



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

First-Party Billing Address
Management Needs
Improvement to Ensure
Veteran Debt Notification
before Collection Actions

REVIEW

REPORT #20-03086-70

FEBRUARY 17, 2022



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Executive Summary

In May 2020, the VA Office of Inspector General (OIG) received a confidential complaint that employees at the Central Plains Consolidated Patient Account Center (CPAC) in Leavenworth, Kansas, mismanaged veterans' addresses for first-party bills at the Minneapolis VA Health Care System (Minneapolis healthcare system) in Minnesota. The complainant alleged that veteran billing statements were mailed to outdated addresses, returned to the medical facility, and subsequently referred for debt collection without veterans' knowledge. These veterans may have been charged late fees or administrative fees. The OIG conducted this review to assess the merits of the complaint and evaluate address management activities at the Central Plains CPAC and the Minneapolis healthcare system.

What the Review Found

The OIG partially substantiated the allegation: VA sent billing statements to veterans using outdated addresses from one file (its account receivables file) within its record system while newer information was available from another patient record file within the same system. This may have resulted in bills intended for veterans being returned to the Minneapolis healthcare system. Additionally, the OIG found that certain veteran billing accounts associated with returned statements were referred for collection. However, due to lack of documentation, the team could not establish that these accounts were referred *because* veterans did not receive the mailed bills.

The Minneapolis healthcare system provided the review team with 284 examples of veteran billing statements that were returned to the facility during the time referenced in the complainant's allegations. The team reviewed a random sample of 30 statements and determined that 18 of them were mailed using an outdated address when a more current address was available in the Veterans Health Information Systems and Technology Architecture (VistA).¹ The team further determined that 21 of 30 veteran accounts associated with the returned statements had been referred for collection at some point over the past 19 years, although none of the billed charges on the returned statements had been referred as of June 2021. Beyond the examples provided, the facility did not maintain records of returned billing statements, nor does VA policy require it. Due to the lack of complete records, the team was unable to determine whether previous referrals were the result of veterans not receiving proper notice of the debt.

The OIG also identified risks beyond the allegation assessment that may contribute to inconsistencies in veteran address management nationwide. Specifically, current VistA system

¹ VistA is a comprehensive electronic health record deployed across the Veterans Health Administration (VHA), composed of approximately 200 modules for carrying out various business functions, including managing first-party billing.

configurations for billing and patient demographic files led to challenges in managing and updating first-party billing addresses. These two separate files within VistA—the Patient File and the Accounts Receivable file—do not share address updates with each other and the existing controls designed to identify addresses as outdated do not consistently prevent mail from being sent.

The Veterans Health Administration (VHA) lacked defined processes for managing returned billing statements and communicating incorrect addresses to the appropriate staff for correction. As a result, bills may continue to be sent to outdated addresses, and accounts may be referred for collection without the responsible party receiving notice. This can result in unanticipated financial demands on veterans and fees being added without proper notice. If referred for collection, those actions can also decrease a veteran's federal payments, such as income tax refunds, social security benefits, or retirement benefits. It could also include garnishing nonfederal wages or reducing current or future VA benefits.

What the OIG Recommended

The OIG recommended the under secretary for health develop and execute a project management plan to evaluate and correct VistA address data used to mail first-party billing statements. VHA should also establish controls to periodically review and reconcile VistA address data used to mail first-party bills. Finally, there needs to be improvements to policies detailing roles, responsibilities, and procedures for remediating returned first-party bills and steps for flagging and updating outdated billing addresses.

VA Comments and OIG Response

The deputy under secretary for health concurred with all recommendations and submitted responsive corrective action plans. Appendix B provides the full text of the deputy under secretary's comments. The OIG will monitor implementation of planned actions and will close the recommendations when VHA provides sufficient evidence demonstrating progress addressing the issues identified.



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Abbreviations

CPAC	Consolidated Patient Account Center
DMC	Debt Management Center
OCC	Office of Community Care
OIG	Office of Inspector General
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network
VistA	Veterans Health Information Systems and Technology Architecture



Introduction

The VA Office of Inspector General (OIG) received a confidential complaint in May 2020 that employees at the Central Plains Consolidated Patient Account Center (CPAC) in Leavenworth, Kansas, mismanaged veterans' addresses for first-party bills at the Minneapolis VA Health Care System in Minnesota. The complainant alleged that bills were sent to old addresses, then returned to the medical facility, and subsequently referred for debt collection without veterans' knowledge. Any affected veterans could find themselves facing debt collection without warning and remediation that poses financial hardship. They may also have been subject to late or administrative fees. The OIG conducted this review to assess the merits of the complaint and evaluate address management activities at the Central Plains CPAC and the Minneapolis healthcare system. During this review, the potential impact on veterans from the other six CPAC regions was also considered.

First-Party Billing

Veterans who receive care or services from VA or through community providers could be responsible (as a first party) for copayments based on their healthcare eligibility, enrollment status, and income. Bills for those copayments are automatically generated when patients receive care or medication at VA medical facilities. In contrast, CPAC staff manually add charges for other encounters, such as care in the community, to the veterans' bills.

VA sends monthly billing statements to veterans that list all charges and payments added to their accounts since the previous billing cycle. It also informs veterans of their rights and responsibilities, including information on collections; late charges; and options to pay, waive, or dispute any debts. VA's Austin Information Technology Center prints and mails veteran billing statements for all VA medical facilities nationwide in monthly batches and uses the location of the medical facility that established the charges as the return address.

