

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Health Administration

*Audit of
the Beneficiary Travel
Program*

February 6, 2013
11-00336-292

ACRONYMS AND ABBREVIATIONS

BTP	Beneficiary Travel Program
CBO	Chief Business Office
FMS	Financial Management System
OIG	Office of Inspector General
VAMC	Veterans Affairs Medical Center
VHA	Veterans Health Administration
VistA	Veterans Health Information Systems and Technology Architecture

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Report Highlights: Audit of VHA's Beneficiary Travel Program

Why We Did This Audit

Since 2008, VA's Beneficiary Travel Program (BTP) has experienced dramatic growth in costs associated with reimbursing travel expenses for veterans receiving VA health care services. Program obligations were approximately \$861 million in FY 2012. We determined if the Veterans Health Administration's (VHA) management and oversight of the program provided reasonable assurance that VHA paid accurate travel reimbursements to eligible beneficiaries in compliance with requirements. This report also offers observations and suggestions based upon investigative work by the Office of Inspector General's (OIG) Office of Investigations.

What We Found

VHA has not developed a process to reconcile approved travel expense claims with disbursed payments. We identified material differences in mileage reimbursements paid compared with approved mileage reimbursements. Data reliability issues limited our ability to identify and reconcile the national variances between approved travel claims and paid claims. According to VHA data, VA medical facilities paid approximately \$89 million more in beneficiary travel than the facilities approved during the period January 2010 through March 2011. Approximately \$46.5 million of the discrepancy was due to miscoded expenses; however, approximately \$42.5 million remained unexplained.

Also, VHA needs program controls to verify the accuracy of beneficiary self-reported information prior to claim approval.

In 2010, VHA began a series of initiatives to improve program oversight. However, during the audit, VHA had not fully implemented all planned changes and needed to strengthen authorization and payment controls. As a result, VHA continues to lack reasonable assurance that program costs are accurate and paid only to eligible veterans. As a result of inadequate financial controls, VHA lacks assurance that its liabilities, expenditures, and the full costs of BTP are consistently and accurately recorded, monitored, and uniformly reported.

What We Recommended

We recommended the Under Secretary for Health strengthen authorization, payment, and oversight controls for the Beneficiary Travel Program.

Agency Comments

The Under Secretary for Health concurred with our findings and recommendations and provided an appropriate action plan. We will follow up on the implementation of corrective actions.

Handwritten signature of Linda A. Halliday in blue ink.

LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objective

This audit determined if the Veterans Health Administration's (VHA) management and oversight of the Beneficiary Travel Program (BTP) provided reasonable assurance that VHA paid accurate travel reimbursements only to eligible beneficiaries. The audit also determined if payments made by VHA complied with laws, regulations, and other requirements.

The Beneficiary Travel Program

Under Title 38, United States Code, Section 111, VA has the authority to pay the actual necessary expense of travel, including mileage traveled to and/or from a Department facility or other place in connection with vocational rehabilitation or counseling or for the purpose of examination, treatment, or care for certain eligible veterans. VHA may also authorize special mode of transportation services, such as ambulance or wheelchair van, if medically necessary and approved before travel begins, except in cases of emergency treatment.

VHA determines eligibility for BTP benefits based on the characteristics of the veteran or the type of medical appointment.* Beneficiaries must apply for travel reimbursement at the VA facility responsible for the medical care or services provided and for which travel is required. During 2010, VHA began to undertake a series of initiatives to improve oversight of BTP and travel reimbursement claims processing. See Appendixes A and C for additional program information.

Growth in Program Usage and Cost

In 1978, VA set the travel mileage reimbursement rate at 11 cents per mile. The rate remained unchanged until February 2008 when VA raised the rate to 28.5 cents per mile. In November 2008, VA raised the mileage reimbursement rate to 41.5 cents per mile. As a result, BTP experienced a significant growth in both usage and cost. Expenditures for BTP increased by approximately 285 percent from FY 2006 through FY 2010. In December 2009, VHA reported that since the November 2008 mileage rate increase, mileage claims increased 76 percent with a 30 percent increase in the number of veterans claiming travel reimbursements. VHA also estimated that if all veterans eligible for reimbursement sought reimbursement for their mileage, VA would incur expenses in excess of \$1.5 billion per year. Beneficiary Travel Program obligations were approximately \$861 million in FY 2012, according to VHA.

* In general, veterans qualify for BTP benefits by: 1) having a service-connected rating of 30 percent or more; 2) traveling for treatment of a service-connected condition or for a compensation and pension examination; or 3) receiving a VA pension or having an annual income that does not exceed the maximum annual VA pension rate, which is currently \$12,256 for a veteran with no dependents. Other qualifying factors are listed in Appendix A.

