

VA Office of Inspector General

OFFICE OF AUDITS & EVALUATIONS



Department of Veterans Affairs

*Audit of
VA's Efforts To Provide
Timely Compensation and
Pension Medical
Examinations*

March 17, 2010
09-02135-107

ACRONYMS AND ABBREVIATIONS

C&P Medical Exam	Compensation and Pension Medical Examination
CBOC	Community-Based Outpatient Clinic
CPEP	Compensation and Pension Examination Program
DSS	Decision Support System
MES	MES Solutions
OPC	Outpatient Clinic
QTC	QTC Medical Services, Inc.
VARO	VA Regional Office
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network

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Report Highlights: Audit of VA's Efforts To Provide Timely Compensation and Pension Medical Examinations

Why We Did This Audit

At the request of the Chairman of the Senate Committee on Veterans' Affairs, we conducted an audit to determine if VA commits sufficient resources to provide veterans with timely compensation and pension medical examinations, herein referred to as C&P medical exams.

What We Found

Management at VA medical facilities does not always commit sufficient resources to ensure veterans receive timely C&P medical exams. VA has not established procedures to identify and monitor resources needed to conduct C&P medical exams and to ensure resources are appropriately planned for, allocated, and strategically placed to meet the demand. Veterans Health Administration (VHA) and Veterans Benefits Administration (VBA) managers have not effectively collaborated and shared information on issues affecting the timely delivery of exams. Additionally, VA lacks a performance standard that enables management to adequately measure whether exam requests are completed in a timely manner. As a result, many veterans do not receive timely exams, which can delay the delivery of disability benefits.

What We Recommended

We recommended VA improve its oversight of the C&P exam program to provide greater

assurance that veterans receive timely exams.

Agency Comments

The Under Secretary for Health and the Acting Under Secretary for Benefits agreed with our findings and recommendations. We consider the planned actions acceptable, and will follow up on their implementation. See Appendix E for the full text of the Under Secretary for Health's comments and Appendix F for the full text of the Acting Under Secretary for Benefits' comments.

(original signed by:)

BELINDA J. FINN
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Objective	The objective of the audit was to determine if VA commits sufficient resources to provide veterans with timely C&P medical exams.
C&P Exam Process	Veterans initiate claims for disability compensation or pension benefits by filing an application online or at a VA Regional Office (VARO). Upon receipt of an application, VARO personnel collect relevant evidence needed to evaluate the claim. Required evidence could include results of a C&P medical exam to determine the degree of disability or a medical opinion as to whether the disability is related to the veteran's military service. VARO personnel send exam requests to VA medical facilities or to VBA national contractors. Once the exam request is completed, a report detailing the results of each exam is provided to the VARO. Upon receipt of the report, in combination with other relevant evidence, VARO personnel make a rating decision on the veteran's disability compensation or pension claim.
C&P Exam Providers	VHA, fee basis, or local contract providers conduct C&P medical exams for requests sent to VA medical facilities. Fee basis and local contract providers conduct exams at VA medical facilities (onsite) or at non-VA locations (offsite). To provide exams for requests not sent to VA medical facilities, VBA has national contracts with QTC Medical Services, Inc. (QTC) and MES Solutions (MES). QTC conducts exams within the jurisdiction of 10 VAROs and MES within the jurisdiction of six VAROs.
Timeliness Performance Standards	VA medical facilities are required to complete and return C&P exam requests to VAROs within an average of 30 days of receipt. Officials at the Compensation and Pension Examination Program (CPEP) Office monitor compliance with this standard on a monthly basis. VBA contractors are required to complete and return exam requests to VAROs within an average of 38 days of receipt. C&P Service's contract exams staff monitor compliance with these standards on a quarterly basis.
Growth of C&P Exam Requests	The number of exam requests VBA sent to VA medical facilities and national contractors increased by 45 percent from FY 2005 through FY 2009. VHA's FY 2009 exam request workload increased by 14 percent over the previous year, and VBA national contractors' workload increased by 35 percent.

RESULTS AND RECOMMENDATIONS

Finding **VA Needs To Improve Oversight of the Compensation and Pension Medical Examination Program**

Management at VA medical facilities does not always commit sufficient resources to ensure veterans receive timely C&P medical exams. This occurs because VA management has not given the C&P exam program the attention needed to ensure it is managed effectively. Decisions regarding the management of the program are made at the local level with limited oversight from VA Central Office regarding resource allocation, utilization, or productivity. VA has not established procedures to capture the data needed to make informed decisions regarding the C&P exam program. More specifically, VA has not established procedures to:

- Adequately capture exam workload.
- Capture all costs associated with exams.
- Measure productivity to determine a VA medical facility's capacity to complete exams.

Also, VHA and VBA managers have not effectively collaborated and shared the information needed to ensure sufficient resources were committed to meet the demand for C&P medical exams. In addition, VA lacks a performance standard that enables management to adequately measure whether exam requests are completed and returned to VAROs in a timely manner. As a result, many veterans do not receive timely exams, which can delay the delivery of disability benefits.

Commitment of Resources

VHA policy states that upon receipt of a C&P exam request, staff should schedule exams within an average of 3 days and return completed exam requests to VAROs within an average of 30 days. We found that VA medical facility management had not committed sufficient resources to ensure C&P medical exams were scheduled and completed timely at three of four sites we selected for review. Staff at three VA medical facilities had not scheduled exams within an average of 3 days. To the detriment of some veterans, staff at two of the facilities did not process exam requests as received. Instead, staff processed workload by selecting a combination of older and newer exam requests and considered the complexity of exam requests in order to meet VHA's timeliness standard. Because management had not committed sufficient resources, some veterans experienced longer than necessary delays in having their exams completed and the results of their exams returned to the VAROs.

*Temple, TX
Site Visit*

At the VA medical facility in Temple, management had committed sufficient resources to process timely exam requests. Staff scheduled exams within an average of 3 days of receipt and returned completed exam requests to the VARO within an average of 30 days, as required. During FY 2009, the facility's average monthly processing time for completing C&P exam requests was 28 days. In July 2009, despite the lack of national guidance, management established local procedures to identify full-time equivalents (FTE)¹ conducting C&P medical exams, as well as standard times for conducting exams, in order to measure productivity. This analysis was initiated after management recognized an increase in the number of exam requests received in June. Based upon their assessments of workload, productivity, and available resources, facility management determined they needed two additional C&P exam providers. As a result, the facility Director approved the hiring of two additional providers. We believe that management's decision to monitor workload, measure productivity, and hire additional staff when needed improved the facility's capability to consistently provide veterans with timely exams.

*Portland, OR
Site Visit*

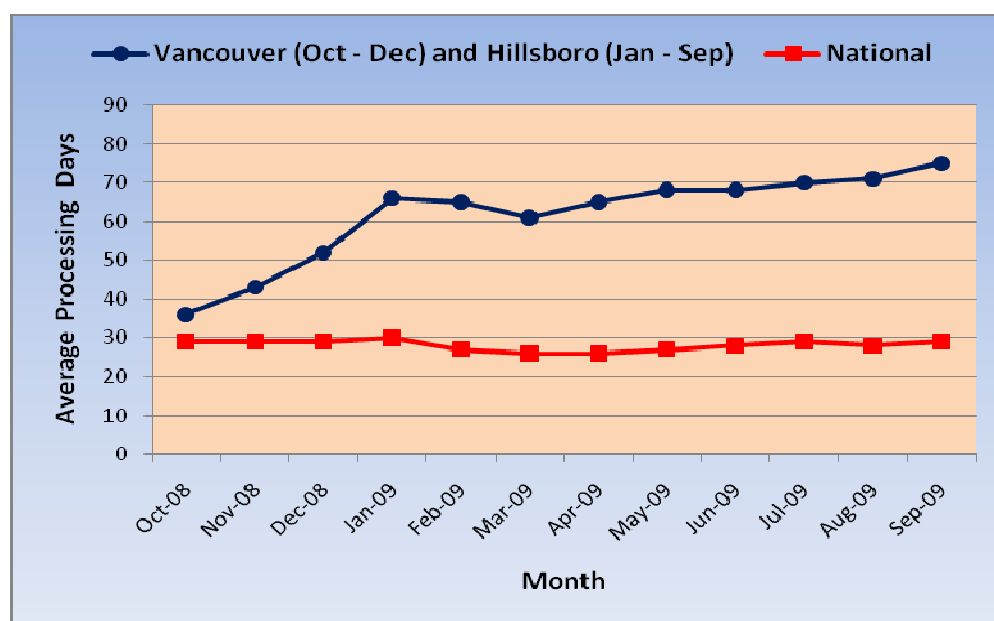
The VA medical facility in Portland conducted C&P medical exams at the Vancouver, WA campus until January 2, 2009. On January 5, 2009, the C&P exam function was transferred to a new facility that was opened at the Hillsboro, OR Community-Based Outpatient Clinic (CBOC).

