



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

The Medical Disability
Examination Office Needs to
Better Monitor Mileage
Requirements for Contract
Exams

REVIEW

REPORT #22-02067-82

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Executive Summary

Disability exams are used for determining the severity of a veteran's service-related injury or illness, as well as for establishing the disability rating percentage, which defines the monthly monetary benefit the veteran receives. The Medical Disability Examination Office (MDEO) is responsible for overseeing the contract medical disability exam process for the Veterans Benefits Administration (VBA). The VA Office of Inspector General (OIG) reviewed MDEO's monitoring of mileage requirements in the contract exam process because veterans reported on satisfaction surveys that they had to travel excessive distances to attend exams. Traveling long distances can be an unnecessary burden on veterans, especially the elderly and those with disabilities.

The VA has contracted with three vendors to perform disability exams. The contracts require that exams be scheduled "as close to the veteran's home of record as feasible, but no farther than 50 miles for non-specialist exams and 100 miles for specialist exams. Authorization may be granted for additional mileage when [veterans] expressly indicate their willingness to exceed the above limits."¹ That express consent must be documented and included in the record available to VBA employees.² Appendix A details the relevant contract language.

What the Review Found

The OIG found that MDEO is not monitoring whether vendors obtain and document veterans' express consent to travel beyond contractual mileage limits for exams. The OIG also found MDEO is not sufficiently monitoring vendor portals to ensure all required details of mileage reimbursements are available to veterans. MDEO is not monitoring compliance because its leaders do not consider it a priority given the small percentage of veterans affected. However, MDEO is responsible for ensuring vendors comply with all contract requirements, including mileage requirements and reimbursements. Without monitoring, VBA cannot identify or implement improvements that will make a positive impact for veterans.

The review team assessed an initial statistical sample of 183 (of approximately 65,100) contract exams completed by all three vendors from July 1 through December 31, 2021, that MDEO reported as having exceeded contract mileage requirements. The team found 138 exams without documentation of express consent in a system viewable by MDEO for oversight purposes, and MDEO concurred with the 20 percent or higher error rate. Based on the results of the statistical

¹ VA Manual 21-1, "Examination Requests Overview," sec. IV.i.2.A in *Adjudication Procedures Manual*, topic 1g, updated May 31, 2022. A specialist exam is any exam conducted by a clinician who specializes in a particular field. Examples of specialist exam may include vision, hearing, dental, and psychiatric exams.

² In September 2021, a modification was made to each contract to further clarify the definition of "record" to include the veteran portal, the vendor portal, and the Veterans Benefits Management System (VBMS) electronic claims folder.

sample, the team estimated approximately 11,400 of 65,100 exams (18 percent) completed during the review period included documentation of express consent.³ On average, the team found veterans were scheduled for exams about 93 miles (round trip) beyond the contractual limitations.⁴

Based on interviews, the OIG found all three vendors documented express consent within internal records systems. However, their internal records systems were not viewable by VBA employees charged with overseeing those requirements. All three vendors notified the OIG that updates were made to vendor portals during the review period. Therefore, the team reviewed an additional judgmental sample of 90 cases from January 1 through June 30, 2022, to determine if the updates resulted in improvements. The team's review suggests that although progress had been made, about 21 percent of exams still lacked documentation of the veteran's express consent in the record.⁵ If vendors do not obtain and document express consent from veterans to exceed contractual mileage limitations, veterans may not be aware of their right to undergo an exam within a reasonable distance of their home. This potentially burdens veterans who are elderly or have disabilities that make it difficult to travel long distances.

The OIG also found vendors are not always providing mileage reimbursement details in vendor portals. The team reviewed 183 exams completed from July 1 through December 31, 2021, to determine if mileage reimbursement details were provided in vendor portals. The OIG found 67 of the 183 exams reviewed were missing at least one element of mileage reimbursement information in the portal. Based on the results of the statistical sample, the team estimated about 14,300 of 65,100 exams (22 percent) completed during the review period were missing at least one element of mileage reimbursement information.

Following site visits, two of the three vendors updated their portals to fix problems preventing mileage reimbursement details from showing. Therefore, the team reviewed an additional judgmental sample of 90 cases from January 1 through June 30, 2022, to determine if the updates resulted in improvements. The team's review suggests although progress had been made, about 7 percent of exams were still missing mileage reimbursement information in the vendor portal. If mileage reimbursement information is not provided in vendor portals, veterans will be unable to view the status of their payment details as required by the contract.

What the OIG Recommended

The OIG made three recommendations to the under secretary for benefits, which stated that VBA should implement a process to monitor and demonstrate progress to assess vendors' compliance

³ Estimated percentages were weighted to represent the population from which they were drawn.

⁴ The mileage restrictions were 50 miles one way (100 miles round trip) for non-specialty exams and 100 miles one way (200 miles round trip) for specialty exams.

⁵ For more on the OIG's scope and methodology, including sampling for projections, see appendixes B and C.

with contractual mileage and travel reimbursement requirements, collaborate with vendors to ensure portals include proper documentation of express consent, and collaborate with vendors to ensure mileage reimbursement information is available in vendor portals.⁶

VA Management Comments and OIG Response

The senior advisor for policy, performing the delegable duties of the under secretary for benefits, concurred with all three recommendations, provided actions taken by VBA, and requested closure of the recommendations. Beginning in October 2022, MDEO implemented a process to monitor and assess vendor compliance with contractual mileage and travel reimbursement requirements through monthly audits. MDEO documented this process in a standard operating procedure, which was finalized in January 2023. The MDEO included a process in the standard operating procedure to review vendor portals monthly for this information and to require vendors to confirm they took corrective actions as needed. The full text of the senior advisor's comments appears in appendix D. The OIG will monitor VBA's continued implementation of the new process, results of monthly audits, and collaboration with vendors. The OIG will close these recommendations when sustained progress has been made to address the recommendations and issues identified.



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⁶ The recommendations addressed to the under secretary for benefits are directed to anyone in an acting status or performing the delegable duties of the position.

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Abbreviations

MDEO	Medical Disability Examination Office
OIG	Office of Inspector General
VBA	Veterans Benefits Administration
VBMS	Veterans Benefits Management System



Introduction

Disability exams are used for determining the severity of a veteran's service-related injury or illness, as well as for establishing the disability rating percentage, which defines the monthly monetary benefit the veteran receives. The Medical Disability Examination Office (MDEO) is responsible for overseeing the contract medical disability exam process for the Veterans Benefits Administration (VBA). The VA Office of Inspector General (OIG) reviewed MDEO's monitoring of mileage requirements in the contract exam process because veterans reported on satisfaction surveys that they had to travel excessive distances to attend exams. Veterans receive a mileage reimbursement for driving to attend disability exams; however, traveling long distances can sometimes be an unnecessary burden on veterans, especially the elderly and those with disabilities that make it difficult to travel.

Disability Claims and Contract Exam Process

On October 9, 1996, Congress enacted Public Law 104-275, which authorized VA to contract for medical examinations from non-VA medical providers. Under the Office of Procurement, Acquisition and Logistics, VA's Strategic Acquisition Center developed and awarded VBA's medical disability exam contracts. This office, through a VA contracting officer, provides direct contracting support to VA's organizations. The Strategic Acquisition Center analyzes procurement data and ensures awarded contracts meet acquisition program goals and objectives.