VA mails first-party patient bills to an address maintained in its Veterans Health Information Systems and Technology Architecture (VistA). VistA is a comprehensive electronic health record deployed across the Veterans Health Administration (VHA). It is composed of approximately 200 modules for carrying out various business functions, including collecting patient demographic information and managing first-party billing. If a veteran supplies an address when enrolling with VA or over the course of receiving health care, VistA stores that

address in a repository known as the Patient File.² A veteran may also designate a different billing address that is maintained in a file titled AR Debtor (for accounts receivables).³ VistA configurations give AR Debtor precedence over the Patient File for billing. If there is an entry in AR Debtor, the statement will be mailed to that address. If not, the billing statement address will default to the Patient File.

First-party billing was paused after the declaration of the COVID-19 pandemic from April 2020 through December 2020, and again from February 2021 through the end of FY 2021 (September 30).⁴ VA resumed first-party billing activities on October 1, 2021.

Delinquent Debt

VA is required by law to apply late charges, including interest and administrative fees, on balances that remain unpaid 30 days after the date on the first statement.⁵ After this point, the debt is considered delinquent. Late charges continue to accumulate until the balance is paid in full or a repayment plan is in place.

VA refers delinquent bills to its Debt Management Center (DMC) when

- the amount of debt is \$25 or more,
- it has been at least 90 days since sending the first billing statement and at least 30 days after sending the third billing statement, and
- the status of the bill is active.⁶

Once the bill is referred to the DMC, the center determines whether a veteran has VA benefits that can be used to offset the debt. If a veteran has such benefits, VA sends a letter reminding the veteran about the amount of the debt; impending offset action; how to pay the debt; and the accumulation of interest, penalties, and administrative costs.

If a veteran does not have VA benefits that can be used to offset the debt, the DMC determines whether the debt is eligible for referral to the US Treasury for collection. To be eligible, the debt

² The Patient File may be populated or updated by several VistA modules. The Admission/Discharge/Transfer module supports administrative functions related to patient admission, discharge, transfer, and registration, including capturing patient address information. Similarly, the Scheduling and Pharmacy modules can also update patient addresses. Additionally, the Enrollment System—VA's authoritative system of record for veterans' healthcare enrollment data—captures veteran demographic information, including addresses, that is exchanged with the VistA's Patient File.

³ VistA's Accounts Receivable module is a system of accounting and receivables management used to automate the debt collection process.

⁴ VA sent billing statements for a short interval in January 2021. However, billing was paused again following issuance of an executive order.

⁵ 38 U.S.C. § 5315; 38 C.F.R. § 1.915.

⁶ VHA Accounts Receivable 4.5 Debt Management Center User Guide, ver. 1.3, September 2020.

must meet the same criteria for the original DMC referral in addition to being delinquent for at least 120 days.⁷ If the debt meets these conditions, VA refers it to the US Treasury for collection.

Figure 1 shows the general process for first-party billing and debt collection.

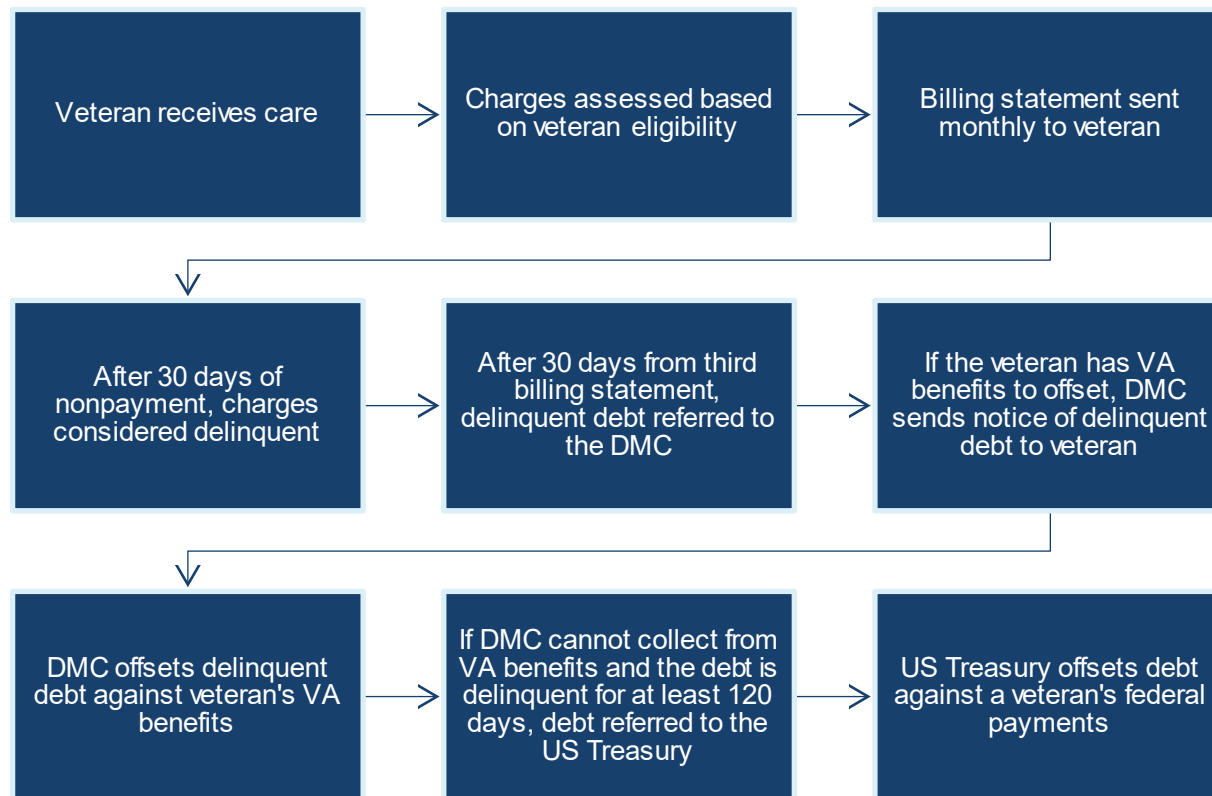


Figure 1. Process for first-party billing and debt collection.

