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# Department of Veterans Affairs Office of Inspector General

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## Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections

*The Veterans Health Administration can reduce inappropriate billings and collections for medical services provided to certain veterans receiving compensation and pension benefits.*



**DEPARTMENT OF VETERANS AFFAIRS**  
**Office of Inspector General**  
**Washington, DC 20420**

**TO:** Acting Under Secretary for Health

**SUBJECT:** Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections

## Summary

The purpose of the evaluation was to determine the appropriateness of Medical Care Collections Fund (MCCF) first party billings and collections for certain veterans receiving compensation and pension (C&P) benefits. Current Federal law requires VA to collect fees (copayments) for medical care and medications provided certain veterans for nonservice-connected conditions. Veterans receiving compensation for service-connected disabilities rated 50 percent or higher or VA pensions based on being totally disabled with low income<sup>1</sup> are generally exempt from copayments and should not be billed.

Our evaluation focused on the appropriateness of debts, for veterans receiving compensation for service-connected disabilities rated 50 percent or higher or VA pensions, which were referred to the Debt Management Center (DMC), St. Paul, MN for collection. We identified MCCF first party debts totaling \$210,229 for 2,275 veterans receiving compensation or pension that were referred to the DMC by 137 Veterans Health Administration (VHA) medical facilities as of December 2001. We found that inappropriate billings<sup>2</sup> and collections had occurred. Staff at the 137 medical facilities reviewed the December 2001 debts and reported that 2,054 of the 2,275 veterans (90 percent) had inappropriate debts totaling \$289,700. This total exceeded the amount referred to the DMC because additional debts had accumulated since December 2001 and veterans had made other payments. As a result of these reviews, MCCF staff reported they would cancel debts totaling \$55,346 and refund \$234,354 already collected from veterans.

Veterans were inappropriately billed because of inaccurate medical facility Veterans Health Information Systems and Technology Architecture (Vista) eligibility information regarding their C&P status. Because some of the debts were established up to 10 years ago, we could not

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<sup>1</sup> For a veteran with no dependents, the annual income had to be below \$9,556 as of December 1, 2001, and below \$9,690 as of December 1, 2002.

<sup>2</sup> Bills should not have been sent because these veterans were receiving compensation for service-connected disabilities rated 50 percent or higher or VA pensions, making them exempt from copayments.

determine why the veterans' C&P eligibility status was incorrect. The Veterans Benefits Administration (VBA) provides veterans' C&P status to VHA. VBA's Hines System Development Center updates the C&P Master Record, creates a C&P Mini Master Record on magnetic computer tape, and forwards it to the Patient Health Care and Enrollment Services Section at the Austin Automation Center (AAC). The AAC forwards this information to the Health Eligibility Center (HEC) in Atlanta, GA. The HEC began providing veterans' C&P status updates to individual medical facilities in December 1998. However, VHA had problems with the software used by the HEC.

HEC management advised us that many of the billing problems had been incrementally corrected between January 2000 and December 2002. We visited the HEC and found that: (1) pension status was not being entered into VistA correctly when veterans had both a service-connection of less than 50 percent and pension eligibility, (2) HEC staff could not provide the effective dates of veterans' award changes to medical facility staff, and (3) some updated information was rejected and not posted to the database because of differences in veterans' enrollment and eligibility information between the HEC and the individual medical facilities. While the HEC had corrected some of the deficiencies that caused inappropriate billings and referrals to the DMC, we believed these three problems were continuing to cause inappropriate billings.

We tested the appropriateness of more current first party debts referred to the DMC between December 2001 and May 2003 by 129 medical facilities. We confirmed that the inappropriate billings were continuing. We identified 1,896 debts totaling \$193,014 that required further review. We analyzed 108 of the debts (totaling \$9,677) at 8 medical facilities and found that 101 (totaling \$8,887) were inappropriate. We referred the remaining 1,788 debts at 121 medical facilities, totaling \$183,337, to the applicable medical facilities for further review. Staff at the medical facilities reviewed the referred debts and reported that 1,594 of the 1,788 veterans (89 percent) had inappropriate debts totaling \$331,372. This total exceeded the amount referred to the DMC by the medical facilities because additional debts had accumulated since May 2003, and veterans had made other payments. As a result of these referrals, MCCF staff reported they would cancel debts totaling \$68,940 and refund \$262,432 collected from veterans.

