

Testimony of the Honorable Charles W. Boustany, Jr., M.D.  
Hearing of the House Veterans' Affairs Subcommittee on Health: *Assessing the VA's Ability to Promptly Pay Non-VA Providers*

June 3, 2015

Chairman Benishek, Ranking Member Brownley and Subcommittee Members:

Thank you for providing me the opportunity to submit written testimony to the Subcommittee for this important hearing. It is of vital importance that Congress seeks solutions to the problem of delayed payments within the Department of Veterans Affairs (VA).

For years, Louisiana veterans have been subject to the VA's inability to timely and properly process and pay claims. The VA has proved particularly negligent with regard to claims for emergency medical services rendered by non-VA providers. As you know, veterans may end up liable for the cost of these emergency services when the VA refuses to process and pay their claims. Pursuant to P.L.113-146, the Veterans Access, Choice, and Accountability Act (VACAA) of 2014, the Veterans Health Administration's Chief Business Office Purchased Care (CBOPC) was placed in charge of claims processing for emergency medical services. Prior to VACAA becoming law, this responsibility rested at the Veterans Integrated Service Network (VISN) level. Because claims were processed at each of the 21 VISNs individually, there were staggering differences in claims processing rates around the nation. In transferring claims processing authority to a centralized system, VACAA demanded the VA improve its performance in this area.

Before VACAA's passage, VISN 16, the network that oversees health care for veterans in Louisiana, Mississippi, Arkansas, Oklahoma and portions of several other states, admitted to years of inappropriate practices including denying veterans' claims for false reasons such as "not timely filing of medical records" when providers had sent those records to the VA via certified mail. A team of senior VA staff was sent to VISN 16 to further investigate, and it was also discovered that VISN 16 staff had written hundreds of thousands of letters to veterans and providers, but had simply never sent those letters to their intended recipients. This behavior is inappropriate and unacceptable. Members of the investigatory team sent to VISN 16 are current CBOPC staff, and I was hopeful that after seeing firsthand what Louisiana veterans were dealing with, the CBOPC would make it a priority to improve the VA's claims processing practices.

In March, I requested information on the current state of the backlog of emergency medical service claims from the CBOPC. The information I received is extremely disappointing. For claims originating out of VISN 16, the VA reported processing only 14% of claims within 30 days. Timely processing rates in some other parts of the country are even worse.

Moreover, when my office asked the CBOPC if they could provide data on the percent of inappropriately denied claims that were overturned to be re-adjudicated, we were told the CBOPC is "not able to provide data pertaining to that question. Information regarding clinical appeals and overturned denials is not available in our data sets." The VA repeatedly states they are committed to clearing the backlog and improving claims processing operations, but how can they begin to rectify these issues if they are not keeping track of the veterans they have wronged?

One veteran in my district, Mr. Al Theriot, waited more than two years to see his emergency room and ambulance bills paid. The VA only contacted him after he went on television twice and Senator Vitter and I wrote the VA secretary demanding an explanation. The VA lost his medical records twice without apology. Mr. Theriot's claim has since been resolved; however no veteran should have to appear on television to force the VA to do its job. He and thousands of other veterans deserve better customer service after risking their lives for our freedom and safety.

As mentioned earlier, the VA states in many cases such as Mr. Theriot's that they have not received the medical records necessary to process a claim, and subsequently denies that claim under the classification of "not timely filing of medical records." Because the VA does not allow electronic submission of medical records, providers had no way of proving the documents were actually being sent. As such, many providers resorted to sending the records by certified mail to confirm receipt by the VA. However in some instances, the VA continues to deny records were received.

This raises the disturbing question: When a health care provider is able to demonstrate via certified mail that required medical records were received by the VA, yet the VA denies receiving them, what has happened to those records? It seems highly unlikely that hundreds of certified mail carriers are repeatedly losing these documents. After being delivered to the VA, are the records filed away, never to be scanned and processed for review? Are they thrown away or shredded? How can the VA guarantee these records have not fallen into the wrong hands if they claim the documents were never received despite providers having proof they were? Medical records contain personal health information, and each time these documents are "lost," a veteran's privacy is being compromised.

If VA employees are refusing to scan and process medical records received, Congress must consider punishing bad actors, modernizing equipment to allow providers to send electronic records or allowing the VA to contract with a third party to carry out claims processing.

Attached to my testimony, you will find detailed information from two, of the many, Louisiana hospitals that struggle to collect payment from the VA for services rendered to our veterans. You will also find the information sent to my office by the VA regarding the status of the backlog as of March 26, 2015. The data shows a nationwide backlog of more than \$878 million for non-VA emergency medical claims. This is absolutely unacceptable.

Louisiana veterans should not have to fear a trip to the emergency room will plunge them into unsustainable debt, nor should they fear that the VA is mishandling their private medical records and compromising their personal information. The VA must end the inappropriate practices that have led to this unacceptable backlog, and commit to improving their claims processing performance. Our veterans deserve nothing less than the highest quality of care and customer service possible, and I thank the Subcommittee for its efforts to resolve these issues.



