VETERANS HEALTH ADMINISTRATION

Overtime Use in the Office of Community Care to Process Non-VA Care Claims Not Effectively Monitored

Executive Summary

It is critical that Veterans Health Administration (VHA) staff process claims for non-VA care in an accurate and timely fashion. When veterans receive reimbursable medical care outside the VA network, such as in their local community, it is considered non-VA care. Delayed or lack of payments for non-VA care services risks undue financial burdens on veterans. Failure to provide prompt payments can also cause some community care providers to stop accepting VA patients, and may require VA to pay interest on delayed payments.

VA's Office of Community Care (OCC) Payment Operations and Management (POM) directorate has seen its non-VA care claims backlog increase since at least October 2016.[1] VHA's Fee Basis Claims System data showed the claims backlog increased from over 239,000 claims in October 2016 to over 988,000 as of October 2018. This backlog further increased to over 1.3 million claims as of April 2019.

VHA's Fee Basis Claims System data showed POM received about 19.4 million claims in fiscal year (FY) 2018, over 4.2 million more claims in FY 2018 than in FY 2017. While POM processed over 6 million more claims in FY 2018 than in FY 2017, POM still received about 542,000 more claims during this two-year period than it processed. The audit team determined that the number of claims processors increased by only about 10 during the same period, and POM also used contract support staff to process claims.[2]

To reduce this backlog, the OCC published a community care bulletin in 2015, and POM leaders emailed staff over several subsequent years encouraging overtime be used to process POM's outstanding non-VA care claims backlog.[3] While OCC and POM leaders encouraged staff to use overtime to reduce the claims backlog, neither established a policy that required staff to use overtime exclusively to process those claims or detailed appropriate uses for overtime.

The VA Office of Inspector General (OIG) recognizes that resolving the potentially significant financial burden for veterans caused by backlogged payments to community healthcare providers required swift action by VA. The use of overtime, in and of itself, can be an acceptable option, but must be closely assessed and monitored. The OIG conducted this audit to examine OCC

---

[1] VHA, VHA Support Service Center FBCS [Fee Basis Claims System] Non-VA Open Claims Inventory, accessed March 2019, defined current claims as authorized claims one to 30 days old and unauthorized claims one to 45 days old. Authorized claims exceeding 30 days old and unauthorized claims exceeding 45 days old are considered backlog. (The OCC's Claims Adjudication and Reimbursement directorate became the Payment Operations and Management directorate in July 2019.)

[2] Claims processors consist of lead voucher examiners, voucher examiners, claims assistants, claims examiners, program support assistants, and, in some cases, contract staff.

[3] Audit team analysis of OCC and POM staff email correspondence and an OCC 2015 website publication.

POM's use of overtime to process non-VA care claims, the effect overtime had on claims backlog reduction, and whether claims processors and nurses abused overtime.[4]

What the Audit Found

OIG auditors found that although reducing the backlog was a stated priority rather than a requirement, POM leaders did not effectively ensure their staff used overtime primarily to process claims. During FYs 2017 and 2018, POM supervisors approved more than 677,000 overtime hours at a cost of about $23.8 million. The OCC's policy states that "OT [overtime] is to be used only when absolutely necessary to accomplish the mission" of the organization and "should be kept to a minimum," such as when mission-critical work "cannot be completed by on-duty personnel during regular working hours alone."[5]

The audit team reviewed FYs 2017 and 2018 payroll, time card, and Fee Basis Claims System claims processing data for a sample of 45 POM employees and determined that the OCC paid POM staff an estimated $11.6 million for overtime hours for which there was no evidence of claims processing production or activity in the Fee Basis Claims System—almost half of the total overtime paid.[6] Significantly, 16 of the 45 employees in the sample each received more than $10,000 in overtime for hours during which they did not process any claims or complete other claims activity in the Fee Basis Claims System. The audit team referred the matter involving these 16 POM employees to the OIG's Office of Investigations.

Neither OCC nor POM leaders implemented controls to ensure POM facility staff used overtime primarily to reduce the claims backlog as they appear to have intended, or even to ensure overall mission-critical productivity. POM supervisors did not effectively assess and monitor staff's claims processing productivity during overtime hours to mitigate the risk of overtime abuse. The audit team determined that claims processors averaged only an estimated 3.7 claims decisions per hour in the Fee Basis Claims System during overtime hours worked, a little more than a quarter of the former 13-claims-per-hour performance standard.[7] Additionally, the team determined that 60 percent of the claims that employees did process during overtime were backlogged claims.

---

[4] Given VA's need to focus on the COVID-19 response, the OIG developed interim measures for the release of oversight reports. Accordingly, this report's release was delayed. At the time this report was scheduled for release, the OIG was generally disseminating only those reports that were relevant to the COVID-19 pandemic, statutorily required, or that involved compelling circumstances related to the welfare of veterans, the safety of patients and VA personnel, or significant risk to VA resources.

[5] OCC Policy Memorandum COO-13, "Overtime and Compensatory Time Policy," December 20, 2013.

[6] The scope included all of FY 2017, and 24 of the 26 pay periods in FY 2018. Overall, the audit team's review included 50 pay periods.

[7] These standards were in place during FYs 2017 and 2018. This factor was not included in claims processors' ratings for FY 2018.

Furthermore, POM did not systematically track or assess non-claims-processing activities, such as processing mail, and therefore the audit team could not determine the extent to which staff completed these activities during overtime. Non-claims-processing activities, as well as claims POM processed through the Veterans Information Systems and Technology Architecture system, are not tracked in the Fee Basis Claims System.[8] Even though POM leaders encouraged employees to process backlogged claims during overtime, supervisors said they occasionally approved overtime to process backlogged mail. The overtime not accounted for by Fee Basis Claims System claims processing activities was not systematically monitored, and supervisors were not always able to identify what work the staff did accomplish on overtime, such as answering phone calls, assisting claimants in person, scanning incoming mail, and processing outgoing claim decision letters. Further, POM stated the claims processed through the Veterans Information Systems and Technology Architecture system were not monitored.

The OIG concluded that POM did not effectively assess and monitor claims processing production that occurred during overtime hours to ensure staff used overtime to meet the OCC and POM's goal of reducing the claims backlog, and POM's use of overtime presented a high risk for fraud and abuse. During the review period, POM had no clear organizational plan to reduce the claims backlog without depending on overtime. The OCC plans to fully implement an auto-adjudication system during FY 2020, which is expected to reduce manual claims processing. For POM to effectively manage its use of overtime, there must be effective controls in place. The OIG found that during the scope of this audit, such controls did not exist or were ineffective.

What the OIG Recommended

The OIG issued four recommendations to the under secretary for health concerning employee use of overtime, including completing a review of certain POM employees' overtime activities to determine whether the employees' conduct requires disciplinary or other corrective action, ensuring supervisors have the tools to effectively monitor overtime productivity to reduce the risk of abuse, clarifying nurse productivity standards and requirements, and establishing and implementing controls on the appropriate use of overtime.

---

[8] Based on OCC data, POM processed over 716,000 claims in the Veterans Information Systems and Technology Architecture system during FYs 2017 and 2018 (this figure represents just over 2 percent of the total number of claims processed in the Fee Basis Claims System during that period). Claims processed outside of the Fee Basis Claims System were for non-VA dental, family caregiver bowel and bladder, and community nursing home care. The data did not allow for a reliable determination of how many claims were processed in the Veterans Information Systems and Technology Architecture system during overtime and regular time.

Management Comments

The executive in charge, Office of the Under Secretary for Health, concurred with all four recommendations. The executive in charge provided acceptable corrective action plans for each recommendation. The OIG will monitor implementation of planned actions and will close the recommendations when VA provides sufficient evidence demonstrating progress in addressing the intent of the recommendations and the issues identified.

LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

Contents

Abbreviations

CAR	Claims Adjudication and Reimbursement
FY	fiscal year
GS	General Schedule
OCC	Office of Community Care
OIG	Office of Inspector General
POM	Payment Operations and Management
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

Introduction

The VA Office of Inspector General (OIG) conducted this audit to examine the Office of Community Care (OCC) Payment Operations and Management (POM) directorate's use of overtime to process non-VA care claims (such as reimbursable community care not in the VA network).[9] The audit team also examined the effect overtime had on claims backlog reduction and whether claims processors and nurses abused overtime.

It is critical that Veterans Health Administration (VHA) staff process claims for non-VA care in an accurate and timely fashion. Delayed or lack of payments for non-VA care risks undue financial burdens on veterans who could be liable for costs while waiting for VA payment. Failure to provide prompt payments can also cause some community care providers to stop accepting VA patients, and may require VA to pay interest on delayed payments. The use of overtime, in and of itself, can be an acceptable option to process backlogged claims, but must be closely assessed and monitored. According to the OIG analysis of VHA's *FBCS* [Fee Basis Claims System] *Non-VA Open Claims Inventory* reports, POM's non-VA care claims backlog increased from over 239,000 in October 2016 to over 988,000 as of October 2018. This backlog further increased to over 1.3 million claims in April 2019. The *Non-VA Open Claims Inventory* report defines current claims as those that are authorized and less than 30 days old and those that are unauthorized and less than 45 days old. The OCC considers older claims in both categories as backlogged claims.