At the Hillsboro CBOC, we found that 974 (96 percent) of 1,017 unscheduled exam requests were greater than 3 days old. The number of unscheduled exam requests represented a significant portion of the CBOC's monthly C&P exam workload. On average, the CBOC received 865 C&P exam requests per month during FY 2009. The average age of the unscheduled exam requests was 26 days. Of the 1,017 unscheduled exam requests, VARO personnel asked the CBOC to expedite 73 exam requests (average age of 34 days) for veterans who were seriously injured, classified in the Global War on Terror priority group, or due to the age of elderly veterans. The age of these unscheduled exam requests ranged from 6 to 72 days.

The graph on the next page shows increasing delays in returning completed exam requests to the VARO throughout FY 2009 and supports our conclusion that the VA medical facility in Portland had not committed sufficient resources to ensure veterans received timely C&P medical exams. For FY 2009, the average processing days for completing C&P exam requests increased from 36 to 75 days.

¹An FTE is a workforce measure representing 2,080 work hours—the equivalent of 1 person working full-time for 1 year.

**Exhibit 1. FY 2009 Average Processing Days for C&P Exam Requests
VA Medical Facility Portland (Vancouver Campus) and
Hillsboro CBOC vs. National**



Source: Automated Medical Information System data.

The increased processing time to complete C&P exam requests was partly attributed to the effects of moving the C&P exam clinic from Vancouver to Hillsboro. Due to the relocation, the facility experienced a 90 percent turnover in administrative personnel, which included the loss of an experienced C&P exam coordinator. Other factors that contributed to a backlog of unscheduled C&P exam requests were an 18 percent increase in workload, the loss of orthopedic and general medical providers, and an increase in the number of exams related to unique medical conditions. On July 23, 2009, more than 6 months after exam timeliness started to significantly decline, Veterans Integrated Service Network (VISN) personnel visited the facility to outline a plan to address the declining performance. As a result of their assessment, the VISN made 13 recommendations that included hiring additional administrative staff as well as local contract and fee basis providers.

*Roseburg, OR
Site Visit*

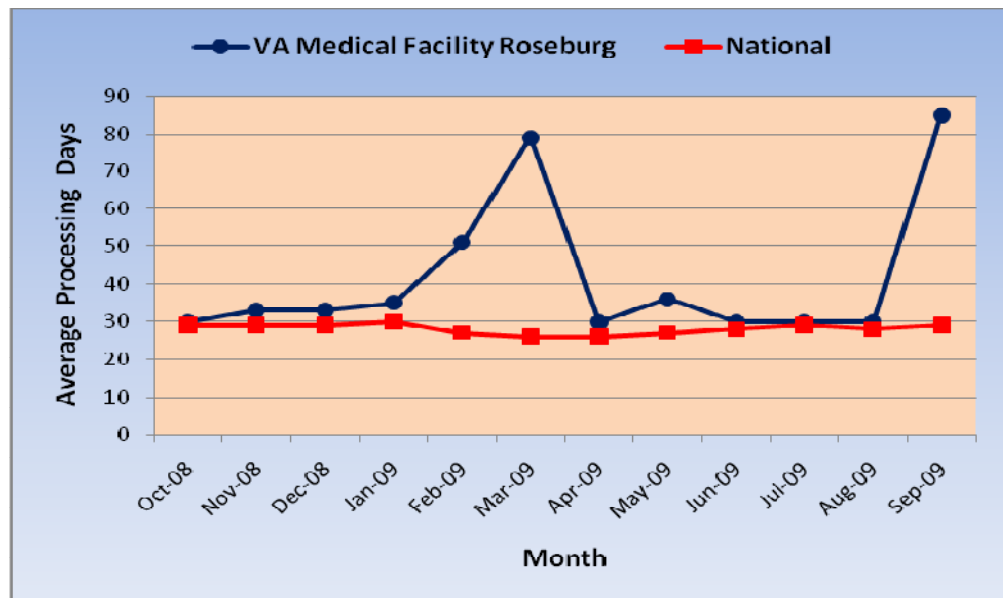
During our visit to VARO Portland, management provided documentation that indicated the VA medical facility in Roseburg had a backlog of older pending C&P exam requests. Documentation showed that 257 (45 percent) of 574 pending exam requests were greater than 90 days old as of August 26, 2009. At the Roseburg facility, we found 314 of the 574 pending exam requests stored in two file cabinets, and a significant number of those requests had been pending for over 3 months. According to facility staff, these exam requests were completed but required further review by staff before being returned to the VARO because the facility had already reached

the threshold for insufficient exams.² Rather than review these completed exam requests and return them to the VARO, management chose to process newer exam requests in an attempt to meet VHA's timeliness standard. As a result, veterans experienced delays in having the results of their exams returned to the VARO.

We also found that the Roseburg facility had 140 unscheduled exam requests ranging from 5 to 178 days old. The average age of the unscheduled exam requests was 49 days. Subsequent to our visit in August 2009, facility management began processing the older pending exam requests that we found stored in file cabinets. As a result, the facility's average processing days for completing C&P exam requests increased from 30 days in August to 85 days in September.

The following graph shows increased delays in returning completed exam requests to the VARO in February, March, and September 2009 and supports our conclusion that the facility had not committed sufficient resources to ensure veterans received timely C&P medical exams. Furthermore, the graph supports our conclusion that after processing older exam requests in February and March management returned to the practice of processing newer requests until September.

**Exhibit 2. FY 2009 Average Processing Days for C&P Exam Requests
VA Medical Facility Roseburg vs. National**



Source: Automated Medical Information System data.

²VHA has a performance standard that requires at least 97 percent of exams completed at each VA medical facility must be sufficient for rating purposes—compliance is demonstrated by a 3 percent or less rate of exams returned.

