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DEPARTMENT OF VETERANS AFFAIRS (VA)  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION  
U.S. HOUSE OF REPRESENTATIVES**

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Good morning, Chairman Rosendale, Ranking Member Cherfilus-McCormick, and distinguished Members of the Subcommittee. Thank you for the opportunity to testify on VA's efforts to rebuild the Program Integrity Tool (PIT). I am accompanied by Ms. Cherri Waters, OIT's Executive Director, Health Portfolio, Software Product Management, and my colleagues from the Veterans Health Administration (VHA), Ms. Laura Duke, Chief Financial Officer, VHA, and Dr. Tracy Davis Bradley, Executive Director, Office of Integrity and Compliance (OIC).

VA's PIT serves as a centralized repository for Community Care billing data, used for detecting fraud, waste, and abuse, as well as for third-party billing. Originally designed to identify duplicate payments, the tool's uses and sources grew organically over time to meet a much wider variety of needs. In recent years, following major legislative and VA policy changes, an increasing number of Veterans have accessed Community Care paid for by VA. VA has experienced significant growth in Community Care authorizations, with a 45 percent rise in Veterans accessing community care since Fiscal Year (FY) 2019. Simultaneously, there has been growth in enrollment and use of family member programs, leading to increased spending on care outside VA. Although these increases were not the primary drivers that led to errors in PIT, they were an exacerbating factor.

PIT data users expanded over the past decade including internal VA offices such as VHA Revenue Operations and external law enforcement agencies like the Office of Inspector General (OIG) and Department of Justice. As part of the PIT's realignment under VHA's Division of Program Integrity in OIC in December 2022, VA identified the need to significantly enhance staffing and resource support for this critical tool. Due diligence completed on the PIT by OIC, in partnership with OIT in January and early February 2023, confirmed known errors and led to the detection of issues with its database code logic that caused to data inaccuracies.

After consultation with VA OIG, OIT, and VHA Finance leadership, OIC made the decision to pause the use of the PIT in February 2023 and worked with OIT to identify and fix data errors. Given the importance of the PIT to OIG criminal investigations and VHA financial operations, OIT, in close collaboration with OIC and Revenue Operations, immediately pushed for a high degree of discipline and rigor in restoration efforts. VA

notified Congress and OIG immediately of the need and reasons for the PIT pause, and the Department has been proactive through the process to notify Congress and OIG of issues hampering progress. OIT and VHA worked together to resolve data issues and ensure priority business processes were brought back online first to avoid unacceptable financial impacts.

## **Rebuild Efforts**

In April 2023, OIT worked on a hybrid approach to restore data while also making server, operating system, and database upgrades necessary to bring the systems into compliance. This work was done through the established contract vendor who supported PIT sustainment and enhancements. Server upgrades that started at the beginning of the PIT shutdown were completed in July 2023. While the team encountered additional data processing and validation issues, remediation efforts and data loading began in August 2023. During this time, OIT and VHA provided OIG with numerous updates on progress.

Finding that our senior leadership needed to be more engaged during the rebuild process, I made the difficult, but necessary, decision to replace a senior OIT executive with a new executive leader. Additionally, the project team stood up weekly Chief Information Officer-level PIT status briefings, so that I could provide direct oversight. We also raised issues with the contractor's quality of work, resulting in new contractor leadership and a larger team, increasing the overall engineering rigor of the project. With these changes, we re-affirmed the project priorities that included building confidence through successful delivery of incremental functionality of the PIT, ensuring all data were accurate and validated, and developing a longer-term data processing strategy and timeline.

Revenue Operations, within VHA's Office of Finance, progressively resumed community care third-party billing in June 2024 as incremental data sources were validated and restored. On July 30, 2024, Revenue Operations was able to process community care claims from that office's data sources, initially covering the period from March 2023 to May 2024. Despite the delays, the restoration of Revenue Operations ensures this revenue will eventually be collected.

The PIT is currently operational for billing, and ongoing efforts are focused on restoring the entire PIT data set, and on re-establishing its functionalities to support OIG oversight and fraud, waste, and abuse investigations. Data is being imported sequentially and is expected to be completed in FY 2025, at which time, daily processing will resume.

## **The Way Forward**

The PIT rebuild is progressing steadily, with significant advancements in restoring the remaining data sources. Looking ahead, VA is shifting towards ensuring high-quality business and systems operations, envisioning efficient future workflows, and securing long-term support for the system. To achieve these goals, we are taking the following actions:

First, we are working to guarantee data quality and prevent errors through robust validation processes. OIC, Revenue Operations, and OIT are creating a collaborative data quality and governance strategy to identify and resolve systems issues more efficiently in the future. Our goal is to streamline issue resolution and explore long-term alternatives to the current PIT system.

