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Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Unauthorized Community Care Dental Procedures Risked Improper Payments

Audit

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Executive Summary

VA offers dental care to a wide range of eligible veterans, including those who have service-connected dental conditions or disabilities, have service-connected medical conditions that are aggravated by dental conditions, have been recently discharged, or are experiencing homelessness.¹ Veterans eligible to receive dental care through VA may receive such care in the community when certain criteria are met, such as they do not live near a Veterans Health Administration (VHA) facility, they are expected to experience lengthy wait times for an appointment at a VHA facility, or community care is in their best medical interest.²

In fiscal year (FY) 2022, about 607,000 veterans received VA dental care, and 186,500 received non-VA dental care in the community. VA expects to see a rise in the number of veterans seeking dental care as the number of post-9/11-era veterans increases and the veteran population ages. VA also anticipates the upward trend in dental care costs to continue. Between FY 2018 and FY 2022, VA and community dental care costs have increased 65 percent and 173 percent, respectively.

There are two routes for dental care to be provided in the community. One route is through a provider network administered by a third party with a community care network contract with VA, and the other route is through a veteran care agreement.³ VA is required to pay for dental care in the community through either route only when VA dentists provide authorization for the specific dental procedures to be performed, which should be listed on veterans' community care referrals. At the time of the audit, community dentists had to obtain authorizations for all added procedures that were major changes to a veteran's treatment plan, but some minor procedures that were deemed necessary could be added to the plan and performed without prior authorization to reduce delays.⁴ However, all minor changes to a veteran's treatment plan had to be authorized when the total cost of the veteran's minor changes exceeded \$1,000 during a

¹ Dental care eligibility is determined based on existing laws and regulations. 38 U.S.C. §§ 1710(c), 1712, and 2062; 38 C.F.R. §§ 17.160–17.166; Veterans Health Administration (VHA) Handbook 1130.01(1), *Veterans Health Administration Dental Program*, amend. March 30, 2020. See appendix A for a list of dental eligibility classifications for veterans.

² John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act of 2018, Pub. L. No. 115-182, § 1703(n), 132 Stat. 1393.

³ Veteran care agreements allow non-VA dentists who are not part of the community care network to provide dental services to veterans. These are intended to be used when community care network contracted services are not provided or are not sufficient to ensure veterans can get the care they need.

⁴ Minor services are incidental procedures or work, such as additional x-rays or the administration of numbing medication, that do not change the scope of work established in the veteran's treatment plan.

rolling 12-month period.⁵ Once the community dentists complete the procedures, they submit claims for payment. The community dentists submit the claims to third-party administrators if the procedures are provided through community care network contracts or to VHA's Office of Finance if they are provided through veteran care agreements.

Given the high number of veterans seeking dental care in the community, the growth in dental care costs, and the requirement for VA to authorize the dental care veterans receive in the community, the VA Office of Inspector General (OIG) conducted this audit to determine the extent to which VHA may be paying for unauthorized community care dental procedures.

What the Audit Found

The audit team estimated that, between FY 2022 and FY 2025, VA will make a total of \$325.5 million in improper payments for 847,800 unauthorized dental procedures performed by community dentists. This includes \$139.1 million that the OIG estimated has already been paid in FY 2022 and FY 2023 and another \$186.4 million that VA will pay in FY 2024 and FY 2025 if it does not reduce payments for unauthorized procedures.⁶

The unauthorized dental procedures fell within three categories: major changes to veterans' treatment plans, minor changes to treatment plans that exceeded VHA's maximum allowed amount during a rolling 12-month period, and referrals that did not specify the authorized dental procedure codes as required. Further details on these categories and their estimated improper payments follow:

- VA would pay an estimated \$134.8 million for 289,400 unauthorized dental procedures that constituted major changes to the treatment plans of over 137,300 veterans.⁷ Moreover, 120,600 of the major changes to the treatment plans of 52,900 of these veterans would likely not have been approved if the community dentists had sought required VA authorizations. Specifically, the VHA facility dental chiefs the audit team

⁵ Office of Integrated Veteran Care (IVC), "Specialty Programs, Dental," chap. 8 in *Community Care Field Guidebook*, updated April 7, 2023. As of October 12, 2023, the name had changed to *IVC Field Guidebook*. The rolling 12-month period starts the date the veteran first receives dental care services in the community, and the period restarts every year thereafter on the anniversary.

⁶ The improper payments estimate spans FY 2022 through FY 2025 and is based on the audit team's review of a sample of FY 2022 community care network and veteran care agreement claims. The estimate primarily applies to community care claims since veteran care agreement claims constituted less than 22 percent of the audit team's sample. The improper payment estimate factors in the expected growth in the number of veterans seeking VA dental care and the related costs from FY 2022 through FY 2025 when the current community care network contracts are expected to end. See appendixes B and C for the audit team's scope and methodology and statistical sampling methodology.

⁷ Major changes are the addition of procedures that exceed the scope of care approved in the veteran's treatment plan. These changes require an authorization, regardless of the cost.

consulted indicated these procedures were unnecessary or not in the best interest of the patient.

- VA would make estimated improper payments of about \$54.5 million for 63,200 veterans where the estimated 267,500 unauthorized minor community dental procedures exceeded the veterans' rolling 12-month \$1,000 threshold.⁸
- VA would improperly pay an estimated \$136.2 million for claims where the VA dentists did not identify the specific authorized dental procedures on the referrals.⁹

The Office of Integrated Veteran Care (IVC) notified the audit team that in August 2023, which was after the audit's review period, it updated its guidance for minor procedures, removing the \$1,000 rolling threshold requirement. After this date, all changes will require authorization before the procedures can occur. The audit team noted that the resulting increase in the number of minor changes requiring authorization could cause the estimated improper payments to approach \$400 million by the end of FY 2025.¹⁰

Addressing these improper payments requires changes in VHA's prepayment claims adjudication processes. At the time of the audit, the third-party administrators received and adjudicated the community care claims on VA's behalf, paid the providers directly, and submitted the invoices for reimbursement to IVC. VHA's Office of Finance received the claims from the dentists in the community and then paid them based on the veteran care agreements.

For community care network invoices, the contracted third-party administrators' adjudication process did not identify unauthorized procedures because community care network contract language contradicts VHA referral guidance for community dental claims.¹¹ Thus, they only reviewed claims to ensure the procedure codes were within the approved Standardized Episodes of Care (SEOCs).¹² The Office of Finance's system, which auto-adjudicated the veteran care agreement claims, had even fewer controls than the third-party administrators because it did not ensure the SEOCs on the claims matched those on the approved referrals before it paid claims.

⁸ 38 U.S.C. § 1712(3); IVC, "Specialty Programs, Dental."

⁹ See appendix D for more information about the questioned costs.

¹⁰ The audit team forecasted VA could make as much as \$399.2 million in improper payments for 1,199,900 dental procedures during the period FY 2022 through FY 2025 if the \$1,000 threshold did not apply. This analysis was based on projecting the cost of all minor changes—even those below the \$1,000 threshold—that were not preauthorized.

¹¹ Contract between VA and Optum Public Sector Solutions, Inc., Region 1, Region 2, Region 3, and VA Office of Procurement, Acquisition and Logistics, "Contracting Office Direction – Relaxed Standardized Episodes of Care Claim Processing Logic (Community Care Network Regions 1-3)," letter, March 31, 2020; Contract between VA and TriWest Healthcare Alliance, Region 4, Region 5, and VA Office of Procurement, Acquisition and Logistics, "Contracting Office Direction – SEOC Claim Processing Logic," letter, March 4, 2020.

¹² VA uses SEOCs to bundle related services together on medical referrals so that one episode of care does not require multiple authorizations. However, VHA guidance and policy specifically require dental referrals to include both the SEOC and the authorized procedure codes.

As a result, VA's contracted third-party administrators' adjudication process for community care network invoices and the Office of Finance's adjudication system for veteran care agreement claims did not ensure dental procedure codes on invoices and claims matched those approved on the referrals as part of their prepayment processes, even though VHA's guidance and referral language required such a match.¹³ Similarly, the audit team found that neither the third-party administrator's nor the Office of Finance's prepayment adjudication processes identified minor procedures that exceeded the \$1,000 threshold during a rolling 12-month period and verified they were properly authorized before claims were paid.¹⁴

VA dentists did not always include required procedure codes on referrals. The audit team found some VA dentists did not include these codes because they considered it too time-consuming, or they incorrectly believed that only the SEOC was needed. When specific procedure codes are not included in referrals, community dentists can perform and bill VA for any procedures that fall under the authorized SEOC. Controls to detect unauthorized dental procedures before payment could deter community dentists from initiating or encouraging veterans to have unauthorized procedures and limit veterans' risks and VA's liability for questionable dental treatments.

IVC initiates postpayment review processes after the third-party administrators adjudicate claims and submit the invoices to VA for payment. IVC's processes are designed to identify irregularities and include all community care claims, not just dental ones. Therefore, dental claims may not always fall within samples of invoices reviewed during these processes. Further, these processes are not intended to routinely identify unauthorized procedures on dental claims before they are paid. VHA's Office of Finance annual postpayment audits, required by the Payment Integrity Information Act of 2019, review community care claims to ensure procedures are authorized.¹⁵ These audits have identified improper payments for unauthorized dental services, similar to those the audit team identified. However, the results of the OIG audit indicate these postpayment audits have not remediated the issue of improper payments for community care dental services.

The Office of Dentistry also recommends that medical facilities' Dental Service chiefs conduct postpayment claim reviews to identify unauthorized procedures, but these reviews are not

¹³ IVC, "Specialty Programs, Dental"; VHA Community Care, *Standardized Episode of Care, Dental Definitive Phase*, ver. 1.15.6, amend. April 18, 2022.

¹⁴ IVC also did not include the requirement to track and identify payments for unauthorized minor procedures exceeding the rolling threshold in its contracts with third-party administrators and stated it was the Dental Service's responsibility at individual medical facilities to monitor this requirement. However, the Office of Dentistry rebutted this assertion because its dentists are not aware of the cost of the procedures and cannot track minor changes. This report discusses the failure of VHA's prepayment adjudication processes to implement the \$1,000 threshold requirement that was in place during the audit's review period. However, IVC removed this threshold in August 2023, and all major and minor dental treatment plan changes, regardless of the dollar amount, now require preauthorization before the work is performed.

¹⁵ Payment Integrity Information Act of 2019, Pub. L. No. 116-117, 134 Stat. 113 (2020).

monitored. The audit team received survey results from 141 medical facility dental chiefs, and some reported they were unaware of this process, did not have time to do it, did not have access to payment information, or believed postpayment reviews were not the Dental Service's responsibility.