According to VHA's Personnel and Accounting Integrated Data, the OCC paid its POM staff about $23.8 million for more than 677,000 overtime hours during fiscal year (FY) 2017 and FY 2018. The OCC published a community care bulletin in 2015, and POM leaders emailed staff over several subsequent years encouraging that overtime be used to process POM's outstanding non-VA care claims backlog. As POM's claims backlog continues to increase, it is important that POM uses its resources and overtime effectively to manage the continuous work flow while significantly reducing the claims backlog.

For POM to manage its use of overtime, there must be effective controls in place. The OIG found such controls did not exist or were ineffective during the scope of this audit. POM's largely unchecked use of overtime to reduce its claims backlog increased the risk of fraud and abuse. A recent OIG Office of Investigations review of a specific POM office, initiated before the start of this audit, determined six POM employees defrauded VA of approximately $179,000

---

[9] The OCC's Claims Adjudication and Reimbursement directorate became the Payment Operations and Management directorate in July 2019.

for overtime hours they did not work. As of April 2020, five of these POM employees have pleaded guilty to theft of federal funds.[10]

Structure of the Payment Operations and Management Directorate

The deputy under secretary for health for community care leads the OCC, which supports veterans who obtain medical care and services through non-VA care providers. OCC's Delivery Operations staff manage all programs that allow veterans and their family members to receive care and services outside of VA, including the programs that pay for such care. Delivery Operations includes the POM directorate. POM personnel process claims for medical care obtained outside of VA's network, as well as any appeals of claims they denied.

Figure 1 depicts the oversight and operational structure of the POM directorate during the audit period.
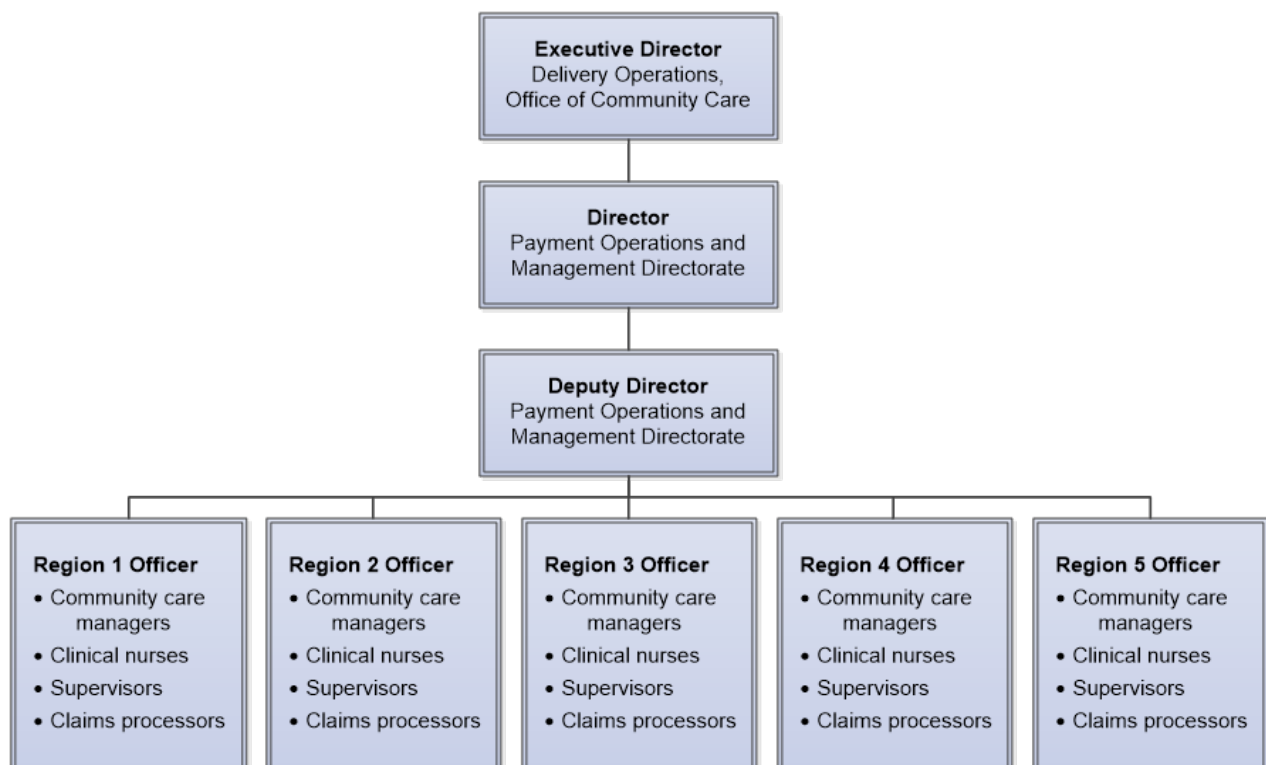
Figure 1. VHA OCC's POM directorate organization structure
Source: OIG analysis of OCC POM Organizational Chart for FY 2017 and FY 2018

---

[10] The six employees subject to the referenced investigation did not include the additional 16 employees that the audit team referred to the OIG Office of Investigations in the course of this audit.

POM's organizational structure to manage non-VA care claims processing is divided into five geographical regions.[11] Each of the five regions has a regional officer who reports to the deputy director, who in turn reports to the POM director. Throughout the regions, POM has VA community care managers who report to their respective regional officers. POM staff in the five regions are located either at POM facilities or VHA medical facilities. POM is consolidating its 82 facilities to increase oversight, standardization, and localized specialization. According to an internal document, POM plans to consolidate down to 13 facilities, which would include five primary hubs, by February 2021.

POM's Process for Reviewing Non-VA Care Claims

According to VHA data, POM processed about 34 million non-VA care claims in the Fee Basis Claims System from October 2016 through September 2018. Note, however, that one non-VA care visit can create multiple claims, including a medical facility claim and several care provider claims. Additionally, based on OCC data, POM processed over 716,000 claims in the Veterans Information Systems and Technology Architecture system during the same period (this figure represents just over 2 percent of the total number of claims processed in the Fee Basis Claims System during the same period). Claims processed outside of the Fee Basis Claims System were for non-VA dental, family caregiver bowel and bladder, and community nursing home care.

The veteran or a provider may submit a claim for non-VA care payment either electronically or in paper form. POM claims processors receive electronic claims through the Fee Basis Claims System—the claims processing system of record for non-VA care claims adjudication. If a claimant submits a paper claim, POM claims processors scan and upload the claim and associated information into the system.[12] POM claims processors then verify claim information, assign a payment authority, and link the claim to any applicable prior authorizations for care on file in the veteran's electronic health record.[13] Once uploaded and assigned a payment authority,

---

[11] Region 1 includes Veterans Integrated Service Networks (VISNs) in the Northeast (1, 2, 3, 4, and 10); Region 2 includes VISNs in the East (5, 6, 7, and 8); Region 3 includes VISNs in the Midwest (9, 12, 15, and 16); Region 4 includes VISNs in the North and South (17, 18, 19, and 23); and Region 5 includes VISNs in the West (20, 21, and 22). All VISNs are included; some numbers are skipped because VA has merged networks.

[12] Claims processors generally consist of lead voucher examiners, voucher examiners, claims assistants, claims examiners, program support assistants, and, in some cases, contract staff.

[13] There are three legal statutes that provided payment authorities for non-VA care claims reimbursements during the period covered by the audit: First, 38 U.S.C. § 1703, *Contracts for hospital care and medical services in non-Department facilities*, defines the requirements for contracting of "authorized" non-VA care. These types of claims are referred to as authorized claims. Second, 38 U.S.C. § 1728, *Reimbursement of certain medical expenses*, defines the requirements for reimbursement of "unauthorized" emergency care claims for service-connected disabilities. These types of claims are referred to as unauthorized claims. Third, 38 U.S.C. § 1725, *Reimbursement for emergency treatment,* defines the requirements for reimbursement of "unauthorized" emergency care claims for nonservice-connected disabilities. These nonservice-connected emergency care claims are referred to as "Veterans Millennium Health Care and Benefits Act" (otherwise known as Mill Bill) claims.

---

the claim is electronically routed to an appropriate work queue where a claims processor can start the work to decide whether to reject, deny, approve, or suspend the claim.

Claims processors research the veteran's electronic health records and document information for claim adjudication, such as the date of enrollment in VHA services, dates of service, administrative eligibility requirements, and the date the veteran or care provider filed the claim with VA. Claims processors use this information to determine whether they should approve the claim, reject it and request additional information or that errors be corrected, or deny the claim because the care was not preauthorized and the veteran did not meet eligibility requirements for emergency care.

Claims processors also provide customer service such as answering phone calls, assisting claimants in person, scanning incoming mail, and processing outgoing claim decision letters.

Overtime Request and Approval Process

OCC's policy states that "OT [overtime] is to be used only when absolutely necessary to accomplish the mission" of the organization and "should be kept to a minimum," such as when mission-critical work "cannot be completed by on-duty personnel during regular working hours alone."[14]

Requesting Overtime

OCC's overtime policy states that "OT [overtime] should be authorized only for those employees whose performance meets the minimum performance standards." OCC's overtime policy also states the following:

> All OT [overtime] will be requested and justified in writing by the employee. The request and justification should include the estimated numbers of hours needed to complete the work, the reason why OT is needed to complete the work and the specific work to be accomplished during the OT. The request and justification should be submitted at least three days in advance of the need if practicable. Upon completion of the OT work, employees will document the actual hours worked and the work accomplished. All requests will be routed through the supervisor.

