Veterans Health Administration

*Audit of
the Health Care
Enrollment Program at
Medical Facilities*

ACRONYMS

CDW	Corporate Data Warehouse
FY	Fiscal Year
HEC	Health Eligibility Center
OIG	Office of Inspector General
OMB	Office of Management and Budget
USC	United States Code
VA	Department of Veterans Affairs
VAMC	Veterans Affairs Medical Center
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network
VistA	Veterans Health Information Systems and Technology Architecture

Highlights: Audit of VHA's Health Care Enrollment Program at Medical Facilities

Why We Did This Audit

We conducted this audit to evaluate the Veterans Health Administration's (VHA) controls over the health care enrollment program administered at VA medical facilities. Our objective also included determining if enrollment actions were processed timely and supported by required documentation. This is a follow-up audit to our 2015 review of the Health Eligibility Center's (HEC) enrollment process.

During this audit, the OIG received a whistleblower complaint concerning outreach letters to address pending enrollment records at the HEC. We will assess that allegation in a separate project.

What We Found

VHA did not provide effective governance necessary to ensure oversight and control over the health care enrollment program at its medical facilities. VHA relied on and required medical facilities to establish step-by-step procedures for processing enrollment applications without implementing effective processes and structures to monitor those activities.

We determined that only 38 of 106 VA medical facilities sampled had local enrollment policies. In addition, individual medical facilities that did have guidance were permitted to adopt local practices that were inconsistent with national policies, such as delaying or preventing the processing of applications in certain categories.

The reliability of health care enrollment data could also be improved. VHA data systems did not have the capability to identify new enrollment applications or provide the basis for independent testing of timeliness or supporting documentation. We projected that only 197,000 of our universe of 427,000 enrollment records (46 percent) represented FY 2015 applications for enrollment.

Furthermore, only 67 of the 127 FY 2015 applications (53 percent) in our sample had the timestamp required to measure processing time. As a result, we could not make conclusions related to timeliness or supporting documentation.

These irregularities occurred because VHA lacked effective governance over the health care enrollment program. VHA lacked appropriate guidance necessary to ensure a standardized enrollment process nationwide. In addition, adequate formal oversight and monitoring did not occur and quality control reviews were minimal. Formal training was also not provided to eligibility and enrollment staff at VA medical facilities. Finally, VHA did not adequately monitor program effectiveness or ensure that accurate data were available for program transparency.

Due to the variance in program implementation, VHA did not have reasonable assurance that veterans would receive proper consideration or consistent and timely enrollment decisions at VA medical facilities nationwide. VHA also could not accurately report on performance nationally or make informed program-level decisions based on available data.

What We Recommended

We recommended the Acting Under Secretary for Health develop standardized national policy and procedures, implement national oversight, and provide mandatory and standardized training for the health care enrollment program at VA medical facilities. Additionally, we recommended the Acting Under Secretary for Health implement a plan to correct data integrity issues, which is necessary to improve the accuracy and timeliness of health care enrollment data.

Agency Comments

The Acting Under Secretary for Health concurred with recommendations 1, 2, 3, and 5, and concurred in principle with recommendation 4. We consider the corrective action plans acceptable and will follow up on their implementation.

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INTRODUCTION

Objective

The purpose of the audit was to evaluate controls over the health care enrollment program administered at VA medical facilities and determine if enrollment actions were processed timely and supported by required documentation.

Health Care Enrollment

The Veterans Health Administration (VHA) provides comprehensive health care to eligible veterans. Most veterans must apply and be determined eligible for enrollment in VA health care. Eligibility for enrollment is determined by evaluating evidence of qualifying military service and financial need. The Health Eligibility Center (HEC), a component of VHA's Member Services Division, is VA's central authority for eligibility and enrollment processing activities, as well as the business owner for administrative information systems supporting the delivery of VA health care benefits.

A veteran may submit an enrollment application by mail, telephone, through VA's website, or by applying at a VA medical facility. According to the HEC, about 91 percent of all health care enrollment applications during FY 2016 were processed at VA medical facilities. The remaining 9 percent were processed at the HEC. In general, applications submitted online are processed by the entity denoted by the applicant as his or her preferred facility.

Pertinent Enrollment Data Systems

The Enrollment System is VA's authoritative system of record for veterans' health care enrollment data. The Enrollment System receives data feeds from VA medical facilities using an enrollment module in the Veterans Health Information Systems and Technology Architecture (VistA), which is the primary point-of-entry system for enrollment staff who process applications in the field.

FY 2015 OIG Review of the HEC

In September 2015, the OIG issued the *Review of Alleged Mismanagement at the Health Eligibility Center* (Report No. 14-01792-510, September 2, 2015). The review substantiated whistleblower allegations of extensive, persistent problems with veterans' health care enrollment records maintained by the HEC. This included the existence of about 867,000 pending Enrollment System records, of which more than 307,000 entries were for individuals reported to be deceased by the Social Security Administration. VHA undertook corrective actions in response to the identified issues, with completion anticipated by July 2017. Our 2015 review focused only on the enrollment process at the HEC and this audit evaluates the enrollment process at VA medical facilities.

Other OIG Work on the HEC

Beginning in March 2016, the HEC sent outreach letters to individuals who had a record coded with a pending status in the Enrollment System. The letters were sent to inform veterans of the need to provide specific additional information within 365 days to complete their enrollment or the application would be closed in accordance with 38 United States Code (USC) § 5102.

In December 2016, the VHA Member Services Division disclosed to the VA Secretary and the OIG that approximately 440,000 outreach letters sent by the HEC identified and requested the wrong information as needed to complete the enrollment process. Additionally, a VA employee disclosed allegations in February 2017 related to this matter. The OIG will review and assess the merits of those allegations in a separate project.