Strengthened prepayment adjudication and postpayment review processes, as well as improvements in the preauthorization of additional work and inclusion of required procedure codes on referrals will help VA effectively use community care funds; protect veterans' interests; and prevent fraud, waste, and abuse.

What the OIG Recommended

The OIG made five recommendations to the under secretary for health:

1. Ensure all community dentists who provide dental care to veteran patients are notified and periodically reminded of the preauthorization requirements for any changes to treatment plans.
2. Conduct expanded postpayment reviews to identify and recover payments for unauthorized dental procedures.
3. Monitor VA dentists to make sure they include required dental procedure codes, not only general descriptions or Standardized Episodes of Care, on referrals to identify the procedures community dentists are authorized to perform.
4. Review the current contract language and determine if there is a need to clarify the third-party administrators' claims adjudication responsibilities in its contracts to include the identification of unauthorized dental procedures and adjudication of possible denials of payment or implement controls within VA that will perform this adjudication function for dental claims.
5. Enable the Office of Finance's automated payment system to deny payment for community dental services if the procedure codes on the dental claims do not fall within the Standardized Episodes of Care on the referral.

VA Comments and OIG Response

The under secretary for health concurred with recommendations 1–4, concurred in principle with recommendation 5, and submitted responsive action plans for all five recommendations.

In response to recommendations 1 and 2, IVC will establish new processes for sharing information with community providers, as well as for postpayment reviews for dental procedures performed under both veteran care agreements and the community care network. Regarding recommendation 3, IVC will monitor VA dentists and ensure they include in their referrals the required dental procedures that community dentists are authorized to perform. For

recommendation 4, IVC will review existing contract language to determine if clarification is needed to ensure the third-party administrator's claim adjudication responsibilities are clear, to include the identification of unauthorized dental procedures. The proposed action for recommendation 5 involves the Office of Finance reviewing the feasibility of enhancing the automated payment system to validate if submitted dental procedure claims align with the authorized SEOCs.

The OIG will monitor the implementation of the recommendations until all stated actions are documented as completed. Appendix E provides the full text of the under secretary's comments.



LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

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Abbreviations

eCAMS	Electronic Claims Adjudication Management System
FY	fiscal year
IVC	Office of Integrated Veteran Care
OIG	Office of Inspector General
SEOC	Standardized Episodes of Care
VHA	Veterans Health Administration



Introduction

VA, through the nationwide integrated network of healthcare facilities overseen by its Veterans Health Administration (VHA), offers dental care to eligible veterans, such as those who have a service-connected dental condition or disabilities, have a service-connected medical condition that is aggravated by dental conditions, have been recently discharged, or are experiencing homelessness.¹⁶

In 2022, about 607,000 veterans received VA dental care, including 186,500 veterans who received some dental services in the community under the John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act of 2018.¹⁷ VA expects the number of eligible veterans seeking dental care to continue to grow as the number of post-9/11-era veterans increases and the veteran population ages.

Accordingly, VA has experienced and anticipates continued increases in dental care costs. As shown in figure 1, VA's total fiscal year (FY) 2022 dental care costs have increased almost \$770.9 million or 65 percent since FY 2018. At the same time, costs for community dental care have grown 173 percent from about \$237 million at the inception of the MISSION Act in FY 2018 to approximately \$647.7 million in FY 2022.¹⁸ By FY 2025, VA expects dental care costs to reach about \$2.7 billion and estimates that 43 percent of this amount, or about \$1.2 billion, will be for community dental services.¹⁹

¹⁶ Dental care eligibility is provided in accordance with existing laws and VA regulations; 38 U.S.C. §§ 1710(c); 1712, and 2062; 38 C.F.R. §§ 17.160 - 17.166; VHA Handbook 1130.01(1), *Veterans Health Administration Dental Program*, amend. March 10, 2020. The scope of care is determined by the patient's dental classification. Veterans are assigned to dental classes I to VI based on their eligibility, which is established using factors such as their service-connected disability ratings and homelessness or discharge statuses. See appendix A for a list of dental eligibility classifications for veterans.

¹⁷ John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act of 2018, Pub. L. No. 115-182, 132 Stat. 1393.

¹⁸ VA's Office of Budget, Volume II Medical Programs and Information Technology Programs, Congressional Submission, FY 2020 Funding and FY 2021 Advance Appropriations (March 2019), <https://www.va.gov/budget/products.asp>. FY 2022 data were extracted from the HealthShare Referral Manager application under the Community Care Referral and Authorization system, and VA's Financial Management System.

¹⁹ VA's Office of Budget FY 2024 Budget Submission, Medical Programs, Volume 2 of 5 (March 2023), <https://www.va.gov/budget/products.asp>.

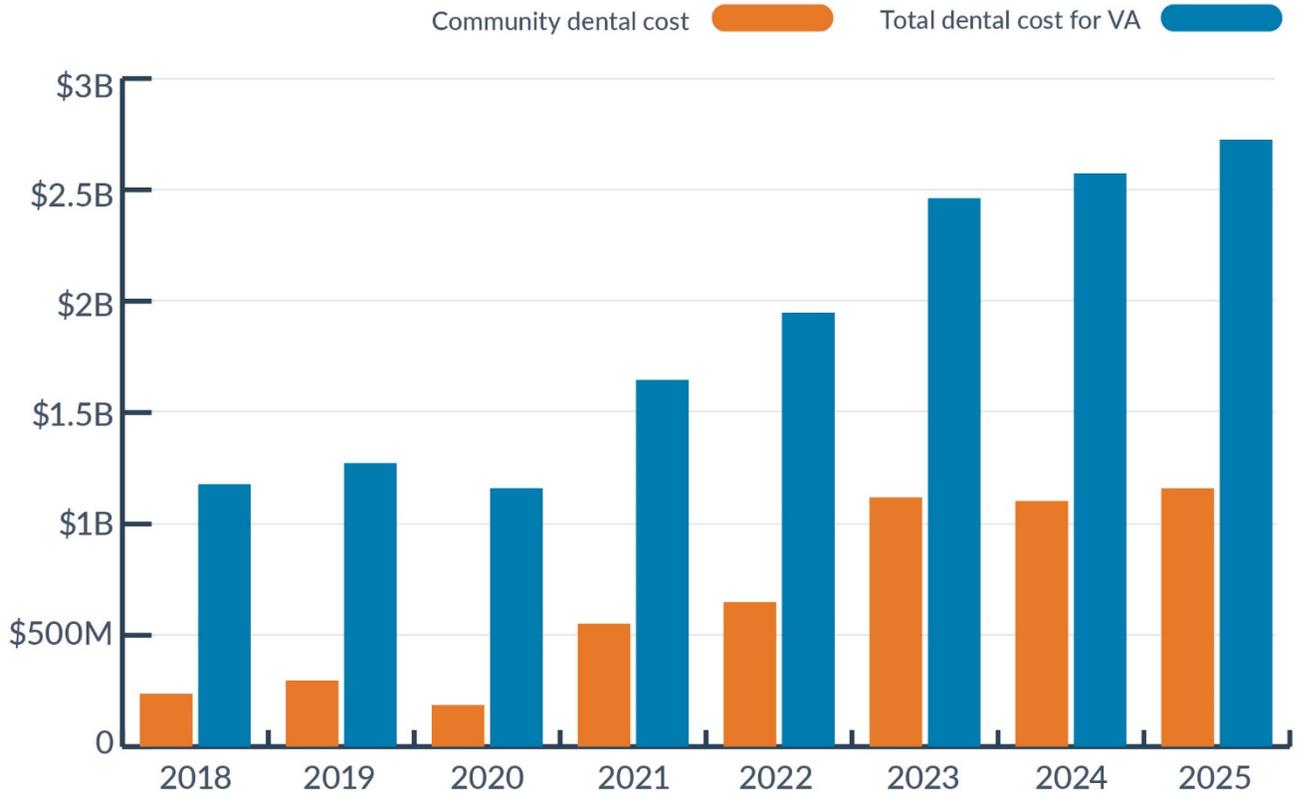


Figure 1. Total costs for VA and community dental care.

Source: VA OIG analysis of information from VA’s Office of Budget Submission for FY 2018 through FY 2025. For FY 2022, information was extracted from the Community Care Referral and Authorization system and VA’s Financial Management System.

Note: FY 2020 community dental costs decreased due to the COVID-19 pandemic. Costs for FY 2023 to FY 2025 are based on VA’s estimates that costs will continue to grow as veteran eligibility increases at about 8.5 percent annually.

Given the high number of veterans seeking non-VA dental care and its increasing associated costs, the VA Office of Inspector General (OIG) conducted this audit to determine the extent to which VHA may be paying for unauthorized community dental procedures.

Community Dental Care Changes since MISSION Act Passage

Prior to the 2018 passage of the MISSION Act, VA facility dentists, when referring patients to community dental care, would document authorized dental procedure codes in veterans’ medical records, and facility staff would create and send referrals with these authorized dental procedures to community dentists. The community dentists completed the authorized procedures and then billed VA. Facility staff then reviewed the dental procedure codes on the bill to ensure that the billed procedures matched those that VA authorized. Facility staff sent any bills that did not match to the dental chief at their facility for review. The dental chief would then assess whether

the procedures performed were necessary and in the best interest of the patient and then approve or deny the payment accordingly.

Following the passage of the MISSION Act, VA awarded contracts to third-party administrators to establish community care networks to provide veterans with more choices and accessibility to care outside of VA. Non-VA dentists in the network provide dental services for veterans who do not live near a VHA facility, who are expected to experience lengthy wait times for an appointment at a VHA facility, or for whom community care is in their best medical interest.²⁰

There are two routes for dental care to be provided in the community. The first route is through the community care network, which consists of five regional networks covering all US states and territories (figure 2). VA contracted with third-party administrators, Optum Public Sector Solutions (Optum) and TriWest Healthcare Alliance (TriWest), to provide non-VA dental services through their networks starting in June 2019.

