

Payment Integrity Scorecard

Program or Activity
VA Community Care

Reporting Period
Q3 2024

FY 2023 Overpayment Amount (\$M)*

\$954

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

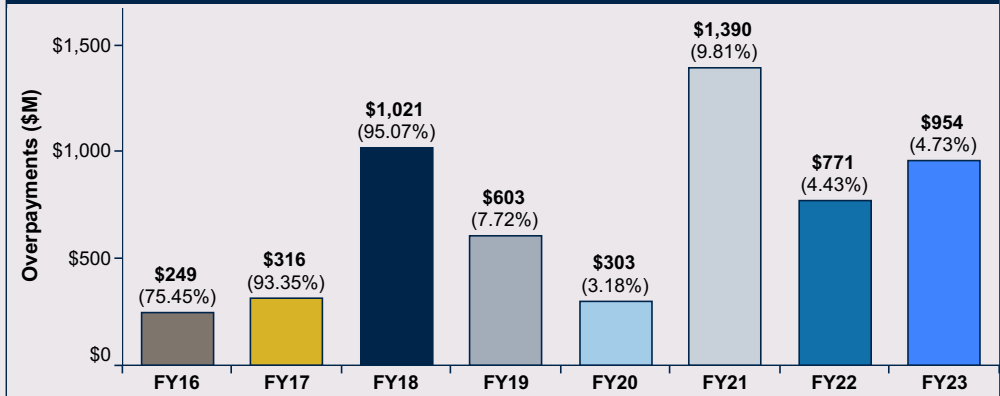


Veterans Affairs
VA Community Care

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

The VA Community Care program was used to provide timely and specialized care to 2.8 million Veterans in FY 2023. This program allows VA to authorize Veteran care at non-VA health care facilities when the needed services are not available through the VA, or when the Veteran is unable to travel to a VA facility. The program reported \$954.17 million in projected monetary loss in FY 2023, most of which resulted from paying amounts that did not align with the contracted rate, services not eligible for payment because of regulatory exclusions or experimental status, or an ineligible provider or service. There are no known financial, contractor or provider status related barriers prohibiting improving the prevention of improper payments.

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



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

Actions taken in Q3 regarding change process include VA will clarify payment methodology with third-party administrators to bill at the correct allowable rates (See Note 1). In addition, VA instructed third-party administrators to follow standard billing practices as defined in the contracts. Actions taken regarding automation include VA updated the claims processing system, Electronic Claims Adjudication Management System, to identify and auto-deny Community Care Network (CCN) claims that should be processed by a third-party administrator. VA contracting instructed third-party administrators to deny out of network facility provider claims for emergent episodes of care. Specifically, in May 2024, VA communicated to the third-party administrators and resolved pricing discrepancies, when the third-party administrators were using the VA Fee Schedule instead of using Medicare rates. Actions taken in Q3 to address overpayments include VA reviewed timely filing requirements related to resubmitted invoices as noted in the CCN contract with the third-party administrators and provided education. Actions taken to address overpayments include working to ensure third-party administrators have updated appropriate controls in the reimbursement system. Actions planned for Q4 include reviewing 2024 payment integrity testing results to evaluate causes of error related to monetary loss and develop effective corrective actions.

Accomplishments in Reducing Overpayment

| | | Date |
|---|--|--------|
| 1 | VA updated a risk tracker deliverable within the Community Care Network contract to resolve the issue when the incorrect National Provider Identifier (NPI) is provided on the claim and does not match the authorization's NPI. | Apr-24 |
| 2 | VA coordinated with third-party administrators on pricing discrepancies. It was determined the third-party administrators billed VA using the incorrect VA Fee Schedule allowable rate for unlisted procedure codes. | May-24 |
| 3 | VA worked with third-party administrators on pricing discrepancies to confirm updates were completed to the pricing schedule and reprocessing of associated claims. | May-24 |