Source: OIG analysis of VA guidance, VistA system documentation, and debt collection processes provided by the DMC.

Collection from the DMC or the US Treasury can decrease a veteran's federal payments, such as income tax refunds, social security benefits, or retirement benefits. It could also include garnishing nonfederal wages or reducing current or future VA benefits.

VA also suspended all collection actions due to the COVID-19 pandemic. DMC and US Treasury debt collection resumed in October 2021. However, DMC will not deduct debt from VA benefits payments until January 2022.

Relevant Sources of Veterans' Address Updates for First-Party Billing

Veterans can update their addresses via kiosks at a VA medical facility, through the VA website, or directly with onsite medical facility staff. In general, these actions update the information in

⁷ VA Financial Policy Volume XII, *Debt Management*, chap. 4, "Medical Care Debt," February 18, 2021.

VistA's Patient File. They do not change a veteran's billing address in AR Debtor. Unless a veteran contacts VHA's Health Resource Center or the CPAC directly, their billing address will remain unchanged. Figure 2 shows the data flow for address updates.

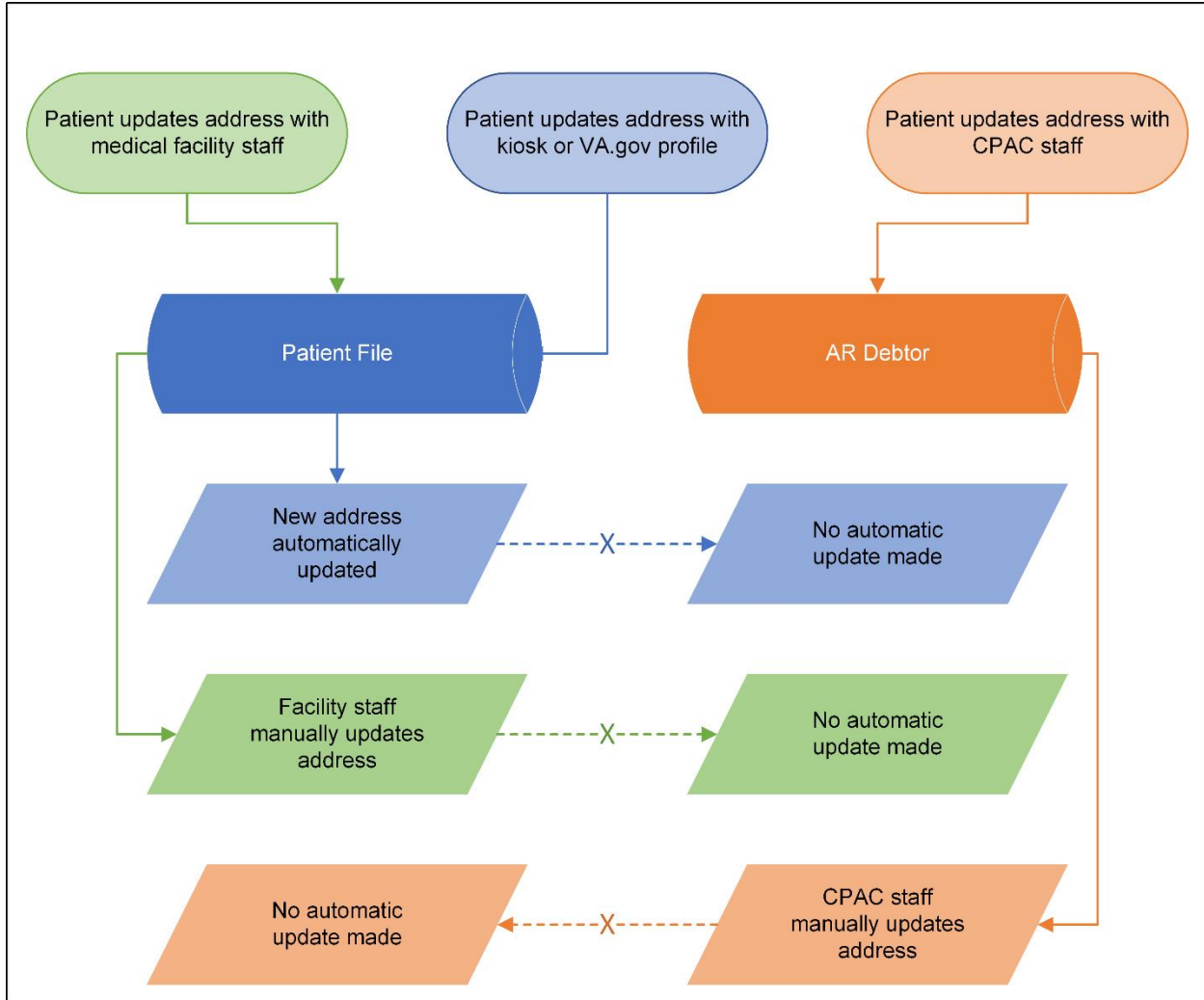


Figure 2. Data flow for veteran address updates.

Source: OIG analysis of VistA system documentation, interviews with CPAC staff, and information provided by Office of Information and Technology staff.

Responsible Offices

Nationally, the acting assistant under secretary for health for community care leads VHA's Office of Community Care (OCC) and has overall responsibility for patient billing. OCC's Revenue Operations office oversees the seven CPACs that conduct industry-modeled billing and

collection activities, including the Central Plains CPAC.⁸ All CPACs support revenue programs for 18 regional Veterans Integrated Service Networks (VISNs) and associated VA medical facilities nationwide.⁹ Figure 3 shows the breakdown of OCC's regional CPAC network.

