

**STATEMENT OF  
GENE MIGLIACCIO, Dr.P.H.  
DEPUTY CHIEF BUSINESS OFFICER FOR PURCHASED CARE  
VETERANS HEALTH ADMINISTRATION (VHA)  
DEPARTMENT OF VETERANS AFFAIRS (VA)  
BEFORE THE  
SUBCOMMITTEE ON HEALTH  
HOUSE COMMITTEE ON VETERANS' AFFAIRS**

**JUNE 3, 2015**

Good morning, Chairman Benishek, Ranking Member Brownley, and Members of the Committee. Thank you for the opportunity to discuss the VA's reimbursement efforts for non-VA care providers. I am accompanied today by Mr. Joseph Enderle, Director, Purchased Care Operations.

VA provides care to Veterans directly in a VHA facility or indirectly through contracts, including contracts formed when providers accept individual authorizations, or through reimbursements, such as for emergency care. This mix of in-house and VA Community Care provides Veterans the full continuum of health care services covered under our medical benefits package. VA's care in the community programs are designed to ensure high-quality care is provided effectively and efficiently to Veterans.

As Deputy Secretary Gibson remarked to the full House Committee on Veterans' Affairs at a hearing on May 13, 2015, VA understands the importance of complying with requirements of the "Prompt Payment Act" and making timely payments to community medical care providers. The organizational changes, implemented in Section 106 of the Veterans Access, Choice, and Accountability Act of 2014 (Veterans Choice Act), which consolidated payment of claims under centralized authority, serve as the basis for further improvements in making prompt payments.

Section 106 of the Veterans Choice Act required the Department to transfer authority to pay for health care furnished through VA Community providers and the associated budget to the Chief Business Office – Purchased Care (CBOPC) no later

than October 1, 2014. VHA met this target and quickly re-aligned more than 2,000 positions and over \$5 billion dollars in health care funding to CBOPC from the Veterans Integrated Service Networks (VISN) and VA medical centers. This realignment established a single, unified shared services organization responsible for payment functions and centralized management allowing us to leverage business process efficiencies going forward.

VA has experienced tremendous growth in the volume of claims provided by community providers since implementation of the Accelerated Care Initiative which began on Wednesday, May 21, 2014. VHA has received 34 percent more claims from January 2015 through April 2015 compared to January 2014 through April 2014. Our current standard is to have at least 80 percent of our claims inventory under 30 days old. VHA staff makes every effort to ensure claims are processed timely. Processing timeliness is measured from the point the claim is received to when the claim is processed, and as a result, marked as complete. As of May 22, 2015, our nationwide performance was 72.50 percent, and if our metric was aligned with Medicare processing standards for other than “clean claims” (45 days), our performance would be at 76.15 percent. A “clean claim” is a claim that has no defect or impropriety, such as a coding error.

However, when claims without authorization are received from Community Providers, VHA reviews all authorities to ensure those claims are adjudicated based on the Veteran’s eligibility. Claims received by VA without prior authorization is one significant factor in the delay of claims processing.

Information on community care is available to Veterans on the VA website as well as the *Federal Benefits for Veterans, Dependents, and Survivors* booklet. Based on regulatory and statutory authority, all Veterans are not eligible for community care in all situations. An example would be when a claim is received for a non-service connected Veteran who also is not enrolled in VA care. When claims are denied, Veterans are notified timely along with their right to appeal. As detailed later in the testimony, VHA staff are also reaching out to Community Providers and providing resources to educate them on Veteran eligibility and timely notification requirements.

## **Improvement Strategies**

VA acknowledges that claims processing timeliness must improve. As a result, we are in the process of refining and implementing standard processes and performance targets, and monitoring to ensure processing activities are performed and measured consistently across VA. This will enable us to deliver exceptional customer service to Veterans and Community Providers.

In an effort to better process claims, CBOPC established the Support Claims Processing Division (SCPD) in March 2015. The SCPD was established in the Denver location to assist with processing claims when sites have high turnover, when sites receive a sudden increase of claims, and to assist with verification of claims. To address the increasing inventory and work the growing backlog, CBOPC identified a need to add more staff to SCPD in Denver. However, available space was not sufficient to add additional staff, so SCPD established a second shift to better utilize existing space. VHA is currently in the process of implementing second shifts at other claims processing centers across the country. The new shift has the benefit to VHA of opening recruitment to a pool of candidates seeking to work non-traditional hours for the Federal Government.

