United States Government Accountability Office

Report to Congressional Requesters

July 2013

VA HEALTH CARE

Additional Steps Needed to Strengthen Beneficiary Travel Program Management and Oversight

GAO-13-632

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GAO Highlights

Highlights of GAO-13-632, a report to congressional requesters

Why GAO Did This Study

VHA's Beneficiary Travel Program is designed to encourage eligible veterans to seek medical care by reducing travel costs to medical appointments. Veterans are eligible to receive reimbursement for some travel expenses, such as mileage, through the program that is administered by VA medical centers. In February 2013, the VA Office of Inspector General identified issues with inadequate management and oversight. VHA has identified the program as susceptible to significant improper payments and has estimated $71 million in improper payments for fiscal year 2012.

GAO was asked to examine VHA's Beneficiary Travel Program. In this report, GAO examined recent efforts VHA has developed or implemented to improve the program. GAO reviewed documents and interviewed VHA officials about these efforts; and determined whether VHA applied the appropriate internal controls. GAO also reviewed documents and interviewed officials from six VA medical centers, which vary on the basis of fiscal year 2012 mileage reimbursement spending, geographic location, and other factors.

What GAO Recommends

GAO recommends that VA identify and apply internal controls in its efforts to improve management and oversight of the Beneficiary Travel Program, including ensuring compliance with the Dashboard, evaluating performance indicators for the Beneficiary Travel Analytics Tool, and providing effective communication tools to medical centers for EFT. VA generally agreed with GAO's conclusions and concurred with the recommendation.

View GAO-13-632. For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov.

What GAO Found

The Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) has developed efforts to improve the Beneficiary Travel Program, but lack of internal controls may impede their effectiveness. Specifically, VHA has developed multiple efforts to improve the management and oversight of its process for reimbursing veterans' travel expenses for medical appointments, as well as the timeliness and accuracy of payments, including the following:

- **Dashboard**. Web-based software that determines a veteran's eligibility for travel reimbursement, the amount of any deductibles, and the number of miles from the veteran's residence to the closest VA medical facility. The software is designed to enable VA medical center staff to quickly and consistently calculate veterans' mileage reimbursement.
- **Beneficiary Travel Analytics Tool**. Tool that provides each medical center with reports identifying questionable veteran reimbursement patterns, such as frequently changing addresses on reimbursement claims, which may be done to inappropriately increase travel reimbursement amounts. The reports are intended to help medical centers define and implement facility-level internal controls to reduce improper payments.
- **Electronic Funds Transfer (EFT)**. Process to transfer travel reimbursement funds electronically into veterans' bank accounts. This effort implements a Department of the Treasury requirement for federal agencies to convert cash payments to electronic funds payments, and aims to improve efficiency, increase oversight, and reduce the amount of cash on hand.

These efforts are expected to increase the consistency of how the program is administered by medical centers. However, GAO found that internal controls were lacking for some of the efforts, including the following:

- **Monitoring Compliance.** VHA has not developed a plan to ensure medical centers' compliance with the efforts or existing policies. For example, although medical centers are required to use the Dashboard, VHA officials told us they do not have a plan in place to ensure that each medical center is using this new software.
- **Evaluating Performance Indicators**. VHA has not developed a plan for evaluating VHA-wide performance indicators for at least one of its efforts, the Beneficiary Travel Analytics Tool.
- **Providing Effective Communication**. VHA did not provide a communication plan for sharing information on EFT with medical centers and veterans in a timely manner.

Without necessary internal controls in place, VHA cannot ensure that its new efforts will meet its goals, such as improved management and oversight, or that the Beneficiary Travel Program, which has seen spending more than double in the past 5 years—approaching $1 billion annually—is operating effectively.

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Abbreviations

EFT	electronic funds transfer
IPERA	Improper Payments Elimination and Recovery Act of 2010
OIG	Office of Inspector General
VA	Department of Veterans Affairs
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Congressional Requesters

The Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) Beneficiary Travel Program is designed to encourage eligible veterans to seek needed medical care by reducing travel costs to medical appointments. Veterans are eligible to receive reimbursement for some travel expenses associated with medical appointments, such as mileage, if they meet certain criteria, generally related to whether they have a service-connected disability or low income level.

Concerns have been raised about the program's efficacy and management, including VHA's oversight of VA medical centers that are responsible for implementing the program at the local level. Specifically, findings from a recent audit conducted by the VA Office of Inspector General (OIG) identified problems with the Beneficiary Travel Program, including inadequate management and oversight, and inaccurate payments to veterans.[1] Members of Congress also have raised concerns about the program, particularly regarding veterans' difficulties receiving travel reimbursement, including reports of veterans waiting in long lines to receive cash reimbursement for travel expenses, or facing delays receiving reimbursement checks by mail. Furthermore, VHA has identified the Beneficiary Travel Program as a program that is susceptible to significant improper payments, and has estimated $71 million in improper payments for fiscal year 2012.[2] Spending for the Beneficiary Travel Program comes out of individual medical center medical care funds—the same funds that are used for patient care—and has increased from about $370 million in fiscal year 2008 to about $860 million in fiscal year 2012.

[1]See Department of Veterans Affairs, Office of Inspector General, *Veterans Health Administration: Audit of the Beneficiary Travel Program*, 11-00336-292 (Washington, D.C.: Feb. 6, 2013).