RESULTS AND RECOMMENDATIONS

Finding 1 VHA Needs To Improve Financial Controls Over the Beneficiary Travel Program

VHA needs to improve controls over beneficiary travel payments. Specifically, VHA did not perform regular reconciliations of approved travel reimbursements with paid reimbursements, accurately code financial transactions, and reduce the risk of fraudulent payments. This occurred because VHA had not established policies and mechanisms that address reconciliations of BTP financial data, provided adequate training to ensure accurate coding of beneficiary travel expenses, and established procedures to mitigate the risk for making duplicate payments on approved travel reimbursements. In addition, information system limitations present challenges to performing automated reconciliations.

As a result of inadequate financial controls, VHA lacks assurance that its liabilities, expenditures, and the full costs of BTP are consistently and accurately recorded, monitored, and uniformly reported. Additionally, the program is vulnerable to the risk of fraud and abuse.

Reimbursement Process

To receive travel reimbursement, beneficiaries must submit information to the travel clerk or other designee at the medical facility within 30 calendar days after completing travel. Travel clerks or designees complete a request for travel reimbursement using the information in the Veterans Health Information Systems and Technology Architecture (VistA), such as the veteran's home address, and checking that the veteran had a qualifying appointment on the date of travel reimbursement. If mileage reimbursement is claimed, using the beneficiary's address (except as otherwise allowed), travel clerks determine mileage to be reimbursed, which can be one-way or round-trip. The mileage is entered into the VistA Beneficiary Travel Package, which computes the amount payable. The beneficiary signs the payment voucher certifying the claim is correct. Beneficiaries present the form to the agent cashier for cash reimbursement. Other methods of payment include check and Electronic Funds Transfer.

Agent cashiers do not enter the dollar amount for each paid travel claim into VA's Financial Management System (FMS) as an individual transaction that is identifiable with a specific approved travel reimbursement. Instead, staff enter the aggregate value of cash reimbursement transactions paid over a time period, typically for each day.

Requirements and Standards

Office of Management and Budget, Circular A-123, *Management's Responsibility for Internal Control*, requires management to develop and maintain monitoring standards that should include reconciliations of data as part of recurring duties. Office of Management and Budget, Circular A-127,

Financial Management Systems, states any data transfers to the core financial system must be traceable to the transaction source. In addition, the Federal Financial Management Improvement Act of 1996 requires agencies to incorporate accounting standards and reporting objectives into their automated and manual financial management systems so that agencies can consistently and accurately record, monitor, and uniformly report all liabilities, expenditures, and full costs of programs.

VHA Does Not Reconcile Program Financial Data

VHA does not perform regular reconciliations of approved travel reimbursement data in VistA to payment data in FMS. According to VHA data, VA medical facilities paid approximately \$89 million more in beneficiary travel than the facilities approved during the period from January 1, 2010, through March 31, 2011. Variances between amounts paid and amounts approved ranged from \$24,000 to \$7.8 million, with an average of over \$1 million. Although we determined that approximately \$46.5 million of the variance was in part the result of miscoded charges entered into FMS, we could not determine the reason for the variance of the remaining approximately \$42.5 million, due to the lack of an adequate audit trail and system limitations.

Procedures To Reduce Risk of Fraudulent Payments Needed

VHA does not have sufficient procedures to reduce the risk of making duplicate payments on approved travel reimbursements. FMS is the system of record for paid transactions resulting from travel reimbursements approved in VistA. Since medical facility staff record only the aggregate value of batched cash reimbursements in FMS, staff cannot electronically identify individual cash payments associated with approved beneficiary travel claims, increasing the risk of fraudulent payments. For example, after receiving an approved travel reimbursement, a veteran can photocopy it and provide multiple copies of the approved travel reimbursement for payment. Since no record exists in FMS that an agent cashier made a previous payment for the approved travel, the medical facility is susceptible of paying the veteran more than once for the same approved travel reimbursement.

Reasons Financial Controls Needed

VHA has not established policies and mechanisms that address performing reconciliations of BTP financial data, provided adequate training to ensure accurate coding of beneficiary travel expenses, and established procedures to mitigate the risk for making duplicate payments on approved travel reimbursements. Additionally, current functional limitations in VistA's Beneficiary Travel Package and FMS present challenges to performing automated reconciliations, such as the following:

- VistA's Beneficiary Travel Package does not assign a unique number to each generated travel claim, making it difficult to ensure each claim is unique and properly recorded.

- VistA's Beneficiary Travel Package and FMS do not interface, which prevents performing automated reconciliations between approved travel reimbursement data in VistA to payment data in FMS.
- VistA's Beneficiary Travel Package does not display payment status or contain an editable field to indicate if a medical facility paid an approved claim.

Effect of Inadequate Financial Controls

As a result of inadequate financial controls, VHA lacks assurance that its liabilities, expenditures, and the full costs of the BTP are consistently and accurately recorded, monitored, and uniformly reported. Additionally, the program is vulnerable to the risk of fraud and abuse.