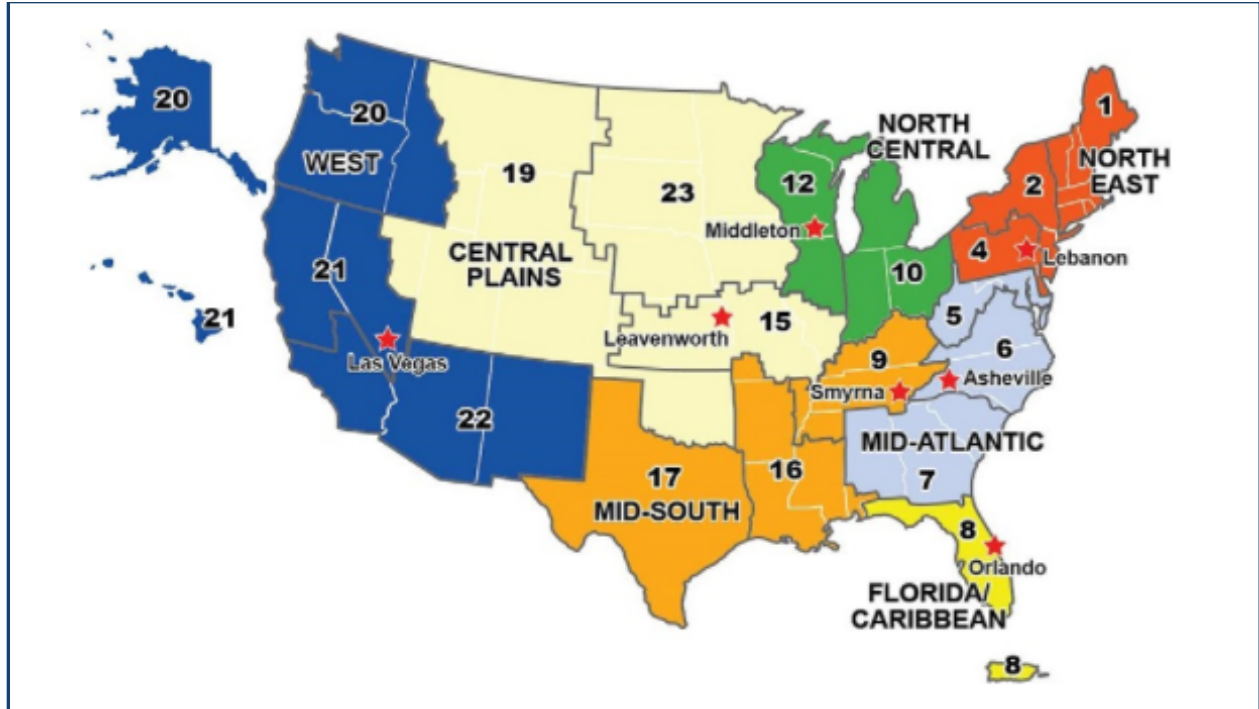


Figure 3. Map of Regional CPACs.

Source: VHA OCC Operations website, July 7, 2021.

The Central Plains CPAC, located in Leavenworth, Kansas, provides revenue services for VISNs 15, 19, and 23. It also maintains a facility revenue department at each medical facility in the region. The Minneapolis healthcare system is under VISN 23.

Medical facility staff, such as those at the Minneapolis healthcare system, are responsible for entering and maintaining patient demographic information, including addresses, in VA information systems.¹⁰ Veterans can provide this information when they check in for appointments, pick up prescriptions, visit the eligibility and enrollment office, or call the facility.

⁸ Veterans Mental Health and Other Care Improvements Act of 2008, Pub. L. No. 110-387, 406 § 1729B. Revenue Operations functions were scheduled to be realigned in January 2022 from VHA's Office of Community Care to VHA's Office of Finance. During the scope of the OIG review, these functions were under the OCC. Therefore, that office is the one referenced throughout this report.

⁹ VHA is organized into 18 regional networks called Veterans Integrated Service Networks that manage and oversee medical facilities in their specified geographic areas.

¹⁰ VHA Directive 1604, *Data Entry Requirements for Administrative Data*, April 22, 2016.

Electronic Health Record Information System Modernization

VA is in the process of replacing VistA with a new electronic health record information system developed by Cerner Government Services.¹¹ As of July 2021, the new system will use only two addresses for patients: (1) a residential address for the physical location of the patient, and (2) a correspondence address where the patient wants to receive their medication and mail, including billing statements. To date, Cerner's new system has been implemented at the Mann-Grandstaff VA Medical Center in Spokane, Washington, and the West CPAC in Las Vegas, Nevada. The OIG did not evaluate that system's implementation or address configuration as part of this review.

¹¹ VA conducted a strategic review to assess the ongoing Cerner electronic health record system implementation. As of August 2021, VA is updating its deployment schedule. Under the original deployment schedule, the initial rollout of the system was to be completed in 2028.

Results and Recommendations

Finding: VHA Processes for Maintaining Addresses and Communicating Changes to CPAC Staff Need Improvement

The OIG partially substantiated the allegation, determining that VA sent billing statements on behalf of the Minneapolis healthcare system to veterans using outdated addresses. The review team identified instances where a newer address was available from other patient records but was not used, which could have resulted in bills being returned to the facility. The team also found that some veteran billing accounts were delinquent and referred for collection. However, due to VA's lack of complete physical documentation, such as copies of the returned bills or electronic records, the team could not establish that collection referrals were directly caused by veterans not receiving the mailed billing statement due to an outdated address error.