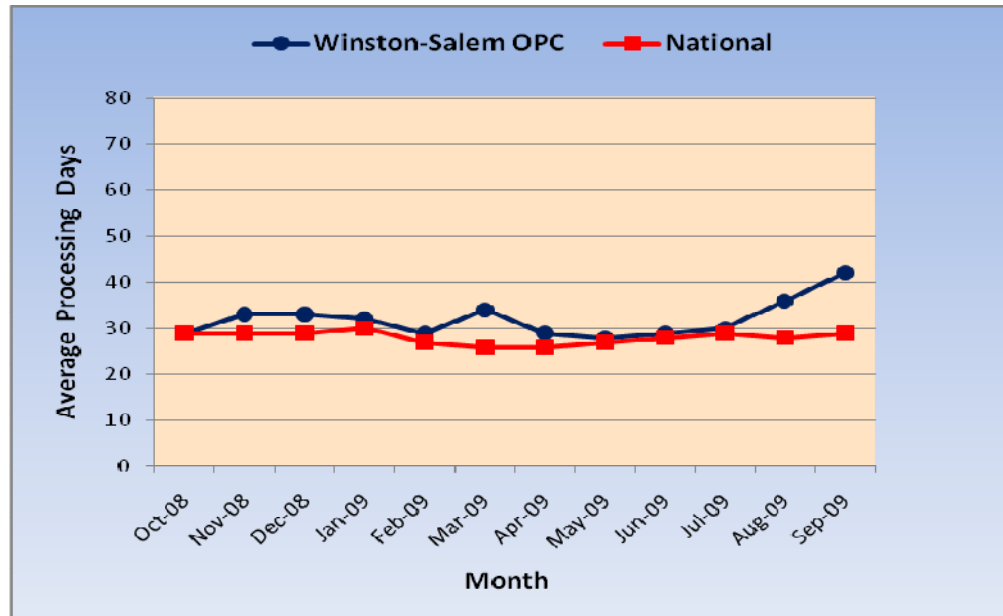
Despite working 1,715 overtime hours (costing \$49,036) for the period October 1, 2008–August 27, 2009, C&P administrative staff was unable to process the older pending exam requests and incoming requests. Subsequent to our visit, facility management reorganized the C&P exam program and placed it under the authority of the medical facility's Chief of Staff. Management also took action to recruit a full-time C&P exam coordinator as well as two administrative staff to help process exam requests.

*Winston-Salem, NC
Site Visit*

At the Winston-Salem Outpatient Clinic (OPC), which is under the jurisdiction of the VA medical facility in Salisbury, we found a backlog of 1,334 unscheduled C&P exam requests. The number of unscheduled exam requests represented a significant portion of the OPC's monthly C&P exam workload. On average, the OPC received 2,059 C&P exam requests per month during FY 2009. The average age of the unscheduled exam requests was 40 days. Management processed exam workload as needed to meet VHA's timeliness standard. Specifically, on a typical day, facility staff scheduled half-newer and half-older exam requests. OPC staff provided management with a report each morning showing the facility's progress toward achieving the timeliness standard. When the average days started to increase, staff scheduled newer or less complex exam requests that could be processed quickly, such as medical clarifications or single-issue exam requests. This practice enabled the OPC to consistently show that the facility was meeting the timeliness standard; however, it masked the fact that management had not committed sufficient resources to meet the current demand. Because of the backlog of exam requests, many veterans experienced delays in having their exams completed and the results of their exams returned to the VARO. During our site visit, VISN management granted approval for the OPC to hire 20 additional staff to help process exam requests and conduct C&P medical exams.

The graph on the next page shows that the Winston-Salem OPC met VHA's timeliness standard for 6 months of FY 2009. Although it appears they managed the C&P exam program effectively, management had not committed sufficient resources to meet the demand, which included a backlog of unscheduled exam requests. Subsequent to our visit and identification of the backlog of unscheduled exams in July 2009, average processing days began to increase in August and September.

**Exhibit 3. FY 2009 Average Processing Days for C&P Exam Requests
Winston-Salem Outpatient Clinic vs. National**



Source: Automated Medical Information System data.

Allocation of Resources

If VA improves oversight of the C&P exam program and establishes procedures to capture and analyze relevant data, management will be better able to make informed decisions. For example, in order to address the increasing demand for C&P medical exams and provide better service to veterans, local management could consider allocating resources at VA medical facilities located in greater proximity to veteran populations. During FY 2009, about 89 percent of VHA C&P exam requests in North Carolina were sent to the Winston-Salem OPC. However, four other VA medical facilities in the state received a significantly lower number of exam requests.

Based on a random sample of 180 veterans, we determined that veterans who had exams conducted at the Winston-Salem OPC traveled about 97 miles on average (194 miles round trip) for their exams. For example, one veteran received an exam at the Winston-Salem OPC, even though the veteran resided 174 miles away from the OPC. This veteran could have received his exam at a VA medical facility located 10 miles from his residence had management allocated C&P exam resources to that location. Because of the way VISN management allocated their C&P exam resources, the veteran had to drive over 300 miles to receive his exam. (See Appendix C for a map showing the distance veterans traveled to receive their C&P medical exams at the Winston-Salem OPC.)

Exam Workload

VA has not established procedures to adequately capture exam workload. In FY 2009, VAROs sent 901,436 exam requests to exam providers. Of these,

737,517 (82 percent) were sent to VHA facilities and 163,919 (18 percent) were sent to VBA national contractors.

VA's C&P exam workload is captured at the exam request level rather than the medical exam level. A single exam request can contain many of the 58 different types of C&P medical exams. For example, a veteran filed a C&P claim requesting an increase in compensation. The VARO sent an exam request to a VA medical facility that resulted in five separate exams to evaluate conditions related to feet, hypertension, a neurological disorder, the spine, and the intestines. VA captures this workload as one exam request, as opposed to five unique medical exams. Consequently, while VA can identify the number of C&P exam requests completed, it does not know the actual number and type of C&P medical exams conducted. Without exam level information, VA is unable to compare workload, and associated costs, of completed exams and determine whether resources are appropriately allocated. As a result, VA is unable to plan or determine whether it is more cost-effective to hire additional VHA staff or to expand the use of national contractors, local contractors, or fee basis providers.

Furthermore, VHA cannot readily distinguish whether exam workload is conducted by VHA, fee basis, or local contract providers. Our online survey, which we conducted to learn more about the C&P exam program nationally, indicated that 99 (70 percent) of 142 VA medical facilities reported using fee basis providers, and 24 (17 percent) facilities reported using local contractors to conduct exams. However, according to a CPEP official, VA does not currently have the capability to capture C&P exam workload by provider type. This information is necessary so that management can determine whether resources are appropriately allocated and whether the C&P exam program is managed effectively.

Exam Costs

VA cannot identify the total cost of completing C&P medical exams because all costs are not accurately captured in the Decision Support System (DSS), VA's managerial cost accounting system. In FY 2008, a DSS web-based report showed VHA's C&P exam costs totaled \$269.9 million. However, we determined that DSS did not capture all exam costs, such as costs related to ancillary tests (for example, X-rays and laboratory tests). At our request, DSS personnel developed a program in order to capture the missing exam costs. The resulting web-based report showed VHA's FY 2008 C&P exam costs totaled \$317.6 million, a \$47.7 million increase (18 percent) from what was originally captured in DSS.

Even after including the costs of ancillary tests, DSS does not capture all C&P exam related costs. We compared 345 completed C&P medical exams to data in DSS. In 59 (17 percent) of 345 exams tested, DSS did not have: (1) an associated C&P exam cost, (2) the exam properly coded as a C&P medical exam, or (3) a patient visit captured. Therefore, the costs of these 59 exams were not captured by DSS as C&P exam related.

Furthermore, DSS does not capture the cost of C&P medical exams completed offsite by fee basis and local contract providers. Our online survey indicated that 24 (17 percent) of 142 VA medical facilities reported using fee basis providers offsite, and 7 (5 percent) facilities reported using local contract providers offsite to conduct exams.

When VISNs receive their budget allocations from VHA, they distribute funds to the VA medical facilities within their network. VA medical facilities pay for their local C&P exam programs by using money from their general purpose fund, which is also used to pay for primary care and other programs. Because VA does not directly obligate funds for the C&P exam program, it is imperative that all costs of exams completed by VHA are captured in DSS. Without this information, VA does not know the actual cost of approximately 82 percent of its total C&P exam workload. With national C&P exam workload exceeding 900,000 requests in FY 2009, this information is needed to compare costs from all sources conducting exams and to determine whether resources are appropriately allocated.

**Productivity
Analysis**

VHA has not established procedures to determine a VA medical facility's capacity to complete C&P medical exams. In order to measure productivity, VHA needs accurate FTE data and the average length of time needed to complete each of the 58 types of exams.