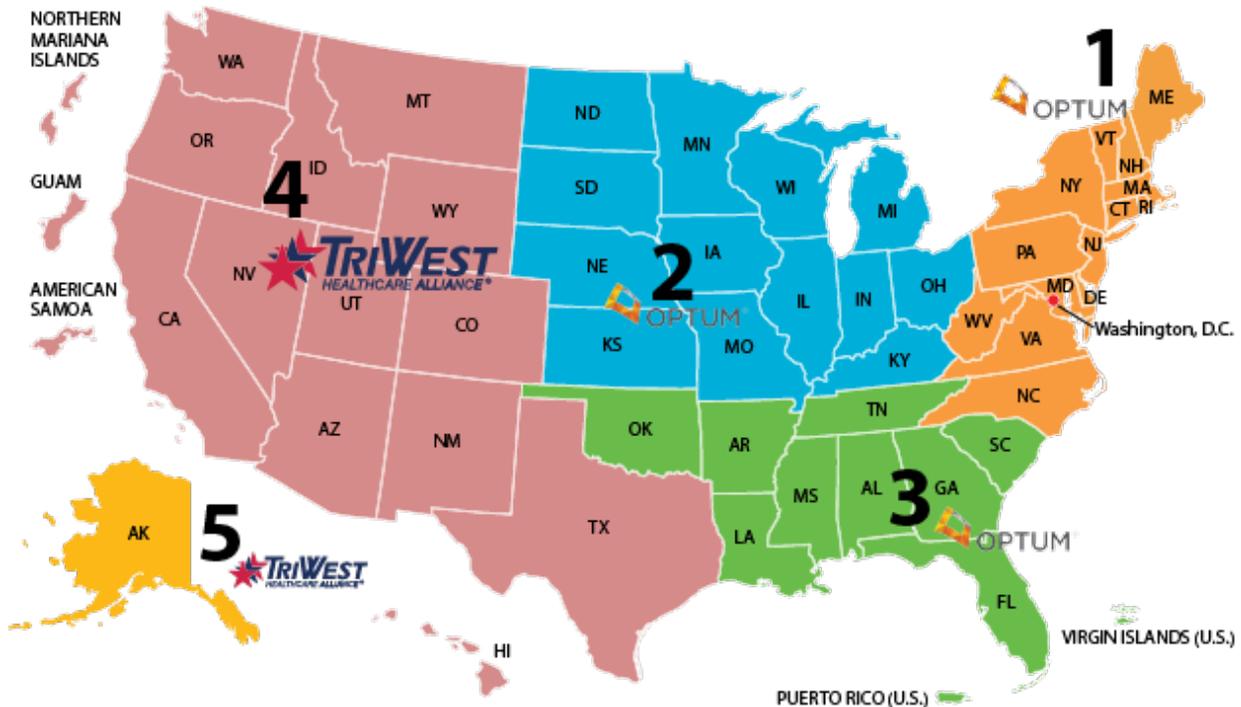


Figure 2. Five regional networks that comprise VA’s community care network.

Source: VA.gov.

Another route to provide care in the community is through veteran care agreements. Veteran care agreements allow non-VA dentists who are not part of the community care network to provide dental services to veterans. These are intended to be used when community care network contracted services are not provided or are not sufficient to ensure veterans can receive the care they need.

²⁰ MISSION Act § 1703.

VA centralized its payment authorization process to enable more timely claims processing in anticipation of the increased volume of care in the community. Thus, medical facility dental staff are no longer involved in or responsible for the payment authorization process for dental services provided in the community.

Process for Community Care Dental Claims

After the creation of the community care network contracts in 2018, VA started using Standardized Episodes of Care (SEOCs) to bundle related services together to reduce the administrative burden of requiring multiple authorizations for one episode of care. In October 2020, the Office of Community Care and Office of Dentistry categorized the SEOCs into a phased approach to dental care and included four categories—acute, disease control, definitive, and maintenance.²¹ At the time of this audit, there were 11 dental SEOCs, each outlining an authorized set of procedure codes for the approved phase of care. In addition to the SEOC, VA dentists are required to include the specific procedure codes related to that SEOC in referrals for community dental care.²²

VA is required to pay for only community care dental services that have been authorized by its dentists. Community care referrals need to include the veterans' treatment plans, the approved SEOCs, and the specific authorized dental procedures.²³ The referrals notify community dentists that they must obtain authorizations to perform any procedures not included in the referral. If additional procedures are needed, a VA dentist must authorize these procedures in order for VA to pay. VHA's HealthShare Referral Manager system is used to manage community care network referrals and authorizations.

Community dentists may perform additional procedures without a prior authorization under certain conditions. During the audit, minor changes, which are incidental procedures or work, such as additional x-rays or the administration of numbing medication, could be performed without an authorization if the procedures did not change the scope of work established in the veteran's treatment plan or exceed the veteran's rolling 12-month \$1,000 threshold for minor changes.²⁴ According to Office of Dentistry and VHA Office of Finance officials, community dentists were not generally required to obtain authorizations for minor changes to veterans' treatment plans because VA did not want to delay the veteran's care. However, the Office of Integrated Veteran Care (IVC) guidance also stated, "In any rolling calendar year, the VA may

²¹ In April 2022, the Office of Community Care was realigned into the Office of Integrated Veteran Care.

²² IVC, "Specialty Programs, Dental," chap. 8 in *Community Care Field Guidebook*, updated April 7, 2023. As of October 12, 2023, the name had changed to *IVC Field Guidebook*.

²³ VHA Community Care, *Standardized Episode of Care, Dental Definitive Phase*, ver. 1.15.6, amend. April 18, 2022; IVC, "Specialty Programs, Dental."

²⁴ In August 2023, IVC clarified that all changes, major or minor, must have prior authorization before being performed regardless of whether they did or did not exceed the \$1,000 threshold.

not pay more than \$1000.00, total, for care that was not approved prior to treatment.”²⁵ As a result, once a veteran received \$1,000 in minor changes to their treatment plan during their 12-month rolling period, any additional minor change required an authorization.

Major changes—the addition of procedures that exceed the scope of care approved in the veteran’s treatment plan—always require an authorization regardless of the cost. For example, a veteran’s treatment plan may authorize only a teeth cleaning, but the community dentist may find at the time of the visit that the veteran also needs a root canal. The community dentist would need to request authorization to proceed with the root canal, even if the procedure costs less than \$1,000, because it is a major change from the scope of work established in the veteran’s treatment plan and referral.

To obtain authorizations for additional procedures, community dentists must send a “Request for Service” form or the American Dental Association dental claim form with supporting medical documentation to the appropriate facility’s community care office. Facilities must process these forms within three days of receipt, and if it is an urgent request, community dentists should call the facility community care office directly in addition to submitting a completed form to expedite the process. The referring VA dentist or Dental Service designee needs to review the request and the veteran’s medical records for any work that exceeds the approved scope of care and to confirm reasonable necessity and appropriateness of the additional procedures. This review does not require the veteran to be present. If the VA dentist authorizes the additional work, a new referral is created, and the community dentist will receive a letter authorizing the additional work.

Once the added procedures are completed, the community dentists submit claims for payment to either the third-party administrators if the procedures were provided through community care network contracts or VHA’s Office of Finance if they were provided through veteran care agreements.

VA’s contracts require the third-party administrators to review and adjudicate all community care network claims and then send an invoice to IVC for payment reimbursement. In particular, the contracts required that third-party administrators’ claims processors review the accuracy of community care network dental claims and reject improper claims. Furthermore, the third-party

²⁵ VHA Community Care, *Standardized Episode of Care, Dental Definitive Phase*, states that minor changes for an earlier VA approved treatment plan could be performed without pre-authorization. However, the cost difference of the change could not exceed \$1,000 for the entire treatment plan. IVC, “Specialty Programs, Dental.” A rolling 12-month period starts on the date of a veteran’s first community dental service and extends 12 consecutive months thereafter. Because a rolling 12 months is not a set time frame, for the purposes of this audit, the team, in collaboration with the Office of Dentistry and IVC, defined a rolling 12 months as the date of a veteran’s most recent claim in the team’s sample during FY 2022 going back 12 months.

administrators should bill IVC only for authorized dental procedures.²⁶ Once claims have been adjudicated by the third-party administrators, the Community Care Reimbursement System receives the invoices for reimbursement. The Community Care Reimbursement System applies business rules to ensure the invoices include valid referral numbers, do not appear to be duplicates, and do not contain obvious errors (such as missing dates of service, names, or addresses) before the system reimburses the third-party administrators.

Community dentists working under veteran care agreements submit their claims directly to the Office of Finance, and these claims are processed through the Electronic Claims Adjudication Management System (eCAMS), an automated adjudication system. The system will flag claims for manual review before they are paid if the total claim amount exceeds \$1,000 for initial evaluations or if they have invalid procedure codes, erroneous diagnostic codes, or other obvious errors. Figure 3 depicts a flowchart of the community dental preauthorization and claims process prior to the updated guidance in August 2023 that required authorization before payment for all procedure changes, regardless of whether they were major or minor, and removed the rolling 12-month threshold for minor changes.

²⁶ Contract between VA and Optum Public Sector Solutions, Inc., Region 1, Region 2, Region 3, and VA Office of Procurement, Acquisition and Logistics, “Contracting Office Direction – Relaxed Standardized Episodes of Care Claim Processing Logic (Community Care Network Regions 1-3),” letter, March 31, 2020; Contract between VA and TriWest Healthcare Alliance, Region 4, Region 5, and VA Office of Procurement, Acquisition and Logistics, “Contracting Office Direction – SEOC Claim Processing Logic,” letter, March 4, 2020.

