHS&RO Director ensure that: (a) procedures are improved so that CPT codes are correct, (b) overcharged cases are reviewed and necessary adjustments made, (c) insurance billings are done promptly, (d) receivables are pursued more aggressively, and (e) the feasibility of increasing MCCF staffing is explored.**

Concur with recommended improvement action.

- a. Beginning May 2001 the HIMS coding staff started to review episodes of care furnished to individuals with third party health coverage. The coder runs a report (Veterans w/Insurance and Outpatient Visits) from the Integrated Billing package and then they review the documentation

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and coding for accuracy. The coding staff is also reviewing our ambulatory surgery procedures for accuracy. However at this time HIMS only has one coder performing the reviews and this individual is not able to keep up with the workload. The facility will review the number of coders on staff in the HIMS section and add staff as appropriate to review 100% of billable cases. Target Date: November 1, 2001. Ongoing.

b. Using the listing of the claims that were reviewed by the OIG, the MCCF unit will compare the rates billed to third party carriers with the amount that should have been used had the appropriate CPT code been used. If there is a need to refund any overpayments then the MCCF unit will take that action. If in cases where the MCCF unit under-coded our claims, we will rebill the carriers using the appropriate codes. Target Date: October 1, 2001.

c. The MCCF unit has hired two new billing personnel effective August 27, 2001. There is a considerable amount of time that has to be directed toward training the new employees. Based on past history it takes anywhere from two months to four months for a person to become competent with the billing process. If the unit can maintain its staffing it is thought that the billing backlog could be alleviated by early next calendar year. Target Date: March 1, 2002.

d. MCCF has taken advantage of a summer hire to help the accounting technician with the follow-up on the aged receivables. This person has been working with the unit since the beginning of June 2001. There has already been a significant reduction in the number of aged receivables. Target Date: June 3, 2001. Already being utilized.

e. While the addition of staff to the MCCF unit would help clear the backlog of billing, it is felt by the MCCF coordinator, that if the coding information was verified by coding personnel there would not be a need for additional staff. A great deal of the time spent generating a claim is used verifying the validity and accuracy of the coded information input into the VISTA system. If there were to be any new personnel hired it would benefit MCCF to have another coding position, dedicated to MCCF coding issues, hired for the HIMS unit. This will be completed in conjunction with item (a) above. Target Date: November 1, 2001.

**Recommendation #3:** We recommend that the AVAHS&RO Director ensure that: (a) a one-time cleanup of all contract files is performed so that the contract award process is clearly documented and (b) COTRs are designated and adequate contract monitoring procedures are implemented for all service contracts.

Concur with recommended improvement action.

a. The Contracting Officer is currently doing a "clean-up" of all contract files. Target Date: October 1, 2001.

b. The Contracting Officer has issued all COTR memos for the service contracts, which delegates specific duties of the COTR, i.e., monitoring procedures.

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**Recommendation #4:** We recommend that the AVAHS&RO Director ensure that: (a) VA claim numbers of employee-veterans are properly entered into BDN security files, claims processing commands are properly assigned, and (c) claims files of all employee-veterans and their relatives are electronically locked.

Concur with recommended improvement action.

- a. Veteran status will be verified for all BDN access requests by employee-veterans. Effective Date: Immediately.
- b. Claims processing commands will be established to prevent employees from establishing, adjudicating, and authorizing payments. The VA employee access noted in the survey has been corrected. Effective date: Immediately.
- c. Electronic security for claims files for employee-veterans will be monitored by the Target Security Officer to assure accurate and timely processing of security requests through Human Resources Management. Effective date: Immediately.
- d. A review of thirteen veteran-employee records will be undertaken to assure proper security and access levels. Target Date: December 1, 2001.

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**Suggestion #1:** We suggest that the AVAHS&RO Director ensure that: (a) controlled substances inspection procedures are revised to comply with VHA policy, (b) the inspection coordinator maintains records of all inspections, (c) inspectors account for all prescription forms, and (d) a training program is implemented for inspectors.

Concur with suggested improvement actions.

The AVAHSRO policy regarding controlled substance inspection procedures are being revised to better comply with VHA policy. As part of this revision of policy, the inspection coordinator will be required to maintain a copy of the inspection documentation in its entirety. Policy revision will also include a mechanism for improved accountability of prescription forms, including a provision for the destruction of prescription forms returned by providers as excess. A comprehensive training program is being developed to ensure that adequate training is provided to all personnel identified as inspectors. Target Date: October 31, 2001.

**Suggestion #2:** We suggest that the AVAHS&RO Director ensure that: (a) (b)(2) . . . .  
(b)(2) . . . . ., (b) (b)(2) . . . . .  
(b)(2) . . . . . (c) (b)(2) . . . . .  
(b)(2) .

Concur with suggested improvement actions.

- a. (b)(2) . . . . .  
(b)(2) . . . . .  
(b)(2) . . . . . Target Date: (b)(2) . . . . .
- b. Reference VA Handbook 0730, Security and Law Enforcement, (b)(2) . . . . .  
(b)(2) . . . . .  
(b)(2) . . . . .  
(b)(2) . . . . .  
(b)(2) . . . . .  
(b)(2) . . . . . Target Date: (b)(2) . . . . .
- c. (b)(2) . . . . .  
(b)(2) . . . . .  
(b)(2) . . . . . Target Date:  
(b)(2) . . . . .

**Suggestion #3:** We suggest that the AVAHS&RO Director ensure that managers focus improvement efforts on reducing appointment waiting times and meeting the performance measurement goal.