Effective November 28, 2018, VBA contracted with three vendors to perform disability exams.⁷ VBA has 14 contracts with these three vendors for exams within the United States and overseas. Contract medical disability exams are divided among four geographic regions in the United States and two districts.⁸ The contracts anticipate executing approximately 7.7 million exam scheduling requests over the 10-year life of the contracts. From fiscal years 2019 through 2022, VBA reported completing over 5.6 million contract exam scheduling requests.

If claims processors determine an exam is necessary, they must use the Examination Request Routing Assistant tool to determine if the exam will be completed at a VA medical center or by a contract vendor.⁹ If the tool determines a contract exam is needed, the request is submitted

⁷ One contract was awarded February 1, 2021, and expired January 31, 2022.

⁸ Region 1 (Northeast), Region 2 (Southeast), Region 3 (Midwest), and Region 4 (Pacific). There are also two districts: District 6 includes military bases in the continental United States, plus Hawaii, Alaska, and Puerto Rico. District 7 (outside the continental United States) includes American Samoa, Australia, Canada, Costa Rica, Germany, Guam, the Inuit Islands, Italy, Japan, Mexico, Panama, South Korea, Spain, Thailand, and the United Kingdom.

⁹ VA Manual 21-1, "Examination Requests Overview," sec. IV.i.2.A in *Adjudication Procedures Manual*, updated May 31, 2022. The Examination Request Routing Assistant tool is designed as a guide to assist in the routing of compensation and pension examination requests. This tool helps claims processors identify whether a VA facility has capacity to complete exams in a timely manner and suggests a contract provider/vendor be used, if necessary.

through the Veterans Benefits Management System (VBMS), and a vendor is assigned.¹⁰ The vendor contacts the veteran, sets up the exam, and advises the veteran of the time and place of the scheduled appointment. The VA's contracts with all three vendors require that exams be scheduled "as close to the veteran's home of record as feasible, but no farther than 50 miles for non-specialist exams and 100 miles for specialist exams. Authorization may be granted for additional mileage when [veterans] expressly indicate their willingness to exceed the above limits."¹¹ The November 2018 contracts required that the express consent be documented in the record but was silent as to how. In September 2021, a modification was made to each contract to further clarify the definition of "record" to include the veteran portal, the vendor portal, and the VBMS electronic claims folder. Interviews with all three vendors revealed that if the veteran does not expressly consent to travel beyond the contractual mileage limitations, the vendor will continue working with the veteran to schedule an exam within the mileage limitations. Appendix A details the relevant contract language.

Veterans in the United States are eligible for a mileage reimbursement when traveling to attend disability exams.¹² Vendors pay veterans these mileage reimbursements, which VA repays to the vendors. Since at least June 2010, veterans have been reimbursed at \$0.415 per mile round trip.¹³

Contract vendors are also required to provide veterans with access to information about the reimbursement. The contract stipulates that details of the reimbursement, such as the check number, payment amount, date paid, and the date the check was cashed, must be made available to the veteran. As a result, vendors have created web-based portals, which veterans can use to view the details of their reimbursements. The contract requires VA to perform periodic audits of vendor portals to ensure appropriate oversight of mileage reimbursement payments.

Figure 1 shows the disability claims and contract exam process.

¹⁰ VBMS is a web-based, electronic claims processing system.

¹¹ VA Manual 21-1, "Examination Requests Overview," topic 1g, updated May 31, 2022. A specialist exam is any exam conducted by a clinician who specializes in a particular field. Examples of specialist exam may include vision, hearing, dental, and psychiatric exams.

¹² See appendix A for contract requirements.

¹³ Service members who attend exams while on active duty are not eligible for mileage reimbursement. However, they can receive mileage reimbursement for exams conducted after release from active duty.

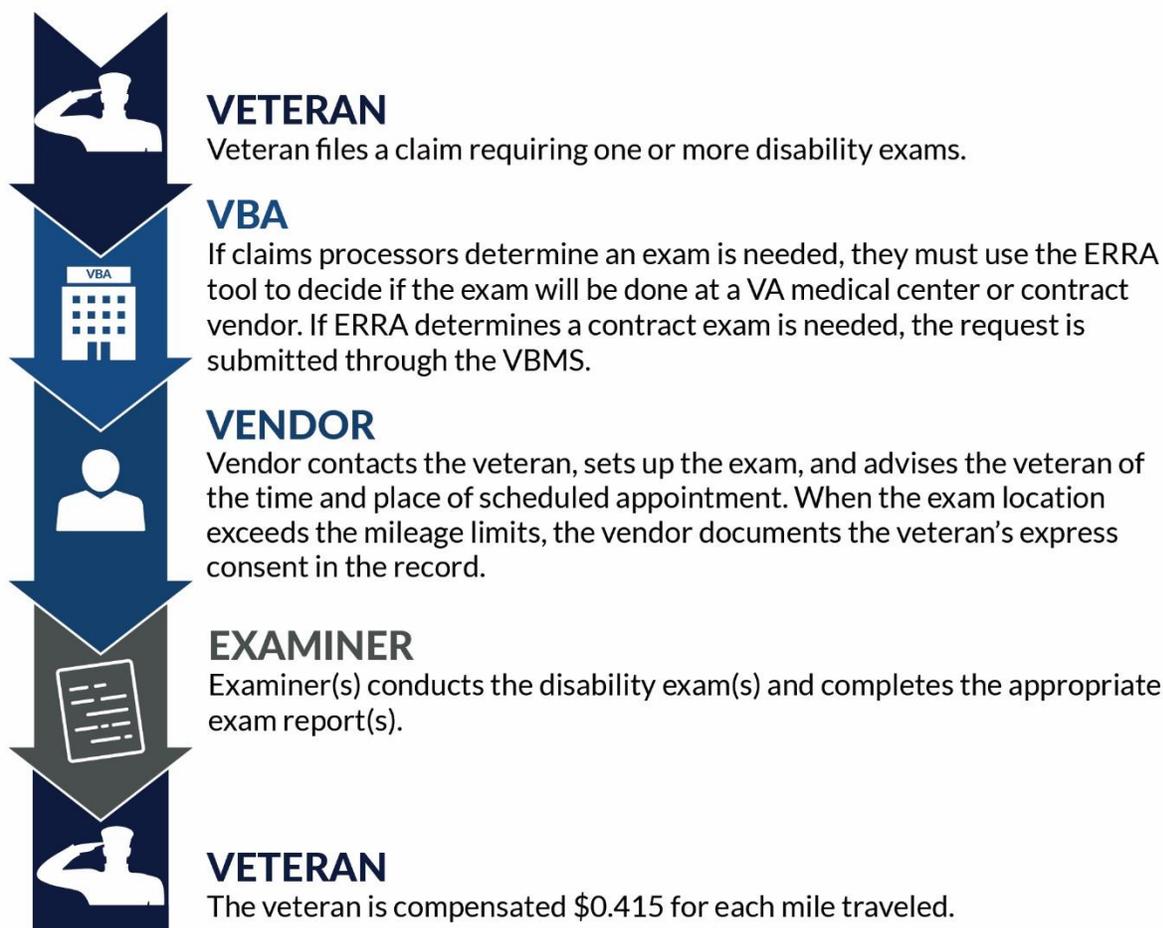


Figure 1. Disability claims and contract exam process.