[2]See Department of Veterans Affairs, *Department of Veterans Affairs (VA) 2012 Performance and Accountability Report* (Washington, D.C.: Nov. 15, 2012).

Congressional requesters expressed interest in obtaining information on VHA's Beneficiary Travel Program. In this report, we examine the efforts, if any, VHA has identified to improve the process for reimbursement of veterans' travel expenses to medical appointments within the Beneficiary Travel Program.

To determine whether VHA has developed efforts to improve the Beneficiary Travel Program, we asked officials from VHA's Chief Business Office and Office of Finance—the offices that have responsibility for setting policies and procedures related to the Beneficiary Travel Program—to identify national efforts to improve the program. We focused on efforts, including policies, processes, and initiatives, that were developed or implemented from October 2011 to May 2013. For each effort VHA identified, we reviewed VHA documentation describing its purpose, development or implementation status, and any issues encountered in the development and implementation of the effort. We also collected documentation and interviewed officials from VHA about any communication VHA provided for veterans about the effort. To identify local perspectives on any efforts VHA is deploying nationally and local officials' experiences with the program generally, we reviewed documents and interviewed officials from six VA medical centers: (1) Kansas City VA Medical Center (Mo.); (2) Malcolm Randall VA Medical Center (Gainesville, Fla.); (3) Minneapolis VA Health Care System (Minn.); (4) Maine VA Medical Center (Augusta, Maine); (5) Veterans Health Care System of the Ozarks (Fayetteville, Ark.); and (6) West Los Angeles VA Medical Center (Calif.). These medical centers vary in terms of fiscal year 2012 total mileage reimbursement spending; participation as a pilot or early implementation site for any of VHA's efforts to improve its travel reimbursement program; VA region; rural/urban location; and VA-assigned facility complexity level.[3] We also interviewed officials from selected veteran service organizations—Blinded Veterans Association, Disabled American Veterans, and Paralyzed Veterans of America—to get their perspectives on VHA's Beneficiary Travel Program, including challenges veterans may face in seeking reimbursement, and VHA's efforts to improve the program. Using strategic planning and performance measures consistent with the

[3]VA assigns each medical center a complexity score derived from multiple variables to measure facility complexity arrayed along four categories, namely patient population served, clinical services offered, education and research complexity, and administrative complexity.

Government Performance and Results Act and GAO's related internal control standards,[4] we determined whether VHA applied appropriate internal controls in the development and implementation of the efforts.

We conducted this performance audit from December 2012 to July 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Under authority first provided by Congress in 1940, VA reimburses eligible veterans for travel expenses associated with medical appointments through VHA's Beneficiary Travel Program.[5] Specifically, travel expenses eligible for reimbursement include mileage, tolls, meals, and lodging. Through the program, VA may also pay for special mode transportation—such as ambulances and wheelchair vans.

Veterans are eligible for travel reimbursement if they have 30 percent or more service-connected disability ratings; are receiving care related to their service-connected disability

[4]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005); *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, GAO-12-1022 (Washington, D.C.: Sept. 27, 2012); *Executive Guide: Effectively Implementing the Government Performance and Results Act*, GAO/GGD-96-118 (Washington, D.C.: June 1996); *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review*, GAO/GGD-10.1.16 (Washington, D.C.: May 1997); *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[5]See 38 U.S.C. § 111. Under the statute, VA is authorized but not required to reimburse travel expenses for veterans. However, if VA exercises its authority to reimburse travel expenses, VA must pay travel expenses for specified categories of veterans and may reimburse travel expenses for any other veterans receiving medical care in accordance with regulations. In general, VA's regulations for the Beneficiary Travel Program currently designate as eligible the categories of veterans specifically mentioned in 38 U.S.C. § 111. Persons specifically mentioned in other VA statutes as eligible for payment for beneficiary travel are also eligible, such as certain family members of veterans. See 38 C.F.R. § 70.10. Veterans traveling for certain emergency situations may be eligible for travel reimbursement under separate authority. See 38 U.S.C. § 1725; 38 C.F.R. §§ 17.1000–17.1008.

rating is less than 30 percent; receive VA pension benefits; have an annual income below a set annual rate;[6] present clear evidence that they are unable to defray the cost of travel; or are traveling for compensation and pension exams.[7] Certain caregivers also may be eligible for travel reimbursement. Generally, eligible veterans are only reimbursed for round-trip travel costs associated with scheduled appointments, except in the case of emergency care.[8]

Since the program's inception, Congress has made several modifications, including adjusting eligibility requirements, types of travel expenses covered, deductible costs,[9] and mileage reimbursement rates. For example, in fiscal years 2008 and 2009, Congress directed VA to increase its mileage reimbursement rate from 11 cents per mile to 28.5 cents per mile and then to 41.5 cents per mile. Committee reports accompanying VA's fiscal years 2008 and 2009 Medical Services appropriations indicated that the committees identified specific amounts to fund these rate increases.[10]

[6]For calendar year 2013, the annual income rate for a veteran with no dependents was $12,465.

[7]Compensation and pension exams are physical exams provided to veterans applying for service-connected disability compensation to determine the degree of their disability.

[8]Eligible veterans who do not have scheduled appointments but do receive care from VA are only reimbursed for travel costs associated with their return trip.