VHA cannot identify the number of FTE conducting C&P medical exams. Because this information was not available nationally, we asked each VA medical facility to provide the number of FTE conducting C&P medical exams at the time of our review. Our survey showed that 41 (29 percent) of 142 facilities were not able to provide the number of FTE conducting C&P medical exams.

VHA has not established a standard time to complete each type of C&P medical exam. Without establishing standard times to complete exams and collecting accurate FTE data, VA management lacks the information needed to compare workload, measure productivity, and determine whether sufficient resources are committed to conduct timely exams.

**VHA and VBA
Collaboration**

Although VHA and VBA managers have information that could help ensure sufficient resources are committed to meet the demand for C&P medical exams, they do not routinely share this information with each other. Additionally, they have not effectively collaborated and resolved issues that affect C&P medical exam and disability rating claims processing, such as issues associated with workload, staffing, and scheduling.

Various local VHA and VBA managers reported that they do not routinely meet to discuss C&P exam workload issues. In response to our online surveys, 5 VAROs and 27 VA medical facilities reported that they do not have regularly scheduled meetings with their counterparts to discuss exam

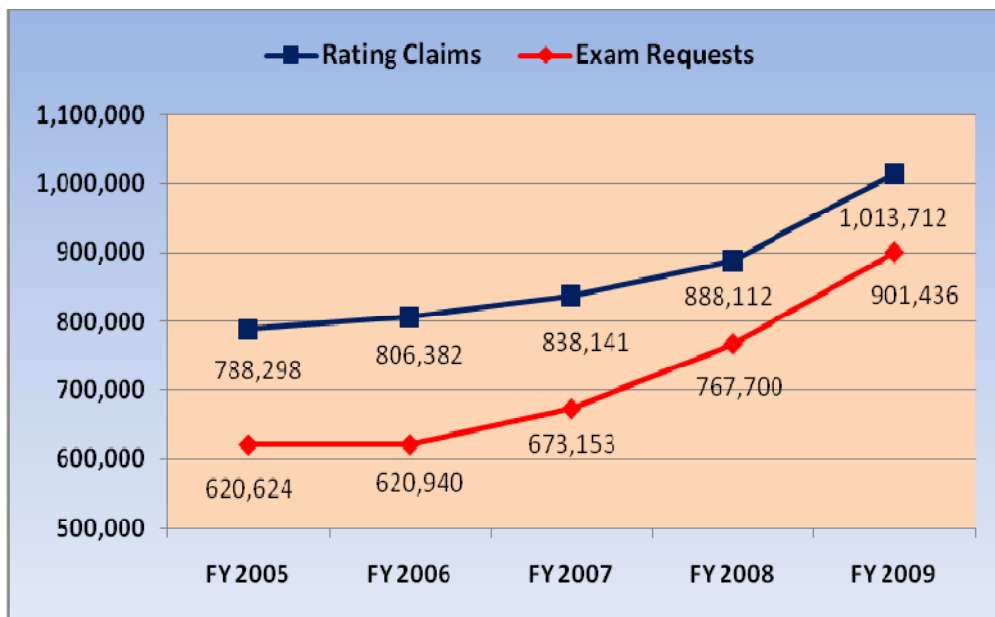
workload issues, such as expected increases in the number of exam requests and quality of exam requests.

Disability Rating Claims Receipts

VBA maintains rating claims receipt data on a national and local level; however, management does not share this information with VHA. While the growth in rating claims receipts increased steadily from FY 2005 through FY 2009, the growth in exam requests associated with the rating claims increased more rapidly. Rating claims receipts increased by 29 percent over the 5-year period while C&P exam requests increased by 45 percent.

In FY 2009, the growth of rating claims receipts and exam requests accelerated, with rating claims receipts increasing by 14 percent over the previous year and exam requests increasing by 17 percent. If FY 2009 percentages are used to project FY 2010 workload, VA can expect about 1.2 million rating claims receipts and about 1.1 million exam requests. The following graph shows the relationship between rating claims receipts and C&P exam requests.

**Exhibit 4. Rating Claims Receipts and C&P Exam Requests
FY 2005–FY 2009**



Source: OIG analysis of VBA Performance Analysis and Integrity Office's claims data and Automated Medical Information System data.

Local VHA personnel reported that it can take up to one year to hire, privilege, credential, and train a provider to conduct C&P medical exams. It is imperative that VBA shares trends in workload at the national and local level so that VHA managers have enough lead-time to ensure sufficient resources are available to meet the demand.

**Timeliness
Performance
Standard**

VA's timeliness performance standard does not adequately measure whether C&P exam requests are completed and returned to VAROs in a timely manner. For example, staff at the VA medical facility in Roseburg and the Winston-Salem OPC did not schedule and process exam requests when first received. Rather, staff scheduled a mix of older and newer exam requests while considering the complexity of requests in an effort to meet VHA's 30-day timeliness standard. This practice enabled management to show that their facilities were generally meeting the timeliness standard in FY 2009, with the exception of a 2-month period at the Roseburg facility when management addressed older requests. However, the practice masked the fact that management had not committed sufficient resources to meet the demand. Both facilities had backlogs of unscheduled exam requests and as a result, many veterans experienced delays in having their C&P medical exams completed and the results of their exams returned to the VAROs.

We determined that the following measures could have strengthened VHA's ability to monitor timeliness and identify facilities not completing exam requests in a timely manner.

- **Average days pending.** A measure to monitor average days pending for C&P exam requests would have shown that 45 percent of pending exam requests at the Roseburg facility were greater than 90 days old as of August 26, 2009. VHA relies on average processing days, which showed that the Roseburg facility met the timeliness standard during FY 2009 except for the months of February, March, and September.
- **Exam requests scheduled within an average of 3 days upon receipt.** A measure to monitor the timeliness of scheduling exam requests would have shown that the Hillsboro CBOC, the VA medical facility in Roseburg, and the Winston-Salem OPC were not scheduling exam requests within an average of 3 days of receipt and had backlogs of unscheduled exam requests. The average age of unscheduled exam requests at these facilities was 26, 49, and 40 days respectively.

In addition, VHA management and VBA national contractors are held to different timeliness standards. VHA's C&P exam staff is required to return completed exam requests to VAROs within an average of 30 days of receipt. In contrast, VBA contractors are required to complete and return exam requests to VAROs within an average of 38 days of receipt. VHA and VBA need to establish performance standards that enable management to adequately measure whether veterans receive timely C&P medical exams, regardless of whether the services are provided by VHA or VBA national contractors.

Conclusion

Management at VA medical facilities does not always commit sufficient resources to ensure veterans receive timely C&P medical exams. VA has not given the C&P exam program the attention needed to ensure it is managed effectively. Without increased program oversight, resources dedicated to conducting C&P medical exams could continue to be insufficient and veterans could continue to experience delays in having their exams completed.

Recommendations

We recommend the Acting Under Secretary for Health:

1. Establish procedures to capture compensation and pension medical examination workload data at the examination level for all examinations conducted by VHA, fee-basis, and local contract providers.
2. Establish procedures to capture all costs associated with each compensation and pension medical examination conducted by VHA, fee-basis, and local contract providers.
3. Establish procedures to measure productivity by identifying the number of full-time equivalents who conduct VHA compensation and pension medical examinations and establishing standard times to complete each type of compensation and pension medical examination.
4. Utilize and monitor data on VHA workload, costs, and productivity to ensure sufficient and appropriate resources are dedicated to completing compensation and pension medical examination requests sent to VA medical facilities.
5. Establish timeliness performance standards that adequately measure whether veterans receive timely compensation and pension medical examinations conducted by VHA, fee-basis, and local contract providers.