House Committee on Veterans' Affairs  
Subcommittee on Health

*Assessing VA's Ability to Promptly Pay Non-VA Providers*

Written Testimony for the Record  
Ernie Sadau, Chief Executive Officer  
CHRISTUS Health

June 3, 2015

CHRISTUS Health is an international, faith-based, not-for-profit health system comprised of nearly 350 services and facilities, including more than 50 hospitals, primarily located in Texas, Louisiana, and New Mexico. We applaud the Subcommittee for examining the Department of Veterans Affairs' (VA's) ability to promptly pay non-VA providers for health care services provided to veterans.

As a mission-driven organization, CHRISTUS Health strives to provide high quality services and to create healthy communities for the patients we serve. Part of our vision is to increase access to care, and CHRISTUS Health is one of the largest providers of uncompensated care among Catholic-related health systems. To advance our mission, it is extremely important to obtain reimbursement from government payers for services provided in a timely manner.

Numerous CHRISTUS hospital facilities have proudly provided emergency services to veterans in the communities we serve. Most of these claims are for non-service related treatment and qualify for payment by the VA under federal law. CHRISTUS has subsequently and correctly billed the corresponding Veterans Integrated Service Network (VISN) for payment. All services provided in central and south Texas have been billed to VISN 17, located in Bonham, Texas. All services provided in north Texas, southeast Texas, and Louisiana have been billed to VISN 16, located in Flowood, Mississippi.

**Our repeated attempts to collect payments through VISNs 16 and 17 have required significant staff efforts at additional administrative cost. To date, approximately 3,122 outstanding and unpaid claims remain, totaling \$5,491,600.76.** CHRISTUS Health respectfully requests the Subcommittee's assistance in directing the VA to expedite reimbursement for all outstanding claims properly submitted for payment by non-VA providers.

**Through its experience as a non-VA provider, CHRISTUS Health has identified the following issues that make collecting payment from the VA particularly time and labor-intensive: (1) extended wait times and non-responsiveness by VA staff; and (2) excessive claims processing times.**

**I. Extended Wait Times and Lack of Staff Response**

CHRISTUS Health's claims collection staff have experienced excessive hold times of between one to four hours. Once a CHRISTUS staff member is able to speak to VA staff regarding outstanding and unpaid claims, the VISN limits its response to a maximum of four accounts during particularly busy times. On several occasions, VA staff members have instructed CHRISTUS to fax a list of outstanding claims to obtain information regarding the status of these claims.



On occasions, several VA staff members have offered to provide assistance in ensuring timely reimbursement for unpaid claims. After reaching out by fax or to a specific VA staff person, however, CHRISTUS Health has been unable to obtain a status update or payment of outstanding claims. Once a claim is submitted, if CHRISTUS is able to obtain an update on the claim's status, VA staff report only that the claim is being reviewed. This status is typically communicated at each request for an update, prolonging the delays in claims processing.

## **II. Excessive Claims Processing Times**

Reimbursement is delayed by the VISN through various means. For example, CHRISTUS Health has had difficulty in confirming that medical records information was timely received even though we have proof of delivery by certified mail. If the VISN reports that it has not received the claim, we send the claim a second time and sometimes a third time by certified mail.

When CHRISTUS Health provides the VISN staff with the certified tracking number for a claim, often the staff will report that although the VA received the claim, it has not been scanned and uploaded to the VISN's system. We have found that the time between when the VISN receives the claim and uploads it into its system can be several weeks. Claims that VISN staff acknowledge as received and complete with the associated documentation are sometimes delayed for medical review, which also takes several weeks.

CHRISTUS Health routinely provides the VISN with the complete medical record associated with a claim. However, the VA commonly requests that CHRISTUS Health provide a specific document from the medical record (*i.e.*, progress notes, nurse notes, emergency room summary). This request prolongs the payment cycle despite the fact that the documentation was provided as part of the medical record that was sent by certified mail to the VISN. We also have experienced difficulty in obtaining information on our accounts for various reasons such as patient names that are missing a middle initial. Finally, VA representatives have confided to CHRISTUS Health that the VA has a backlog of unpaid claims, and insufficient staffing results in delays in claims processing.

In conclusion, CHRISTUS Health remains deeply committed to serving veterans as a non-VA health care provider. We simply cannot afford the continuing burden of delayed and unpaid claims that were properly submitted to the VA for payment, however. We therefore respectfully request the Subcommittee's continued and active oversight to ensure that the VA resolves the backlog of overdue claims in a timely manner. Thank you again for your leadership on these issues and your consideration of our views.