Concur with suggested improvement actions.

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The AVAHSRO is actively recruiting for both primary and specialty care providers. We are also participating in the Institute for Healthcare Improvement (IHI) initiatives for improving access for primary and specialty care. Target Date: It is difficult to project a target date for provider recruitment, as we cannot predict whether or not qualified candidates will apply. We have identified strong candidates for primary care and specialty care. We have identified the champions for the IHI initiatives, and the initial face-to-face meeting is September 2001 to identify tasks, expectations, and monitors.

**Suggestion #4:** We suggest that the AVAHSRO Director ensure that: (a) unannounced audits are initiated by the Director's office at least every 90 days, (b) auditors follow correct audit procedures, (c) the safe combination and door lock are changed at least once a year, and (d) the amount of the agent cashier advance is analyzed to determine if it can be reduced.

Concur with suggested improvement actions.

a. On March 16, 2000, a numbered memorandum was issued from the Director delegating responsibility for unannounced audits to the Directors' secretary. We will set up an electronic reminder system that varies the length of time between audits, but ensures that an unannounced audit is completed each 90 days. Target Date: September 2001.

b. Written procedures are already firmly in place in VA Handbook 4010, Section A, Paragraph 9, a thru e. Each time an audit is called the auditor from Fiscal picks up the audit file from the Fiscal secretary. Fiscal Service will develop a training plan for auditors to use when they are first-timers. This training plan will be in a packet that includes the copy of Section A of the VA Handbook 4010 that will be provided to the auditors. Target Date: October 1, 2001.

c. AVAHSRO will incorporate an electronic suspense system similar to (a) above to ensure that the locks are changed annually. Target Date: September 2001.

d. AVAHSRO will re-analyze the Treasury advance to the agency of \$9000.00. Target date: October 15, 2001.

**Suggestion #5:** We suggest that the AVAHSRO Director ensure that: (a) effective procedures are implemented to obtain signed Means test forms as required and (b) clinic staff receive training emphasizing the importance of obtaining signed Means test forms.

Concur with suggested improvement actions.

a. Means tests will not be updated over the telephone; instead a copy of the current means test will be mailed to the veteran for pen and ink changes and signature, then returned to us for processing. A Means test will not be updated in VISTA unless a signed copy is provided. The list of upcoming scheduled appointments will be reviewed for "Means Test Required" and the veteran needing a means test will be notified prior to their appointment to come to Eligibility Section for an update. No future appointments will be scheduled for veterans requiring a Means

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test update. These changes will be incorporated into a revised station policy regarding Means tests. Target Date: November 2001.

b. The new means test station policy will be communicated at all relevant clinic staff meetings upon publication. Target Date: December 2001.

**Suggestion #6:** We suggest that the AVAHSRO Director ensure that: (a) information management is improved to better collect, analyze, and use program data for decision making in the programs discussed above and (b) a one-time cleanup of fiduciary folders is completed.

Concur with suggested improvement actions.

a. Criteria will be developed and ongoing monitoring and analysis will be implemented. A Governing Body is to be established that will convene on a regular basis to review trends and patterns and analyze data in conjunctions with both operational and strategic decision making. Target Date: February 2002.

b. Target Date: Review of fiduciary files will be completed by end of February 2002.

**Suggestion #7:** We suggest that the AVAHSRO Director ensure that: (a) background investigations are requested and completed for all practitioners hired in the future, (b) an investigations tracking system is implemented, and (c) a review of personnel files of previously hired practitioners is conducted and background investigations are initiated as needed.

Concur with suggested improvement actions.

a. Procedures are now in place to insure completion and tracking of background investigations on all newly hired personnel.

b. An investigations tracking mechanism was developed and implemented while OIG auditors were still on station.

c. A review of previously hired practitioners has been completed and background investigations initiated as needed.

**Suggestion #8:** The AVAHSRO Director should ensure that patients treated for mental health conditions receive required interventions for chronic disease management.

Concur with suggested improvement actions.

A CPRS template is being developed for Mental Health patients to document primary care provided. This template will allow non-VA primary care to be documented. Additionally, patients will be offered primary care services at AVAHSRO. For patients who opt to use other resources (non-VA) for primary care, there is little opportunity to document preventive services,

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other than as related by the patient to the mental health care provider. Target Date: October 1, 2001.

**Suggestion #9: We suggest that the AVAHS&RO Director ensure that effective procedures are implemented for reporting and documenting critical test results performed by non-VA providers.**

Concur with suggested improvement actions.

- a. We will improve and update our procedures for notification of off-station testing results to providers. Laboratory will enforce the current policy, which defines clearly the process by which all providers are informed of laboratory results done outside the facility.
- b. Radiology will review the processes of documentation into CPRS of off-station testing results. Administrative verification of test completion, along with entry of the document text into a record-keeping system, such as MiMs and, ultimately, VISTA imaging, as defined in the Radiology policy, will inform providers of examination completion and give reference and direction to view the document text.



## Monetary Benefits in Accordance with IG Act Amendments

**Report Title:** Combined Assessment Program Review of the Alaska VA Healthcare System  
and Regional Office

**Report Number:** 01-02016-13

<u>Recommendation</u>	<u>Explanation of Benefit</u>	<u>Better Use of Funds</u>
2	Better use of funds through stronger collection efforts on MCCF third party receivables.	\$46,210

## Report Distribution

### **VA Distribution**

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