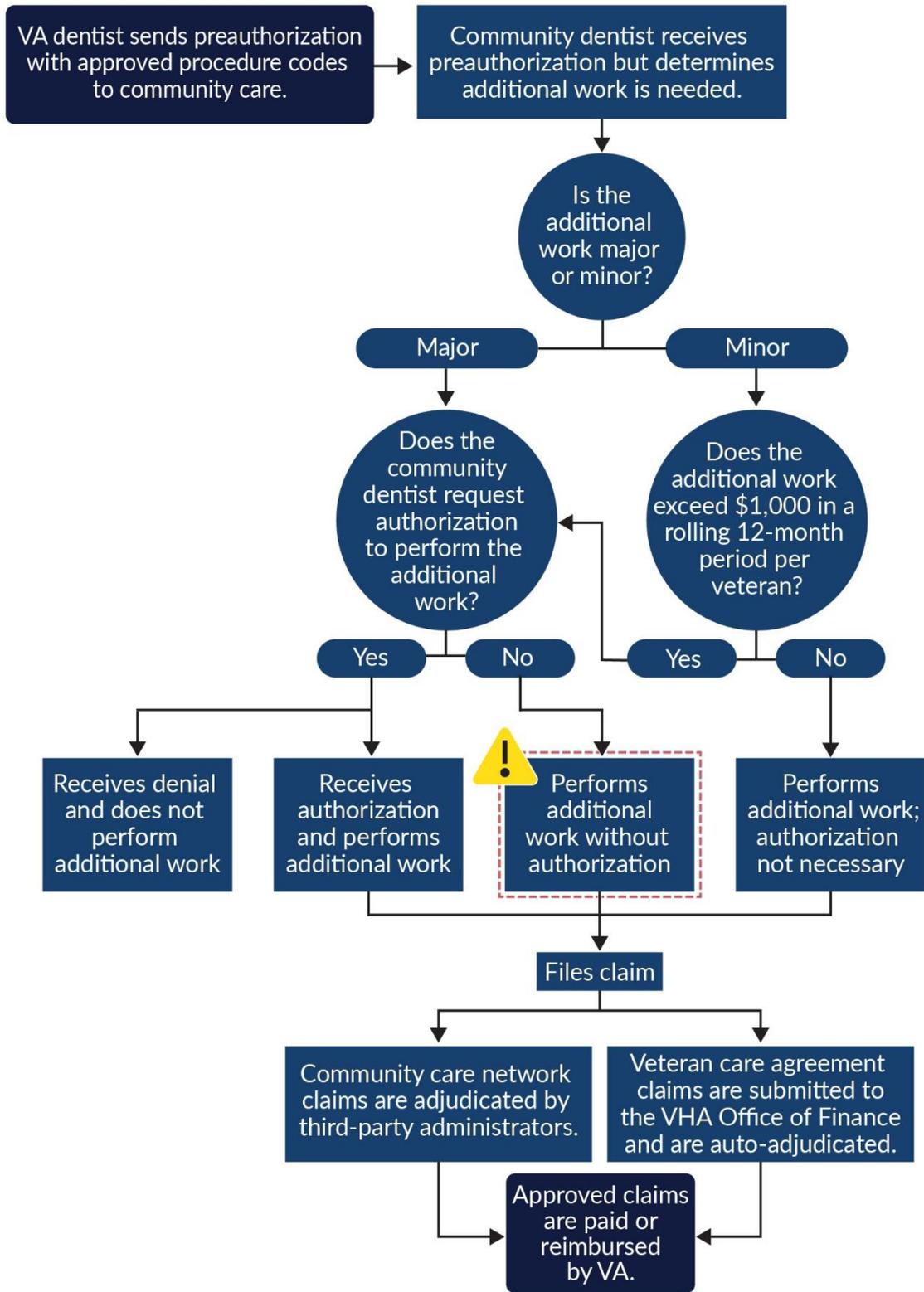


Figure 3. Process for preauthorization and payment for community dental claims prior to August 2023.
 Source: VA OIG analysis.

After community dental care claims are paid, VA can identify payments made for unauthorized dental procedures through several types of postpayment reviews. The first type of review consists of IVC identifying payment issues in community care invoices, including community care dental invoices. The second type is through VHA's Office of Finance, which conducts annual postpayment audits by sampling both community care network and veteran care agreement claims as required by the Payment Integrity Information Act and checks to ensure procedure codes are authorized.²⁷ The last type of postpayment review is medical facilities' Dental Service chiefs conducting recommended postpayment claim reviews to identify unauthorized procedures, but this process is less likely to occur because medical facilities are not involved in the postpayment process and do not routinely receive dental claims.

²⁷ Payment Integrity Information Act of 2019, Pub. L. No. 116-117, 134 Stat. 113 (2020).

Results and Recommendations

Finding: VHA Paid for Unauthorized Community Dental Care Procedures

The OIG determined that VHA paid for community dental care procedures that were not authorized by VA dentists. The audit team estimated that VA made \$139.1 million in improper payments combined for FY 2022 and FY 2023 and will make an estimated \$186.4 million combined for FY 2024 and FY 2025, totaling \$325.5 million in improper payments for about 847,800 unauthorized dental procedures.²⁸ The improper payments include unauthorized major and minor changes to treatment plans, as well as for dental services that did not have the required procedure codes on the referrals.

The OIG's estimate of 847,800 unauthorized dental procedures from FY 2022 through FY 2025 includes the following:

- 289,400 procedures totaling \$134.8 million for 137,300 veterans who did not have an authorization for a major change to the approved scope of work
- 267,500 minor procedures totaling almost \$54.5 million for 63,200 veterans who had already reached the \$1,000 threshold for unauthorized minor changes within a rolling 12-month period²⁹
- 290,900 procedures totaling \$136.2 million for 168,600 veterans for which VA dentists had not included the required procedure codes in their referrals³⁰

²⁸ An improper payment is any payment that should not have been made, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement. Payment Integrity Information Act of 2019; OMB Memo M-21-19, "Transmittal of Appendix C to OMB Circular A-123 Requirements for Payment Integrity Improvement," March 5, 2021. All the estimated improper payments were questioned costs and did not include any unsupported costs. Per 5 U.S.C. Ch. 4: Inspectors General, a questioned cost is a cost which is questioned because of an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds. The improper payment estimate spans FYs 2022 to 2025 and is based on the audit team's review of a sample of FY 2022 community care network and veteran care agreement claims. The estimate primarily applies to community care claims processed through third-party administrators since veteran care claims constituted less than 22 percent of the audit team's sample. The improper payment estimate factors in the expected growth in the number of veterans seeking VA dental care and the related costs from FY 2022 through FY 2025 because the current community care network contracts are expected to be in effect at the end of FY 2025. See appendixes B and C for the audit team's scope and methodology and statistical sampling methodology and appendix D for more information about the questioned costs.

²⁹ IVC did not establish any method to determine when veterans exceeded the \$1,000 minor change threshold and, thus, could not determine when procedures that were minor changes required preauthorization.

³⁰ 38 U.S.C. § 1712. This practice allowed the community dentists to perform and bill VA for any procedures included in that SEOC or general type of service, even if the procedure was unnecessary.

While most of these 847,800 unauthorized dental procedures likely would have been approved if the community dentists had submitted the proper requests, the audit team estimated that 120,600 procedures (14 percent) belonging to 52,900 veterans likely would not have been approved due to the procedures being unnecessary or not in the best medical interest of the patients. Moreover, the audit team noted that IVC removed the \$1,000 threshold requirement for the authorization of minor changes in August 2023 after the audit’s review period. This meant that all minor changes, regardless of their dollar amount, now had to be authorized before the work was performed.³¹ The audit team’s \$325.5 million improper payment estimate for FY 2022 through FY 2025 appears conservative given the removal of this threshold in August 2023 and the resulting increase in the number of minor changes requiring preapproval. Thus, the audit team anticipates improper payments could approach \$400 million if VA does not strengthen the preauthorization controls for dental treatment plan changes before the work is performed.³²

In order to address these improper payments, a change is needed in VHA’s prepayment claims adjudication process. The current process is to have third-party administrators adjudicate the community care claims before they are paid, and then IVC reimburses the third-party administrators. For veteran care agreements, VHA’s Office of Finance receives the claims and pays them through the automated adjudication payment system. However, community care claims review and adjudication processes did not always identify unauthorized dental procedures in part because the third-party administrators and the automated adjudication systems do not check to ensure the dental procedure codes on the claim from community providers match those codes approved by VA on the referral before paying the claims.

A more effective preauthorization process, in addition to reducing improper payments, may also help prevent unnecessary procedures or dental work that does not advance veterans’ oral health and can lead to future dental problems. The audit team concluded that IVC and the Office of Finance need stronger claims adjudication controls to reduce improper payments, ensure compliance with applicable laws, promote the effective use of community care funds, and protect veterans’ and VA’s interests when dental services are provided in the community.

Further, IVC’s existing postpayment review processes are not designed to detect the types of unauthorized dental procedures the audit team identified. This is because IVC’s postpayment reviews sample all paid claims, may not include any dental claims, and focus on identifying

³¹ VHA Office of Assistant Under Secretary for Health IVC Communications, email message to VHA staff, August 17, 2023. After receiving an Office of General Counsel opinion, the \$1,000 threshold requirement for minor procedures was removed.

³² The audit team forecasted VA could make as much as \$399.2 million in improper payments for 1,199,900 dental procedures during the period FY 2022 through FY 2025 if the \$1,000 threshold did not apply. This analysis was based on projecting the cost of all minor changes—even those below the \$1,000 threshold—that were not preauthorized.

irregularities in the claims. Finally, while VHA annual audits conducted under the Payment Integrity Information Act of 2019 have identified improper payments for specific unauthorized dental claims, the results of the OIG audit show these annual audits have not remediated payments made for unauthorized dental procedures.³³

The audit team made the following determinations from its review of the related improper payments:

- VA needs to ensure community dentists obtain authorizations for major changes in dental treatments.
- IVC has not implemented controls to ensure approval for minor changes that cost more than \$1,000.
- VA dentists did not always include required procedure codes on referrals.
- Community claims review and adjudication processes did not always identify unauthorized dental procedures.
- Strengthened centralized postpayment review processes would reduce improper payments.
- Medical facility Dental Service postpayment reviews may not be the most effective use of clinicians' time.

What the OIG Did

For FY 2022, community dental claims totaled \$647.7 million, including \$509.6 million and \$138.1 million to non-VA dentists in the community care network and under veteran care agreements, respectively. The audit team sampled 365 community dental claims in FY 2022 for dental services provided to 105 veterans. These claims contained approximately 1,100 dental procedures totaling about \$482,000. For each of the sampled veterans' claims, the team reviewed the veterans' dental referrals in the HealthShare Referral Manager system and patient medical records stored in VA's Joint Longitudinal View system to identify unauthorized dental procedures.

To identify improper payments, the team requested medical facility dental chiefs' assistance in assessing the unauthorized dental procedures. The dental chiefs assessed whether the procedures would have been approved if the community dentists had submitted them for authorization. Furthermore, the dental chiefs determined if the procedures were a major or minor change to the scope of the original authorized treatment plan.

³³ Payment Integrity Information Act of 2019.

The team interviewed program office officials and staff from VA's IVC and the Office of Finance, as well as officials from VHA's Office of Dentistry and third-party administrators. The team also conducted a survey of all 144 medical facility dental chiefs who referred veterans to the community for dental care to understand the referral process, ascertain their views on the process, and determine if postpayment reviews occur at the medical facility level.³⁴ The survey yielded responses from 141 dental chiefs and acting dental chiefs (98 percent).

VA Needs to Ensure Major Changes in Dental Treatments Are Authorized

Community dentists did not obtain required VA authorizations for procedures that exceeded the scope of work in veterans' approved treatment plans.³⁵ As noted above, the audit team reviewed 365 community dental claims to identify unauthorized procedures and then had medical facility dental chiefs review each instance of an unauthorized procedure to assess whether the procedure would have been approved if it had been submitted for approval. Based on the team's review results, VHA will pay an estimated \$134.8 million for approximately 289,400 procedures for major changes to 137,300 veterans' treatment plans from FY 2022 through FY 2025. The team estimated that about 120,600 of these procedures for 52,900 veterans would likely not be approved if the community dentists sought authorization of the dental work due to the work being unnecessary or not in the best interest of the patient.

Community dental referrals state the following:

Refer only to the consult order (referral) as it will state the approved dental procedures in the referral. You shall not perform any other care without authorization and shall not bill the Veteran for any additional care. If any changes in the plan are needed, you will need to send the changes back to the VA for approval.