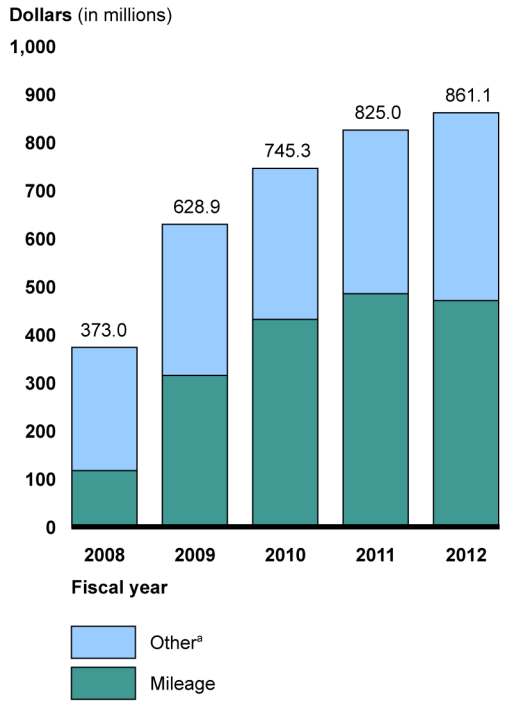
[9]Except in some circumstances, such as severe financial hardship, an amount of $3 per one-way trip (with a monthly maximum of $18) is required by law to be deducted from beneficiary travel payments. See 38 U.S.C. § 111(c).

[10]The committees identified $125 million in VA's 2008 Medical Services appropriation and $133 million in VA's 2009 Medical Services appropriation to fund the increases in travel reimbursement rates. See House Comm. on Appropriations, 110th Cong., Committee Print on H.R. 2764 / Public Law 110-161, Division I—Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2008, at 1957 (2007), accompanying the Consolidated Appropriations Act, 2008 (Pub. L. No. 110-161, 121 Stat. 1844 (2007)); 73 Fed. Reg. 6291 (Feb. 1, 2008); House Comm. on Appropriations, 110th Cong., Committee Print on H.R. 2638 / Public Law 110-329, Division E—Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2009, at 750-51 (2008), accompanying the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. L. No. 110-329, 122 Stat. 3574 (2008)); 73 Fed. Reg. 68,498 (Nov. 18, 2008).

Program Spending

Spending for the Beneficiary Travel Program increased from about $370 million in fiscal year 2008 to about $860 million in fiscal year 2012, with mileage reimbursement accounting for an increased proportion of the spending in this same period. (See fig. 1.) According to VHA officials, the increase in spending was primarily due to the increased number of veterans claiming mileage reimbursement, a rise in the average number of claims per veteran, and higher mileage reimbursement rates. For example, according to VHA, the number of veterans claiming mileage reimbursement increased from about 450,000 in fiscal year 2008 to about 1,450,000 in fiscal year 2012.[11]

Figure 1: Spending for VHA's Beneficiary Travel Program, Fiscal Year 2008 through Fiscal Year 2012



Source: GAO analysis of VHA data.

[a]Other includes expenses other than mileage, such as tolls, meals, lodging, and special mode transportation costs such as ambulance services and wheelchair vans.

[11]According to VHA, the number of veterans claiming mileage reimbursement in fiscal year 2008 is an estimate based on limited national data.

Program Management and Oversight

VHA's Chief Business Office is responsible for establishing policies and providing guidance to medical centers for the Beneficiary Travel Program. These policies describe, for example, the eligibility requirements and the types of travel expenses that are reimbursable.[12] VHA's Office of Finance is responsible for establishing national policies for the processing of payments for reimbursement and financial quality assurance.[13] Veterans Integrated Service Networks (VISN) have no specific oversight responsibilities for the Beneficiary Travel Program beyond the general responsibility of ensuring compliance with VHA's policies at the medical centers within their region.[14] Administration of the program is largely handled at the local medical center level.

VHA's policies outline requirements for the Beneficiary Travel Program's reimbursement process, and can be summarized into the following three broad steps:

- **Veteran applies for travel reimbursement**: VHA policies stipulate that veterans must apply for reimbursement within 30 calendar days of the travel. Veterans must provide information on the travel costs incurred to the medical center responsible for the care.

- **Medical center reviews eligibility and determines reimbursement amount**: After the veteran applies for reimbursement, VHA requires medical centers to assess the veteran's eligibility for reimbursement,[15] determine distance traveled, and apply appropriate deductibles. For example, VHA policies stipulate that except under certain circumstances, veterans are reimbursed for mileage between their

[12]See Veterans Health Administration, *VHA Beneficiary Travel*, VHA Handbook 1601B.05 (July 21, 2010).

[13]See Department of Veterans Affairs, *VA Financial Policies and Procedures*, vol. VIII (September 2010) and Veterans Health Administration, *VHA Finance Quality Assurance Reviews*, VHA Handbook 1730.02 (Washington, D.C.: Mar. 16, 2011).

[14]Each of VA's 21 VISNs is responsible for managing and overseeing medical centers within a defined geographic area.

[15]Eligibility for reimbursement is assessed by reviewing the veteran's eligibility for the program (such as service-connected disability rating or income level) and the veteran's record to ensure an appointment was completed.

place of residence and the nearest VA facility where the care could be provided.[16]

- **Medical center reimburses veteran**: After eligibility has been verified and reimbursement amounts determined, medical centers reimburse veterans those amounts.

