



June 2014

VA SPINA BIFIDA PROGRAM

Outreach to Key
Stakeholders and
Written Guidance
for Claims Audit
Follow-up Activities
Needed

Why GAO Did This Study

VA provides health care benefits to children diagnosed with spina bifida—a birth defect that can cause physical and neurological issues—born to Vietnam and certain other veterans. Legislation requires the provision of certain health care benefits—including home care, hospital care, outpatient care, and case management—for spina bifida beneficiaries. VHA administers the Spina Bifida Health Care Program for enrolled beneficiaries by processing and paying claims for covered services from private sector providers.

GAO was asked to evaluate VHA's administration of spina bifida health care benefits. In this report, GAO examined for the spina bifida program: (1) the extent to which VHA conducts outreach about available benefits, (2) what is known about health care claims that have been processed, and (3) what, if any, oversight, VHA conducts of the claims process. GAO reviewed the spina bifida program handbook and claims audit reports, analyzed data on submitted, paid, and denied claims from fiscal years 2009 through 2013, and interviewed VHA officials and representatives from key stakeholder organizations.

What GAO Recommends

GAO recommends that VA conduct outreach with key stakeholder groups regarding the spina bifida program and its benefits, and develop written guidance for completing and documenting the status of follow-up activities related to claims audits. VA concurred with GAO's recommendations.

View [GAO-14-564](#). For more information, contact Debra A. Draper at (202) 512-7114 or draperd@gao.gov.

VA SPINA BIFIDA PROGRAM

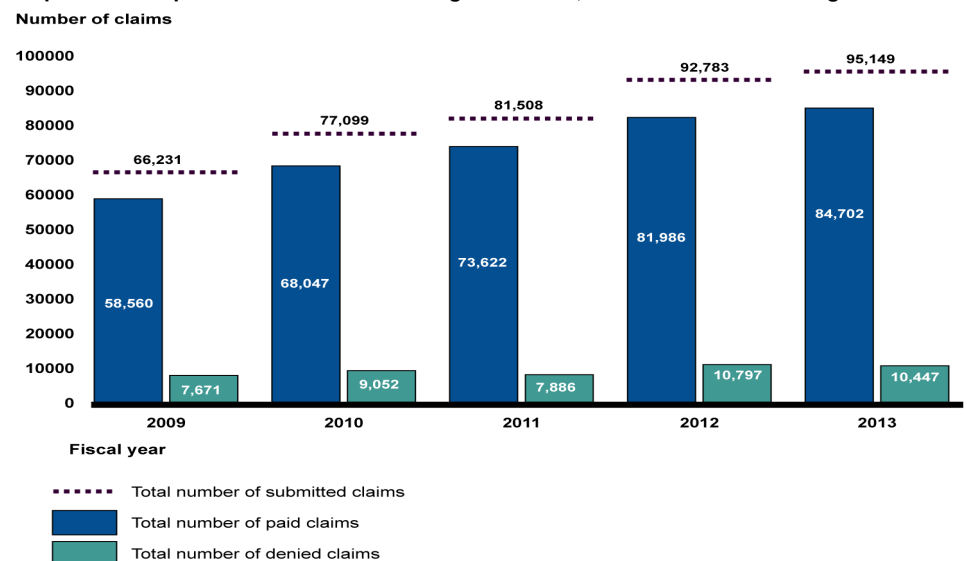
Outreach to Key Stakeholders and Written Guidance for Claims Audit Follow-up Activities Needed

What GAO Found

The Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) provides information and updates on covered health care services to beneficiaries enrolled in its spina bifida program, but has conducted limited outreach with key stakeholder organizations. VHA provides information on health care benefits to enrolled beneficiaries through the program website, for example. However, VHA has conducted limited outreach with key stakeholder organizations—such as the Spina Bifida Association—that have relationships with individuals who are potentially eligible for the spina bifida program and its benefits but are not enrolled. Representatives of these organizations told GAO this has contributed to lack of awareness of eligibility and available benefits. Without this outreach, VHA may miss important opportunities to help potentially eligible individuals obtain health care benefits to which they may be entitled.

For the spina bifida program, both total claims payments, as well as the total number of claims paid, increased by more than 40 percent from fiscal year 2009 through fiscal year 2013. VHA officials attributed the increase to a 2008 legislative expansion of health care coverage under the program, and growing health care costs for beneficiaries as they age. During this 5-year period, paid claims represented about 90 percent of all claims submitted each fiscal year.

Disposition of Spina Bifida Health Care Program Claims, Fiscal Years 2009 through 2013



Source: GAO analysis of VHA data. | [GAO-14-564](#)

VHA primarily uses claims audits to oversee its spina bifida claims process. Auditors review a sample of claims and prepare a report with the audit's findings and any necessary follow-up activities. However, VHA does not have written guidance on how staff are to document the status of these follow-up activities to ensure their completion. Without such written guidance, VHA cannot be assured that these activities have been successfully completed or that any recommendations outlined in audit reports have been appropriately implemented.

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Abbreviations

CBOPC	Chief Business Office for Purchased Care
SBA	Spina Bifida Association
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VVA	Vietnam Veterans of America

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June 23, 2014

The Honorable Bernard Sanders
Chairman
The Honorable Richard Burr
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Joe Donnelly
United States Senate

The Department of Veterans Affairs (VA) provides health care benefits, as well as other benefits, to children diagnosed with spina bifida born to Vietnam and certain other veterans. Spina bifida is a type of birth defect that results from the neural tube (the embryonic structure that eventually develops into the brain and spinal cord) failing to develop or close properly in utero, which can cause a range of physical and neurological defects. The majority of individuals with spina bifida live well into adulthood with proper treatment.

As reported in our prior work, a longitudinal study conducted by the Air Force found increased incidence of spina bifida in the children of servicemembers exposed to herbicides, including Agent Orange, in Vietnam.¹ Subsequently, Congress passed legislation, commonly known as the Agent Orange Benefits Act, to provide for the special needs of veterans' children born with spina bifida that possibly resulted from the exposure of one or both parents to herbicides during active service in

¹See GAO, *Agent Orange: Actions Needed to Improve Communications of Air Force Ranch Hand Study Data and Results*, [GAO/NSIAD-00-31](#) (Washington, D.C.: Dec. 17, 1999). See also GAO, *Agent Orange: Persisting Problems With Communication of Ranch Hand Study Data and Results*, [GAO/T-NSIAD-00-117](#) (Washington, D.C.: Mar. 15, 2000). Agent Orange is an herbicide mixture that contains a highly toxic form of the chemical dioxin. The Air Force Ranch Hand study, begun in 1982, was a 25-year study of the health and mortality rates of a cohort of Air Force personnel exposed to herbicides in Vietnam.