Conclusion

The lack of data reliability from miscoding errors, and not recording paid travel claims as an individual transaction identifiable with a specific approved travel reimbursement in FMS, provides a major challenge to VHA to perform reconciliations and determine whether all payments are legitimate. Without adequate procedures to compare reimbursement payments with approved claims, VHA's ability to identify submitted photocopied, reprinted, or multiple travel vouchers is significantly limited, increasing the risk of making duplicate payments on approved travel reimbursements.

Recommendations

1. We recommend the Under Secretary for Health develop mechanisms to ensure that approved Beneficiary Travel Program reimbursement data are reconciled with payment data.
2. We recommend the Under Secretary for Health implement training necessary to ensure the Veterans Health Administration staff properly code Beneficiary Travel Program expenses entered into the Financial Management System.
3. We recommend the Under Secretary for Health establish procedures to mitigate the risk of making duplicate payments on approved travel reimbursements.

Management Comments and OIG Response

The Under Secretary for Health concurred with the report's recommendations and indicated that VHA is implementing several initiatives within the next 6 months to facilitate reimbursement approval and payment reconciliation. The Under Secretary indicated that VHA will continue to identify ways to enhance electronic beneficiary travel reimbursement claims forms to enable VHA to eliminate hard copy vouchers and reduce the possibility of duplication. We consider VHA's planned actions responsive to our recommendations and we will follow-up on their implementation.

Finding 2 VHA Needs To Improve Verification of Beneficiary Self-Reported Information

BTP needs to improve program controls to verify the accuracy of beneficiary self-reported information prior to claim approval and payment of travel claims. Specifically, VHA did not consistently verify the accuracy of beneficiary addresses and reported travel expenses prior to approval of travel reimbursement and payment of travel claims. This occurred because BTP lacks adequate guidance to determine whether beneficiary addresses are accurate and effective verification methods for identifying whether veterans are personally incurring eligible costs while traveling to VA facilities. As a result, travel reimbursements are at risk for improper payments.

VHA Needs To Verify Beneficiary Addresses

VHA needs to improve procedures to verify that beneficiary addresses used as a basis for mileage reimbursements are accurate. Address accuracy is important because BTP staff rely upon the veteran's address to calculate mileage reimbursement. VHA generally reimburses eligible beneficiaries' mileage expenses from their residence to the nearest VA facility where the care or services could be provided, and the return to the beneficiaries' residence. Title 38, Code of Federal Regulations, Section 70.20, provides VA the authority to request additional information from beneficiaries to determine the validity of their travel claims.

Beneficiary travel staff at the five VA medical facilities used different procedures in determining when and how to verify a beneficiary's address. For example, one beneficiary travel supervisor instructed staff to validate beneficiary addresses if mileage claimed was unusually high. However, the supervisor did not establish what would be considered an unusually high mileage claim. At another medical facility, travel staff were instructed to request address verification for questionable addresses or if the beneficiary drove long distances for multiple appointments each week. No specific guidance existed on how to define a questionable address or long distance. At a third site, beneficiary travel staff were instructed to verify a beneficiary's address if VistA reflected a post office box number. The following are three examples of beneficiary travel fraud related to veterans providing false addresses to fraudulently inflate mileage reimbursement payments:

- In October 2012, VA Office of Inspector General (OIG), Office of Investigations, disclosed that a veteran who lived 3 miles from VA Maine Healthcare System-Togus facility falsely claimed that he traveled hundreds of miles to get to the facility in order to collect travel reimbursements totaling \$17,725. The veteran made 156 false travel reimbursement claims to VA from July 15, 2009, through February 27, 2012. The veteran pled guilty to filing false, fictitious, and fraudulent claims in U.S. District Court, Bangor, ME, in September 2012.

- In April 2012, a veteran was sentenced to 4 months probation and ordered to pay VA restitution of \$36,175 after pleading guilty to theft of Government funds. An OIG and VA Police Service investigation revealed that on 313 occasions the defendant claimed he was traveling 330 miles round trip between Goddard, KS, and the VA medical facility in Oklahoma City, OK. The veteran actually resided within the Oklahoma City area.
- In May 2011, a veteran pleaded guilty to making false claims for travel benefits. The veteran made 202 false claims for travel benefits to a VA medical facility. He inflated the round-trip distances traveled to the VA medical facility, claiming he traveled about 280 miles round trip. The veteran actually lived just 3 miles from the medical facility. VA paid approximately \$20,465 in fraudulent travel benefits to the veteran.

*Updating
Veterans'
Personal
Information in
VistA*

It is important for VHA to make it easy for veterans to update their personal information, such as insurance, address, and telephone numbers. According to VHA officials, veterans can update their personal information in various ways; by phone, mail, or in person. However, staff responsible for updating addresses at locations, such as the pharmacy or the Eligibility Office, generally do not require veterans to provide documentation to verify addresses before updating VistA. At one VA medical facility, 515 employees in 65 different areas could enter or revise veteran addresses in VistA. This level of access makes it critical to have an effective control at the beneficiary travel office to verify that beneficiary addresses used as a basis for mileage reimbursements are accurate.