In short, the policy requires that the request and justification include the work to be done during overtime and why overtime is needed to complete the work, as well as after-the-fact documentation of the overtime hours claimed and the work accomplished. The supervisor is

---

[14] OCC Policy Memorandum COO-13, "Overtime and Compensatory Time Policy," December 20, 2013.

responsible for communicating "approval/disapproval of OT [overtime] requests to employees within a timely manner" and keeping "appropriate subsidiary records..."[15]

Overtime Use Guidance

The Office of Personnel Management defines overtime pay as "pay for hours of work officially ordered or approved in excess of 8 hours in a day or 40 hours in an administrative workweek."[16] Although there is no direct policy requiring POM staff to use overtime exclusively to process claims, the then POM deputy director said in a July 2017 email to POM regional officers that the deputy under secretary for health for community care wanted POM to increase its use of overtime to eliminate the claims backlog. Figure 2 reflects OCC and POM leaders' longstanding goal to reduce the claims backlog by using overtime. Although there were intermittent caps on overtime, there were intentional efforts to use overtime for backlog reduction—starting with the 2015 Go for Green bulletin and the implementation of involuntary overtime to reduce the backlog. This was evidenced through ongoing communications such as the 2017 email from the POM deputy director encouraging staff to work overtime to help eliminate the claims backlog.

---

[15] OCC Policy Memorandum COO-13.

[16] Office of Personnel Management Pay and Leave Pay Administration, "Fact Sheet: Overtime Pay, Title 5," accessed October 15, 2018.

April 2015
- OCC's Community Care Bulletin published the "Go for Green" campaign, with a goal of "working involuntary overtime—10 extra hours per pay period to accelerate claims processing efforts in order to process 80 percent of the outstanding inventory within 30 days."

October 2016
- POM implemented caps on overtime (40 hours per pay period, 20 hours per week, 10 hours per non-work day, and 4 overtime hours per work day).

May 2017
- A POM regional officer sent an email to each of POM's other regional officers and the managers at all POM's facilities that stated overtime is to be used to process backlogged claims in FBCS [Fee Basis Claims System] and any other work must be approved through the applicable regional officer and must impact backlogged claims.

July 2017
- POM removed all overtime caps.
- The POM deputy director at that time emailed regional officers and managers encouraging staff to work overtime to eliminate the claims backlog.

March 2018
- The OCC reimplemented overtime caps, similar to October 2016.

May 2018
- The OCC Delivery Operations executive director told all employees to stop overtime by the end of the May 12, 2018, pay period, except for Document Control and Data Management department's mail room activities.
- About one week later, a POM regional officer sent an email to that region's managers stating they were to resume overtime for nonclinical staff for three pay periods, for backlog claims production only. This was also discussed on a weekly call with the regional officers.

Figure 2. *OCC and POM overtime timeline from April 2015 through May 2018*
Source: OIG analysis of OCC and POM staff email correspondence, and 2015 OCC website publication

Results and Recommendations

Finding: POM Approved More Than $23 Million in Overtime without Effective Monitoring or Controls

Since 2015, OCC and POM leaders have encouraged overtime to reduce their claims backlog. During FYs 2017 and 2018, POM supervisors approved more than 677,000 overtime hours at a cost of about $23.8 million. However, POM supervisors did not effectively monitor and assess claims processing activities or production during overtime hours and did not have effective controls in place to mitigate the risk of overtime abuse. While there is no direct policy requiring POM staff to use overtime exclusively to process claims, Figure 2 details how OCC and POM leaders encouraged the use of overtime over several years to reduce POM's claims backlog.

The audit team determined that, during the nearly two-year review period, the OCC paid an estimated $11.6 million, almost half of the total overtime pay (49 percent), to staff for overtime hours when there was no evidence in the Fee Basis Claims System that POM staff had any claims processing production or other claims activity during those hours. During this audit, the audit team referred the matter involving 16 POM employees who received more than $10,000 each for overtime hours with no evidence of claims production or activity in the Fee Basis Claims System to OIG's Office of Investigations.[17]

As previously stated, VHA data showed the backlog of claims in the Fee Basis Claims System significantly increased. The audit team determined that claims processors decided an estimated 3.7 claims per overtime hour in the Fee Basis Claims System, a little more than a quarter of the former 13-claims-per-hour standard set for claims processors. Finally, the audit team determined that, of the claims POM staff processed during the review period while on overtime, about 60 percent were backlogged claims. This meant claims processors did not always use overtime to process older claims first, which could result in backlogged claims becoming older.

POM had no clear organizational plan during the review period to reduce the claims backlog without depending on overtime. The OCC plans to fully implement an auto-adjudication system during FY 2020, which is expected to reduce manual claims processing. POM leaders had a responsibility to ensure its employees used overtime appropriately, as intended, and to meet organizational goals. Nevertheless, POM had no controls or any other mechanism in place to ensure overtime was used to process the backlog of claims.

---

[17] These 16 POM employees are in addition to the six POM employees subject to a separate OIG investigation preceding this audit. As of April 2020, the Office of Investigations' review is ongoing.

What the OIG Did

The audit team interviewed OCC and POM staff and conducted site visits to five POM facilities.[18] The audit team also reviewed payroll, time card, and Fee Basis Claims Processing System productivity data for a sample of 45 POM employees during the audit period.[19] Of the 45 POM employees, 32 were claims processors and 13 were clinical review nurses. The audit team reviewed these data to determine whether POM staff

- Potentially abused overtime,

- Were productive during overtime hours, or

- Focused on backlogged claims processing during overtime hours.

When determining whether the 45 POM employees in their sample completed any claims processing activities in the Fee Basis Claims System, the audit team included all claims processing productivity data that counted toward production credits for claims that employees approved, rejected, or denied in the Fee Basis Claims System, and also included evidence of all other claims activity that did not count toward production credits, such as when nurses and claims processors suspended, verified, or distributed a claim, or added an informational note to a claim.

POM's Inadequate Monitoring of Overtime Increased the Risk for Overtime Abuse

While the OCC did not specifically require that POM use overtime only to process claims, POM leaders had encouraged employees since 2015 to work overtime to reduce their claims backlog. In April 2015, the OCC implemented mandatory overtime, requiring each employee to work 10 extra hours of overtime per pay period to reach a goal of 80 percent of claims inventory being made current. This was reinforced by the email sent in July 2017 by the then POM deputy director to regional officers and managers stating that employees should work overtime hours to help reduce and eliminate the claims backlog.

POM had over 2,200 employees during FY 2017 and FY 2018, and 1,625 of these employees claimed overtime during the two-year period at a cost of about $23.8 million.[20] The audit team determined that, of the 1,625 employees, 19 claimed 2,000 or more overtime hours during

---

[18] See Appendix A for more information on the audit scope and methodology. See Appendix B for more information on the statistical sampling methodology.

[19] The review period included all of FY 2017, and 24 of the 26 pay periods in FY 2018. Overall, the audit team's review covered 50 pay periods.

[20] The number of POM employees includes all employees who were paid by POM during FY 2017 and FY 2018, such as any employees who joined or left POM at any time during this two-year period.

FYs 2017 and 2018. A full-time employee works 2,080 hours in one year of 40-hour work weeks. The 19 employees averaged about 20 overtime hours per week, which would have put their one-year average of total work hours at about 3,000 hours.[21] Notably, four employees received $100,000 or more in overtime pay during the two-year period. Table 1 provides a breakdown of the overtime hours approved and overtime paid.

Table 1. POM Overtime Hours and Pay Ranges from FY 2017 through FY 2018

Number of overtime hours approved	Number of employees
2,000 or more	19
1,500 to 1,999	69
1,000 to 1,499	134
500 to 999	273
100 to 499	554
1 to 99	576
Total	**1,625**
Amount of overtime paid	**Number of employees**
$100,000 or more	4
$50,000 to $99,999	99
$25,000 to $49,999	229
$10,000 to $24,999	355
$1,000 to $9,999	611
Less than $1,000	327
Total	**1,625**

Source: OIG analysis of POM employees' payroll data from VHA's Personnel and Accounting Integrated Data system

Table 2 shows the 10 POM employees from the audit team's sample who received the most overtime pay from FY 2017 through FY 2018. As that table demonstrates, some employees' average annual base salary nearly doubled based on their overtime earnings, including one employee who received slightly more in overtime pay than pay for base hours.

---

[21] To calculate the average overtime approved per week, the audit team divided the 2,000 overtime hours by the 100 weeks reviewed.

Table 2. Top 10 Overtime Pay Recipients by Average Annual Base Pay

Employee sample number	Employee job position	Average annual pay for overtime hours (dollars)	Average annual pay for base hours (dollars)	Average annual total pay (dollars)
16	Nurse	57,185	69,246	131,104
11	Claims processor	50,157	53,250	103,945
19	Claims processor	48,022	56,126	104,673
12	Claims processor	47,953	55,856	104,528
25	VA community care deputy VISN manager	47,528	90,215	139,361
22	Claims processor	44,582	45,768	91,502
8	Nurse	43,596	66,702	112,490
40	Claims processor	43,488	44,118	89,211
44	Claims processor	40,984	50,612	94,451
38	Claims processor	39,966	39,621	81,991
	Averages	**46,346**	**57,151**	**105,326**

Source: OIG analysis of the sampled 45 POM employees' payroll data from VHA's Personnel and Accounting Integrated Data system

Note: The average annual overtime and base pay does not equal the average annual total pay because the average annual overtime and base pay are based on an average of 50 pay periods from FY 2017 and FY 2018. Employee 25's position title is deputy VISN manager; however, overtime guidance was that staff were to work overtime to process backlog claims, regardless of position title.