The causes we identified at the HEC continued to result in inappropriate billings. First, the primary coding for service-connection in the HEC database took priority over the secondary coding for pension, so that veterans receiving pensions were inappropriately billed because they were service-connected less than 50 percent. Second, the HEC had no way to provide medical facilities with the effective dates of veterans' award changes. HEC staff sent MailMan<sup>3</sup> messages to medical facility eligibility staff notifying them of award changes. However, Information Resources Management (IRM) staff at some medical facilities did not forward these messages to billing staff. Third, HEC staff had not followed up on all rejected award information to ensure the correct information had been updated.

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<sup>3</sup> MailMan is VistA's electronic messaging system used among multiple facilities.

We recommended that the Acting Under Secretary for Health take the following actions to prevent inappropriate billings and collections of inappropriately established debts:

1. Ensure that HEC management corrects the database coding problem to recognize the pension status of veterans who are also service-connected less than 50 percent.
2. Pending development of VetsNet:
  - a. Ensure that medical facility managers direct IRM staff to distribute HEC MailMan messages to both MCCF eligibility staff and billing staff.
  - b. Require medical facilities to access veterans' benefits information through VBA to obtain the effective dates for veterans awarded service-connection rated 50 percent or higher or VA pensions and verify that first party debts are appropriate before issuing bills or referring debts to the DMC for collection.
3. Ensure that HEC management timely follows up on rejected award information and uploads the correct information into its database so that veterans' C&P status changes can be updated in medical facilities' VistA systems.

The Acting Under Secretary for Health agreed with the findings and recommendations and provided acceptable improvement plans. (See pages 10–18 for the full text of the Acting Under Secretary for Health's comments). We will follow up on the planned actions until they are completed.

*(original signed by:)*  
**MICHAEL L. STALEY**  
Assistant Inspector General for Auditing

## Introduction

In September 1995, we reported that veterans were being inappropriately billed because of inaccurate medical facility VistA eligibility information regarding their C&P status (*Review of Selected Aspects of the Medical Care Cost Recovery Program*; Report No. 5R1-G01-121; September 29, 1995). We reported that veterans. Our review found that 6,821 disabled veterans with debts totaling \$812,698 were inappropriately billed. Inappropriately billed debts totaling \$741,867 were canceled, and refunds totaling \$70,831, which had been erroneously collected from veterans' Internal Revenue Service (IRS) tax refunds, were made to 1,558 veterans.

First party debts are established by MCCF program staff at VHA medical facilities. MCCF staff must have accurate C&P benefit award status information for each veteran receiving medical services to ensure only appropriate billings and collections are made.

VA management consolidated the collection of delinquent first party MCCF debts over \$25 at the DMC to better collect debts under the Treasury Offset Program (TOP). Under TOP, veterans' Federal payments such as Social Security, C&P, and IRS tax refunds can be offset to collect unpaid delinquent first party debts. MCCF program management considers a MCCF debt to be eligible for referral to the DMC after three monthly collection letters are sent by the medical facility to the veteran. When the debt is 121 days old, it is automatically eligible for offset, and a computer program at the DMC retrieves the debt for offset against C&P benefits or other Federal payments through TOP.

In this evaluation, we initially identified MCCF first party debts totaling \$210,229 for 2,275 veterans receiving compensation rated at 50 percent or higher or VA pensions that were referred to the DMC by 137 VHA medical facilities as of December 2001. We referred those debts to the 137 medical facilities to determine their appropriateness. After discussions with staff at the HEC, we identified additional current first party debts totaling \$193,014 for 1,896 veterans receiving pensions or compensation rated at 50 percent or higher that were referred to the DMC by 129 VHA medical facilities between December 2001 and May 2003. We reviewed 108 of these debts at 8 VHA medical facilities and referred the remaining 1,788 debts to the medical facilities to determine their appropriateness.

