DEPARTMENT OF VETERANS AFFAIRS

OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Home Improvements and Structural Alterations Program Needs Greater Oversight

AUDIT | REPORT #21-03906-226 | SEPTEMBER 22, 2022

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Executive Summary

The VA Office of Inspector General (OIG) conducted this audit to assess if the Veterans Health Administration (VHA) effectively managed the Home Improvements and Structural Alterations (HISA) Program to provide benefits to eligible veterans. The HISA program, administered by VHA's Prosthetic and Sensory Aids Service (PSAS), provides beneficiaries with monetary payments to make medically necessary improvements and alterations to their primary residence.[1]

The program provides beneficiaries with limited lifetime benefits of up to $2,000 or $6,800.[2] Veterans are eligible to receive up to $6,800 if they apply to address a service-connected disability, a compensable disability treated "as if" it is a service-connected disability, or a non-service-connected disability if the veteran has a service-connected disability rated at least 50 percent disabling.[3] Veterans who apply to address a non-service-connected disability who do not meet the eligibility requirements for the higher benefit are eligible to receive up to $2,000.

The program allows for various improvements and alterations to a veteran's residence, such as providing access to or exit from the primary residence and use of essential lavatory and sanitary facilities. Improvements and alterations like the purchase or installation of spas, hot tubs, Jacuzzi-type tubs, home security systems, and porch lifts are excluded under the program.[4] VHA spent about $206 million on the program from fiscal year (FY) 2017 through FY 2021.

What the Audit Found

Although staff at medical facilities generally approved veterans for the appropriate lifetime benefit amounts, oversight weaknesses in VHA's management of the HISA program resulted in some overpayments. Medical facilities overpaid an estimated 2,603 veterans by an estimated $10.6 million from October 2016 through September 2021, or about $2.1 million annually.[5] Over the same period, they also paid an estimated $935,000 for improvements and alterations that

[1] Beneficiaries are veterans or service members who are awarded or are eligible to receive HISA benefits. Service members who are undergoing a medical discharge for a permanent disability are eligible for HISA benefits. Service members would also be eligible for benefits while hospitalized or receiving outpatient care, services, or treatment for the disability.

[2] The eligibility requirements for these lifetime benefit amounts are defined in Title 38 of the Code of Federal Regulations (C.F.R.) § 17.3105 (2014).

[3] The Veterans Benefits Administration's disability compensation program provides tax-free monthly benefits to veterans as compensation for the effects of disabilities caused by diseases or injuries incurred or aggravated during military service. These disabilities are known as "service-connected disabilities." Service-connected disability ratings are assigned based on the severity of a veteran's service-connected condition, from zero to 100 percent. These ratings determine a veteran's monthly disability compensation and eligibility for other VA benefits.

[4] VHA Directive 1173.14, *Home Improvements and Structural Alterations Program*, December 26, 2017.

[5] The audit team reviewed a statistical sample of veterans who received at least one HISA benefit transaction from October 2016 through September 2021. Appendixes A and B provide more detail on the audit scope and methodologies, including sampling.

were not supported by clinicians' prescriptions/consults, which provide diagnoses and medical justifications for program coverage.[6] Furthermore, VHA was unable to effectively monitor adherence to program timelines—that is, how soon staff at medical facilities approved or denied applications and whether veterans requested, and facilities made, the final payment on schedule. This occurred because medical facilities and Veterans Integrated Service Networks (VISNs) did not develop procedures to do so.

Overpayments, payments for improvements and alterations not documented as medically necessary, and the inability to effectively monitor HISA timelines occurred because facility chiefs of prosthetics or facility prosthetic representatives (both of which are referred to in this report as HISA program coordinators) did not

- always correctly apply eligibility requirements for the $6,800 lifetime benefit when veterans applied to address non-service-connected disabilities,
- always obtain or maintain documentation to support the medical necessity for all completed improvements and alterations, or
- develop procedures to monitor adherence to program timelines.

Correctly determining whether a veteran is eligible for the $6,800 lifetime benefit to address a non-service-connected disability is further complicated when VHA provides inaccurate information on program eligibility. The HISA directive provides a link to VHA's publicly accessible Rehabilitation and Prosthetic Services website,[7] which states that the $6,800 lifetime benefit may be provided for "veterans who have *a non-service-connected* condition rated 50 percent or more service connected" (emphasis added).[8] This information is incorrect because a non-service-connected condition cannot be rated as a service-connected condition. A non-service-connected condition is one that was incurred when the veteran was not in service and cannot by definition be rated as "service connected."

Finally, data on HISA spending were not always accurately reported in the National Prosthetics Patient Database. National Prosthetics Patient Database inaccuracies have been a persistent issue and were cited in a prior OIG report, which included a recommendation to address this problem.[9]

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[6] The OIG determined the $935,000 constituted unknown costs because the individual amounts lacked support to justify the medical need for the improvements and alterations. According to Office of Management and Budget Circular A-123, app. C, part I-B, "If a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment." The OIG does not consider these costs an improper payment; however, the OIG is questioning these costs. Appendix C details the monetary benefits identified during this audit.

[7] VHA Directive 1173.14, p. 10.

[8] The audit team viewed this website several times throughout the audit, and as of April 1, 2022, this language still appeared on the website.

[9] VA OIG, *Better Oversight of Prosthetic Spending Needed to Reduce Unreasonable Prices Paid to Vendors*, Report No. 20-01802-234, September 23, 2021.

What the OIG Recommended

The OIG recommended the under secretary for health coordinate with the PSAS executive director to (1) issue guidance on eligibility requirements and communicate this guidance to all staff responsible for the HISA program, (2) include a check of veteran eligibility for non-service-connected disability benefits in VISN prosthetic representatives' annual reviews of medical facilities' prosthetics programs, and (3) correct the inaccurate information on the program website regarding eligibility. The OIG also recommended that the under secretary for health, in coordination with the assistant under secretary for health for operations and the PSAS executive director, (4) make sure medical facilities or VISNs ensure the approval and justification for all improvements and alterations are documented in veterans' HISA packages, as well as (5) monitor the dates that the documentation was received to ensure adherence to HISA timelines.

VA Comments and OIG Response

The under secretary for health concurred with all five recommendations. The PSAS executive director will develop business practice guidelines, update the program directive, and develop and execute a training plan for all prosthetic representatives administering the program to clarify HISA eligibility requirements. PSAS will also amend VISN prosthetic representatives' site visit tool and educate VISN prosthetic representatives on how to assess the accuracy of eligibility determinations for veterans with non-service-connected disabilities. The program SharePoint site and external website will be updated with accurate information on HISA eligibility requirements, and business practice guidelines and a checklist will be implemented to help make sure that veterans' HISA packages include all required documentation to justify improvements and alterations paid for with program funds. PSAS will also update the HISA directive and related business practice guidelines to include timeliness measures to track when documentation is received and help make sure VISN and medical facility leaders take corrective action when standards are not met. Additionally, PSAS will develop capabilities to allow for date monitoring to assess the timeliness of the HISA process.

The under secretary for health's planned corrective actions are responsive to the recommendations. The OIG will monitor VHA's progress on its proposed actions for these recommendations until their intent is addressed and will then close these recommendations. Appendix D includes the full text of the under secretary's comments.

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Contents

Abbreviations

C.F.R.	Code of Federal Regulations
FY	fiscal year
HISA	Home Improvements and Structural Alterations
NPPD	National Prosthetics Patient Database
OIG	Office of Inspector General
PSAS	Prosthetic and Sensory Aids Service
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

Introduction

The Home Improvements and Structural Alterations (HISA) Program, administered by the Veterans Health Administration's (VHA) Prosthetic and Sensory Aids Service (PSAS), provides monetary payments to beneficiaries for medically necessary improvements and structural alterations to their primary residences.[10] The primary residence is the home where the beneficiary resides. Veterans residing in medical foster homes and group homes are also eligible to use the program. The program allows for improvements and alterations for several purposes, such as allowing entrance to or exit from the primary residence, use of essential lavatory and sanitary facilities, and accessibility to kitchen or bathroom sinks or counters. The costs of some improvements and alterations are excluded from the program, such as routine repairs and the purchase or installation of spas, hot tubs, Jacuzzi-type tubs, home security systems, porch lifts, and stair glides. VHA spent about $44.2 million on this program in fiscal year (FY) 2021. The VA Office of Inspector General (OIG) conducted this audit to assess if VHA effectively managed the HISA program to provide benefits to eligible veterans.