Although some of these employees nearly doubled their average annual base salary based on their overtime earnings, this alone is not evidence of misconduct. However, the significant payments should warrant close scrutiny by POM supervisors of employees' accomplishments during overtime to ensure staff used overtime as OCC and POM leaders intended.

No Evidence of Claims Processing Activity

Claims processors receive production credits for claims they approve, reject, and deny in the Fee Basis Claims System, which POM captures as claims processing productivity. These defined production credits help POM managers to determine employee claims processing production. POM employees also showed claims processing activities in the Fee Basis Claims System when nurses and claims processors suspended, verified, or distributed a claim, or added an informational note to a claim.

The audit team projected the sample review results to the population of 1,625 POM employees who received overtime pay. Based on this, POM supervisors approved, and the OCC paid, an estimated $11.6 million of the total $23.8 million overtime pay (49 percent) for overtime hours

with no evidence of claims processing production or claims activity in the Fee Basis Claims System.

The audit team could not assess the extent to which these 45 employees completed non-Fee Basis Claims System activities during overtime hours, such as processing mail, because POM did not systematically track or monitor these other actions. OCC and POM's lack of awareness of the nature of these other overtime activities also hampered supervisors' ability to assess whether the employees' accomplishments during overtime were consistent with their overtime requests, or to determine whether the accomplishments could have been conducted during base hours or were mission critical. POM processed claims for dental, family caregiver bowel and bladder, and community nursing home care outside of the Fee Basis Claims System. POM stated it did not track this activity in a dashboard or report.[22]

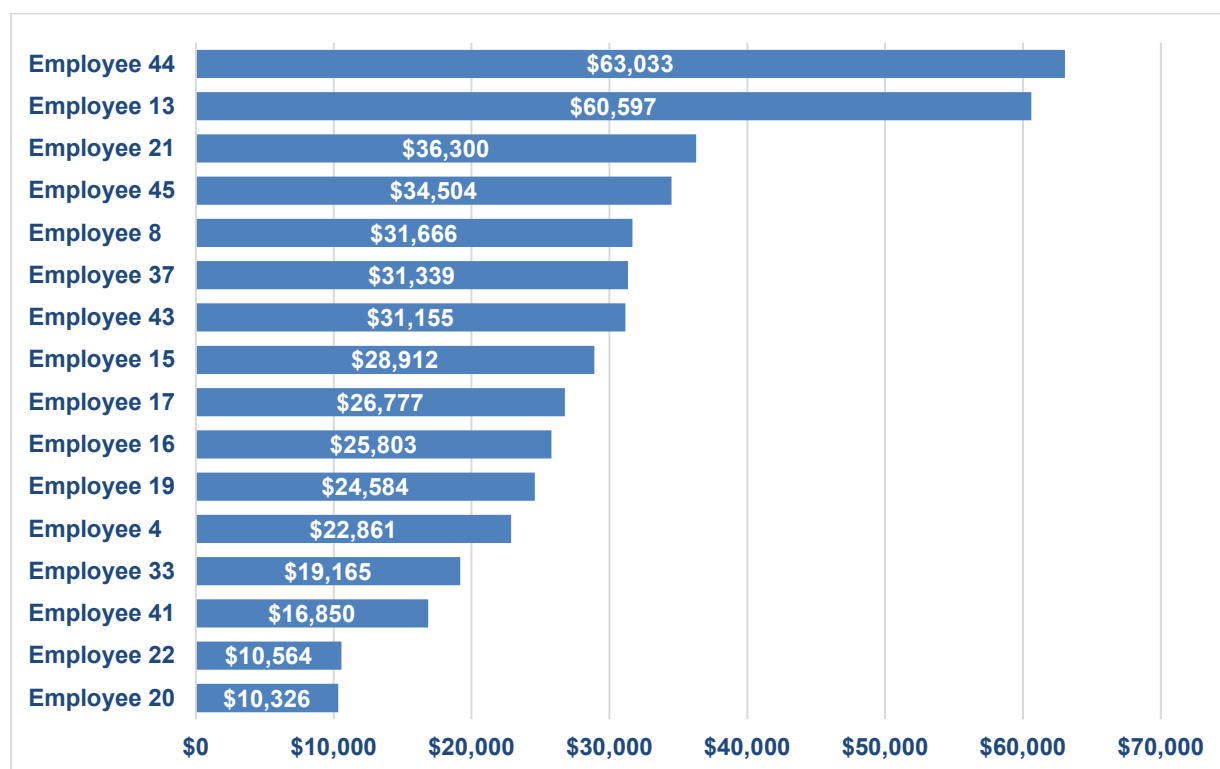## Employees Received More Than $10,000 Each for Overtime Hours with No Claims Activity

Figure 3 shows 16 of the 45 employees in the sample received more than $10,000 each for overtime hours during the nearly two-year period of FY 2017 and FY 2018 with no evidence of any claims production or activity in the Fee Basis Claims System, for a total of more than $474,000. The 16 employees averaged about $590 per pay period in overtime pay.

Example 1

A claims processor received four hours of overtime pay on a Wednesday (from 4 p.m. to 8 p.m.). The audit team reviewed this claims processor's time card and productivity data and determined that the claims processor had three records of claims processing production or activity in the Fee Basis Claims System between the hours of 5 p.m. and 6 p.m., but did not have any records of claims processing production or activity between the hours of 4 p.m. and 5 p.m. or 6 p.m. and 8 p.m. This claims processor received about $26.44 per hour (or a total of about $106) for this overtime period, of which about $79 was for hours with no record of claims processing production or activity.

---

[22] Based on OCC data, POM also processed over 716,000 claims in the Veterans Information Systems and Technology Architecture system during FY 2017 and FY 2018 (this figure represents just over 2 percent of the total number of claims processed in the Fee Basis Claims System during that period). The data did not allow for a reliable determination of how many claims were processed in the Veterans Information Systems and Technology Architecture system during overtime and regular time.

Figure 3: *Overtime pay during the nearly two-year period of FY 2017 through FY 2018 for POM employees who received more than $10,000 each for overtime pay during hours with no claims production or activity Source: OIG analysis of VHA Personnel and Accounting Integrated Data for overtime hours and pay, WebTA and VA Time and Attendance System time card data, and Fee Basis Claims System claims processing productivity reports*
Note: Figure 3 represents total overtime earnings during FY 2017 and FY 2018, whereas Table 2 represents average annual overtime and base salary earning during the same two-year period. Nurses are identified as employees 8, 16, and 41; employee 17's position title is deputy program manager; however, overtime guidance was that employees were to work overtime to process backlog claims. All others are claims processors.

In addition to reviewing claims processing productivity and activity per individual hour, the audit team also identified the extent to which these 16 employees did not conduct any claims processing production or activity during a period of two or more overtime hours on the same day. For instance, if an employee claimed overtime from 6 p.m. to 9 p.m. and had no record of claims production or activity from 6 p.m. to 8 p.m., 7 p.m. to 9 p.m., or during the entire period of 6 p.m to 9 p.m, then the audit team determined that the employee had an overtime period without claims processing production or activity. The audit team determined that inactive overtime periods without claims processing production or activity in the Fee Basis Claims System amounted to more than $262,000 of the $474,000.

Example 2

A nurse received eight hours of overtime pay on a Saturday (from 9 a.m. to 1 p.m. and from 4 p.m. to 8 p.m.). The audit team determined that the nurse did not have

a record of claims processing production or activity in the Fee Basis Claims System during the entire eight-hour overtime period. This nurse received about $60 per hour (or a total of about $480) for this overtime period.

Example 3

A claims processor received five hours of overtime pay on a Sunday (from 9 a.m. to 2 p.m.). The audit team determined that the claims processor did not have a record of claims processing production or activity in the Fee Basis Claims System during the entire five-hour overtime period. This employee received about $34 per hour (or a total of about $170) for this overtime period.

As mentioned earlier, the team referred the concerns about potential misuse of overtime performed by the 16 employees (those with over $10,000 worth of overtime with no documented claims production or activity) to OIG's Office of Investigations for further examination of potential fraud or abuse.

Recommendation 1 addresses the need for the OCC to review the activities of the identified employees who had no claims processing production or activity in the Fee Basis Claims System during overtime hours. The review is intended to determine whether the employees' conduct requires any disciplinary or other corrective action.

Claims Processing Was Generally Low During Overtime

In June 2016, the OCC director of program oversight and informatics completed an internal study of weekend overtime hours that POM employees worked from March 2016 through June 2016. The internal study concluded that "over 90% of OT [overtime] users working on claims processing (for weekends only) are not meeting standards." To be eligible for overtime, OCC policy required that POM supervisors authorize overtime for only those employees whose performance met the minimum performance standards.[23] The former performance standards for General Schedule (GS)-6 claims processors was an average of 13 claims processed per hour, and an average of 10.4 claims for GS-5 level employees.[24] The OCC director of program oversight and informatics recommended monitoring employees' tours of duty and overtime claims processing productivity.