## Results

### Inappropriate Billings and Collections Occurred

MCCF staff at the 137 medical facilities reviewed the initial debts we identified and reported that 2,054 of the 2,275 veterans (90 percent) had inappropriate debts totaling \$289,700. This total exceeded the amount referred because additional debts had accumulated since December 2001

and veterans had made other payments. As a result, MCCF staff reported they would cancel debts totaling \$55,346 and refund \$234,354 already collected from veterans.

According to HEC management, VHA was having problems with the software used to ensure billings and collections were appropriate. HEC staff reported that until October 2002, it took 4 to 6 weeks for C&P award changes from VBA to reach the HEC through the AAC. Also, the HEC reported that over 100,000 records had “fallen through the cracks” (data mismatches that had rejected and were not posted to its database). The HEC had no method to automatically review these unposted records. The delays in receiving C&P award changes and the more than 100,000 unposted records had caused some of these inappropriate billings and collections. Many of the problems had been incrementally corrected during the period January 2000 through December 2002. Corrective actions included updating and enhancing HEC eligibility and enrollment software, increasing the frequency of receiving C&P award changes from the AAC (from once every 2 weeks to once a week), and querying VBA to obtain updated award information for the more than 100,000 unposted records.

We visited the HEC to discuss these conditions and found that problems with the software programs used by VHA continued. Because of these problems: (1) veterans’ pension status was not being entered into VistA correctly when veterans had both a service-connection of less than 50 percent and pension eligibility, (2) HEC staff could not provide effective dates of veterans’ award changes to medical facility staff, and (3) some updated information was rejected and not posted to the database because of differences in veterans’ enrollment and eligibility information between the HEC and the individual medical facilities.

### **Inappropriate Billings and Collections Continued**

We tested the appropriateness of more current first party billings and collections by identifying debts totaling \$193,014 for 1,896 veterans receiving compensation rated 50 percent or higher or pensions that were referred to the DMC for collection between December 2001 and May 2003. We reviewed 108 of the debts (totaling \$9,677) billed by 8 medical facilities.

We found, and VHA staff agreed, that 101 of the 108 debts (94 percent) totaling \$8,887 were inappropriate. VHA staff cancelled debts totaling \$3,229 and refunded \$16,059 already collected from the veterans. These totals exceeded the amounts referred because additional debts had accumulated since they were established and veterans had made other payments.

### **Causes for the Inappropriate Billings and Collections**

These 101 inappropriate billings and related collections or establishment of debts occurred because:

- For 11 debts, veterans being paid pensions and rated less than 50 percent for service-connected disabilities, continued to be billed for medical care because primary coding for the

service-connected disabilities took priority over the secondary coding for pensions in the HEC database.

- For 41 debts, veterans were billed for care while their claims for increased C&P benefits were pending but not yet awarded by the appropriate regional offices. The bills subsequently were determined to be inappropriate because treatments were provided after the effective dates of their increased awards. Also, not all medical facilities' MCCF billing staff received MailMan messages from the HEC notifying them of the changes in veterans' C&P status. HEC staff sent the MailMan messages to the eligibility staff at the medical facilities, but IRM staff at two of the eight facilities that we reviewed did not route those messages to billing staff. Had the billing staff received the MailMan messages concerning the changes in veterans' status, they could have taken action to obtain the effective dates of changes and cancelled the debts. Instead, 41 debts (totaling \$2,790) were inappropriately referred to the DMC for collection.
- In 49 cases, veterans' C&P award information was rejected and not uploaded into the HEC database when received from the Patient Health Care and Enrollment Services Section at the AAC.

We referred the remaining 1,788 debts to the applicable medical facilities. Medical facility staff reviewed these debts and reported that 1,594 (89 percent) totaling \$331,372 were inappropriate. As a result of those referrals, MCCF staff reported they would cancel debts totaling \$68,940 and refund \$262,432 collected from veterans.

### **Corrective Actions Being Taken by VHA Managers**

HEC management developed corrective software to update the HEC database from the National Enrollment Database<sup>4</sup> to eliminate the problem with primary coding for service-connected disabilities taking priority over coding for pension. This software had been in development since 1998 and was implemented to the HEC database on July 9, 2003. Implementation of these actions should prevent veterans receiving pensions from being inappropriately billed for medical care.