Vietnam.² This legislation authorized VA to provide certain health care benefits and other benefits (including a monthly monetary allowance) effective January 1, 1997.³ Additional legislation expanded these benefits, and, as of October 10, 2008, health care benefits were no longer limited to health care services and supplies directly associated with the spina bifida condition.⁴ Accordingly, VA has stated that comprehensive health care benefits are available to eligible veterans' children with spina bifida for services and supplies considered medically necessary and appropriate for all disabilities and diseases, not simply those related to spina bifida.

VA's Veterans Health Administration (VHA) administers the Spina Bifida Health Care Program (spina bifida program), which provides health care benefits to enrolled beneficiaries by processing and paying claims for covered services from private sector providers. VHA is the exclusive payer for health care services provided to spina bifida beneficiaries; beneficiaries are not responsible for any copayments or deductibles. As of October 2013, 1,228 beneficiaries were enrolled for coverage under the spina bifida program.

You raised questions as to whether eligible beneficiaries are receiving all the benefits to which they are entitled, and whether all eligible beneficiaries are aware of available benefits, and asked us to evaluate how VHA provides health care benefits under the spina bifida program. This report examines for the spina bifida program (1) the extent to which VHA conducts outreach about available benefits, (2) how VHA processes claims, (3) what is known about claims that have been processed, and (4) what, if any, oversight, VHA conducts of the claims process.

²See Pub. L. No. 104-204, § 421(b), 110 Stat. 2874, 2923 (1996) (adding chapter 18 to part II of title 38, U.S.C., codified at 38 U.S.C. §§ 1801 et seq.). Children are presumed eligible for benefits if they are diagnosed with spina bifida and a biological parent served in Vietnam or, pursuant to a subsequent amendment, Korea, during the specified time periods. See Pub. L. No. 108-183, § 102, 117 Stat. 2651, 2653 (2003) (codified at 38 U.S.C. § 1821).

³Other benefits available for eligible spina bifida beneficiaries include vocational rehabilitation and education services.

⁴See Pub. L. No. 110-387, § 408, 122 Stat. 4110, 4130 (codified at 38 U.S.C. 1803). Spina bifida is defined as all forms or manifestations of spina bifida except spina bifida occulta, which is a mild form of spina bifida that is often not associated with disability. 38 U.S.C. § 1802.

To determine the extent to which VHA conducts outreach about available spina bifida program benefits, we reviewed VHA documents and interviewed VHA officials and representatives from stakeholder organizations. Specifically, we reviewed materials VHA provides to enrolled beneficiaries, including VHA's spina bifida program handbook. We also reviewed documentation and interviewed officials from VHA about their outreach efforts, including outreach to inform enrolled beneficiaries and potentially eligible individuals about available health care benefits. We interviewed representatives from Vietnam Veterans of America (VVA) and the Spina Bifida Association (SBA)—the two key stakeholder organizations that have relationships with Vietnam era veterans and individuals with spina bifida, respectively. We evaluated VHA's outreach efforts within the context of federal internal control standards, as documented in GAO's *Standards for Internal Control in the Federal Government*.⁵

To describe how VHA processes claims for the spina bifida program, we reviewed VHA documentation, analyzed claims data, and interviewed VHA officials. Specifically, we reviewed documentation of VHA's spina bifida claims process—including VHA's automated claims processing system and the business rules that it follows—and the claims reconsideration and appeals process.

To describe what is known about spina bifida program claims that have been processed, we analyzed VHA spina bifida claims data, including data on both paid and denied claims, for fiscal years 2009 through 2013. We focused the scope of our review on data from these fiscal years to ensure consistency in our analysis because the scope of covered services for spina bifida beneficiaries expanded at the beginning of fiscal year 2009. We further analyzed claims data for outpatient procedures reimbursed in fiscal year 2013 for spina bifida beneficiaries to identify examples of the types of services commonly received by beneficiaries, using the most recent available data. To identify these examples, we obtained the counts for outpatient procedure codes that were reimbursed in fiscal year 2013 from VHA,⁶ listed by frequency, and we grouped

⁵GAO, *Internal Control: Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

⁶When submitting claims, providers use procedure codes that are part of the Healthcare Common Procedure Coding System, which provides a basis for standardized billing for health care claims nationwide.

individual codes by type of service or supply. To identify examples of the reasons and the types of services for which claims were denied, we reviewed a sample of 10 denied outpatient claims from fiscal year 2013, selected for a variety of denial reasons and service types. We also reviewed documentation associated with this sample of claims—including the submitted claim, the explanation of benefits, and VHA’s internal claims processing report for the claim. We interviewed VHA officials about spina bifida program claims data, including about how the data is maintained and any limitations to the data, and determined that these data were sufficiently reliable for our purposes. We also interviewed VHA officials to obtain their perspective on trends in claims payments and number of claims for fiscal years 2009 through 2013, as well as projections for future changes, if any. In addition, we spoke with officials from SBA and reviewed relevant literature to understand the health care needs of adults with spina bifida.

To determine what, if any, oversight VHA conducts of the spina bifida program claims process, we reviewed VHA documentation related to audits of the claims process and interviewed VHA officials. Specifically, we reviewed spina bifida claims audit plans and reports for claims paid in fiscal years 2011, 2012, and 2013, to provide examples of audit findings from the 3 most recent years available. We also interviewed VHA officials about the claims audit process, efforts to implement claims audit findings and recommendations, and other ongoing monitoring activities. We evaluated VHA’s oversight of the spina bifida program claims process within the context of federal internal control standards, as documented in GAO’s *Standards for Internal Control in the Federal Government*.⁷

We conducted this performance audit from December 2013 to June 2014 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.

⁷[GAO/AIMD-00-21.3.1](#).

Background

SBA officials estimate that, nationally, there are more than 160,000 individuals living with spina bifida. The proportion of those individuals who are children of Vietnam veterans is unknown, due to a lack of data on the prevalence of spina bifida in this population. As of October 2013, there were 1,228 beneficiaries enrolled for coverage under the spina bifida program, ranging from 13 to 50 years of age; the majority of beneficiaries were adults aged 35 through 45.

Spina Bifida Condition and Related Health Care Needs

Spina bifida is a complex congenital disorder that affects multiple body systems. People with spina bifida experience a variety of health problems, including difficulty with lower body mobility, lack of bowel and bladder control, hydrocephalus (a condition in which fluid builds up in the brain), and learning disabilities. As a result, these individuals require care from providers in a variety of specialties, such as orthopedics, urology, neurosurgery, and psychiatry.

