

**Post Hearing Question**  
**Concerning September 20, 2001, Hearing**  
**For the Honorable Thomas L. Garthwaite, M.D.**  
**Under Secretary for Health**  
**Department of Veterans Affairs**  
**From Congressman Michael Bilirakis**  
**House Committee on Veterans Affairs**  
**Subcommittee on Oversight and Investigations**

**Question 1:** Earlier this year, an adjustment of funding in the Veterans Health Administration (VHA) resulted in the recall of eleven million dollars from the current budget in Veterans Integrated Service Network (VISN) 8 and sixteen million dollars in VISN 16. Since both of the VISNs serve the veterans from my home state, I have been greatly concerned about the negative impact this recall will have on the availability of health care for Florida's veterans.

Because of the rescission, the Florida network had to delay the opening of several community-based outpatient clinics (CBOCs).

From the data I have received, the Florida network does a pretty good job collecting third-party reimbursements. I also understand that some VISNs are projecting deficits for next year.

Are steps being taken to increase MCCF collections or increase other efficiencies in this VISN so that other networks will not have another recall of their funds?

**Answer:** The Veterans Health Administration (VHA) faces financial challenges in FY 2002 and beyond due to a variety of reasons. We are currently developing a strategy to assure fiscal solvency for FY 2002, and to position VHA to meet its long-term goal of providing high quality health care and maintaining its commitment to the highest priority veterans. Within this fiscal strategy we will ensure that all VISNs will achieve efficiencies. We will ensure that any VISN that needs supplemental funding will receive it as part of the FY 2002 allocation process, thus eliminating the need to recall funds after allocation.

VA is planning to implement the increase in the medication co-payment. This should occur in FY 2002. Collections from the medication co-payment increase are projected to increase by \$225 million in FY 2002 and \$300 million in FY 2003. Also, VHA is working with the VISNs to improve the overall collection process. This includes subcontracting out specific aspects of the revenue process where skilled staff members are not available or are in the process of being trained, i.e. Accounts Receivable follow-up and coding. Additionally, VHA has a number of pilot projects with vendors to assist in the identification of insurance benefits of veterans who seek treatment. VHA is also exploring the use of automated processes to improve the accuracy and integrity of claims through claims analyzers and encoders. The use of these tools will assist VHA

in creating a more accurate bill to an insurance company for payment. We have also developed a First Party Lockbox process that enables the VA to receive and deposit payments from individuals on a timely basis. VA has been consistently diligent in the collection of funds due VA from health insurance companies and individuals and will continue to be so in the future.