In response to this overtime study, the POM director at the time prepared an issue brief in August 2016 on reducing overtime expenditures. The issue brief did not advance measures to address the approval of overtime, the monitoring of productivity during overtime claims processing, or the impact of the overtime approved to date. Rather, the issue brief merely stated
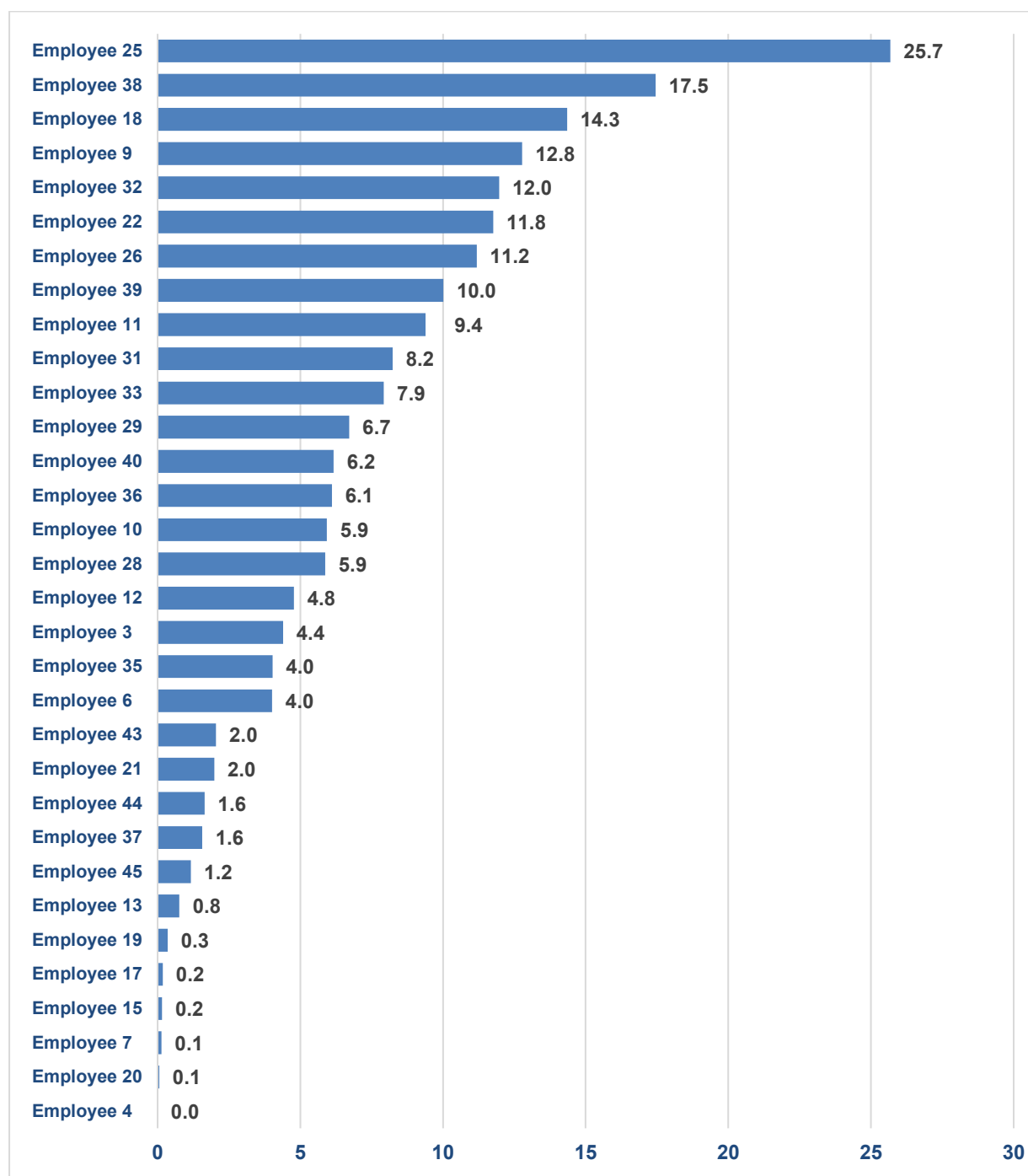
---

[23] OCC Policy Memorandum COO-13.

[24] These standards were in place during FYs 2017 and 2018. This factor was not included in claims processors' ratings for FY 2018.

that "CAR [POM] leadership will reduce OT [overtime] expenditures in concert with the filling of vacant positions. CAR [POM] leadership will continue to identify process improvements to improve claims processing timeliness." The issue brief did not explain how POM would monitor employees' claims processing productivity during overtime. After the August 2016 issue brief, the director implemented overtime caps in October 2016. These overtime caps remained in place until July 2017, when the deputy director encouraged staff to work overtime to eliminate the claims backlog.

The audit team reviewed payroll, time card, and Fee Basis Claims System claims processing productivity data for a sample of 32 claims processors who received overtime pay during FYs 2017 and 2018. The audit team projected the sample review results to the population of claims processors who received overtime pay during this period and determined they processed, on average, an estimated 3.7 claims per overtime hour in the Fee Basis Claims System. The audit team did not evaluate the average claims production for the 13 clinical nurses in its sample because neither policy nor POM leaders clearly defined what claims processing activities completed by nurses would count as production credits.

Figure 4 shows that 24 of the 32 claims processors averaged fewer than 10 processed claims per overtime hour in the Fee Basis Claims System. Specifically, only two of the 30 GS-6 level and higher claims processors (Employees 25 and 38) in the audit team's sample processed an average of 13 or more claims per hour during overtime. One of the two GS-5 claims processors (Employee 18) processed an average of about 14 claims per hour during overtime.

Employee	Value
Employee 25	25.7
Employee 38	17.5
Employee 18	14.3
Employee 9	12.8
Employee 32	12.0
Employee 22	11.8
Employee 26	11.2
Employee 39	10.0
Employee 11	9.4
Employee 31	8.2
Employee 33	7.9
Employee 29	6.7
Employee 40	6.2
Employee 36	6.1
Employee 10	5.9
Employee 28	5.9
Employee 12	4.8
Employee 3	4.4
Employee 35	4.0
Employee 6	4.0
Employee 43	2.0
Employee 21	2.0
Employee 44	1.6
Employee 37	1.6
Employee 45	1.2
Employee 13	0.8
Employee 19	0.3
Employee 17	0.2
Employee 15	0.2
Employee 7	0.1
Employee 20	0.1
Employee 4	0.0

Figure 4. Average claims processed per overtime hour in the Fee Basis Claims System during FY 2017 and FY 2018
Source: VA OIG analysis of VHA Personnel and Accounting Integrated Data for overtime hours, WebTA and VA Time and Attendance System time card data, and Fee Basis Claims System claims processing productivity reports
Note: Employee 25's position title is deputy VISN manager and Employee 17's is deputy program manager; however, overtime guidance was that staff were to work overtime to process backlog claims, regardless of position title. All others are claims processors.

To provide context, the 19 employees who worked at least 2,000 overtime hours processed about 251,000 claims during overtime in FY 2017 and FY 2018. The audit team conservatively calculated that these employees potentially could have further reduced the backlog by more than 148,000 claims during the same period had they processed an average of 13 claims per hour during overtime.

POM Did Not Effectively Monitor and Assess Staff's Productivity During Overtime Hours

POM leaders did not effectively monitor and assess whether facility staff were productive during overtime because POM staff did not systematically document, track, or monitor claims processing production and activity that occurred during overtime in the Fee Basis Claims System. Additionally, while POM had a claims processing productivity tool, supervisors could not use the tool to determine the number of claims their staff processed specifically during overtime hours because the tool could not differentiate between claims processed during base rather than overtime hours. The audit team was able to analyze claims processing production and activity during overtime hours for each of the sampled employees by comparing payroll and time card records to the Fee Basis Claims System Employee OnDemand Production and Clinical Productivity reports.

POM implemented this productivity tool in May 2018 and mandated that supervisors use it to assess and monitor claims processors' productivity. However, in October 2018, POM decided to stop rating claims processors on their productivity because supervisors were not systematically tracking or monitoring non-Fee Basis Claims System activities, such as processing mail. The tool did have the capability to remove non-Fee Basis Claims System claims processing activities from any assessments, but because supervisors were not tracking this information, the tool could not be used to effectively evaluate claims processors' production. In a September 2018 email to POM leaders, a POM administrative officer who reported to the POM director stated that POM should "put something in place to better monitor work on OT [overtime]. Or at least require some sort of mechanism for supervisors to document the productivity on OT [overtime]." Because POM leaders lacked oversight of productivity during overtime hours, POM supervisors could not effectively identify instances when staff did not actively process claims and may have abused overtime.

The OCC's overtime policy required that employees provide documentation of the actual hours worked and the work accomplished during a specific overtime period to their supervisor and timekeeper. Employees generally used emails to document their overtime work. The OCC's overtime policy did not detail how facility supervisors should verify staff production during overtime hours. Although the OCC's overtime policy did not direct the supervisors to verify employees' completed work, supervisors were responsible for overseeing their employees' work during both base and overtime hours. Because the supervisors were ultimately responsible for

certifying that employee time cards were complete and accurate, the audit team concluded it was vital that supervisors verified that employees worked the number of overtime hours claimed, and ensured their employees were productive during those hours to mitigate the risk of potential overtime fraud and abuse.

Recommendation 2 addresses the need for VHA to ensure the OCC establishes and implements controls for POM supervisors to effectively monitor and assess staff productivity during overtime hours to mitigate the risk of overtime abuse.

