



**STATEMENT OF
MATTHEW SHUMAN, DIRECTOR FOR
NATIONAL LEGISLATIVE DIVISION
THE AMERICAN LEGION**

**BEFORE THE
SUBCOMMITTEE ON FINANCIAL INSTITUTIONS AND CONSUMER CREDIT
COMMITTEE ON FINANCIAL SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**“LEGISLATIVE PROPOSALS FOR A MORE EFFICIENT FEDERAL FINANCIAL
REGULATORY REGIME: PART III”**

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Chairman Luetkemeyer, Ranking Member Clay and distinguished members of this committee, on behalf of National Commander Denise H. Rohan and the 2 million members of The American Legion, I thank you for the opportunity to testify regarding The American Legion’s position on H.R. 2683, the *Protecting Veterans Credit Act of 2017*. The American Legion is our nations largest patriotic and service organization for veterans, serving every man and woman who has worn the uniform for this country.

The Department of Veterans Affairs (VA) has created medical debt that negatively impacts veterans’ personal credit for years. American Legion National Commander Dale Barnett, in February of 2016, called on VA to establish an automated claims processing system. Commander Barnett also called on Congress to pass legislation directing VA to fix their non-VA claims and reimbursement system by using current technology, stating, “No veteran should ever receive a letter or call from a collection agency because VA failed to pay the non-VA provider in a timely manner.”¹ H.R. 2683 protects a veterans’ credit history from being negatively impacted by VA’s failure to pay non-VA healthcare claims in a timely manner.

CHOICE

Resulting from the 2014 scheduling crisis within the VA, The American Legion and other Veteran Service Organizations (VSO’s) called on Congress to take swift action to ensure veterans receive quality healthcare in a timely manner. Leading up to the scheduling issue in 2014, the Veterans Health Administration (VHA), the arm of the VA charged with providing healthcare for veterans, had thousands of vacancies. These vacancies impaired VHA’s ability to furnish quality care where and when needed. In concert with The American Legion and other VSO’s, Congress submitted and passed H.R. 3230, the Veterans Access, Choice, and Accountability Act (VACAA) of 2014, to President Barack Obama, which he signed into law on

¹ <https://www.veterans.senate.gov/imo/media/doc/2016%20TAL%20Commanders%20Testimony%202.24.2016.pdf>

August 7, 2014.² While the Choice Act afforded veterans greater access to healthcare, it also brought to the forefront an age-old problem: VA lacks a well-defined claims processing system. As a result, veterans' medical debt is often turned over to collection agencies at an alarming rate because of VA's failure to reimburse non-VA providers in a timely and professional fashion. It is also worth noting that the Choice program is one of nine different VA community care programs. In addition to Choice, the VA enters into contracts with non-VA community care providers to purchase healthcare and services, including, but not limited to: hospital, outpatient, community nursing home, home healthcare, adult day healthcare, and many others.

Prompt Payment Act

Section 105 of the Veterans Access, Choice, and Accountability Act of 2014 requires VA to comply with the Prompt Payment Act (PPA), and implement a system to process and pay claims from non-VA providers for hospital care, medical services, and other healthcare services.³ It has been more than three years since the Choice Act passed, and VA has failed to comply with the law. VA's failure to comply with this provision of the Prompt Payment Act has placed thousands of veterans' personal credit and livelihoods at an unnecessary risk; a risk that has the potential to be life altering and damaging.

A veteran's credit is impacted when they receive care in the community and the provider attempts to obtain payment from the veteran, after failing to obtain payment from the VA. When the veteran is unable to pay or advises the provider that the VA is required to pay for the services, the failure often hits the credit of the veteran, impacting them in an unfair and detrimental manner. When the VA fails to comply with Section 105 of VACAA, and adhere to the PPA by paying for services in a professional and timely manner, the VA is financially harming the veteran.

In 1982, when the PPA was passed, it forced federal agencies to pay their bills in a timely manner, and when they failed to comply, to pay interest penalties when payments were made late. Unless excluded under the PPA, the act requires payments be made within 30 days of receipt of a valid invoice⁴. The PPA has done little to ensure VA pays non-VA healthcare providers timely while racking up millions of dollars in late interest payments at the expense of the taxpayer.