Source: VA OIG analysis of documents related to VBA's contract disability exam process.

VBA's Medical Disability Examination Office

MDEO supports VA's disability claims process by administering VBA's contract medical disability exam program to ensure veterans receive timely and high-quality exams. Its mission includes monitoring contractor performance; establishing exam policies, procedures, and guidance; conducting quality audits to assess accuracy of vendor performance; providing error trend feedback; and collecting, analyzing, and monitoring examination data.¹⁴ This report will focus on the following staff offices within MDEO:

¹⁴ "Medical Disability Examination Office—Our Mission," accessed April 20, 2022, <https://vbaw.vba.va.gov/bl/21/MDEO/mission.htm>. (This is an internal VA website not publicly accessible.)

- **Data staff** process, analyze, and report on data in support of the MDEO. The office provides visibility of key metrics and trends that support MDEO program decision-making and vendor oversight.
- **Operations staff** work with the vendors to ensure vendors comply with the conditions outlined in the performance work statement. They conduct site visits to vendors and examiners.
- **Acquisitions staff** monitor and oversee medical disability exam vendor performance to enforce the technical terms of the contract and ensure compliance with agency regulations, procedures, and program directives. The staff also manage the required supporting contracts for the contract exam process.

Results and Recommendations

Finding: MDEO Is Not Monitoring Compliance with Contract Exam Travel Requirements

MDEO is responsible for ensuring vendors comply with all contract requirements, including obtaining and documenting the veteran's consent to travel beyond contractual mileage limitations.¹⁵ Based on availability and capacity of examiners, veterans may have to travel beyond the mileage limitations. According to VBA, of the 633,154 contract exams scheduled during the review period from July 1 through December 31, 2021, about 11 percent of veterans were scheduled beyond the contractual mileage limitations. On average, the team found veterans represented in the 11 percent were scheduled for exams about 93 miles (round trip) beyond the contractual limitations.¹⁶ Vendors are required to obtain and document express consent in the record before scheduling these exams. Vendors are also required to pay mileage reimbursements to veterans and provide them with access to information about the reimbursement.

MDEO is charged with ensuring vendors comply with contract terms, including mileage requirements and travel reimbursements. Organizational leaders stated they are not currently monitoring these requirements because a small percentage of veterans are scheduled outside of the mileage requirements. However, without monitoring the issues, MDEO cannot identify or implement improvements that will have a positive impact on veterans.

The review team determined that vendors took steps to obtain veterans' express consent when an exam was scheduled beyond the contract mileage limitations and documented the consent within their internal records systems. However, the express consent was not documented in a system that was viewable by MDEO for oversight purposes, such as VBMS. Based on the results of a statistical sample review, the team estimated approximately 11,400 of 65,100 exams (18 percent) completed during the review period included documentation of express consent that was viewable by MDEO.¹⁷ A contract modification in September 2021 clarified the documentation requirements, and vendors made updates to their processes, which resulted in improvements. A judgmental sample of 90 cases from January 1 through June 30, 2022, determined the documentation of express consent that was viewable by MDEO was now present in 79 percent of the cases reviewed.

¹⁵ "Medical Disability Examination Office—Acquisitions & Budget Staff," accessed January 3, 2023, https://vbaw.vba.va.gov/bl/21/MDEO/aab_index.htm. (This is an internal VA website not publicly accessible.) For the purposes of this report, mileage requirements include the contractual obligation for obtaining and documenting express consent to attend an exam beyond the contractual mileage limitations.

¹⁶ The mileage restrictions were 50 miles one way (100 miles round trip) for non-specialty exams and 100 miles one way (200 miles round trip) for specialty exams.

¹⁷ All estimates are rounded.

The review team also determined vendors were not always documenting mileage reimbursement details in the record systems viewable by MDEO and veterans. Based on the results of the statistical sample review, the team estimated about 14,300 of 65,100 exams (22 percent) completed during the review period were missing at least one element of mileage reimbursement information. After the review team notified the vendors of the documentation issues, the vendors made updates to their processes, which resulted in improvements.

This finding is supported by the following elements:

- MDEO is not monitoring specific contract exam requirements related to mileage and travel reimbursements.
- Vendors are not always documenting express consent to allow for MDEO oversight.
- Mileage reimbursement details are not always available in vendor portals.

What the OIG Did

The review team examined VBA's actions and decisions associated with the contract medical disability exam program. The team examined VBA medical disability exam contracts as well as policies and procedures related to contract exam mileage requirements. The team reviewed an initial statistical sample of 183 of approximately 65,100 contract exams exceeding 50 miles for non-specialist exams and 100 miles for specialist exams completed by the three vendors during the review period from July 1 through December 31, 2021. Due to changes made to vendor portals during the review period, the team reviewed a judgmental sample of 90 cases from January 1 through June 30, 2022. The review team completed subsequent reviews to determine if changes made to vendor portals resulted in improvements.

The team interviewed MDEO managers and staff as well as the VA contracting officers associated with the contract medical disability exam program. Site visits—including interviews and observations—were also conducted with all three vendors. For more on the OIG's scope and methodology, including sampling for projections, see appendixes B and C.

MDEO Is Not Monitoring Specific Contract Exam Requirements Related to Mileage and Travel Reimbursements

VBA reported 633,154 veterans traveled for contract exams during the review period. Of those, 68,428 (about 11 percent) were scheduled beyond the contractual mileage limitations. The OIG found MDEO is not currently monitoring for documentation of express consent in these cases. MDEO's chief of acquisitions said MDEO used to do spot checks on mileage express consent documentation, but no longer monitors the issue except in certain circumstances. The MDEO executive director said it is a small percentage of veterans who travel beyond the contractual mileage limitation.

The OIG also found MDEO is not sufficiently monitoring vendor portals to ensure all required details of mileage reimbursements are available to veterans. Interviews with MDEO managers charged with monitoring compliance with contract requirements revealed that while financial audits of invoices are being completed, spot checks of vendor portals for mileage reimbursement information are only being completed on a case-by-case basis. The OIG acknowledges these efforts, but to comply with contract requirements and ensure appropriate oversight, periodic audits of portals are required. The assistant director of MDEO's acquisitions and budget stated they are aware of the contract requirement for audits of the portals but have not instituted this process. She also stated that MDEO staff have not been trained to navigate portals but use other methods to monitor the accuracy of mileage reimbursement payments. When asked why a process has not been instituted to monitor portals for mileage reimbursement information, she indicated they are not there yet.

Recommendation 1 addresses the need for VBA to implement a process to monitor and demonstrate progress to assess vendors' compliance with contractual mileage and travel reimbursement requirements.

