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**Highlights**

Highlights of [GAO-03-145](#), a report to the Chairman, Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, House of Representatives

### Why GAO Did This Study

The Department of Veterans Affairs (VA) collects health insurance payments, known as third-party collections, for veterans' health care conditions it treats that are not a result of injuries or illnesses incurred or aggravated during military service. In September 1999, VA adopted a new fee schedule, called "reasonable charges," that it anticipated would increase revenues from third-party collections.

In 2001, GAO testified that problems in VA's collections operations diminished VA's collections. For this report, GAO was asked to examine VA's third-party collections and problems in collections operations for fiscal year 2002 as well as its initiatives to improve collections.

## VA HEALTH CARE

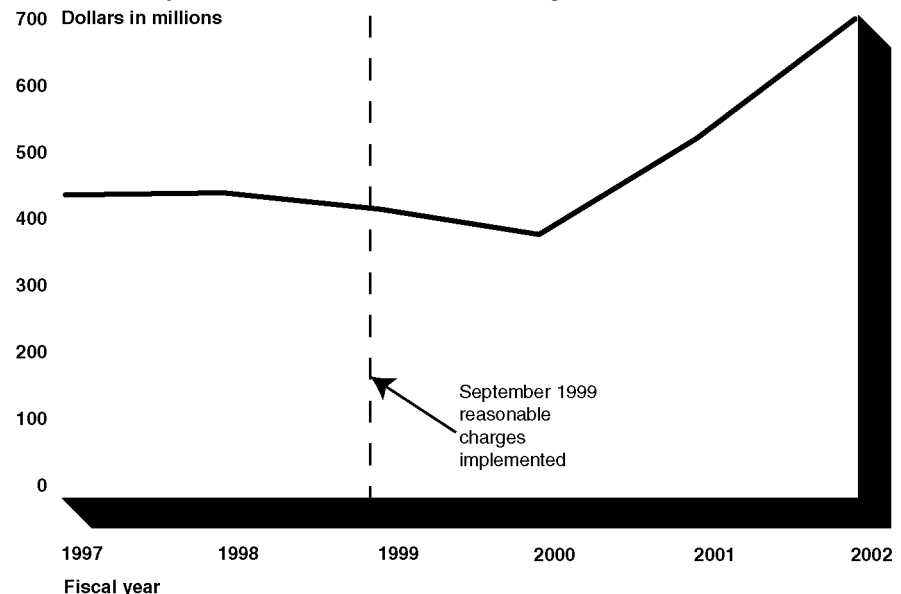
### Third-Party Collections Rising as VA Continues to Address Problems in Its Collections Operations

#### What GAO Found

VA's fiscal year 2002 third-party collections rose by 32 percent, continuing an upward trend that began in fiscal year 2001. The increase in collections reflected VA's improved ability to manage the larger billing volume and more itemized bills required under its new fee schedule. Billings increased mainly due to a reduction of billing backlogs and improved collections processes—such as better medical documentation prepared by physicians, more complete identification of billable care by coders, and more bills prepared per biller—according to VA managers in three regional health care networks. However, VA continues to address operational problems, such as missed billing opportunities, that limit the amount VA collects.

To address operational problems and further increase collections, VA has several initiatives under way and is developing additional ones. VA has been implementing initiatives in its 2001 improvement plan that was designed to address operational problems, such as unidentified insurance for some patients, insufficient documentation of services for billing, shortages of coding staff, and insufficient pursuit of accounts receivable. VA's last formal status report in May 2002 designated only 8 of the plan's 15 initiatives scheduled for completion by that time as having been completed. VA continues implementation of this plan and is also developing new initiatives, such as an automated financial system to better serve billing needs. It is too early to evaluate the extent to which VA's full implementation of its 2001 plan and new initiatives will be able to address operational problems and further increase third-party collections. In commenting on a draft of this report, VA generally agreed with our findings

VA's Third-Party Collections, Fiscal Years 1997 through 2002



Source: VA Revenue Office.

[www.gao.gov/cgi-bin/getrpt?GAO-03-145](http://www.gao.gov/cgi-bin/getrpt?GAO-03-145).

To view the full report, including the scope and methodology, click on the link above. For more information, contact Cynthia A. Bascetta at (202) 512-7101.