***Beneficiary
Travel
Package
Access Needs
To Be Better
Monitored***

Two of the five medical facilities did not adequately limit access to the VistA Beneficiary Travel Package to those staff requiring access. Access security controls protect systems and networks from inappropriate access and unauthorized use. VA policy requires a quarterly review of staff access to ensure staff are restricted to only the access needed to perform their duties. However, the medical facilities did not consistently perform required quarterly access reviews.

At one medical facility, 306 employees had access to the Beneficiary Travel Package. Medical facility officials examined access controls and determined only 44 of the 306 employees required access. At the other medical facility, officials determined only 55 of 226 employees needed access to the Beneficiary Travel Package.

*Reasons
Beneficiary
Addresses
Were Not
Verified*

VHA's policy does not require beneficiary travel staff to verify a beneficiary's address at the time of approval of travel. VHA guidance provides limited examples of specific circumstances when staff should request additional information. As a result, beneficiary travel offices were implementing differing procedures regarding when and how to verify a beneficiary's address.

Effect of Not Verifying Beneficiary Addresses

As a result of VHA lacking effective controls to verify beneficiary addresses, VHA is at risk of beneficiary travel fraud. In 2011, OIG's Office of Investigations reported one of the primary schemes investigated for BTP fraud is beneficiaries inflating mileage reimbursement by providing fraudulent addresses that were further from VA medical facilities than their actual residence. The number of criminal investigations by the OIG increased after VA raised BTP mileage reimbursement rates. In FY 2007, the OIG conducted one BTP fraud investigation, and in FY 2010, the OIG conducted 44 investigations. As of November 2012, the OIG had 133 open beneficiary travel investigations. The OIG's investigations into beneficiary travel fraud have uncovered several different schemes employed by unscrupulous veterans to defraud this program, taking away funds that enable other veterans to travel and receive care at VA medical facilities or by non-VA providers.

The Challenge of Beneficiary Travel Verification

Beneficiary travel staff at VA medical facilities alleged beneficiaries can easily misrepresent incurred travel expenses when they travel to VA facilities. For example, medical facility officials concurred that beneficiaries might carpool to a VA facility and then inappropriately claim mileage reimbursement for expenses not incurred. Staff also reported some beneficiaries claimed and received mileage reimbursements for travel to VA facilities despite using sources that provide free transportation, such as Veterans Service Organizations and VA shuttles. One VA facility was adjacent to a public subway system, which staff reported patients routinely use to travel to and from the facility. However, the beneficiary travel office had no practical method to identify patients who allegedly used the subway and claimed mileage reimbursement associated with using a privately owned vehicle.

Practical limitations affect VHA's ability to implement additional controls to gain reasonable assurance beneficiaries are reimbursed actual travel costs. We did not make a recommendation because we were not able to validate the staff's allegations, and designing controls to detect and confirm instances like these may be more costly than the value controls can provide over program funds.

VHA Initiatives To Improve Program Oversight

The Chief Business Office (CBO) has recognized this issue and developed a data mining initiative to identify suspicious travel benefit payments, such as frequent resident address changes. However, because CBO has not fully implemented this initiative, we could not evaluate its potential effectiveness in verifying beneficiary addresses used as the basis for calculating mileage reimbursements. While this initiative can represent a positive improvement, VHA needs to establish effective measures to verify beneficiary addresses prior to travel reimbursement approval and payment. Appendix C provides additional information on CBO's initiatives to improve the beneficiary travel program.

Conclusion

BTP provides financial travel reimbursements to veterans so they can travel to VA medical facilities or to non-VA care providers to receive medical care. BTP needs enhanced controls to verify the accuracy of beneficiary information prior to approval and payment of travel claims and to safeguard taxpayer funds against potential fraud. In 2010, VHA began a series of initiatives to address these issues and other program weaknesses. However, until VHA fully implements these planned changes and strengthens authorization and payment controls, VHA will continue to lack reasonable assurance that program costs are accurate and paid only to eligible veterans. The number of OIG investigations regarding beneficiary travel substantiates the need for VHA to implement or strengthen controls to reduce the susceptibility to program fraud.

Recommendation

4. We recommend the Under Secretary for Health implement procedures to verify the accuracy of beneficiary addresses at the time of request for beneficiary travel.

**Management
Comments
and OIG
Response**

The Under Secretary for Health concurred with the report's recommendation and indicated that, quarterly, VHA verifies the accuracy of beneficiary addresses using a National Cleansing of Address tool and shares the updated address information with VistA. In addition, the Under Secretary for Health stated that, within the next 6 months, VHA plans to implement additional analytical tools to identify beneficiary accounts with "address changing" behavior and flag accounts for further review. We consider these planned actions responsive to our recommendation, and we will follow up on its implementation. Appendix E contains the full text of the Under Secretary's comments.