We recommend the Acting Under Secretary for Benefits:

6. Establish procedures to capture compensation and pension medical examination workload data at the examination level for all examinations conducted by VBA national contractors.
7. Establish procedures to capture all costs associated with each compensation and pension medical examination conducted by VBA national contractors.

**Recommendations
(continued)**

8. Utilize and monitor data on VBA national contractor workload and costs to ensure sufficient and appropriate resources are dedicated to completing compensation and pension medical examination requests sent to VBA national contractors.
9. Establish timeliness performance standards that adequately measure whether veterans receive timely compensation and pension medical examinations conducted by VBA national contractors.

We recommend the Acting Under Secretary for Health and the Acting Under Secretary for Benefits:

10. Jointly establish procedures to improve communications, share relevant information, and report on issues affecting compensation and pension medical examination processing.

**Management
Comments and
OIG Response**

The Under Secretary for Health concurred with our findings and recommendations. VHA will work to modify existing information technology systems to capture all workload and cost data related to C&P medical exams conducted by and on behalf of VHA. VHA will contract for the discovery and analysis of staffing models in place at all VHA C&P clinics and develop a complexity scale to provide guidance on the amount of time that should be scheduled for each exam. VHA will collaborate with VBA to recommend a new timeliness performance standard that will measure average days to complete C&P medical exams as well as consider the distribution of pending C&P exam requests.

The Acting Under Secretary for Benefits concurred with our findings and recommendations. VBA will require future C&P exam contractors to report on the number and types of C&P medical exams completed per veteran. VBA will also revise its pricing sheet for the next contract solicitation to ensure all costs associated with each completed exam are captured. VBA will utilize workload and cost data provided by C&P exam contractors to assess resource needs at regional offices. VBA will reevaluate the time standard for national contractors and require a uniform standard for future contracts that includes measuring average days pending for C&P exam requests. VHA and VBA will form a workgroup to analyze communications at the local, regional, and national levels and develop an action plan for improvement. We consider the planned actions acceptable and will follow up on their implementation.

Appendix A Scope and Methodology

Scope and Methodology

We obtained the total number of C&P exam requests completed by VHA (including fee basis and local contract providers) from FY 2005 through FY 2009 from the CPEP Office. We obtained C&P exam cost data for VHA from DSS for FY 2007 through FY 2009. For VBA's national contractors, we obtained the total number of C&P exam requests completed from FY 2005 through FY 2009 and the total cost of exam requests for FY 2007 through FY 2009 from C&P Service's contract exam staff.

We suspended our cost analysis after determining that cost and workload data was not accurate or complete. C&P exam workload data was not systematically collected or readily available at the exam level. We determined that all costs associated with completing C&P medical exams were not being accurately captured in DSS. We could not determine workload and cost of C&P medical exams completed by fee basis and local contract providers conducting exams at VA medical facilities (onsite) or at non-VA facilities (offsite) because this information was not systematically collected nor readily available.

Our findings addressed internal control weaknesses associated with the effective management of the C&P exam program. Despite the absence of accurate and complete workload and cost data, when viewed in context with other available evidence, we believe our findings, conclusions, and recommendations are valid.

To determine whether the C&P exam program was managed effectively, we reviewed relevant national and local laws, regulations, policies, procedures, and guidelines related to the program. To obtain information on VBA's national contracts, we reviewed applicable QTC and MES contract documentation. We conducted site visits to the CPEP Office located in Nashville, TN; C&P Service's contract exams staff and VA's Office of Acquisitions and Logistics located in Washington, DC; and the DSS Office located in Bedford, MA.

To obtain information on local C&P exam programs, we conducted online surveys of 164 VA medical facilities and 57 VAROs during June and July 2009. We sent VHA surveys to the Chiefs of Staff at the 164 VA medical facilities. Some Chiefs of Staff sent in responses as integrated health care systems, which resulted in 142 facilities submitting responses. We sent the VBA surveys to the Veterans Service Center Managers at the 57 VAROs. We obtained a 100 percent response rate.

We also interviewed VISN, VARO, and VHA personnel at Winston-Salem, Durham, and Salisbury, NC; Waco, Temple, Arlington, and Dallas, TX;

Portland, Hillsboro, and Roseburg, OR; and Vancouver, WA, and we observed local C&P exam processing operations. We selected these sites based on C&P exam workload and timeliness data for VA medical facilities. We also considered responses to the VHA and VBA online surveys when selecting our site visit locations.

We also interviewed the Acting Deputy Under Secretary for Health for Operations and Management, the VHA Chief Business Office Leadership, and the VBA Office of Field Operations Management.

***Reliability of
Computer-
Processed Data***

To test the reliability of computer-processed data, we compared completed C&P medical exams provided by the CPEP Office to the actual exam data found in the Compensation and Pension Record Interchange system. We concluded that the data was sufficiently reliable for the audit objective.

To test the reliability of DSS computer-processed data, we obtained and analyzed data from the DSS web-based reporting system. We determined that DSS did not capture all of VHA's C&P exam costs, such as those costs related to ancillary tests including x-rays and laboratory tests. We also compared completed C&P medical exams (including fee basis exams) to data found in DSS at sites we selected for review. In some of the exams tested, DSS did not have an associated cost, the exam properly coded as a C&P medical exam, or a patient visit captured. We concluded we could not rely on DSS data to determine VHA's C&P exam costs. However, our report findings were not dependent on the accuracy of DSS data and we were able to address our audit objective.

***Compliance with
Government Audit
Standards***

We conducted our audit work from May 2009 through January 2010. Our assessment of internal controls focused on those controls relating to our audit objective. We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B Background

C&P Exam Budget VHA's annual budget does not contain a line item specific to the C&P exam program. In general, when VISNs receive their budget allocations from VHA, they distribute funds to the VA medical facilities within their network. Money to operate C&P exam programs at the facility level is not specifically obligated for C&P medical exams; rather, it is withdrawn from the facility's general purpose fund.

VBA Contract Exam Funding VBA C&P Service program officials provided the following QTC and MES contract funding information. VBA provided funds for the QTC contract from the Mandatory C&P account in FY 2009. Funding for the QTC contract in FY 2009 was \$133.5 million plus an additional \$2.5 million in administrative and support contract costs (customer survey/audit contracts). For FY 2010, VBA obligated \$144 million for the QTC contract from its General Operating Expense Discretionary account. VBA provides funds for the MES contract from the General Operating Expense Discretionary account. Funding for the MES contract in FY 2009 was \$15 million. For FY 2010, VBA obligated \$20 million to fund the MES contract.

CPEP Office CPEP was established in 2001 as a joint VHA and VBA national office to monitor the C&P exam process and to ensure improvements in the quality of exams and veteran satisfaction. The following is a summary of CPEP's goals:

- Improve the quality of exam requests.
- Improve the quality of exam reports.
- Contribute in improving the quality of claims processing.
- Improve customer service.
- Enhance employee development.
- Improve communications and outreach.
- Improve claims processing timeliness.

VBA C&P Service Contract Exams Staff C&P Service's contract exams staff is responsible for ensuring that the contractors delivering C&P medical exams meet their quality, timeliness, and efficiency standards.

Applicable Criteria OMB Circular A-123 (Management Accountability and Control) states management is responsible for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations.

GAO's Standards for Internal Control in the Federal Government provides the overall framework for federal agencies to establish and maintain internal controls and to identify and address major performance and management

challenges and areas at greatest risk for fraud, waste, abuse, and mismanagement.

Public Law 104-275 granted VA the authority under a pilot program to contract for C&P medical exams. Jurisdiction is limited to 10 VAROs. VA contracted with QTC in 1998 to conduct exams under a pilot program. In 2003, VA awarded a performance-based successor contract to QTC that included a base-year plus four option years. In addition, contract provisions allowed bonus years based on exceeding performance standards. VA awarded QTC 3 bonus years, which extends the contract to April 30, 2011.