POM Nurse Productivity Requirements Were Unclear

Starting in FY 2018, POM nurses had a production standard of 25 claims per day, or about 3.1 claims per hour during an eight-hour workday.[25] However, the audit team did not assess whether nurses generally met their productivity standard during overtime hours because neither policy nor POM leaders clearly defined how nurse productivity should be measured. For instance, it was unclear whether completing a clinical review and moving a claim back to the claims processor or making an informational note on a claim would be considered for production credits.[26]

POM should update nurse production standards to include how supervisors should evaluate whether a nurse was productive. Recommendation 3 addresses the need for VHA to make certain POM clarifies and communicates nurse productivity standards and related requirements.

The OCC and POM Encouraged but Did Not Require Staff to Process Backlogged Claims During Overtime

Although OCC and POM leaders encouraged staff to use overtime to reduce the claims backlog, neither established a policy that required staff to use overtime exclusively to process claims or detailed appropriate uses for overtime. Additionally, neither OCC nor POM implemented controls to ensure POM facility staff used overtime primarily to reduce the claims backlog as they appear to have intended, or even to ensure overall mission-critical activity. POM lacked an effective process to systematically track how staff used overtime and the effect overtime had on achieving the goal of reducing the claims backlog.

POM supervisors at the five POM facilities the audit team visited said they generally approved overtime only for processing backlogged claims, and rarely approved overtime for other

---

[25] POM established production standards for nurses in FY 2018. Prior to FY 2018, POM did not include a claims processing metric in nurse production standards.

[26] Once a claims processor sends a claim to a nurse for clinical review, the nurse reviews the claim, and then "suspends" it and transfers it back to the claims processor before the claims processor determines whether to approve, reject, or deny the claim. However, the nurse can also make "informational notes" on the claims that indicate some action has taken place.

assignments such as processing mail or appeals. However, despite OCC and POM leaders encouraging POM staff to use overtime to reduce their claims backlog, there were some exceptions:

- One Helena, Montana, POM supervisory program analyst said that while overtime should only be used for processing claims, the supervisor did occasionally approve overtime to process backlogged mail.

- One Orlando, Florida, POM supervisory program analyst also said overtime was occasionally approved to process mail backlogs.

Recommendation 4 addresses the need for VHA to make certain that POM develops and implements formal guidance for its staff on the appropriate use of overtime, and the controls required for monitoring compliance.

Claims Backlog Increased

According to the audit team's analysis of *Fee Basis Claims System Non-VA Open Claims Inventory* reports, POM's claims backlog increased by about 1.1 million claims from October 2016 to April 2019, even though POM supervisors approved more than 677,000 overtime hours with the goal of reducing their claims backlog. As shown in Figure 5, POM's claims backlog steadily increased.
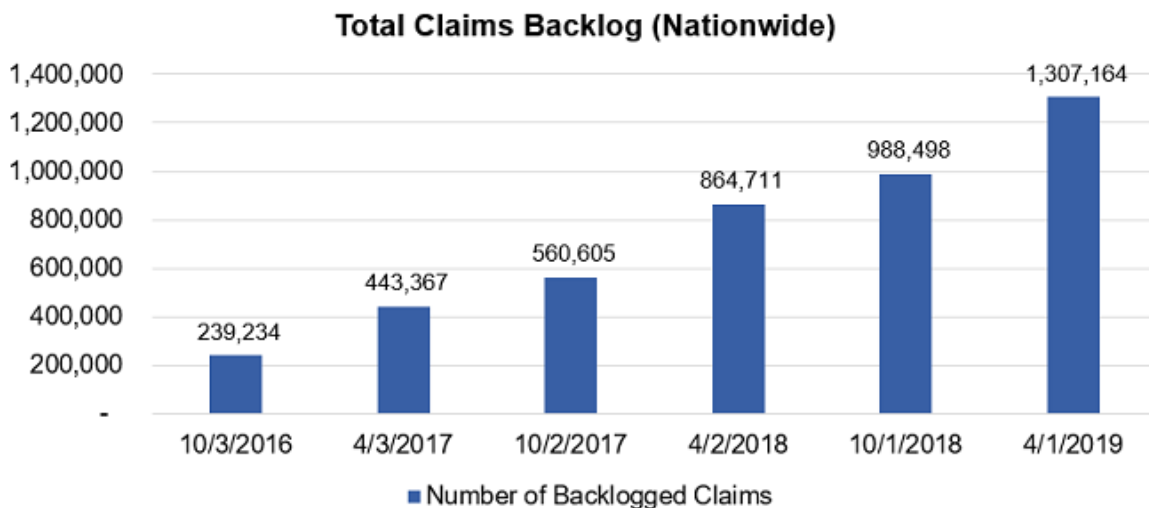
Figure 5. Number of backlogged non-VA care claims from FY 2017 to April 2019
Source: OIG analysis of VHA's Support Service Center Fee Basis Claims System Non-VA Open Claims Inventory Report

A review of the backlog increase, however, needs to take into consideration several important trends and conditions that may have limited the impact of overtime hours. POM received about 19.4 million claims in FY 2018, over 4.2 million more claims than it received in FY 2017.

However, while POM processed over 6 million more claims in FY 2018 than in FY 2017, POM still received about 542,000 more claims during this two-year period than it processed. The audit team also analyzed VHA staffing data and determined that the number of claims processors increased by only about 10 during the same period. POM also used contract support staff to process claims.

POM staff told the audit team that overtime was generally not effective at reducing the claims backlog, but that overtime was necessary to keep up with the demand of incoming claims because they did not have enough staff. The additional overtime did, however, result in POM processing an estimated 5.6 million claims during overtime hours during FY 2017 and FY 2018, including 3.3 million backlogged claims. The then acting OCC Delivery Operations executive director and the then POM director both indicated the claims backlog likely increased due to mostly external factors, including a staff hiring freeze and a significant increase in the volume of incoming non-VA care claims. The audit team identified VA memos that stated nurses and voucher examiner positions were exempt from the hiring freeze as directed by the "Presidential Memorandum Regarding the Hiring Freeze" issued January 23, 2017.

Staff Often Did Not Work Backlogged Claims During Overtime

When the audit team reviewed the claims processing productivity reports of the 32 claims processors in their sample, the team examined how many backlogged versus current claims were processed in the Fee Basis Claims System during overtime.[27] As shown in Table 3, the audit team projected the sample review results to the population of POM employees who received overtime pay and determined that an estimated 60 percent of the claims POM processed during overtime hours were backlogged claims. However, claims processors increased the number of backlogged claims processed during FY 2018 overtime hours compared with FY 2017 overtime hours.

---

[27] The audit team reviewed overtime production data for the 32 claims processors in their sample based on data obtained from the Fee Basis Claims System OnDemand productivity report. The minimum number of overtime hours that one of these 32 claims processors worked during FY 2017 and FY 2018 was about 130 hours.

Table 3. POM Overtime and Claims Backlog Data

Timeframe	Approved overtime hours (nationwide)	Cost of overtime hours (nationwide)	Non-backlogged claims processed during overtime (projected)	Backlogged claims processed during overtime (projected)
FY 2017	330,374	$11.6 million	1,061,107	1,126,632
FY 2018	346,973	$12.2 million	1,161,794	2,217,386
Total	**677,347**	**$23.8 million**	**2,222,901 (40%)**	**3,344,019 (60%)***

Source: OIG analysis of VHA Personnel and Accounting Integrated Data for overtime hours and amount paid, WebTA and VA Time and Attendance System for time card data, and Fee Basis Claims System for claims processing productivity reports

*Note: The total does not equal the exact sum of the numbers above due to rounding

Despite the encouragement by the then POM deputy director for employees to process backlogged claims during overtime, about 60 percent of the claims POM staff processed during overtime hours from FY 2017 through FY 2018 were backlogged claims. POM supervisors indicated that claims processors may have processed current claims instead of backlogged claims for various reasons, including instances when staff were directed to process all claims (current and backlogged) for a specific non-VA care provider or when staff accidentally processed current claims first because they did not sort their claims by date. Processing claims on time is critical because VA may be required to pay interest on delayed payments for non-VA care claims. Additionally, non-VA care providers may stop accepting VA patients because they tire of getting late payments, and non-VA providers may ultimately bill VA patients if VA does not promptly pay their eligible claims.

Conclusion

POM did not effectively monitor and assess claims processing production that occurred during overtime hours to ensure staff used overtime to meet the OCC and POM's goal of reducing the claims backlog. The lack of controls for POM's use of overtime created conditions for fraud and abuse opportunities. POM needs to ensure its employees use overtime appropriately, as intended, and in furtherance of organizational goals.

Recommendations 1–4

The OIG recommends the under secretary for health ensures the following:[28]

1. The Office of Community Care completes a review of the OIG-identified employees who had no claims processing production or activity in the Fee Basis Claims System during

---

[28] Recommendations directed to the under secretary for health were submitted to the executive in charge who has the authority to perform the functions and duties of the under secretary for health.

overtime hours to determine whether the employees' conduct requires disciplinary or other corrective action, as appropriate.

2. The Office of Community Care establishes and implements controls for Payment Operations and Management supervisors to effectively monitor and assess staff productivity during overtime hours to mitigate the risk of overtime abuse.

3. The Payment Operations and Management directorate clarifies and communicates nurse productivity standards and requirements.

4. The Payment Operations and Management directorate develops and implements formal guidance for its staff on the appropriate use of overtime, and the controls needed for monitoring compliance.

Management Comments

The executive in charge, Office of the Under Secretary for Health, concurred with all four recommendations and provided acceptable action plans for the recommendations.