Medical centers also have local procedures for managing the program. (See app. I for examples of procedures used by some of the medical centers included in our review.)

In February 2013, the VA OIG released a report summarizing findings from its audit of VHA's Beneficiary Travel Program.[17] The audit revealed problems such as inadequate management and oversight, and inaccurate payment amounts. Specifically, the VA OIG reported that it did not have reasonable assurance that Beneficiary Travel Program costs were accurate or were being paid only to eligible veterans. The VA OIG report found that from January 2010 through March 2011 VA paid $89 million more in beneficiary travel reimbursements than facilities approved, including $42.5 million in unexplained payments.[18] On the basis of its findings, the VA OIG recommended that VHA establish and implement procedures to strengthen authorization, payment, and oversight controls for the program. VHA concurred with the OIG's findings and recommendations and reported that it would, among other things, be implementing several initiatives to address the findings.

Additionally, VHA has identified the Beneficiary Travel Program as being susceptible to significant improper payments. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires agencies with programs identified as being susceptible to significant improper payments to estimate the annual amount of improper payments for each program

[16]Veterans can be reimbursed for travel to VA facilities, including medical centers and community-based outpatient clinics, or to non-VA facilities if VA determines that it is necessary to obtain care at a non-VA facility.

[17]See Department of Veterans Affairs, Office of Inspector General, *Veterans Health Administration: Audit of the Beneficiary Travel Program*.

[18]According to the report, the VA OIG could not determine the reason for $42.5 million in unexplained payments due to the lack of an adequate audit trail and system limitations. The VA OIG found that the remaining $46.5 million of this discrepancy was due to miscoded expenses.

and publish these estimates and corresponding corrective actions in an annual report;[19] VA includes this information in its annual Performance and Accountability Report. For VA's 2012 Performance and Accountability Report, VHA estimated that the Beneficiary Travel Program had $71 million in improper payments.[20] IPERA also requires federal agencies' inspectors general to annually determine whether their respective agencies are in compliance with IPERA requirements and to report on their determinations. In March 2013, the VA OIG reported limitations in VHA's methodology for estimating improper payments for the Beneficiary Travel Program and other programs but noted that this was not a matter of noncompliance with IPERA requirements.[21]

VHA Has Developed Efforts to Improve the Beneficiary Travel Program, but Lack of Internal Controls May Impede Their Effectiveness

VHA has developed multiple efforts to improve the management and oversight of its process for reimbursing veterans' travel expenses for medical appointments. However, lack of internal controls for some efforts may hinder VHA's ability to improve the process.

VHA Has Developed Efforts That Aim to Improve the Management and Oversight of the Beneficiary Travel Program

VHA has developed multiple efforts to improve the management and oversight of the Beneficiary Travel Program, as well as the timeliness and accuracy of payments. (See table 1.) These efforts—many of which medical centers are or will be required to implement—are expected to increase the consistency of how the program is administered. For example, the Dashboard, a Web-based software, provides a standardized process that medical centers are required to use to determine a veteran's eligibility for travel reimbursement, the amount of any deductibles, and the

[19]Pub. L. No. 111-204, 124 Stat. 2224 (2010).

[20]See Department of Veterans Affairs, *Department of Veterans Affairs (VA) 2012 Performance and Accountability Report*.

[21]See Department of Veterans Affairs, Office of Inspector General, *Department of Veterans Affairs: Review of VA's Compliance with the Improper Payments Elimination and Recovery Act for FY 2012*, 12-04241-138 (Washington, D.C.: Mar. 15, 2013).

number of miles from the veteran's residence to the closest VA medical facility where care could be provided.

The efforts are in various stages of development and implementation, with some being fully implemented in all medical centers, while others are in earlier stages. For some of the efforts, VHA has utilized a pilot process in a small number of medical centers to help identify and resolve potential problems before releasing the efforts VHA-wide to all medical centers. For example, in the fall of 2012, VHA piloted the Electronic Funds Transfer (EFT) effort—a process for transferring travel reimbursement funds electronically into veterans' bank accounts—in medical centers in 2 of the 21 VISNs.[22] The EFT effort—along with VHA's Debit Card effort, a VHA-wide card that veterans can use to receive travel reimbursement electronically—implements a Department of the Treasury requirement for federal agencies to convert cash payments to electronic funds payments by March 1, 2013.[23] VHA has requested and received an extension from the Department of the Treasury on the implementation of electronic funds payments to allow VHA to simultaneously implement both the EFT and Debit Card efforts. VHA anticipates VHA-wide implementation of both efforts by December 31, 2013.

[22]These VISNs were selected because several of their medical centers volunteered to work with VHA on the EFT effort, and were familiar with the effort. VHA officials told us that they did not use set criteria to select the pilot sites for the EFT effort, and did not see a downside of selecting pilot sites based on medical centers' willingness to participate. GAO has reported previously on pilot implementation within VA. See GAO*, VA Dialysis Pilot: Increased Attention to Planning, Implementation, and Performance Measurement Needed to Help Achieve Goals,* GAO-12-584 (Washington, D.C.: May 23, 2012).

[23]See 75 Fed. Reg. 80,315 (Dec. 22, 2010).

