RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations.

126402

BY THE U.S. GENERAL ACCOUNTING OFFICE

Released

# Report To The Chairman Committee On Veterans' Affairs United States Senate

# Administration Of And Veterans' Participation In The VA Beneficiary Travel Program

The Veterans Administration (VA) pays transportation expenses of eligible veterans who travel between their residences and medical facilities for treatment and assistance. In fiscal year 1984, these expenses totaled over $91 million.

GAO judgmentally selected 13 medical centers out of 168 VA medical facilities throughout the nation and evaluated internal controls over these travel expenditures. The centers visited were, in GAO's opinion, generally implementing appropriate internal control techniques to prevent fraud and program abuse and minimize error and waste in the beneficiary travel program.

GAO also identified and evaluated 13 situations related to beneficiary travel that it considered particularly vulnerable to abuse or mismanagement. All but four of these areas of vulnerability generally appeared to be adequately controlled. GAO recognizes that program abuses related to (1) car pooling, (2) address validation, (3) income certification, and (4) requests for unneeded medical care will be extremely difficult to control. Moreover, when compared to the relatively low median travel cost per trip for the veterans GAO interviewed, the costs to implement additional controls would, in GAO's opinion, appear to exceed the expected benefits. Notwithstanding these areas of vulnerability, the centers visited were generally implementing the beneficiary travel program in a prudent manner.

This report also contains (1) information on VA's process of budgeting and allocating funds for the beneficiary travel program and (2) profile data for 1,512 veterans interviewed at the 13 centers visited.



531182

GAO/HRD-85-28
FEBRUARY 7, 1985

Request for copies of GAO reports should be sent to:

U.S. General Accounting Office
Document Handling and Information
Services Facility
P.O. Box 6015
Gaithersburg, Md. 20760

Telephone (202) 275-6241

The first five copies of individual reports are free of charge. Additional copies of bound audit reports are $3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are $1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-217611

The Honorable Frank H. Murkowski
Chairman, Committee on
Veterans' Affairs
United States Senate

Dear Mr. Chairman:

In response to your predecessor's December 2, 1983, request, we have reviewed the Veterans Administration's (VA's) beneficiary travel program, authorized by 38 U.S.C. 111. Under this program, VA pays transportation expenses of eligible veterans[1] who travel between their residences and medical facilities for treatment and assistance. During discussions with your office, we agreed to focus our efforts on (1) evaluating internal controls over beneficiary travel expenditures at selected medical centers, (2) assessing VA's process for budgeting and allocating beneficiary travel funds, and (3) obtaining profile data for veterans participating in the program.

We reviewed applicable policies and procedures and interviewed VA officials responsible for the beneficiary travel program at VA's Central Office and at 13 of VA's 168 medical facilities (which include 8 independent outpatient clinics that are not affiliated with a medical center). To supplement the information obtained from these 13 centers, we obtained questionnaire responses from 147 centers and 8 independent outpatient clinics.[2] During our visits, we observed cash

---

[1]Eligible veterans are those who either (1) have a service-connected disability, (2) are collecting a VA pension, or (3) have an annual income equal to or less than maximum established VA pension rates.

[2]For purposes of managing its medical centers, VA has in recent years combined the following facilities: (1) Brentwood and Wadsworth, California; (2) Brockton and West Roxbury, Massachusetts; and (3) Lubbock and Amarillo, Texas. We sent our questionnaires to the directors of each of these combined facilities. In addition, we did not obtain beneficiary travel information from VA's Prosthetic Center in New York.

reimbursements made to veterans and made tests of selected transactions to determine compliance with VA's beneficiary travel policies and procedures. To obtain profile information on veterans participating in the program, we interviewed 1,512 veterans who received a cash reimbursement at the centers we visited.

Appendix I contains detailed information on the results of our work. Information obtained during our interviews with veterans and from medical center directors' responses to our questionnaires was not validated by our staff. Further, because the 13 centers visited were judgmentally selected, our review results cannot be projected to the universe of all veterans or all centers. This report does not contain recommendations.

## INTERNAL CONTROLS AT CENTERS VISITED

Internal controls over beneficiary travel expenditures at the 13 centers visited were, in our opinion, adequately implemented to provide reasonable assurance that the beneficiary travel program was generally operating in a manner that prevented fraud and program abuse and minimized error and waste. For the most part, these centers implemented, in an acceptable manner, appropriate internal control techniques, such as documenting transactions, segregating duties, and reviewing beneficiary travel activities. These control techniques are discussed in GAO's Standards for Internal Controls in the Federal Government. Under the Federal Managers' Financial Integrity Act (31 U.S.C. 3512), executive agencies (including VA) must establish internal accounting and administrative controls in accordance with these standards.

During the initial phase of this assignment, we also identified 13 areas of vulnerability related to beneficiary travel that we considered susceptible to abuse or mismanagement. (See app. II for a list of these areas.) With certain exceptions discussed in appendix I, all but four of these areas appeared to be adequately controlled.

The four areas of vulnerability where abuses have, on occasion, been identified by VA involved veterans who

--received travel reimbursements when car pooling with other veterans who also received reimbursement;

--used incorrect addresses to inflate travel reimbursement claims;

--signed inability-to-pay certificates that understated their incomes, making them eligible to receive travel reimbursements; and

--reported to the centers for unneeded medical treatment solely to obtain reimbursement of travel expenses.

In our opinion, VA's beneficiary travel program is vulnerable to abuse because veterans in these situations can make improper claims for beneficiary travel funds and internal controls in effect at the facilities we visited would generally not prevent payment of these claims. However, because the median travel cost of veterans from whom we obtained information was relatively low ($12 per trip), the costs to implement additional controls--such as (1) establishing mechanisms for identifying veterans who car pooled and claimed travel reimbursement, (2) identifying veterans who reported for "unneeded" medical treatment, and (3) obtaining independent verification of veterans' current addresses or incomes--would, in our opinion, appear to exceed the expected benefits. As such, these areas of vulnerability will continue to be extremely difficult to control. Notwithstanding the risks related to these areas, the beneficiary travel program was generally being implemented in a prudent manner at the medical centers visited.

In addition to our review of beneficiary travel activities, appendix I contains information on (1) reviews of these activities by VA's Office of Inspector General, (2) VA's activities under the Federal Managers' Financial Integrity Act as they relate to beneficiary travel, and (3) a VA contractor's study of beneficiary travel activities.

## PROCESS OF BUDGETING AND ALLOCATING BENEFICIARY TRAVEL FUNDS

Because of a concern that medical facilities might overestimate beneficiary travel budgets and eventually reallocate funds not needed for beneficiary travel to other accounts, we reviewed VA's process of budgeting and allocating these funds. We found that centers have little incentive to overestimate or underestimate their budgets for beneficiary travel activities because allotments for each center are determined before detailed budgets that include funds for beneficiary travel are developed by each of the centers. During the year, centers can, within their allotment, make reallocations between their beneficiary travel accounts and other accounts to fund unplanned activities or increases in beneficiary travel program costs.

## VETERAN PROFILE AND BENEFICIARY TRAVEL PROGRAM ACTIVITY

During our visits to the 13 centers, we interviewed 1,512 veterans who collectively received $22,895 in cash reimbursements on the day they were interviewed. These veterans received

reimbursements ranging from $0.65 to $78.32, primarily for round trips made between the centers and their residences. About 68 percent (1,028) of them had a service-connected disability. Further, 264 of the 484 veterans without a service-connected disability were receiving VA pensions. Of the veterans interviewed, about 94 percent were outpatients and about 95 percent had scheduled appointments. About 44 percent of the veterans visited two or more specialty clinics while they were at the medical centers. Additional information--such as age, income, visits per year, means of transportation, and estimated annual transportation costs for the veterans we interviewed--is in appendix I.