Vendors Are Not Always Documenting Express Consent to Allow for MDEO Oversight

The November 2018 contract language required veterans' express consent be part of the record when they are asked to travel beyond mileage limitations. The review team determined that vendors took steps to obtain veterans' express consent and documented the consent within their internal records system. However, those internal systems were not viewable by VBA employees charged with overseeing the requirements.

The team reviewed 183 cases where veterans traveled beyond 50 miles for non-specialist exams or 100 miles for specialist exams from July 1 through December 31, 2021, to determine if express consent was documented. The OIG found 138 cases lacking documentation of express consent in a system that was viewable by MDEO for oversight purposes, such as VBMS. These findings were shared with MDEO managers, who concurred with a 20 percent or greater error rate in the OIG's sampled reviews. Based on the results of the statistical sample, the team estimated about 11,400 of approximately 65,100 exams (18 percent) completed during the review period included documentation of express consent in a system that was viewable by MDEO.¹⁸

Below is an example of a veteran who traveled to an exam outside the mileage requirements and may not have given express consent to travel the excess mileage.

¹⁸ Estimated percentages were weighted to represent the population from which they were drawn.

Example 1

The veteran provided the following feedback on the veteran satisfaction survey:

“Traveling more than an hour requires me to stop due to [my] medical [conditions]. Had to take a day off of work.”

The following are the circumstances of the case based on the review team’s assessment:

A vendor scheduled the 45-year-old veteran for knee and elbow exams on August 13, 2021. Mileage for these exams was calculated at 134 miles one way from La Crosse, Wisconsin, to Rothschild, Wisconsin. The vendor did not document the veteran’s express consent to travel more than the 50 miles for the exams in a system that was viewable by MDEO. Accordingly, MDEO did not have the capability to follow up on the veteran’s complaint to determine whether the vendor obtained express consent from the veteran.

Some Improvements Were Made

As previously stated, the November 2018 contract language required veterans’ express consent be part of the record when they are asked to travel beyond mileage limitations. A contract modification in September 2021 clarified the definition of a record to include the veteran portal, the vendor portal, and the VBMS electronic claims folder. Including documentation of the veteran’s express consent in these systems would provide MDEO the information needed to conduct better oversight.

The OIG performed site visits to each of the three vendors. During each visit, the team presented the vendors with five errors identified during the exam reviews. For each case, vendors were able to show the team their process for documenting express consent. All three vendors notified the OIG that updates were made to vendor portals based on the September 2021 contract modification. As these updates were made during the review period, the team reviewed additional cases to see if improvements were made. A judgmental sample of 90 cases from January 1 through June 30, 2022, was reviewed. Figure 2 compares the estimated percentages of exams with documentation of express consent for the initial review period (July 1 through December 31, 2021) and the subsequent review period (January 1 through June 30, 2022).¹⁹

¹⁹ Based on a sample size of 30 cases from each vendor, and on each vendor’s share of population claims, the OIG calculated a weight-adjusted percentage of documented express consent for the period after vendor portal updates. However, because cases for this review were not randomly selected, the OIG does not claim this percentage as a valid estimate of the true percentage of documented express consent during this period. Nonetheless, the review suggests that the updates may have resulted in a percentage that is markedly improved, though still far from 100 percent.

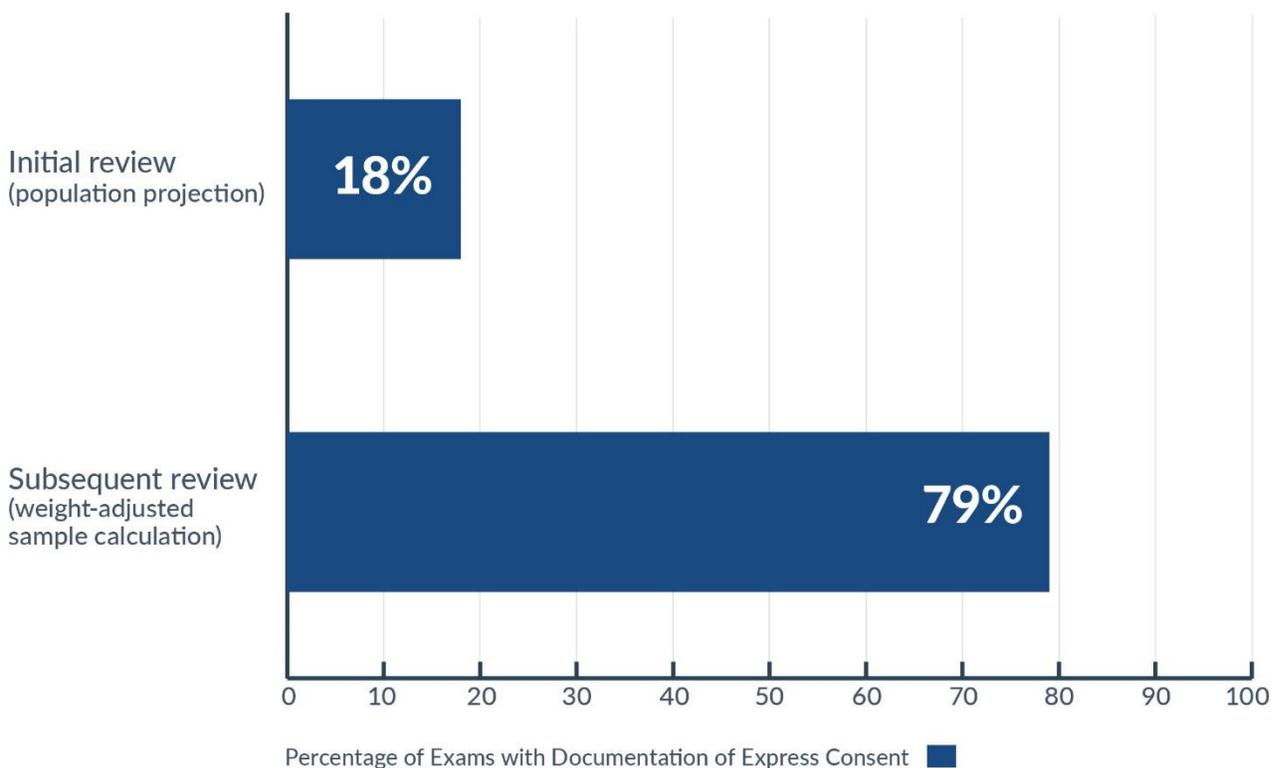


Figure 2. Percentage of exams with documentation of express consent from initial review (probability sample) and subsequent review (judgmental sample).

Source: VA OIG analysis of percentage changes during the initial and subsequent review periods.

Note: The initial review percentage is a weighted estimate based on randomly sampled data representing the entire universe for the initial review period. The subsequent review percentage is also weighted, but due to judgmental selection, it may not be representative of VBA’s entire contract exam population for the subsequent review period.

Although the results show substantial progress has been made, about 21 percent of exams still lacked documentation of express consent in the record. Additional improvement by vendors is needed to ensure veterans’ consent is documented in vendor portals and VBMS, which are accessible by MDEO staff for monitoring contract compliance. VBA is responsible for holding vendors accountable to follow all requirements of their contracts. If vendors do not obtain and document express consent from veterans to exceed contractual mileage limitations, veterans may be required to travel farther than necessary for needed exams. This potentially burdens veterans who are elderly or have disabilities that make traveling long distances difficult.