Individuals with spina bifida face additional health concerns as they age, including a higher risk for obesity and obesity-related illnesses, depression, early osteoporosis, and pressure ulcers. Many of these health concerns are linked to the diminished mobility that comes with physical disability. In addition to physical disability, adults with spina bifida often face difficulty with executive function. Executive function is defined as a set of mental processes that helps connect past experience with present action, and is used to perform activities such as planning, organizing, strategizing, paying attention to and remembering details, and managing time and space. Difficulty with these mental processes can inhibit the independence of individuals with spina bifida, and their ability to manage their own care. Although studies have found that adults with spina bifida would benefit from access to coordinated care provided in multidisciplinary clinics because of their complex health needs, the availability of such care for adults is extremely limited.⁸

VA's Spina Bifida Benefits

VA's Veterans Benefits Administration (VBA) determines eligibility for spina bifida benefits, including both health care and other benefits. Once a beneficiary is deemed eligible for benefits, VBA assigns a disability

⁸See, for example, T.S. Webb, "Medical Care of Adults with Spina Bifida," *Journal of Pediatric Rehabilitation Medicine: An Interdisciplinary Approach* 2, (2009).

rating using criteria outlined in regulation,⁹ which entitles beneficiaries to monthly monetary payments similar to those provided to disabled veterans, as well as vocational rehabilitation and education services provided through VBA.¹⁰ Regardless of disability rating, beneficiaries are then automatically enrolled for health care benefits in VHA's spina bifida program, which is operated by VHA's Chief Business Office for Purchased Care (CBOPC).¹¹

VA is required to provide certain health care benefits—including home care, hospital care, nursing home care, outpatient care, preventive care, habilitative and rehabilitative care, case management, and respite care—for spina bifida beneficiaries.¹² Regulations for the spina bifida program provide additional details on covered services and supplies and outline preauthorization requirements for certain services.¹³ VHA recently sought to clarify the scope of its authority to provide home care and custodial care services under the spina bifida program.¹⁴ In June 2013, VA's General Counsel issued an opinion confirming that VHA is required to provide coverage for these services, as needed, in the beneficiary's home or other place of residence (such as a residential group home or assisted-

⁹See 38 C.F.R. § 3.814 (2013). VBA assigns each spina bifida beneficiary a rating from 1 through 3, with 3 representing the most severe level of physical and mental disability. The rating is used for determining the amount of monthly monetary payments. The disability rating scale VA uses for spina bifida beneficiaries is different than the one VA uses to determine a veteran's disability status for benefit purposes.

¹⁰Vocational rehabilitation and education services are designed to help eligible beneficiaries obtain suitable employment, and include training, tuition, payment for books and supplies, vocational counseling, and placement and adjustment counseling.

¹¹In addition to the spina bifida program, CBOPC operates several other health care programs for veterans' family members and for veterans to receive care from private sector providers, including the Civilian Health and Medical Program of the Department of Veterans Affairs, the Children of Women Vietnam Veterans Health Care Program, and the Foreign Medical Program.

¹²38 U.S.C. § 1803. The term "home care" is defined as outpatient care, habilitative and rehabilitative care, preventive health services, and health-related services furnished to an individual in the individual's home or other place of residence.

¹³See 38 C.F.R. §§ 17.900 through 17.905 (2013).

¹⁴Custodial care is non-medical care that helps an individual with his or her Activities of Daily Living, such as assistance with walking, bathing, dressing, and feeding.

living facility). As of April 2014, VHA was in the process of drafting a proposed rule incorporating this clarification into regulations.¹⁵

VHA Informs Enrolled Beneficiaries about Covered Services, but Has Conducted Limited Outreach with Key Stakeholders

VHA provides information and updates on covered health care services to enrolled spina bifida beneficiaries. However, VHA has conducted limited outreach with key stakeholder groups that have a relationship with potentially eligible individuals who are not already enrolled.

VHA Provides Information and Updates to Enrolled Spina Bifida Beneficiaries on Covered Health Care Services

VHA provides information on the available health care benefits to beneficiaries who are enrolled in its spina bifida program using three primary methods: (1) the initial mailing of information upon program enrollment, (2) the program website, and (3) contact with beneficiaries regarding updates to covered services.

Initial contact by mail. After beneficiaries are enrolled in the spina bifida program, VHA's CBOPC staff mail beneficiaries (1) a program identification card (similar to an insurance card from a private insurer) that providers can use to bill VHA directly,¹⁶ and (2) a copy of the program handbook, which contains information on services covered and services that are generally excluded from coverage, as well as contact information and the website address for the program. VHA officials told us they enroll, on average, about one or two new beneficiaries per month.

¹⁵According to VHA officials, it may take up to 2 years for the regulations to be finalized. VHA officials told us that they recently asked VA's General Counsel to assist in clarifying the scope of the department's authority to provide coverage for preventive dental care under the program; under current policy, VHA provides coverage for dental services needed to help treat a covered medical benefit. As of April 2014, VHA had not received an opinion from the General Counsel.

¹⁶While most bills or claims are submitted directly to VHA by providers, beneficiaries may also submit claims to VHA, such as for reimbursement of covered travel expenses or supplies.

Program website. The spina bifida program website includes links to the program handbook, the policy manual—which provides additional details on coverage and exclusions for specific services—and other program documents such as guidance on how to submit claims. VHA officials told us they consider the program website to be the primary means of outreach with beneficiaries.

Phone or mail contact to provide updates on covered services. VHA has recently shared changes to its spina bifida program with beneficiaries through telephone calls, and VHA officials told us they plan to share updates made between handbook printings through mailings to beneficiaries. Specifically, beginning in November 2013, VHA’s call center¹⁷ placed phone calls to enrolled spina bifida beneficiaries to gauge their interest in obtaining case management services.¹⁸ According to VHA, as of March 2014, the call center successfully made contact with 579 beneficiaries (47 percent of those enrolled) and 129 of them expressed interest in obtaining case management services.

In addition to asking about case management services, VHA officials told us that during these calls, they also provided clarification that the program covers home care and custodial care services.¹⁹ After the program regulations are updated to reflect the June 2013 opinion from VA’s General Counsel regarding coverage of these services, the program handbook will be updated and mailed out to enrolled beneficiaries, according to VHA officials.

¹⁷VHA’s CBOPC manages a call center to address questions from beneficiaries and providers regarding any of the programs operated by CBOPC, including the spina bifida program.

¹⁸VHA officials told us that VHA plans to begin assisting interested spina bifida beneficiaries in obtaining case management services provided by private sector providers. As of April 2014, VHA officials told us they are in the process of hiring staff to proactively work with interested beneficiaries to ensure they can obtain these services.