Veterans Affairs Office of the Inspector General

On December 21, 2017, the Veterans Affairs Office of Inspector General (VAOIG) issued Report, 15-03036-47, *Audit of the Timeliness and Accuracy of Choice Payments Processed Through the Fee Basis Claims System*⁵. VAOIG estimated that VA's Office of Community Care (OCC) payments to Third Party Administrators (TPAs) for approximately 1 million of their 2 million claims (50 percent) were made in excess of the 30-day Prompt Payment Standard from

² <https://www.gpo.gov/fdsys/pkg/PLAW-113publ146/pdf/PLAW-113publ146.pdf>

³ <https://www.gpo.gov/fdsys/pkg/PLAW-113publ146/pdf/PLAW-113publ146.pdf>

⁴ <https://www.gpo.gov/fdsys/pkg/STATUTE-96/pdf/STATUTE-96-Pg85.pdf>

⁵ <https://www.va.gov/oig/pubs/VAOIG-15-03036-47.pdf>

November 1, 2014, through September 30, 2016. VAOIG also estimated that Health Net, one of the TPAs, took 47 days on average to pay its providers from November 1, 2014 through September 30, 2016 and TriWest, another TPA, averaged 39 days to pay its providers for the same period.

VAOIG also reported the payment delays occurred because OCC did not accurately estimate the amount of staff necessary to process Choice claims through their Service Level Agreement with VA's Financial Services Center (FSC). The Choice Act requires VA to meet the timeliness standards of the Prompt Payment Act in paying the TPAs. Currently, there is no such standard for the TPA's to pay the providers.

Recommendations

The American Legion appreciates the intent of H.R. 2683, which is to protect veterans credit from the failures of VA. In analyzing the *Protecting Veterans Credit Act of 2017*, we noticed there is no mechanism that would aide the Credit Reporting Agencies (CRAs) in complying with the potential law. Currently, there is no system in place or service that would allow the CRAs to:

1. Certify if someone is a veteran.
2. Certify that the debt in question is related to a VA approved service.

Having the ability to certify if someone is a veteran, along with verifying if the debt they are disputing is indeed a VA approved service, is crucial to the intent of this legislation. The mission of The American Legion is to help veterans, and in this situation, ensuring the CRAs have the ability to quickly remedy this issue is in the best interest of our nations heros.

Additionally, The American Legion encourages this committee and Congress to pass legislation directing the VA to adhere and fully comply with the Prompt Payment Act, compelling them to pay their bills in a timely and professional manner.

The American Legion looks forward to working with this and other relevent committees to craft common sense methods to put into practice the above recommendations.

Conclusion

In 2003, The American Legion created and implemented the System Worth Saving program, where we visit and audit 10-15 VA Medical Facilities each year⁶. During each visit, we host town hall meetings allowing veterans to share their VA experience(s) firsthand. Often we hear that veterans are incredibly frustrated and angry because their credit history, which took them a lifetime to establish, has been compromised by the VA's failure to pay providers for healthcare services authorized.

⁶ <https://www.legion.org/systemworthsaving>

If passed, H.R. 2683 will afford negatively impacted veterans the necessary protections, by amending the Fair Credit Reporting Act to exclude, for one year, information related to their VA medical debt from being reflected in their credit report. This common sense bill will also provide veterans with the necessary tools to dispute VA medical debt information reported to credit reporting agencies. Veterans will no longer require assistance from attorneys and pay fees to resolve an issue that they had no role in creating.

The American Legion applauds Representative Delaney for introducing H.R. 2683, a piece of legislation aimed at protecting the fine men and women who have selflessly taken an oath to defend our great nation. The American Legion supports H.R. 2683, with modifications listed above, and is eager to see this the *Protecting Veterans Credit Act of 2107* become law.

The American Legion thanks this subcommittee for holding a hearing on this veteran-centric legislation and for the opportunity to elucidate the position of the 2 million veteran members of this organization. For additional information regarding this testimony, please contact Mr. Matthew Shuman, Director of The American Legion's Legislative Division at (202) 861-2700 or mshuman@legion.org.