HISA Program Lifetime Benefit Amounts

Veterans are eligible for lifetime benefit amounts of up to $6,800 or $2,000 through the HISA program.[11] Eligible veterans may use their benefit amounts to pay for more than one home alteration until the benefit is exhausted.

The $6,800 benefit applies to veterans seeking to address a

- service-connected disability,
- compensable disability treated "as if" it is a service-connected disability and for which the veteran is entitled to medical services (for example, a disability a veteran acquired through treatment or through VA-provided vocational rehabilitation),[12] or

[10] Beneficiaries are veterans or service members who are awarded or are eligible to receive HISA benefits. Service members who are undergoing a medical discharge for a permanent disability are eligible for HISA benefits. Service members would also be eligible for benefits while hospitalized or receiving outpatient care, services, or treatment for the disability.

[11] 38 C.F.R. § 17.3105 (2014). These are the lifetime benefit amounts available to veterans and service members who apply for HISA benefits on or after May 5, 2010. Lifetime benefit amounts available before May 5, 2010, were $1,200 and $4,100.

[12] 38 U.S.C. § 1710(a)(2)(C) (2021).

- non-service-connected disability if the veteran has a service-connected disability rated at least 50 percent disabling.[13]

The $2,000 benefit applies to those seeking benefits to address a disability not covered above.

HISA Program Spending

HISA program spending rose steadily from FY 2017 to FY 2019, and the number of beneficiaries increased from about 8,700 to about 9,900 before the COVID-19 pandemic. The rise of spending resumed in FY 2021 to about $44.2 million, while the number of beneficiaries decreased slightly (figure 1).[14]

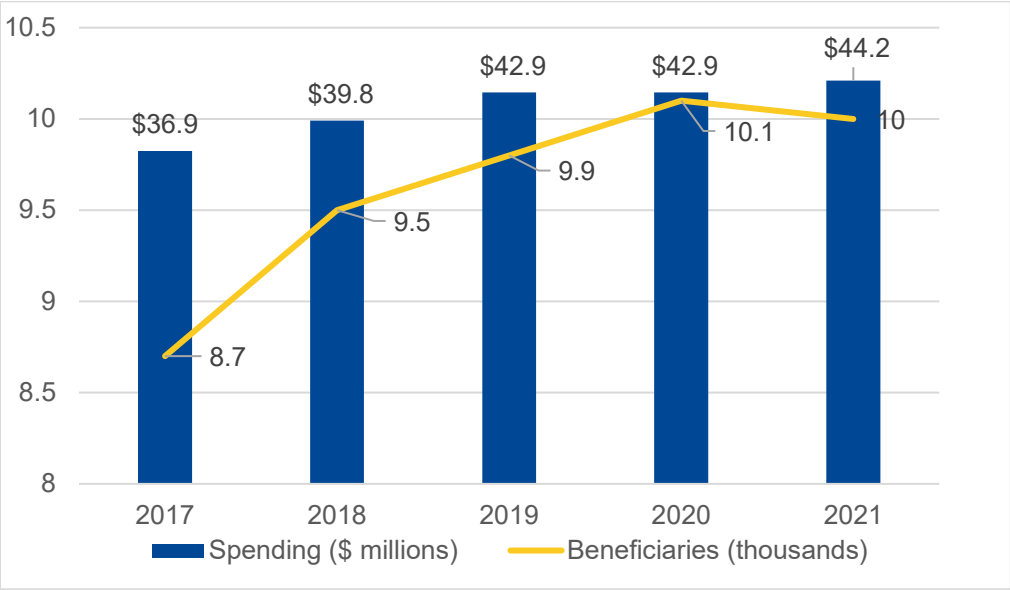

Figure 1. *HISA spending and beneficiaries receiving benefits from FY 2017 through FY 2021.*
Source: VA OIG analysis of VA's Pyramid Analytics data for prosthetic spending from FY 2017 through FY 2021.

HISA Program Regulations and Guidance

Program eligibility and benefits are established in regulation, whereas responsibilities and authorities for staff at the national, Veterans Integrated Service Network (VISN), and medical facility levels are defined in national policy. Timeliness standards are also established in

[13] The Veterans Benefits Administration's disability compensation program provides tax-free monthly benefits to veterans as compensation for the effects of disabilities caused by diseases or injuries incurred or aggravated during military service. These disabilities are known as "service-connected disabilities." Service-connected disability ratings are assigned based on the severity of a veteran's service-connected condition, from zero to 100 percent. These ratings determine a veteran's monthly disability compensation and eligibility for other VA benefits.

[14] VA's budgets do not include information related to the HISA program for FY 2022. Instead, they provide information for the overall prosthetics program.

regulation and national policy. VISN or medical facility policies define processes to implement the program locally.

- **Code of Federal Regulations (C.F.R.).**[15] The C.F.R. implements the HISA program and provides requirements for determining eligibility for benefits, as well as for establishing the lifetime benefit amounts. This regulation also establishes timelines for notification and payments to veterans throughout the HISA process.
- **VHA guidance.**[16] The VHA directive provides the overall responsibilities and requirements for the program and directs medical facility directors or VISN prosthetic representatives to develop and enforce policy memorandums to implement the program. This directive also establishes the requirement for notifying veterans of the required documentation for a complete HISA package.
- **VISN or facility policies.** These local policies detail facility-specific responsibilities and operational procedures for the program.

Governance Structure

The responsibilities of the positions below are detailed in VHA Directive 1173.14 for the HISA program across national, VISN, and VA medical facility levels:

- **Assistant under secretary for health for operations.**[17] The assistant under secretary ensures VISNs have the resources to fulfill the terms of the directive and oversees networks' compliance with the directive.
- **Executive director of PSAS.**[18] The executive director oversees program policy, allocating budgetary resources, and monitoring budget execution for the program.
- **HISA program subject matter expert.** According to the PSAS executive director, a VHA program analyst is assigned as the HISA program subject matter expert; however, this role is not included in VHA Directive 1173.14. The program analyst serving in this role said the duties consist of developing policy, regulation, and legislative proposals for the program and answering medical facilities' HISA benefit questions.

[15] 38 C.F.R. §§ 17.3100–17.3130 (2014).

[16] VHA Directive 1173.14, *Home Improvements and Structural Alterations Program*, December 26, 2017.

[17] VHA Directive 1173.14 lists this position as deputy under secretary for operations and management; however, the VHA organization chart, as of August 9, 2022, lists this position as assistant under secretary for health for operations.

[18] VHA Directive 1173.14 lists this position as national director; however, the team confirmed with the official functioning in this position that the title is executive director of PSAS.

- **VISN prosthetic representative or VA medical facility director.** Staffing resources at each medical facility inform which position—the VISN prosthetic representative or facility director—is responsible for program implementation and oversight, which includes developing and enforcing VISN or local policy memorandums to implement the program.
- **Major medical equipment/HISA committee.** Each facility should have a committee responsible for evaluating and approving or disapproving facility HISA requests and estimates. Not every HISA application requires review by the committee. Projects that are complex, unusual, or not routine or customary should be reviewed by the committee. Committee members typically include staff from physical medicine and rehabilitation, occupational therapy, and care management or social work.
- **Medical facility chief of prosthetics or facility prosthetic representative (both are referred to in this report as HISA program coordinators).** HISA program coordinators monitor program operations to ensure appropriate funding and consistency in administration of the program; ensure completeness of HISA requests and adherence to all timelines for notifications and payments; determine which program applications should be presented to the major medical equipment/HISA committee; and notify the beneficiary in writing whether the program application was approved or denied.
- **VHA physician or prescribing clinician.** This individual initiates the HISA process and develops and submits a prescription/consult that includes the diagnosis and medical justification for program coverage, along with a description of the improvements or alterations and all items requiring installation in the veteran's residence.

HISA Application and Payment Process and Timelines

The HISA process is administered locally at VA medical facilities by each facility's PSAS. HISA benefit payments are made to veterans directly, with the intent that they use the benefits to pay for the cost of approved home improvements or structural alterations. The steps associated with the process at medical facilities are detailed in figure 2 on the next page.[19] Many of the key documents detailed in the figure are provided to and submitted by the veteran in paper format.

[19] 38 C.F.R. §§ 17.3120–17.3130 (2014); VHA Directive 1173.14. These two sources establish timelines for HISA requests and payments.

