

GAO Highlights

Highlights of [GAO-16-353](#), a report to Congressional Committees

Why GAO Did This Study

Due to recent increases in utilization of VA care in the community, VHA has had difficulty processing claims in a timely manner.

Congress included a provision in law for GAO to review VHA's payment timeliness and to compare it to that of Medicare and TRICARE. This report examines, among other objectives, (1) VHA's, Medicare's, and TRICARE's claims processing timeliness; (2) factors that have impeded VHA's claims processing timeliness and community providers' experiences; and (3) VHA's recent actions and plans to improve its claims processing timeliness. GAO obtained fiscal year 2015 data on VHA's, Medicare's, and TRICARE's claims processing timeliness. GAO also visited 4 of 95 VHA claims processing locations (selected based on variation in geographic location, performance, and workload); reviewed VHA documents and 156 claims from the 4 locations; and interviewed officials from VHA, Medicare, TRICARE, and selected community providers and state hospital associations. Results from GAO's analysis cannot be generalized to all VHA claims processing locations or community providers.

What GAO Recommends

GAO recommends that VA develop a written plan for modernizing its claims processing system that includes a detailed schedule, costs, and performance measures. VA concurred with this recommendation and plans to address it through the planned consolidation of its VA care in the community programs.

View [GAO-16-353](#). For more information, contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov.

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VETERANS' HEALTH CARE

Proper Plan Needed to Modernize System for Paying Community Providers

What GAO Found

To help ensure that veterans are provided timely and accessible health care services, the Veterans Health Administration (VHA) of the Department of Veterans Affairs (VA) has purchased care from non-VA community providers through its care in the community programs since as early as 1945. VHA's agency-wide data show that in fiscal year 2015, it processed about 66 percent of claims within the agency's required time frame of 30 days or less, whereas data from Medicare and TRICARE (the Department of Defense's health care system) show that their contractors processed about 99 percent of claims within 30 days or less. However, VHA's data likely overstate its performance because they do not account for delays in scanning paper claims, which officials say account for approximately 60 percent of claims. GAO's analysis of 156 claims from four VHA claims processing locations indicated that it took an average of 2 weeks for VHA staff to scan paper claims into VHA's claims processing system, and GAO observed multiple bins of paper claims that had been awaiting scanning at one site for over a month. In a 2014 report, GAO recommended that VHA take action to ensure that all of its claims processing locations comply with its policy of scanning claims into VHA's claims processing system upon receipt. While VHA agreed with this recommendation and attempted to reiterate the policy through various means, GAO's more recent findings suggest that VHA did not monitor the operational effectiveness of these corrective actions. VHA officials said that they have since begun requiring managers at their claims processing locations to periodically certify in writing that all incoming paper claims have been date-stamped and scanned on the day of receipt.

VHA officials and claims processing staff from the four locations GAO visited indicated that technology limitations, manual processes, and staffing shortages have delayed VHA's claims processing. For example, VHA's claims processing system lacks the capacity to automatically adjudicate claims. VHA staff instead must rely on manual processes, which they say delay payments to community providers. In addition, community providers and state hospital association respondents who participated in GAO's review said they had experienced various issues with VHA's claims processing system. For example, almost all providers described the administrative burden of submitting claims and related medical documentation to VHA and a lack of responsiveness from VHA's claims processing locations when the providers contacted them to follow up on claims.

While VHA has recently implemented interim measures to address challenges that have delayed claims processing—such as eliminating certain medical documentation requirements and filling staff vacancies—the agency does not expect to deploy solutions to address all challenges until fiscal year 2018 or later. VHA is currently examining options for modernizing its claims processing system but has not yet communicated to Congress or other external stakeholders a sound plan that clearly addresses the components identified in past GAO work (such as a detailed schedule, estimated costs, and measures of progress). This is concerning, given VA's past failed attempts to modernize key information technology systems. While the agency expects to significantly increase its reliance on community providers to deliver care to veterans in the future, it risks losing their cooperation if it does not improve its payment timeliness.