During its assessment, the OIG identified risks that could contribute to inconsistent veteran address management nationwide. VistA system configurations for billing and patient demographics resulted in issues with managing and updating addresses used for mailing first-party billing statements. VHA processes were also insufficiently detailed for managing returned first-party bills and subsequently communicating incorrect addresses to the appropriate CPAC staff for correction. Without remedial action, VA could continue to send billing statements to outdated addresses and could refer veteran accounts for collection without the responsible party receiving notice.

What the OIG Did

The team reviewed billing statements returned to the Minneapolis healthcare system from February through April 2020, as specified in the allegation. The team also reviewed address changes made to the VistA Patient File from April 2004 through July 2021. The team analyzed VistA records for a random sample of returned statements; interviewed staff at the Central Plains CPAC, VISN 23, and the Minneapolis healthcare system; and obtained system information from VHA and the Office of Information and Technology. The team also obtained information on regionally applicable guidance from all CPACs. In addition, the team examined policies, procedures, and other guidance related to first-party billing and address management.

Minneapolis VA Health Care System Patient Billing Statements Were Sent to Outdated Veteran Addresses

The OIG found the Minneapolis healthcare system received returned billing statements from February 20 through April 30, 2020, the period referenced in the complainant's initial allegation. Facility staff provided the review team 284 examples of first-party bills dated February and April 2020 that had been returned. However, VA policy does not require staff to maintain

records of returned billing statements and the facility did not retain any beyond the examples provided.¹² Without complete information, the team was unable to independently quantify the number of bills returned due to outdated addresses in the time covered by the allegation.

The limited set of records did provide enough data for the team to verify that billing statements were mailed to outdated addresses. As previously mentioned, addresses supplied by veterans when enrolling in VA healthcare are stored in VistA's Patient File. If a veteran designates a different billing address, it is maintained in a file titled AR Debtor. VistA prioritizes the AR Debtor address for billing regardless of what information is in the Patient File. For 18 of the 30 returned bills reviewed, the statement was sent to an address from AR Debtor when a more current address was available in the Patient File.

Examples 1 and 2 show billing statements mailed to outdated addresses:

Example 1

VA mailed a billing statement dated April 5, 2020, on behalf of the Minneapolis healthcare system to an address that had been active in the Patient File until July 2014, at which point another facility's staff member had updated the veteran's address.¹³ However, AR Debtor had retained the pre-July 2014 address and used it to mail the statement that was ultimately returned to the Minneapolis healthcare system.

Example 2

*VA mailed a billing statement dated April 5, 2020, to an address that had been active in the Patient File until December 2013. At that time, a Minneapolis healthcare system staff member removed the address, replaced it with "***NEEDS ADDRESS**," and marked it as undeliverable. It remained in this status for about a month until the address was replaced in January 2014 with an address that was current until July 2021. However, AR Debtor had retained the pre-December 2013 address and used it to mail the statement that was eventually returned to the Minneapolis healthcare system.*

In these instances, veterans may not have received proper notice and known that they had a debt resulting from their care.¹⁴ If the debt is unaddressed through numerous billing cycles, a

¹² VA Directive 6340, *Mail Management*, September 11, 2017, and VA Handbook 6340, *Mail Management Procedures*, July 26, 2018.

¹³ Veterans can contact other VA medical facilities to change their addresses, which will then update Patient File addresses at any sites where they receive care.

¹⁴ As of October 29, 2019, veterans may log on to a VA website to access their billing statements electronically. However, this website only displays statements that were generated and mailed within the last six months.

veteran's debt could be referred for collection without their knowledge. However, available records did not allow the review team to validate that billing accounts were referred for collection specifically because veterans did not receive mailed statements due to outdated addresses. Therefore, the team was unable to substantiate this aspect of the allegation.

VA refers delinquent debt to its DMC and the US Treasury after 90 and 120 days, respectively. These periods suggest that veterans should receive a minimum of three bills before referral for collection. To establish that a debt was referred without a veteran's knowledge, the team would have needed to obtain and review three consecutive billing statements returned due to an outdated address. However, as noted previously, VA facilities are not required to maintain records of returned billing statements, and the Minneapolis healthcare system did not do so. The lack of complete documentation prevented the team from conducting this analysis.

The team did review accounts associated with the 30 returned statements while it assessed the allegation. Available electronic records in VistA and the US Treasury's referral database showed that veterans associated with 21 of the 30 returned bills had charges from the Minneapolis healthcare system that were delinquent and referred for collection at some point over the past 19 years. However, without three consecutive returned billing statements, the team could not establish that debts were referred for collection without veterans receiving notice. Furthermore, the team reviewed current referral data as of June 2021 and found that none of the 30 statements had charges for patient care or medication that were referred for collection. It is important to note that billing was paused beginning April 2020 through December 2020 due to the COVID-19 pandemic and thus statements were not sent during this period.¹⁵ As a result, the debt may not have been eligible for referral because three statements would need to have been sent.

While the review team noted that some veterans had debt referred to DMC or the US Treasury in the past, the debt could not be definitively linked to billing statements sent to outdated addresses.

VistA System Limitations Hinder Veteran Address Management

As previously discussed, veterans' addresses are maintained in separate VistA database files—the Patient File and AR Debtor. The OIG found current configurations for those files directly contribute to issues managing addresses for first-party billing. Address updates are not automatically shared between files. Also, the unique indicators available in each file used to identify an outdated or incorrect address (important controls) do not interact with the other, or consistently prevent mail from being sent to a flagged address.

¹⁵ VA resumed sending billing statements in January 2021 but paused billing again because of Executive Order 14002, January 22, 2021.