In response to Recommendation 1, the executive in charge stated that the OCC recognizes the impact that misuse of overtime could have on veterans and providers, and that the OCC is reviewing the list of individuals identified in the OIG report to determine if appropriate disciplinary or corrective action is needed.

In response to Recommendation 2, the executive in charge reported the OCC has created a standardized template on a national SharePoint site to monitor overtime use. The executive in charge also reported that POM will develop and communicate a standard operating procedure for its sites to follow when monitoring overtime via SharePoint.

In response to Recommendation 3, the executive in charge reported that POM will clarify and define what is meant by the current production targets for its clinical team members, and that new performance requirements are under development.

In response to Recommendation 4, the executive in charge reported the OCC has taken several actions to relay overtime guidance and controls, and that the POM implemented new overtime guidelines in July 2019 to enable consistency in overtime use. The executive in charge also reported that POM leaders will draft a message to employees on guidance on the proper use of overtime, the formal policy, and the controls they have in place to monitor overtime.

See Appendix C for the full text of VHA's comments.

OIG Response

The executive in charge'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 intent of the recommendations and the issues identified.

VHA also included a technical comment with its response regarding the OCC overtime policy referenced on pages four and 16, and in Appendix A. VHA stated that the policy was specific to Denver employees only. According to the technical comment, this position was based on an email response that POM received from an employee of VHA's Workforce Management and Consulting office. The audit team sought clarification and supporting documentation of this position from the Workforce Management and Consulting office. The Workforce Management and Consulting office employee did not identify documentation to support that position and subsequently reversed his position, agreeing with the audit team that the policy applied to OCC's Delivery Operations as a whole. As stated in the introduction of this report, Delivery Operations includes the POM directorate.

Appendix A: Scope and Methodology

Scope

The audit team performed its work from October 2018 through February 2020.[29] The audit scope included reviewing OCC POM employees' productivity during FY 2017 and FY 2018 overtime hours.[30] The audit objective was to examine OCC POM's use of overtime to process non-VA care claims, the effect overtime had on claims backlog reduction, and whether claims processors and nurses abused overtime.

In coordination with VA OIG statisticians, the audit team reviewed a statistical sample of 45 POM staff to assess their claims processing productivity. The population consisted of more than 1,600 POM staff who received about $23.8 million in overtime pay for more than 677,000 overtime hours. Appendix B contains specific details of statistical sampling methodologies.

Methodology

The audit team identified and reviewed applicable laws and regulations, the VA master agreement with the American Federation of Government Employees union related to overtime, VA policies, standard operating procedures, internal email communications, employee performance standards, and other policies and guidelines related to overtime for processing non-VA care claims. The audit team also interviewed OCC and POM leaders, POM managers, and POM facility staff to gain an understanding of the overtime policy, internal controls, processes, and general governance structure used to implement and monitor compliance with overtime requirements.

The audit team conducted site visits to POM facilities in the following locations:

- Atlanta, Georgia

- Denver, Colorado

- Helena, Montana

- Orlando, Florida

---

[29] Given VA's need to focus on the COVID-19 response, the OIG developed interim measures for the release of oversight reports. Accordingly, this report's release was delayed. At the time this report was scheduled for release, the OIG was generally disseminating only those reports that were relevant to the COVID-19 pandemic, statutorily required, or that involved compelling circumstances related to the welfare of veterans, the safety of patients and VA personnel, or significant risk to VA resources.

[30] The audit review period included all of FY 2017, and 24 of the 26 pay periods in FY 2018. Overall, the audit team's review included 50 pay periods; The audit team selected POM employees' overtime records based on the assigned cost center code of 86622868.

- Tampa, Florida

The audit team determined whether staff used overtime appropriately to process backlogged non-VA care claims in the Fee Basis Claims System. The audit team reviewed the sampled employees' overtime by comparing payroll (Personnel and Accounting Integrated Data) and time card (WebTA and VA Time and Attendance System) records to the Fee Basis Claims System Employee OnDemand Production and Clinical Productivity reports for each sampled employee to identify production activity during claimed overtime hours.

Fraud Assessment

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this audit. The audit team exercised due diligence in staying alert to any fraud indicators by reviewing if POM staff fraudulently claimed overtime.

The audit team referred 16 POM staff to the OIG Office of Investigations for further evaluation when it identified potential overtime abuse or fraud. Specifically, the audit team determined these 16 POM employees each earned more than $10,000 in overtime pay during FY 2017 and FY 2018 for hours in which they showed no claims processing production or activity.

Data Reliability

The audit team used computer-processed data from the Fee Basis Claims System, and VHA's Personnel and Accounting Integrated Data, WebTA, and VA Time and Attendance System, which were obtained from VHA's Corporate Data Warehouse. To test for reliability, the audit team determined whether any data were missing from key fields, included any calculation errors, or were outside the timeframe requested, and assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. The audit team identified some employees with blank duty station locations for some of the Personnel and Accounting Integrated Data records. The audit team reviewed these blank stations and reviewed employee locations in the VA Global Address Listing email server to determine the employees with a blank station typically resided in Denver, Colorado.

Furthermore, the audit team compared the sampled POM staff, Social Security numbers, overtime hours and pay, and productivity date and time to the time card data. The audit team also reviewed a sample subset of Fee Basis Claims System claims histories for claims processed during overtime hours, as indicated on the employee's Fee Basis Claims System OnDemand production report. The audit team review was to ensure the OnDemand report accurately reflected the claim ID, time stamp, employee, and production activity of the employee. The audit team concluded that the data obtained and relied upon were sufficiently reliable for the purposes of this audit.

Government Standards

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. The OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Appendix B: Statistical Sampling Methodology

The audit team sampled 45 POM staff who received overtime pay during FY 2017 and FY 2018. The scope included all of FY 2017, and 24 of the 26 pay periods in FY 2018. Overall, the audit team's review period included 50 pay periods.

Population

To determine the population of POM employees who received overtime pay during FY 2017 and FY 2018, the audit team identified all POM employees' electronic payroll (Personnel and Accounting Integrated Data) records that included POM's cost center code of 86622868 and who received overtime pay during the same period. The audit team determined the OCC paid about $23.8 million in overtime pay to 1,625 of 2,238 staff assigned to POM's 86622868 cost center code from FY 2017 and FY 2018. The audit team then reviewed electronic time card data for these staff.

Sampling Design

The audit team used a stratified and probability proportional to size sampling approach. The sample was based on the number of overtime hours that POM employees claimed during the audit period, broken down by administrative and clinical functions. Using these strata in the sampling methodology, the audit team segregated the universe to give all employees a chance of being selected proportional to size. This sampling design was representative of the population and ensures projections describe the entire population. This sampling methodology resulted in the review of 45 POM employees and their respective pay periods. The sample contained three strata:

- Strata 1—19 POM employees with over 2,000 overtime hours claimed during FY 2017 and FY 2018 (claims processors)

- Strata 2—13 POM nurses

- Strata 3—13 POM claims processors

Data Limitations

The audit team's sample review consisted of about 69,000 total overtime hours for the sampled 45 employees. The audit team excluded about 18,000 of these hours from review, as the employees' payroll records did not match the corresponding time cards for overtime hours. The audit team determined this was likely because of time card corrections made after the time cards processed through payroll. According to the VA director of financial payroll services, the payroll data housed in the Personnel and Accounting Integrated Data system will show the overtime paid to the employee for each specific pay period but will not identify whether the overtime is current

or retroactive, such as when a time card correction occurs after payroll processing. Thus, the audit team could not determine when the overtime specifically occurred for time cards that did not match payroll, and excluded them from the review and projections.

Weights

The OIG statistician calculated estimates in this report using weighted sample data. Samples were weighted to represent the population from which they were drawn. The OIG statistician used the weights to compute estimates. For example, the OIG statistician calculated the error rate point estimates by summing the sampling weights for all sample records that contained the error, then dividing that value by the sum of the weights for all sample records.