In addition to the information we obtained from our interviews with veterans, we also developed a 1-day "snapshot" of beneficiary travel activities at 166[3] of VA's medical facilities. Information from our visits and questionnaire results indicated that 23,817 veterans either received direct cash reimbursements or used special modes of transportation, such as ambulances or hired cars, to get to and from the health care facilities. Beneficiary travel costs at the 166 facilities for this day totaled $328,580. Appendix I contains detailed information on service-connected and non-service-connected veterans' transportation costs for the day selected.

- - - -

We discussed the matters in this report with officials from VA's Department of Medicine and Surgery, and their comments have been considered in preparing this report. As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time we will send copies to the Administrator of Veterans Affairs and the Director, Office of Management and Budget, and make copies available to others on request.

Sincerely yours,

Richard L. Fogel

Richard L. Fogel
Director

---

[3]Two facilities did not provide the data in a format we could use.

# Contents



## ILLUSTRATIONS

## ABBREVIATIONS

| | |
|---|---|
| DM&S | Department of Medicine and Surgery |
| GAO | General Accounting Office |
| NSC/N | veterans without a service-connected disability who do not receive a VA pension |
| NSC/P | veterans without a service-connected disability but with a VA pension |
| SC | veterans with a service-connected disability |
| VA | Veterans Administration |

# ADMINISTRATION OF AND VETERANS' PARTICIPATION IN THE VA BENEFICIARY TRAVEL PROGRAM

## BACKGROUND

Under 38 U.S.C. 111, the Veterans Administration (VA) has established a beneficiary travel program to pay transportation expenses of eligible veterans who travel between their residences and medical facilities for treatment and assistance. Eligible veterans, as redefined in November 1983 VA regulations, are those who either (1) have a service-connected disability, (2) are receiving a VA pension, or (3) have an annual income equal to or less than the maximum established VA pension rates.

To qualify under the annual income provision during fiscal year 1984, veterans with dependents may not have annual family income exceeding $7,225; veterans without dependents may not have income exceeding $5,515. These veterans are required to substantiate their eligibility for the beneficiary travel program by completing a "Certificate of Inability to Pay Transportation Cost" at least once a year. VA can make exceptions to these eligibility requirements when (1) veterans present "clear and convincing" evidence to show that they are unable to defray their transportation cost or (2) a veteran's medical condition requires an ambulance service and VA makes an administrative determination that the veteran is unable to bear the cost of this service.

In carrying out these regulations, VA policies and procedures limit the reimbursement of travel expenses to the cost of public transportation, unless public transportation is not readily accessible or the veteran's physical or mental condition warrants other transportation modes. VA's beneficiary travel instructions define public transportation as transportation services (such as bus or subway services) customarily used by the general public in the center's service area. Veterans who use privately owned vehicles to travel to or from a center are reimbursed at a rate of 11 cents per mile. For the most part, VA uses standard highway mileage guides to determine the mileage traveled.

Each of VA's 168 medical facilities[1] (which include 8 independent outpatient clinics that are not affiliated with a medical center) has responsibility for administering a beneficiary travel program under guidelines prepared by VA's Department of Medicine and Surgery (DM&S). These facilities report through 28 district and 6 regional offices to DM&S. In fiscal years 1983 and 1984, the facilities expended over $85 million and $91 million, respectively, for beneficiary travel.

## OBJECTIVES, SCOPE, AND METHODOLOGY

On December 2, 1983, the Chairman, Senate Committee on Veterans' Affairs, requested that we review VA's beneficiary travel program. On the basis of discussions with the Chairman's office, we focused our efforts on (1) evaluating VA's internal controls over beneficiary travel expenditures at selected centers, with emphasis on beneficiary travel activities particularly vulnerable to mismanagement or abuse, and (2) assessing the budget and allocation process VA used to provide beneficiary travel funds to its centers. In addition, we developed, to the extent practical, profile data related to veterans participating in this program.

We performed our work at the VA Central Office and 13 medical centers. We selected the following centers, with the concurrence of the Committee staff, to obtain a perspective on how various size centers (based on the amount of beneficiary travel funds they expended in fiscal year 1983) were conducting their beneficiary travel activities.

---

[1]For purposes of managing its medical centers, VA has, in recent years, combined the following facilities: (1) Brentwood and Wadsworth, California; (2) Brockton and West Roxbury, Massachusetts; and (3) Lubbock and Amarillo, Texas. In addition, we did not obtain beneficiary travel information from VA's Prosthetic Center in New York.

Administration Service. We obtained detailed descriptions of the budget and allocation process, as well as information regarding cashier operations, from representatives in the Office of Fiscal Service. We also discussed the administration of contracts for special modes of transportation with officials from the Office of Supply Service.

We made walk-through inspections of appropriate center offices, including admissions, travel, and cashier operations. We observed cash reimbursements to veterans and made selective reviews of documents supporting these transactions to determine compliance with established policies and procedures. In performing our work, if VA paid a veteran's travel expenses, we assumed the veteran was entitled to VA medical benefits. Issues related to individuals' entitlements to such benefits were beyond the scope of this review.

To obtain veteran profile data at the centers visited, we interviewed veterans who received cash reimbursements on a Wednesday during our visit. We did not interview all veterans who received health care services on the day of our interviews. For veterans interviewed, we asked questions on their age, monthly income, distance traveled, and frequency of trips and the effect the elimination of travel reimbursements would have on their ability to visit the center. We did not obtain information on monthly income and number of dependents from veterans interviewed at the Washington and Temple centers because information from these centers was collected before the Committee requested that we collect such information for the other 11 centers in our review.

From the questionnaires mailed to the centers we did not visit, we obtained information related to beneficiary travel workloads, budgets and expenditures, local policies and procedures, and estimates of other costs incurred to administer this program. We also asked for information on beneficiary travel activities for July 19, 1984. We used these data and the information obtained during our visits to the centers to develop a 1-day "snapshot" of VA's beneficiary travel program activities.

Information obtained during our interviews with veterans and from the questionnaire responses was not validated. Because the centers visited were judgmentally selected, the results of our review cannot be projected to the universe of all veterans or all centers. We recognize that centers vary considerably in the amount of medical services they provide and the size of their service area. Also, certain centers provide special services that affect the number of veterans visiting the center and

Table 1

Beneficiary Travel Funds Expended
in Fiscal Year 1983 at Centers Visited

| | Funds expended (thousands) |
|---|---|
| Albuquerque, N. Mex. | $ 799 |
| Cheyenne, Wyo. | 233 |
| Durham, N.C. | 769 |
| Gainesville, Fla. | 1,038 |
| Little Rock, Ark. | 1,351 |
| Portland, Oreg. | 762 |
| Reno, Nev. | 393 |
| Richmond, Va. | 1,190 |
| Shreveport, La. | 960 |
| Sioux Falls, S. Dak. | 422 |
| Temple, Tex. | 544 |
| Togus, Maine | 411 |
| Washington, D.C. | 606 |

The centers selected were located in 12 of 28 VA districts and in 5 of VA's 6 regions. The centers selected may not be representative of all centers in VA's system. Therefore, we supplemented the information obtained during our site visits with information from a questionnaire on beneficiary travel that we sent to the other centers.

At the VA Central Office we reviewed applicable policies and procedures and discussed beneficiary travel program implementation and internal review practices with responsible officials. We also reviewed applicable internal audit reports and other studies related to beneficiary travel matters.