RESULTS AND RECOMMENDATIONS

Finding 1   **VHA's Health Care Enrollment Program Needed Improvement**

VHA did not provide effective governance necessary to ensure oversight and control over the health care enrollment program at its medical facilities.[1] VHA delegated responsibility and required medical facilities to establish procedures for processing enrollment applications, but did not implement effective processes and structure to monitor the enrollment activities of its medical facilities. We determined that only 38 of 106 VA medical facilities sampled during the audit, and only five of eight visited, had established local enrollment policies or procedures.[2] However, many of the local practices conflicted with national policies. Applicant information was not always entered into VA systems and follow-up procedures were inconsistent.

Conflicts between local practices and national policies occurred because VHA lacked effective governance over the health care enrollment program. VHA lacked appropriate guidance, oversight, and monitoring necessary to ensure a standardized enrollment process. In addition, formal training was not provided to eligibility and enrollment staff at VA medical facilities. As a result of local variances in processing health care applications, VHA does not have reasonable assurance that veterans receive consistent or timely enrollment decisions at VA medical facilities nationwide.

Background   A veteran may submit an enrollment application through various methods, such as by mail, telephone, through VA's website, or by applying at a VA medical facility. According to the HEC about 91 percent of all health care enrollment applications during FY 2016 were processed at VA medical facilities. The remaining 9 percent were processed at the HEC. When an application is received at a facility, VHA policy requires enrollment staff to enter application information into VistA, which creates a local registration and generates a preliminary enrollment record.[3] VistA transmits application information daily to the Enrollment System.

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[1] According to Office of Management and Budget (OMB) Circular A-123, management is responsible for the establishment of a governance structure to effectively implement, direct, and oversee implementation of the Circular, and all the provisions of a robust process of risk management and internal control.

[2] We reviewed local policies at each facility associated with our statistical sample of FY 2015 enrollment actions. This method resulted in review of 106 of 144 unique VA medical centers, including their multiple divisions and clinics when applicable. Additional information on our methodologies is available in Appendixes B and C.

[3] VHA Directive 2012-001, Paragraph 4(b)(3), (4), and (5).

If the veteran's military service or financial need cannot be verified at the time of application, the associated enrollment record will remain in a pending status while additional information is gathered. Facility enrollment staff should make every effort to obtain a veteran's service record information.[4] If the applicant cannot provide a record of military service, enrollment staff should query VistA's Hospital Inquiry module and the Veterans Information Solution application, which may enable facilities to obtain veteran eligibility information from other VA and Department of Defense systems.[5]

If eligibility cannot be determined, the medical facility is responsible for conducting periodic follow-up with the applicant. Once eligibility and income are confirmed, the applicant is enrolled in VA's health care program. Incomplete applications may be closed one year after the applicant is notified that additional information is needed to complete the enrollment. Closed applications are retained and accessible in the Enrollment System indefinitely. Appendix A provides additional background information on the health care enrollment process.

Enrollment Program Not Consistently Implemented

VHA relied on medical facilities to establish local guidance and procedures for processing enrollment applications. Specifically, VHA policy required the health care facility director to ensure local policies were in place outlining the requirements for processing enrollment applications in a timely manner.[6] We determined that only 38 of 106 VA medical facilities sampled during the audit, and only five of eight sites visited, had established required local enrollment policies or procedures. The remaining 68 facilities did not establish required policies and relied on VHA's national enrollment guidance. However, that directive only established requirements for timely entry into VA systems and did not outline steps to process applications for health care enrollment.

At locations that did have enrollment policies and procedures, we identified significant variations in the methods used to process health care enrollment applications, several of which were in conflict with VA criteria. This included practices that delayed or avoided entering an applicant's information into VistA and inconsistent follow-up procedures.

Applicants Not Recorded in VistA

VHA policy required that all applications, regardless of method of submission, be processed into VistA.[7] Entering the applicant's information into the system creates an enrollment record and verifies the information against other automated resources, including shared VA and Department of

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[4] VHA Handbook 1601A.01, Paragraph 7(a).
[5] VHA Procedure Guide 1601A.01, Chapter 3 – *Verifying Veteran's Military Service*, Section 2.
[6] VHA Directive 2012-001, Paragraph 4(b).
[7] *Ibid*., Paragraph 4(b)(4) and (5).

Defense systems. This is especially important when an application lacks key information, such as evidence of military service or service-connected disability, necessary for facility staff to establish a preliminary enrollment decision. However, nine of the 38 facilities with established local enrollment policies adopted practices that delayed or did not require entering an applicant's information into VistA. These practices delayed, or in some instances may have inadvertently prevented, obtaining available evidence to validate the applicant's eligibility for VA health care.

At two of the eight medical facilities visited, enrollment staff were instructed not to enter the application into VistA if the applicant did not provide adequate evidence of military service and evidence was not otherwise available to the facility. The applicant's intent to apply was not otherwise recorded and follow-up was not conducted. VHA Handbook 1601A.01 states every effort needs to be taken to obtain a veteran's service record information.[8] Without entering the applicant's information into VistA, enrollment staff did not establish an applicant's enrollment record that could have verified eligibility information or identified additional evidence through access to shared Veterans Benefits Administration and Department of Defense information systems. In each of the following examples, contrary to VA policy, applicants were not provided an opportunity to establish an enrollment record and subsequent access to other automated resources that may have supported their application for VA health care.

Example 1 The Salt Lake City, UT, VA Medical Center (VAMC) had a written policy in place for 10 years that specifically stated that veterans were not to be loaded into VistA until eligibility for health care can be established.[9] The veteran was essentially turned away if the application was incomplete. Enrollment staff would not enter the applicant's information into VistA and the facility kept no record of the applicant's intent to apply.

Example 2 The Puget Sound Health Care System had a standard practice of providing applicants with information cards that identified resources for obtaining military information. Enrollment staff would not enter the applicant's information into VistA and the facility kept no record of the applicant's intent to apply. The applicant was essentially turned away and VA-initiated follow-up would not occur.

Another facility, the Minneapolis Health Care System, delayed health care enrollments by not interviewing individuals who applied in person and then deferring the entry of the applicants' information into VistA to a later date.

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[8] VHA Handbook 1601A.01, Paragraph 7(a).
[9] Following our February 2016 site visit to Salt Lake City, VAMC management revised the policy to eliminate this practice and provided a copy of the new procedures to the OIG.

