

Payment Integrity Scorecard

Program or Activity
VA Community Care

Reporting Period
Q1 2025

FY 2024 Overpayment Amount (\$M)*

\$417

*Estimate based a sampling time frame starting 10/2022 and ending 9/2023

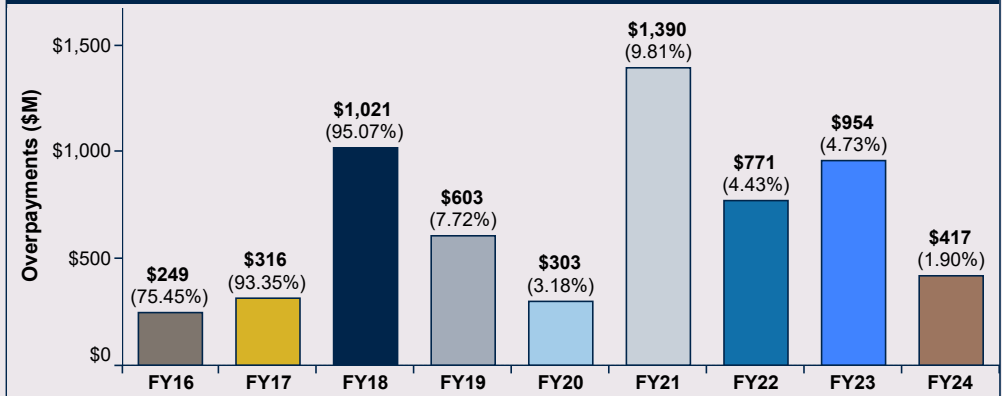


Veterans Administration
VA Community Care

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

The VA Community Care 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 was used to provide timely and specialized care to approximately three million Veterans in FY 2024. The program reported \$416.63 million in projected monetary loss in FY 2024, most of which resulted from paying for claims not received within the required timeframe, services lacking proper authorization, or amounts that did not align with the contracted rate. 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 regarding change process include performing an analysis of the current timely filing rules and implementing actions to strengthen oversight regarding timely filing. In addition, VA engaged in a contract modification to further elaborate on standard episode of care claims processing, which will address lack of authorization errors. Actions planned for Q2 include exploring options to determine the best course of action to remediate timely filing errors. In addition, VA will coordinate with the third-party administrator to determine the root cause and the best method to reduce or prevent pricing discrepancy errors from triggering in the future (see Note 1). Actions taken and planned regarding audit include conducting post-payment reviews and establishing bills of collection for claims that were overpaid. In addition, VA will update system logic to flag claims when the provider on the claim does not match the provider on the authorization. VA designed these actions to reduce overpayments attributed to failure to access data/information. VA is confident that these improvements will allow for more accurate payment validation.

Accomplishments in Reducing Overpayment

| | | Date |
|---|---|--------|
| 1 | VA coordinated internally on the creation of a contract modification package to further elaborate on standard episode of care claims processing. VA engaged in bilateral discussions with the third-party administrator on that modification. | Jul-24 |
| 2 | VA gathered documentation and information regarding the timely filing rules and issues for Community Care Network payments and performed an analysis of the associated impact. These actions will contribute to the strengthening of oversight regarding timely filing. | Aug-24 |
| 3 | VA researched and categorized findings related to the various pricing discrepancies in the Community Care Network contracts, which is a key milestone in VA's efforts to enforce contract requirements for third-party administrators to bill at the correct allowable rates. | Sep-24 |

Payment Integrity Scorecard

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| Goals towards Reducing Overpayments | Status | ECD | No | Recovery Method | Brief Description of Plans to Recover Overpayments | Brief Description of Actions Taken to Recover Overpayments |
|--|------------------|--------|----|--------------------------|--|---|
| 1 VA reviewed 2024 payment integrity testing results to evaluate causes of error related to monetary loss and develop effective corrective actions. | Completed | Oct-24 | 1 | Recovery Activity | VA recovers overpayments such as duplicate payments, payments made in the incorrect amount, unapplied credits, etc., when identified. | In FY 2025 Q1, VA identified \$26.42 million in overpayments for this program and recovered \$1.86 million to date. In FY 2025, VA will continue to process bills of collection for these identified overpayments. |
| 2 VA is conducting post-payment reviews and establishing bills of collection for claims that were overpaid due to lack of authorization and untimely submission of claim errors. These collections will be tracked in the monetary loss database. | On-Track | May-25 | 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. | In FY 2025 Q1, VA identified \$19.86 million in overpayments for this program and recovered \$0.56 million to date. In FY 2025, VA will continue to process bills of collection for these identified overpayments. |
| | On-Track | May-25 | 3 | Recovery Activity | VA reviews statistical samples tested under the Payment Integrity Information Act (PIIA) and conducts post-payment, deep-dive reviews to identify overpayments stemming from systemic program deficiencies. | From FY 2023 to FY 2025, VA identified \$6.63 million in overpayments for this program and recovered \$6.02 million to date. In FY 2025, Q1, 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 |
|---------------|--|--|--|--|
| \$417M | Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed. | Community Care Network contracts lacked clear language on standard episode of care claims processing. In addition, the system did not flag claims when the provider on the claim did not match the provider on the authorization, resulting in payments to unauthorized providers. | Change Process altering or updating a process or policy to prevent or correct error. | VA will update system logic to flag claims when the provider listed does not match the provider on the authorization. In addition, VA will conduct post-payment reviews, establish bills of collection for claims lacking proper authorization, and track results in a database. |
| | | VA did not enforce contract requirements for third-party administrators to bill at the correct allowable rates. As a result, VA paid for claims that exceeded the allowable contract rates. | 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 will ensure contract language is clear and clarify any inconsistent payment methodology instances with third-party administrators regarding payment discrepancies. |
| | | 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 services that did not meet contractual requirements for timely claim submission. | Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. | VA will perform an analysis of the current timely filing rules and implement actions to strengthen oversight. In addition, VA will conduct post-payment reviews, establish bills of collection for untimely submitted claims, and track results in a monetary loss database. |

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 sixth consecutive year of reductions and achieved compliance with the Payment Integrity Information Act of 2019 for FY 2024. Specifically, from FY 2023 to FY 2024, the VA Community Care program decreased its improper and unknown error rate from 4.92% to 1.90% (3.02% reduction) and improper and unknown payments from \$992.38 million to \$416.63 million (\$575.75 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 2025 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.