Recommendation 2 addresses the need for VBA to collaborate with vendors to ensure vendor portals include proper documentation of express consent.

Mileage Reimbursement Details Are Not Always Available in Vendor Portals

The OIG found vendors are not always providing mileage reimbursement details in vendor portals, as required by the contracts. The team reviewed 183 exams completed from July 1 through December 31, 2021, to determine if mileage reimbursement details were provided in vendor portals. The OIG found 67 of the 183 exams reviewed were missing at least one element of mileage reimbursement information in the portal. Based on the results of the statistical sample, the team estimated about 14,300, or 22 percent, of 65,100 exams completed during the review period were missing at least one element of mileage reimbursement information.

The OIG discussed the review results with all three vendors during site visits. Two of the three vendors informed the team they had updated their portals to fix problems preventing mileage reimbursement details from showing. Because the vendors notified the OIG about the changes made to the portals, a judgmental sample of 83 exams completed from January 1 through June 30, 2022, was reviewed to determine if improvements were made.²⁰ Figure 3 compares the estimated percentages of exams with the required mileage reimbursement information in vendor portals for the initial review period (July 1 through December 31, 2021) and the subsequent review period (January 1 through June 30, 2022).

²⁰ Seven of the 90 exams were out of scope for review of mileage reimbursement information.

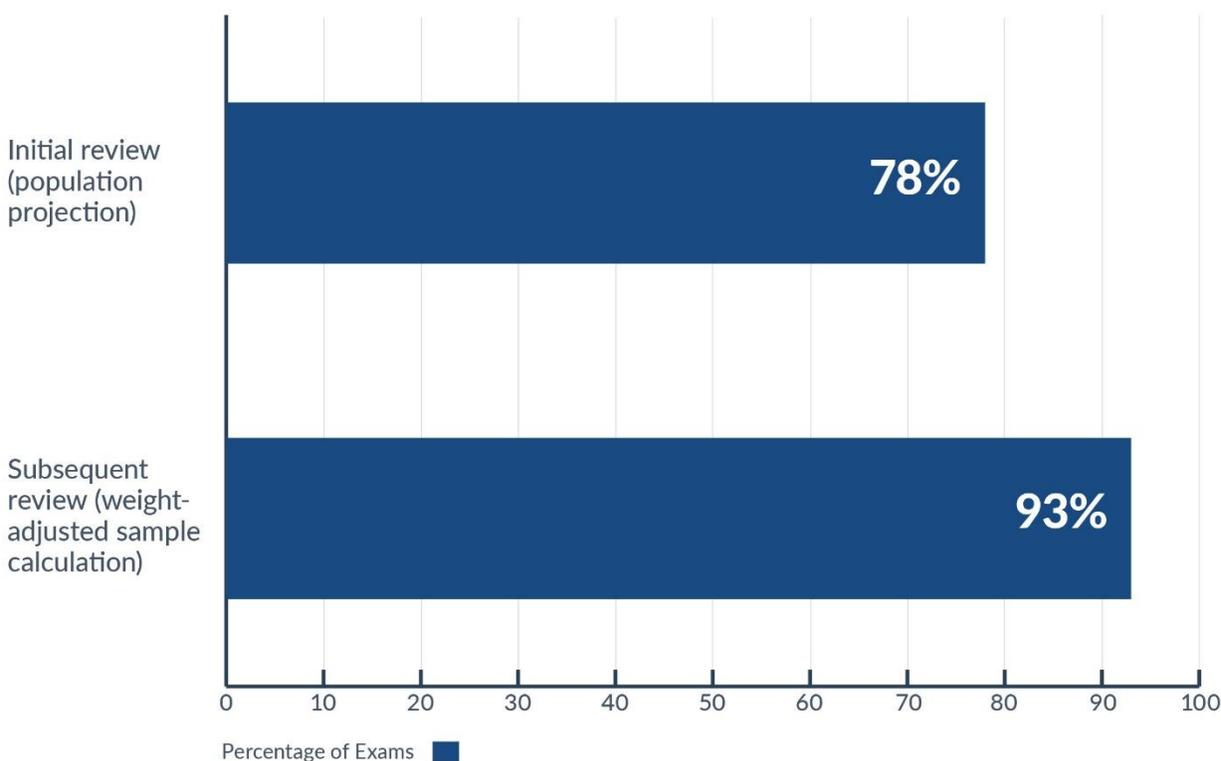


Figure 3. Percentage of exams with mileage reimbursement elements from initial review (probability sample) and subsequent review (judgmental sample).

Source: VA OIG analysis of percentage changes during the initial and subsequent review periods.

Note: The initial review percentage is a weighted estimate based on randomly sampled data representing the entire universe for the initial review period. The subsequent review percentage is also weighted, but due to judgmental selection, may not be representative of VBA's entire contract exam population for the subsequent review period.

Although progress has been made, about 7 percent of exams may have still been missing mileage reimbursement information in the vendor portal. If mileage reimbursement information is not provided in vendor portals, veterans will be unable to view the status of their payment details as required by the contract.

Recommendation 3 addresses the need for VBA to collaborate with vendors to ensure mileage reimbursement information is available in vendor portals.

Conclusion

MDEO is responsible for overseeing the medical disability exam program, including ensuring veterans are not asked to travel farther than contractually required without their express consent. They are also responsible for ensuring mileage reimbursement details are provided in vendor portals. The OIG found MDEO is not monitoring vendors' compliance with these requirements. In addition, the OIG found vendors did not always document express consent from veterans in a

system viewable by MDEO or provide mileage reimbursement information in their portals. MDEO needs to develop monitoring activities to help ensure vendors meet the requirements of the contract and collaborate with vendors to ensure portals contain all required information.

Recommendations 1–3

The OIG made three recommendations to the under secretary for benefits:²¹

1. Implement a process to monitor and demonstrate progress to assess vendors' compliance with contractual mileage and travel reimbursement requirements.
2. Collaborate with vendors to ensure portals include proper documentation of express consent.
3. Collaborate with vendors to ensure mileage reimbursement information is available in vendor portals.

VA Management Comments

The senior advisor for policy, performing the delegable duties of the under secretary for benefits, concurred with all three recommendations, provided actions taken by VBA, and requested closure of the recommendations.

For recommendation 1, beginning in October 2022, MDEO implemented a process to monitor and assess vendor compliance with contractual mileage and travel reimbursement requirements through monthly audits. MDEO documented this process in a standard operating procedure, which was finalized in January 2023. MDEO provided summary-level results of audits conducted between September and December 2022 and stated that the reviews demonstrate progress in assessing vendors' compliance with contractual mileage and travel reimbursement requirements.