VHA Procedure Guide 1601A outlines procedures for interviewing an individual during an in-person application for enrollment.[10] Once interviews are completed, VHA Directive 2012-001 states that local policies must ensure all applications completed during a face-to-face encounter with a veteran are immediately processed into VistA.[11]

All applications submitted to the Minneapolis facility were organized in a file cabinet and processed in the order in which they were received. Enrollment staff would then enter applications into VistA at a target rate of four applications per hour. This processing method was used even if the individual applied in-person at the facility. Enrollment staff did not interview the applicant as required and did not enter the registration into VistA while the applicant was present.

As a result of this practice, initial processing was delayed several weeks and the applicant's opportunity to provide additional information while at the facility was lost. Thus, this non-veteran-centric process allowed the applicant to leave the facility without knowing his or her preliminary enrollment status or understanding what additional information was needed to complete their enrollment.

VHA Lacked a National Policy for Follow-Up Activities

VA has the authority to close incomplete applications one year after the applicant is notified that additional information is needed to complete the enrollment.[12] This authority was not implemented by national policy.[13] VHA Procedure Guide 1601A states that if an application cannot be processed to a final determination, it should be coded as pending during a period of follow-up when the applicant may provide additional information in support of his or her enrollment.[14] However, follow-up procedures varied significantly from site to site. Of the 38 medical facilities with established enrollment policies, nine had also implemented follow-up practices. We found that five of those nine facilities established practices that, contrary to VA authority, closed incomplete applications before the applicant's one-year period expired.

For example, at the Minneapolis Health Care System, enrollment staff provided applicants a return mail envelope with instructions on how to obtain evidence of military service. The entire burden of follow-up was transferred to the applicant and no other contact was made by facility enrollment staff. Conversely, at the Tampa VAMC, enrollment staff tracked follow-up activities and contacted applicants up to four times via mail in a

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[10] VHA Procedure Guide 1601A.01, Chapter 2, Section B, Paragraph 1(d).
[11] VHA Directive 2012-001, Paragraph 4(b)(4).
[12] Title 38 United States Code (USC) 5102 (c).
[13] A February 10, 2016, memorandum noted that the HEC had developed a process to execute the authority. Nationwide guidance was not otherwise implemented.
[14] VHA Procedure Guide 1601A.02, Chapter 2, Section 1, Paragraph c.

90-day period. While the facility made aggressive attempts at follow-up, the facility shortened the codified allowance of one-year down to 90 days.

Additionally, three medical facilities had procedures for coding an applicant's record as a status other than pending after a short or unsuccessful period of follow-up. Specific examples include:

Example 3   A Palo Alto Health Care System memorandum directed enrollment staff to provide the applicant with a 30-day follow-up period, after which the application would no longer be considered. The memorandum further stated that if the facility was not in receipt of supporting documentation within 60 days, enrollment staff may delete messages containing the veteran's data or otherwise dispose of the file.

Example 4   The Tampa VAMC had a local policy memorandum to send the veteran a final letter and place the veteran in a humanitarian status if no response was received within 90 days.[15] Humanitarian status, intended for emergent care, could result in a veteran incorrectly receiving a bill for care. The policy had a qualifying statement that if the veteran was actively obtaining documentation, the record should remain open.

Example 5   The Puget Sound Health Care System had an unwritten 90-day rule. If the facility was not in receipt of supporting documentation within a 90-day period, the record was changed from pending to ineligible or humanitarian. A status of ineligible could prevent applicants from receiving care.

In each of the above examples, applications should have remained in a pending status for at least one year. Without a national policy for follow-up activities, applicants were given inconsistent opportunities to provide supporting documentation for their application.

VHA Lacked Effective Governance   Inconsistent processing of health care applications by VA medical facilities occurred because VHA lacked effective governance over the health care enrollment program. VHA did not have sufficient guidance to standardize the enrollment process nationwide. Additionally, VHA's oversight and monitoring of the health care enrollment program were inadequate at the national level and did not ensure that eligibility and enrollment staff received formal training on the health care enrollment process. The Office of Management and Budget (OMB) Circular A-123 requires management to establish and maintain internal controls necessary to achieve the objectives

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[15] Title 38 U.S.C. 1784 authorizes VHA to provide hospital care or treatment as a humanitarian service to persons having no eligibility and in need of emergency care while at a VA medical facility.

of effective and efficient program operations. Management is responsible for establishing control activities such as policies and procedures, monitoring of the program operations, and a control environment that includes appropriate staffing and training.[16]

Inadequate Guidance and Oversight

VHA did not have national guidance standardizing the application receipt and entry process at medical facilities. VHA had provided national guidance on requirements for health care eligibility and enrollment priority groups, timeliness standards for application processing, and the requirement for each VA medical facility to have an enrollment coordinator.[17] However, we did not identify sufficient guidance that establishes the minimum steps for eligibility and enrollment staff to take from the time a veteran submits an application through data entry, and follow-up. Establishing well-defined guidance would help ensure veterans receive equitable consideration for health care nationwide.

In addition, VHA's Member Services Division did not provide adequate oversight or monitoring of the health care enrollment program administered at VA medical facilities. Monitoring was largely deferred to the medical facility leadership and the HEC. In addition, the only performance metric we identified that was tracked and reported nationally was the timeliness of online applications for enrollment. We did not identify any other means of national oversight.

The Acting Executive Director of VHA's Member Services Division acknowledged that they did not review enrollment procedures or otherwise monitor the health care enrollment process nationwide. The Director further stated that VHA lacked active case management for health care enrollments and the process could be improved by implementing standardized tools.

Inadequate Training for Enrollment Staff

VHA did not ensure that formal training was provided to eligibility and enrollment staff who processed applications for health care at VA medical facilities. The HEC academy offered training sessions for field facility staff responsible for eligibility and enrollment activities. Training recipients were expected to train others at their facilities. At six of the eight facilities we visited, at least one staff member had attended the HEC academy. However, in many instances, the attendee was not a front-line staff member who processed enrollment applications on a day-to-day basis.