Table 1: VHA-Identified Efforts to Improve the Management and Oversight of the Beneficiary Travel Program

Effort	Description	Implementation status, as of May 14, 2013
Beneficiary Travel Analytics Tool (Data Mining Tool)	Tool that provides each medical center with reports identifying questionable veteran reimbursement patterns, such as frequently changing addresses on reimbursement claims, which may be done to inappropriately increase travel reimbursement amounts. The reports are intended to help medical centers define and implement facility-level internal controls to reduce improper payments.	●
Beneficiary Travel Eligibility Review	Web-based tool that identifies cases where previously disbursed travel benefits need to be collected from veterans whose income levels were determined—after final verification—to be above eligibility thresholds.	●
Beneficiary Travel Resource Center	Internal VA Web-based content management system with beneficiary travel information, such as links to fact sheets, trainings, and policy guidance, for VA staff use.	●
Dashboard	Web-based software that determines a veteran's eligibility for travel reimbursement, the amount of any deductibles, and the number of miles from the veteran's residence to the closest VA medical facility where care could be provided. The software is designed to enable VA medical center staff to decrease payment processing time and to eliminate the variability in how medical centers calculate veterans' mileage reimbursement.	●
VistA Enhancements	Software addition to the VistA system—VA's electronic health records system—that helps medical centers conduct electronic reimbursement authorizations and payments by consolidating information needed to determine veterans' eligibility and reimbursement amounts, including income level and any deductibles to be applied. The software is designed to improve efficiency, mitigate risks, and better detect improper payments for the Beneficiary Travel Program.	●
Beneficiary Travel Payment and Reconciliation Program Database	Software tool that enables medical centers to reconcile the reimbursements that have been approved for payment with those that have been paid. The tool is designed to help reduce the payment processing workload for medical centers and improve the efficiency of and standardize payment processes. VHA anticipates VHA-wide implementation by May 31, 2013.	◓
Debit Card	A VHA-wide card that veterans can use to receive travel reimbursement funds electronically. This effort implements a Department of the Treasury requirement for federal agencies to provide debit card options for electronic payments by March 1, 2013, and aims to improve efficiency, increase oversight, and reduce the amount of cash on hand. VHA has requested and received an extension from the Department of the Treasury, and anticipates VHA-wide implementation by December 31, 2013.	◓
Electronic Funds Transfer (EFT)	Process to transfer travel reimbursement funds electronically into veterans' bank accounts. This effort implements a Department of the Treasury requirement for federal agencies to convert cash payments to electronic funds payments by March 1, 2013, and aims to improve efficiency, increase oversight, and reduce the amount of cash on hand. VHA has requested and received an extension from the Department of the Treasury, and anticipates VHA-wide implementation by December 31, 2013.	◓

Effort	Description	Implementation status, as of May 14, 2013
Facility Audit Tool	Standardized audit process tool to provide VA networks the ability to audit their facilities' past travel reimbursement transactions and operations. The tool is designed to help identify opportunities to improve processes that may reduce improper payments. VHA does not have a date for VHA-wide implementation.	○
Standard Operating Procedures (Revised)	Comprehensive standard operating procedures developed for medical centers to use in the management of the Beneficiary Travel Program that include new or revised processes and documents, such as a revised travel reimbursement application. VHA anticipates VHA-wide implementation of the procedures by June 30, 2013.	○
Travel Reimbursement Regulations (Revised)	Regulations to be revised to incorporate recent legislative changes and clarify identified areas of potential confusion, such as the definition of the closest facility for care. VHA does not have a date for VHA-wide implementation because, according to officials, publication of regulations is a lengthy process and cannot be reliably predicted.	○

Source: GAO analysis of VHA information.

Legend:

● Fully implemented (e.g., rolled out VHA-wide to all medical centers)

◓ Partially implemented (e.g., in pilot phase in selected medical centers)

○ In development, but not yet implemented

Some of VHA's efforts to improve the Beneficiary Travel Program have been developed in response to OIG and IPERA report findings as corrective actions to improve monitoring and oversight of the program and to decrease improper payments.[24] One such effort is the Facility Audit Tool—a tool used to audit facilities' past travel reimbursement transactions and operations through a more standardized process. Currently this tool is being used by VHA's Office of Finance to annually audit programs identified as susceptible to improper payments under IPERA. VHA officials told us that this tool may ultimately be used by VISNs to audit their facilities' past travel reimbursement transactions and operations, but did not have a time frame for its VHA-wide implementation.

Officials from the six medical centers we interviewed told us the new efforts that have been implemented generally improved or would improve some aspects of the Beneficiary Travel Program. For example, medical center officials reported that the implementation of the Dashboard had increased staff efficiency by decreasing the time needed to determine a

[24]See Department of Veterans Affairs, *2012 Performance and Accountability Report*.

veteran's eligibility, as well as increased the accuracy of payments, in line with VHA's goals for this program. In addition, officials said EFT would help improve oversight over the payment process. Compared to the process of paying veterans in cash, EFT provides an opportunity for the medical center staff—in this case the fiscal office staff—to review and audit travel payments before a reimbursement is issued to the veteran. Officials said these reviews could help medical centers reduce improper payments, and that EFT also improves security at medical centers because less cash is on hand for reimbursements.