For any additional procedures that are major changes to the veteran's treatment plan, the community dentist needs to submit a "Request for Service" or American Dental Association dental claim form to the community care office. If the referring VA dentist agrees with the additional procedures, a new referral must be created with the additional procedure codes.³⁶ The dental chief or designee then reviews and approves or denies the new referral.

³⁴ Of the 141 survey respondents, 133 (about 94 percent) were dental chiefs or acting dental chiefs.

³⁵ VHA Directive 1130, *Veterans Health Administration Dental Program*, March 6, 2020; Acting Deputy Under Secretary for Health for Operations and Management (10N), "Community Dental Care," memorandum to network directors, July 30, 2019; *Standardized Episodes of Care, Dental Definitive Phase*, ver. 1.15.6; IVC, "Specialty Programs, Dental."

³⁶ IVC, "Care Coordination," chap. 3 in *Community Care Field Guidebook*, updated April 2023.

Both third-party administrators are required under their contracts with IVC to notify their providers of VA's dental referral authorization process.³⁷ The contracts require all dental work to be approved either through the initial referral or an additional authorization requested before the work is performed.³⁸ Third-party administrators' manuals require providers to submit "Request for Service" forms for authorization when additional dental work is needed.³⁹ Veteran care agreements also require that the provider contact VA to request authorization for additional services.

Once authorized, the community dentist can then proceed with the additional work. Seventy percent of survey respondents believed that community dentists rarely, if ever, performed additional procedures without authorization.⁴⁰ Since VA has centralized its payment authorization process, medical facility dental staff are no longer involved in the community care payment authorization process. Thus, they do not receive dental claims and invoices for payment, and many were unaware that community dentists were performing and being paid for additional, unauthorized procedures.

During an interview, a medical facility dental chief provided the audit team with the following example, which demonstrates the risks VA faces because it does not have an adequate mechanism in place to identify unauthorized procedures before community dental claims are paid.

Example 1

In April 2022, a community dentist received a referral authorizing the removal of a veteran's remaining teeth. The veteran wanted lower implants and elected to move forward with the procedure without an authorization from VA. The dentist removed the teeth and also provided the veteran with three implants that were not authorized. Although the veteran paid for the implants on her own, the dentist also billed and was paid by VA a total of \$8,200 for the authorized extractions and the three unauthorized implants. The dentist informed VA that he reimbursed the veteran for two of the implants. The dental chief became aware of this claim when the dentist submitted an urgent request to replace one implant that failed.

³⁷ Contract between VA and Optum Public Sector Solutions Inc, Region 1, p. 88; Region 2, p. 89; Region 3, p. 91. Contract between VA and TriWest Healthcare Alliance, Region 4, p. 73; Region 5, p. 55.

³⁸ Contract between VA and Optum Public Sector Solutions Inc, Region 1, p. 145; Region 2, p. 151; Region 3, p. 149. Contract between VA and TriWest Healthcare Alliance, Region 4, p. 131; Region 5, p. 109.

³⁹ TriWest Healthcare Alliance, *VA Community Care Network (CCN) Provider Manual: A Guide for Dental Office Staff*, January 2022; Optum Public Sector Solutions, *VA CCN Dental Provider Manual*, January 2023.

⁴⁰ In the survey, "rarely" was defined as a range between 1 to 29 percent when dental chiefs were asked how often they believed additional procedures were performed without preauthorization.

The dental chief indicated that, if given the opportunity, she would have disapproved the placement of the three implants and chosen a less invasive procedure. Consequently, the dental chief approved the replacement of the failed implant and initiated recoupment of the payments for the three unauthorized implants. The audit team could not verify whether the community dentist reimbursed the veteran for two of the implants or for the third implant after VA initiated recoupment actions for the payment of all three implants.

VA dental chiefs also expressed to the audit team their concerns that community dentists have made major treatment changes and added dental procedures that were not medically necessary or appropriate. Furthermore, they stated that community dentists placed them in potentially adversarial relationships with veterans when they disagreed with the community dentists' treatment plans and denied additional procedures. For example, one dental chief inferred that instead of abiding by the authorized dental procedures on the referrals, community dentists have sometimes instructed veterans to directly express their frustrations to the dental chief to try to gain approval for the additional dental procedures.

VA needs stronger mechanisms to reinforce to community dentists that they are not to proceed with unauthorized major changes to a veteran's treatment, and if they do, that VA will not pay for these procedures. Controls to identify unauthorized dental procedures before they are paid could over time deter community dentists from encouraging unauthorized procedures and limit veterans' risks and VA's liability from questionable community dental treatments.

IVC Had Not Implemented Controls to Ensure the Approval of Minor Changes After They Exceeded \$1,000

The team found VHA would pay an estimated \$54.5 million for approximately 267,500 unauthorized minor dental procedures performed in the community for about 63,200 veterans in FY 2022 through FY 2025. After community dentists added over \$1,000 in unauthorized minor procedures to a veteran's dental treatment plans within the rolling 12-month period—the consecutive 12-month period starting on the date the veteran first received dental care services in the community and restarting every year, thereafter, on the anniversary—all additional minor changes to the veteran's treatment plans required authorization from a VA dentist.⁴¹ Despite this requirement, IVC did not establish any mechanisms to determine when the minor changes in veterans' community dental care exceeded the \$1,000 threshold and, thus, when authorizations of the minor procedures were required.

IVC officials initially asserted that it was the Dental Service's responsibility at the medical facilities to implement and monitor compliance with this threshold requirement. Subsequently, the audit team found that IVC staff responsible for reviewing invoices for community care were

⁴¹ IVC, "Specialty Programs, Dental."

unaware of the threshold requirement. Moreover, VA's contracts with the third-party administrators did not discuss this requirement even though the third-party administrators were required to adjudicate the claims before they were sent for payment to IVC.⁴² Interviews with third-party administrator officials confirmed they had no knowledge that all minor changes exceeding the \$1,000 threshold during veterans' respective rolling 12-month periods required authorization.

Office of Dentistry officials rebutted the IVC official's assertion that the Dental Service was responsible for ensuring compliance with the threshold requirement because VA dentists are not aware of the cost of the minor procedures. Thus, VA dentists cannot track the costs of veterans' minor changes and do not know when the changes exceed the \$1,000 threshold for the veterans' respective rolling 12-month periods.

Officials and staff from VHA's Office of Finance, responsible for veteran care agreement claims, were also not aware of this threshold requirement. IVC and the Office of Finance payment systems apply business rules to identify errors, such as claims or invoices that do not include valid referral or patient identification numbers. When the automated payment systems find errors, the Office of Finance refers the dental invoices and claims for a manual review. However, the Office of Finance's automated claims processing and payment system is not programmed to identify unauthorized minor procedures on claims where VA has already paid at least \$1,000 for unauthorized minor dental procedures within the veterans' respective rolling 12-month periods.

In sum, neither the contracted third-party administrators responsible for adjudicating the claims nor the Office of Finance had effective mechanisms in place to identify major or minor changes from the authorized dental treatment plans in veterans' community care referrals. Consequently, they also had no operating procedures or mechanisms in place to be able to track when veterans' minor changes neared or exceeded the \$1,000 threshold.

IVC obtained a VA Office of General Counsel opinion on the \$1,000 threshold for minor changes after the audit team provided a briefing on its findings. This was also after the audit's review period. The Office of General Counsel urged all care moving forward to be preauthorized, including small changes. Subsequently, IVC issued clarifying guidance in August 2023 stating any dental care a veteran received within a consecutive 12-month period had to have a preauthorization. The guidance in effect removed the \$1,000 threshold for minor changes and meant all minor changes regardless of the dollar amount should be authorized before the work is performed.⁴³

⁴² Referrals sent to community providers state that while there are several codes included in an SEOC, the authorization is limited to the specific set of procedures codes listed on the referral.

⁴³ VHA Office of Assistant Under Secretary for Health IVC Communications, email message to VHA staff, August 17, 2023.

VA Dentists Did Not Always Include Required Procedure Codes on Referrals

When creating a referral, the VA dentist must include the SEOC and specific procedure codes within that SEOC, so the community dentist knows what procedures have been authorized.⁴⁴ However, the team found that some referrals lacked specific procedure codes, which allowed community dentists to perform and bill VA for any procedures included in that SEOC or general type of service. If this is not corrected, VA will pay for an estimated 290,900 procedures totaling \$136.2 million for 168,600 veterans in FY 2022 through FY 2025 where VA referrals only have the SEOCs or general language. One survey respondent stated that there was a lot of confusion among community dentists and in VA's payment office as to what can be reimbursed using SEOCs. Some VA dentists only input the SEOC or general language and did not specify procedure codes when they created referrals because it was too time-consuming to review and list the applicable procedure codes or they incorrectly believed that they only needed to list the SEOC.

Community Dental Claims Review and Adjudication Processes Did Not Consistently Identify Unauthorized Dental Procedures

VHA's guidance and referral language for community dental claims state that there may be many codes under each SEOC, but the authorization is limited to only the procedure codes in the referral, and the community dentist shall not provide any other care without VA authorization. However, community dental care claims are generally paid if the claim has an authorization number, SEOC, and correct veteran information. The automated adjudication systems do not check to ensure the dental procedure codes on the claims and invoices match those approved on the referral.

Community Care Network Contracts

For community care network claims, non-VA dentists submit their claims to the third-party administrators after services are rendered, and IVC relies on the administrators to review and adjudicate these dental claims.⁴⁵ However, the third-party administrators' review processes did

⁴⁴ IVC, "Community Care Dental Standardized Episodes of Care (SEOC) Training," October 2020; IVC, "Specialty Programs, Dental."

⁴⁵ TriWest subcontracts to another dental benefits administrator to review and adjudicate community care network dental claims.

not identify the unauthorized procedures the audit team found because community care network contract language contradicts VHA referral guidance for community dental claims.⁴⁶

TriWest's contracts specifically state that they are not required to match each procedure code in the claim to the procedures on the referrals if the procedure falls within the authorized SEOC:

The Contractor is not required to do a code for code match when processing a claim. Not all services need to match the exact CPT [procedure] codes listed on the authorization, as long as the CPT [procedure] codes are medically necessary and related to the episode of care outlined in the SEOC.

Optum's contracts do not explicitly state it is not required to do a code-for-code match when it adjudicates claims; their contracts only state that

the Contractor must always use tables created by VA that outline referral (Standard Episode of Care) [*sic*] parameters (provided during implementation) and must always incorporate those tables in its claims adjudication system.

Thus, Optum claims processors only confirm the billed procedure codes are included in the listed procedures on the SEOCs. Optum officials confirmed that their contracts require them to review and adjudicate referrals only at the level of the SEOC. Example 2, identified during the audit team's interviews with dental chiefs, demonstrates how third-party administrators adjudicate claims based on established SEOC codes and how this allows community dentists to bill VA for unauthorized procedures.