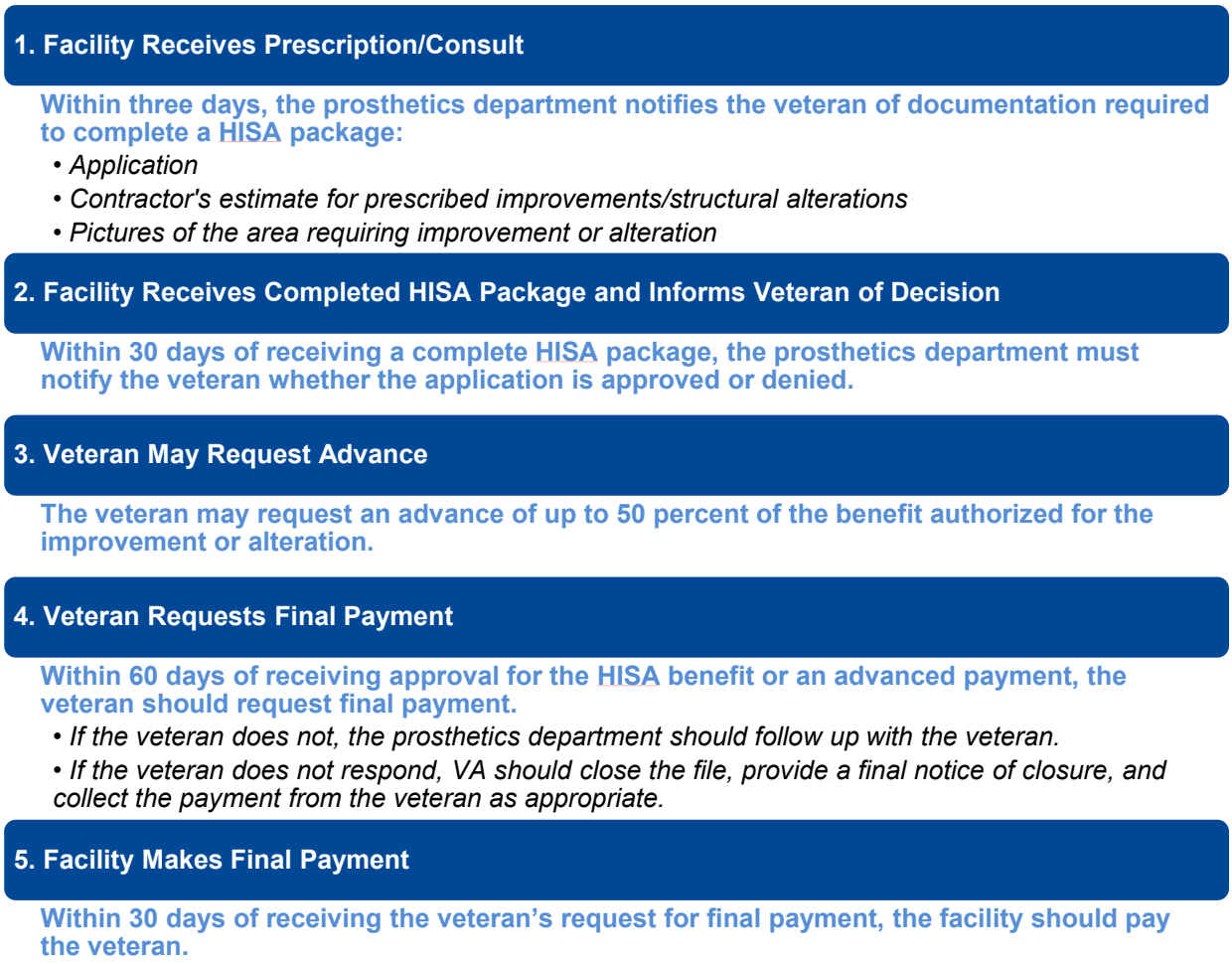

Figure 2. *HISA application and payment process.*

Source: VA OIG analysis of 38 C.F.R. §§ 17.3120–17.3130 and VHA Directive 1173.14.

Results and Recommendations

Finding: Veterans Typically Received Appropriate Benefits, but Weak Oversight Led to Some Overpayments and Poor Data

Although medical facility staff generally approved veterans for the appropriate lifetime HISA benefit amount of $6,800 or $2,000, an estimated 2,603 veterans (about 6 percent) received benefits to which they were not entitled from October 2016 through September 2021. Veterans were mostly overpaid because HISA program coordinators did not correctly apply veterans' eligibility for the $6,800 benefit to address non-service-connected disabilities. Some facility HISA program coordinators incorrectly approved veterans for the $6,800 benefit if their *combined* service-connected disability rating (rather than a single rating) was 50 percent or more.[20] As a result, VHA overpaid veterans an estimated $10.6 million for that period.[21]

Another problem the team identified was that VHA issued payments for home improvements and structural alterations that were not included on a clinician's prescription. Some veterans used their benefits to cover home improvements and structural alterations that were not indicated on a clinician's prescription, and because HISA program coordinators did not have documentation of the medical necessity for all completed improvements and alterations, VHA paid these veterans an estimated $935,000 during the audit period.[22]

Additionally, VHA cannot effectively monitor the timeliness of the HISA process, nor can it depend on the data in the National Prosthetics Patient Database (NPPD).[23] Medical facilities and VISNs did not develop procedures to monitor the timeliness of the process. Moreover, HISA spending data is affected by persistent inaccuracies in NPPD, which prosthetic representatives,

[20] When a veteran has multiple disability ratings, VA calculates a combined disability rating using the "whole person theory." As a person cannot be more than 100 percent able bodied, the person also cannot be more than 100 percent disabled. Therefore, disability ratings are not additive. When a claimant has multiple disability ratings, VA uses a table to calculate the combined VA disability rating.

[21] OMB Circular A-123, app. C, part I, "Requirements for Payment Integrity Improvement," March 5, 2021. The OIG determined the $10.6 million overpaid to veterans constituted an improper payment because veterans were not entitled to the money under the federal HISA regulation. According to Circular A-123, "a payment is 'improper' if it was made in an incorrect amount or to the wrong recipient."

[22] Some veterans who received benefits to pay for improvements and alterations that were not on a prescription also received the incorrect benefit amount (e.g., $6,800 instead of $2,000). The audit team took steps to ensure costs associated with these issues were not duplicated. The OIG determined the $935,000 constituted questioned costs because the individual amounts lacked support to justify the medical need for the improvements and alterations. According to OMB Circular A-123, app. C, part I-B, "If a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment." The OIG does not consider these costs an improper payment; however, the OIG is questioning these costs.

[23] NPPD captures data on veterans, their eligibility for receiving prosthetic(s), and the type of prosthetic treatment received at a facility. The database also captures facility information on prosthetic costs, vendor sources, and purchasing agents.

national and regional prosthetic program managers, and other prosthetics employees use to provide financial and clinical oversight of the prosthetics program. The OIG made a recommendation in September 2021 regarding the need to improve the data.[24]

What the OIG Did

During the audit period—from October 2016 through September 2021—VA spent about $206 million on the HISA program. Using NPPD, the audit team identified 43,942 veterans who had at least one HISA benefit transaction in NPPD. The team reviewed a sample of 155 in-scope veterans who had at least one HISA transaction and requested documentation from VHA medical facilities that supported the selected veterans. Documentation included prescriptions/consults for HISA benefits, before and after photos, and contractor estimates and invoices for proposed and completed improvements and alterations. When the team identified an error during the review of facility HISA files, the team followed up with HISA program coordinators to obtain any additional documentation before making a final determination about whether the facility committed an error in administering program benefits.

To gain an understanding of oversight and administration of the HISA process, the team interviewed prosthetic representatives for eight VISNs, HISA program coordinators and prosthetic staff at 15 medical facilities, and the PSAS HISA program subject matter expert. The team also communicated with 16 medical center directors to gain an understanding of their awareness of their responsibilities for primary oversight and implementation of the program at their medical facilities. To learn more about how the program is managed at facilities, the team conducted a survey of 135 HISA program coordinators and obtained about a 96 percent response rate.

This finding builds on the following determinations:

- Medical facilities overpaid veterans because HISA program coordinators misapplied the eligibility requirements.
- HISA application packages lacked sufficient documentation to justify payment for all completed improvements and alterations.
- Medical facilities and VISNs lack oversight of HISA timelines.
- HISA spending data are affected by persistent inaccuracies in NPPD.

[24] VA OIG, *Better Oversight of Prosthetic Spending Needed to Reduce Unreasonable Prices Paid to Vendors*, Report No. 20-01802-234, September 23, 2021.