For recommendations 2 and 3, beginning in October 2022, MDEO implemented a process to monitor and assess vendor compliance with contractual requirements. MDEO requires all vendors to review and confirm their systems are updated according to contract terms. MDEO's standard operating procedure, finalized in January 2023, also includes a process to review the vendor portals to confirm express consent and travel reimbursement documentation is of record, per the current contract terms. MDEO communicates its review findings monthly to each vendor and requires confirmation the vendor took corrective action within seven business days of being notified of the findings.

The full text of the senior advisor's comments appears in appendix D.

²¹ The recommendations addressed to the under secretary for benefits are directed to anyone in an acting status or performing the delegable duties of the position.

OIG Response

VBA's actions were responsive to all three recommendations. MDEO provided summary-level results of reviews conducted between September and December 2022 and stated that the reviews demonstrate progress and asked the OIG to close all three recommendations. The recommendations will remain open since the standard operating procedure was not finalized until January 2023. The OIG will monitor VBA's continued implementation of the new process, results of monthly audits, and collaboration with vendors. Recommendations will be closed when sustained progress has been made to address the recommendations and issues identified.

Appendix A: Contract Requirements

The following are excerpts from VA's contracts with vendors providing exams:

8.3 Task Three: The Contractor shall locate and subcontract with qualified examiners to conduct MDEs in response to examination scheduling requests received from VA. Reference Section 10.0 (Examination Requirements), of this PWS, for additional requirements pertaining to examination scheduling requests.

e. The Contractor shall make available to the VA a method by which a Veteran may obtain a real-time status of their appointments, such as a portal. VA requires that this be a component of the Contractor's secure management information system and accessible by the Veterans serviced. This is not a separately priced deliverable but shall be a feature of the Contractor's secure management information system. The system must be available no later than 180 days after the contract award date or contract modification date. Content available to Veterans include: Status of Veteran Appointments (Planned, Scheduled, Completed), Provider Facility Locations (Address/Contact Information), Travel Reimbursement Status (check number, payment amount, date paid, date check cashed), Contractor Contact Information, FAQs (e.g., how to cancel appointments, how to reschedule appointments, how to address billing questions, etc.), and any other information the Contractor deems valuable to offer the Veteran to improve their experience. The Veteran must be able to access this information in real time using self-service methods.

9.18 Proximity: The Contractor shall schedule examinations as close to the Veteran's home of record as feasible, but no further than 50 miles for non-specialist examination and 100 miles for specialist examinations. Authorization may be granted for additional mileage when the Veteran expressly indicates their willingness to exceed the above limits. The Veteran's express consent must be part of the record when the mileage limitation is exceeded. For Regions 1-4, the Contractor shall reimburse the Veteran for mileage traveled in accordance with Section 9.2, of this PWS. The Veteran's proximity to the examination site and travel time requirements are of higher priority than reimbursement costs. In lieu of scheduling an in-person examination, vendor examiners will have the option to complete a DBQ based on a review of existing paper and/or electronic medical evidence provided by VA and/or available in VBMS. They may also conduct a telephone interview with the claimant. Examinations based upon the medical records and history without an in-person clinical examination or testing are known as Acceptable Clinical Evidence (ACE) examinations or the ACE process. The ACE process is only to be used when VBA has not specified in the examination scheduling request that an in-person examination be conducted and when the examiner/clinician determines that sufficient medical evidence exists to complete the evaluation.

9.2 Veteran Travel Expenses: VA provides mileage reimbursement/rate information in VA Health Care Fact Sheet 16-2, and all mileage reimbursement must follow that guidance. The Contractor shall make payments for travel expenses incurred by Veterans traveling to an authorized health care facility for a scheduled compensation and pension examination. Veteran and Active Duty status will be determined by the Release from Active Duty (RAD) date entered into the VBMS examination scheduling request. Examination appointments completed after the RAD date will be eligible for travel reimbursement. Such payments shall be made in accordance with 38 U.S.C. § 111 and governing regulations. VA will ensure appropriate oversight of these payments by conducting periodic audits of the veteran portal (section 8.3) involving these expenses. VA will reimburse the Contractor monthly based on and equal to the amounts paid to Veterans under this provision.

Appendix B: Scope and Methodology

Scope

The OIG review team conducted its work from April 2022 through February 2023. The team reviewed a statistical sample of contract exams conducted outside military bases in the continental United States and completed during the review period of July 1 through December 31, 2021, that required travel exceeding 50 miles for non-specialist exams and 100 miles for specialist exams. The total universe of exams available for the statistical sample selection was 66,519. However, based on out-of-scope findings, the estimated size of the in-scope population was 65,108. The team also reviewed a judgmental sample of contract exams completed from January 1 through June 30, 2022, meeting the same criteria. The total universe of the exams available for the judgmental sample selection was 61,711. In contrast to those of the 2021 universe, none of these exams were entirely out of the project's scope. However, some cases were out of scope (inapplicable) for purposes of determining the proportion of exams missing mileage reimbursement information due to the service member still being on active duty. The data were received from VBA and validated by the OIG.

Methodology

To accomplish its objectives, the review team identified and reviewed applicable regulatory requirements, documentation, and actions related to VBA's contract disability exam mileage program. The team interviewed and obtained information on the program from managers and employees from VBA's MDEO, the VA contracting officer associated with the contract medical disability exam program, as well as all three vendors.

In coordination with OIG statisticians, the team reviewed a stratified random sample of 183 in-scope exam reviews separated into two strata. The team also reviewed a judgmental sample of contract exams completed from January 1 through June 30, 2022, meeting the same criteria. The team discussed the findings with VBA officials and included their comments where appropriate.

Appendix C provides more details on the statistical sampling methodology.

Internal Controls

The review team assessed the internal controls of VBA's MDEO mileage requirements for the contract medical disability exam program significant to the review objective. This included an assessment of the five internal control components to include control environment, risk

assessment, control activities, information and communication, and monitoring.²² In addition, the team reviewed the principles of internal controls as associated with the objective. The team identified the following three components and three principles as significant to the objective.²³ The team identified internal control weaknesses during this review and proposed recommendations to address the following control deficiencies:

Table B.1. OIG Analysis of Internal Control Components and Principles Identified as Significant

Component	Principle and applicable attribute(s)	Deficiency identified by this report
Control environment	5. Enforce accountability <i>Attribute: enforcement of accountability</i>	MDEO is not taking action to hold vendors accountable for failing to document veterans' express consent and provide mileage reimbursement details based on contractual requirements
Control activities	11. Design activities for the information system <i>Attribute: control activities for information systems</i>	Vendor portals lack the veterans' express consent and mileage reimbursement details required by the contracts
Monitoring	16. Perform monitoring activities <i>Attribute: internal control system monitoring</i>	MDEO is not reviewing and monitoring the portals to ensure vendors follow the contract requirements

Source: OIG analysis. The principles listed are consistent with the Government Accountability Office's Standards for Internal Control in the Federal Government.

Fraud Assessment

The review team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant within the context of the review objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators by

- completing the fraud indicators and assessment checklist,
- soliciting the OIG's Office of Investigations for indicators, and

²² Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

²³ Since the review was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that may have existed at the time of this review.

- reviewing OIG’s hotline for reports of fraud in the review area.

The OIG did not identify any instances of fraud or potential fraud during this audit.