Public Law 108-183 granted VA the authority to further contract for medical disability exams. Jurisdiction is limited to six VAROs. VA contracted with MES in 2008 to conduct C&P medical exams through May 1, 2010.

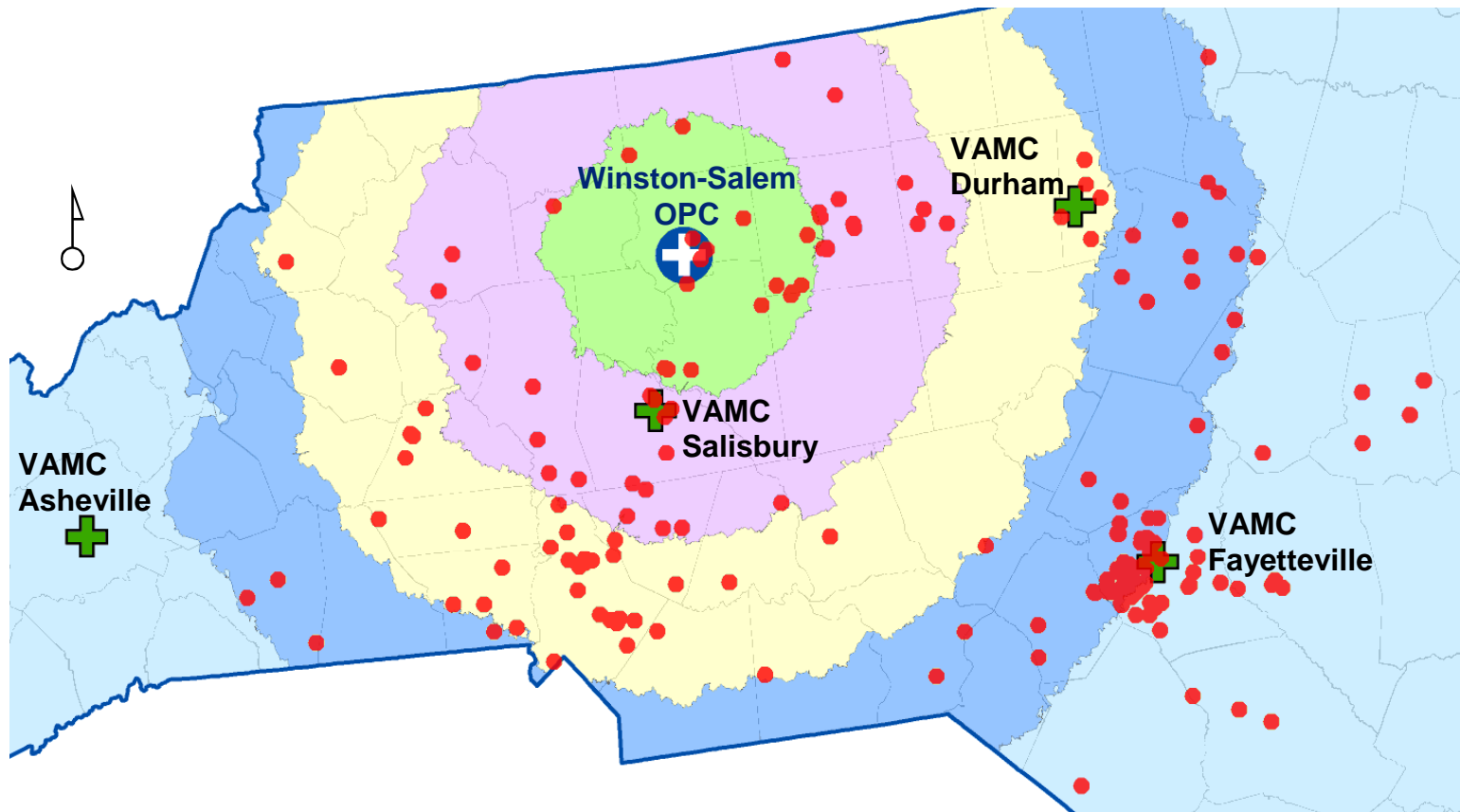
Public Law 110-389 authorized the extension of temporary authority for the performance of C&P medical exams by contract officials through December 31, 2010.

M21-1MR, Part III, Subpart iv, Chapter 3, December 29, 2007 and August 3, 2009, is the primary VBA criteria related to C&P medical exams. This document covers the following general topics: (1) exam requests, (2) scheduling exams, (3) control of exams, (4) exam reports, and (5) liaison with VA medical facilities.

VHA Handbook 1601E.01, October 13, 2009, is the primary VHA criteria related to the C&P exam program. (This handbook supersedes an earlier version of the handbook dated April 3, 2006.) The handbook covers the following general topics: (1) VHA responsibility, (2) requesting C&P medical exams, (3) timeliness requirements, and (4) exam reports.

VHA Procedure Guide 1601E.01 Chapters 3 and 7, change dates October 14, 2009 and August 25, 2009, respectively, contain C&P exam scheduling timeframe, as well as information on C&P exam provisions, exam request contents, and timely exam processing. The processing time standard requires each VA medical facility to complete C&P medical exams within an average of 30 calendar days. This section also contains information on the previous C&P exam processing time standard, which required each VA medical facility to complete exams within an average of 35 calendar days.

Appendix C North Carolina Exam Requests Completed at Winston-Salem Outpatient Clinic



Legend

Driving Distance to Winston-Salem OPC

- Less than 30 miles
- 30 to 60 miles
- 60 to 90 miles
- 90 to 120 miles
- Greater than 120 miles

Veterans Locations and Winston-Salem OPC

- Represents the location of each of the 180 randomly selected veterans
- + Winston-Salem OPC

Boundaries

- State
- County

Source: OIG analysis of data from the Compensation and Pension Record Interchange and the Compensation and Pension Examination Program Office.

Note: In addition to Winston-Salem OPC, North Carolina has four VA Medical Centers (VAMC) located in Asheville, Salisbury, Durham, and Fayetteville.

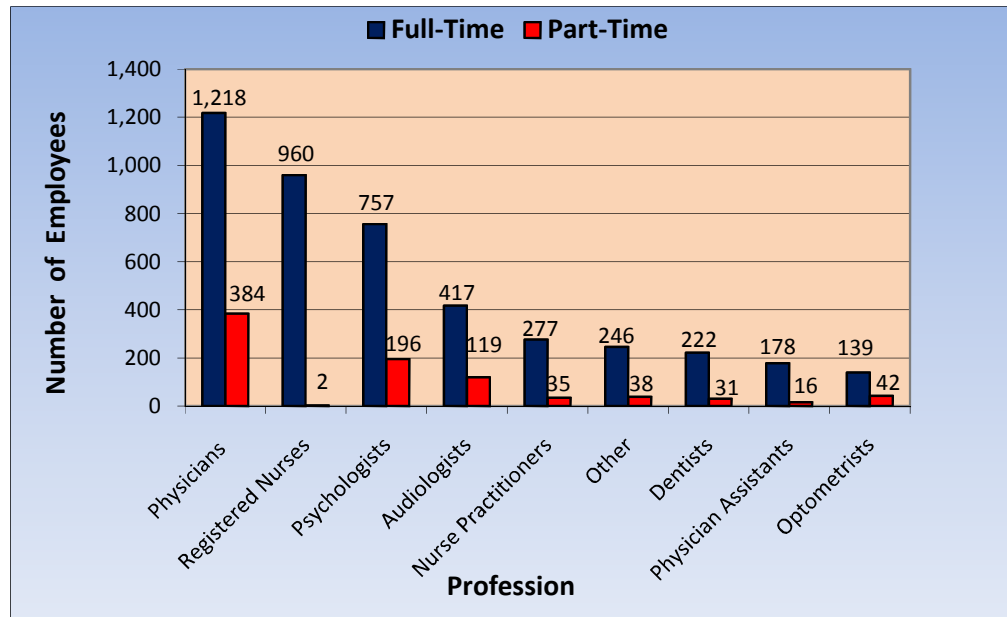
Appendix D Providers Conducting Compensation and Pension Medical Examinations at VA Medical Facilities

We conducted an online survey of VA medical facilities conducting C&P medical exams. The facilities provided the number of full-time and part-time VHA medical staff who conducted any C&P medical exams. The facilities also reported the number of full-time and part-time VHA staff who only conducted C&P medical exams (for more detailed information on these results, see Exhibits 5 and 6).