At each center, we reviewed internal control activities related to the beneficiary travel program. Specifically, we evaluated VA control techniques, such as documentation, segregation of duties, and security of property and records, that are discussed in GAO's Standards for Internal Controls in the Federal Government. Under the Federal Managers' Financial Integrity Act (31 U.S.C. 3512), executive agencies (including VA) must establish internal accounting and administrative controls in accordance with these standards.

We discussed VA's implementation of control techniques with center officials and representatives in the Office of Medical

the distances they travel. For example, only 19 VA centers have spinal cord injury units. These units provide services to over 20,000 veterans.

We noted that in response to legislation that required VA to study beneficiary travel activities, VA contracted (in May 1984) to study this subject in detail. We discussed the scope and objectives of this study with the contractor. As part of this study, the contractor expects to interview over 1,000 veterans at 18 centers and to review about 4,000 beneficiary travel vouchers. The contractor expects to provide VA with its study results in early 1985.

As requested by the office of the Chairman, Senate Committee on Veterans' Affairs, we did not obtain written agency comments on this report. However, we discussed a draft of this report with officials from DM&S and have incorporated their comments where appropriate. Our review was made in accordance with generally accepted government auditing standards.

We visited the medical centers during May through September 1984.

## INTERNAL CONTROLS AT CENTERS VISITED

Internal controls over beneficiary travel expenditures at the 13 centers visited were, in our opinion, adequately implemented to provide reasonable assurance that the beneficiary travel program was generally operating in a manner that prevented fraud and program abuse and minimized error and waste. Internal control objectives have been defined by the Comptroller General as a plan of organization and methods and measures adopted to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

In evaluating whether the centers were reasonably achieving internal control objectives, we determined whether centers were adequately implementing the control techniques discussed in GAO's Standards for Internal Controls in the Federal Government. Under the Federal Managers' Financial Integrity Act, executive agencies must establish internal accounting and administrative controls in accordance with these standards.

We also reviewed selected areas that we identified as being particularly vulnerable to program abuse or mismanagement (see app. II for a listing of these areas). Moreover, we obtained information from VA's Central Office and its Office of Inspector

General on (1) internal reviews of beneficiary travel activities and (2) VA's implementation of the Federal Managers' Financial Integrity Act as it relates to beneficiary travel.

Evaluation of common control techniques

As stated in GAO's Standards for Internal Controls in the Federal Government, internal control techniques are the mechanisms by which control objectives are achieved. An effective internal control technique works to prevent fraud, waste, and abuse and to detect and correct errors and irregularities. These techniques are applicable to any organizational activity that is subject to program abuse or mismanagement. The techniques, which are specifically cited in a 1980 report prepared for the Comptroller General by a task force of the Association of Government Accountants, include the need for:

Documentation--Clearly written statements describing control procedures, policies, authorities, and responsibilities that should be maintained and available to involved personnel.

Segregation of duties--Responsibilities and tasks should be structured to preclude one individual or small group of individuals from performing more than one key processing function, such as approving, certifying, disbursing, or accounting for funds expended.

Security of property and records--Procedures should be practiced that ensure (1) the physical security of accounting records, pertinent forms, and other assets and (2) the maintenance of appropriate records.

Supervision--Qualified supervision should be continuously maintained to ensure proper adherence to established procedures.

Internal review--Examinations and tests of transactions should be continuously made to monitor policies, procedures, and practices related to fiscal and accounting activities, with procedures to follow up on resultant findings and recommendations.

Competency of personnel--Individuals involved with a processing function should, by education, training, and experience, be competent to execute the control responsibilities to which they are assigned.

As discussed in the following sections, the 13 centers visited generally implemented the above control techniques in an acceptable manner.

Documentation

All 13 centers visited had written policies describing authorities and responsibilities for their beneficiary travel program. Eleven had supplemented these written policies with manuals, procedural statements, and organization descriptions which, in our opinion, provided additional guidance to travel clerks, cashiers, and voucher auditors in performing their duties and also served as valuable tools in training new staff. At the Portland and Reno centers, the available written documentation was not as detailed. In our opinion, their documentation would not have been as useful for instructing their personnel as that found at the other centers. Center officials at these two locations agreed that more detailed procedural statements were needed.

Segregation of duties

Except at the Togus center, organizational structures at the centers visited separated such functions as authorization for and approval of special modes of transportation, preparation of cash disbursement vouchers, cashier payments, and voucher audits. These structures were sufficient to minimize opportunities for an employee to conceal errors or irregularities. At Togus, however, a travel clerk who prepared cash disbursement vouchers was also designated as an imprest fund cashier and made beneficiary travel payments because the cashier's office was located on the other side of the facility.

Security of property and records

Eight of the 13 centers visited had established reasonable control over documents, such as patient routing slips and cash disbursement vouchers, used in the beneficiary travel program. These eight centers generally limited the accessibility of key documents to appropriate individuals involved with beneficiary travel activities. On the other hand, our walk-through inspections of outpatient clinics at the Washington, Durham, and Togus centers indicated that blank patient routing slips or appointment cards were located on desks and counter tops and were readily accessible to veterans and others. We also noted that these forms were accessible to patients at selected specialty clinics at the Albuquerque and Portland centers. Because travel clerks use these forms as evidence that a veteran received medical

treatment, controls over these documents needed improvement to prevent a veteran from claiming travel reimbursement with an improperly obtained and falsified patient routing slip or appointment card.

Supervision

Based on discussions with center management and supervisors directly associated with the beneficiary travel program, as well as observations made during our visits, these managers and supervisors appeared to possess the required knowledge, skills, and abilities to administer this program. Because the beneficiary travel program is not new, most managers and supervisors had considerable experience in dealing with these activities. These individuals communicated to us a thorough knowledge of beneficiary travel activities. Furthermore, based on our audit work at each of the 13 centers, these individuals were monitoring the activities of their operating staffs in a manner necessary to determine their staffs' compliance with established beneficiary travel policies and procedures.

Internal reviews

VA's Office of Medical Administration Service has primary responsibility for administering the beneficiary travel program. At each center visited, the Medical Administration Service made internal reviews of various aspects of the program. These reviews generally included tests and examinations of transactions to monitor program implementation and staff adherence to prescribed procedures. In addition, the fiscal offices at all locations were performing routine checks of cashier operations to ensure the propriety of cash payments.

As of June 30, 1984, 10 of the 13 centers visited had also reported to VA's Central Office that in accordance with the recommendations in the Office of Management and Budget's Circular A-123 and the Federal Managers' Financial Integrity Act, they had conducted either vulnerability assessments or internal control reviews of their beneficiary travel program.

In addition to reviews by the medical administration and fiscal offices, the VA Inspector General and others have also reviewed beneficiary travel activities. A more complete discussion of these reviews begins on page 12.

Competency of personnel

Adequate evaluation of personnel competency, particularly during the short time frames of our visits to the centers, was not possible. Nevertheless, based on our discussions with travel clerks and cashiers responsible for conducting beneficiary travel activities, these clerks and cashiers appeared to possess the skills needed to implement this program. They were familiar with VA beneficiary travel regulations, as well as the particular policies and procedures of their respective centers. Further, based on our observations of these individuals in conducting beneficiary travel activities, they seemed conscientious and carried out their responsibilities properly.