For example, at one facility the Director of Health Plan Management attended the HEC academy. When interviewed, the individual could not recount the standard procedures for entering a veteran's application into VistA. Given that those who attended the HEC academy were expected to

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[16]OMB Circular A-123, Section II.
[17] Public Law 104-262, VHA Directive 2012-001, and VHA Directive 1175, respectively.

train other staff at the facility, day-to-day eligibility and enrollment staff likely would have benefited more from attendance.

Enrollment training at VA medical facilities primarily consisted of on-the-job training during live application registrations. We noted that facility enrollment staff modeled many inappropriate practices in this manner, which often became norms for the local process. For example, the HEC required the use of the "Register a Patient" function in VistA when uploading application data because it prevented duplicate record creation and provided quicker access to veteran information that may already be in the system. However, we found several facilities were using the "Load/Edit Patient Data" function, which is to be used only to edit existing patient records, because it was the method taught through on-the-job experience.[18] Locations that used this function may have created duplicate records in VistA that ultimately affected the individual's final enrollment decision.

Enrollment Process Not Veteran-Centric

Ineffective governance of the health care enrollment program resulted in activities that were not veteran-centric and did not provide sufficient service to those seeking access to health care. As a result of decentralized guidance, veterans' health care enrollment experiences, such as the extent of assistance provided and the timeliness of enrollment decisions, varied based upon the medical facility where the veteran submitted his or her application.

In addition, due to the lack of adequate training, facility enrollment staff did not use correct procedures when processing health care applications that could ultimately affect the enrollment decision. Unless a national process is implemented and enrollment staff are trained to follow those procedures, VHA cannot ensure all veterans are provided equal treatment when applying for enrollment in VA health care.

Conclusion

VHA needs to implement effective governance to ensure VA medical facilities apply health care enrollment procedures uniformly nationwide. VHA has relied on medical facilities to establish their own procedures for processing enrollment applications; however, many facilities did not implement local policies. Additionally, the absence of standard guidance, adequate oversight controls, and formal training permitted individual medical facilities to implement local practices that were not veteran-centric, such as delaying entry of an applicant's request for health care enrollment into VistA and reducing follow-up periods for pending applications.

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[18] The "Register a Patient" function queries other systems, including the Master Veteran Index and the Enrollment System, and links to pre-existing information. The "Load/Edit Patient Data" function does not make these queries and generates a unique record.

Recommendations

1. We recommended the Acting Under Secretary for Health develop standardized national policy and procedures for the health care enrollment program at VA medical facilities.

2. We recommended the Acting Under Secretary for Health implement national oversight of the health care enrollment program to continually review operations and performance of VHA medical facilities.

3. We recommended the Acting Under Secretary for Health provide mandatory and standardized training on eligibility and enrollment to ensure health care applications are processed accurately and timely.

Management Comments

The Acting Under Secretary for Health concurred with our recommendations. The Acting Under Secretary stated that the HEC, in conjunction with VHA Member Services Business Policy, will establish and maintain health care enrollment policies and procedures necessary to standardize enrollment activities across all VA medical facilities and locations where applications are accepted. In addition, the HEC, in conjunction with VHA Member Services Enterprise Support Services, will manage and oversee the development and deployment of standardized curriculum and mandatory training for all VA personnel with access to systems and enrollment processing activities. The Acting Under Secretary anticipated implementation of corrective actions by March 31, 2018.

The Acting Under Secretary also stated that the HEC will identify, establish, and regularly monitor a standard set of key performance indicators assessing whether enrollment program accuracy and timeliness standards are being achieved. VHA Member Services will establish an enterprise-level board to assess enrollment performance indicators that are not meeting the prescribed standard, assess remediation options, determine an appropriate risk response, and address deficiencies. The Acting Under Secretary anticipated implementation of these actions by May 31, 2018. Appendix D provides the full text of the Acting Under Secretary's comments.

OIG Response

The Acting Under Secretary for Health's comments and corrective action plans are responsive to the intent of the recommendations. We will monitor implementation of planned actions and will close the recommendations when we receive sufficient evidence demonstrating progress in addressing identified issues.

Finding 2   VHA Needed To Improve the Reliability of Health Care Enrollment Data

The reliability of VHA's health care enrollment data needed improvement. VHA data systems did not permit the identification of new enrollment applications or provide the basis for independent testing or conclusions on timeliness or supporting documentation. This occurred because VistA is decentralized and cannot reliably identify new applications for enrollment versus other registration actions involving previously enrolled veterans. Unless internal controls and program data are strengthened, VHA leadership cannot accurately track enrollment performance nationally or make reliable program-level decisions using these data.

VistA Enrollment Data Not Reliable

We identified a population of 427,000 records from VistA's patient enrollment file that should have represented applications submitted during FY 2015. Based on available data definitions, these records were coded as not having a prior enrollment history. However, we reviewed a statistical sample of these records against original applications obtained from VA medical facilities and identified that many records were prior enrollment actions and were not FY 2015 health care applications.

Specifically, we found that only 127 of 275 records reviewed (46 percent) were associated with FY 2015 health care applications. Overall, we projected that only about 197,000 of the 427,000 records in our universe actually represented FY 2015 health care applications. Other sample records included inter-facility consults and facility transfers for previously enrolled veterans as well as compensation and pension medical exams, according to VA officials. We concluded that VistA fields designed to identify prior enrollments was not reliable. Furthermore, because it was necessary to use supporting documentation to identify a valid sample for review, we determined that VistA data were not suitable for assessing whether these records were supported by required documentation.

We also could not draw conclusions on the timeliness of health care applications. Only 67 of 127 documents associated with FY 2015 health care applications (53 percent) had a timestamp necessary to evaluate the time between receipt and entry into VistA.

