Payment Integrity Scorecard

Program or Activity Pension	**Reporting Period** Q2 2024	**FY 2023 Overpayment Amount ($M)***	**$418**

*Estimate based a sampling time frame starting 10/2021 and ending 9/2022
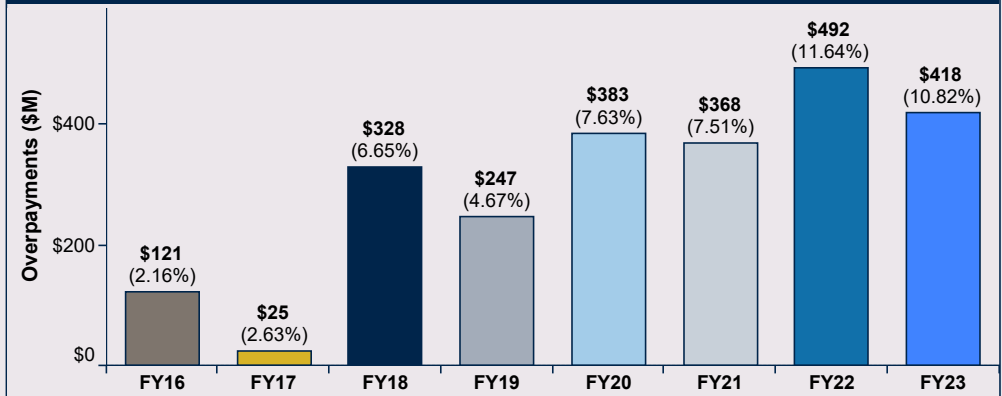
Veterans Affairs
Pension

Brief Program Description & summary of overpayment causes and barriers to prevention:

The Pension program helps wartime Veterans and their survivors by providing supplemental income to eligible recipients who meet the annual income and net worth limits set by law. A change in benefit payment occurs when a required adjustment is made due to a status change (e.g., change in income, net worth, medical expenses, or dependency etc.); which caused a projected $418 million in monetary loss in FY 2023. A known barrier is relying on beneficiaries to notify the VA when they experience life or financial changes since these factors may impact continued eligibility. When applicable, the VA pursues debt collection through lump-sum offset from benefit payments or by establishing agreed-upon repayment installments.

Historical Payment Rate and Amount ($M)
(Overpayment as Percentage of Total Outlays)

Overpayments ($M)

- FY16: $121 (2.16%)
- FY17: $25 (2.63%)
- FY18: $328 (6.65%)
- FY19: $247 (4.67%)
- FY20: $383 (7.63%)
- FY21: $368 (7.51%)
- FY22: $492 (11.64%)
- FY23: $418 (10.82%)

Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

During Q2, VA conducted a post-award quality review audit of 47 claims during the monthly National Quality Reviews (NQR). VA also reviewed Federal Tax Information on approximately 12,113 claims at the time of initial application for benefits. This audit identified variances between income reported to the Internal Revenue Service (IRS) versus amounts reported to VA on the application. Claims processors identified variances to settle discrepancies and prevent future overpayments. VA also conducted a Special Focus Review of 60 claims where the Social Security Administration (SSA) income was adjusted to ensure payment accuracy and policy compliance by the claims processors. Four of 60 claims had errors (93.33% accuracy) based on a standardized review checklist which included identification of potential overpayments. In Q3 of FY 2024, VA will continue to conduct audits during the monthly National Quality Reviews and on claims initially submitted for pension benefits to identify variances with income reported to the IRS. VA will also perform a Pension Management Center Site Visit to audit and ensure that claims processors are taking the appropriate award actions to prevent overpayments. Additionally, VA will conduct a Special Focus Review of 60 claims for compliance with the calculation of mileage expense policy and procedures, assisting in the accuracy of the benefit payment and prevention of improper payments.