¹⁹Officials told us that they also plan to follow up with a letter in May 2014 to provide clarification on the program’s coverage for home care and custodial care services, as well as case management.

VHA Has Conducted Limited Outreach with Key Stakeholders regarding Spina Bifida Benefits

VHA has conducted limited outreach with key stakeholder organizations, and representatives of these organizations told us that this has contributed to lack of awareness among some individuals who may be eligible to receive health care benefits under the spina bifida program. VHA's outreach with stakeholder organizations has been limited primarily to providing materials on the program to veteran service organizations for distribution at conferences. For example, VHA officials told us they provided materials for conferences held by four different veteran service organizations in the summer of 2013.²⁰ However, VHA has not conducted outreach with VVA and SBA—the two key stakeholder organizations that we contacted—in recent years. Specifically, representatives from VVA—an organization that represents veterans who served in Vietnam and advocates on their behalf regarding a variety of issues, including health care—told us that VHA has not reached out to them regarding its spina bifida program, and has not provided them any materials regarding available health care benefits to distribute to their membership. VHA officials told us that they have met with VVA officials to explain updates to covered services, but stated that their outreach efforts with stakeholder organizations are driven by requests from the organizations, and they were not certain if VVA had requested further outreach. VHA's most recent coordination with SBA—an organization with direct contact with individuals with spina bifida, their families, and the providers who treat them—was in 2009. VHA officials told us that they coordinated with SBA that year by staffing a resource education booth at SBA's annual conference. VHA officials also told us that limits on travel spending have prevented them from attending or participating in the conference in recent years.

Limited outreach with key stakeholder organizations has contributed to the lack of awareness about available health care benefits among some individuals who may be eligible to enroll in the spina bifida program, according to representatives from these organizations. Specifically, representatives from VVA told us that through VVA's Agent Orange Education Campaign they identified new individuals who were potentially eligible for VHA's spina bifida program and its benefits, but were not

²⁰According to VHA officials, they provided materials for distribution at conferences held by Disabled American Veterans, Veterans of Foreign Wars, American Legion, and National Association of County Veterans Service Officers.

aware of them.²¹ In addition, representatives from SBA told us they are regularly contacted by individuals who have questions about VHA's spina bifida program benefits and do not know where to go for more information. Although SBA includes information on its website about VHA's spina bifida program benefits, when we reviewed this page in April 2014, we found that it contained outdated information.

Federal internal control standards state that agency management should ensure there are adequate means of communicating with, and obtaining information from, external stakeholders that may have a significant impact on the agency achieving its goals.²² According to VHA officials, the goal of the spina bifida program is to provide for the special needs of Vietnam and certain other veterans' birth children who have been diagnosed with spina bifida. Key stakeholder organizations are well-positioned to provide information to these individuals on available benefits because of their established relationships with veterans and individuals with spina bifida and their health care providers. However, VHA has not leveraged these organizations' relationships with potentially eligible individuals to further VHA's goal of providing for the special needs of beneficiaries with spina bifida.

Representatives from both VVA and SBA stated that they would be willing to coordinate with VHA on efforts that could improve awareness and understanding of VHA's spina bifida program. For example, VVA officials told us that they could help VHA promote the health care benefits available through the spina bifida program, including providing information on the benefits through their weekly emails to subscribers. VVA officials also suggested that outreach with providers or provider organizations would be beneficial because it would increase awareness of the connection between military service and certain health issues, such as spina bifida, among individuals who are the "first line" in interacting with patients. Similarly, according to an SBA representative, SBA could facilitate the connection between VHA and health care providers who serve individuals with spina bifida. These providers could help identify

²¹VVA's Agent Orange Education Campaign provides information on the effects of exposure to Agent Orange on veterans and their children, as well as information on available resources for individuals with health concerns related to exposure to Agent Orange. Information is provided through regional town hall meetings, as well as through online social media such as Facebook and Twitter.

²²[GAO/AIMD-00-21.3.1](#).

spina bifida patients who have a Vietnam-era veteran parent, and provide those individuals with information about VHA's health care benefits for which they may be eligible.

VHA Uses an Automated System Augmented by Administrative and Clinical Reviews to Process Spina Bifida Claims

VHA uses an automated system, augmented by administrative and clinical reviews, to process spina bifida claims. The claims process begins when a provider or beneficiary submits an electronic or paper claim to VHA.²³ Upon receipt, the claim's information is to be entered into an automated claims processing system maintained by VHA's CBOPC.²⁴ If necessary, staff members conduct administrative or clinical reviews before denial or payment decisions are made. VHA also has a process for reconsideration of denied claims.

Automated claims processing. CBOPC's automated claims processing system uses business rules to compare the information in the claim against the spina bifida program's policies and regulations for eligibility and covered services. For example, VHA officials told us the system checks the date of service against the date the beneficiary was determined to be eligible for the spina bifida program.

Administrative and clinical review. If the automated system cannot complete the processing of a claim because it detects an error or needs additional documentation or approval to continue with processing, VHA officials told us a CBOPC staff member conducts an administrative or clinical review. In an administrative review, a staff member examines a claim to ensure that required documentation (e.g., required preauthorization for mental health services) has been received. In a clinical review, the claim is reviewed by a clinical nurse reviewer to ensure that medical

²³Providers and beneficiaries have up to 1 year from the date of an outpatient service or hospital discharge to submit a claim.

²⁴This claims system also processes claims for three other CBOPC health care programs: (1) the Civilian Health and Medical Program of the Department of Veterans Affairs; (2) the Children of Women Vietnam Veterans Health Care Program; and (3) the Foreign Medical Program.

documentation included is sufficient for processing the claim.²⁵ For example, a clinical nurse reviewer could examine documentation included with a claim for specialized durable medical equipment to ensure it is sufficient to support the request, and request additional documentation if necessary.

Payment or denial. Once the automated system has completed its checks, and any needed administrative or clinical reviews are completed, the claim is either routed for payment or it is denied. For a denied claim, the automated system or reviewer assigns a denial reason code to the claim, which provides a brief description of the cause of the denial (e.g., missing documentation or the service billed was not a covered service). This information is included in the explanation of benefits document mailed to the provider and beneficiary.