VHA Lacked System Functionality and Internal Controls

The lack of transparency in the health care enrollment program occurred because VHA did not ensure that quality data and processes were available to track application processing performance. OMB Circular A-123, issued December 2004, states that relevant and reliable information should be communicated to personnel at all levels within an organization. Also, assessing the effectiveness of internal controls should occur during the

normal course of business in addition to periodic reviews, reconciliations, or comparisons of data.[19]

VistA is a decentralized system that does not automatically share data between facilities. An individual needs to be entered into a specific facility's VistA system in order to receive care regardless of his or her previous history with VA at other locations. Facilities may share patient data, but this requires VistA users to actively pull the data from one facility into another. In addition, according to VA enrollment personnel, registration actions such as facility transfers or registrations in VA's Choice Program may cause an individual's existing record to appear new. In these cases, VistA data cannot reliably distinguish new applications for enrollment versus transactions affecting previously established enrollment records.

VHA Cannot Monitor Enrollment Activities

The limitations of the VistA system significantly impacted VHA's ability to collect and maintain accurate enrollment data, as well as identify systemic issues in the enrollment program. Furthermore, VistA fed data into the authoritative system of record, the Enrollment System, further affecting VHA's ability to produce reliable data. Unless enrollment data are improved, VHA leadership cannot accurately track and report enrollment program performance nationally.

Conclusion

The reliability of VHA's health care enrollment data needs improvement. Limitations in the VistA system did not allow us to make a conclusive determination if FY 2015 enrollment applications were timely or supported by required documentation. This occurred because VHA lacked effective internal controls over health care enrollment data. Unless program oversight and VistA enrollment data are improved, VHA leadership cannot make reliable program-level decisions using the data.

Recommendations

4. We recommended the Acting Under Secretary for Health develop and execute a process to distinguish new applications for health care enrollment in VistA from other registration data.

5. We recommended the Acting Under Secretary for Health implement a plan to correct current data integrity issues in VistA to improve the accuracy and timeliness of enrollment data.

Management Comments

The Acting Under Secretary for Health concurred in principle with Recommendation 4, and concurred with Recommendation 5. The Acting Under Secretary stated that VHA Member Services will define and distinguish between procedures for handling new applications for health care

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[19] OMB Circular A-123, Section II, D and E.

and other registration data. Further, VHA Member Services will establish requirements and partner with the VA Office of Information and Technology to implement necessary system changes in the Enrollment System to differentiate between new applications for health care and other registration data. However, in light of VHA's transition to a new electronic medical records system, allocation of time and resources to implement system changes to VistA will be limited. The Acting Under Secretary anticipated implementation of corrective actions by June 30, 2018.

The Acting Under Secretary also stated that the HEC will establish requirements and partner with the VA Office of Information and Technology to implement system controls to identify data inconsistencies between the Enrollment System and VistA. In addition, VHA Member Services will test Enrollment System data in VistA quarterly and monitor the resolution of identified data inconsistencies. The Acting Under Secretary anticipated implementation of corrective actions by June 30, 2018. Appendix D provides the full text of the Acting Under Secretary's comments.

OIG Response   The Acting Under Secretary for Health's comments and corrective action plans are responsive to the intent of the recommendations. We will monitor implementation of planned actions and will close the recommendations when we receive sufficient evidence demonstrating progress in addressing the identified issues.

Appendix A   Background

Health Care Eligibility and Enrollment

Federal law mandated significant changes to the VA health care eligibility and enrollment process in recent decades, prompting new VA organizations and programs.

1986—Federal Law established financial means tests to determine health care eligibility for certain categories of veterans. VAMCs began collecting and reviewing means tests. In addition, Congress authorized VA to collect the cost of medical care provided to certain veterans for conditions unrelated to military service from third-party insurers and to collect copayments from certain veterans for VA health care, thus increasing the significance of eligibility determinations.[20]

1990 to 1994—Congress established per diem and co-payments for non-service connected veterans in hospitals and nursing homes in 1990. Congress also authorized VA to verify veteran financial information with the Internal Revenue Service and the Social Security Administration.[21] In 1992, VHA established the Income Verification Match Center in Atlanta, and implemented centralized income verification in 1994.

1996 to 1998—In 1996, VA was required to establish a national enrollment system based on various priority groups related to military service, service-related injuries, and financial resources.[22] Furthermore, in 1997 Congress authorized VA to retain and use fees collected from third-party insurance and co-payments, rather than returning these funds to the Department of the Treasury, which led to the growth of this program.[23] VHA expanded the Income Verification Match Center by 1998, which was renamed the Health Eligibility Center, to implement the new national VA enrollment system.

Post-9/11 Era—Some discharged combat veterans became eligible for VA health care for two years in 2002.[24] Congress authorized the extension of the benefit to five years in 2008.[25]

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[20] Public Law 99-272, the Consolidated Omnibus Budget Reconciliation Act of 1985, Title XIX: *Veteran's Programs,* Section 1901: *Eligibility for Health Care of Veterans with Non-Service-Connected Disabilities* and Section 19013: *Recovery of the Cost of Certain Health Care and Services Furnished by the Veterans' Administration.*

[21] Public Law 101-508, Omnibus Budget Reconciliation Act of 1990, Title VIII; *Veterans and Related Matters*, Section 8011: *Medical Care Recovery.*

[22] Public Law 104-262, Veterans' Health Care Eligibility Reform Act of 1996, Title I: *Eligibility Reform*, Section 104: *Management of Health Care.*

[23] Public Law 105-33, Balanced Budget Act of 1997, Title VIII: *Veterans and Related Matters*, Section 8023: *Department of Veterans Affairs Medical-Care Receipts.*

[24] Title 38 USC §1710(e)(1)(D).

Enrollment Priority Groups

In compliance with the Veterans' Health Care Eligibility Reform Act of 1996, VA established eight priority groups to manage health care enrollment and delivery. Eligible veterans are placed into a priority group based upon factors such as service-connected disabilities, income, and other special conditions.

Table 1 summarizes VA's health care enrollment priority groups and the requirements to be placed in each group.