Number and Profession of VHA Employees Conducting C&P Medical Exams

Chiefs of Staff at 136 VA medical facilities reported that 4,414 full-time and 863 part-time employees conducted C&P medical exams at VA medical facilities. The following graph shows the number of full-time and part-time VA employees who conducted any C&P medical exams.

Exhibit 5. VA Employees Who Conducted Any C&P Medical Exams Full-Time and Part-Time



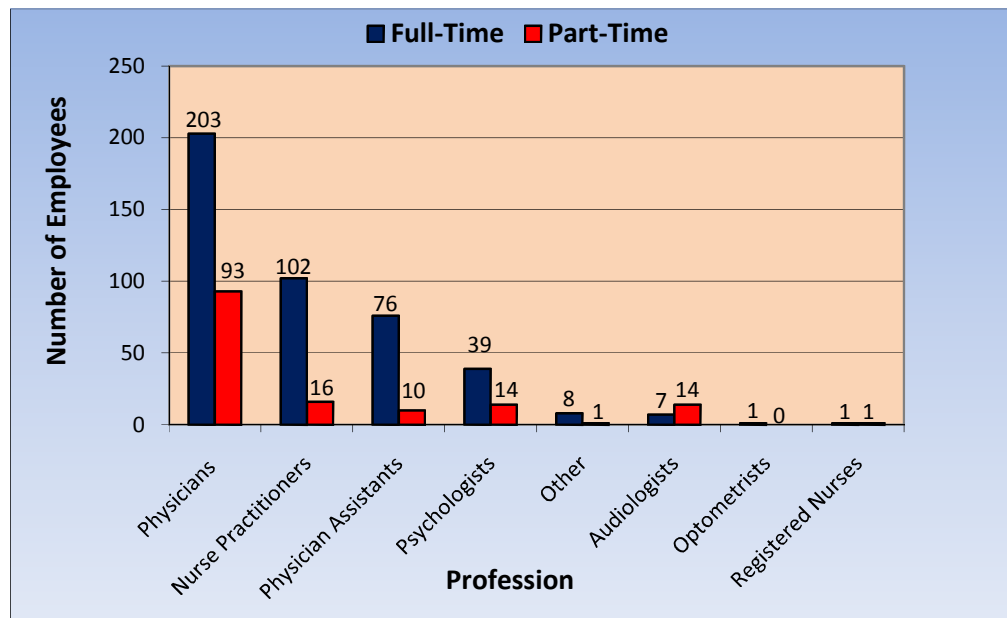
Source: OIG analysis of VA medical facilities' survey data.

Note: Medical staff reported under the "other" category included podiatrists, social workers, and neurologists.

Number and Profession of VHA Employees Dedicated Solely to Conducting C&P Medical Exams

Chiefs of Staff at 115 VA medical facilities reported that 437 full-time and 149 part-time employees only conducted C&P medical exams. The following graph shows the number of full-time and part-time VA employees who only conducted C&P medical exams.

Exhibit 6. VA Medical Staff Only Conducting C&P Medical Exams Full-Time and Part-Time



Source: OIG analysis of VA medical facilities' survey data.

Note: Medical staff reported under the "other" category included social workers and administrative staff.

Appendix E Under Secretary for Health Comments

Department of Veterans Affairs

Memorandum

Date: March 8, 2010

From: Under Secretary for Health (10)

Subj: *OIG Draft Report, Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations, (WebCIMS 449748)*

To: Assistant Inspector General for Auditing (52)

1. I have reviewed the draft report, and concur with the findings and recommendations. The Veterans Health Administration (VHA) fully recognizes that adequate resources, increased program oversight, and collaboration with the Veterans Benefits Administration (VBA) are essential to provide timely compensation and pension exams (C&P) for Veterans.
2. VHA is currently collaborating with VBA's C&P Service and the Office of Business Process Integration to develop recommendations for the Office of Information and Technology (OI&T) to enhance timely reporting in Veterans Health Information Systems and Technology Architecture (VistA) and in the National Data Systems program, to measure the number of each type of exam performed monthly at each VHA division. A reporting mechanism will be developed to share this information with field leadership to ensure resources are allocated based on actual exam workload.
3. To help capture all costs associated with each C & P medical examination conducted by VHA, fee-basis, and local contract providers, VHA will collaborate with the Department of Veterans Affairs' (VA) OI&T to modify existing information technology systems to capture all workload and cost data related to C&P medical examinations conducted by and on behalf of VHA. Furthermore, VHA's Compensation and Pension Examination Program (CPEP) will contract for the discovery and analysis of staffing models in place at all VHA C&P clinics to measure productivity in conducting C&P medical examinations and to establish standard times for completing each type of exam. VHA will also collaborate with OI&T to modify VistA systems to ensure that only certified providers can be scheduled to perform C&P exams and to enhance the registration system to record the number of hours each provider spends on C&P examination activities.

Page 2

OIG Draft Report, *Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations*, (WebCIMS 449748)

4. Additionally, in order to effectively collaborate and share information on issues affecting the timely delivery of C&P medical exams, VHA's CPEP, VBA's C&P Service, and VBA's Office of Business Process Integration will form a workgroup to analyze and develop an action plan for improved communications at the local, regional and National levels. Some of the anticipated products of the workgroup include: documented best practices from sites with effective communication strategies and including any industry best practices, requirements and recommendations for any information technology system enhancements, an enterprise communication plan, and any procedures and directives that are needed.

5. Thank you for the opportunity to review the report. Attached is VHA's complete action plan that outlines responsive improvement actions to address each recommendation. If you have any questions, please have a member of your staff contact Linda Lutes, Director, Management Review Service (10B5) at (202) 461-7245.

(original signed by:)
Robert A. Petzel, M.D.

Attachment

**VETERANS HEALTH ADMINISTRATION (VHA)
Action Plan**

OIG Draft Report, Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations, (WebCIMS 449748)

Date of Report: January 27, 2010

Recommendations/ Actions	Status	Completion Date
-------------------------------------	---------------	----------------------------

Recommendation 1. We recommended that the Under Secretary for Health establish procedures to capture compensation and pension medical examination workload data at the examination level for all examinations conducted by VHA, fee-basis, and local contract providers.

VHA Comments

Concur

VHA's Chief Business Office (CBO) and the Office of Health Information (OHI) are collaborating with the Veterans Benefit Administration's (VBA) Compensation and Pension (C&P) Service and the Office of Business Process Integration (OBPI) in developing recommendations for the Department of Veterans Affairs' (VA) Office of Information and Technology (OI&T) to enhance timely reporting in Veterans Health Information Systems and Technology Architecture (VistA), and for the National Data Systems program to measure the number of each type of exam performed monthly at each VHA division. Furthermore, VHA will develop a reporting mechanism to share this information with field leadership to ensure resources are allocated based on actual exam workload. The Compensation and Pension Examination Program Office (CPEP) will communicate with C&P field providers and clerical staff to train them on proper use of the Compensation and Pension Records Interchange, Automated Medical Interchange Exchange (CAPRI/AMIE) VistA packages for accurate recording of workload at the examination level.

In process

October 2010

Recommendation 2. We recommended that the Under Secretary for Health establish procedures to capture all costs associated with each compensation and pension medical examination conducted by VHA, fee-basis, and local contract providers.

