

GAO Highlights

Highlights of [GAO-16-380T](#), a testimony before the Subcommittee on Health, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

Due to increases in expenditures and utilization of VA care in the community services in recent years, VHA has had difficulty processing claims in a timely manner. In planning to consolidate its existing VA care in the community programs, as required by law, the agency said it will examine strategies for improving the timeliness and accuracy of its payments to community providers.

This statement, which is based on ongoing work, summarizes GAO's preliminary observations about (1) VHA's, Medicare's, and TRICARE's claims processing timeliness in fiscal year 2015; (2) factors that have impeded VHA's timeliness in processing claims; (3) community providers' experiences; and (4) VHA's recent actions and plans to improve its claims processing and payment timeliness. To conduct its ongoing work, GAO obtained fiscal year 2015 data on the timeliness of VHA's, Medicare's, and TRICARE's claims processing. GAO visited 4 of 95 VHA claims processing locations (selected on the basis of variation in geographic location, performance, and workload); reviewed VHA documents and 156 claims from those 4 locations; and interviewed officials from VHA, Medicare, TRICARE, and selected community providers and state hospital associations. Results from GAO's analysis are not generalizable to all VHA claims processing locations or community providers. GAO shared the information provided in this statement with VHA, Medicare, and TRICARE officials and incorporated their comments as appropriate. Because this work is ongoing, GAO is not making recommendations at this time.

View [GAO-16-380T](#). For more information, contact Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov.

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VETERANS' HEALTH CARE

Preliminary Observations on VHA's Claims Processing Delays and Efforts to Improve the Timeliness of Payments to 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. GAO's preliminary work from the sites it visited shows that in fiscal year 2015, VHA's claims processing was significantly less timely than that of Medicare and TRICARE, the Department of Defense's health care system. VHA's data show that it processed about 66 percent of claims within the agency's required timeframe of 30 days or less, whereas Medicare and TRICARE data show that their contractors processed about 99 percent of claims within 30 or fewer days. However, VHA's data likely overstate its performance because they do not account for delays in scanning paper claims, which account for approximately 60 percent of incoming claims, according to VHA officials. VHA's policy states that determinations of claims processing timeliness should be based upon the date the claim is received, but VHA can only calculate timeliness on the basis of the date a claim is entered into VHA's claims processing system. GAO's observations at four VHA claims processing locations raise questions about whether VHA staff are promptly scanning incoming paper claims. For example, at one site, GAO observed multiple bins of paper claims awaiting scanning, some of which were a month old. Furthermore, after reviewing 156 claims at 4 VHA claims processing locations, GAO estimated that it took an average of 2 weeks after receiving paper claims for VHA staff to scan them into VHA's claims processing system.

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 staff told GAO that not being able to accept claim-related medical documentation electronically causes delays because they must manually scan a high volume of paper claims and medical documentation into their claims processing system. This system also lacks the capacity to automatically adjudicate claims; VHA claims processors instead rely on manual processes, which VHA staff say delay payments to community providers.

Community providers and state hospital association respondents who participated in GAO's ongoing review told GAO about various issues they had experienced with VHA's claims processing system. Almost all providers described the administrative burden of submitting claims and medical documentation to VHA, which the providers say they often must do repeatedly before receiving payments. In addition, community providers experienced issues with VHA's claims processing locations not responding when the providers contacted them by telephone to follow up on claims or to obtain information.

While VHA has recently implemented interim measures to address challenges that have delayed claims processing—such as filling staff vacancies and investing in new scanning equipment—the agency does not expect to deploy solutions to address all challenges until fiscal year 2018 or later. As part of its strategic plan for consolidating VA care in the community programs, VHA is examining options for future modernization of its claims processing system, but it has not yet communicated a detailed plan, including the costs of modernization.