Analysis of areas vulnerable to program abuse

During the initial phase of this assignment, we identified 13 areas of vulnerability where (1) centers may be exposed to losses attributable to their own employees' intentional or unintentional failure to adhere to established practices or procedures or (2) program users (veterans or providers of special modes of transportation) may improperly receive beneficiary travel payments to which they are not entitled (see app. II). For the most part, 9 of the 13 areas appeared to be adequately controlled. However, for the other four areas where abuses have, on occasion, been identified by VA, the costs to implement additional controls--when compared to the relatively low median travel cost per trip of $12 for the veterans we interviewed (see p. 24)--would, in our opinion, appear to exceed the benefits to be realized. As such, these areas of vulnerability will continue to be extremely difficult to control. These four areas of vulnerability involved veterans who

--received travel reimbursements when car pooling with other veterans who also received reimbursement;

--used incorrect addresses to inflate travel reimbursement claims;

--signed inability-to-pay certificates that understated their incomes, making them eligible to receive travel reimbursements; and

--reported to centers for unneeded medical treatment solely to obtain reimbursement of travel expenses.

These four areas, as well as other areas where one or more of the centers may be able to improve controls, are discussed in the following sections.

Car pooling

According to VA beneficiary travel regulations, veterans should receive travel payments only when expenses are incurred. Because many veterans visit VA centers each day and because of the physical layout of the centers, center staff have no practical way to determine if veterans are car pooling. Consequently, unnecessary travel expense reimbursements can result if veterans ride together but make separate travel claims. Travel clerks told us that they question veterans suspected of car pooling. However, these clerks will accept veterans' oral statements that expenses were incurred. Neither we nor medical center staff could suggest cost-effective mechanisms that would (1) identify veterans who car pooled and claimed travel reimbursements and (2) provide reasonable assurances that these veterans would not receive inappropriate cash reimbursements.

Address validation

Veterans who claim beneficiary travel reimbursements usually have VA identification cards imprinted with their addresses. Veterans obtain these cards from the center's admissions office. Travel clerks refer to the address shown on these cards or imprinted on forms used for obtaining travel reimbursement and to standard highway mileage guides to compute veterans' cash reimbursements. Center officials we talked to believed that, in some instances, the addresses shown on these cards were either not current or not valid, and excessive cash reimbursements were made. As a result of fraud hotline inquiries, VA's Inspector General has identified specific cases of such program abuse. (See p. 13.)

At four centers we visited, beneficiary travel personnel attempted to detect this type of abuse by using the Postal Service to validate veterans' addresses. However, the centers discontinued this practice because the Postal Service charges VA for validating addresses and the costs of validating more than a few veterans' addresses would be expensive. Currently, other than questioning veterans suspected of using an incorrect address, centers have no cost-effective method for preventing overpayments caused by use of improper addresses. However, as centers improve their computer capabilities, center staff will be in a better position to compare an address on a VA identification card with an address in a Central Office data base--

particularly for veterans that receive monthly pension or compensation payments.

Income certification

Veterans who do not have a service-connected disability or do not receive a VA pension must certify that their annual family income does not exceed prescribed amounts. Center officials believed that some veterans understate their annual family income in order to receive beneficiary travel reimbursements and that this practice increases as the income level for eligibility becomes widely known. Two centers we visited had procedures that provided for an extensive interview of a veteran before the veteran signed the annual income certification. However, officials at these centers conceded that this does not prevent veterans from understating incomes. At the other centers visited, officials believed that as long as they had to rely on the veteran signing the certificate of inability to pay, no practical control (i.e., independent verification) is available to prevent this type of abuse.

Unneeded medical attention

Veterans who claim they need medical assistance will be seen by a VA physician. Consequently, veterans may make unnecessary visits, claiming an illness, in order to collect a cash reimbursement for travel expenses. This practice would appear to be attractive to veterans who lived considerable distances from a center, but wanted to visit the city in which the center is located. Officials at the centers visited did not believe that such practices occurred often. However, they agreed that medical staff will see any eligible veteran claiming an illness, whether or not the illness is real. They also believed that fairly long waits normally required at various specialty clinics tend to deter this type of program abuse and that although the potential is present, the extent of this type of problem is probably low.

Areas where improvements may be warranted

As stated, the nine other areas of vulnerability that we identified generally appeared to be adequately controlled at the centers visited. For example, each center had specific procedures designed to prevent improper payments to providers of special modes of transportation and had taken actions to ensure that the rates charged by these providers were in line with fair market prices. However, while most of the centers had controls

in these nine areas of vulnerability, some improvements were needed at others to better protect against potential beneficiary travel program abuses. Specifically, centers where improvements were needed included the following.

--Sioux Falls and Togus needed to require travel clerks to have center staff sign patient routing slips or other evidence that a veteran had visited a specialty clinic before preparing a cash disbursement voucher.

--Gainesville needed to ensure that the cashier routinely checks the accuracy of cash disbursement vouchers before making payments.

--Little Rock, Richmond, Temple, and Washington needed to ensure that travel clerks, before preparing cash disbursement vouchers for certain veterans, have complete and current "Certification of Inability to Pay Transportation Costs" forms on file.

--Portland needed to require that authorizing documentation for special transportation is attached to the appropriate invoices before payments are made to service providers.

Officials at these centers agreed to institute procedures to improve controls in the above areas.

## Other VA reviews of beneficiary travel activities

In addition to our review of internal controls at the 13 centers visited, VA has evaluated, investigated, and studied beneficiary travel activities in the following ways.

--VA's Inspector General has conducted (1) cyclical and special audits of medical administration activities, including beneficiary travel, and (2) investigations of beneficiary travel cases involving allegations of fraud.

--In accordance with the Federal Managers' Financial Integrity Act and with guidelines in Office of Management and Budget Circular A-123, VA's DM&S and many centers have conducted vulnerability assessments of beneficiary travel activities. Based on the results of these assessments, some centers have also conducted internal control reviews of their beneficiary travel activities.

--In May 1984, VA contracted for a study of beneficiary travel activities. During this study, the contractor expects to interview over 1,000 veterans regarding beneficiary travel matters and to review in detail about 4,000 beneficiary travel vouchers.

Cyclical and special audits

During fiscal years 1983 and 1984, the VA Inspector General's Office of Audit issued 101 reports on the results of its cyclical audits of medical center operations. According to the Deputy Assistant Inspector General for Audits, beneficiary travel activities are usually covered during these audits, which are conducted at each center about every 3 years. However, if audit teams do not identify specific weaknesses related to beneficiary travel during either the survey or review phases of their audits, beneficiary travel matters would probably not be cited in their audit reports.

In reports that specifically mentioned beneficiary travel, the audit teams found inadequacies that related to (1) documenting eligibility for payments, (2) accounting for bus tickets, and (3) administering contracts for providers of special modes of transportation.

In addition to the cyclical audits, the Inspector General also issued five reports in the last 2 years on special audits of beneficiary travel. The Inspector General had initiated these special audits on the basis of "hot line" inquiries or allegations of significant internal control weaknesses. These audits--which were conducted at centers in Cheyenne; Miami; Los Angeles; Clarksburg, West Virginia; and Fort Harrison, Montana--identified weaknesses related to (1) contracting for special modes of transportation, (2) detecting errors and alterations in travel vouchers, and (3) preparing certificates of inability to pay for transportation.

Investigations

The VA Inspector General's Office of Investigations reviewed complaints of suspected fraud by individuals who received beneficiary travel payments and by employees who authorized and made these payments. Between June 1982 and September 1984, this office investigated 67 beneficiary travel cases. The most prevalent abuse identified by the investigative staff related to payments for mileage traveled by veterans who provided addresses showing that they lived further from the center than their actual residences. Examples of specific cases included one veteran who falsified 73 vouchers totaling over $3,340 and another

who falsified 118 vouchers totaling over $1,344. As of September 28, 1984, VA had referred 57 of the 67 cases to the Department of Justice for prosecution. Of the cases referred, Justice had accepted 23 and had obtained 21 convictions.