VBA and VHA managers were aware of the problem concerning effective dates of C&P awards and were taking action to provide MCCF billing staff with those dates. The Hines Systems Development Center was developing a veteran-based information system, called VetsNet, which will integrate information between VBA and VHA. VetsNet was originally proposed in 1993 and its purpose was to "transform current support systems by making the veteran, rather than the benefit program, the central focus." Strategic planning meetings on how to develop VetsNet were held prior to actual development of the system, which began in September 2002. This

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<sup>4</sup> The National Enrollment Database is the centralized database of veterans' enrollment data maintained at the AAC. It interfaces with the HEC database to update and provide eligibility information for use by MCCF eligibility and billing staff nationwide.

system will be part of the VBA Corporate Database<sup>5</sup> and is planned to be operational in Fiscal Year (FY) 2005. VHA provided VBA a list of needed elements, including award and effective dates, to be included in the system. Until the system is operational, MCCF billing staff should be notified (through the MailMan messages from HEC) of changes in veterans' eligibility status to service-connection rated 50 percent or higher or pensions. When these notices are received, MCCF billing staff will need to obtain the effective dates of veterans' benefit changes through the Intranet Benefits Delivery Network/BIRLS Access (IBBA), Benefits Delivery Network (BDN), or contact with their regional offices. IBBA is accessible on the VA Intranet, and the BDN is accessible through software provided by each regional office. Both methods require application to and approval by a regional office Information Security Officer.

## Conclusion

It is essential that the HEC receive, process, and provide all updated award information from the C&P system to VHA medical facilities in order to prevent inappropriate billings of veterans. We found that once the HEC updated medical facility VistA records with the new C&P award information, further inappropriate billings and collections for these veterans stopped. However, since IRM staff at some medical facilities did not route the updated award information from the HEC to billing staff and billing staff did not obtain the effective dates of the changes, some inappropriate billings and collections continued. Until the new VetsNet system becomes operational, medical facilities will need to access veterans' benefit information through VBA, obtain the effective dates of award changes, and cancel billings or refund collected debts when they determine the debts to be inappropriate.

## Recommendations

We recommended that the Acting Under Secretary for Health take the following actions to prevent inappropriate billings and collections of inappropriately established debts:

1. Ensure that HEC management corrects the database coding problem to recognize the pension status of veterans who are also service-connected less than 50 percent.
2. Pending development of VetsNet:
  - a. Ensure that medical facility managers direct IRM staff to distribute HEC MailMan messages to both MCCF eligibility staff and billing staff.
  - b. Require medical facilities to access veterans' benefits information through VBA to obtain the effective dates for veterans awarded service-connection rated 50 percent or higher or

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<sup>5</sup> The corporate database concept is based on establishing the data once and sharing this common data throughout all VBA business programs. Information from this database will be accessible to all VA staff.



VA pensions and verify that first party debts are appropriate before issuing bills or referring debts to the DMC for collection.

3. Ensure that HEC management timely follows up on rejected award information and uploads the correct information into its database so that veterans' C&P status changes can be updated in medical facilities' VistA systems.

## **Acting Under Secretary for Health's Comments**

1. Concur. The HEC released a software patch to the field on July 7, 2003, which corrected a problem that caused secondary eligibility codes to be stripped from the HEC records. On September 8, 2003, HEC identified and corrected over 58,000 records that were missing a VA pension secondary eligibility code. These updated records have been shared with the treating facilities.

2a. Concur. The VHA Office of Information is developing a software patch that will generate a message to the revenue and billing office staff whenever a veteran's eligibility is changed to reflect receipt of VA pension and/or increase in service-connected status to greater than 50 percent. The software patch will be released to the field by the end of the first quarter of FY 2005.

2b. Concur. Interim guidance, issued to the field in October 2004, instructs staff to follow up with the VBA when new awards are made to identify the effective date of the award for billing review and correction purposes. Work between VHA and VBA is on-going to develop data sharing initiatives and to implement this and related changes. A date for implementation of this project, which will allow VHA facilities to access VBA benefits information to obtain effective dates for veterans awarded service connection rated 50 percent or higher or VA pensions, has not yet been set due to other priority projects.