Incorrect Application of Eligibility Requirements for Non-Service-Connected Disabilities Resulted in Overpayments to Some Veterans

The audit team found HISA program coordinators generally approved veterans for the appropriate lifetime benefit amounts; however, they did not always correctly apply the program eligibility requirements when determining if a veteran should receive the lifetime benefit of $6,800. Requirements were most frequently applied incorrectly during instances in which a veteran applied for benefits to address a non-service-connected disability.[25] The $6,800 lifetime benefit may be awarded if a veteran "applies for HISA benefits to address a nonservice-connected disability, if the beneficiary has a service-connected disability rated at least 50 percent disabling."[26] VA assigns veterans a disability rating based on the severity of their service-connected condition. When a veteran has multiple disability ratings (meaning more than one service-connected disability), VA calculates a combined disability rating.[27] Where the regulation says, "*a* service-connected disability" (emphasis added), the OIG interprets this language to mean one service-connected disability rather than the veteran's combined service-connected disability rating, which represents a combination of ratings for multiple disabilities. The PSAS HISA program subject matter expert agreed with the OIG's interpretation. The subject matter expert also reported that the VA Office of General Counsel agreed with this interpretation of the eligibility requirements for the $6,800 lifetime benefit.

HISA program coordinators are responsible for reviewing each HISA request, initiating payment, and recording veterans' lifetime benefit amounts in their patient records.[28] Although the directive does not indicate who is responsible for determining the lifetime benefit amount beneficiaries are eligible for, the audit team found that HISA program coordinators typically make this determination. Only 20 of 130 surveyed HISA program coordinators (15 percent) responded that they use a veteran's individual service-connected disability rating to determine eligibility for the lifetime benefit to address a non-service-connected disability. The remaining coordinators said they use different approaches, such as a veteran's combined service-connected disability rating or both a veteran's combined service-connected disability rating and individual service-connected disability rating(s). When reviewing program applications, the team found instances like the one in example 1 in which HISA program coordinators did not use a veteran's

[25] The audit team found other issues that were not system-wide, related to instances like lack of documentation to support a service-connected disability or approving the $6,800 benefit even though the veteran was not eligible for it.

[26] 38 C.F.R. § 17.3105(b)(iii) (2014).

[27] Service-connected disability ratings determine a veteran's monthly disability compensation and eligibility for other VA benefits. VA calculates a combined disability rating using the "whole person theory" for veterans with multiple disability ratings. As a person cannot be more than 100 percent able bodied, the person also cannot be more than 100 percent disabled. As a result, VA disability ratings are not additive.

[28] VHA Directive 1173.14.

individual disability rating(s) when determining eligibility for the $6,800 lifetime benefit, but instead incorrectly used the combined rating.

Example 1

A veteran was approved for the $6,800 benefit to modify a bathroom. The modification was needed to create a walk-in shower because the veteran had difficulty getting into and out of the combination shower and tub. The veteran did not have a single service-connected disability rating of at least 50 percent but did have a combined rating of 50 percent. The HISA program coordinator confirmed that the veteran's combined rating was used as the basis for providing the veteran the higher benefit.

Medical facilities overpaid an estimated 2,603 of 43,858 veterans by an estimated $10.6 million from September 2016 through October 2021 (an average of about $2.1 million per year) because HISA program coordinators incorrectly applied the program regulation. The OIG determined these to be improper payments.

Inaccurate Information on Lifetime Benefit Amounts

The current HISA directive defines program eligibility for veterans and service members, but it does not define eligibility requirements for the $6,800 benefit to address non-service-connected disabilities. Instead, it includes references to the HISA regulation.[29] The PSAS HISA program subject matter expert told the audit team that the language about eligibility for lifetime benefit amounts is in the regulation and was not included in the directive because the VA Office of General Counsel recommended against including it.

As noted earlier, the correct interpretation of the requirement for the $6,800 benefit to address a non-service-connected disability is to assess whether the veteran has a single service-connected disability rated at least 50 percent. However, correctly determining whether a veteran is eligible for the $6,800 lifetime benefit to address a non-service-connected disability is further complicated when VHA provides inaccurate information on program eligibility. The HISA directive provides a link to VHA's publicly accessible Rehabilitation and Prosthetic Services website,[30] which states that the $6,800 lifetime benefit may be provided for "veterans who have *a non-service-connected* condition rated 50 percent or more *service connected"* (emphasis added).[31] This information is incorrect because a non-service-connected condition cannot be rated as a service-connected condition. A non-service-connected condition is one that was

[29] 38 C.F.R. §§ 17.3100–17.3130 (2014).

[30] VHA Directive 1173.14, p. 10.

[31] The audit team viewed this website several times throughout the audit, and as of April 1, 2022, this language still appeared on the website.

incurred when the veteran was not in service and by definition cannot be rated as "service connected."

The audit team also learned that some VISN prosthetic representatives were using unclear guidance from an old HISA handbook—issued in 2008 and rescinded by the current HISA directive in 2017—to develop processes for determining veterans' eligibility for the $6,800 lifetime benefit.[32] The rescinded guidance defines "a veteran rated 50 percent or more service connected" as being eligible for the $6,800 benefit to address a non-service-connected disability. Although this guidance does not explicitly state which service-connected disability rating to use—individual or combined—when determining eligibility, using "a veteran rated" implies the veteran's combined service-connected disability rating, which describes the veteran's disability rating as a whole. It would have been more accurate for the now rescinded guidance to read, "The veteran has *a* service-connected disability rated at least 50 percent or more disabling" (emphasis added), as stated in the federal HISA regulation. Two of the eight VISN prosthetic representatives the team interviewed reported that their eligibly determination process for the $6,800 lifetime benefit is based on the 2008 handbook.

Furthermore, the audit team found three medical facilities and one VISN had HISA policies that included the unclear information from the rescinded 2008 HISA handbook. One facility's local procedure even included the incorrect information from VHA's Rehabilitation and Prosthetic Services website regarding veterans' eligibility for the $6,800 benefit.

Lack of Formal Guidance and Limited Training Provided

According to federal standards, managers should use and communicate quality information throughout their organizations to achieve their objectives.[33] The audit team found PSAS makes information regarding the program available to all prosthetic staff via its SharePoint site. Additionally, the team learned PSAS provided training to staff in the field on correctly applying the eligibility requirement for the $6,800 benefit to address a non-service-connected disability. Despite these efforts, the team concluded that communication needs improvement because HISA program coordinators continued to incorrectly apply the eligibility requirements.

The PSAS HISA program subject matter expert told the team that training was provided to all prosthetic staff about two years ago as part of a national call. However, the team observed that the information included in the agenda from the call was unclear. The guidance stated that facilities should use veterans' individual disability ratings when determining veteran eligibility but did not explicitly direct them *not* to use veterans' combined disability ratings and only recommended that facilities not do so because PSAS was still working with the VA Office of General Counsel for clarification. The subject matter expert told the audit team that during a

[32] VHA Handbook 1173.14, *Home Improvements and Structural Alterations Program*, April 18, 2008.

[33] GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

discussion with the VA Office of General Counsel, they agreed that the combined rating should not be used; however, the team concluded PSAS did not provide any additional training to the field with this update. Some HISA program coordinators the audit team spoke to did not recall receiving any training or guidance regarding eligibility for the benefit amounts. According to the subject matter expert, all staff (more than 600) are invited to attend the national calls, but attendance is not taken due to the large number of participants.

VISN prosthetic representatives were also unclear on the eligibility requirements for determining when a veteran would receive the $6,800 benefit to address a non-service-connected disability. The subject matter expert reported to the team in December 2021 that PSAS provided clarification to the prosthetic representatives about a year earlier; however, five of eight prosthetic representatives interviewed by the team reported they used different methods to determine eligibility, and most said they would use the veteran's *combined* disability rating to determine eligibility for the $6,800 benefit. One representative reported planning to continue to use the veteran's combined service-connected disability rating until formal notification came from the VA Office of General Counsel. The PSAS subject matter expert said the VA Office of General Counsel agreed that the combined service-connected disability rating should not be used; however, this was an informal agreement, and nothing was provided in writing to PSAS. PSAS did not issue any formal guidance to the field that the combined rating should not be used to determine eligibility for the $6,800 benefit to address a non-service-connected disability.

PSAS needs to take steps to clearly communicate veteran eligibility for the $6,800 benefit to address non-service-connected disabilities. These steps should include issuing formal guidance to all prosthetic staff with responsibility for the HISA program, providing annual training in correctly interpreting and applying the HISA regulation, and correcting inaccurate information available to the public on VA's website. Additionally, PSAS needs to make sure VISN prosthetic representatives include a review of veteran eligibility for HISA benefits during their annual reviews of medical facilities' prosthetic programs. Doing so will help reduce medical facilities' risk of overpaying veterans.

