



DEPARTMENT OF VETERANS AFFAIRS  
INSPECTOR GENERAL  
WASHINGTON DC 20420

NOV 21 2001

The Honorable Stephen E. Buyer  
U.S. House of Representatives  
Committee on Veterans' Affairs  
Chairman, Subcommittee on Oversight and Investigations  
335 Cannon House Office Building  
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your letter dated October 26, 2001, requesting follow-up information to the House of Representatives Subcommittee on Oversight and Investigation's September 20, 2001, hearing on the management of the Medical Care Collection Fund. Our responses to your questions are as follows:

**Question No. 1: Have there been any major differences in the findings of your current investigations compared to the findings of your 1998 audit report?**

The major difference in the findings in our current audit involves the billing backlog issue. The Balanced Budget Act of 1997 (Public Law 105-33) authorized VA to bill reasonable charges for medical care provided on or after September 1, 1999. Reasonable charges are defined as amounts that insurers would pay private sector health care providers in the same geographic area, for the same services. According to VA, billing reasonable charges is more labor intensive and time consuming than billing cost-based per diems. In May 2001, VA began accumulating nationwide totals of unbilled amounts for inpatient, outpatient, and prescription charges in a monthly Unbilled Care Report. Prior to May 2001, unbilled care was only captured at the medical center level and was not rolled up nationally.

**Question No. 2: When do you expect to issue your report on the current national audit?**

We plan to issue our final report on the current national audit in January 2002.

**Questions No. 3a – 3c: In your testimony you said that VA's Unbilled Care Report as of July 2001, shows a cumulative balance of \$931 million.**

**(a) Is the balance increasing at a significant rate?**

The balance has been increasing at a significant rate since May 2001, and as of September 2001 totaled over \$1 billion. The nationwide balances and percentage of increase per month were as follows:

2.

The Honorable Stephen E. Buyer

**NATIONWIDE BALANCES AND PERCENTAGE  
OF INCREASE PER MONTH**

<u>MONTH</u>	<u>BALANCE</u>	<u>% INCREASE</u>
May 2001	\$859,922,590	N/A
June 2001	\$883,168,003	2.7%
July 2001	\$931,426,012	5.5%
August 2001	\$982,089,875	5.4%
September 2001	\$1,052,660,528	7.2%

**(b) Will this impact the VA's financial statement and the "unqualified opinion"?**

This will not impact VA's consolidated financial statements and the unqualified opinion if the recorded balance for accounts receivable is accurate.

**(c) How long has this balance been accumulating?**

We do not know how long this balance has been accumulating as VA did not begin to accumulate nationwide totals of unbilled amounts for inpatient, outpatient, and prescription charges until May 2001. As stated earlier, prior to May 2001 unbilled care was only captured at the medical center level and was not rolled up nationally.

Thank you for the opportunity to respond to your questions. If you require additional information, please contact Mr. Michael Slachta, Jr., Assistant Inspector General for Auditing, at 202-565-4625.

Sincerely,



RICHARD J. GRIFFIN  
Inspector General