Table 1. VA Enrollment Priority Groups

Priority Group	Definition
1	50% or greater service-connected disability
2	30% or 40% service-connected disability
3	10% or 20% service-connected disability, former POWs, Medal of Honor and Purple Heart recipients
4	Recipients of in-home care and catastrophically disabled
5	0% service-connected disability, under income limits, VA pension benefits, and Medicaid eligible
6	Radiation exposed, Project 112/Shipboard Hazard and Defense participants, Mexican border period, World War I, Vietnam veterans, Gulf War veterans, Camp Lejeune, and combat veterans
7	Under income limits
8	Over income limits

Source: OIG analysis of VA Fact Sheet 10-441

Enrollment Application Processing

Veterans may apply for enrollment in VA health care in person, by mail or telephone, or online. Both VA medical facilities and the HEC process health care enrollment applications. VA medical facilities employ 353 of 442 of VHA's enrollment workforce (80 percent). The HEC's Enrollment Eligibility Division employs the remaining 89 enrollment staff (20 percent). In general, online applications are processed by the entity denoted by the applicant as his or her preferred facility.

At VA medical facilities, the local enrollment clerk receives and enters a veteran's information into VistA, and can provide a preliminary eligibility determination if the veteran applies in person. Every night, VistA transmits

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[25] Public Law 110-181, National Defense Authorization Act for Fiscal Year 2008, Title XVII – *Veterans Matters,* Section 1707: *Extension of Period of Eligibility for Health Care for Veterans of Combat Service During Certain Periods of Hostilities and War.*

veterans' information to the Enrollment System for eligibility verification. Once verified, VA sends veterans an official enrollment determination letter.

The Enrollment System queries several other VA systems to identify qualifying military service and verify eligibility. If the query does not retrieve sufficient information to determine eligibility, the Enrollment System codes the record with a pending status awaiting additional non-financial information. VHA staff contact individuals with pending records to inform them of their status and to request the missing information.

In addition, certain enrollment priority groups require veterans to submit financial information, such as a means test or financial assessment, as part of their initial enrollment application process to establish a financial need for VA health care. Without qualifying financial information, the Enrollment System codes the record with a pending status awaiting additional financial information. The OIG's 2015 report found that applications lacking specific qualifying evidence for enrollment could remain pending for an indefinite period without closure.

In 2016, VHA conducted a mail campaign to follow up on pending enrollment records and to notify individuals how to complete the application process. The letters also served as notice that records not receiving additional information would be moved from the pending to inactive category. Veterans whose records became inactive may still submit new information at any time, or, if he or she presented at a VA medical facility to receive care, the application process could be completed at that time.

The figure on the next page outlines the general process flow for health care enrollment applications for veterans who apply at a VA medical facility.
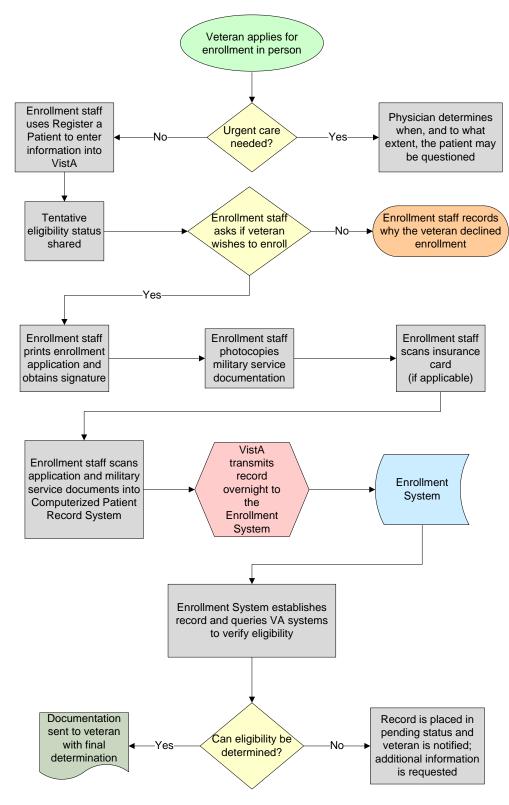
Figure 1. Health Care Enrollment Process at VA Medical Facilities

Source: OIG Analysis of VHA Enrollment Process

Appendix B   Scope and Methodology

Scope

We conducted our audit work from December 2015 through May 2017. We reviewed application enrollment activities at VA medical facilities for the period from October 2014 through September 2015.

Methodology

To achieve our objective, we identified and reviewed applicable laws, regulations, VA policies, operating procedures, and training guides. We interviewed and obtained relevant testimonial information from more than 100 employees in VHA's Member Services Division, the HEC, and various VA medical facilities nationwide. We performed site visits at the following VA medical facilities from January through June 2016:

- Washington, DC
- Tampa, FL
- Minneapolis, MN
- Memphis, TN

- Houston, TX
- Salt Lake City, UT
- Seattle, WA
- Beckley, WV

During our site visits, we conducted observations of the eligibility and enrollment sections to obtain an understanding of the local workflow processes. We interviewed management and staff regarding topics related to our audit objective.

We also reviewed a statistical sample of 275 Corporate Data Warehouse (CDW) FY 2015 health care enrollment record transactions. Appendix C contains details of our statistical sampling methodology. We performed automated testing procedures on the extracted data and obtained patient utilization history information from multiple VA information systems. We solicited each VA medical facility associated with our sample to obtain copies of health care applications and local standard operating procedures. This resulted in review of 106 out of 144 unique medical centers, including facilities under their administrative control, such as multiple divisions and clinics.

Fraud Assessment

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators. We did not identify any instances of fraud during this audit.

Data Reliability

We used computer-processed data from CDW, which were significant for our planned determination of whether applications for enrollment were processed timely and supported by required documentation. By comparing these CDW data to applications obtained from VA medical facilities, we

determined that only 127 of 275 records in the sample represented FY 2015 applications for enrollment.[26] We used the confirmed set of 127 records to estimate the universe of FY 2015 applications for enrollment and to assess processing timeliness. However, we determined that CDW data were not suitable for assessing whether these records were supported by required documentation. Except as previously noted, we believe the data we used were sufficiently reliable for this report.