Data Reliability

The OIG team reviewed computer-processed data from MDEO. The OIG determined the data to be sufficiently reliable for the purpose of this review and report. This was based on detailed discussions with VBA, including demonstrations by VBA of Microsoft Access database and SQL Server, where the data are maintained. Through these steps, the team determined that VBA’s data, in the form of the number of completed contract medical disability exams exceeding contractual mileage limitations included in this report, were reliable.

The review team compared contract exam mileage data to VBA file numbers, veteran names, claim dates, claim types, and award types. These comparisons were used to determine whether there were any discrepancies. Testing of the data disclosed that they were sufficiently reliable for the review objectives. Comparison of the data with information contained in the VBMS electronic claims folders did not disclose any problems with data reliability, as the team did not find any discrepancies in the fields in any of the data sets.

Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

Appendix C: Statistical Sampling Methodology

Approach

To accomplish the objective, the team reviewed a statistical sample of contract exams conducted outside military bases in the continental United States and completed during the review period July 1 through December 31, 2021, that required travel exceeding 50 miles for non-specialist exams and 100 miles for specialist exams. The team used statistical sampling to quantify the number of exams for which vendors did not obtain and document express consent. The team also quantified the number of exams for which vendors did not provide all elements of mileage reimbursement information in their respective vendor portals.

The team also reviewed a judgmental sample of contract exams completed from January 1 through June 30, 2022, meeting the same criteria.

Population

The initial review population included 66,519 unique exams reported by MDEO as exceeding the contractual mileage limitations during the review period. The subsequent review population included 61,711 unique exams exceeding the contractual mileage limitations from January 1 through June 30, 2022.

Sampling Design

The review team selected a statistical sample of 190 exams of which seven were out of scope from the population of exams exceeding contractual mileage limitations from July 1 through December 31, 2021. The population was stratified by vendor and type of exam (non-specialist or specialist) as seen in table C.1. Note that an in-scope sample size of 180 exams was desired. However, three additional exams were reviewed as replacements for exams that were initially incorrectly classified by the review team as out of scope. Because further review revealed that these exams were in fact in scope, the replacements resulted in a total of 183 in-scope exams.

Table C.1. Review Period 1 Sample Summary

Vendor	Proximity exception	Exams in universe	Reviewed by OIG	Weights
Vendor A	NS 50 Miles	10,755	30	336.09
Vendor A	S 100 Miles	2,948	33	84.23
Vendor B	NS 50 Miles	34,089	30	1,136.30
Vendor B	S 100 Miles	7,243	30	241.43
Vendor C	NS 50 Miles	6,615	30	206.72
Vendor C	S 100 Miles	4,869	30	157.06
All		66,519	183	

Source: VA OIG statistician's stratified population. Data were obtained from VBA's medical disability exam database.

The review team selected a judgmental sample of 90 exams from the population of exams exceeding contractual mileage limitations (50 miles for non-specialist exams and 100 miles for specialist exams) from January 1, 2022, through June 30, 2022. Seven of the 90 exams were out of scope for review of mileage reimbursement information because the exams were completed while the service member was on active duty and did not qualify. However, express consent was still required. Therefore, the seven exams were only out of scope for mileage reimbursement reviews but were in scope for express consent reviews.

The population was stratified by vendor and type of exam (non-specialist or specialist) as seen in table C.2.

Table C.2. Review Period 2 Sample Summary

Vendor	Proximity exception	Exams in universe	Reviewed by OIG	Weights
Vendor A	NS 50 Miles	9,561	15	637.40
Vendor A	S 100 Miles	3,467	15	231.13
Vendor B	NS 50 Miles	32,799	15	2,186.60
Vendor B	S 100 Miles	7,599	15	506.60
Vendor C	NS 50 Miles	4,092	15	272.80
Vendor C	S 100 Miles	4,193	15	279.53
All		61,711	90	

Source: VA OIG statistician's stratified population. Data were obtained from VBA's medical disability exam database.

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 estimated the percentage of exams in the population missing express consent by (1) summing the weights of all exams missing express consent documentation, and (2) dividing this value by the sum of the sampling weights for all in-scope exams.

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 approximately 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.

Based on simple random sampling and a normal sampling distribution, figure C.1 shows the effect of progressively larger sample sizes on the margin of error.

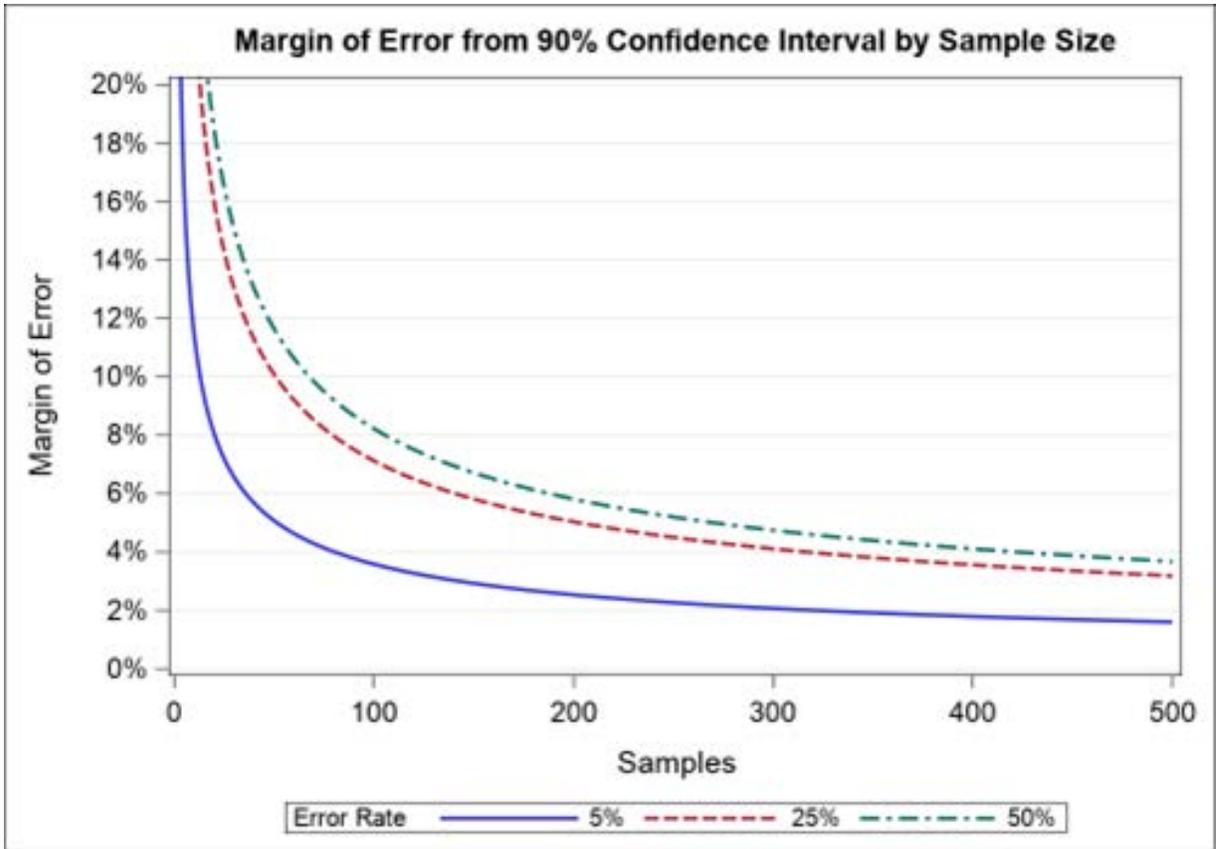


Figure C.1. Effect of sample size on margin of error.
 Source: VA OIG statistician’s analysis.