Additionally, CBOPC established a contract to add offsite contract staff support to process claims at those sites which have significant claims inventories. The first task order was issued in May 2015 to provide claims processing staff support to process 400,000 invoices, with a projection to increase processing to 600,000 claims by the end of this fiscal year. Currently, 145 full-time employees and contractors are onboard at SCPD. Over 40 more should be added by the end of June 2015, with additional staff projected to be added to a night shift by the end of September 2015. VHA continues to explore ways to add resources to better comply with the Prompt Payment Act and ensure that our community partners are well situated to continue providing care to our Nation's Veterans. In compliance with the Veterans Choice Act, approximately 2,000 positions were transferred from VISNs and VA medical centers to the VHA CBOPC. VHA has advertised positions for claims processing at over 75 different geographical locations and plan to hire up to an additional 220 full-time employees. We are also

advertising an open-continuous Merit Promotion Announcement for Voucher Examiners to include targeting special appointment candidates.

Currently, VHA is implementing technical fixes and process changes for issues preventing claims from being processed in a timely manner. All community care referrals require authorization. To obtain authorization in an emergency care situation, a Veteran should contact the closest VA medical center within 72 hours of admission to community care. Without the authorization, claims cannot be processed delaying payment processing. In some cases, authorizations are not entered timely in the VA payment system due to the administrative process. This is a processing issue we realize we must resolve. To address those situations, we are working with non-VA Care Coordination Staff to ensure authorizations are entered before a claim is received.

Many community providers submit duplicate claims, due to the fact that their original claim was not paid in a timely manner. In an effort to identify duplicate claims within the payment processing system, software scripts were developed to identify the duplicates which will reject duplicate claims, leaving the oldest claim in inventory for processing.

VHA is continuing to find ways to improve our systems. Currently, we are working with the VA Center for Applied Systems Engineering to standardize business processing to increase efficiencies and reduce variation using Lean methodology. Starting in July 2015, testing of the standardized business processing will take place in VISN 19. National employee performance standards are being developed to improve accountability and performance. Lastly, a Centralized Call Center Pilot is underway in VISN 16, with calls being answered by CBOPC staff in Denver. This pilot has dramatically reduced customer service wait times and abandonment rates. We have also completed technical site visits to evaluate how well the current software design is meeting business needs in order to implement corrective actions.

Another important aspect is our improved outreach efforts with stakeholders. We are finding better and more frequent ways to communicate the status of claims processing timeliness with non-VA care providers, Members of Congress, and Veterans. Ongoing training is being provided to community providers on the resources available to address the provider accounts receivables reports, to include monthly calls

held with providers on account claim concerns. Later this year, we hope to begin distributing quarterly bulletins to providers on claims processing changes and issues. A future project could include developing a claims status portal for providers to access claims status information. Call Center staff will receive refresher training to address unique community provider issues.

### **Process Improvement Results**

Our recent actions have had a significant impact in processing volume. From January 2015 to May 2015, VHA processed 5,988,117 claims, a 21-percent increase from the 4,946,989 claims processed from January 2014 to May 2014.

VISN 16 is a strong example of improvement based on our recent actions. In December 2014, 35.58 percent of claims were paid in under 30 days. In May 2015, 82.13 percent of claims were paid in under 30 days. At the facility level, in May 2015, 83.13 percent of claims in the Southeast Louisiana Veterans Health Care System's inventory were paid in under 30 days. This is a significant improvement from the 35.29 percent in December 2014.

### **Conclusion**

In conclusion, VA strongly values its relationship with our community providers. We realize the vital role they play in assisting us in providing timely and high-quality care to Veterans. We are working hard to expedite payments and streamline our claims services in order to make this an effective and efficient process for all.

Mr. Chairman, I appreciate the opportunity to appear before you today. We are prepared to answer any questions you or other Members of the Committee may have.