Example 2

A VA dentist identified an Optum claim that included a procedure for a fixed partial denture when the referral only showed the authorization of a removable partial denture. The VA dentist determined the dental chief denied the Optum community dentist's request to provide the more costly fixed denture. Optum's adjudication process did not identify the discrepancy in the procedure codes on the claim because the codes for the removable partial denture and fixed partial denture fell under the same SEOC. Optum invoiced VA for the fixed partial denture on the claim, which VA reimbursed through its automated payment system. The dental chief initiated the recovery of \$7,000 for the fixed partial denture after he received a request from the same community dentist for new

⁴⁶ Contract between VA and Optum Public Sector Solutions, Inc., Region 1, Region 2, Region 3, and VA Office of Procurement, Acquisition and Logistics, "Contracting Office Direction – Relaxed Standardized Episodes of Care Claim Processing Logic (Community Care Network Regions 1-3)," letter, March 31, 2020; Contract between VA and TriWest Healthcare Alliance, Region 4, Region 5, and VA Office of Procurement, Acquisition and Logistics, "Contracting Office Direction – SEOC Claim Processing Logic," letter, March 4, 2020.

*dental work. The community dentist is not allowed to recoup the cost of the unauthorized fixed partial denture from the veteran.*⁴⁷

After the third-party administrators review and adjudicate claims, they submit invoices to IVC for reimbursement through the Community Care Reimbursement System, which also does not have business rules to identify unauthorized procedures that fall under the same SEOC as those on the referral.

Efforts to have IVC clarify the intent for the creation of dental SEOCs proved difficult because the original decision-makers who developed the SEOCs are no longer at VA. However, IVC responded that SEOCs allow the bundling of all the services related to one episode of care in a referral, thereby reducing the administrative burden on VA, decreasing provider pushback from the need to repeatedly obtain additional authorizations, and preventing delays in veterans' care. Consequently, the adjudication language in the IVC community care network contracts appears to be consistent with VA's intent when it developed the SEOCs after the passage of the MISSION Act. Although the use of SEOCs may reduce the administrative burden for other medical practice areas, VA requires dental referrals to explicitly identify the authorized procedures codes because the dental work generally has to be completed for a specific tooth and location.

The third-party administrators compare the SEOCs listed on the referrals with the SEOCs on the claims to determine if claims should be paid. However, VHA guidance and policy require VA dentists to include the specific procedures they are authorizing for each SEOC on referrals for community dental services. The guidance states dental processes differ from medical processes for community care and clarifies and that "the community care consult must include the specific ADA [American Dental Association] CDT [current dental terminology] code."⁴⁸ This VHA requirement ensures community dentists are aware of the dental work authorized for the veteran down to the specific teeth and procedures needed.

In short, pursuant to their contracts with VA, when processing dental claims, IVC's third-party administrators rely on SEOCs and do not do a "code-for-code" match as required by VHA guidance and policy.

Veteran Care Agreements

Veteran care agreement claims are submitted directly to VHA from community dentists and are auto-adjudicated and paid through eCAMS. Similar to the third-party administrators'

⁴⁷ Community care network contracts require veterans to be held harmless, and veterans should not be charged for services outside the scope and period of the approved referral. Similarly, veteran care agreements may vary from provider to provider but should state that VA is solely responsible for payment of all services and that the provider cannot seek to recover or collect from any other party, including any VA beneficiary.

⁴⁸ IVC, "Specialty Programs, Dental."

adjudication processes, eCAMS does not match all the dental procedures on the claims with those on the referrals. The program management officer in VHA's Office of Finance stated that the Office of Dentistry and IVC's SEOC team directed the Office of Finance not to perform this level of review because they never intended for the claims processors to check the individual codes under the SEOCs. Moreover, the audit team found eCAMS has even fewer controls than the third-party administrators' processes because it just checks if the SEOC on the claim is a valid dental SEOC and not specifically if the SEOC and the dental procedures on the claim are authorized on the referral.

Medical Facility Dental Claim Adjudication Processes

The audit team also noted that since dental claims and invoices now go directly to the VHA Office of Finance for payment or IVC for reimbursement, medical facility dental staff are not involved in the adjudication and prepayment review and approval processes for dental claims. Additionally, because the medical facility dental chiefs are no longer part of these processes, just over 60 percent of them responded on the OIG's survey that they were unsure if their medical facility performed any prepayment reviews to ensure the claims only included authorized procedure codes. Of the remaining 40 percent, half stated their facility did not do any reviews, and the majority of the other half stated prepayment reviews were performed by another office, such as the local community care service or business office. Survey respondents also disclosed that medical facility staff face several barriers to reviewing claims before payment, such as workload, a lack of time, and lack of access to claim payment information.

Stronger Centralized Postpayment Reviews Would Reduce Improper Payments

Apart from the third-party administrators' claims adjudication processes, IVC staff perform postpayment reviews of the invoices of paid community care claims to identify irregularities, such as when the total claim amount is higher than \$5,000 or when dates of service have expired. However, dental claims may not always fall in these samples, and these reviews do not check to determine whether all the paid dental procedures have been authorized by VA dentists. The Office of Finance also conducts annual postpayment reviews in compliance with the Payment Integrity Information Act of 2019 and checks to ensure procedure codes are authorized.⁴⁹ They review a sample that is proportionate to the number of total claims, meaning that if dental claims represented 10 percent of the total claims, then 10 percent of the sampled claims would also be dental claims. These audits have identified improper payments for unauthorized dental services, similar to the improper payments the audit team found, indicating that this is a long-standing issue that has not been remediated.

⁴⁹ Payment Integrity Information Act of 2019.

Recommended Dental Service Postpayment Reviews May Not Be the Most Effective Use of Clinicians' Time

Although medical facility staff are no longer involved in the community care prepayment review process, the Office of Dentistry recommends that Dental Service chiefs at medical facilities conduct postpayment claim reviews to identify payment errors related to unauthorized procedures because of their clinical expertise.⁵⁰ However, the Office of Dentistry does not require these postpayment reviews and does not monitor their completion. The onus is on each medical facility's dental chief to develop a system to monitor payments for unauthorized procedures if they elect to do these recommended reviews. Officials from the Office of Dentistry stated they do not believe dental chiefs are consistently conducting these reviews due to their workload. About 55 percent of survey respondents reported that postpayment reviews are never conducted at their medical facilities. Some reported they were unaware of this process, they did not have time to do it, they did not have access to payment information, or they believed postpayment reviews were not the Dental Service's responsibility. Furthermore, although respondents were not directly asked this question, some noted that dental chiefs should not be responsible for performing payment reviews. One stated, "It would be unrealistic for the VA to expect an already over burdened [*sic*] Service Chief to act a[s] an insurance executive. Post-care review requires hiring personnel capable of performing those functions."

Because the continued growth of dental care in the community will increase the risk of payments for unauthorized dental procedures, VHA should consider whether the performance of postpayment reviews by dental chiefs is the best use of their time and what controls are needed to effectively and efficiently identify unauthorized dental procedures and payments in need of recoupment.

According to Office of Dentistry officials, dental insurers in the private sector typically use specialized dental claims software to automatically identify payment irregularities and errors related to the nuances of dental care, such as the frequency of a procedure and the involvement of multiple teeth. Office of Dentistry officials also stated that the Department of Defense uses a centralized committee to review payment claims and authorizations prior to payment to avoid unauthorized procedures. These are possible alternatives VA could consider instead of having the facility dental chiefs conduct postpayment reviews.

Conclusion

VA will make an estimated \$325.5 million in improper payments for FY 2022 through FY 2025 unless it develops stronger mechanisms to prevent unauthorized community dental procedures. Specifically, VA needs to develop and implement controls to ensure all VA staff and

⁵⁰ Office of Dentistry and IVC program officials did not believe medical facility staff regularly conduct postpayment reviews for dental or other healthcare services at the medical facilities.

community providers comply with statutory requirements and VA policies to prevent payments for unauthorized changes to veterans' treatment plans and for procedures performed with only the SEOC or general language on the referral. Additionally, VA needs to update automated payment system controls and perform postpayment reviews to help ensure community dentists are not paid for unauthorized services. Until it makes these changes, VA cannot ensure the effective use of community care funds; protect veterans' interests; and prevent fraud, waste, and abuse.

Recommendations 1–5

The OIG made five recommendations to the under secretary for health:

1. Ensure all community dentists who provide dental care to veteran patients are notified and periodically reminded of the preauthorization requirements for any changes to treatment plans.
2. Conduct expanded postpayment reviews to identify and recover payments for unauthorized dental procedures.
3. Monitor VA dentists to make sure they include required dental procedure codes, not only general descriptions or Standardized Episodes of Care, on referrals to identify the procedures community dentists are authorized to perform.
4. Review the current contract language and determine if there is a need to clarify the third-party administrators' claims adjudication responsibilities in its contracts to include the identification of unauthorized dental procedures and adjudication of possible denials of payment or implement controls within VA that will perform this adjudication function for dental claims.
5. Enable the Office of Finance's automated payment system to deny payment for community dental services if the procedure codes on the dental claims do not fall within the Standardized Episodes of Care on the referral.

VA Management Comments

The under secretary for health concurred with recommendations 1–4, concurred in principle with recommendation 5, and provided action plans for each of the recommendations. Appendix E provides the full text of the under secretary's comments.

For recommendation 1, IVC will develop a communications plan and processes that will be coordinated with stakeholders responsible for sharing information with community providers.

In response to recommendation 2, IVC will establish a clear and structured process for veteran care agreement postpayment reviews to identify unauthorized dental procedures. For community care network reimbursements, IVC will optimize and enhance its existing postpayment review

processes to ensure that payments for unauthorized dental procedures are identified and efforts are made to recover these payments.

Regarding recommendation 3, IVC will collaborate with the Office of Dentistry to develop a plan to monitor VA dentists and ensure they include in their referrals the required dental procedures that community dentists are authorized to perform.

For recommendation 4, IVC will review existing contract language to determine if clarification is needed to ensure the third-party administrator's claim adjudication responsibilities are clear, to include the identification of unauthorized dental procedures. Additionally, VA will assess the third-party administrator's reimbursement system for additional controls and take action as needed.

In response to recommendation 5, the VHA Office of Finance will review its business requirements for the automated claims processing and payment system to determine if it is feasible to enable enhancements that validate dental procedures submitted on claims align with the authorized SEOC.

OIG Response

The proposed corrective measures in VHA's action plans appear responsive to the recommendations, and the OIG will monitor the implementation of the recommendations until all proposed actions are completed.