Although the Office of Investigation usually focuses on specific cases, it broadened the scope of its reviews at 5 of 21 centers to include a more general look at internal controls over beneficiary travel. In the Inspector General's September 1984 report that summarizes its observations, the investigative staff identified the following areas where they believed that internal controls could be strengthened.

Controls over documents--travel vouchers, routing slips, and forms used to obtain transportation services were stored in unsecured areas or not adequately controlled. Routing slips were not properly initialed by clinic personnel to show that treatment was received.

Controls over employees--delegations of authority to approve travel payments were not available or too many employees had been delegated this authority.

Verification of income--travel clerks accepted the veterans' oral statements related to annual income and were unsure of what questions to ask in establishing the veterans' income.

The weaknesses identified by the Office of Investigations were generally similar to the ones that we identified at the centers we visited.

### Federal Managers' Financial Integrity Act

In August 1982, in implementing Office of Management and Budget Circular A-123 and, subsequently, the Federal Managers' Financial Integrity Act, DM&S classified beneficiary travel as highly vulnerable based on an assessment by its Medical Administration Service. This assessment included an evaluation of the general control environment, inherent risk, and existing safeguards and an overall assessment of vulnerability. Subsequently, some centers conducted vulnerability assessments and performed internal control reviews of their beneficiary travel functions. According to the DM&S internal control officer, as of June 30, 1984, centers had provided results of 86 vulnerability assessments or reviews to DM&S.

The information received from the medical centers and a second assessment by the DM&S Medical Administration Service resulted in the reclassification of beneficiary travel as moderately vulnerable in July 1984. The internal control officer told us that DM&S is trying to improve the quality of medical facility vulnerability assessments and reviews by providing additional assistance and training to its center staffs. DM&S is also developing an automated system to track and analyze the results of these assessments and reviews. Medical centers and the Central Office are scheduled to complete the next round of assessments and reviews by March 1986.

Because we are conducting a separate evaluation of VA's overall implementation of the Federal Managers' Financial Integrity Act, we did not review the adequacy of VA's activities under the act as a part of our review of beneficiary travel.

### Contractor study of beneficiary travel

Public Law 98-160 required VA to review beneficiary travel activities. In April 1984, VA submitted an in-house report on beneficiary travel activities to the Chairman, Senate Committee on Veterans' Affairs, which discussed VA's management of the program. This report recommended that a comprehensive, objective study of the beneficiary travel program be conducted. In May 1984, VA contracted with a private firm to perform a detailed study of beneficiary travel. The study's objectives are to (1) review the beneficiary travel program and recommend improvements in its management and efficiency, (2) assess the contribution of beneficiary travel payments in maintaining veterans' access to health care, and (3) assess the effect of possible reductions in beneficiary travel payments on veterans' access to VA health care.

The contractor is conducting this study at 18 centers, none of which were visited by our office. The study involves interviews with the centers' staffs and over 1,000 veterans and a review of about 4,000 beneficiary travel vouchers. VA expects to receive the results of the contractor's study in early 1985.

### Summary

In our opinion, the 13 centers we visited had adequate internal controls that provided reasonable assurances that they were implementing beneficiary travel policies and procedures in a manner to prevent fraud and abuse and to decrease error and

waste. In our opinion, these centers implemented control techniques that generally resulted in achieving their objectives of controlling beneficiary travel funds.

We recognize that areas of vulnerability related to car pooling, address validation, income certification, and unneeded medical services will be extremely difficult to control. However, because of the relatively low median cost per trip for the veterans we interviewed, the costs of implementing additional controls in these areas would, in our opinion, appear to exceed the expected benefits. Notwithstanding these areas of vulnerability, the medical centers visited were generally conducting their beneficiary travel activities in a prudent manner.

## PROCESS USED TO BUDGET AND ALLOCATE BENEFICIARY TRAVEL FUNDS

Because the Committee was concerned that centers overestimated their beneficiary travel budgets and eventually reallocated funds not needed for beneficiary travel to other accounts, we assessed how centers budgeted and allocated beneficiary travel funds. We found that centers did not identify funds budgeted for beneficiary travel expenditures until relatively late in VA's budget formulation process. As such, centers had little incentive to overestimate or underestimate their budgets for beneficiary travel activities. After beneficiary travel funds were budgeted, however, centers reallocated funds between their beneficiary travel accounts and other accounts, such as medical supplies, within their medical care allotment. These reallocations were often necessary to fund unplanned activities or meet increases in beneficiary travel program costs.

Information obtained during our visits and from our questionnaire results shows that in fiscal year 1983, 98 of 168 medical facilities (58 percent) had expenditures for beneficiary travel that were either more than 10 percent above or more than 10 percent below the amount initially budgeted. In fiscal year 1982, 81 of 166 medical facilities[2] had such budget variances.

About 8 months before the start of a fiscal year, VA's division of budget in the Central Office initiates the process of allocating funds to its medical centers by providing its six regional directors with a budget allocation (target allowance)

---

[2]Two centers did not provide timely responses to our questionnaire.

that is expected to provide full funding for recurring expenses of all centers in their regions. This target allowance is determined largely by (1) past and current fiscal year expenditures for recurring activities, (2) planned expansion of VA facilities within the region, and (3) inflation. The regional directors subsequently provide district directors in their regions with district target allowances. Eventually, district executive councils, composed of the medical center directors in each district, recommend to the regional director the target allowance for each medical facility.