Accomplishments in Reducing Overpayment

	Accomplishments in Reducing Overpayment	Date
1	The VA conducted an annual audit to evaluate the accuracy of 2,603 records on beneficiaries over the age of 100. Applicable records were updated to prevent improper payments.	Jan-24
2	The VA conducted a Special Focus Review that audited 60 claims where the SSA Income was adjusted and found four errors (93.33% accuracy). Debts were established for applicable overpayments and referred for collection. See Note 2.	Feb-24
3	The VA conducted a National Quality Review audit on 47 claims. See Note 1. Debts were established for applicable overpayments and referred for collection. See Note 2.	Mar-24

Payment Integrity Scorecard

Program or Activity
Pension

Reporting Period
Q2 2024

	Goals towards Reducing Overpayments	Status	ECD
1	Conduct a Special Focus Review of claims with medical mileage manually calculated for accuracy and policy compliance by the claims processors. Claims will be reviewed based on a standardized checklist which includes identification of potential overpayments. VA plans to audit 60 claims in Q3, FY 2024.	On-Track	Jun-24
2	Conduct monthly National Quality Review audits across the three processing locations. Claims will be reviewed based on a standardized checklist which includes identification of potential overpayments. VA plans to audit/review 47 claims in Q3, FY 2024. See Note 1.	On-Track	Jun-24

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	Recovery Audit	Conduct monthly National Quality Review audits across three processing locations. Claims are reviewed based on a standardized checklist which includes identification of potential overpayments. VA plans to audit/review 47 claims in Q3, FY 2024. See Note 1.	During Q2, the VA conducted a National Quality Review audit on 47 claims. Debts were established for the applicable overpayments and referred for collection. See Note 2.
2	Recovery Activity	Conduct Special Focus Reviews to ensure the claims processors properly applied policies and procedures in making decisions. Claims with errors are corrected and debts are established for applicable overpayments identified. See Note 2. Â	During Q2, the VA conducted a Special Focus Review on 60 claims where SSA income was adjusted to ensure payment accuracy and policy compliance by the claims processors. Claims with errors were corrected and debts were established for applicable overpayment..
3	Recovery Activity	VA will continue to recover overpayments identified during special projects and the testing of payments required by the Payment Integrity Information Act (PIIA). These activities include establishing debts if applicable. See Note 2.	VA continues to take action to recover overpayments identified during special projects and the testing of payments required by PIIA. These activities include establishing applicable debts which are referred for collection. See Note 2.

Amt($)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
$362M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	Claims processors did not apply policies and procedures to pension claims timely which resulted in inaccurate pension rate decisions, which caused VA to overpay beneficiaries.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	VA randomly reviews claims processors' work to ensure policies and procedures are properly applied in making accurate pension rate decisions to prevent future improper payments. If applicable, corrective action includes establishing debts for overpayments.
		The Pension program is an income-based program. Beneficiaries did not report changes to SSA income to VA timely, which caused VA to overpay beneficiaries.	Automation - automatically controlled operation, process, or system.	VA conducts a match with SSA to identify the difference between the SSA income received versus the amount reported to VA. Differences indicate potential overpayments. VA reviews differences to identify and prevent future overpayments.
		When a Veteran passes away, the VA discontinues benefit payments. When the death is not reported timely, or the benefit payment processing has already started when the notice is received, this may create an overpayment of pension benefits.	Automation - automatically controlled operation, process, or system.	VA utilizes the SSA Death Master File to match against active beneficiaries which allows VA to identify discrepancies between SSA and VA in the reporting of deceased beneficiaries and to prevent future improper payments.

The Pension program is a needs-based benefit, providing financial assistance to those who meet legislative requirements. Award payments are made based on an initial determination in response to a claim received and are not adjusted unless there is an indication of a change, such as changes to income, medical expenses, or net worth. The program continues to prioritize and implement effective strategies that reduce improper payments while balancing the need to ensure Veterans and their survivors have access to needed financial assistance. Starting in September 2022, the program implemented a mitigation strategy to decrease future improper payments by sending batches of claims weekly to claims processors for review and corrective action. The program changes resulted in a decrease in the improper and unknown payment rate from 11.66% in FY 2022 to 10.86% (a 0.80% reduction) and a $73 million decrease in improper payments in FY 2023. Note 1: NQR audits include Dependency and Indemnity Compensation, Burial, and the Pension program to which claims are allocated quarterly to audit. Note 2: Once a debt is established by a claims processor, the VA pursues collection of debts through lump-sum offset, or the VA works with the beneficiary to establish payment plans, as agreed upon. Note 3: Weekly batches sent to claims processors and debt establishment and collection for claims identified as having SSA income variances were suspended and will be restarted based on VA guidance.