Resubmission or request for reconsideration. A provider or beneficiary who disagrees with the amount of payment or the decision to deny the claim can resubmit the claim for reprocessing, or submit a request for reconsideration of the claim to CBOPC within 1 year of the original decision. Resubmission of claims for reprocessing is separate from the claims reconsideration process. A resubmitted claim must include the original explanation of benefits and any other relevant documentation or corrections for consideration, and resubmitted claims are sent through the claims processing system as new claims.²⁶ VHA officials told us that requests for reconsideration are processed outside of the automated claims processing system, and are reviewed by CBOPC staff with consultation from clinical nurse reviewers as needed.²⁷ A request for reconsideration that is

²⁵One of VHA's qualification standards for clinical nurse reviewers is that they be licensed registered nurses, and VHA officials told us that each reviewer on staff as of December 2013 had between 7 and 10 years of experience with the program. VHA officials told us that reviewers do not question the clinical judgment of providers; rather, they ensure there is sufficient clinical documentation included to support the need for the service being requested or provided.

²⁶VHA officials told us that certain denial codes, such as those denoting missing documentation, are more likely to be associated with a resubmitted claim than others, such as those denoting non-covered services.

²⁷If a request for reconsideration results in the overturn of the original denial, the claim can be sent back into the automated system for processing and payment.

subsequently denied can be submitted for a second review within 90 days.²⁸ Each claim's explanation of benefits document provides contact information for CBOPC and the mailing address for requests for reconsideration.²⁹

VHA updates the business rules used by its automated claims processing system in accordance with changes to the applicable laws and regulations that govern coverage of specific services. VHA officials told us that these updates are not made until the rulemaking process is complete and applicable rules have been published in the Federal Register, a process that can take years. In the interim, officials said affected claims—such as those for home care services provided in an assisted-living facility, which VHA recently clarified as covered—would be processed manually to ensure they are not incorrectly denied by the automated system.

Total Spina Bifida Claims Payments and Number of Claims Paid Have Increased from Fiscal Years 2009 through 2013, with Outpatient Services Making Up the Majority of Claims

From fiscal years 2009 through 2013, total payments for spina bifida claims increased by 43 percent—from about \$19.4 million to about \$27.8 million. (See table 1.) The number of beneficiaries who had claims paid increased by 10 percent, from 803 to 883, and the number of paid claims increased by 45 percent, from 58,560 to 84,702.

²⁸The department's decision on second review will inform claimants of their right to appeal to the Board of Veterans Appeals. See 38 C.F.R. § 17.904 (note) (2013). According to the spina bifida program policy manual, the second review decision can be appealed to the Board of Veterans Appeals based on administrative requirements, such as eligibility determinations.

²⁹The process for requesting reconsideration of claims is also described in the program handbook mailed to beneficiaries when they enroll in the spina bifida program, and in the policy manual on the program's website.

Table 1: Spina Bifida Health Care Program Payments, Fiscal Years 2009 through 2013

	Fiscal year				
	2009	2010	2011	2012	2013
Total claims payment amount	\$19,443,456	\$21,396,037	\$22,880,337	\$25,198,620	\$27,802,339
Number of beneficiaries with paid claims	803	847	858	888	883
Average payment per beneficiary	\$24,214	\$25,261	\$26,667	\$28,377	\$31,486

Source: GAO analysis of VHA data. | GAO-14-564

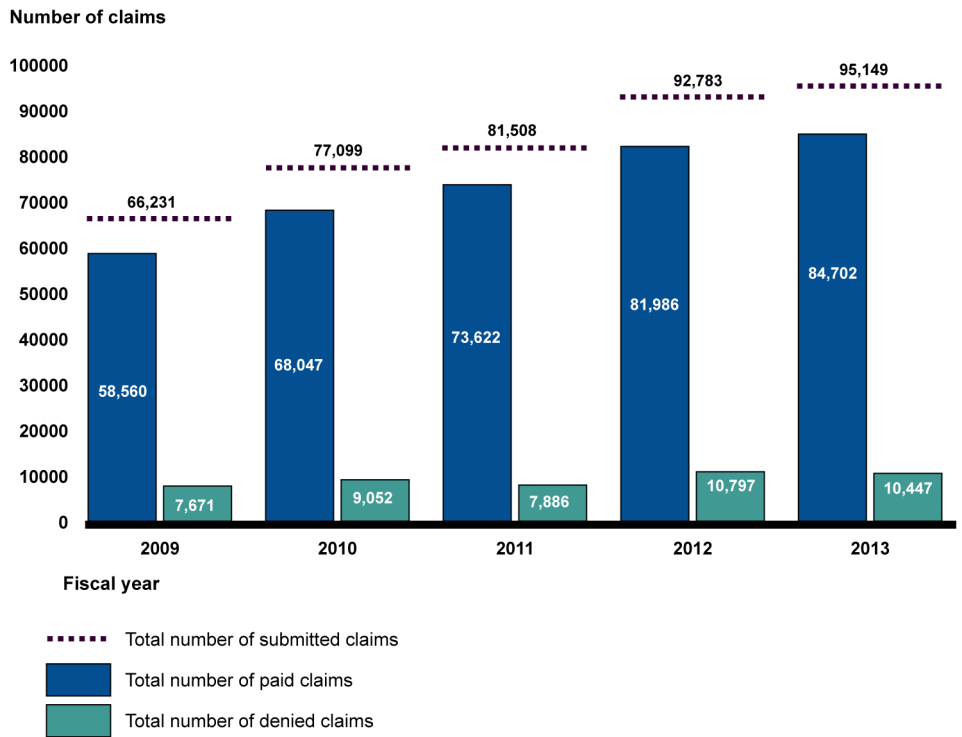
VHA officials told us they attribute the growth in the spina bifida program to an increasing number of claims and payments in the years following the 2008 legislative expansion of health care coverage under the program, as well as increasing health care costs for beneficiaries as they age and their health care needs become more varied and complex. Officials told us that, in the future, they expect spending on health care services to continue to increase due to new services being offered, such as custodial care. However, they do not expect significant increases in the number of beneficiaries because there are few new children with spina bifida born to Vietnam-era veterans and currently proposed expansions of coverage to new eligibility groups are not likely to add significantly to program enrollment.³⁰

In fiscal years 2009 through 2013, the percentages of paid and denied claims remained steady, with paid claims representing about 90 percent of all claims submitted each fiscal year. For example, out of 95,149 claims submitted in fiscal year 2013,³¹ 84,702 (89 percent) were paid. (See fig. 1.)

³⁰Proposed legislation would expand eligibility for the Spina Bifida Health Care Program to children of veterans who served in Thailand from January 9, 1962, to May 7, 1975. See S. 1950, 113th Cong. § 107 (2014). VHA officials told us if this legislation passes, there would be a small number of new enrollees who likely would have a negligible impact on total program enrollment and payments.

³¹The total number of submitted claims includes new claims as well as resubmitted claims received for reprocessing after initial payment and denial decisions.