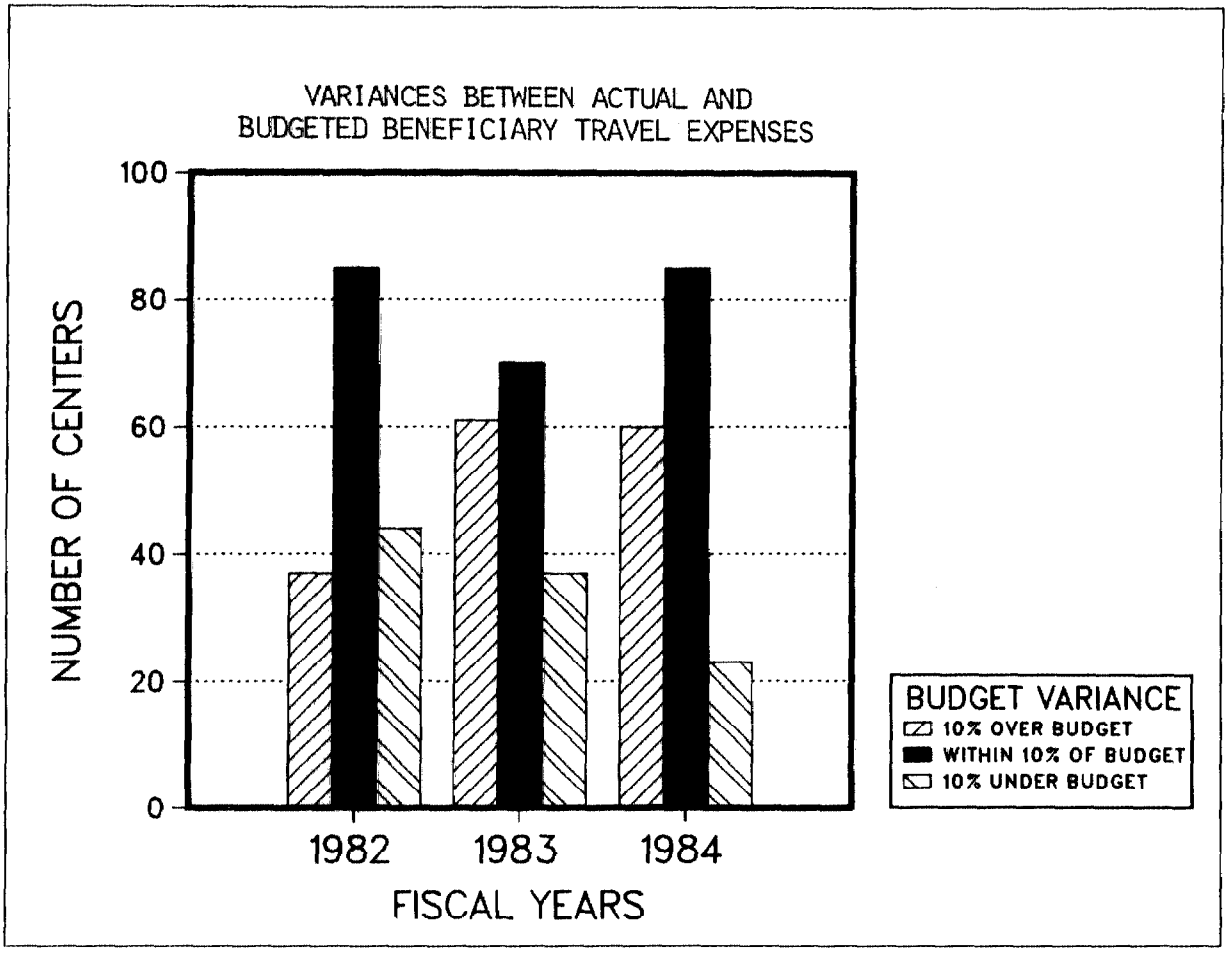
Through this point in the allocation process, beneficiary travel budgets have not been prepared by the medical facilities. For the most part, target allowances for individual centers represent the total funds needed to support their medical care activities. In May, before the start of the fiscal year, each center's fiscal officer develops a more detailed budget plan that allocates funds needed by specific object classifications, such as personnel, supplies, and beneficiary travel. In developing these detailed plans, such factors as historical cost, projected workloads, and inflationary trends are considered.

For beneficiary travel budgets, fiscal officers at 116 centers must also consider the effects of various locally placed limits or restrictions on beneficiary travel reimbursements. For example, 56 centers did not reimburse veterans that lived within the city limits or within some specified radius of the center. Other common restrictions included not paying beneficiary travel expenses to veterans who did not have (1) service-connected disabilities or (2) scheduled appointments.

In September, before the start of the fiscal year, center directors approve the budget plan and forward it through the district and regional director to the VA Central Office for final approval. During the fiscal year, the center's fiscal office can make changes to the approved budget plan for various object classifications if needs during the fiscal year are more than or less than expected. In our opinion, because the center must essentially operate within the constraint of its target allowance, the budget process does not serve as an incentive to either underestimate or overestimate any single segment (e.g., beneficiary travel) of the center's detailed budget.

We noted no discernible trends regarding how actual beneficiary travel expenditures differed from initially approved budget plans. Using information from our visits and questionnaire responses, the following illustration shows the number of

facilities that had actual expenditures that were 10 percent over or under their initial budgets for fiscal year 1982 (166 facilities) and 1983 (168 facilities) and for the first 6 months of fiscal year 1984 (168 facilities).




The questionnaire results also indicated that, when expenditures for beneficiary travel exceed budgets, funds were usually transferred from other object classes, such as supplies or equipment. Conversely, when beneficiary travel expenditures were less than budgeted for the fiscal year, funds for beneficiary travel were transferred to other object classes.

During our visit to the Shreveport center, we identified an instance where the need for funds for other center activities

affected beneficiary travel policies and budgets. When fees for services obtained from the Louisiana State University Medical School were increased, center officials determined that the center needed to institute cost-cutting measures that resulted in reductions in beneficiary travel expenditures. Among these measures was a temporary restriction, implemented in June 1984, on beneficiary travel reimbursements to (1) veterans without a service-connected disability or a VA pension and (2) veterans with a service-connected disability of less than 50 percent, unless they were receiving care for such disability. The policy was in effect for about 2 months; center officials estimated that as a result, about $60,000 was made available to fund the unanticipated increased fees for services from the university.

Not all program costs are included in budgeted funds

Centers incurred costs to conduct beneficiary travel activities that were not included in their beneficiary travel budgets. According to VA Central Office records, about $85 million was expended for the program in fiscal year 1983. In addition, based on data from the centers we visited or from the responses to our questionnaire, about $7.5 million in personnel costs was also attributed to these activities. These costs are primarily related to the time spent by Medical Administration Service and Fiscal Service personnel assigned to beneficiary travel matters.

Furthermore, according to the questionnaire responses, the centers incurred about $2.9 million in costs related to using center vehicles to transport eligible veterans to and from their residences. In these cases, center vehicles that are normally used to transport veterans between center facilities and other VA or non-VA medical facilities were used to transport veterans to and from their residences and VA centers. Transportation of veterans in center vehicles, in certain instances, may be cheaper than having the veteran use privately contracted special modes of transportation.

PROFILE OF VETERANS INTERVIEWED

During our visits to the 13 medical centers, we interviewed 1,512 veterans who collectively received $22,895 in cash reimbursements on the day they were interviewed. These veterans received reimbursements ranging from $0.65 to $78.32, primarily for round trips made between the centers and their residences. Of the veterans interviewed, 1,028 (about 68 percent) had a service-connected disability. Further, 264 of the 484 veterans

APPENDIX I

without a service-connected disability were receiving VA pensions. For the veterans interviewed, about 94 percent were outpatients and about 95 percent had scheduled appointments. About 44 percent of the veterans interviewed visited two or more specialty clinics while they were at the centers.

About 63 percent (923 of 1,467)[3] of the veterans traveled to the center in their automobiles. Another 217 were driven to the center by relatives or friends, 122 traveled by bus or subway, and 205 traveled by taxi or other modes of transportation.

About 64 percent of the veterans (951 of 1,476) told us that they collected beneficiary travel reimbursement each time they visited the center. Reasons veterans gave for not receiving reimbursement included not eligible, too much trouble, or not aware of the beneficiary travel program. During our visits, officials at most centers told us that unless veterans inquire about this program, center staff did not make special efforts to inform veterans that they may be eligible for travel expense reimbursement.

During our interviews, we also obtained information on selected veteran characteristics, including age, monthly income, amount of cash reimbursement received, number of annual visits to the center, and how veterans would get to the center if their travel expenses were not reimbursed. The following tables describe the above characteristics for veterans who (1) have a service-connected disability (SC), (2) do not have a service-connected disability but receive a VA pension (NSC/P), and (3) do not have a service-connected disability and do not receive a pension (NSC/N).

---

[3]In some instances, the totals do not equal the 1,512 veterans interviewed because either we did not ask for the information, as was the case for the monthly income and dependent information at the Temple and Washington centers, or the veteran did not provide the information.