May 14, 2015

The Honorable Charles Boustany, MD  
United States House of Representatives  
One Lakeshore Drive, Ste # 1775  
Lake Charles, LA 70629

Dear Congressman Boustany,

In response to your inquiry regarding our hospital's challenge in working with the VA, please accept the following:

Lake Charles Memorial Hospital (LCMH) has outsourced the billing and collection of VA claims to Alegis Revenue Group, LLC (Alegis) as a result of the difficulties in collecting amounts due from the VA. Alegis currently handles the VA claims for 36 Non-VA facilities, covering 7 states in 6 different VA Regions (VISN5, VISN 8, VISN 9, VISN 16, VISN 17, and VISN 18). According to Alegis, the cost in managing this VA inventory has been three times or greater than the cost to manage other payer inventories. Additionally, many of the issues presented below with regard to the VISN16 claims processing are present in the other VISN claim processing units. LCMH received the following synopsis from Alegis and at the present time is willing to share this information with you.

*Everything Your Healthcare Should Be.*

Below is the current summary of Lake Charles Memorial Hospital's VA inventory broken out by claim year:

#### Unresolved Claims

Claim Year	Category	Count of Claims	Estimated Reimbursement	Percent of Claims
2012	Final Denial	4	\$ 45,861.51	40.00%
	PAID	5	\$ 22,315.30	50.00%
	Unresolved Claims	1	\$ 1,238.21	10.00%
<b>2012 Total</b>		<b>10</b>	<b>\$ 69,415.02</b>	
2013	Final Denial	61	\$ 127,336.47	29.05%
	PAID	113	\$ 380,090.87	53.81%
	Unresolved Claims	36	\$ 50,704.51	17.14%
<b>2013 Total</b>		<b>210</b>	<b>\$ 558,131.85</b>	
2014	Final Denial	101	\$ 120,801.60	16.92%
	PAID	255	\$ 706,702.40	42.71%
	Unresolved Claims	241	\$ 375,661.73	40.37%
<b>2014 Total</b>		<b>597</b>	<b>\$ 1,203,165.73</b>	
2015	Final Denial	7	\$ 5,517.60	4.35%
	PAID	27	\$ 67,132.17	16.77%
	Unresolved Claims	127	\$ 307,518.65	78.88%
<b>2015 Total</b>		<b>161</b>	<b>\$ 380,168.42</b>	
<b>Grand Total</b>	<b>Unresolved Claims</b>	<b>405</b>	<b>\$ 735,123.10</b>	

Highlighted in yellow are the "Unresolved Claims" that are still pending adjudication/resolution from the VA. The claims from 2014 and older have been billed, re-billed, resubmitted, and reconsiderations filed multiple times to no avail. All initial billing done by Alegis is done electronic and a red & white Uniform Billing form (UB) is also printed and bundled with all supporting documentation and mailed via certified mail to the appropriate VA claims processing unit. Alegis tracks and confirms delivery of all submissions to prevent any delays as well as prevent denials for missing medical records or no claim on file. According to Alegis however, 66% of the claims delays are for the following reasons that fall on the Central Fee Unit (CFU) side of the process:

- Alegis has not been able to locate where the Preliminary Fee Remittance Advice Report (aka PFRAR or PFAR) letters (which provide the adjudication of submitted claims) are being sent or if they are in fact being sent to determine the ultimate resolution of the claim. There does not appear to be an electronic methodology of obtaining PFAR letters.
- Medical Records processing is still causing erroneous Electronic Data Interchange (EDI) claims rejections and claims delays. Alegis has shown the Veterans Integrated Service Network (VISN) proof of timely submission via Certified Mail

of records delivered to the CFU yet the EDI claims are rejected and closed. Apparently, the submitted red & white UB claim form that is sent along with the supporting documentation is also not being scanned into any archive at all.

- “Claim Not on File” denials continue despite our proof of paper billing via Certified Mail. Possible scanning delays or issues at the CFU may be the issue here. It is our understanding that this may also be partially caused by CFU staff who have the ability to delete claims out of the system.
- “EDI Re-Route” rejection issues generating from the initial claim verification process are causing processing delays from the start. The assignment of a claim to a VA Medical Center (VAMC) is based on the patient’s zip code listed on the claim. Alegis confirmed with VISN 16 that the zip codes on several claims with this rejection reason actually do belong to the VAMC that the VISN is having to re-route the claims to and not the VAMC that the EDI process assigns them to. Alegis recommended to the VISN 16 that these Re-Routing issues should be escalated to the Fee Basis Claims System (FBCS) personnel who handle these types of issues to be researched and resolved to prevent future re-route issues and delays.
- Many of the claims on our claims status spreadsheets end up with a status of “Approved; Reopen claim and sent for processing”. This is a clear indication that the FBCS and the CFU staff are likely causing erroneous or premature rejections/denials.

Overall, the communication and responsiveness from VISN16 has improved significantly over the last 5 months. They are also more willing to assist on getting problems not only identified, but also corrected. Although this represents great progress in communication, VISN16 has not produced a significant improvement in aged claims resolution or cash flow for LCMH.

There apparently remains significant staffing shortages at VISN16 that continue to delay the resolution of claims (payments or final denials), and in particular, each VISN lacks adequate staff to review and adjudicate Requests for Reconsideration.

Sincerely,

Larry M. Graham  
President & CEO  
Lake Charles Memorial