

Fourth Hearing on VA's Third Party Collections

1. *You state that facility staffs were not effectively verifying and coordinating patient care with insurance carriers. Could you elaborate on the reasons?*

A key factor in increasing Medical Care Collection Fund (MCCF) collections is for Veterans Health Administration (VHA) facility staff to have accurate demographic/personal information, including the veteran's address, telephone number, employment status, and health insurance coverage information. This information can be obtained through intake interviews (patient registration), when veterans come to the medical facility for care, and by using pre-registration software and telephonically obtaining the personal data prior to the veterans' scheduled medical treatments.

Intake interviews are generally conducted at each VA medical facility by administrative staff. We have not been able to obtain a national listing of employees assigned to conduct intake interviews. However, we believe there are thousands of staff nationwide who may be performing intake duties. We found that administrative staffs were not conducting effective intake interviews based on limited testing described in our 2002 report (*Audit of the Medical Care Collection Fund Program, Report No. 01-00046-65, dated February 29, 2002*). During the audit, we attempted to contact 40 veterans whose VA administrative records indicated they did not have health insurance. In 20 of the 40 cases, we were unable to contact the veterans because their personal information was incorrect (e.g. incorrect telephone numbers). In addition, for 7 of these 40 cases the veterans' employment information was erroneous. We conducted additional tests of patient registration procedures by contacting 10 veterans who were on a medical facility's "Patients with Unidentified Insurance List." We found that 3 of the 10 veterans did have health insurance coverage.

Our February 2002 audit also found that 25 of 135 (18 percent) VHA facilities were not using preregistration software. VHA has advised us that all medical facilities have installed preregistration software, and that as of August 4, 2004, the VA's Chief Business Office has begun monitoring all facilities. We have not reviewed the implementation of preregistration software by VA since our 2002 audit.

2. *You stated that medical record documentation of care was not adequate. Was this due largely to VA doctors not providing documentation? If so, should the VA invest in training doctors on adequate documentation for accurate coding?*

Poor medical record documentation has contributed significantly to lost opportunities to bill for services. For example, our Combined Assessment Program (CAP) reviews conducted at 5 VA medical facilities this fiscal year identified lost opportunities to bill for care.

We reviewed the “*Reasons Not Billable Reports*” for a 6-month period ending in March 2004, and found that administrative staff identified 6,232 outpatient episodes of care or encounters totaling over \$1.4 million that were not billable because the medical records did not contain adequate clinical documentation to support billing requirements. Seventy one percent (4,449/6,232) of the encounters involved care provided by resident physicians. Facility staff considered these encounters to be unbillable because the clinical documentation did not contain sufficient evidence of supervision by the attending staff physicians (e.g. progress note or countersignature).

On May 3, 2004, VHA published the revised Handbook on Resident Supervision, which defines the supervision and documentation requirements in all patient care settings (inpatients, outpatient, emergency room and extended care). VA has developed several training programs to educate employees and clinicians on procedures for billing, coding, and completing documentation. We have advised VA managers that they need to consistently evaluate the effectiveness of these educational programs. VA needs to also conduct regular internal audits of physicians’ compliance with clinical documentation requirements in all patient care settings and take appropriate corrective action for non-compliance with documentation requirements.

In order to evaluate VHA facilities’ compliance with the documentation requirements outlined in the revised handbook, my office plans to conduct a system-wide evaluation in fiscal year 2005. The national review will determine whether adequate controls are in place to ensure sufficient resident supervision, and will further review the causes for missed billing opportunities for care.

3. *What is the most current coding error rate that you have observed?*

Our last review of VA coding procedures found that about 50 percent of the 570 outpatient visits reviewed at 15 medical facilities contained coding errors (*Evaluation of Veterans Health Administration Coding Accuracy and Compliance Program, Report No. 01-00026-68, dated February 25, 2002*). We have not conducted a coding follow-up review.

4. *What is being done by the VA to pursue delinquent accounts?*

In May 2002, the Under Secretary for Health directed VHA facilities to refer accounts receivable over 60 days old to contract entities for collection. As of June 28, 2004, VHA reports that nearly all medical facilities are outsourcing follow-up activities associated with management of aged accounts receivable. The Department’s Revenue Action Plan showed that the VA’s Chief Business Office is responsible for monitoring this activity.

5. *Are there certain insurance companies that are consistently slow payers?*

VHA MCCF managers at VA facilities have access to a *Reimbursable Insurance Trend Report* which shows each insurance carrier associated with their facility, the number of bills issued, the amount billed, and the amount collected. A collection percentage for each insurance carrier is also computed on that report. Facility managers can identify insurance carriers who may not be making appropriate payments on VA billings. While we have not conducted an audit of this issue, VA's June 2004 Revenue Action Plan includes reviews to identify specific insurance companies that are slow payers. VA plans to meet with these companies to determine ways to improve collections.

6. *Does the VA have a way of keeping track of how quickly the individual providers pay?*

The *Reimbursable Insurance Trend Report* discussed in question 5 contains the date each bill was issued and the date payment was collected or the bill was otherwise closed.