Appendix A: Dental Classification Based on Eligibility

Table A.1. Dental Classification for Veterans Based on Eligibility

Dental classification	Description
Class I	Veterans with a compensable (10 percent or greater) service-connected dental disability or condition are eligible for dental care to maintain or restore oral health and masticatory function, including repeat care.
Class II	Recently discharged veterans with a noncompensable, service-connected dental disability or condition may be provided treatment for a one-time correction.
Class IIA	Veterans with a noncompensable, service-connected dental condition or disability adjudicated as a result from combat wounds or service trauma may receive treatment for correction.
Class IIB	Homeless veterans may receive limited dental benefits as a one-time course of dental care.
Class IIC	Prisoner of War veterans are eligible for any needed dental care, including repeat care.
Class III	Veterans may receive treatment of an oral condition adjunctive to the management of a service-connected medical condition under active treatment.
Class IV	Veterans with 100 percent service-connected disabilities or who are receiving the 100 percent service-connection compensation rate due to unemployability are eligible for any needed dental care, including repeat care.
Class V	Veterans enrolled in the VA vocational rehabilitation program may receive dental care to the extent needed to enter or remain in the program, secure employment, or achieve independent daily living.
Class VI	Veterans scheduled for admission or who are receiving care under chapter 17 of title 38 U.S.C. (other than honorable discharge) may receive treatment of an oral condition adjunctive to the management of a non-service-connected medical condition.

Source: VA OIG analysis of VHA Handbook 1130.01(1).

Appendix B: Scope and Methodology

Scope

The audit team conducted its work from January 2023 through April 2024. The team reviewed a sample of 105 veterans who had a total of approximately 1,100 dental procedures based on 365 unique claims submitted by community dentists during the 12-month period ending September 30, 2022.

Methodology

The team identified and reviewed applicable dental laws; the John S. McCain III, Daniel K. Akaka, and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act requirements; and community care contract regulations. The team also reviewed local policies, procedures, and guidelines for unauthorized dental procedures. The team interviewed leaders, managers, and staff from the Office of Integrated Veteran Care (IVC), the Office of Finance, the Veterans Health Administration (VHA)'s Office of Dentistry, and third-party administrators to assess issues related to the community dental referral process, authorizations for changes in the treatment plan, interpretation of the \$1,000 rolling 12-month threshold, postpayment reviews, and recoupment processes. Also, the team contacted facility dental chiefs to understand controls and concerns related to community dental authorizations.

The team identified all dental procedure codes that were not part of the community dental referrals stored in the HealthShare Referral Manager system, the Electronic Claims Adjudication Management System, or the Joint Longitudinal View system (VA patient records). The team provided medical facility dental chiefs with samples identified as having unauthorized dental procedures to confirm exceptions and determine whether the changes to veterans' treatment plans were minor or major changes to the authorized scope of work. For procedures that were determined to be minor changes to the scope of the treatment plan, the team considered payments that exceeded the total \$1,000 threshold within a rolling 12-month period to be in error.

Additionally, the team organized the responses into two categories based on the dental chiefs' responses:

- Procedures that would likely not have been approved
- Procedures that would have been approved

The team determined that with this methodology, it could obtain sufficient, appropriate community dental information and evidence to meet the objectives of the audit and provide a reasonable basis for the audit's findings and conclusions.

The team also conducted a web-based survey from March 6 through March 31, 2023, of 141 dental chiefs and acting dental chiefs.⁵¹ This survey was designed to collect information about how the medical facility conducts community dental referrals, the preauthorization of additional needed work, reviews, and overpayment and recoupment processes. The response rate was about 98 percent.

Internal Controls

The team assessed IVC's internal controls that are significant to the audit's objective. This included an assessment of the five internal control components to include control environment, risk assessment, control activities, information and communication, and monitoring.⁵² In addition, the team reviewed the principles of internal controls as associated with the objective. The team identified the three components and seven principles listed below as significant to the objective.⁵³ The team identified internal control weaknesses during this audit and proposed recommendations to address the following control deficiencies:

- Component: Control Environment
 - Principle 2: Exercise Oversight Responsibility
 - Principle 3: Enforce Structure, Responsibility, Authority
- Component: Control Activities
 - Principle 10: Design Control Activities
 - Principle 11. Design Activities for the Information System
 - Principle 12: Implement Control Activities
- Component: Monitoring
 - Principle 16: Perform Monitoring Activities
 - Principle 17: Remediate Deficiencies

Fraud Assessment

The team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant within the context of the audit objectives, could

⁵¹ The survey officially closed on March 31, 2023, but the team received one additional response on April 11, 2023, which was included in the survey results.

⁵² Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

⁵³ Because the audit was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

occur during this audit. The team exercised due diligence in staying alert to any fraud indicators by

- reviewing veterans' medical records to determine if any claims were paid for deceased veterans,
- performing analysis to identify potential duplicate payments, and
- reviewing claims to ensure they had valid referral numbers and dental procedure codes.

The OIG did not identify instances of fraud or potential fraud during this audit.

Data Reliability

The team obtained paid dental claims data from the Corporate Data Warehouse. The team validated the accuracy, reliability, and completeness of the data by reviewing veteran referrals and electronic health records from the HealthShare Referral Manager, the Electronic Claims Adjudication Management System, and the Joint Longitudinal View system. The team also reviewed VHA criteria for community dental procedures that required preauthorizations for major or minor changes to the veteran's authorized treatment plan. To test for reliability, the team determined whether any data were missing from key fields or were outside the time frame requested. The team also assessed whether the data were consistent with the intent of the audit and contained obvious duplication of records. Furthermore, the team compared the sampled patients' names, social security numbers, procedure code, referral number, and third-party administrator information.

Testing of the data disclosed that they were sufficiently reliable for the audit's objectives. Comparison of the data with information contained in the patients' medical records did not disclose any problems with data reliability.

Government Standards

The OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on audit objectives. The OIG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Appendix C: Statistical Sampling Methodology

Approach

To accomplish the objective, the VA Office of Inspector General (OIG) team reviewed a statistical sample of veterans’ records that were referred to community care for non-VA dental procedures during a 12-month period ending September 30, 2022. The team used statistical sampling to quantify the extent of unauthorized community dental claims that included unauthorized dental procedures that the Veterans Health Administration (VHA) improperly paid in fiscal year (FY) 2022. Additionally, the team requested the facility’s dental chiefs review the identified dental procedures to determine if they were part of the approved treatment plan.

Population

The review population included 105 veterans’ records that were referred to community dentists to perform dental procedures from October 1, 2021, to September 30, 2022. For the purposes of the audit, the team estimated the population to be 186,500 veterans whose procedures totaled \$647.7 million.

Sampling Design

The team selected a stratified random sample of 105 veterans. Stratification variables included third-party administrators (Optum and TriWest) and total dollar values of claims (more or less than \$1,000). Table C.1 shows the size of the review population and the sample corresponding to each stratum. This methodology ensures that the team obtained a representative sample of paid dental claims that were submitted by community dentists.

Table C.1. Sampling Strata

Stratum	Administrator	Total claim amount paid	Population size	Sample size
1	Optum	\$1,000 or more	70,496	56
2	Optum	Less than \$1,000	35,631	4
3	TriWest	\$1,000 or more	46,437	42
4	TriWest	Less than \$1,000	33,971	3
Total			186,535	105

Source: VA OIG statistician’s stratified population.

Weights

Samples were weighted to represent the population from which they were drawn, and the weights were used in the estimate calculations. For example, the team estimated the number of paid dental claims that had a total claim amount of more than \$1,000 and less than \$1,000 in FY 2022 by first summing the sampling weights for all dental claims in the sample, then dividing that value by the sum of the weights for all sample records, and then multiplying this quotient by the known number of dental claims in the population.

Projections and Margins of Error

The projection is an estimate of the population value based on the sample. The associated margin of error and confidence interval show the precision of the estimate. If the OIG repeated this audit with multiple sets of samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate estimates, margins of error, and confidence intervals that account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement decreases significantly as more records are added to the sample review.

Figure C.1 shows the effect of progressively larger sample sizes on the margin of error.

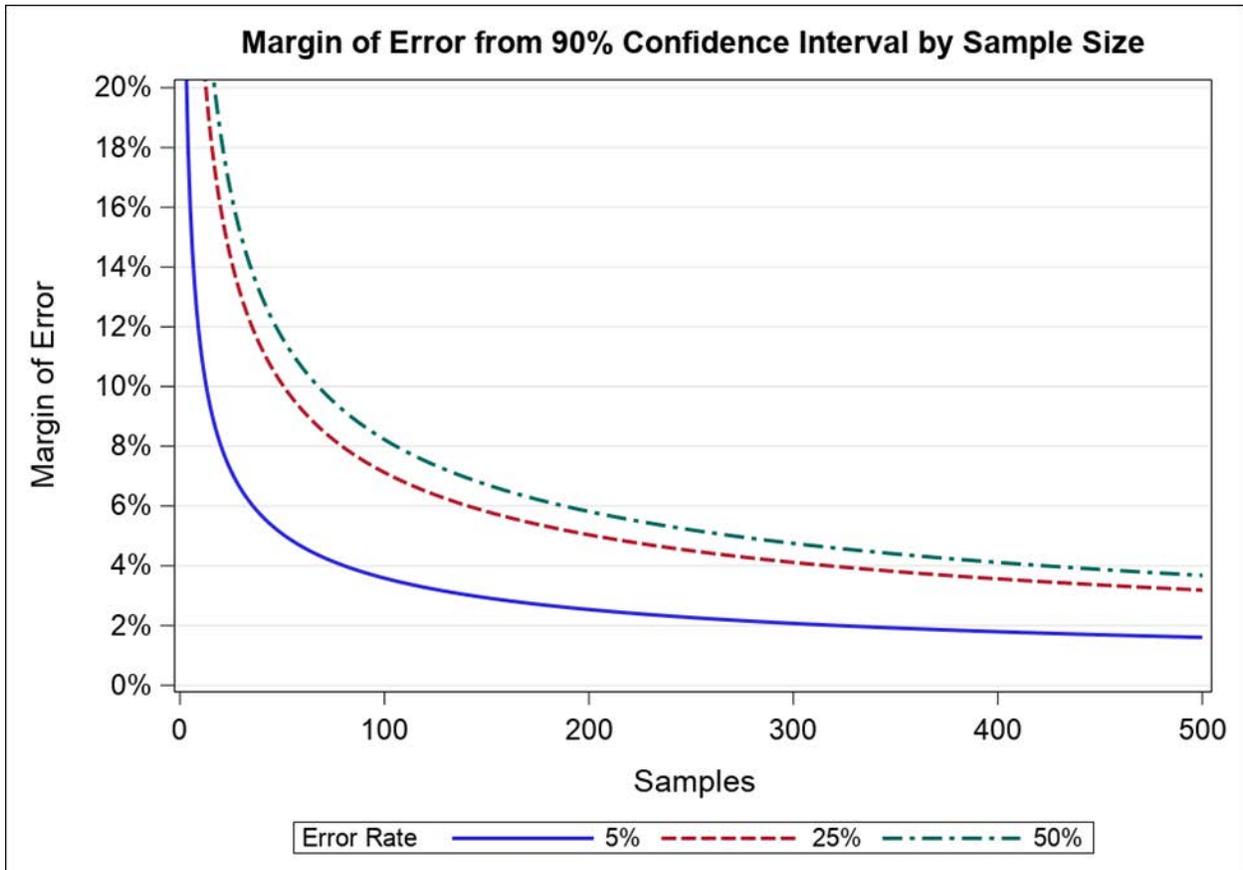


Figure C.1. Effect of sample size on margin of error.