Figure 1: Disposition of Spina Bifida Health Care Program Claims, Fiscal Years 2009 through 2013



Source: GAO analysis of VHA data. | GAO-14-564

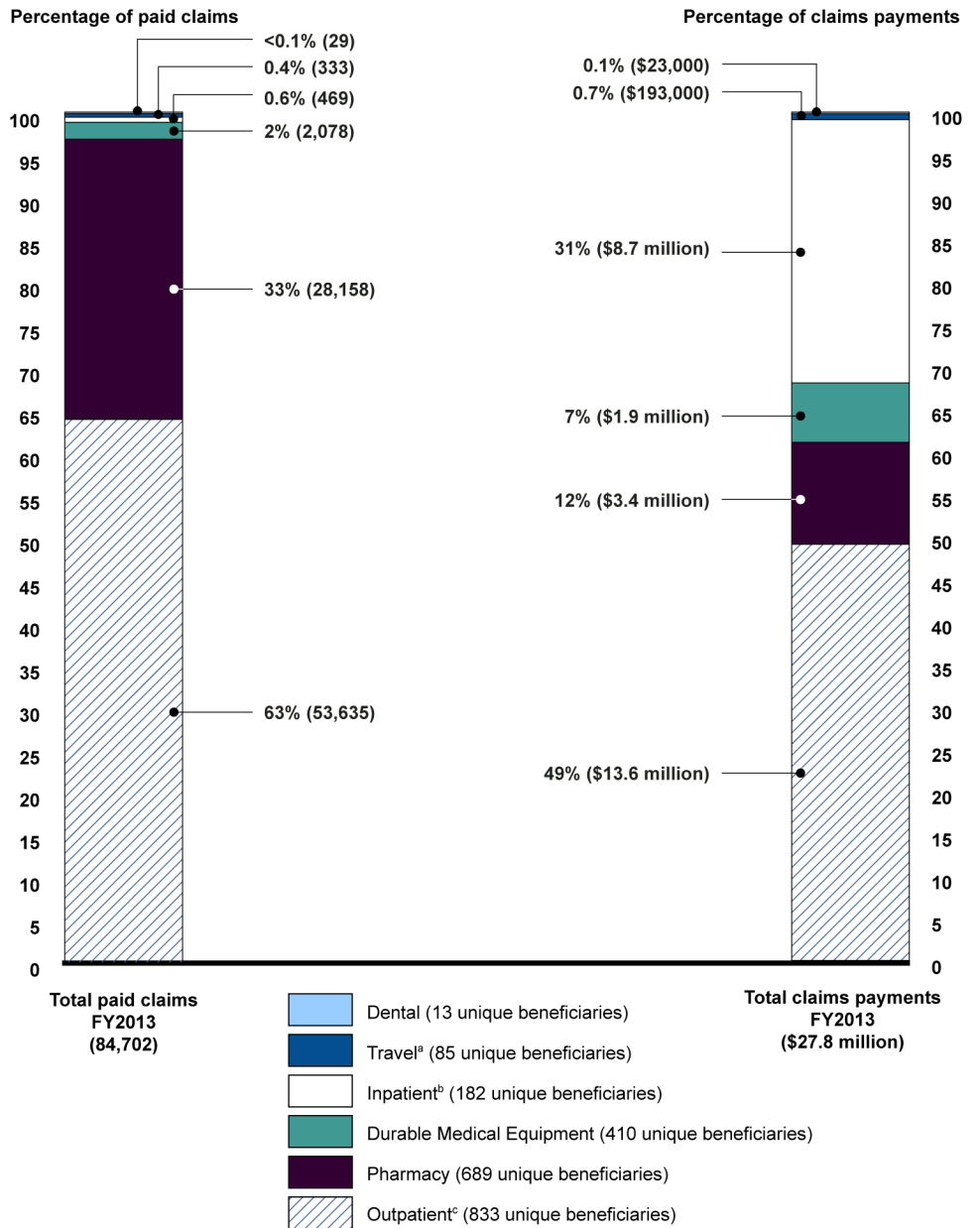
Note: Each year's total number of submitted claims includes new claims, as well as resubmitted claims received for reprocessing after initial payment and denial decisions.

About two-thirds of the total number of paid claims in each year from fiscal years 2009 through 2013 were for outpatient services, the largest of the six categories tracked by VHA.³² For example, in fiscal year 2013,

³²VHA tracks spina bifida claims data in six service categories: (1) outpatient; (2) pharmacy; (3) durable medical equipment; (4) inpatient; (5) travel; and (6) dental. Outpatient care includes care and treatment, including preventive health care services, furnished to an individual outside hospital or nursing home settings. The outpatient category of claims also includes claims for supplies. The inpatient service category includes hospitalization and discharge-related services, and does not include ancillary care visits while admitted, or ambulance services, which would be included in the outpatient and travel service categories, respectively. The travel service category includes reimbursement for travel expenses—including taxi services and mileage—to and from certain health care providers. Ambulance services, meals, and lodging may also be covered under this category in certain conditions.

63 percent of the total number of paid claims were for outpatient services. (See fig. 2.) Outpatient services represented nearly 50 percent of total payments made that year. In contrast, inpatient claims represented less than 1 percent of the total number of paid claims in fiscal year 2013, but 31 percent of total claims payments that fiscal year.

Figure 2: Percentage of Paid Claims and Claims Payments for the Spina Bifida Health Care Program, by Service Category, Fiscal Year 2013



Source: GAO analysis of VHA data. | GAO-14-564

Notes: VHA tracks spina bifida claims data in six service categories: (1) dental; (2) travel; (3) inpatient; (4) durable medical equipment; (5) pharmacy; and (6) outpatient. Percentages and dollar amounts do not sum to totals due to rounding.

Each beneficiary can access more than one category of service in a year; therefore, the total number of beneficiaries with a paid claim in fiscal year 2013 (883) does not equal the sum of the total unique beneficiaries listed for each individual service category.

^aThe travel service category includes reimbursement for travel expenses—including taxi services and mileage—to and from certain health care providers. Ambulance services, meals, and lodging may also be covered under this category in certain conditions.

^bThe inpatient service category includes hospitalization and discharge-related services, and does not include ancillary care visits while admitted, or ambulance services, which would be included in the outpatient and travel service categories, respectively.

^cThe outpatient service category includes care and treatment services provided to an individual outside of hospital or nursing home settings, including preventive care services. The outpatient category of claims also includes claims for supplies.

In our analysis of VHA's outpatient procedure code data, we determined that home care services, physician visits, physical therapy services, and catheters and other incontinence supplies for spina bifida beneficiaries were commonly reimbursed outpatient services in fiscal year 2013. Studies we reviewed and experts we interviewed confirmed that these services and supplies were consistent with the health care needs of adults with spina bifida.