Other Matters

Two Locations Did Not Use VistA To Process Claims

VHA was not aware until September 2011, when questioned by OIG, that two sites, Honolulu VA Medical Center (VAMC) and Manila VAMC, were not using the VistA Beneficiary Travel Package to process travel reimbursement claims. VHA deployed the VistA Beneficiary Travel Package in 2002 and required all beneficiary travel offices to use the package when processing travel mileage claims. Instead, both sites continued to maintain manual records of their transactions.

According to a Veterans Integrated Service Network 21 official, although it is unclear why BTP at the Honolulu VAMC was not implemented as required, numerous business chiefs and reorganizations during the last 10 years are likely key factors. A Veterans Integrated Service Network 21 official acknowledged Manila VAMC staff did not use VistA to process travel claims because they had difficulty converting the local currency to U.S. dollars and kilometers to miles.

Consequently, VHA's effectiveness of planned national and data mining initiatives to identify inaccurate and inappropriate claims may be diminished by these two facilities not using the Beneficiary Travel Package to process travel reimbursement claims. According to VHA, the Honolulu and Manila VAMCs disbursed approximately \$852,000 in mileage reimbursements in FY 2012.

Appendix A Background

Authorization of Program

Public Law 76-432, March 14, 1940, mandated VA to pay either the actual travel expenses, or an allowance based upon the mileage traveled by any veteran traveling to and from a VA facility or other place for the purpose of examination, treatment, or care. Public Law 85-857, September 2, 1958, authorized VA to pay necessary travel expenses to any veteran traveling to or from a VA facility or other place in connection with vocational rehabilitation counseling or for the purpose of examination, treatment, or care. This law changed VA's travel reimbursement into a discretionary authority by stating that VA "may pay" expenses of travel.

Program Eligibility

VHA determines eligibility for BTP benefits based on the characteristics of the veteran, the type of medical appointment, or a combination of the two.

- Veterans rated 30 percent or more service-connected for travel relating to any condition.
- Veterans traveling in connection with treatment or care (regardless of percent of disability).
- Veterans receiving VA pension benefits.
- Veterans receiving annual income below the maximum applicable annual rate of pension.
- Veterans presenting clear evidence that they are unable to defray the cost of travel.
- Veterans traveling in relation to a compensation and pension examination.
- Certain veterans in emergency situations.
- Certain non-veterans when related to care of a veteran.
- Beneficiaries of other Federal agencies (when authorized by that agency).
- Allied beneficiaries (This describes benefits provided to discharged members of the armed forces of nations allied with the United States in World War I (except any nation that was an enemy of the United States during World War II and in World War II).

Appendix B Scope and Methodology

Scope

Our audit focused on VHA's controls over the payment and processing of beneficiary travel mileage claims made to eligible beneficiaries from January 1, 2010, through March 31, 2011. We conducted our fieldwork from March 2011 through November 2012 at VA Headquarters located in Washington, DC; and at five statistically selected VA medical facilities located in Boston, MA; Buffalo, NY; Albuquerque, NM; Little Rock, AR; and Denver, CO. We conducted interviews with program and facility management and staff. We tested a statistical selection of paid claims at each facility we visited.

Methodology

We reviewed beneficiary travel claims processing controls. We reviewed applicable regulations, policies, procedures, and identified pertinent criteria. The audit team used VistA and hard copy paid claims as the sources for mileage reimbursement approval and payment data.

In addition, we compared extracts of VHA's Corporate Data Warehouse and FMS data for the period from January 1, 2010, through March 31, 2011. VA officials provided additional beneficiary travel data and Financial Reporting System information.

Data Reliability

We used computer-processed data from VistA's Beneficiary Travel Package to corroborate information reported on the statistically selected paid mileage claims from January 2010 through March 2011. In addition, VA medical facility staff verified electronic information used to corroborate our findings. We consider the computer-processed data to be sufficiently reliable to meet the audit objective and support our conclusions and recommendations concerning program and management controls for travel reimbursement claims processing.

We identified significant data reliability issues associated with our work concerning the reconciliation of approved travel reimbursements contained in VistA to disbursement data contained in FMS. In our opinion, the data reliability issues resulted in a scope impairment and limited our ability to identify and reconcile material variances between approved travel reimbursement claims and paid claims. Furthermore, we identified:

- Significant variances in data for the same time period in the same systems from different sources.
- Miscoding of BTP transactions by VHA staff such that veteran reimbursement payments were comingled with vendor payments.
- Large transactions entered into FMS without invoice dates and coded as agent cashier payments.

Consequently, we were unable to conclude whether VistA and FMS contained sufficiently reliable data to determine the legitimacy of reimbursement payments and approvals. The lack of data reliability and a sufficient audit trail that provides a one-to-one relationship between payments and approvals prevented us from performing reconciliations and determining whether all payments were legitimate and original. The data were not sufficiently reliable to audit for potential fraud. We consider this a scope limitation for that portion of our work.