Government Standards

Our assessment of internal controls focused on those controls relating to our audit objective. We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. As noted in the report, we were unable to come to any broad conclusions on timeliness or supporting documentation due to limitations in VHA's records. However, the evidence obtained provides a reasonable basis for our findings and conclusions regarding internal controls over the enrollment process at VHA facilities.

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[26] The CDW indicator concerning whether a prior enrollment record existed was not reliable.

Appendix C   Statistical Sampling Methodology

To evaluate if enrollment actions were processed timely and supported by required documentation, we conducted a simple random sample. We requested supporting documentation from VA medical facilities and attempted to trace application dates for each sample case to assess the accuracy of data in the CDW.

Population   The Enrollment System is VA's authoritative system of record for veterans' health care enrollment data. However, the Enrollment System receives data feeds from VA medical facilities using an enrollment module in VistA. This is the primary point-of-entry system for enrollment staff who process applications in the field. As such, the scope of this audit focused on enrollment data originating through VistA.

CDW is a national repository of data from VistA and several other VHA clinical and administrative systems. CDW's enrollment data consists of information including enrollment status, application date, priority group, and originating facility. Historical changes to enrollment status are captured by adding a new entry to the individual's record each time a change is made.

For audit purposes, we planned to focus on the population of CDW records associated with FY 2015 enrollment applications that were submitted through VA medical facilities from October 1, 2014, through September 30, 2015. This sampled population, based on available data descriptions, consisted of 426,657 records. However, we identified that the population included records for veterans who were previously enrolled. We estimated a population of about 197,000 applications for enrollment for FY 2015.

Sampling Design   We reviewed 275 randomly selected enrollment records for applications submitted from October 1, 2014, through September 30, 2015. However, we identified that only 127 records (46 percent) in our sample met the parameters of our objective. As a result, our analysis and conclusion were based on that subset of sample data.

Weights   We calculated estimates in this report using weighted sample data. Sampling weights are computed by taking the product of the inverse of the probabilities of selection at each stage of sampling. We used WesVar software to calculate population estimates and associated sampling errors. WesVar employs replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design.

Projections and Margins of Error   The margins of error and confidence intervals are indicators of the precision of the estimates. If we repeated this audit with multiple samples, the

confidence intervals would differ for each sample, but would include the true population value 90 percent of the time.

Our review indicated that only 197,000 enrollment records actually represented FY 2015 health care applications. The 90 percent confidence interval for the estimate of the population of FY 2015 health care applications is between 176,000 and 218,000. For our projection, we used the midpoint of the 90 percent confidence intervals.

Appendix D   Management Comments

Department of Veterans Affairs Memorandum

Date: June 29, 2017

From: Acting Under Secretary for Health (10)

Subj: OIG Draft Report, Veterans Health Administration, Audit of the Health Care Enrollment Program at Medical Facilities (VAIQ 7809163)

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

1. Thank you for the opportunity to review and comment on VA Office of Inspector General (OIG) draft report Veterans Health Administration: Audit of the Health Care Enrollment Program at Medical Facilities. I concur with recommendations 1, 2, 3, and 5, and concur in principle with recommendation 4. The attachment to this memorandum contains action plans in response to the recommendations.

2. The attachment also contains additional information regarding corrective actions taken to close recommendations to OIG *Review of Alleged Mismanagement at VHA's Health Eligibility Center* (Report No. 14-01792-510, issued September 2015 and closed October 2016).

3. If you have any questions, please email Karen Rasmussen, M.D., Director, Management Review Service at VHA10E1DMRSAction@va.gov.

(Original signed by)

Poonam Alaigh, M.D.

Attachment

VETERANS HEALTH ADMINISTRATION (VHA)
Action Plan

OIG Draft Report, Veterans Health Administration: Audit of the Health Care Enrollment Program at Medical Facilities

Date of Draft Report: May 26, 2017

Recommendations/ Actions	Status	Target Completion Date

The Veterans Health Administration's (VHA) work related to OIG Draft Report, Audit of the Health Care Enrollment Program at Medical Facilities, addresses the following High Risk area: 1-ambiguous policies and inconsistent processes; 2-inadequate oversight and accountability; 3- information technology challenges; 4-inadequate training for VA staff (Report to Congressional Committees, "GAO High-Risk Series, An Update," GAO 15-290)

Recommendation 1. We recommended the Acting Under Secretary for Health develop standardized national policy and procedures for the health care enrollment program at VA medical facilities.

VHA Comments: This recommendation relates to High Risk Area 1 (ambiguous policies and inconsistent processes). Centralization of the authority to establish and maintain standard health care enrollment policies and procedures will decrease risk of not meeting enrollment standards and improve the rate Veterans' are provided a timely and accurate enrollment experience.

Concur. With explicit authority delegated by the Acting Under Secretary for Health, VHA Member Services Health Eligibility Center, in conjunction with Member Services Business Policy, will establish and maintain health care enrollment policies and procedures, standardizing enrollment activities across all VA medical facilities (and any auxiliary locations where health care enrollment applications are accepted).

	Status:	Target Completion Date:
	In process	March 31, 2018

Recommendation 2. We recommended the Acting Under Secretary for Health implement national oversight of the health care enrollment program to continually review operations and performance of VHA medical facilities.

VHA Comments: This recommendation relates to High Risk Area 2 (inadequate oversight and accountability). Standardization of enrollment procedures will provide consistent and comparable data points, enabling key performance indicators to be established within the enrollment process for regular monitoring. This will provide VHA Leadership timely data to take accountability measures.

Concur. VHA Member Services Health Eligibility Center will identify, establish and regularly monitor a standard set of key performance indicators assessing whether enrollment program accuracy and timeliness standards are being achieved. VHA Member Services will establish an enterprise-level board to regularly assess enrollment key performance indicators not meeting the prescribed standard, assess remediation options, determine an appropriate risk response, and remediate deficiencies in a timely manner.