Payment Integrity Scorecard

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| | Goals towards Reducing Overpayments | Status | ECD | Recovery Method | Brief Description of Plans to Recover Overpayments | Brief Description of Actions Taken to Recover Overpayments |
|---|--|-----------|--------|-------------------------------|---|---|
| 1 | VA coordinated internally to resolve pricing inconsistencies with third-party administrators and determined when post-payment analysis was needed. | Completed | May-24 | 1 Recovery Activity | VA recovers overpayments such as duplicate payments, payments made in the incorrect amount, unapplied credits, etc., when identified. | In FY 2024, VA identified \$13.36 million in overpayments for this program and recovered \$32.31 million to date. In FY 2024, Q3, VA continued to process bills of collection for these identified overpayments. |
| | | | | 2 Recovery Audit | VA uses a recovery audit contract to audit claims for pre-authorized care and test compliance with referrals; whether claims are reimbursed using the appropriate methodology; and that the medical records support the diagnostic related group billed for the services. | VA estimates a total of \$80.7 million in overpayments for this program and has recovered \$73.8 million to date. In FY 2024, Q3, VA continued this work with the contractor to process bills of collection for identified overpayments. Recoveries will conclude in August 2024. |
| 2 | VA will review 2024 payment integrity testing results to evaluate causes of error related to monetary loss and develop effective corrective actions. | On-Track | Sep-24 | 3 Recovery Activity | VA will review 2023 statistical samples tested under Payment Integrity Information Act (PIIA) and conduct post-payment, deep-dive reviews to identify overpayments stemming from systemic program deficiencies. | In FY 2023 and FY 2024, VA identified \$6.08 million in overpayments for this program and recovered \$5.78 million to date. In FY 2024, Q3, VA continued to process bills of collection for these identified overpayments. |

| Amt(\$) | Root Cause of Overpayment | Root Cause Description | Mitigation Strategy | Brief Description of Mitigation Strategy and Anticipated Impact |
|---------------|--|---|--|--|
| \$954M | Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed. | The system was not auto denying payments appropriately, which caused VA to pay the community provider for services that should have been billed by the third-party administrator. The third-party administrator also failed to deny certain claims from out of network providers. | Automation - automatically controlled operation, process, or system. | VA will update the claims processing system to identify and auto-deny CCN claims that should be processed by a third-party administrator. VA contracting will instruct third-party administrators to deny out of network facility provider claims for emergent episodes of care. |
| | | VA did not enforce contract requirements for third-party administrators to bill at the correct allowable rates. As a result, the third-party administrators are billing for claims that exceed the lesser of the amount payable per the pass-through provision in the contract. | Change Process altering or updating a process or policy to prevent or correct error. | VA will enforce contract requirements for third-party administrators to bill at the correct allowable rates. |
| | | VA did not enforce requirements for third-party administrators or providers to submit claims in accordance with regulatory or contractual requirements. As a result, VA paid for excluded services that did not meet contractual requirements for timely claim submission. | Change Process altering or updating a process or policy to prevent or correct error. | VA will instruct third-party administrators to follow standard billing practices as defined in the contract. VA will communicate to claims processing agents to not process claims when timely filing requirements are not met. |

The VA Community Care program continues to prioritize and implement effective corrective actions and mitigation strategies that reduce improper and unknown payments as evidenced by its fifth consecutive year of reductions and achieved compliance with the Payment Integrity Information Act of 2019 for FY 2023. Specifically, from FY 2022 to FY 2023, the VA Community Care program decreased its improper and unknown error rate from 7.84% to 4.92% (2.92% reduction) and improper and unknown payments from \$1,363.13 million to \$992.38 million (\$370.75 million reduction). VA's process for development of corrective actions and mitigation strategies ensures the severity of the error is considered to ensure the action is adequate. Given the time it takes to implement corrective actions and mitigation strategies, the program expects the continued positive impact of these actions on its FY 2024 improper and unknown payment rate. Note 1: VA contracts with third-party administrators to provide care to Veterans and to process and pay claims received from non-VA health care providers.