Although medical center officials provided positive feedback on some of the efforts, they also identified implementation challenges. For example, medical center officials reported difficulty tracking EFT reimbursements, and that staff members had received many calls from veterans who were confused by only limited information transmitted with the EFT direct deposits. In addition, when veterans claimed reimbursements for multiple appointments, they did not know which appointment was associated with which electronic reimbursement payment, or which reimbursements were still pending. According to medical center officials, investigating pending reimbursements is time consuming and takes time away from staff members' reimbursement-processing responsibilities. Medical center officials also said the lack of information transmitted with the payments hinders acceptance of the EFT process in general, as veterans do not have complete confidence that their reimbursements are timely and accurate.

Lack of Internal Controls for Some Efforts May Hinder VHA's Ability to Improve the Beneficiary Travel Program

In our review of VHA's efforts to improve the Beneficiary Travel Program, we found that internal controls were lacking for some of the efforts. The implementation of internal controls is important for ensuring efforts achieve intended outcomes and minimizing operational problems. Without these internal controls in place, VHA cannot ensure that the efforts will meet its goals, such as improved management and oversight.

Plan for Evaluating Performance Indicators. VHA has not developed a plan for evaluating VHA-wide performance indicators for at least one of its efforts, the Beneficiary Travel Analytics Tool (Data Mining Tool), as would be consistent with internal control standards. According to established internal control standards, efforts to improve performance and efficiency should include the evaluation of appropriate performance indicators of the effort to gauge progress and inform decision making in resolving any problems. The Web-based Beneficiary Travel Analytics Tool, implemented March 31, 2013, generates travel reimbursement pattern

reports—reports identifying questionable veteran reimbursement patterns that may indicate improper payments, such as frequently changing addresses on reimbursement claims, which may be done to inappropriately increase travel reimbursement amounts. According to VHA officials, medical centers are expected to use the reports generated by the tool to diagnose any problems in their own travel reimbursement processes and to implement appropriate corrective actions. VHA expects medical centers to submit documentation to VHA's Chief Business Office on any resulting corrective actions they have taken. Officials told us that they expect to review the corrective actions; however, as of May 14, 2013, they did not have a documented plan for evaluating travel reimbursement pattern data collected for all medical centers on an aggregated (VHA-wide) basis.

An appropriate evaluation plan consistent with internal controls would include documentation of the frequency of performance indicator evaluations, and an analysis plan for assessing either all, or a portion of, the travel reimbursement pattern data. Officials acknowledged the need to fully develop a plan to ensure that potential weaknesses are identified so that needed program improvements may be made. A plan for evaluating the data on a VHA-wide basis is necessary to ensure that the power of the Beneficiary Travel Analytics Tool is more fully realized.

Timely Guidance. VHA has not provided timely guidance to medical centers on its new EFT effort, as would be consistent with internal control standards. According to these standards, reliable and timely program information should be provided to management and others to ensure that responsibilities are being carried out and VHA goals are being met. Specifically, despite being aware of the March 1, 2013, Department of the Treasury deadline for implementation of EFT in December 2010, VHA did not provide guidance to medical centers on how to implement the effort until February 22, 2013. Had the guidance been provided earlier, it would have provided timely, key information to medical centers on the implementation of EFT, including the process that medical centers should be using to enroll veterans; the procedures for veterans to request a waiver from an electronic payment when they have an immediate need for a cash payment; and VHA's contingency plan for the travel reimbursement process due to its delay in providing policies for implementing EFT VHA-wide. By delaying the issuance of the guidance, VHA failed to ensure that all medical centers were provided with consistent and timely guidance, which, according to medical center officials we spoke with, led to frustration for medical centers, as well as confusion for veterans. For example, most medical centers in our review

already had developed their own local procedures for enrolling veterans into EFT and processing payments before VHA's EFT pilot began; officials from some of the medical centers in our review expressed frustration that they would have to revise some of these processes when the VHA-wide effort was eventually implemented.

Effective Communication. VHA also did not provide a communication plan for sharing information on EFT with medical centers and veterans in a timely manner, as would have been consistent with internal control standards. Specifically, VHA did not share information on EFT with medical centers to help them inform veterans of the coming changes until February 22, 2013. VHA officials acknowledged they failed to develop a communications plan in a timely manner, and agreed that this is something they should have done to help ensure the success of the conversion to EFT. By not communicating this information in a timely manner, VHA did not ensure that medical centers had consistent and accurate information for informing veterans of the change in payment options, potentially affecting veterans' enrollment in EFT and their satisfaction with the new reimbursement process. Although officials from some medical centers we spoke with said they have developed their own materials for communicating with veterans about EFT, having communication materials come from VHA headquarters would have carried more weight with veterans and provided more consistency across all medical centers for this VHA-wide effort.

Plan for Monitoring Compliance. VHA has not developed a plan to ensure medical centers' compliance with the efforts or its existing policies, as would be consistent with internal control standards. For example, medical centers are required to use the Dashboard, and VHA officials told us that VHA-wide procedures for using the Dashboard will be included in the program's revised Standard Operating Procedures. However, VHA officials told us they do not have a plan in place to ensure that each medical center is using this new software. Without knowing whether all medical centers are using this required software or using it consistently, VHA cannot ensure that the Dashboard's goals, including standardizing the mileage calculations, will be realized.

