

## Why GAO Did This Study

In fiscal year 2010, the Department of Veterans Affairs' (VA) Veterans Health Administration (VHA) billed veterans millions of medical copayment charges totaling more than \$1 billion. Witnesses at a 2009 Subcommittee on Health, House Committee on Veterans' Affairs, hearing raised concerns about inappropriate copayment charges, including some associated with veterans' service-connected conditions. As a result, members of the Subcommittee asked GAO to review (1) VHA copayment charge accuracy, including error rates and related causes, and (2) VHA efforts to monitor copayment charge accuracy. To assess the accuracy of VHA's billed copayment charges, GAO evaluated samples of fiscal year 2010 billed and unbilled medical services to determine copayment error rates and related causes. GAO also reviewed VHA practices related to monitoring the accuracy of copayment charges.

## What GAO Recommends

GAO makes two recommendations to the Secretary of Veterans Affairs to (1) establish a copayment accuracy performance measure and (2) establish and implement a formal process for periodically assessing the accuracy of veteran copayment charges VHA-wide. In written comments on a draft of this report, VA agreed with GAO's recommendations.

## VETERANS HEALTH CARE

### Monitoring Is Needed to Determine the Accuracy of Veteran Copayment Charges

## What GAO Found

Of the more than 56 million fiscal year 2010 veteran copayment charges billed by VHA, GAO estimates, based on its test of a probability sample of copayment charges, that 96 percent (or approximately 54.2 million) of the copayment charges were accurate and 4 percent (or approximately 2.3 million) were inaccurate. GAO's tests of a separate probability sample of the approximately 519 million VHA medical services that did not result in copayment charges showed that each of those VHA determinations was accurate. These and other estimated percentages are based on test results of probability samples and are subject to sampling error. Appendix I of this report contains additional information on the samples and the 95 percent confidence intervals for the estimates contained in this report.

- Since the errors identified in GAO's probability sample all involved copayment overbilling, GAO estimates that 4 percent of the copayment charges involved overbilling of veterans. The errors GAO found were due to various factors, including inadequate review of previously billed copayment charges following retroactive changes in a veteran's service-connected conditions and the incorrect application of related medical reimbursements received from veterans' third-party insurance.
- In tests GAO performed on another probability sample to identify underbilling errors in the approximately 519 million medical services that did not result in copayment charges, GAO found that VHA correctly determined that each tested service should not have resulted in a copayment charge. As a result, GAO tests showed that VHA accurately did not bill copayment charges for these services, which made up more than 90 percent of the approximately 576 million medical services provided during fiscal year 2010.

While VHA performed various activities that involved reviewing the accuracy of some individual billed copayment charges, these activities do not constitute a systematic process for providing VHA-wide information on the accuracy and completeness of its copayment charges over time. In addition, GAO found that VHA had not established a performance measure for the accuracy level it wants to achieve in billing copayment charges. Without such a measure, it is not clear how the error rates GAO found would compare to error rates that VHA would consider acceptable, or if VHA would determine whether corrective actions need to be taken to reduce the error rates to lower levels. In addition, without a performance measure and periodic, systemwide information on the accuracy of its copayment charges, VHA cannot monitor changes in error rates and related causes over time. VHA also does not have meaningful performance information that it can provide to interested stakeholders when questions or concerns are raised concerning the accuracy of VHA's copayment charges billed to veterans.