Address Changes Are Not Shared across Databases

As previously discussed, when VistA generates a first-party bill, the address in AR Debtor takes precedence and automatically overrides any address in the Patient File. If there was a Patient File address update, it would not be applied to the billing mailing address stored in AR Debtor. Eligibility and enrollment staff at the Minneapolis healthcare system told the review team that they could not view or edit addresses in AR Debtor. As a result, they did not know when a new Patient File address provided by a veteran needed to be applied to AR Debtor. Furthermore, Central Plains CPAC staff told the review team that they can view, but not edit, Patient File information. Standardized manual procedures are necessary to ensure address updates are made in all appropriate records and verify the same changes have been made in both files.

The OIG found that Minneapolis facility staff had recognized an increased workload due to returned billing statements and started taking interim corrective measures in April and May 2020. During this time, the eligibility and enrollment staff had temporary access to AR Debtor to correct addresses when a billing statement was returned to the facility. Staff would also ensure that the AR Debtor address matched the corresponding entry in the Patient File. In addition to these corrective measures, the healthcare system collaborated with the local CPAC revenue department to develop supplementary guidance for managing returned billing statements, which was published in September 2020.¹⁶

Addresses Marked as Undeliverable in VistA Are Not Shared with All Users

When the US Postal Service returns first-party bills to a facility because the bills have no forwarding information, the veterans' addresses are flagged in VistA to be updated. In these instances, the OIG found that medical facility staff and the CPAC revenue department use different indicators in the Patient File and AR Debtor, to note that an address is outdated or incorrect. These indicators do not interact with each other and they cannot be viewed and changed by all responsible staff. Facility eligibility and enrollment staff use a Bad Address Indicator to mark Patient File addresses as undeliverable. In contrast, CPAC staff indicate an address is "unknown" in AR Debtor when there is not a correct veteran billing address available. However, using the Bad Address Indicator in the Patient File has no effect on flagging the address in AR Debtor. As a result, billing and referrals for collection could continue even after facility staff receive a returned bill and mark the address as undeliverable in the Patient File. Since the system does not automatically update these indicators, procedures are needed to ensure outdated addresses are marked in both files.

¹⁶ Due to the COVID-19 pandemic, billing was paused from April through December 2020, and again after January 2021. As a result, neither the Minneapolis healthcare system, Central Plains CPAC, nor the OIG had information from consecutive billing cycles to test whether this supplementary guidance was effective.

Further, while the indicators were intended as an internal control to prevent mail from being sent to outdated addresses, the OIG found that they did not always do so. VA guidance states that when the Bad Address Indicator is used in the Patient File, veterans will not receive correspondence from VA until it has been removed and the mailing address has been corrected.¹⁷ However, the review team found several instances where VA sent billing statements after Patient File addresses used the Bad Address Indicator. In these cases, there were no addresses in AR Debtor at the time the statements were sent, and the Patient File address had an entry of “**NEEDS ADDRESS**.” Despite being flagged, the bill was still sent to the invalid mailing address. Figure 4 illustrates a returned statement that had been originally sent to such an address.

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Figure 4. Returned first-party billing statement with an invalid address.

Source: April 2020 billing statement returned to the healthcare system.

Marking an address as “unknown” in AR Debtor is intended to be similar to the Patient File’s Bad Address Indicator. If the “unknown” indicator is selected, a billing statement will not be sent, and the veteran’s account will not be referred for collection by the DMC or the US Treasury. CPAC staff receive a report identifying addresses that have been flagged as “unknown” and require action. When the staff identify a more current address, they are required to update the information in AR Debtor.¹⁸ CPAC staff told the team that they also contact VHA’s Health Eligibility Center to update the Patient File if a corresponding change is needed.

The Central Plains CPAC staff told the OIG that staff relied on the “unknown” address report to notify them when addresses need to be corrected in AR Debtor. Staff said this report included addresses that were identified using the Patient File’s Bad Address Indicator. However, the team found that undeliverable addresses from the Patient File did not appear on these reports from March and April 2020. CPAC staff would therefore be unaware of all first-party bills returned to the VA medical facility that needed address corrections unless they were notified directly by that facility’s eligibility and enrollment staff.

¹⁷ Knowledge Management Guidebook, (VAMC Enroll_Elig) Data Entry Requirements for VistA and ES.

¹⁸ VHA Chief Business Office, Consolidated Patient Account Centers (CPAC) Veteran Services Guidebook, Framework, Processes, Procedures, and Internal Controls, ver. 3.3, December 31, 2019.

VA Policy Did Not Provide Detailed Procedures for Managing Returned Billing Statements and Patient Addresses

VA guidance does not account for the full address update process or the two-sided structure of billing address information in VistA. Many of the inefficiencies identified can be attributed to this insufficient guidance. Relevant VA policies also did not define procedures for remediating veteran billing statements that were returned to medical facilities. National mail management guidance outlines how mail received will be sorted but does not provide instructions on resolving address issues when mail is returned as undeliverable.¹⁹ While OCC policy directs CPAC facility revenue staff to forward “bad address returns” to the eligibility and enrollment department, it did not indicate what that department should do upon receipt of the returned mail.²⁰ Furthermore, OCC policy describes editing addresses in both the Patient File and AR Debtor for returned billing statements, but does not account for the separation between the two database files, including access limitations for relevant staff.²¹

The service-level agreement between the Central Plains CPAC and VISN 23 assigned responsibility to the CPAC for ensuring returned mail is reviewed with the Health Information Management Service supervisor, patient advocate personnel, and other appropriate medical facility personnel. It also stated that facility staff are responsible for processing returned billing statements and updating the Patient File. While the agreement assigned responsibility, it did not clearly outline specific procedures for handling returned billing statements.