VHA is establishing a system for continuous internal monthly monitoring of all active first party copayment debts to ensure that veteran pensioners or those rated 50 percent or more service-connected are not receiving copayment bills. VHA will also issue guidance to the field facilities recommending that facilities run the Diagnostic Measures First Party Follow-up report on their local VistA systems on a monthly basis. This Accounts Receivable report will enable staff to review the report and identify any veterans with an eligibility change that affects the co-pay billing status prior to the ninety day cut-off for referral to the DMC.

3. Concur. This improvement has been in place for the last 6 months. As a result of it, the HEC has been able to identify those award messages that must be manually processed within the HEC to assure appropriate upload and sharing with the VistA databases.

## **Office of Inspector General Comments**

The Acting Under Secretary for Health agreed with the findings and recommendations. The improvement actions and plans are acceptable, and we will follow up on the planned actions until they are completed. See Appendix A on pages 10–18 for the full text of the Acting Under Secretary’s comments.

## Acting Under Secretary for Health Comments

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** November 9, 2004

**From:** Acting Under Secretary for Health (10/10B5)

**Subject:** Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections

**To:** Assistant Inspector General for Auditing (52)

1. The appropriate program offices have reviewed this draft report, and we concur with the findings and recommendations. We are providing an action plan detailing our responses to the recommendations.
2. We believe the actions outlined in the action plan will strengthen an overall well functioning program. The OIG audit was conducted with records referred to the Debt Management Center (DMC) between December 2001 and May 2003. Since that time, VHA has taken several steps to address the recommendations of this audit. A software patch was released to the field on July 7, 2003, that allowed the Health Eligibility Center (HEC) to identify and correct over 58,000 records that were missing a VA pension secondary eligibility code. The Chief Business Office (CBO) issued guidance to the field in October 2004 with specific instructions for establishing mail groups that will be used to alert appropriate staff to newly awarded compensation and pension (C & P) changes (service connection 50 percent or higher or VA pension). This guidance will also instruct local staff to follow-up with the Veterans Benefit Administration (VBA) when new awards are made to identify the effective date of the award for billing review and correction purposes. The guidance will further provide field staff with instructions regarding how to most effectively use the Diagnostic Measures First Party Follow-up report to identify any veterans with an eligibility change that affects the copay billing status.
3. Several other information technology (IT) projects are underway that will help ensure timely follow up on rejected award information and timely upload of the correct information into its database concerning veterans' C & P status changes. In the past six months an information technology improvement has enabled the HEC to identify those award messages that must be manually processed within the HEC to assure appropriate upload and sharing with the

## Acting Under Secretary for Health Comments

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Assistant Inspector General for Auditing (52)

facilities' VistA databases. The HEC has established monthly monitoring reports of review file activity to assure that these messages are being identified and that transmissions are occurring. The Information Technology Office, with the CBO and the HEC, is also developing a new Enrollment Database that will process update award messages from the VBA and provide an enhanced workflow tool to assist in addressing and resolving any discrepancies that preclude automatic transmission of such messages. This is expected to be delivered in the first quarter of FY 2006.

4. The VHA Office of Compliance and Business Integrity (CBI) is establishing a system for continuous internal monthly monitoring of all active first party copayment debts to ensure that veteran pensioners or those rated 50 percent or more service-connected are not receiving copayment bills. The CBI Office will work with VA's OIG to use their automated system to identify inappropriate copayments by matching VBA C & P records to VHA's active first party copayment debts. The CBI Office will coordinate with the CBO on any notification to the networks through the Office of the Deputy Under Secretary for Health for Operations and Management when inappropriate first party copayments have been identified, with an expectation that the networks will report on actions taken to address any inappropriate veteran first party bills. Results will be reported quarterly to the VHA Compliance Advisory Board and Executive Committee of the National Leadership Board.
5. Thank you for the opportunity to review the draft report. If you have any questions, please contact Margaret M. Seleski, Director, Management Review Service (10B5), at (202) 273-8360.