**Government
Standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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 objective. For purposes of assessing the internal controls over the approval and payment processes, the information is considered adequate to report on the control weaknesses identified. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The OIG's Office of Investigations conducted work summarized in Appendix D. This work was performed using the Council of the Inspector Generals on Integrity and Efficiency's *Quality Standards for Investigations*.

Appendix C Beneficiary Travel Program Initiatives

The following summarizes information provided by VHA officials concerning initiatives to improve oversight of the BTP. VHA began implementing these initiatives in 2010.

National Data Mining

CBO initiatives include data mining for suspicious payments with emphasis on identifying types and individual payments that are suspicious for inaccuracy or possible fraud. VHA identified six claimant behavior categories potentially associated with improper travel benefit payments. These include:

- Appointment seeking—Claimants who schedule appointments on multiple days when appointments could be scheduled on a single day. The intent is to increase the number of travel reimbursements claimed. This also refers to claimants dropping in for medical services without a scheduled appointment in order to claim a travel reimbursement.
- Income underreporting—Claimants who underreport income, or report no income earned, in order to qualify for BTP benefits.
- Frequent address flipping—Claimants change reported residential addresses in order to increase mileage reimbursements.
- Distant points—Claimants who choose a VA facility for care that is further than the closest VA facility providing the same care in order to increase travel reimbursements. In addition, beneficiaries who choose to receive care from a fee-for-service provider that is further away than other comparable providers.
- Free riding—Two or more claimants who travel together in the same vehicle but file for travel reimbursement separately, or when a claimant uses free transportation to a VA facility but claims travel reimbursement.
- Multiple visits—Claimants file travel reimbursement claims for multiple visits to a VA facility occurring on the same day.

As of November 2012, full tool implementation was scheduled for Spring 2013.

Regulation Changes

VHA proposed a series of revisions to BTP regulations to conform to amendments to the statutes that authorize beneficiary travel benefits. VHA proposed changes include:

- Redefining residence to clarify that a person may occupy only one residence at a time. This is intended to resolve confusion concerning what address will be used by VA for a beneficiary seeking mileage reimbursement.

- Clarifying that a residence is the physical residence at which the beneficiary resides, and not a post office box. This clarification helps prevent inappropriate requests for benefits, as some individuals have attempted to use a post office box located further away from the treatment facility as a residence address when their actual residence is closer to the treating VA facility.
- Defining the term “scheduled” in order to clarify the meaning because VHA has not defined the term. VHA believes this has led to confusion as to whether travel reimbursement are authorized for unscheduled visits at which no examination, treatment, or care is provided, such as visits to pick up medication or adjust eyeglasses.

As of November 2012, proposed regulations remain under review by the Office of General Counsel and are scheduled for summer 2013 publication.

**Beneficiary
Travel
Package
Enhancements**

At the time of our audit, VHA was seeking enhancements to the VistA Beneficiary Travel Package to improve the efficiency of certain business processes in its health care facilities. The enhancement goals are expected to make the program more efficient and mitigate risks by implementing electronic authorizations and payments and detecting improper payments. VHA was expected to release the software to facilities in two stages during 2012. As of November 2012, testing had not been completed due to technical issues. Scheduled release is January 2013 with full implementation by February 2013.

**National Audit
Tool**

In June 2011, VHA released a Beneficiary Travel Audit Tool nationally that provides facilities the ability to review and audit any information contained in the VistA Beneficiary Travel fields, such as:

- Total and average cost per patient.
- Total and average cost per zip code.
- Different patient populations according to total number (count) of payments made and total amount paid (sum).
- Patient behavior and clinic usage trends.
- Patient population outliers by count and sum.
- Total amount paid in mileage reimbursement within predetermined time parameters.
- Total and average travel claims a clerk processes within a given time parameter.
- Geographic travel trends.

***Class III
Software
(Dashboard)***

During our audit, VHA planned to release the Beneficiary Travel Dashboard nationally to assist BTP staff to process travel claims more efficiently and accurately. The Dashboard is a Web-based application that displays a configurable list of the closest VHA facilities, as well as the clinical specialties offered at each facility. It also displays patient appointments, notes, orders, consults, and past claims, and calculates the driving mileage from the patient's address to a configured set of institutions.

Additionally, the Beneficiary Travel Dashboard is linked to an external mapping software package, which displays mileage, written directions, and a corresponding graphical map of the route. As of November 2012, national deployment of the Beneficiary Travel Dashboard was complete. After identifying a technical issue with the software, VHA planned to release a modified version of the application by the end of December 2012.

***Electronic
Funds
Transfers***

VHA indicated it is exploring Electronic Funds Transfers of beneficiary travel payments in a manner similar to that being used by the Veterans Benefits Administration for compensation and pension payments. This responds to a mandate by the Department of the Treasury to discontinue checks by mid-2013. In addition, VHA established a work group to develop policies and practices that will allow such payments and may require information technology enhancements.