Projections and Margins of Error

The point estimate (estimated error) is an estimate of the population parameter obtained by sampling. The margin of error and confidence interval associated with each point estimate is a measure of the precision of the point estimate that accounts for the sampling methodology used. If the OIG repeated this audit with multiple samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate the weighted population estimates and associated sampling errors. This software uses replication or Taylor series approximation methodology to calculate margins of error and confidence intervals that correctly 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 sample review. While precision improves with larger samples, the rate of improvement does not significantly change as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.
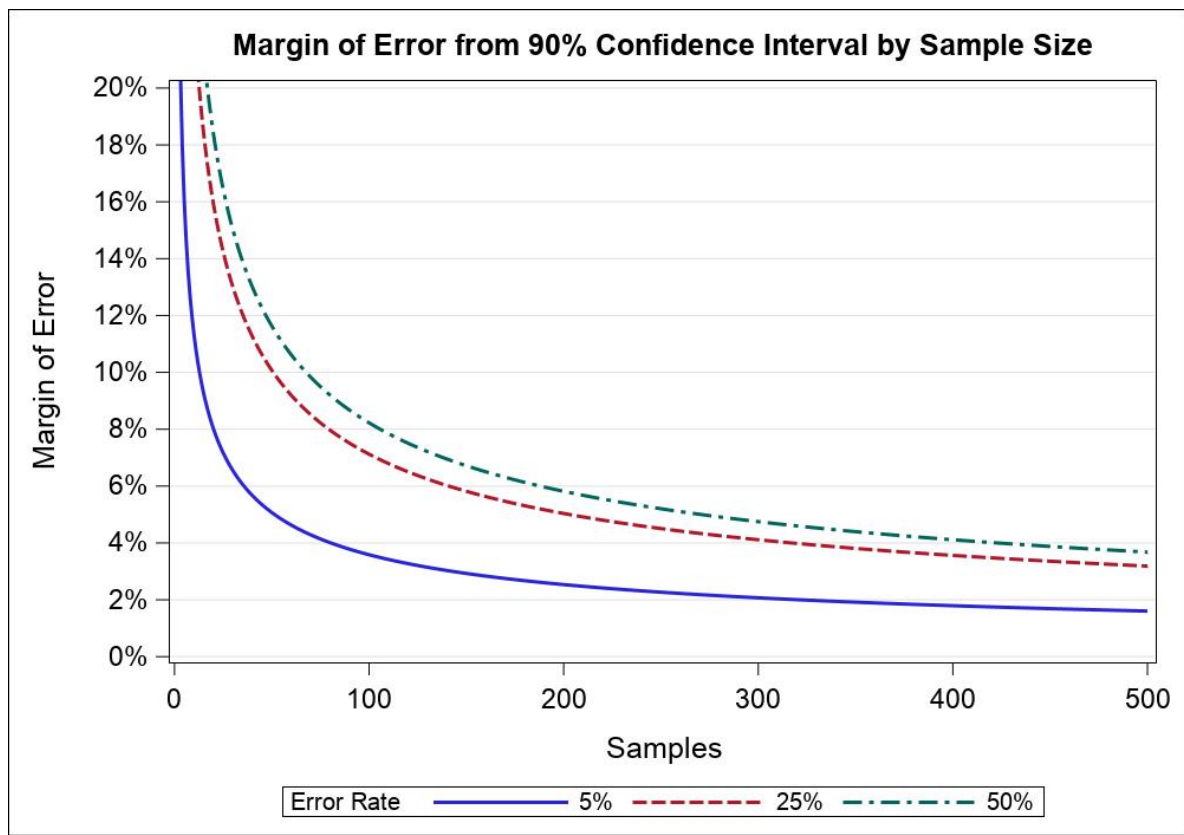
Figure B.1. *The effect of progressively larger sample sizes on the margin of error*
Source: VA OIG statistician's analysis

Table B.1 presents estimates over the sample population, including the sample results, estimate, margin of error, lower 90 percent value and upper 90 percent value.

Table B.1. Statistical Projections—Potential Overtime Abuse

Results	Sample results	Estimate	Margin of error	Lower 90%	Upper 90%
Overtime paid for hours with no evidence of claims processing production or activity	$574,042	$11,564,378	$4,702,779	$6,861,599	$16,267,158
Non-backlogged claims processed during overtime FY 2017	66,283	1,061,107	505,359	555,748	1,566,466

Results	Sample results	Estimate	Margin of error	Lower 90%	Upper 90%
Backlogged claims processed during overtime FY 2017	58,803	1,126,632	649,447	477,186	1,776,079
Non-backlogged claims processed during overtime FY 2018	63,082	1,161,794	712,147	449,646	1,873,941
Backlogged claims processed during overtime FY 2018	105,571	2,217,386	1,291,873	925,514	3,509,259
Percent of claims processed during overtime in FY 2017 and FY 2018 that were not backlogged	44.0	40.4	7.4	33.0	47.8
Percent of claims processed during overtime in FY 2017 and FY 2018 that were backlogged	56.0	59.6	7.4	52.2	67.0
Average number of claims processed per overtime hour	6.2	3.7	1.9	1.8	5.6

Source: VA OIG statistical analysis performed in consultation with the Office of Audits and Evaluations' statistician

Appendix C: Management Comments

Department of Veterans Affairs Memorandum

Date: MAR 23, 2020

From: Executive in Charge, Office of the Under Secretary for Health (10)

Subj: OIG Draft Report, Overtime Use in the Office of Community Care to Process Non-VA Care
Claims Not Effectively Monitored (Project Number 2018-06292-AD-0042) (VIEWS 02523897)

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

1. Thank you for the opportunity to review the draft report, Overtime Use in the Office of Community
Care to Process Non-VA Care Claims Not Effectively Monitored (Project Number
2018-06292-AD-0042). I concur with the draft report and provide the attached action plan to
address recommendations 1-4. I also provide technical comments for your consideration.

The OIG removed point of contact information prior to publication.

(Original signed by)

Richard A. Stone, M.D.

Attachments

VETERANS HEALTH ADMINISTRATION (VHA)

Action Plan

OIG Draft Report, Overtime Use in the Office of Community Care to Process Non-VA Care Claims Not Effectively Monitored. (Project Number: 2018-06292-AD-0042)

Date of Draft Report: February 25, 2020

_____

Recommendations/Actions	Status	Target Completion Date

Recommendation 1. **The Office of Community Care completes a review of the OIG-identified employees who had no claims processing production or activity in the Fee Basis Claims System during overtime hours in order to determine whether the employees' conduct requires disciplinary or other corrective action, as appropriate.**

VHA Comment: Concur. The Office of Community Care (OCC) recognizes the impact that misuse of overtime could have on providers and Veterans. We take seriously our responsibility to ensure we are fulfilling our obligations to be good stewards of taxpayer dollars while providing Veterans with timely and high-quality services.

OCC Payment Operations and Management (POM) created a standardized overtime policy that was implemented in July 2019. POM conducts regular audits of overtime use to ensure compliance with the policy.

OIG sampled 45 employees to determine if the staff members were productive on overtime. The Office of Community Care is reviewing the list of individuals identified in the OIG report to determine if appropriate disciplinary or corrective action is needed.

To demonstrate completion of this recommendation, OCC will provide the following documentation:

- POM review of overtime use for the 45 identified employees

- POM Overtime Policy

Supporting documentation

Status: In Process   Target Completion Date: May 2020

Recommendation 2: **The Office of Community Care establishes and implements controls for Payment Operations and Management supervisors to effectively monitor and assess staff productivity during overtime hours to mitigate the risk of overtime abuse.**

VHA Comment: Concur. The Office of Community Care (OCC) agrees that supervisors need proper tools to effectively monitor and assess staff productivity during overtime hours. The OCC implemented a productivity tool in May 2018, prior to the OIG audit, and mandated supervisors use the tool to assess and monitor claims processors and their productivity.

The OCC Payment Operations and Management (POM) has created a standardized template on a national SharePoint site to monitor overtime use. All overtime is now approved prior to any work taking place. Staff are required to report their overtime hours, log in and log out time and the work performed during overtime.

The OCC POM will develop and communicate a standard operating procedure for sites to follow when monitoring overtime via SharePoint.

To demonstrate completion of this recommendation, OCC will provide the following documentation:

- National Overtime Reporting SharePoint link

- SOP for monitoring overtime on National SharePoint

Status: In Progress   Target Completion Date: June 2020

Recommendation 3: The Payment Operations and Management directorate clarifies and communicates nurse productivity standards and requirements.

VHA Comment: Concur. OCC POM implemented national production standards for clinical team members in August of 2017. Current policy states production targets are 25 for satisfactory performance and 30 or more for high satisfactory performance. POM will clarify and define what is meant by these targets.

New performance requirements are under development to align with POM's new systems, Electronic Claims Adjudications System and Health Share Referral Manager, which are scheduled to be rolled out by October 2020.

To demonstrate completion of this recommendation, OCC will provide the following documentation:

- Clinical Production Standards Memo

- Guidance to field regarding clarification of target numbers

Supporting documentation

Status: In Progress   Target Completion Date: October 2020

Recommendation 4: The Payment Operations and Management directorate develops and implements formal guidance for its staff on the appropriate use of overtime, and the controls needed for monitoring compliance.

VHA Comment: Concur. OCC has taken several actions to relay guidance and controls surrounding overtime. All overtime is approved by management in advance. The Office of Community Care (OCC) Payment Operations and Management (POM) implemented new overtime guidelines in July 2019, which enabled consistency in overtime utilization. POM staff review a sampling of timecards each pay period to assure compliance with established guidelines.

POM leadership will draft a message to the field on guidance on the proper use of overtime, the formal policy and the controls we have in place to monitor overtime.

To demonstrate completion of this recommendation, OCC will provide the following documentation:

- Overtime Policy

- Policy/Timecard Review SOP

- Communication to the field on the proper use of overtime

Status: In Progress   Target Completion Date April 2020

VHA Technical Comments

OIG Draft Report—*Overtime Use in the Office of Community Care to Process Non-VA Care to Process Non-VA Care Claims not Effectively Monitored* (Project Number 2018-06292-AD-0042).

<u>**Comment 1**</u>

Draft location: Page 4, 16, 21

Current language: OCC Overtime Policy

Comment and justification: Policy was specific to Denver only (Attached image titled WMC.Denver.Policy, [name removed] confirms policy was specific to Denver.)

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 Note: The embedded supporting documentation was not appended in this report.

OIG Contact and Staff Acknowledgments

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Audit Team	Daniel Morris, Director Christopher Bellin Yohannes Debesai Shawn Graham Kristin Nichols David Orfalea Jimmy Sembiring Brock Sittinger Nelvy Viguera Butler
Other Contributors	Lee Giesbrecht Dyanne Griffith, Attorney Advisor Gavin McClaren Todd Springer

Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Veterans Health Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel
Office of Acquisition, Logistics, and Construction
Board of Veterans' Appeals

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
House Committee on Oversight and Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

OIG reports are available at www.va.gov/oig.