Home care services. Although the specific health care needs of adults with spina bifida can vary widely based on the severity of their condition, officials from SBA told us that home-based services are important because of the challenges these individuals face with executive functioning and limited mobility. Since many adults with spina bifida rely on wheelchairs and have varying degrees of mobility,³³ traveling to medical appointments can be challenging.

Physician visits. Due to the various health problems associated with spina bifida (including musculoskeletal, neurological, and urological health care needs), medical care for adults with spina bifida involves visits to numerous physicians—both for primary and specialty care.³⁴

³³See B.E. Dicianno, et al., "Rehabilitation and Medical Management of the Adult with Spina Bifida," *American Journal of Physiology and Medical Rehabilitation*, vol. 87, no. 12 (2008).

³⁴See Dicianno, et al., "Rehabilitation and Medical Management," 1026; W.O. Walker, "Primary Care Providers and Medical Homes for Individuals with Spina Bifida," *Journal of Pediatric Rehabilitation Medicine: An Interdisciplinary Approach* 1, (2008); and Webb, "Medical Care of Adults," 3-4.

Physical therapy services. A study noted that adults with spina bifida commonly report chronic pain as a result of the body mechanics involved in wheelchair propulsion.³⁵ Another study noted that physical disability, and the reduced physical activity that results from it, is a risk factor for early onset osteoporosis in adults with spina bifida.³⁶ Physical therapy services can help alleviate pain and maintain physical functioning for adults with spina bifida.³⁷

Catheters and other incontinence supplies. According to SBA officials, a common health care issue for individuals with spina bifida is neurogenic bladder and bowel, in which the nerves in this area of the body do not function properly, leading to ongoing issues with incontinence and urinary tract infections, and potentially renal failure in older populations. Studies we reviewed, as well as SBA's spina bifida treatment guidelines, noted the need for continence management programs for individuals with spina bifida, including daily intermittent catheterization to improve renal outcomes.³⁸

Although the majority of claims submitted are paid, denied claims represented about 10 percent of submitted claims each year from fiscal years 2009 through 2013.³⁹ Most claim denials made during this period were for administrative reasons, such as a duplicate claim submission, untimely filing (a claim submitted more than 1 year from the date of

³⁵See Webb, "Medical Care of Adults," 3.

³⁶See Dicianno, et al., "Rehabilitation and Medical Management," 1032.

³⁷See Dicianno, et al., "Rehabilitation and Medical Management," 1030-1031; and M.J. Merkens, ed., *Guidelines for Spina Bifida Health Care Services Throughout the Lifespan*, 3rd ed. (Washington, D.C.: Spina Bifida Association, 2006).

³⁸See Dicianno, et al., "Rehabilitation and Medical Management," 1035; Webb, "Medical Care of Adults," 7-8; T.S. Webb, "Optimizing Health Care for Adults with Spina Bifida," *Developmental Disabilities Research Reviews*, vol. 16 (2010); and Merkens, *Guidelines for Spina Bifida*, 41-43.

³⁹VHA officials told us that a claim is considered denied if all procedure codes included in the claim are denied; if some procedure codes are paid and some are denied, the claim is considered a paid claim. Therefore, the number of denied claims does not reflect all procedure codes that were denied in a given year.

service or hospital discharge), or the need for additional documentation.⁴⁰ Specifically, in fiscal year 2013, about 90 percent of denied claims were denied for administrative reasons. Few claims were denied because the service was not covered or the beneficiary was ineligible for coverage (less than 3 percent of all denied claims in fiscal year 2013). For example, one denied claim we reviewed was for an eye exam—eye exams and glasses are excluded from coverage per spina bifida program policy. Another denied claim we reviewed was for durable medical equipment. A beneficiary requested payment for a device that, via remote control, could automatically open a door in the home. This claim was denied because VHA does not provide payment for durable medical equipment that is used for housing modification.

Few denied claims were submitted for reconsideration. Of the 136 requests for reconsideration in fiscal years 2009 through 2013, 50 (37 percent) were subsequently paid. Specifically, in fiscal year 2013, there were 35 requests for reconsideration, 15 of which were subsequently paid.

VHA Primarily Uses Claims Audits to Oversee Its Spina Bifida Claims Process, but Does Not Have Written Guidance for Audit Follow-up

VHA conducts annual audits of spina bifida program claims, and VHA officials told us these audits and associated audit follow-up activities are the primary means of oversight for the claims process.⁴¹ Auditors from the VHA CBOPC's Department of Audits & Internal Controls conduct audits of the spina bifida claims process annually. During the audit, auditors examine a statistically valid sample of paid claims from the previous quarter. The purpose of these audits is to identify whether claims were processed and paid accurately according to spina bifida program policy.

VHA officials told us these audits involve auditors retracing all the steps in the claims approval and payment process to determine whether all claims-related decisions were correct. For example, auditors may review comments from clinical nurse reviewers regarding preauthorization determinations and re-run automated decision-making associated with

⁴⁰In addition, about 8 percent of denied claims in fiscal year 2013 were assigned multiple denial reason codes by VHA, and therefore were not able to be categorized as denied for either administrative or coverage reasons.

⁴¹In addition to claims audits, VHA officials told us that staff also regularly monitor claims data to help identify trends or outliers that may indicate inconsistencies in processing that need to be corrected through programming changes.

selected claims through a testing program. Any inaccurate processing identified by the auditors that results in an improper payment (an over- or under-payment on a claim) is recorded as an error and assigned to a category, such as duplicate payments, lack of supporting documentation, or non-compliance with policies and procedures.⁴² For example, the fiscal year 2014 audit (of the fourth quarter of fiscal year 2013 claims) had a claims processing accuracy rate—the percentage of claims processed correctly—of 98.4 percent and a proper payment accuracy rate—the percentage of total payments made correctly—of 99.9 percent. Specifically, the audit identified three claims with errors—two claims that should have been denied as duplicates but were not (resulting in overpayments), and one claim where a data entry error resulted in an incorrect payment amount.

After the audit is complete, auditors meet with relevant staff to determine the underlying causes of improper payments and other inaccuracies. An audit representative also presents the audit's findings to an audit review committee, which includes senior CBOPC officials who discuss the root causes of findings and decide on any necessary follow-up activities. Auditors then complete a report that documents the audit's findings, including corrective actions and recommendations. The audit report's corrective actions directly address the errors found in the audit. For example, VHA collects overpayments or pays providers for underpayments. Audit report recommendations suggest additional actions such as training or additional resources that should be made available to increase processing accuracy moving forward.