VHA Comments

Concur

VHA's CBO and OHI will collaborate with VA's OI&T to modify existing information technology systems to capture all workload and cost data related to C&P medical examinations conducted by and on behalf of VHA. Decision Support System (DSS) will maintain these statistics and develop a reporting mechanism to share this cost data with VHA and VBA field and National leadership. VHA's CBO has already submitted an information technology (IT) enhancement request to begin analysis to identify the system modifications required.

In process

March 2011

Recommendation 3. We recommended that the Under Secretary for Health establish procedures to measure productivity by identifying the number of full-time equivalents who conduct VHA compensation and pension medical examinations and establishing standard times to complete each type of compensation and pension medical examination.

VHA Comments

Concur

To measure productivity in conducting C&P medical examinations and to establish standard times for completing each type of exam, the CPEP office will contract for the discovery and analysis of staffing models in place at all VHA C&P clinics and provide a final report to field leadership in February 2011. The CPEP office will also follow up with all field sites regarding their currently registered and certified C&P providers to ensure that the information in the database is up to date by November 2010. The registration system will be enhanced to accurately identify the types of providers and will request and collaborate with the OI&T to modify VistA systems to ensure that only certified providers can be scheduled to perform C&P exams by January 2011. The registration system will be further enhanced to record the number of hours each provider spends on C&P examination activities by March 2011.

A complexity scale will be developed to assign points to each type of exam to estimate the burden of the workload at the exam level. This complexity rating will be used to guide the amount of time scheduled for each exam. This information will be shared with field leadership to guide resource allocation by December 2010.

In process

March 2011

Recommendation 4. We recommended that the Under Secretary for Health utilize and monitor data on VHA workload, costs, and productivity to ensure sufficient and appropriate resources are dedicated to completing compensation and pension medical examination requests sent to VA medical facilities.

VHA Comments

Concur

VHA will develop additional reports, in collaboration with DSS, utilizing outcomes of the complexity evaluation to compare monthly workload to resource allocation, whether internal or fee-based, as recorded in the CPEP office C&P provider registration package, scheduling, and other related VistA packages.

In process

March 2011

Recommendation 5. We recommended that the Under Secretary for Health establish timeliness performance standards that adequately measure whether veterans receive timely compensation and pension medical examinations conducted by VHA, fee-basis, and local contract providers.

VHA Comments

Concur

The CPEP office, VBA's C&P Service, and VBA's OBPI will recommend a new "report card" mechanism that replaces the current 30-day performance measure. The report card will evaluate not only average days to complete an exam, but will represent the distribution of pending exam requests. Confounding factors to completion of exams (e.g., a Veteran's specific scheduling request or failure to report) will be identified in the new reporting algorithms.

In process

March 2011

Recommendation 10. We recommended that the Under Secretary for Health and the Acting Under Secretary for Benefits jointly establish procedures to improve communications, share relevant information, and report on issues affecting compensation and pension medical examination processing.

VHA Comments

Concur

VHA's CPEP office, VBA's C&P Service and VBA's OBPI will form a workgroup to analyze and develop an action plan for improved communications at the local, regional

and National levels. The workgroup will report these findings and plan to the Under Secretary for Health and the Acting Under Secretary for Benefits for final approval and implementation. Some of the anticipated products of the workgroup include: documented best practices from sites with effective communication strategies and including any industry best practices, requirements and recommendations for any IT system enhancements, an enterprise communication plan, and any procedures and directives that are needed.

In process

July 2010

Veterans Health Administration
March 2010

Appendix F Acting Under Secretary for Benefits Comments

Department of Veterans Affairs

MEMORANDUM

Date: March 3, 2010

From: Acting Under Secretary for Benefits (20)

Subj: OIG Draft Report—Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations—WebCIMS 449772

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

1. Attached are VBA's comments to OIG's Draft Report: Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations.
2. Questions may be referred to Nancy Holly, Program Analyst, at 461-9199.

(original signed by:)

Michael Walcoff

Attachment

VBA COMMENTS TO OIG DRAFT REPORT
**Department of Veterans Affairs: Audit of VA's Efforts to Provide
Timely Compensation and Pension Medical Examinations**

The following comments are submitted in response to the recommendations in the OIG draft report:

Recommendation 6: We recommend the Acting Under Secretary for Benefits establish procedures to capture compensation and pension medical examination workload data at the examination level for all examinations conducted by VBA national contractors.

VBA Response: Concur. VBA is able to compile workload data by requested reports through the Veterans Examination Request Information System (VERIS). VERIS captures the data by exam worksheet, claim types, current procedural terminology (CPT) codes, exam status, and quality of requests. VBA is unable to capture information on the completed examinations and must rely on information from the contractors in order to compile reports on the completions. We agree that capturing the workload data upon examination completion needs to be more clearly addressed. The present contracts do not require the contractor to report on the number and type of worksheets completed per Veteran. This requirement will be added into the new contracts.

Target Completion Date: October 1, 2010

Recommendation 7: We recommend the Acting Under Secretary for Benefits establish procedures to capture all costs associated with each compensation and pension medical examination conducted by VBA national contractors.

VBA Response: Concur. VBA is revising its pricing sheet and deliverable schedule for the next contract solicitation. This revised structure will group associated tests and costs into the same line item area as the examination to which they correspond, allowing for a more accurate depiction of the total costs involved in an examination.

Target Completion Date: October 1, 2010.

Recommendation 8: We recommend the Acting Under Secretary for Benefits utilize and monitor data on VBA national contractor workload and costs to ensure sufficient and appropriate resources are dedicated to completing compensation and pension medical examination requests sent to VBA national contractors.

VBA Response: Concur. VBA will utilize the data on national contractors that we receive through VERIS and the data warehouse to assess the needs of regional offices

requesting the exams. This data will identify the cost per Veteran for each request, identify the type of examinations being requested, and the number of requests. VBA will review this data to determine whether additional employees will be needed to support the program.

Target Completion Date: October 1, 2010

Recommendation 9: We recommend the Acting Under Secretary for Benefits establish timeliness performance standards that adequately measure whether veterans receive timely compensation and pension medical examinations conducted by VBA national contractors.

VBA Response: Concur. VBA's contracts currently require a timeliness standard of 38 days or an average of 38 days (MES and QTC respectively) from date of regional office exam request to the date the examination report is available. VBA determined that an additional 8 days above VHA's 30-day standard was necessary to allow time for regional offices to send claims folders to the contractors for scanning.

Before renegotiating the contracts, VBA will reevaluate the time standard for these examinations. We will also require a uniform timeliness standard and measurement of average days pending for requests.

Target Completion Date: October 1, 2010

Recommendation 10: We recommend the Acting Under Secretary for Health and the Acting Under Secretary for Benefits jointly establish procedures to improve communications, share relevant information, and report on issues affecting compensation and pension medical examination processing.

VBA Response: Concur. The VHA Compensation and Pension Examination Program (CPEP) Office, VBA C&P Service, and VBA Office of Business Process Integration (OBPI) will form a workgroup to analyze communications at the local, regional, and national levels and develop an action plan for improvement. The workgroup will submit the plan to the Under Secretary for Health and the Acting Under Secretary for Benefits for final approval and implementation. The workgroup's products will likely include documented best practices from sites with effective communication strategies (including industry best practices), requirements and/or recommendations for any IT system enhancements, an enterprise communication plan, and any procedures/directives deemed necessary.

Target Completion Date: July 31, 2010

Appendix G **OIG Contact and Staff Acknowledgments**

OIG Contact	Nick Dahl, (781) 687-3120
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Acknowledgments	Maureen Barry Stephen Bracci Lee Giesbrecht Benjamin Howe Jenna Lamy James McCarthy David Orfalea Steven Rosenthal Joseph Vivolo
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Appendix H Report Distribution

VA Distribution

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