Formal Guidance Requested by PSAS

The PSAS HISA program subject matter expert said PSAS requested a formal opinion from the VA Office of General Counsel in March 2022 regarding eligibility requirements for the $6,800 benefit to address a non-service-connected disability. According to the subject matter expert, the VA Office of General Counsel drafted a formal opinion, but the opinion has not been issued because it is still undergoing review. The subject matter expert did not know when the VA Office of General Counsel would issue its formal opinion; however, as previously discussed, the subject matter expert reported that the VA Office of General Counsel agreed a veteran's combined service-connected disability rating should not be used to determine eligibility for the $6,800 benefit to address a non-service-connected disability.

HISA Packages Lacked Sufficient Documentation to Justify Payment for All Completed Improvements and Alterations

HISA program coordinators are responsible for reviewing each program request and making sure all documentation is received and complete for each application. This includes ensuring that the prescription describes the area of the home to be improved or structurally altered, the type of modification, and all items requiring installation. Additionally, the prescription must include the medical justification for the type of improvement or alteration being prescribed, which should demonstrate the clinical appropriateness of the project.[34]

While the audit team found HISA program coordinators mostly made sure veterans used approved benefits for improvements and alterations that were medically necessary and justified, the team estimated that from October 2016 through September 2021 veterans spent an estimated $935,000—or about $187,000 per year—of their benefits on improvements and alterations that were not supported by a prescription or subsequently approved by a physician or clinician. The audit team could not determine if these payments were proper or improper due to insufficient or lack of documentation to support the justification and necessity of the improvements and alterations associated with these payments. The OIG considers these payments to be unknown and questions these costs.[35]

When reviewing documentation for sampled HISA transactions, the team found instances (such as in example 2) in which HISA program coordinators approved benefits for improvements and alterations that were not in the prescription.

Example 2

A facility's prosthetics service received a prescription requesting the installation of a roll-in shower and toilet and the widening of a doorway for a veteran through the program. The veteran was approved for the $6,800 benefit and had the roll-in shower and toilet installed and the bathroom doorway widened. However, the veteran also had a new sink installed, as well as flooring throughout the bathroom. While these items might have been eligible under the program, there was nothing in the veteran's HISA file to medically justify them. The total cost of the project was $6,800, of which $975 was for the cost of materials for the sink and flooring.

Most HISA program coordinators the audit team interviewed reported they would request an addendum to the consult or include some documentation to support any items added. However, of 155 transactions reviewed, the team determined that 15 lacked documentation to support the

[34] VHA Directive 1173.14.

[35] OMB Circular A-123, app. C, part I-B.

need for all completed improvements and alterations and considered the costs associated with these improvements and alterations unsupported. Before making this determination, the audit team gave staff at medical facilities the opportunity to provide additional documentation, which may not have been provided to the team initially, to demonstrate that these improvements and alterations were needed and supported by the HISA prescription or subsequent approval from a clinician. Documentation for unsupported transactions, however, was not available.

Local Processes Do Not Detail Procedures for Ensuring HISA File Documentation Supports Completed Improvements and Alterations

Medical facilities are required to have a local policy or memorandum to implement the HISA program. In the absence of a facility policy, the VISN should establish one to implement the program across the network. These policies should include facility-specific responsibilities and procedures.[36] About 64 percent of HISA program coordinators (83 of 130) reported on the OIG's survey that they did not have or did not know whether their facility had a local program policy. Similarly, 63 of these coordinators reported their VISN did not have, or they did not know if their VISN had, a policy to implement the program. Among facilities and VISNs that do have their own policies, the audit team judgmentally selected and reviewed eight facility and four VISN policies and found none explained how to obtain and document approval of improvements or alterations not included in the original prescription.

When a physician or clinician prescribes improvements or alterations that are determined to be medically necessary for the veteran, they should be itemized on the prescription.[37] Any additional improvements or alterations made or needed should be discussed with and approved by a physician or clinician before payment is made to the veteran for them. Once the lifetime benefit amount of $2,000 or $6,800 is expended—on improvements or alterations that were prescribed or not prescribed—veterans are not eligible for additional benefits. To protect veterans' benefits, medical facilities should have procedures to document the necessity and approval of all improvements and alterations made during the HISA process.

Medical Facilities and VISNs Lack Oversight of HISA Timelines

The federal HISA regulation, as well as the HISA directive, sets forth timelines for notifications and payments.[38] For example, no later than 60 days after the application is approved or no later than 60 days after the advance payment is made, the beneficiary must submit a final payment request. According to VHA Directive 1173.14, the HISA program coordinators are required to ensure adherence to all timelines for notifications and payments; however, the directive does not

[36] VHA Directive 1173.14.

[37] VHA Directive 1173.14.

[38] 38 C.F.R. §§ 17.3100–17.3130 (2014); VHA Directive 1173.14.

establish an oversight requirement for someone above this level to monitor the coordinators' adherence to the timelines. Although the facility medical center director or the VISN prosthetic representative is charged with oversight of the program, the audit team found there is no control in place to ensure HISA program coordinators are adhering to HISA timelines.

Some VISN prosthetic representatives reported they do not have formal processes to regularly monitor timelines. Instead, two of seven reported they review timelines when they conduct a random review of HISA packages during their annual facility site visits. Additionally, some representatives said the responsibility to monitor timelines falls to either the chief of prosthetics or the facility prosthetic representative. Most of the medical center directors the team communicated with, who have primary implementation and oversight responsibility of the program at their facilities, reported that these duties have been delegated to their local chiefs of prosthetics. HISA program coordinators and prosthetic staff interviewed by the audit team at four of 15 facilities reported that oversight of timelines falls to them locally, while coordinators and staff at five of 15 facilities said there was no oversight of timelines by the VISNs at all, or they were unaware of it.

When timelines are not met, coordinators should follow up with veterans on the status of the project. For cases in which the audit team could reasonably determine that HISA projects did not meet timelines (like the one in example 3), most packages lacked documentation showing the program coordinator followed up.

Example 3

The team found that a veteran was notified of approval for HISA benefits in April 2021 and received an advance payment in May 2021. The veteran should have submitted a request for final payment within 60 days of receiving the advance (or by July 2021) but did not. The former HISA program coordinator did not follow up with the veteran until December 2021, when the audit team requested supporting documentation for the transaction. The current coordinator mentioned taking over the HISA responsibilities from the former coordinator and was not able to provide documentation of why no action was taken.

Medical facilities or VISNs should have procedures in place for overseeing the HISA process. These procedures should include steps to monitor timelines of the process, follow up when timelines are not met, and make sure appropriate action is taken.

Local Processes Do Not Detail Monitoring Procedures for Ensuring Adherence to HISA Timelines

As previously discussed, medical facilities or VISNs are required to have a policy that provides facility-specific responsibilities and procedures for implementing the HISA program. However, most facilities and VISNs do not. Of the facilities and VISNs that did, the audit team reviewed

eight facility and four VISN policies and found that none included procedures for monitoring HISA timelines, such as who is responsible for monitoring them, how often they should be monitored, or how and where to capture data necessary for monitoring.

One of the four VISN policies reviewed by the audit team included instructions for monitoring open obligations at least once a month; determining whether corresponding HISA projects were completed, in progress, or canceled; and taking appropriate action. HISA program coordinators interviewed by the team also discussed monitoring open obligations to track the status of HISA projects. While tracking open obligations may provide the status of outstanding projects, it does not provide insight into whether facilities are providing approval or disapproval of benefits to the veteran within 30 days of receiving the complete HISA application.

Missing Dates Make It Difficult to Provide Oversight of HISA Timelines

The HISA process consists largely of paper forms processed manually at the medical facility. The majority of HISA packages reviewed by the audit team lacked any information—such as a manual notation or a date stamp—to show when staff at the medical facility received key application documents. Instead, the only date generally available was the date the veteran signed a document, such as the application or the request for final payment.

Facilities and VISNs generally lacked any procedures for providing oversight of HISA timelines. The HISA policy for VISN 2, however, included requirements that PSAS representatives date-stamp all correspondence received from the veteran. Additionally, a prosthetic representative reported that VISN 2 established a SharePoint site to track HISA applications. This representative reported that the tracker is used by a management analyst in the VISN to monitor timelines for HISA applications. The representative said the analyst sends a report to facilities when HISA applications are not completed on schedule.

HISA program coordinators may have the responsibility to ensure adherence to HISA timelines; however, medical facility directors or VISN prosthetic representatives need to provide regular oversight of the process to make sure facility program coordinators adhere to timelines and perform necessary follow-up. Establishing procedures will help ensure consistency in how facilities capture the dates when documents are received, and platforms like SharePoint that share information electronically will also allow facilities and VISNs to proactively monitor HISA process timeliness. These procedures can also help identify systemic issues or barriers veterans may experience when engaging in the HISA process to pay for prescribed structural alterations.