As of November 2012, VHA reported completing a pilot program to convert payments from check to Electronic Funds Transfer and anticipated implementing the program nationally by the end of December 2012. Additionally, a VistA Beneficiary Travel Package enhancement allowing automatic transmission of vouchers to appropriate finance systems for payment is in final testing and scheduled for initial release in January 2014.

Appendix D Observations Resulting From OIG Beneficiary Travel Program Criminal Investigations

The OIG's Office of Investigations has experienced an increase in the number of criminal investigations related to this program, which is summarized in this Appendix. This work was performed using the Council of the Inspector General on Integrity and Efficiency's *Quality Standards for Investigations*.

Criminal Investigations Are Increasing

Between October 1, 2008, and September 30, 2012, VA OIG initiated 240 criminal investigations regarding beneficiary travel fraud. The number of criminal investigations by OIG increased as VA raised BTP mileage reimbursement rates. In FY 2007, OIG conducted one BTP fraud investigation. In comparison, in FY 2010, OIG conducted 44 investigations, and as of November 2012, OIG had 133 open beneficiary travel investigations. OIG's investigations into BTP fraud have uncovered several different schemes employed by unscrupulous veterans to defraud this program.

- Fraudulent residential address—This occurs when veterans overstate their commuting distance by providing a false address that is farther away from the VA medical facility than their true address.
- Carpooling—This occurs when veterans carpool to VA medical appointments and file separate claims for mileage reimbursement.
- Public transportation—This occurs when veterans use public transportation or transportation provided to them at little or no cost (for example, transportation services offered by veterans' service groups) and then file a claim for mileage reimbursement as if they had driven their own vehicles to the VA medical appointment.
- Appointment disbursement—This occurs when veterans schedule multiple appointments to maximize travel reimbursement benefits instead of scheduling multiple appointments on a single day when available. Even when VHA staff schedule multiple appointments on the same day, veterans will often call and change the appointments to different days.

These actions have the potential to increase program expenses unnecessarily and result in inaccurate reimbursements and fraudulent payments.

Program Suggestions

Based on the results of investigations and other observations, the VA OIG's Office of Investigations present the following suggestions for consideration.

1. VA should consider making the following changes to its beneficiary travel form to facilitate accurate claims and advise participants of the consequences of fraudulent applications:

- a) The current form automatically populates the veteran's address from VistA. Veterans should be required to provide the address where travel originated. Suggested language: "For the purpose of calculating mileage reimbursement, what physical address did you travel from?"
 - b) Veterans should also have to state if they are traveling back to this address the same day. Travel back to their residence is actually paid in advance with the assumption that the veteran is returning home that day.
 - c) The veteran should have to provide information regarding the mode of transportation they used. If their own vehicle was used, they should provide the vehicle tag number. If someone else drove the veteran, the name and contact information of that person should be provided.
 - d) The form should state that the veteran cannot claim full mileage benefits if they carpooled with another veteran who is also claiming mileage reimbursement.
 - e) The form should contain a certification under penalty of perjury that the information provided is accurate. It should also contain language that advises the veteran that there could be criminal and civil penalties for filing a false claim.
2. VA should consider requiring that the business office verify a veteran's address by reviewing supporting documentation. Veterans should be required to provide verification of their address or verification of any change of address.
 3. VA should not allow mileage reimbursement based on a post office box address. Veterans should be required to provide the physical address from where travel commenced.
 4. VA should consider requiring that veterans provide a valid driver's license upon each request for reimbursement.
 5. VA should consider eliminating cash payments of mileage reimbursement greater than \$75 to veterans and should consider sending reimbursement checks to the veteran's listed residence.
 6. VA should consider more scrutiny of mileage reimbursement claims. Current law says that per-mile payment for a personally-owned vehicle is not to exceed the cost of public transportation.
 7. VA should consider placing signs and brochures throughout the facilities, particularly at the Eligibility Center and the Agent Cashier, that explain the Beneficiary Travel Program and reimbursement process, clearly outline the rules to follow, and discuss the penalties for abuse of the system.

8. VA should consider conducting mandatory VA employee education of the Beneficiary Travel Program. The training should explain that travel pay is not a benefit, but rather a reimbursement of expenses incurred traveling to the facility for a medical appointment and inform employees that they can be held liable for aiding a veteran in committing fraud.
9. Agent Cashier employees should be instructed to report suspicious activity associated with this benefit (reimbursement) to the Central Business Office, or directly to the VA OIG.
10. VA should consider conducting routine audits of BTP to identify potential fraud.