*(original signed by:)*

Jonathan B. Perlin, MD, PhD, MHSA, FACP

Attachment

**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

<p>Recommendation 1: We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: Ensure that HEC management corrects the database coding problem to recognize the pension status of veterans who are also service-connected less than 50 percent. Concur.</p>		Recommendation Metrics					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
A standardized database that recognizes the pension status of veterans who are also service-connected less than 50 percent.	1. Implement information technology software patch to correct this problem in the database.	N/A	N/A	N/A	1. The HEC of the VHA CBO with the VHA IT Office released Patch IVMB*2*754 to the field on July 7, 2003. This patch corrected a problem that caused secondary eligibility codes to be stripped from the HEC records. On September 8, 2003, HEC identified and corrected over 58,000 records that were missing a VA pension secondary eligibility code. These updated records have been shared with the treating facilities.		

**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

<p><b>Recommendation 2a:</b> We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: 2a) Pending development of VetsNet, ensure that medical facility managers direct their local IRM staff to distribute HEC MailMan messages, alerting medical facilities to newly awarded C &amp; P changes (service connection rated 50 percent or higher or VA pensions), to both MCCF eligibility staff and billing staff. Concur.</p>		Recommendation Metrics					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
VHA medical center MCCF eligibility staff and billings staff will be aware of newly awarded C & P changes (service-connection rated 50 percent or higher or VA pensions).	<p>1. VHA CBO will issue guidance to the field facilities to assure that the required e-mail groups are in place and populated by appropriate facility staff.</p> <p>2. Analysis of the OIG report indicated that the current message generation protocol is incomplete. As a result of this OIG recommendation, the VHA Office of Information is developing a software patch that will generate a message to the revenue and billing office staff whenever a veteran's eligibility is changed to reflect receipt of VA pension and/or increase in service-connected status to greater than 50 percent.</p>	N/A	N/A	N/A	<p>1. In October 2004, guidance was provided to field staff attending the monthly Automated Data Process Application Coordinator (ADPAC) conference call and the CBO national call. Minutes of these calls are published and distributed via e-mail to appropriate staff.</p> <p>2. The software patch will be released to the field by the end of the first quarter of FY 2005.</p>		

**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

**Recommendation 2b:** We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: 2b) Require medical facilities to access veterans' benefits information through VBA to obtain the effective dates for veterans awarded service-connection rated 50 percent or higher or pensions and verify that first party debts are appropriate before issuing bills or referring debts to the DMC for collection. Concur.

Recommendation Metrics

GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
<p>VA medical centers verify first party debts for their appropriateness prior to issuing bills or referring debts to the DMC for collection.</p> <p>VHA facilities will be able to access the VBA benefits information to obtain effective dates for veterans awarded service connection rated 50 percent or higher or VA pensions.</p>	<p>1. Until a data sharing initiative is implemented, the CBO will issue guidance to the field facilities to assure that when new awards are made, local staff follow-up through inquiries to the VBA. The inquiries are to identify the effective date award for billing review and for correction purposes.</p> <p>2. A formal request has been made by the HEC (August 2002) to the VBA that data concerning the effective date of award of service-connection rating or VA pensions be included in future data sharing with VHA.</p>	N/A	NA	N/A	<p>1. CBO issued interim guidance in October 2004. It will instruct staff to follow up with the VBA when new awards are made to identify the effective date of the award for billing review and correction purposes.</p> <p>2. Work between VHA and VBA is on-going to develop data sharing initiatives and to implement this and related changes. A date for implementation of this project, which will allow VHA facilities to access VBA benefits information to obtain effective dates for veterans awarded service connection rated 50 percent or higher or VA pensions, has not yet been set due to other priority projects.</p>		

**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

<b>Recommendation 2b:</b> We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: b) Require medical facilities to access veterans' benefits information through VBA to obtain the effective dates for veterans awarded service-connection rated 50 percent or higher or pensions and verify that first party debts are appropriate before issuing bills or referring debts to the DMC for collection. Concur.		<b>Recommendation Metrics</b>					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
VA medical centers verify first party debts for their appropriateness prior to issuing bills or referring debts to the DMC for collection.	3. The CBO will also issue guidance to the field facilities recommending that facilities run the Diagnostic Measures First Party Follow-up report on their local VistA systems on a monthly basis. This Accounts Receivable report will be run at least a week prior to the DMC automatic monthly offset that takes place the fourth Thursday of each month. This will enable staff to review the report and identify any veterans with an eligibility change that affects the co-pay billing status. This report displays the current data of the patient's Eligibility, Means Test, and Pharmacy Co-pay status, along with outstanding billing information and can be placed into an Excel spreadsheet and sorted by status to make a clerk's job more efficient. Facilities will be instructed to run this report for all patient co-payment bills that are greater than seventy-five days old. Using the seventy-five day timeframe ensures that bills are reviewed prior to the ninety day cut-off for referral to the DMC.	N/A	N/A	N/A	3. The CBO issued guidance to the field by the end of October 2004.		