PSAS Has Made Efforts to Modernize the HISA Process

PSAS officials reported to the team that they were aware of issues tracking timelines because it is a manual, paper-based process. The PSAS executive director said PSAS has begun taking

steps to automate and integrate the HISA process. According to the executive director, PSAS is working with Cerner, the contractor implementing VA's new electronic health records management system, to automate this process in the new electronic health records management system and make this less of a manual, paper-based process.

HISA Spending Data Are Affected by Persistent NPPD Data Inaccuracies

NPPD is intended to be used by prosthetic representatives, national and regional prosthetic program managers, and other prosthetics employees to provide financial and clinical oversight of the prosthetics program. Accordingly, data in the NPPD must be accurate for financial and clinical oversight. In analyzing HISA transactions from NPPD, the audit team identified some discrepancies between the actual payments made to veterans and the payment amounts recorded in NPPD. For example, the team found several entries in NPPD where veterans appeared to have been paid $10,200; however, supporting documentation showed they were paid no more than $6,800. Inaccurate data could hamper VHA's ability to monitor HISA spending effectively.

NPPD inaccuracies are a persistent issue and were cited in a prior OIG report, which included a recommendation to address this issue.[39] The OIG recommended addressing data inaccuracies broadly rather than focusing on specific prosthetic items. Actions taken by PSAS to address the recommendation from the prior report would encompass the spending inaccuracies identified in this report. Therefore, the OIG is not making a separate recommendation in this report related to these data inaccuracies.

In a February 2022 status update regarding the recommendation, VHA said the PSAS national program office is formulating a plan for reeducation to ensure appropriate pricing is reflected in NPPD.[40] Further, the PSAS HISA program subject matter expert agreed to take the issues identified in this report back to the data analytics group to see what it can do to fix them. The OIG will monitor implementation of the recommendation under the prior report to ensure steps taken by PSAS include resolving the inaccuracies related to HISA.

Conclusion

Although staff at medical facilities generally made sure veterans received the appropriate lifetime benefit amounts, oversight weaknesses in the management of the program resulted in the overpayment of HISA funds to some veterans. The audit team found that some veterans received the incorrect lifetime benefit amount because HISA program coordinators did not correctly apply the federal HISA regulation, resulting in overpayments to these veterans. Additionally, the team found that some veterans used their benefits to pay for improvements and alterations that were

[39] VA OIG, *Better Oversight of Prosthetic Spending Needed to Reduce Unreasonable Prices Paid to Vendors*.
[40] Implementation of the recommendation was expected by May 2022.

not justified or approved. As a result, the OIG estimates that overpayments to veterans and unsupported costs amount to about $11.5 million during the audit period.

The OIG estimates VHA could save as much as $2.3 million per year by strengthening oversight of the program to make sure veterans receive the appropriate lifetime benefit amount and ensuring benefits are used for approved improvements and alterations.[41] Additionally, the OIG believes VHA can further strengthen the program by developing procedures to capture when key documents are received and use the dates to regularly monitor the timelines for the HISA process.

Recommendations 1–5

The OIG recommended the under secretary for health take the following steps:

1. Coordinate with the Prosthetic and Sensory Aids Service executive director to (1) develop and issue guidance clearly articulating eligibility requirements for the lifetime benefit amounts to address non-service-connected disabilities and (2) communicate this guidance in an effective manner, such as including specific language in handbooks, providing examples of scenarios to reinforce the requirements, and requiring annual training to make sure all prosthetic staff responsible for the program understand these eligibility requirements.
2. Coordinate with the Prosthetic and Sensory Aids Service executive director to make sure Veterans Integrated Service Network prosthetic representatives look at veteran eligibility for non-service-connected disability benefits in their annual reviews of medical facilities' prosthetics programs.
3. Coordinate with the Prosthetic and Sensory Aids Service executive director to correct and update inaccurate information on the publicly accessible Home Improvements and Structural Alterations Program website.
4. Coordinate with the assistant under secretary for health for operations and the Prosthetic and Sensory Aids Service executive director to make sure medical facilities or Veterans Integrated Service Networks implement procedures for verifying that veterans' Home Improvement and Structural Alterations packages include documentation of approval and justification for all improvements and alterations paid for with program benefits.
5. Coordinate with the assistant under secretary for health for operations and the Prosthetic and Sensory Aids Service executive director to ensure medical facilities and Veterans

[41] The potential effect of $2.3 million per year was calculated by adding the average annual amount overpaid to veterans of about $2.1 million to the average annual amount spent by veterans on unsupported improvements and alterations of about $187,000.

Integrated Service Network directors implement procedures to capture when key documentation is received and monitor these dates to ensure facilities adhere to timelines for the Home Improvements and Structural Alterations Program and take corrective action when they are not meeting standards outlined in 38 C.F.R. §§ 17.3100 through 17.3130 and VHA Directive 1173.14.

VA Management Comments

The under secretary for health concurred with the recommendations. To address recommendation 1, the PSAS executive director will develop business practice guidelines with examples on how to determine eligibility for the HISA lifetime benefit amount for veterans with non-service-connected disabilities, update the program directive to communicate and reinforce eligibility requirements, and develop and execute a training plan for all prosthetic representatives administering the program.

In response to recommendation 2, PSAS will amend VISN prosthetic representatives' site visit tool to include reviewing eligibility determinations for veterans with non-service-connected disabilities. PSAS will also educate prosthetic representatives on the HISA functions that are included on the site visit tool and implement a checklist to help representatives assess the accuracy of benefit decisions for non-service-connected disabled veterans.

For recommendation 3, PSAS will review all internal sources of information, such as the PSAS SharePoint site, as well as its public website to make sure that all HISA-related information, including eligibility requirements, is updated and accurate.

To address recommendation 4, PSAS will develop, implement, and educate prosthetic stakeholders on business practice guidelines and a checklist to help make sure that HISA benefits determinations are accurate and that application packages include the required documentation to justify improvements and alternations paid for with program funds.

Finally, for recommendation 5, PSAS will update the HISA directive and related business practice guidelines to include timeliness measures to track when documentation is received and help make sure that VISN prosthetic representatives, directors, and medical facilities adhere to timeliness standards and take corrective action as necessary. In coordination with the electronic healthcare records initiative, PSAS will develop capabilities to allow for date monitoring to assess the timeliness of the HISA process.

OIG Response

The under secretary for health's planned corrective actions are responsive to the recommendations. The OIG will monitor VHA's progress on these actions and will close the recommendations when sufficient progress has been made to address their intent. Appendix D includes the full text of the under secretary's comments.

Appendix A: Scope and Methodology

Scope

The audit team conducted its work from November 2021 through July 2022. The scope of the audit included an examination of data, documentation, and information related to veterans who received HISA benefit payments from October 2016 through September 2021 (the audit period).

Methodology

To gain an understanding of the roles and responsibilities for the HISA program and guidelines for determining veteran eligibility for lifetime benefit amounts, the team reviewed federal regulations and the applicable VHA policies, procedures, and directives. Applicable criteria included the following:

- 38 C.F.R. §§ 17.3100 through 17.3130, December 3, 2014
- VHA Handbook 1173.14, *Home Improvements and Structural Alterations Program*, April 18, 2008
- VHA Directive 1173.14, *Home Improvements and Structural Alterations Program*, December 26, 2017

The team interviewed eight VISN prosthetic representatives, HISA program coordinators and prosthetic staff at 15 medical facilities, and the PSAS HISA program subject matter expert to gain an understanding of each of these individuals' roles and responsibilities for oversight and administration of the program. The team also communicated with 16 medical center directors about their understanding of their roles and responsibilities for primary oversight and implementation of the program at their facilities.

Data Collection Instrument

The audit team developed an electronic data collection instrument to review a random sample of 161 veterans who had at least one HISA transaction in NPPD. The team reviewed consults and HISA benefit packages, which included contractor estimates and invoices and before and after photos for the selected veterans. The team followed up with HISA program coordinators and requested additional documentation for any errors identified during the review. The team used the instrument to assess the appropriateness of benefits received, accuracy of the HISA spending data in NPPD, and timeliness of the HISA process. The team took steps while developing the data collection instrument to ensure the collection of accurate information and incorporated second-level reviews of the analysis of HISA benefit payments.