Source: VA OIG statistician's analysis.

Projections

Table C.2 projects the number of veterans, dental procedures, and dollar value for unauthorized dental procedures identified as either major changes to the treatment plan, minor changes to the treatment plan, or referral process exceptions (only Standardized Episodes of Care [SEOC] or general treatment name was on the referral) in FY 2022.

Table C.2. Statistical Projections Summary for Unauthorized Procedures

Data elements	Estimate number	90 percent confidence interval			Samples in error
		Margin of error	Lower limit	Upper limit	
Major					
Veterans	23,200	10,000	13,200	33,100	13
Dental procedures	57,100	13,400	43,700	70,600	47
Dollar value	\$24,600,000	\$11,600,000	\$13,000,000	\$36,200,000	47
Minor					
Veterans	10,600	7,100	3,600	17,700	6
Dental procedures	52,800	13,500	39,300	66,300	40
Dollar value	\$9,900,000	\$5,200,000	\$4,700,000	\$15,100,000	40
Referral process exception					
Veterans	28,400	10,900	17,500	39,400	16
Dental procedures	57,400	13,900	43,600	71,300	45
Dollar value	\$24,800,000	\$10,700,000	\$14,100,000	\$35,500,000	45

Source: VA OIG analysis performed in consultation with the VA OIG statistician.

Table C.3 projects the number of veterans and dental procedures for dental services that would likely not have been approved had a community dentist submitted a preauthorization to the medical facility dental chief or designee in FY 2022.

Table C.3. Statistical Projections for Procedures that Likely Would Not Have Been Approved

Estimate name	Data elements	Estimate number	90 percent confidence interval			Samples in error
			Margin of error	Lower limit	Upper limit	
Would likely not have been approved	Veterans	8,900	6,500	2,400	15,400	5
	Dental procedures	23,800	8,700	15,100	32,500	20

Source: VA OIG analysis performed in consultation with the VA OIG statistician.

For table C.4, the team used exponential smoothing to forecast the number of veterans and dental procedures that likely would not have been approved had a community dentist submitted a preauthorization in FY 2022 to FY 2025.⁵⁴

Table C.4. Forecast of Procedures that Likely Would Not Have Been Approved

Forecast	Data elements	Forecasted fiscal year				Estimated total
		FY 2022	FY 2023	FY 2024	FY 2025	
Procedures that would likely not have been approved	Veterans	8,900	13,300	16,400	14,300	52,900
	Dental procedures	23,800	29,200	36,100	31,500	120,600

Source: VA OIG analysis performed in consultation with the VA OIG statistician.

For table C.5, the team used exponential smoothing to forecast the number of veterans, dental procedures, and improper payments for unauthorized dental procedures identified as either major

⁵⁴ Exponential smoothing assigns exponentially decreasing weights as the observation grows older. Recent observations are given relatively more weight in forecasting than the older observations.

changes to the treatment plan, minor changes to the treatment plan, or referral process exceptions (only SEOC or general treatment name was on the referral) from FY 2022 to FY 2025.

Table C.5. Summary for Unauthorized Procedures Forecast

Data elements	FY 2022	FY 2023	FY 2024	FY 2025	Estimated total
Total improper payments					
Veterans	62,200	92,800	114,300	99,800	369,100*
Dental procedures	167,300	205,200	253,500	221,800	847,800
Improper payments	\$59,300,000	\$79,800,000	\$99,200,000	\$87,200,000	\$325,500,000 ⁵⁵
Major					
Veterans	23,200	34,500	42,500	37,100	137,300
Procedures	57,100	70,100	86,500	75,700	289,400
Improper payments	\$24,600,000	\$33,000,000	\$41,100,000	\$36,100,000	\$134,800,000
Minor					
Veterans	10,600	15,900	19,600	17,100	63,200
Procedures	52,800	64,700	80,000	70,000	267,500
Improper payments	\$9,900,000	\$13,400,000	\$16,600,000	\$14,600,000	\$54,500,000
Referral process exception					
Veterans	28,400	42,400	52,200	45,600	168,600
Procedures	57,400	70,400	87,000	76,100	290,900
Improper payments	\$24,800,000	\$33,400,000	\$41,500,000	\$36,500,000	\$136,200,000

Source: OIG statistical analysis performed in consultation with the statistician.

*This number is the cumulative number of veterans.

⁵⁵ The audit team estimated that VA would improperly pay \$138.5 million in FY 2024 for 441,300 procedures and \$121.6 million in FY 2025 for 386,100 procedures, assuming that the dentists or dental chiefs would know about the removal of the \$1,000 threshold starting in FY 2024. This is a total of \$399.2 million in improper payments for 1,199,900 dental procedures from FY 2022 through FY 2025.

Appendix D: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs ⁵⁶
1-5	The OIG determined that VHA paid for unauthorized community dental procedures.	\$0	\$325,500,000
	Total	\$0	\$325,500,000

⁵⁶ The OIG questions costs when VA action or inaction (such as spending or failure to fully compensate eligible beneficiaries) is determined by the OIG to violate a provision of law, regulation, contract, grant, cooperative agreement, or other agreement; when costs are not supported by adequate documentation; or when they are expended for purposes that are unnecessary or unreasonable under governing authorities. Within questioned costs, the OIG must, as required by section 405 of the IG Act, report unsupported costs. Unsupported costs are those determined by the OIG to lack adequate documentation at the time of the audit. Of the \$325,500,000 in questioned costs, \$0 were unsupported costs.

Appendix E: VA Management Comments

Department of Veterans Affairs Memorandum

Date: May 30, 2024

From: Under Secretary for Health (10)

Subj: Office of Inspector General (OIG) Draft Report, Unauthorized Community Care Dental Procedures Risked Improper Payments (VIEWS 11718376)

To: Assistant Inspector General for Audits and Evaluations (52)

1. Thank you for the opportunity to review and comment on OIG's draft report on Veteran dental care. The Veterans Health Administration (VHA) concurs with recommendations 1-4 and concurs in principle with recommendation 5. VHA provides action plans in the attachment.

2. VHA is dedicated to ensuring Veterans can access the high-quality health care that they need when and where they need it. OIG's findings present us with an opportunity to improve our payment processes for Veteran community care dental procedures. VHA will strengthen prepayment adjudication and post payment review, properly preauthorize additional work, review third-party administrators' claim adjudication responsibilities, and require procedure codes on referrals for dental services.

The OIG removed point of contact information prior to publication.

(Original signed by)

Shereef Elnahal M.D., MBA

Attachment

VETERANS HEALTH ADMINISTRATION (VHA)

Action Plan

**OIG Draft Report, Unauthorized Community Care Dental Procedures Risked Improper Payments
(OIG Project Number 2023-00749-AE-0026)**

Recommendation 1. The Under Secretary for Health ensures all community dentists who provide dental care to veteran patients are notified and periodically reminded of the preauthorization requirements for any changes to treatment plans.

VHA Comments: Concur

The Office of Integrated Veteran Care (IVC) agrees it is important to ensure that all community dentists who provide dental care to Veterans are regularly informed and reminded about the preauthorization requirements for any modifications to treatment plans. IVC will develop a communications plan and associated processes to be coordinated with the appropriate stakeholders responsible for sharing that information with the community providers.

Status: In Progress Target Completion Date: August 2024

Recommendation 2. The Under Secretary for Health conducts expanded post payment reviews to identify and recover payments for unauthorized dental procedures.

VHA Comments: Concur

IVC understands the value of conducting post-payment reviews. IVC will establish a clear and structured process for conducting post-payment reviews to identify unauthorized dental procedures related to Veteran Care Agreement payments. For Community Care Network reimbursements, IVC will optimize and enhance the current post-payment review activities to ensure that payments for unauthorized dental procedures are identified and appropriate efforts are made to recover.

Status: In Progress Target Completion Date: September 2024

Recommendation 3. The Under Secretary for Health monitors VA dentists to make sure they include required dental procedure codes, not only general descriptions or Standardized Episodes of Care, on referrals to identify the procedures community dentists are authorized to perform.

VHA Comments: Concur

IVC agrees it is important to ensure the care authorized by VA is clear to the community provider. IVC will collaborate with the Office of Dentistry to develop a plan to monitor VA dentists to ensure they include required dental procedure codes on referrals to identify the procedures community dentists are authorized to perform.

Status: In Progress Target Completion Date: October 2024

Recommendation 4. The Under Secretary for Health reviews the current contract language and determine if there is a need to clarify the third-party administrators' claims adjudication responsibilities in its contracts to include the identification of unauthorized dental procedures and adjudication of possible denials of payment or implement controls within VA that will perform this adjudication function for dental claims.

VHA Comments: Concur

IVC does agree to review the current contract language to determine if any clarification is needed to ensure the Third-Party Administrators' (TPAs) claim adjudication responsibilities are clear, to include the identification of unauthorized dental procedures. The VA will assess the reimbursement system to the TPAs for additional controls and take actions as warranted.

Status: In Progress Target Completion Date: October 2024

Recommendation 5. The Under Secretary for Health enables the Office of Finance's automated payment system to deny payment for community dental services if the procedure codes on the dental claims do not fall within the Standardized Episodes of Care on the referral.

VHA Comments: Concur in Principle

The VHA Office of Finance will review business requirements associated with the programming of the automated claims-processing and payment system to determine feasibility of enabling enhancements that validate dental procedures submitted on claims align with authorized Standard Episodes of Care.

Status: In Progress Target Completion Date: October 2024

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Contact and Staff Acknowledgments

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Audit Team	Janet Mah, Director Jesse Moyer Kelly Perry Daniel Rico Andrea Salas Leslie Yuri
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Other Contributors	Laurence Adair Kotwoallama Reine Doyle-Zerbo Rachel Stroup Ruoqing (Rachelle) Wang-Cendejas
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