**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

<b>Recommendation 2b:</b> We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: b) Require medical facilities to access veterans' benefits information through VBA to obtain the effective dates for veterans awarded service-connection rated 50 percent or higher or pensions and verify that first party debts are appropriate before issuing bills or referring debts to the DMC for collection. Concur.		<b>Recommendation Metrics</b>					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
VA medical centers access veterans' benefit information through VBA to obtain effective dates for veterans awarded service-connection rated 50 percent or higher or pensions and verify first party debts for their appropriateness prior to issuing bills or referring debts to the DMC for collection.	4. The VHA CBI is establishing a system for continuous internal monthly monitoring of all active first party copayment debts to ensure that veteran pensioners or those rated 50 percent or more service-connected are not receiving copayment bills. The CBI will work with VA's OIG to use their automated system to identify inappropriate copayments by matching VBA C&P records to VHA's active first party copayment debts. The CBI will coordinate with the CBO on any notification to the networks through the Office of the Deputy Under Secretary for Health for Operations and Management when inappropriate first party copayments have been identified, with an expectation that the networks report on actions taken to address any inappropriate veteran first party bills. Results will be reported quarterly to the VHA Compliance Advisory Board and Executive Committee of the National Leadership Board.	N/A	N/A	N/A	4. The CBI is currently working with VA's OIG IRM staff in Austin to develop the monthly report		

**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

<b>Recommendation 3:</b> We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: Ensure that HEC management timely follows up on rejected award information and uploads the correct information into its database so that veterans' C & P status changes can be updated in medical facilities' VistA systems. Concur.		Recommendation Metrics					
GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
Timely follow-up by the HEC management on rejected award information is performed and timely correct information is uploaded into its database.	<p>1. The HEC has worked with the VHA Office of Information to improve its interface with its internal review file. This is the location of award messages that do not automatically upload due to some form of data discrepancy. Improving this interface will result in improved quality of data in the VistA databases.</p> <p>2. The HEC has established monthly monitoring reports of review file activity to assure that these messages are being identified and that transmissions are occurring.</p>	<p>N/A</p> <p>2. Measures will be established if the current monitors indicate the need.</p>	N/A	N/A	<p>1. This improvement has been in place for the last six months. As a result of it, the HEC has been able to identify those award messages that must be manually processed within the HEC to assure appropriate upload and sharing with the VistA databases.</p> <p>2. The monthly monitors include assessing the rejection of award information files that are not being correctly updated and timely uploaded into the database for transmission.</p>		

**Action Plan for OIG Draft Report: Evaluation of Selected Medical Care Collections Fund First Party Billings and Collections, Project No. 2003-00940-R5-0063 (EDMS 286062)**

**Recommendation 3:** We recommend that the Acting Under Secretary for Health takes the following actions to prevent future inappropriate billings and collections of inappropriately established debts: Ensure that HEC management timely follows up on rejected award information and uploads the correct information into its database so that veterans' C & P status changes can be updated in medical facilities' VistA systems. Concur.

Recommendation Metrics

GOAL	STRATEGY	MEASURE	TARGET	STATUS	ACTUAL	BENCHMARK	PRIOR FY
Timely management follow-up by the HEC on rejected award information is performed and timely correct information is uploaded into its database	3. The HEC continues to work with the VHA Office of Information on the development of a new Enrollment Database.				3. When the new Enrollment Database is implemented in approximately the first quarter of FY 2006, it will include improved business rules for processing update award messages from the VBA and will provide an enhanced workflow tool to assist in addressing and resolving any discrepancies that preclude automatic transmission of such messages.		

## OIG Contact and Staff Acknowledgments

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