Survey of VISN Prosthetic Representatives

The audit team conducted an electronic survey of 135 HISA program coordinators from November 18 through December 8, 2021. The survey was designed to collect information about how the program is managed and implemented at various facilities. The team obtained 130 responses, resulting in a response rate of about 96 percent.

Internal Controls

The audit team assessed the internal controls of VHA's HISA program significant to the audit objective, including the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring.[42] In addition, the team reviewed the principles of internal controls associated with the objective. The team identified the following components and principles as significant to the objective.[43] The team identified internal control weaknesses during this audit and proposed recommendations to address the following control deficiencies:

- Component: Information and Communication
    - Principle 14: Management should use quality information and communicate this information throughout the entity.
    - Principle 15: Management should communicate the necessary quality information with external parties.
- Component: Control Activities
    - Principle 12: Management should implement control activities through policies.

Fraud Assessment

The audit team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant in the context of the audit objectives, could occur during this audit. The team exercised due diligence in staying alert to any fraud indicators when selecting the sample of veterans and reviewing documentation collected during data gathering, such as looking at consults for HISA benefits, before and after photos of the project, and contractor estimates and invoices, to make sure improvements and renovations were completed and approved. The OIG did not identify any instances of fraud or potential fraud during this audit.

[42] GAO, *Standards for Internal Control in the Federal Government*.

[43] The audit was limited to the internal control components and underlying principles identified, which may not have disclosed all possible internal control deficiencies at the time of this audit.

Data Reliability

The OIG used computer-processed data from NPPD to identify the number of veterans who received HISA benefit payments. To assess the reliability of the NPPD data, the audit team compared a sample of NPPD transactions with supporting source documentation, such as veteran consults, contractor estimates and invoices, and payments made to veterans. The team concluded NPPD data on the number of veterans who received HISA benefit payments was appropriate and sufficient for the purpose of this audit.

Government Standards

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on audit objectives. The OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Appendix B: Statistical Sampling Methodology

Approach

To accomplish the objective, the audit team reviewed a statistical sample of veterans who received at least one HISA benefit transaction from October 2016 through September 2021. The team used statistical sampling to quantify the extent to which veterans received the appropriate benefit amounts.

Population

The review population included 43,942 veterans who had one or more HISA benefit transactions in NPPD from October 2016 through September 2021. The audit team estimated the in-scope population to be about 43,900 veterans. Out-of-scope veterans did not meet the audit criteria due to the lack of payments for HISA benefits and were not included in estimates for overpayments or incorrect application of the HISA regulation.

Sampling Design

The audit team selected a stratified sample of 225 veterans from the population of veterans who had one or more HISA benefit transactions in NPPD. This sample comprised 155 primary samples and 70 secondary samples. The secondary samples were selected to replace primary sampled transactions if the latter were determined to be outside the scope of the audit because of items incorrectly identified as HISA transactions. The team reviewed NPPD transactions associated with 161 veterans, which included 155 in-scope veterans and six out-of-scope veterans.

The population was stratified by eligibility characteristics—such as payments that exceeded benefit amounts, combined service-connected disability ratings, and the service-connected disability ratings for each veteran's individual disability—and categorized them into seven strata as seen in table B.1.

Table B.1. Total and Sampled Veterans by Stratum

Stratum	Veterans	Reviewed sample size
1	273	31
2	1,104	5
3	4,032	40
4	11,014	5
5	631	38
6	26,511	5
7	377	37
Total	**43,942**	**161**

Source: VA OIG statistician's stratified population and samples reviewed by the audit team. Data were obtained from NPPD.

Strata:

1. Veterans whose total payments in NPPD appeared to exceed $6,800.
2. Veterans whose total payments in NPPD were greater than $2,000 but less than $6,800, had no individual disabilities rated 50 percent or more, and had a combined service-connected rating of less than 50 percent.
3. Veterans whose total payments in NPPD were greater than $2,000 but less than $6,800, had no individual disabilities rated 50 percent or more, and had a combined service-connected rating of 50 percent or more.
4. Veterans whose total payments in NPPD were $2,000 or less, had no individual disabilities rated 50 percent or more, and had a combined service-connected disability rating of less than 50 percent.
5. Veterans whose total payments in NPPD were $2,000 or less, had no individual disabilities rated 50 percent or more, and had a combined service-connected disability rating of 50 percent or more.
6. Veterans who had at least one individual disability rated 50 percent or more and whose payments totaled up to $6,800 in NPPD (excluding payments equaling $2,000).
7. Veterans who had at least one individual disability rated 50 percent or more and whose total payments in NPPD equaled $2,000.

Weights

Samples were weighted to represent the population from which they were drawn, and the weights were used in the estimate calculations. For example, the team calculated the error rate estimates by first summing the sampling weights for all sample records that contained the given error, then dividing that value by the sum of the weights for all sample records.

Projections and Margins of Error

The projection is an estimate of the population value based on the sample. The associated margin of error and confidence interval show the precision of the estimate. If the OIG repeated this audit with multiple sets of samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate estimates, margins of error, and confidence intervals that account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement decreases significantly as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.

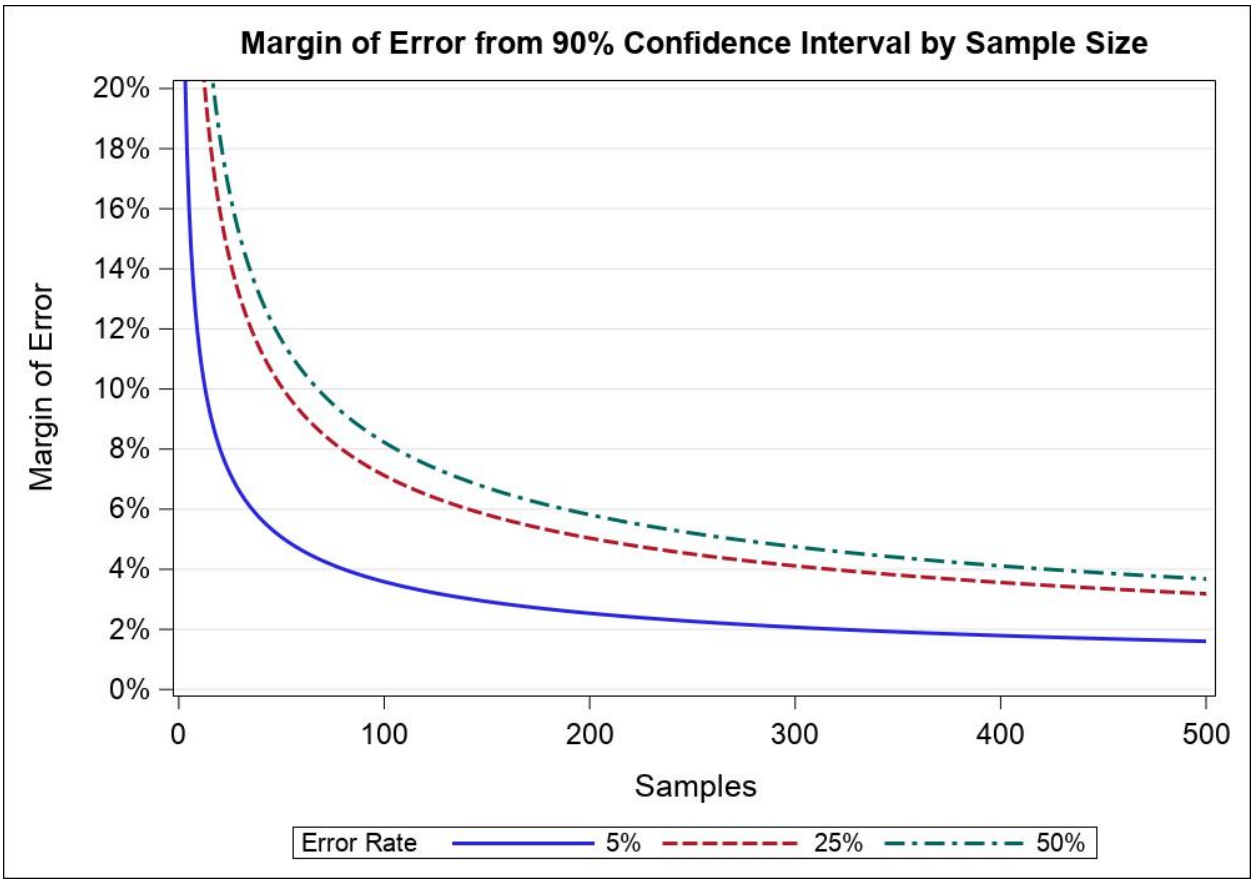

Figure B.1. *Effect of sample size on margin of error.*

Source: VA OIG statistician's analysis.