	Status:	Target Completion Date:
	In process	May 31, 2018

Recommendation 3. We recommended the Acting Under Secretary for Health provide mandatory and standardized training on eligibility and enrollment to ensure health care applications are processed accurately and timely.

VHA Comments: This recommendation relates to High Risk Area 4 (*inadequate training for VA staff*). Demonstrated competencies of enrollment program requirements, standards, systems and tools, achieved through completion of standardized training and proficiency assessments will significantly reduce the risk of VA personnel incorrectly performing enrollment processing functions.

Concur. Consistent with the authority delegated in Recommendation 1, VHA Member Services Health Eligibility Center, in conjunction with Member Services Enterprise Support Services, will manage and oversee the VHA's development and deployment of a standardized learning curriculum, and mandatory training for all VA personnel with access to systems and enrollment processing activities.

	Status:	Target Completion Date:
	In process	March 31, 2018

Recommendation 4. We recommended the Acting Under Secretary for Health develop and execute a process to distinguish new applications for health care enrollment in VistA from other registration data.

VHA Comments: This recommendation relates to High Risk Area 3 (information technology challenges). Centralization of the authority to establish and maintain standard health care enrollment policies and procedures will provide the necessary means to focus on the most accurate and efficient system for health care application data input and processing, decreasing risk of not meeting enrollment standards and improve the rate Veterans' are provided a timely and accurate enrollment experience.

Concur in principle. As part of the standardized policy and procedures delivered in the remediation plan for Recommendation 1, VHA Member Services will define and distinguish between procedures for handling new applications for health care and other registration data. Further, VHA Member Services will establish requirements, and partner with VA Office of Information & Technology, to implement necessary system changes in the Enrollment System to differentiate between new applications for health care and other registration data. In light of VHA's transition to a new electronic medical records system, allocation to time and resources to implement system changes to VistA will be limited.

	Status:	Target Completion Date:
	In process	June 30, 2018

Recommendation 5. We recommended the Acting Under Secretary for Health implement a plan to correct current data integrity issues in VistA to improve the accuracy and timeliness of enrollment data.

VHA Comments: This recommendation relates to High Risk Area 3 (information technology challenges). Active management of data interfaces between systems of record and user information systems significantly reduces the risk of data quality inconsistencies.

Concur. VHA Member Services Health Eligibility Center will establish requirements, and partner with VA Office of Information & Technology, to implement system controls to identify data inconsistencies between the Enrollment System (VHA's authoritative system of record for enrollment data) and VistA.

VHA Member Services will execute quarterly testing of Enrollment System data in VistA, and monitor the resolution of identified data inconsistencies as part of its remediation plan for Recommendation 2.

Status: Target Completion Date:
In process   June 30, 2018

Additional Information. In addition to the corrective actions taken to close the recommendations the VA Office of Inspector General's (OIG) *Review of Alleged Mismanagement at VHA's Health Eligibility Center* (Report No. 14-01792-510, issued September 2015, and closed October 2016), VHA Member Services Health Eligibility Center (HEC) has continued to deliver substantial enhancements to VHA's Health Care Enrollment program. The list below identifies some of the key achievements to the Enrollment program since October 2016, focused on improving accuracy and timeliness of enrollment process for Veterans and staff, in addition to significant improvements in accountability and oversight of submitted applications:

- Statutory Authority 38 USC 5102 Delivered and 365-Day Process for Pending Applications Initiated
- Establishment of Eligibility & Enrollment Call Center
- Improved Date of Death Processing (Consolidated Death Certificates and SSA)
- Online Health Care Application (HCA) Launch
- Wet Signature Requirement Removal
- Enrollment System Modernization - Phase 1 Completed
  - The Military Service Data Sharing (MSDS) interface replaced by a new web service, Enterprise Military Information Service (eMIS) - allows the system to receive military service information, improves data quality and enhances reliability
- Enrollment System Modernization - Phase 2 Completed
  - Improved capabilities for Master Veteran Index data quality and management
- Enrollment System Modernization - Phase 3 In-Progress (est. completion July 2017)
  - Increased reliability for verifying dates of death of Veterans
  - Automation of the 365 day pending letter notification process for Veterans pending military service verification or financial disclosure
  - Synchronize Veteran Contact Information with enterprise Contact Information Service (eCIS)/Health Address Management (HAM)- to validate Veterans address information
- ~ 200,000 Pending Applications Resolved (Current Pending Applications = 658,551, as of 6/13/17)
  - Including 78,393 Combat Veterans in Pending Means Test Required status
- Case Management Team Established to Review Ineligible and Rejected Applications
- Utilization of VBA Reports Surrounding Purple Heart Recipients and Service Connected Disability Rating Recipients - enroll applicants who would not otherwise have been enrolled (monthly basis)
- Manual Daily Processing of Veterans with Special Eligibility Factors (Combat Veterans/Camp Lejeune/etc.) - eliminate these populations remaining in Pending Means Test status

Notable Pending Improvements:

- Establishment of Case Management Team for Conducting Outbound Telephone Calls to Veterans Placed in a Pending Status. (Summer 2017)
- Initiate Final Closure Process for Applications Reaching the 365-day Expiration (Summer 2017)
- 24/7/365 Operations for Enrollment and Eligibility Inquiries (Summer 2017)

- Concierge For Care (Fall 2017)

- Approximately 125,000 Pending Records Updated with Date of Death Information (Summer 2017)

- A 99 Percent Accuracy Rate Standard for Eligibility Determinations (Winter 2017)

- A One-hour Initial Notification Time Standard for Enrollment Status (Winter 2017)

- Additional Communication Modalities (texting/e-mail) Integrated into Enrollment System (Winter 2017)

For accessibility, the format of the original documents in this appendix has been modified to fit in this document.

Appendix F   OIG Contact and Staff Acknowledgments

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Acknowledgments	Steven Wise, Director Candice Brown Dustin Clark Michael Derick Susanna Fischer Lee Giesbrecht Justin Kerly Shawn Steele Erin Vargas Nelvy Viguera Butler

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