The OIG found that the Minneapolis healthcare system collaborated with the local CPAC revenue department to develop supplementary guidance after recognizing an increased workload due to returned billing statements in 2020. They developed their own standard operating procedures in September 2020 for managing returned billing statements. These procedures established a manual process for distributing returned statements and correcting addresses in the Patient File and AR Debtor. Following implementation, local staff told the OIG they removed addresses from AR Debtor for veterans whose statements had been returned to the facility. For example, the AR Debtor addresses associated with examples 1 and 2 were deleted in July 2021. However, due to the COVID-19 pandemic, billing was paused from April through December 2020, and again after January 2021. As a result, neither the Minneapolis healthcare system, Central Plains CPAC, nor the OIG had information from consecutive billing cycles to test whether these local procedures were effective.

¹⁹ VA Directive 6340, *Mail Management*, September 11, 2017 and VA Handbook 6340, *Mail Management Procedures*, July 26, 2018.

²⁰ VHA Office of Community Care Facility Revenue Guidebook, *Framework, Processes, Procedures, and Internal Controls*, ver. 5.0, November 2019.

²¹ VHA Office of Community Care Operational Policy Manual 1601.C, “Revenue for Veterans Benefit Claims,” sec. 04, chap. 2, sec. C, May 1, 2015.

Risks Identified in the Minneapolis VA Health Care System May Be Realized Nationwide

Given that policy and system limitations were central to the issues identified at the Minneapolis healthcare system and the Central Plains CPAC, the review team sought information on how other locations handled veteran addresses and returned first-party bills. The team requested information from the other six CPACs to determine if they also implemented supplemental guidance that could be used as a benchmark for corrective action. The CPACs told the OIG that they only follow national procedures and did not develop any regional guidance for handling veteran billing statements returned due to an incorrect or outdated address.

Additionally, OCC Revenue Operations confirmed that the seven CPACs follow the same national guidance, which did not define procedures for remediating veteran's first-party bills returned to VA medical facilities due to an incorrect or outdated address. Due to the general lack of controls, the conditions identified in Minneapolis and Central Plains are likely to occur at other locations. As a result, VHA risks mailing veteran billing statements to outdated addresses nationwide.

Patient Accounts May Be Referred for Collection without Receiving Notice If Address Issues Persist

Without detailed national or regional policies, medical facilities and CPAC revenue departments may need to create their own local procedures for managing returned first-party bills. This could result in differing methods for ensuring addresses associated with returned statements are identified and corrected in VistA. Until corrected, VA lacks assurance that outdated billing addresses are consistently flagged for appropriate corrective action.

If addresses are not appropriately flagged for remediation, billing statements may continue to be sent to outdated addresses. Consequently, veterans may not receive notice that they have outstanding debt that could be referred to VA's DMC or US Treasury if bills are not paid. Collection from these entities could decrease federal payments to veterans (such as income tax refunds, social security benefits, or retirement benefits) and reduce their VA benefits along with nonfederal wages. In addition, veterans may experience sudden financial hardship and be subjected to additional fees.

Conclusion

The OIG confirmed that VA mailed first-party billing statements on behalf of the Minneapolis healthcare system to addresses that were outdated when compared to information in VistA's Patient File. However, while some veteran accounts had been referred for collection in the past, the OIG was unable to verify that the referrals were the result of veterans not receiving their bills due to outdated addresses being used. The OIG also found current VistA configurations for the

billing and patient demographic modules led to difficulties managing addresses used for first-party billing.

These difficulties occurred due to gaps in VHA's first-party billing process and associated guidance. Two disparate databases maintained veteran address information but lacked the functionality to ensure necessary updates were changed in both files when either was updated.²² Further, VHA lacked defined processes for managing returned bills and subsequent address remediation. Without corrective action by VA, first-party bills may continue to be sent to addresses that are not current. This in turn could result in VA referring veteran billing accounts for collection without responsible parties receiving notice.

Recommendations 1–3

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

1. Develop and execute a project management plan to evaluate and correct Veterans Health Information Systems and Technology Architecture address data used to mail first-party billing statements.
2. Establish controls to periodically review and reconcile Veterans Health Information Systems and Technology Architecture address data used to mail first-party billing statements.
3. Improve policies detailing roles, responsibilities, and procedures for remediating returned billing statements and steps for flagging and updating outdated billing addresses.

VA Management Comments

The deputy under secretary for health concurred with the three recommendations and provided corrective action plans. For recommendation 1, the deputy under secretary stated that VHA will identify the total number of veterans with address data in VistA's AR Debtor and then determine the most effective plan to correct this address field. For recommendation 2, the deputy under secretary stated that Revenue Operations will determine controls required to periodically review and reconcile VistA address data and work with relevant entities to develop those controls. For recommendation 3, the deputy under secretary stated that Revenue Operations will work with VA medical center leaders to develop a standardized process that defines roles, responsibilities, and procedures for handling returned billing statements and for flagging and updating outdated billing addresses in VistA. Appendix B provides the full text of the deputy under secretary's comments.

²² As noted previously, VA is in the process of replacing VistA with a new electronic health information system. The OIG did not evaluate that system's implementation or address configuration as part of this review. However, due to its implementation, the OIG did not make recommendations to alter VistA or better integrate information sharing between the Patient File and AR Debtor.

OIG Response

The deputy under secretary for health's comments and corrective action plans are responsive to the intent of the recommendations. The OIG will monitor implementation of planned actions and will close the recommendations when VHA provides sufficient evidence demonstrating progress in addressing the issues identified. The OIG will close:

- recommendation 1 after verifying that VHA developed and executed a project management plan to evaluate and correct VistA address data in AR Debtor,
- recommendation 2 after verifying that VHA has established controls to review and reconcile VistA address data in AR Debtor, and
- recommendation 3 after verifying that VHA has improved its policies nationwide for the issues identified in the finding, to include defining roles, responsibilities, and procedures for maintaining veterans' billing addresses.