Projections

During the initial review period, of the 183 exams exceeding contractual mileage limitations reviewed, 138 did not contain documentation of express consent in the veteran’s record as required by the contract. Statistical results are presented in table C.3.

Table C.3. Statistical Projections Summary for Documentation of Express Consent

Category	Estimate number	90 percent confidence interval			Sample size	Sample count
		Margin of error	Lower limit	Upper limit		
Exams not missing express consent	11,403	3,349	8,349	15,407	190 (all units)	45 non-errors
Percentages	17.5%	5.1%	12.8%	23.1%	183 (in-scope units)	45 non-errors

Source: VA OIG statistician’s analysis.

During the subsequent review period, of the 90 exams exceeding contractual mileage limitations reviewed, 36 did not contain documentation of express consent in the veteran's record as required by the contract. Because the samples were pulled judgmentally, projections cannot be provided. However, weighted results were calculated. Based on the weighted results, the calculated percentage of the population missing documentation of express consent is about 21 percent. This value is only suggestive of actual percentages because they were not obtained probabilistically. The appropriateness of this estimate depends on the extent to which the judgmental sample is representative of the population.

During the initial review period, of the 183 exams exceeding contractual mileage limitations reviewed, 67 were missing at least one element of the required mileage reimbursement information. Statistical results are presented in table C.4.

Table C.4. Statistical Projections Summary for Missing Mileage Reimbursement Information

Category	Estimate number	90 percent confidence interval			Sample size	Sample count
		Margin of error	Lower limit	Upper limit		
Exams missing mileage reimbursement information	14,342	3,426	11,142	17,994	190 (all units)	67 errors
Percentages	22.0%	5.3%	17.1%	27.7%	183 (in-scope units)	67 errors

Source: VA OIG statistician's analysis.

During the subsequent review period, of the 90 exams exceeding contractual mileage limitations reviewed, nine were missing at least one element of the required mileage reimbursement information. Because the samples were pulled judgmentally, projections cannot be provided. However, weighted results were calculated. Based on the weighted results, the calculated percentage of the population missing at least one element of the required mileage reimbursement information is about 7 percent. This value is only suggestive of actual percentages because they were not obtained probabilistically. The appropriateness of this estimate depends on the extent to which the judgmental sample is “representative” of the population.

Appendix D: VA Management Comments

Department of Veterans Affairs Memorandum

Date: March 9, 2023

From: Senior Advisor for Policy, Performing the Delegable Duties of the Under Secretary for Benefits
(20)

Subj: OIG Draft Report – The Medical Disability Examination Office Needs to Better Monitor Mileage
Requirements for Contract Exams [Project No. 2022-02067-AE-0088] – [VIEWS 09440697]

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

1. Attached is VBA's response to the OIG Draft Report: The Medical Disability Examination Office Needs
to Better Monitor Mileage Requirements for Contract Exams.

The OIG removed point of contact information prior to publication.

(Original signed by)

Joshua Jacobs

Attachment

Attachment

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report:
The Medical Disability Examination Office Needs to Better Monitor Mileage Requirements
for Contract Exams**

The Veterans Benefits Administration (VBA) concurs with the findings in the Office of Inspector General's draft report and provides the following comments in response to the recommendations:

Recommendation 1: Implement a process to monitor and demonstrate progress to assess vendors' compliance with contractual mileage and travel reimbursement requirements.

VBA Response: Concur. Beginning in October 2022, VBA's Medical Disability Examination Office (MDEO) implemented a process to monitor and assess vendors' compliance with contractual mileage and travel reimbursement requirements. MDEO has documented this process in the Mileage Reimbursement Audit Standard Operating Procedure (SOP) (see Attachment A).²⁴ MDEO implemented the procedures outlined in the SOP in October 2022 (using September data) and finalized the SOP in January 2023. For reviews conducted between September 2022 and December 2022, MDEO shared the audit results with the vendors. The summary-level results are detailed in the Sep-Dec Mileage Agreement (Attachment B).²⁵ Detailed-level individual monthly reports by vendor are available upon request. The monthly reviews demonstrate progress in assessing vendors' compliance with contractual mileage and travel reimbursement requirements.

VBA requests closure of this recommendation.

Recommendation 2: Collaborate with vendors to ensure portals include proper documentation of express consent.

VBA Response: Concur. Effective October 1, 2021, MDEO updated the Medical Disability Exam (MDE) contracts to require MDE vendors to upload express consent documentation into the Veterans Benefits Management System (VBMS) electronic file and into the vendor's portal. Beginning in October 2022, MDEO implemented a process to monitor and assess vendor compliance with contractual requirements. MDEO requires all contract vendors to review, update, when applicable, and confirm their systems are updated in accordance with contract terms related to fiscal year (FY) 2017 through FY 2022 exam scheduling request (ESR) processing. MDEO's process, outlined in the Mileage Reimbursement Audit SOP (see Attachment A), also includes a review of the vendor portals, specifically confirming express consent documentation is of record, per the current contract terms. MDEO communicates its review findings to each vendor monthly. MDEO requires each vendor to confirm corrective action was taken within seven business days of the notice of the audit results.

VBA requests closure of this recommendation.

Recommendation 3: Collaborate with vendors to ensure mileage reimbursement information is available in vendor portals.

VBA Response: Concur. Effective October 1, 2021, MDEO updated the contracts to require MDE vendors to upload mileage reimbursement documentation into the Veterans Benefits Management System (VBMS) electronic file and into the vendor's portal. Beginning in October 2022, MDEO implemented a

²⁴ Attachment A is not included in the report. Please contact the VA OIG to request a copy if needed.

²⁵ Attachment B is not included in the report. Please contact the VA OIG to request a copy if needed.

process to monitor and assess Vendor compliance with contractual mileage and travel reimbursement requirements. MDEO documented this process in the Mileage Reimbursement Audit SOP (see Attachment A). MDEO requires all contract vendors to review, and update, when applicable, their vendor portals. MDEO also requires contract vendors provide confirmation they updated the information in the vendor portals and that they made travel reimbursement payments in accordance with contract terms related to FY 2017 through FY 2022 exam scheduling request (ESR) processing. MDEO's SOP process also includes a review of the vendor portals, specifically confirming mileage reimbursement documentation is of record, per the contract terms. MDEO communicates its review findings to each vendor monthly. MDEO requires each vendor to confirm corrective action was taken within seven business days of the notice of the audit results.

VBA requests closure of this recommendation.

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

OIG Contact and Staff Acknowledgments

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