Table 2

Mode of Transportation to Medical Facilities If Travel Expenses Not Paid

| Veterans' responses | Type of veteran SC | NSC/P | NSC/N | Number of veterans | Percent of total |
|---|---|---|---|---|---|
| | -----(percent)---- | | | | |
| Would not be able to get to the center | 10.1 | 10.9 | 10.1 | 151 | 10.2 |
| Did not know how they would get to the center | 14.7 | 20.3 | 18.8 | 240 | 16.3 |
| Uncertain, but several possibilities mentioned | 4.0 | 5.5 | 2.3 | 59 | 4.0 |
| Personal automobile | 50.1 | 34.0 | 37.2 | 669 | 45.4 |
| Someone else's automobile | 9.3 | 18.0 | 16.5 | 175 | 11.9 |
| Bus or subway | 8.3 | 7.0 | 8.7 | 120 | 8.1 |
| Taxi | .6 | .8 | .9 | 10 | .7 |
| Other | 2.9 | 3.5 | 5.5 | 50 | 3.4 |
| Total responses | 100.0 | 100.0 | 100.0 | 1,474 | 100.0 |
| Number of veterans | 1,000 | 256 | 218 | | |

Additional information on those veterans who told us they would not be able to get to the center if their transportation expenses were not reimbursed is contained in appendix III.

Table 3

Age of Veterans

| Years of age | Type of veteran | | | Number of veterans | Percent of total |
|---|---|---|---|---|---|
| | SC | NSC/P | NSC/N | | |
| | -------(percent)------ | | | | |
| 21 to 40 | 20.0 | 5.7 | 16.1 | 249 | 17.0 |
| 41 to 54 | 16.4 | 13.7 | 21.5 | 245 | 16.7 |
| 55 to 64 | 35.7 | 40.3 | 40.4 | 545 | 37.2 |
| 65 and over | 27.9 | 40.3 | 22.0 | 427 | 29.1 |
| Total | 100.0 | 100.0 | 100.0 | 1,466 | 100.0 |
| Number of veterans | 1,000 | 248 | 218 | | |

Median age - 60 years old (range 21 to 97 years).

Table 4

Monthly Income of Veterans

| Monthly income | Type of veteran SC | NSC/P | NSC/N | Number of veterans | Percent of total |
|---|---|---|---|---|---|
| | --------(percent)------- | | | | |
| $ 0 to $ 460[a] | 14.8 | 31.3 | 60.3 | 284 | 24.6 |
| 461 to 600[a] | 13.7 | 29.3 | 18.4[b] | 199 | 17.2 |
| 601 to 1,000 | 29.1 | 35.6 | 17.8[b] | 330 | 28.6 |
| 1,001 to 1,500 | 21.6 | 2.4 | 1.2[b] | 174 | 15.1 |
| 1,501 and over | 20.8 | 1.4 | 2.3[b] | 168 | 14.5 |
| Total | 100.0 | 100.0 | 100.0 | 1,155 | 100.0 |
| Number of veterans | 773 | 208 | 174 | | |

[a]Monthly income categories of $0 to $460 and $461 to $600 are significant because the maximum monthly income in each category corresponds to maximum annual family income limits of $5,515 and $7,225 used to determine eligibility for an NSC/N with and without dependents, respectively, during fiscal year 1984.

[b]We noted that 48 of the 69 NSC/N veterans reporting income over $460 per month may have been ineligible for beneficiary travel reimbursements because their monthly income, if annualized, would have exceeded maximum annual family income limits of $5,515 and $7,225.

Table 5

Cash Reimbursement Received by Veterans Per Trip to Center

| Cash reimbursement[a] | Type of veteran | | | Number of veterans | Percent of total |
|---|---|---|---|---|---|
| | SC | NSC/P | NSC/N | | |
| | ------(percent)------ | | | | |
| $0.01 to $5.00 | 19.7 | 15.9 | 20.5 | 289 | 19.1 |
| 5.01 to 10.00 | 24.4 | 21.6 | 19.1 | 350 | 23.2 |
| 10.01 to 20.00 | 32.2 | 32.9 | 35.0 | 495 | 32.7 |
| 20.01 to 50.00 | 19.9 | 29.2 | 23.6 | 334 | 22.1 |
| 50.01 and over | 3.8 | .4 | 1.8 | 44 | 2.9 |
| Total | 100.0 | 100.0 | 100.0 | 1,512 | 100.0 |
| Number of veterans | 1,028 | 264 | 220 | | |

[a]Includes value of tokens.

Median - $12.00 per trip (range $0.65 to $78.32 per trip).

Table 6

Annual Visits by Veterans

| Annual visits | Type of veteran SC | NSC/P | NSC/N | Number of veterans | Percent of total |
|---|---|---|---|---|---|
| | (percent) | | | | |
| 1 to 4 | 33.2 | 37.9 | 45.4 | 528 | 35.8 |
| 5 to 12 | 39.3 | 37.1 | 31.0 | 556 | 37.7 |
| 13 to 26 | 12.8 | 12.9 | 9.3 | 181 | 12.3 |
| 27 to 52 | 7.7 | 7.0 | 7.4 | 111 | 7.5 |
| 53 and over | 7.0 | 5.1 | 6.9 | 98 | 6.7 |
| Total | 100.0 | 100.0 | 100.0 | 1,474 | 100.0 |
| Number of veterans | 1,002 | 256 | 216 | | |

Median - 6.5 visits (range 1 to 365 visits).

Based on the information in tables 5 and 6, we calculated the estimated annual transportation costs for the veterans that we interviewed (number of visits times actual cost per trip). The following table shows how much these veterans would have received annually.

Table 7

Veterans' Annual Cash Reimbursement

| Annual reimbursement | Type of veteran SC | NSC/P | NSC/N | Number of veterans | Percent of total |
|---|---|---|---|---|---|
| | (percent) | | | | |
| $ 0 to $ 50.00 | 33.1 | 36.7 | 36.1 | 504 | 34.2 |
| 50.01 to 100.00 | 24.1 | 20.7 | 24.5 | 347 | 23.5 |
| 100.01 to 250.00 | 24.7 | 23.9 | 25.0 | 363 | 24.6 |
| 250.01 to 500.00 | 9.3 | 12.1 | 5.6 | 136 | 9.2 |
| 500.01 to 1,000.00 | 5.3 | 3.1 | 4.2 | 70 | 4.8 |
| 1,000.01 and over | 3.5 | 3.5 | 4.6 | 54 | 3.7 |
| Total | 100.0 | 100.0 | 100.0 | 1,474 | 100.0 |
| Number of veterans | 1,002 | 256 | 216 | | |

## SPECIAL TRANSPORTATION MODES USED AT CENTERS VISITED

Many veterans participating in the beneficiary travel program require special transportation modes, such as ambulances or hired cars, to get to and from the centers. This type of transportation requires special authorization, generally in advance, from designated center officials. In most cases, the centers pay the providers of these transportation services directly. On the same day that we interviewed veterans who received cash reimbursements at the 13 centers visited, we obtained the following information regarding special contractor-provided transportation services used by veterans. However, we did not interview these veterans because they were generally not accessible.

Table 8

Special Transportation Modes Used by Veterans

| Special modes | Type of veterans SC | Type of veterans NSC | Number of veterans | Special transportation costs |
|---|---|---|---|---|
| | ----(percent)--- | | | |
| Ambulance | 21.4 | 31.7 | 48 | $6,315 |
| Hired car | 20.0 | 12.5 | 27 | 1,441 |
| Wheelchair van | 20.0 | 19.2 | 34 | 834 |
| Taxi | 32.9 | 32.7 | 57 | 665 |
| Other | 5.7 | 3.9 | 8 | 226 |
| Total | 100.0 | 100.0 | 174 | $9,481 |
| Number of veterans | 70 | 104 | | |

Median - $30.00 (range $1.80 to $306.80).

The 174 patients using special transportation services represented over 10 percent of the veterans who received beneficiary travel program benefits on the day of our interviews at the centers visited.