Furthermore, because medical centers have the flexibility to develop local procedures for administering the Beneficiary Travel Program, it is important that VHA monitor local procedures to ensure they are consistent with VHA policies. For example, one medical center in our review automatically generates travel reimbursement payments to eligible veterans after each completed appointment. Thus, instead of applying for

reimbursement after each medical center appointment, eligible veterans who have a signature on record can simply leave the medical center after their appointment and receive their reimbursement payment by mail or direct deposit. Acknowledging that this automatic payment procedure is different from other medical centers, medical center officials said it has greatly increased the efficiency of their management of the Beneficiary Travel Program and has received positive feedback from veterans and staff. Monitoring compliance with program policies, especially due to differences in local procedures, is an important internal control for ensuring that program goals are being met.

Use Information to Improve Efficiency. VHA does not routinely collect information on medical centers' local procedures for administering the Beneficiary Travel Program to identify and share best practices. According to federal internal control standards, identifying and sharing best practices is an essential part of ensuring an effective and efficient use of resources. For example, officials at one of the medical centers we interviewed said that installing drop boxes at multiple locations around their facility was a simple and efficient way to make the process more convenient for veterans, shorten lines at the Beneficiary Travel Office, and improve staff productivity. Some medical center officials described sharing best practices on an ad hoc basis with colleagues in other medical centers, and said that learning from others' experiences is valuable to their administration of the Beneficiary Travel Program. Although VHA officials described one instance of evaluating a software program for national use that was developed and implemented at one medical center, they have not regularly solicited information on best practices; instead, they have relied on medical center and VISN officials to identify and share information. A more systematic identification and sharing of best practices would enhance medical centers' access to the same information in order to minimize problems and maximize efficiencies within the Beneficiary Travel Program.

Conclusions

For more than 70 years, VHA's Beneficiary Travel Program has reimbursed eligible veterans for travel expenses associated with medical appointments. In the past 5 years, spending under the program has more than doubled, from about $370 million in fiscal year 2008 to about $860 million in fiscal year 2012. This increase is of particular note, as travel reimbursements come out of the same VA medical center funds used for patient care. At the same time spending is increasing, concerns have been raised about the accuracy of payments and VHA's management and oversight of the program.

In response to these concerns, VHA has taken steps to improve its process for reimbursing veterans for travel expenses by developing multiple efforts aimed at enhancing management and oversight of the program. However, some of the efforts lack key internal controls that would help VHA better manage and oversee its program. Specifically, VHA has not developed a plan for evaluating VHA-wide performance indicators for the Beneficiary Travel Analytics Tool; provided timely guidance and effective communication tools to medical centers for EFT; ensured compliance with Dashboard and other efforts; and routinely collected information on medical centers' local procedures to identify and share best practices. Without appropriate management and oversight, VHA is unable to ensure that its Beneficiary Travel Program—which is on track to spend nearly $1 billion dollars annually in the next few years—is operating effectively, including assurances that payments made through the program are appropriate.

Recommendation for Executive Action

To improve the management and oversight of the Beneficiary Travel Program, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to ensure appropriate internal controls have been identified and applied in the development and implementation of all of VHA's efforts aimed at improving the program, including

- developing and implementing a plan to evaluate performance indicators for the Beneficiary Travel Analytics Tool,
- providing timely guidance and effective communication tools to medical centers as VHA completes its implementation of EFT,
- ensuring medical centers' compliance with Dashboard and other improvement efforts, and
- routinely collecting information to identify and share best practices across medical centers.

Agency Comments and Our Evaluation

We provided a draft of this report to VA for comment. VA generally agreed with our conclusions and concurred with our recommendation. VA identified the activities that VHA would undertake to ensure appropriate internal controls have been identified and applied related to the four specific efforts we noted: performance indicators for the Beneficiary Travel Analytics Tool, guidance and communication to medical centers regarding EFT, compliance with Dashboard and other improvement

efforts, and identification and sharing of best practices across medical centers. VA did not directly address ensuring that appropriate internal controls are identified and applied in the development and implementation of all efforts aimed at improving the program. We continue to emphasize the importance of internal controls to the success of VHA's efforts. VA's comments are reprinted in appendix II. VA also provided technical comments, which we have incorporated as appropriate.

We are sending copies of this report to the Secretary of Veterans Affairs and appropriate congressional committees. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-7114 or draperd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Debra A. Draper
Director, Health Care

List of Requesters

The Honorable Jeff Miller
Chairman
Committee on Veterans' Affairs
House of Representatives

The Honorable Karen Bass
House of Representatives

The Honorable Ken Calvert
House of Representatives

The Honorable John Campbell
House of Representatives

The Honorable Lois Capps
House of Representatives

The Honorable Judy Chu
House of Representatives

The Honorable Jim Costa
House of Representatives

The Honorable Susan Davis
House of Representatives

The Honorable Joe Heck
House of Representatives

The Honorable Duncan D. Hunter
House of Representatives

The Honorable Darrell Issa
House of Representatives

The Honorable Kevin McCarthy
House of Representatives

The Honorable Howard P. McKeon
House of Representatives

The Honorable Gary Miller
House of Representatives

The Honorable Grace Napolitano
House of Representatives

The Honorable Dana Rohrabacher
House of Representatives

The Honorable Lucille Roybal-Allard
House of Representatives

The Honorable Ed Royce
House of Representatives

The Honorable Loretta Sanchez
House of Representatives

The Honorable Adam Schiff
House of Representatives

The Honorable Brad Sherman
House of Representatives

The Honorable Henry A. Waxman
House of Representatives

Appendix I: Examples of VA Medical Center Procedures for Administering the Beneficiary Travel Program