Second, OIT has completed a contract transition that will support the development and sustainment of the PIT moving forward. This is crucial to securing the best team for ongoing maintenance and new development to ensure the long-term success of the PIT. The transition began in August 2024 when a new vendor took over contractor support of the PIT ensuring a seamless continuity of expertise.

Lastly, we are improving collaboration as we design modern and efficient workflows for both Revenue Operations and fraud, waste, and abuse detection efforts. The rebuild efforts, while systematic and thorough, hampered OIT's business partners, OIC and Revenue Operations. The PIT developed under the former Office of Community Care, and it is now time to step back and envision what revenue and fraud detection systems VA should build to support high-quality operations moving forward.

### **Impact to Fraud, Waste, and Abuse Capabilities and Alternatives Efforts**

While the PIT has been offline since February 2023, OIC has maintained robust oversight of VA's community care programs through a variety of alternative activities and initiatives. For example, OIC refers potentially fraudulent providers to OIG, manages VHA's Recovery Audit Contract, identifies ineligible providers, identifies and mitigates gaps in internal controls in source systems, performs claims analysis to detect inappropriate billing, and responds to Veteran complaints through the OIC HelpLine.

During this period, OIC made significant progress in identifying opportunities to improve processes and address technological gaps. OIC collaborated with OIT to address several PIT defects, including out-of-order claims data ingestion, faulty inpatient claims processing line of code, and remediating duplicate claim creations in the PIT post-January 2022. VA also implemented an interim solution to make historical data available to support VHA's mission. Additionally, OIC developed a comprehensive roadmap for enhancing fraud, waste, and abuse detection capabilities based on industry best practices. This includes near-term steps to improve OIC's intake and resolution of fraud, waste, and abuse complaints from Veterans.

Looking to the future, OIC is taking a proactive approach to mature its oversight capabilities, informed by a full-scale risk assessment of historic and current PIT activities completed in July 2023. OIC is also enhancing its fraud awareness training for staff, restructuring the office to optimize new functions and strengthening coordination with key VA stakeholders. Through these efforts, we are confident that VA will emerge with even more robust systems and processes to safeguard taxpayer dollars and ensure the highest quality care for the Nation's Veterans.

## **Impact to Revenue Operations**

During the period when the PIT was unavailable, VA continued generating community care-related revenue by processing pre-existing working inventory, which includes the community care workload that existed before the PIT went offline, and by reprocessing previously denied claims. Additionally, VA improved productivity in billing and collecting for regular VA-based care. As a result of these efforts, total collections were performing at 100.7% of the fiscal year-to-date Expected Results target through February 2024.

VA's OIG estimated that \$665 million in community care revenue was impacted by the PIT issue. While VA concurs with OIG's estimates on the community care workload backlog, we expect that most of this revenue, though delayed, will ultimately be collected. The Medical Care Collections Fund line item in the President's Budget for FYs 2024 and 2025 is \$4.269 billion and \$4.390 billion, respectively. VA expects to collect at least \$8.66 billion cumulatively over these 2 fiscal years after recovering from the PIT impacts.

VA continues working closely with contracted third-party payers to update agreement language that accurately reflects the six-year timely filing period authorized by Federal law. The number of contracted payers adhering to the six-year timely filing limit increased from 37 to 53 in FY 2023, accounting for more than 70 percent of total third-party collections. Non-contracted payers make up approximately 11 percent of total third-party collections; VA is committed to ensuring that these non-contracted payers honor the six-year timely filing limit as required by Federal law. Less than 19 percent of total third-party collections came from contracted payers with more restrictive filing timeframes in their agreements. VA will continue pursuing agreement updates with these payers to bring them into compliance with the six-year standard.

## **Conclusion**

The journey of PIT has been one marked by challenges, resilience, and significant progress. With the right leadership and team in place, VA has made significant progress in resolving defects and bringing the PIT back online incrementally while modernizing workflows in Revenue Operations and adjusting to alternative methods in fraud, waste, and abuse detection.

The Department has formed a cross-functional team to both resolve the issues of the PIT and to chart a course towards more robust systems support for our community care business processes and oversight. VA remains committed to a full recovery of the PIT and will continue providing this subcommittee updates on its progress. Our commitment to rebuilding the PIT and strengthening its capabilities demonstrates our dedication to upholding integrity, efficiency, and effectiveness within VA. As the rebuild effort shows, we will continue prioritizing critical systems, developing proactive roadmaps, strengthening technical expertise, and fostering contractor accountability to safeguard the long-term health of essential information technology systems like the PIT.

Chairman Rosendale, Ranking Member Cherfilus-McCormick, and Members of the Subcommittee, thank you for the opportunity to present this testimony today. I appreciate your commitment to addressing the pressing challenges we face in our digital transformation efforts. I recognize that our continued collaboration to prioritize and overcome these challenges enhances the care and benefits provided to our Veterans, and I look forward to answering your questions.