## ONE DAY OF BENEFICIARY TRAVEL ACTIVITIES

Our 1-day "snapshot" of beneficiary travel program activities for 166[4] centers (using information obtained from our

[4]Two centers did not provide data that we could use.

visits and the questionnaire results) indicated that 23,817 veterans either received direct cash reimbursements or used special modes of transportation for the 1 day. Beneficiary travel costs at the 166 centers for this day totaled $328,580. The amounts of cash disbursements and types of special transportation are presented below.

Table 9

Beneficiary Travel Program Activities for 1 Day

| | Veterans with service-connected disabilities | | Veterans without service-connected disabilities | |
|---|---|---|---|---|
| Cash disbursements | Number of patients | Total | Number of patients | Total |
| Tokens | 1,248 | $ 1,670 | 1,148 | $ 1,692 |
| $5.00 or less | 5,498 | 13,530 | 2,146 | 5,229 |
| 5.01 to 10.00 | 2,706 | 19,275 | 1,168 | 8,526 |
| 10.01 to 20.00 | 2,584 | 36,827 | 1,511 | 21,747 |
| 20.01 to 50.00 | 1,374 | 38,292 | 907 | 25,425 |
| 50.01 or more | 98 | 6,537 | 56 | 3,747 |
| Subtotal | 13,508 | 116,131 | 6,936 | 66,366 |
| Special transportation | | | | |
| Ambulance | 205 | 25,018 | 417 | 45,024 |
| Taxi | 549 | 10,031 | 568 | 8,930 |
| Hired car | 292 | 8,477 | 352 | 10,538 |
| Wheelchair van | 385 | 11,303 | 434 | 13,415 |
| Other | 97 | 6,666 | 74 | 6,681 |
| Subtotal | 1,528 | 61,495 | 1,845 | 84,588 |
| Total | 15,036 | $177,626 | 8,781 | $150,954 |

Special transportation costs for both types of veterans were $146,083, or 44 percent of the total. Although our data are not statistically projectable, VA has previously estimated that about 44 percent of total beneficiary travel program expenditures are for special modes of transportation. The schedule also shows that for this 1 day, 68 percent of the veterans (13,914 of 20,444) received cash reimbursement of $10 or less.

APPENDIX II

## AREAS OF VULNERABILITY

## RELATED TO ABUSE AND MISMANAGEMENT

## OF BENEFICIARY TRAVEL FUNDS

--Veterans share transportation and each separately claims travel expenses.

--Veteran claims an improper address further from center to increase travel expense reimbursement.

--Veteran alters the cash reimbursement voucher before submitting it to the cashier to increase a claim for travel expense reimbursement.

--Veteran who does not have a service-connected disability or who is not receiving a VA pension claims travel expense reimbursement when his/her income exceeds the established limits of $5,515 with no dependents or $7,225 with dependents.

--Veteran who does not have a service-connected disability or who is not receiving a VA pension claims travel expense reimbursement when there is no current "Certificate of Inability to Pay Transportation Costs" on file.

--Veteran who does not require medical treatment uses center facilities (e.g., a specialty clinic) so as to claim reimbursement for travel expenses to the city or metropolitan area involved.

--Veteran who was not a patient at the center claims travel expense reimbursement.

--Veteran obtains copy of an "Outpatient Routing and Statistical Activity Record" and prepares a false record to use to request the preparation of a cash reimbursement voucher for travel expenses.

--Veteran claims expenses for special mode of transportation without proper approval from authorized center official.

--Veteran is authorized by center officials to use an unnecessarily expensive mode of transportation.

--Veteran or provider of special transportation (e.g., ambulance or hired car or taxi) submits payment claims for services rendered which are excessive or for which no service was performed.

--Center makes payment to a provider of a special mode of transportation, although no center official authorized the veteran to use the particular mode involved.

--Contracts with providers of special mode transportation (e.g., ambulance or hired cars) contain rates that are excessive or not in line with existing fair market rates for such services.

## CHARACTERISTICS OF VETERANS WHO WOULD BE UNABLE TO GET TO CENTERS IF TRANSPORTATION EXPENSES WERE NOT PAID

| Age | Type of veteran SC | NSC/P | NSC/N | Total |
|---|---|---|---|---|
| 21 to 40 | 26 | 2 | 4 | 32 |
| 41 to 54 | 15 | 4 | 10 | 29 |
| 55 to 64 | 33 | 12 | 7 | 52 |
| 65 and over | 22 | 10 | 1 | 33 |
| Total | 96 | 28 | 22 | 146 |
| **Income** | | | | |
| $ 0 to $ 460 | 17 | 11 | 13 | 41 |
| 461 to 600 | 13 | 8 | 3 | 24 |
| 601 to 1,000 | 23 | 7 | 1 | 31 |
| 1,001 to 1,500 | 14 | 0 | 1 | 15 |
| 1,501 and over | 10 | 0 | 0 | 10 |
| Total | 77 | 26 | 18 | 121 |
| **Cash reimbursement** | | | | |
| $ .01 to $ 5.00 | 11 | 4 | 4 | 19 |
| 5.01 to 10.00 | 16 | 1 | 1 | 18 |
| 10.01 to 20.00 | 27 | 13 | 8 | 48 |
| 20.01 to 50.00 | 38 | 10 | 8 | 56 |
| 50.01 and over | 9 | 0 | 1 | 10 |
| Total | 101 | 28 | 22 | 151 |
| **Annual visits** | | | | |
| 1 to 4 | 30 | 6 | 6 | 42 |
| 5 to 12 | 34 | 11 | 6 | 51 |
| 13 to 26 | 14 | 6 | 5 | 25 |
| 27 to 52 | 12 | 2 | 4 | 18 |
| 53 and over | 11 | 3 | 1 | 15 |
| Total | 101 | 28 | 22 | 151 |

APPENDIX III

| Annual travel cost | Type of veteran SC | NSC/P | NSC/N | Total |
|---|---|---|---|---|
| $ 0 to $ 50.00 | 17 | 5 | 5 | 27 |
| 50.01 to 100.00 | 19 | 3 | 6 | 28 |
| 100.01 to 250.00 | 31 | 9 | 6 | 46 |
| 250.01 to 500.00 | 14 | 8 | 1 | 23 |
| 500.01 to 1,000.00 | 10 | 1 | 2 | 13 |
| 1,000.01 and over | 10 | 2 | 2 | 14 |
| Total | 101 | 28 | 22 | 151 |

## BENEFICIARY TRAVEL ACTIVITY ON DAY OF INTERVIEWS

| Centers visited | Veterans interviewed | Cash reimbursement | Special transportation cost |
|---|---|---|---|
| Albuquerque | 106 | $ 2,965 | $1,733 |
| Cheyenne | 16 | 328 | 232 |
| Durham | 154 | 2,289 | 583 |
| Gainesville | 215 | 3,771 | - |
| Little Rock | 199 | 3,682 | 1,900 |
| Portland | 65 | 1,439 | 639 |
| Reno | 26 | 456 | 72 |
| Richmond | 190 | 2,275 | 1,292 |
| Shreveport | 89 | 1,207 | 888 |
| Sioux Falls | 29 | 543 | 465 |
| Temple | 93 | 1,221 | 976 |
| Togus | 105 | 1,198 | - |
| Washington | 225 | 1,521 | 701 |
| Total | 1,512 | $22,895 | $9,481 |

(118108)

30395

**AN EQUAL OPPORTUNITY EMPLOYER**

UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE,$300

POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE

**THIRD CLASS**