Travel reimbursement policy requirement	Example of medical center procedure[a]	Medical center rationale
Veteran applies for travel reimbursement	Veteran submits claim for reimbursement at medical center travel office.	Allows medical center to provide same-day claim review, and in some cases reimbursement.
	Veteran puts claim for reimbursement in a designated drop box.	Helps reduce the lines at the medical center's travel office, is more convenient for veterans, and allows medical center staff more time to review the claim.
Medical center reviews eligibility and determines reimbursement amount	Medical center staff check veteran's name against photo identification for each claim submitted in person.	Helps improve accuracy and reduce improper payments by ensuring the appropriate person is reimbursed.
	Medical center staff check veteran's address and name against information maintained in VA's data system for claims not submitted in person, such as for a veteran using a drop box.	Helps improve accuracy and reduce improper payments by ensuring correct addresses are used, and VA has consistent information about the veteran in its data system.
Medical center reimburses veteran	Reimbursement provided primarily through cash.[b]	Allows for same-day reimbursement.
	Reimbursement provided primarily through a check.[b]	Limits cash payments, which may shorten veterans' time waiting at the medical center's travel office, and reduces security and other risks associated with having large amounts of cash on-hand at medical centers. Also, helps ensure VHA has valid addresses for veterans for calculating travel reimbursements, because these addresses are where the checks are mailed.
	Reimbursement provided primarily through direct deposit or a debit card.	Limits cash payments, which may shorten veterans' time waiting at the medical center's travel office, and reduces security and other risks associated with having large amounts of cash on-hand at medical centers. Also, turn-around time for veterans' receipt of direct deposit or debit card reimbursements is generally shorter than for check reimbursements.

Source: VHA and the VA medical centers included in our review.

[a]VA medical centers may employ one or more of these procedures; for example, a medical center may allow veterans to apply for travel reimbursement by submitting a claim at the travel office, putting a claim in a designated drop box, or both.

[b]This procedure will change with full implementation of the Electronic Funds Transfer and Debit Card efforts.

Appendix II: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
Washington, DC 20420

June 28, 2013

Ms. Debra A. Draper
Director, Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Draper:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, ***"VA HEALTH CARE: Additional Steps Needed to Strengthen Beneficiary Travel Program Management and Oversight*** (GAO-13-632). VA generally agrees with GAO's conclusions and concurs with GAO's recommendation to the Department.

The enclosure specifically addresses GAO's recommendations and provides technical comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Jose D. Riojas
Acting Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Response to
Government Accountability Office (GAO) Draft Report
"VA HEALTH CARE: Additional Steps Needed to Strengthen Beneficiary Travel Program Management and Oversight"
(GAO-13-632)

GAO Recommendation: To improve the management and oversight of the Beneficiary Travel Program, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to ensure appropriate internal controls have been identified and applied in the development and implementation of all of VHA's efforts aimed at improving the program, including:

a) developing and implementing a plan to evaluate performance indicators for the Beneficiary Travel Analytics Tool;

VA Comment: Concur. The Veterans Health Administration's (VHA) Chief Business Office (CBO) will establish a system of reporting utilization and facility results of high-risk case review. CBO will analyze the results and create reports for Veteran Integrated Service Networks (VISN) and national leadership to track reimbursement request patterns, potentially recoverable funds, and cases for referral to VA's Office of Inspector General. Anticipated completion date: August 2013.

b) providing timely guidance and effective communication tools to medical centers as VHA completes its implementation of EFT;

VA Comment: Concur. VHA's Office of Finance will develop and provide communication materials to VHA facilities prior to the deployment and implementation of the remaining components of Electronic Funds Transfer (EFT) implementation. Completion of this action will depend upon completion of successful debit card payment at the pilot site and development of the EFT waiver process with the Department of Treasury.

c) ensuring medical centers' compliance with Dashboard and other improvement efforts;

VA Comment: Concur. CBO will develop and implement a Beneficiary Travel (BT) site audit plan template to ensure compliance with Dashboard and other improvement efforts. CBO will also create and implement a communication plan describing the audit process and request medical centers to provide compliance information to the Deputy Under Secretary for Health for Operations and Management (DUSHOM), VISN leadership and staff, and facility leadership and staff. CBO will develop a system to leverage the existing reporting structure from the field to VISN offices, to CBO, and the DUSHOM to track results and compliance. Anticipated completion date: October 2013.

1

Enclosure

Department of Veterans Affairs (VA) Response to
Government Accountability Office (GAO) Draft Report
"VA HEALTH CARE: Additional Steps Needed to Strengthen Beneficiary Travel Program Management and Oversight"
(GAO-13-632)

d) routinely collecting information to identify and share best practices across medical centers.

VA Comment: Concur. CBO will create a Best Practices area on the BT Resource Center SharePoint site. CBO will establish a process to solicit field submission of Best Practices and publish the results on the BT Resource Center SharePoint site. CBO will also discuss the results on the monthly BT educational and stakeholder calls and incorporate results, as appropriate, into Standard Operating Procedures. Anticipated completion date: August 2013.

2

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Debra A. Draper, (202) 512-7114 or draperd@gao.gov

Staff Acknowledgments

In addition to the contact named above, Janina Austin, Assistant Director; Jennie Apter; Robin Burke; Kelli Jones; Lisa Motley; and Karin Wallestad made key contributions to this report.