Appendix A: Scope and Methodology

Scope

The review team conducted its work from February 2021 through December 2021. The scope of the review focused on address management activities at the Central Plains CPAC and the Minneapolis VA Health Care System. This included analysis of available patient billing statements returned to the Minneapolis healthcare system from February to April 2020, as specified in the allegations in the complaint to the OIG. The review team also assessed available historical address records associated with those statements from April 2004 through July 2021.

Methodology

To accomplish the objective, the team identified and reviewed applicable laws, regulations, VA and VHA policies, as well as VHA operating procedures. The team also performed virtual site visits to the Central Plains CPAC based in Leavenworth, Kansas; VISN 23 in Eagan, Minnesota; and the Minneapolis VA Health Care System in Minnesota. This included interviewing and obtaining information from 42 employees at those locations.

The team reviewed local policies and procedures related to address management for first-party billing. The team also obtained information on policies used by the other six regional CPACs to manage veteran addresses and returned billing statements. Lastly, the team analyzed VistA records associated with a random sample of returned first-party billing statements and obtained system information from VHA and the Office of Information and Technology for relevant VistA modules, Cerner electronic health record information system, the Consolidated Copayment Processing Center system, and the Enrollment System.

Scope Limitations

The OIG encountered scope limitations during its review. VA policy does not require staff to maintain records of returned billing statements. Further, the statements returned to the Minneapolis healthcare system were not always maintained by facility staff and available for the team's review. The facility did not otherwise inventory returned statements. The lack of complete documentation prevented the review team from independently quantifying the extent of the address management issues. Additionally, the team could not identify why veterans' bills were not paid and subsequently referred for collection because this information was not available. Therefore, the OIG could not determine whether bills were referred for collection as a result of outdated addresses, as alleged. Lastly, the pauses in billing due to the

COVID-19 pandemic prevented the OIG from assessing the effectiveness of relevant procedures published in September 2020.²³

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 audit objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators. The OIG did not identify any instances of fraud or potential fraud during this review.

Data Reliability

The review team used computer-processed data from VistA's Patient File and AR Debtor. To assess the reliability of these data, the team interviewed VHA employees responsible for entering address data into VistA, obtained information from Office of Information and Technology project managers, and reviewed system documentation detailing VistA's address functionality. Further, the review team compared returned billing statements to associated VistA data to determine whether the address information on the physical documentation aligned with entries recorded in the system.

Due to a lack of source information, the team could not attest to the accuracy of the address populated in either the Patient File or AR Debtor. Instead, the team took available address information at face value, including the date the address was added to the database, and did not make any claims that the address itself is accurate. As noted in the finding, the team determined that, based on the available data, the Patient File had more current information in certain instances when compared with AR Debtor.

The team also used limited computer-processed data from VistA and the US Treasury database on debt referrals as background information. As such, the team did not make any claims regarding the accuracy of the debt referrals. Overall, the review team concluded that the address data obtained from VistA were sufficiently reliable to support the findings, conclusions, and recommendations.

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*.

²³ Due to the COVID-19 pandemic, billing was initially paused from April 2020 through December 31, 2020. VA sent billing statements in January of 2021 but paused them again due to an executive order. As a result, there were no consecutive billing cycles to test whether the procedures implemented by the facility and CPAC were effective.

Appendix B: VA Management Comments

Department of Veterans Affairs Memorandum

Date: January 21, 2022

From: Deputy Under Secretary for Health (10), Performing the Delegable Duties of the
Under Secretary for Health

Subj: OIG Draft Report, First-Party Billing Address Management Needs Improvement to Ensure
Veteran Debt Notification before Collection Actions (#2020-03086-AE-0054) (VIEWS #6727766)

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 on management of addresses for first-party billing. The Veterans Health Administration (VHA) concurs with the recommendations and provides an action plan in the attachment.

<i>The OIG removed point of contact information prior to publication.</i>

(Original signed by)

Steven L. Lieberman, M.D.

Attachment

Attachment

VETERANS HEALTH ADMINISTRATION (VHA)

Action Plan

**First-Party Billing Address Management Needs Improvement to Ensure Veteran Debt Notification
before Collection Actions
(# 2020-03086-AE-0054)**

Recommendation 1. Develop and execute a project management plan to evaluate and correct Veterans Health Information Systems and Technology Architecture address data used to mail first-party billing statements.

VHA Comments: Concur. VHA Revenue Operations will work to create a report to identify the total number of Veterans with an address in the AR Debtor (statement mailing address) field within the Veterans Health Information Systems and Technology Architecture (VistA). Upon receipt of the data in this report, a determination will be made related to the most effective plan to correct the VistA AR Debtor address field.

Status: In progress

Target Completion Date: June 2022

Recommendation 2. Establish controls to periodically review and reconcile Veterans Health Information Systems and Technology Architecture address data used to mail first-party billing statements.

VHA Comments: Concur. Upon completion of actions to resolve recommendation 3, a determination will be made by VHA Revenue Operations on controls required to periodically review and reconcile VistA address data. Controls will be developed by either regional offices or VA medical centers (or both), dependent upon roles and responsibilities outlined in the standardized process in recommendation 3.

Status: In progress

Target Completion Date: December 2022

Recommendation 3. Improve policies detailing roles, responsibilities, and procedures for remediating returned billing statements and steps for flagging and updating outdated billing addresses.

VHA Comments: Concur. Upon receipt of the report referenced in recommendation 1, VHA Revenue Operations will work with VA medical center leadership to develop a standardized process to flag and update outdated billing statement addresses. This standardized process will define roles, responsibilities, and the procedures to handle returned billing statements and the steps for flagging/updating outdated billing statement addresses within VistA.

Status: In progress

Target Completion Date: September 2022

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

OIG Contact and Staff Acknowledgments

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