There is currently no written guidance on how CBOPC staff are to document the status of audit follow-up activities—corrective actions and recommendations outlined in audit reports—to ensure their completion. VHA officials told us that, beginning with the fiscal year 2014 audit, staff from CBOPC's Quality/Corrective Action Program are responsible for overseeing the status of audit follow-up activities, including working with relevant staff responsible for implementing any corrective actions.⁴³

⁴²Any other inaccuracies identified in the course of the audit that do not result in an improper payment are recorded as observations—such as mistakes in data entry—and do not count towards the calculation of the audit's accuracy rates.

⁴³According to CBOPC officials, as of April 2014, follow-up activities resulting from the 2014 audit were in progress.

According to VHA officials, these staff are responsible for determining the extent of documentation necessary for audit follow-up activities. Officials also stated that these staff store any documentation in non-networked files. This can render audit follow-up documentation inaccessible to other VHA officials who may need it. Further, although staff maintain information on the status of actions taken to implement audit findings and the individuals responsible for implementing them, they do not maintain information on estimated or actual completion dates for audit follow-up activities. There also is no documentation of interactions with staff or interim steps taken to ensure that follow-up activities are completed as planned. For example, officials told us that for one of the identified actions, there would be monthly follow-ups until the action is complete; however, there is no documentation to indicate that this interim follow-up is taking place. According to VHA officials, one reason for the lack of written guidance on completing and documenting audit follow-up activities is that their audit follow-up process is new; they anticipate having written guidance drafted by August 2014.

Federal internal control standards state that internal controls should be documented and all documentation should be properly managed and maintained, and readily available for examination.⁴⁴ These standards also state that agencies should have policies and procedures for ensuring that the findings of audits and other reviews are promptly resolved. VHA's lack of written guidance for audit follow-up activities places VHA at increased risk that these internal control activities may not be performed, may be performed inconsistently, or may not be continued when knowledgeable employees leave. This can lead to unreliable monitoring of the spina bifida claims process, including the inability to ensure that all necessary audit follow-up activities are completed.

Conclusions

The legislation that created VA's spina bifida benefits charged VHA with serving the needs of a very vulnerable population. Given the lack of data on the prevalence of spina bifida in the children of veterans, and concerns from stakeholder organizations that potentially eligible individuals may not be aware of available benefits under the spina bifida program, stakeholder organizations are uniquely positioned to assist VHA in communicating information on spina bifida benefits. By not conducting

⁴⁴[GAO/AIMD-00-21.3.1](#).

outreach with key stakeholders, VHA may be missing important opportunities to increase awareness among potentially eligible individuals, and ultimately to help these individuals obtain the benefits to which they may be entitled.

In addition, without written guidance for audit follow-up activities related to the spina bifida claims process, VHA cannot be assured that these activities have been successfully completed or that the corrective actions and recommendations outlined in audit reports have been appropriately implemented. The lack of written guidance puts VHA at increased risk that these activities may be inconsistently performed—or not performed at all—if there are personnel changes. By developing written guidance for documenting these activities in a manner consistent with federal internal control standards, VHA would have greater assurance that audit follow-up activities are consistently completed, thereby helping to ensure that spina bifida beneficiaries' health care claims continue to be accurately processed.

Recommendations for Executive Action

To improve awareness of the spina bifida program's health care benefits among potentially eligible individuals and to help them obtain the benefits to which they may be entitled, we recommend that the Acting Secretary of Veterans Affairs direct the Acting Under Secretary for Health to conduct outreach with key stakeholder groups regarding the program and its benefits.

To help ensure continued accurate claims processing, we recommend that the Acting Secretary of Veterans Affairs direct the Acting Under Secretary for Health to develop written guidance, consistent with federal internal control standards, for completing and documenting the status of follow-up activities for the spina bifida program's claims audits.

Agency Comments

We provided a draft of this report to VA for comment. In its written comments, reproduced in appendix I, VA generally agreed with our conclusions and concurred with our recommendations. In addition, VA provided information on its plans for implementing each recommendation, with an estimated completion date of December 2014.

We are sending copies of this report to appropriate congressional committees, the Acting Secretary of Veterans Affairs, and other interested parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7114 or at 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 II.



Debra A. Draper
Director, Health Care

Appendix I: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

June 9, 2014

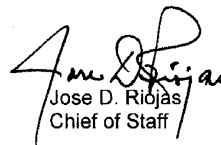
Ms. Debra Draper
Director, Health Care
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Draper:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**VA SPINA BIFIDA PROGRAM: Outreach to Key Stakeholders and Written Guidance for Claims Audit Follow-up Activities Needed**" (GAO-14-564). VA generally agrees with GAO's conclusions and concurs with GAO's recommendations to the Department.

The enclosure specifically addresses GAO's recommendations and provides an action plan for each. VA appreciates the opportunity to comment on your draft report.

Sincerely,


Jose D. Riojas
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“VA SPINA BIFIDA PROGRAM: Outreach to Key Stakeholders and Written
Guidance for Claims Audit Follow-up Activities Needed”***
(GAO-14-564)

Recommendation 1: To improve awareness of the spina bifida program's health care benefits among potentially eligible individuals and to help them obtain the benefits to which they may be entitled, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to conduct outreach with key stakeholder groups regarding the program and its benefits.

VA Comment: Concur. The Chief Business Office for Purchased Care (CBOPC) will coordinate attendance at the Spina Bifida Association's National Conference in Anaheim, California, from June 29 through July 2, 2014, and at the Vietnam Veterans of America's National Conference in Wichita, Kansas, from August 5 through August 9, 2014, to begin partnering with these key organizations.

In addition, the CBOPC will contact other organizations to coordinate inclusion of a link to VA information for this program on their Web sites as a government resource. Preliminary searches show both the National Institute of Neurological Disorders and Stroke and the Centers for Disease Control and Prevention have links to government resources on their Web sites. Target Completion Date: December 31, 2014.

Recommendation 2: To help ensure continued accurate claims processing, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Health to develop written guidance, consistent with federal internal control standards, for completing and documenting the status of follow-up activities for the spina bifida program's claims audits.

VA Comment: Concur. In September 2011, a recurring Spina Bifida audit was initiated to conduct an annual review of the Spina Bifida Program and is conducted by CBOPC's Department of Audits and Internal Controls and in compliance with Generally Accepted Government Auditing Standards. Completed.

A Quality and Corrective Action Plan document is currently being drafted. The document will provide written audit guidance for completing and documenting the status of follow-up activities for the Spina Bifida Program's claims audits. Target Completion Date: December 31, 2014.

Appendix II: 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 F. Apter; George Bogart; Vikki L. Porter; Julie T. Stewart; and Malissa G. Winograd made key contributions to this report.

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