Projections

Table B.2 details the audit team's estimate of the number of veterans who received HISA benefit payments and whether they incorrectly received the $6,800 lifetime benefit amount. These projections are the basis for the estimated questioned costs for the audit, detailed in appendix C.

Table B.2. Veterans Who Received HISA Benefits

Estimate	Value	90 percent confidence interval			Sample size
		Margin of error	Lower limit	Upper limit	
Number of veterans approved for the correct benefit amount	41,255 (94%)	697 (1.6%)	40,558 (92.5%)	41,952 (95.7%)	131

Estimate	Value	90 percent confidence interval			Sample size
		Margin of error	Lower limit	Upper limit	
Number of veterans incorrectly approved for the $6,800 benefit amount	2,603 (6%)	697 (1.6%)	1,906 (4.3%)	3,300 (7.5%)	24
Total in-scope veterans	**43,858**	**56***	**43,802***	**43,914***	**155**

Source: VA OIG analysis of statistically sampled HISA transactions in NPPD from October 2016 through September 2021.

** The margin of error and confidence intervals represent a measure of uncertainty for the row estimates and do not sum to the given totals.*

Table B.3 details the audit team's estimate of the amount overpaid to veterans because they were incorrectly approved for the $6,800 lifetime benefit amount from October 2016 through September 2021.

Table B.3. HISA Benefits Overpaid to Veterans Because of Incorrect Lifetime Benefit Provided

Estimate	Value	90 percent confidence interval			Sample size
		Margin of error	Lower limit	Upper limit	
Dollar value of overpayments to veterans	$10,563,403	$1,080,469	$9,482,934	$11,643,871	24

Source: VA OIG analysis of statistically sampled HISA transactions in NPPD from October 2016 through September 2021.

Table B.4 details the audit team's estimate of HISA benefits that were used by veterans to pay for unsupported improvements and alterations from October 2016 through September 2021. These projections are the basis for the estimated questioned costs for the audit, detailed in appendix C.

Table B.4. HISA Benefits Spent on Unsupported Expenses

Estimate	Value	90 percent confidence interval			Sample size
		Margin of error	Lower limit	Upper limit	
HISA benefits spent on unsupported improvements and alterations	$935,300	$303,183	$632,117	$1,238,483	15

Source: VA OIG analysis of statistically sampled HISA transactions in NPPD from October 2016 through September 2021.

Appendix C: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1	Overpayments of HISA benefits to veterans from October 2016 through September 2021 because HISA program coordinators incorrectly applied the federal HISA regulation Value of overpayments to veterans over one year if action is not taken to ensure HISA program coordinators correctly apply the federal HISA regulation	$2,112,681	$10,563,403*
2	Payments made to veterans who used their HISA benefits to pay for unsupported improvements and alterations Value of payments for unsupported improvements and alterations over one year if action is not taken to make sure benefits are spent on approved improvements and alterations	$187,060	$935,300
	Total	**$2,299,741‡**	**$11,498,703**

** The OIG considered this amount an improper payment because it represents payments made to veterans for HISA benefits to which they were not entitled.*

The OIG determined this amount to be unknown costs because these costs represent HISA benefits used to pay for unsupported improvements and alterations. According to Office of Management and Budget Circular A-123, app. C, part I-B, "If a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment." The OIG questions these unknown costs.

‡ *To estimate the potential impact over one year, the OIG calculated the average annual amount overpaid to veterans and the average annual amount spent by veterans on unsupported improvements and alterations and added them together.*

Appendix D: VA Management Comments

Department of Veterans Affairs Memorandum

Date: August 18, 2022

From: Under Secretary for Health (10)

Subj: OIG Draft Report, Home Alterations and Structural Improvements Program Needs Greater Oversight (2021-03906-AE-0190) (VIEWS #08058363)

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

1. Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) draft report Home Alterations and Structural Improvements Program Needs Greater Oversight. The Veterans Health Administration concurs with the recommendations and provides an action plan in the attachment.

The OIG removed point of contact information prior to publication.

(Original signed by)

Shereef Elnahal, M.D., MBA

Attachment

Attachment

VETERANS HEALTH ADMINISTRATION (VHA)

Action Plan

Home Improvements and Structural Alterations Program Needs Greater Oversight

(OIG 2021-03906-AE-0190)

Recommendation 1. Coordinate with the Prosthetic and Sensory Aids Service executive director to (1) develop and issue guidance clearly articulating eligibility requirements for the lifetime benefit amounts to address non-service-connected disabilities and (2) communicate this guidance in an effective manner, such as including specific language in handbooks, providing examples of scenarios to reinforce the requirements, and requiring annual training to make sure all prosthetics staff responsible for the program understand these eligibility requirements.

VHA Comments: Concur. Prosthetic and Sensory Aids Service (PSAS) Program Office concurs with the recommendation and agrees to take the following steps to address the recommendation:

1. Develop Business Practice Guideline (BPG) to include specific examples when determining eligibility requirements for the lifetime benefit amounts to address non-service-connected disabilities.

2. Update Home Improvement and Structural Alterations (HISA) Directive to communicate and reinforce the requirements. Utilize communication protocol to update all internal and external stakeholders.

3. Develop training plan using various methods in coordination with Employee Education System (EES) which focuses on eligibility requirements. Execute training plan for all Prosthetic Representatives who administer the HISA program.

Status: In Progress

Target Completion Date: August 2023

Recommendation 2. Coordinate with the Prosthetic and Sensory Aids Service executive director to make sure Veterans Integrated Service Network prosthetic representatives look at veteran eligibility for non-service-connected disability benefits in their annual reviews of medical facilities' prosthetics programs.

VHA Comments: Concur. The PSAS Program Office concurs with the recommendation and agrees to take the following actions to address the identified areas of concern:

1. Amend PSAS Site Visit Tool used by the Veteran Integrated Service Network (VISN) Prosthetic Representatives during annual site reviews which looks at Veteran eligibility for non-service-connected disability benefits. PSAS Program Office will re-educate VISN Prosthetic Representatives on HISA related functions included in the site visit tool.

2. Utilize checklist in BPG to determine proper assess on whether eligibility for non-service-connected disability benefits is accurate.

Status: In Progress

Target Completion Date: March 2023

Recommendation 3. Coordinate with the Prosthetic and Sensory Aids Service executive director to correct and update inaccurate information on the publicly accessible Home Improvements and Structural Alterations program website.

VHA Comments: Concur. The PSAS Program Office concurs with the recommendation and as a result will review all PSAS internal (PSAS Sharepoint site, Fact sheets) and publicly available websites and ensure HISA-related information is updated and reflects accurate information.

Status: In progress

Target Completion Date: December 2022

Recommendation 4. Coordinate with the Assistant Under Secretary for Health for Operations and the Prosthetic and Sensory Aids Service executive director to make sure medical facilities or Veterans Integrated Service Networks implement procedures for verifying that veterans' Home Improvement and Structural Alterations packages include documentation of approval and justification for all improvements and alterations paid for with program benefits.

VHA Comments: Concur. PSAS Program Office concurs with the recommendation and will develop and execute BPGs and educate all PSAS stakeholders to reconfirm accuracy regarding approval and justification for HISA benefits being administered. The PSAS Program Office will also develop a checklist for which documentation is sufficient to be considered a completed HISA package. PSAS will execute communication protocol on the BPG and checklist requirements to ensure staff are aware of all requirements.

Status: In Progress

Target Completion Date: May 2023

Recommendation 5. Coordinate with the Assistant Under Secretary for Health for Operations and the Prosthetic and Sensory Aids Service executive director to ensure medical facilities and Veterans Integrated Service Network directors implement procedures to capture when key documentation is received and monitor these dates to ensure facilities adhere to timelines for the Home Improvements and Structural Alterations Program and take corrective action when they are not meeting standards outlined in 38 C.F.R. §§ 17.3100 through 17.3130 and VHA Directive 1173.

VHA Comments: Concur. The PSAS Program Office concurs with the recommendation and to address it will update the VHA Directive and BPG to include timeliness measures when documentation is received and ensure VISN Prosthetic Representatives, VISN Directors and medical facilities can adhere to timelines and take corrective action when not meeting timeliness standards.

Additionally, in coordination with the electronic health care records initiative, PSAS will:

1. Develop interim enhancements to identify the best practice to address date monitoring. Follow the process flow map and target dates needed to capture timeliness.

2. Develop final enhancements, capabilities to identify best practices to continue to monitor and capture timeliness.

Status: In Progress

Target Completion Date: August 2023

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

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