Appendix E Under Secretary for Health Comments

Department of Veterans Affairs

Memorandum

Date: January 8, 2013
From: Under Secretary for Health (10)
Subj: OIG Draft Report, Audit of Beneficiary Travel Program (VAIQ 7314302/7305110)
To: Assistant Inspector General for Audits and Evaluations (52)

1. With the implementation of the updated Department of Veterans Affairs (VA) Beneficiary Travel Program (BTP) in 2008, the Veterans Health Administration (VHA) readily identified the need for a number of improvements to ensure appropriate oversight. As Appendix A and Appendix C in the Office of Inspector General (OIG) report note. VHA started to identify how best to manage the program and initiated significant improvements to the oversight of the BTP in 2010. VHA continues to fine tune its efforts to ensure appropriate and timely payments to Veterans, while instituting oversight to ensure the program is managed in compliance with the relevant statutes and regulations as well as sound business and accounting practices.
2. It is important to note that the OIG audit focused on VHA controls over the payment and processing of beneficiary travel mileage claims made to eligible beneficiaries from January 1, 2010 through March 31, 2011. Since that time, VHA has instituted additional controls and oversight mechanisms. We appreciate the close cooperation and coordination between VHA officials and the OIG audit team and leadership to identify those areas where additional improvement is needed. I have reviewed the draft report and concur with all four of the report's recommendations. Attached is the action plan that addresses the recommendations and supplements oversight that VHA had already instituted.
3. OIG identified a specific concern in regard to reconciliations between reimbursement approvals and payments. In response, VHA is deploying national processes to improve efficiency and standardize payment processes. Also, VHA is converting to direct deposit and debit card payments. In order to eliminate check payments and significantly reduce cash payments. These are to be implemented within the next 6 months to facilitate reimbursement approval and payment reconciliation.

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OIG Draft Report, Audit of Beneficiary Travel Program (VAIQ 7305110)

4. In addition, officials will continue to identify ways to enhance electronic beneficiary travel reimbursement claims forms to include sequential numbering, and use of electronic pads for payee signature. While these changes are not needed for reconciliation, sequential numbering would enable improved accountability of the approved vouchers, and the signature pad would enable VHA to eliminate hardcopy vouchers and reduce the possibility of duplication.
5. Thank you for the opportunity to review the draft report. If you have any questions, please contact Linda H. Lutes, Director, Management Review Service (10AR) at (202) 461-7014.



Robert A. Petzel, M.D.

Attachment

VETERANS HEALTH ADMINISTRATION (VHA)
Action Plan

OIG Draft Report, Audit of Beneficiary Travel Program (VAIQ 7314302/7305110)

Date of Draft Report: November 29, 2012

Recommendations/ Actions	Status	Completion Date
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Recommendation 1. We recommend the Under Secretary for Health develop mechanisms to ensure that approved Beneficiary Travel Program reimbursement data is reconciled with payment data.

VHA Comments: Concur

The VHA Office of Finance and Chief Business Office (CBO) are developing the following policies and procedure for payment processing and reconciliation of beneficiary travel payments.

- Releasing of Veterans Health Information Systems and Technology Architecture (VistA) Beneficiary Travel Package enhancement.

In process

March 1, 2013
- Converting cash and check payments to direct deposit.

In process

March 1, 2013
- Deploying a national Excel macro to improve efficiency and standardize payment processes for direct deposit and debit card payments. This will also facilitate reimbursement approval and payment reconciliation. Using a macro to create the payments enables a facility to reconcile what has been approved for payment to what has been paid.

In process

April 1, 2013
- Piloting the use of a debit card in lieu of cash when direct deposit is declined.

In process

June 1, 2013

Recommendation 2. We recommend the Under Secretary for Health implement training necessary to ensure the proper coding by VHA staff of Beneficiary Travel Program expenses entered into the Financial Management System.

VHA Comments: Concur

The VHA Office of Finance will prepare guidance and provide training for the correct cost accounting of beneficiary travel obligations and payments.

In process May 30, 2013

Recommendation 3. We recommend the Under Secretary for Health establish procedures to mitigate the risk of making duplicate payments on approved travel reimbursements.

VHA Comments: Concur

The corrective actions outlined in the VHA response to Recommendation 1 will mitigate the risk of duplicate payments.

In process April 1, 2013

Recommendation 4. We recommend the Under Secretary for Health implement procedures to verify the accuracy of beneficiary addresses at the time of request for beneficiary travel.

VHA Comments: Concur

On a quarterly basis, VHA verifies the accuracy of beneficiary addresses using a National Cleansing of Address (NCOA) verification and cleansing tool within the Enrollment System and shares the updated address information with VistA at sites of record.

Completed

VHA will identify and implement additional analytical tools to identify beneficiary accounts with “address changing” behavior and flag accounts for further review.

In process March 31, 2013

Veterans Health Administration
January 2013

Appendix F Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Timothy J. Crowe, Director Jessica Blake Melissa Colyn Debbie Crawford Matt Hammond Kristopher Kasey Johnny McCray Anne Mullett Bryan Shaw Craig Ward
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Appendix G Report Distribution

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