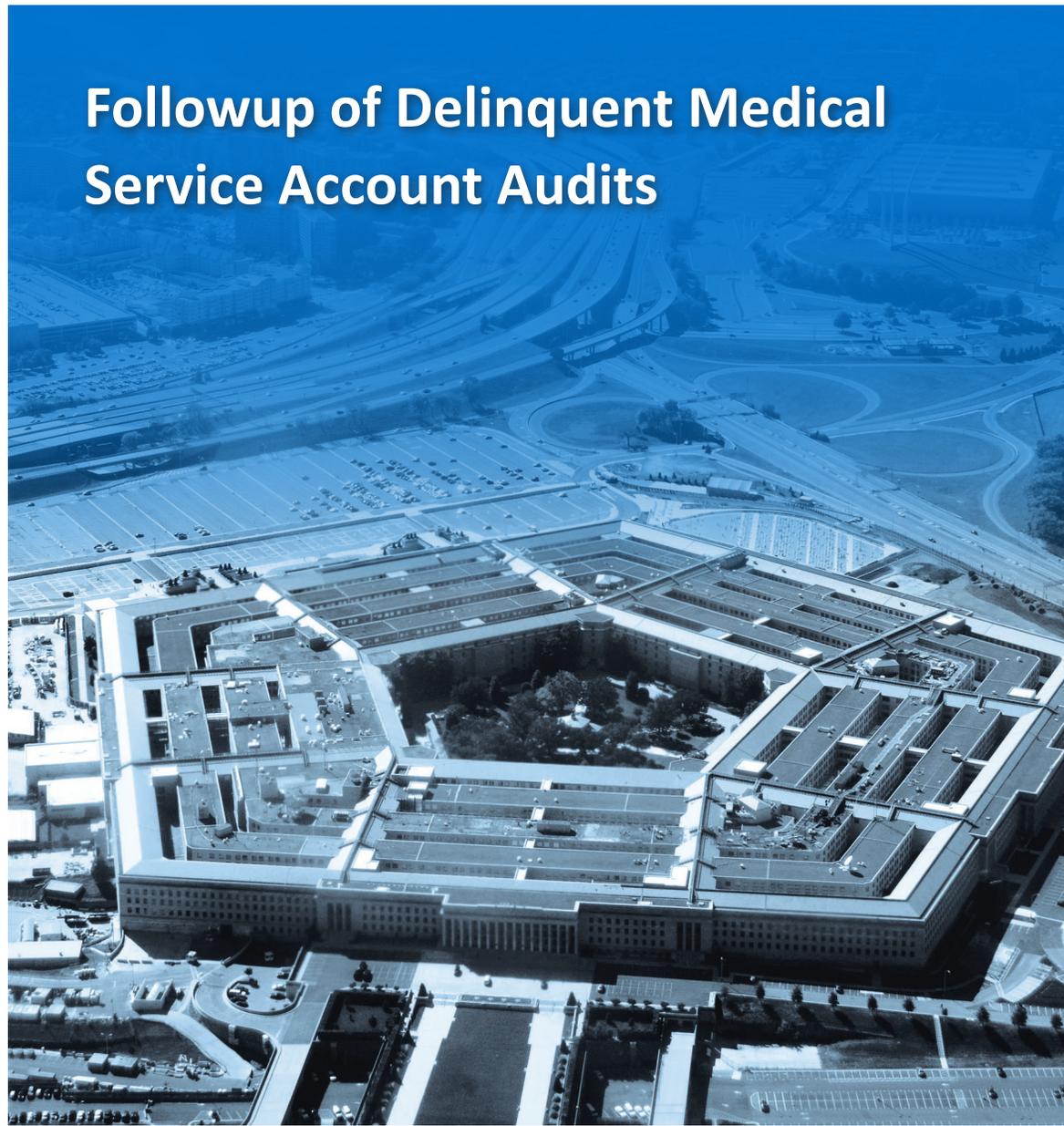




# INSPECTOR GENERAL

*U.S. Department of Defense*

DECEMBER 19, 2018



## Followup of Delinquent Medical Service Account Audits

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





# Results in Brief

## *Followup of Delinquent Medical Service Account Audits*

December 19, 2018

### Objective

We determined whether the Office of the Under Secretary of Defense (Health Affairs), Defense Health Agency (DHA), Navy Bureau of Medicine and Surgery (BUMED), U.S. Army Medical Command (MEDCOM), and Air Force Surgeon General implemented actions to correct problems identified in six prior DoD Office of Inspector General (OIG) reports related to the collection of outstanding balances of medical service accounts (accounts) for patients authorized to receive care in military medical treatment facilities. We also summarized systemic issues related to accounts identified in these prior reports, as well as new issues identified during our followup review.

### Background

The medical service accounts function includes billing, recording accounts receivable, and collecting funds for medical procedures provided to patients authorized to receive care in military medical treatment facilities. The facilities charge civilian patients who are not eligible beneficiaries for services provided and may also bill insurance, Medicare, or Medicaid on a patient's behalf. An account is considered delinquent if the medical treatment facility has not received payment within 120 days. Once an account is delinquent, medical treatment facility personnel may transfer the account to the U.S. Treasury for collection.

### Background (cont'd)

The Services manage accounts at military medical treatment facilities through the Uniform Business Offices (UBOs). The DHA develops guidance, regulations, and instructions to support the Assistant Secretary of Defense for Health Affairs in administering all medical and dental programs. The National Defense Authorization Act for FY 2017 transfers authority for administration of all medical treatment facilities from the Secretary of Defense to the DHA beginning October 1, 2018.

Between August 2014 and January 2017, the DoD OIG issued six reports containing 47 recommendations to improve the management of delinquent accounts such as reviewing open delinquent accounts, collecting billing information, and prioritizing delinquent accounts. See Appendix B for a full summary of recommendations from the prior six audit reports and the status of each.

The prior six reports were based on audits performed at the following Army, Navy, and Air Force (the Services) locations: Brooke Army Medical Center, William Beaumont Army Medical Center, Naval Medical Center Portsmouth, Landstuhl Regional Medical Center, David Grant U.S. Air Force Medical Center, and MEDCOM. The reports identified that UBO management for all Services did not effectively manage delinquent accounts and that, in total, 33,859 accounts, valued at \$80.2 million, were delinquent but not transferred to the U.S. Treasury for collection.

### Finding

Medical treatment facilities implemented some corrective actions from the prior audit reports and improved billing processes for accounts with the implementation of the DoD medical billing system, Armed Forces Billing and Collection Utilization Solution (ABACUS); collection of patient billing information; and transfer of debt to the U.S. Treasury for collection. Specifically, the Services implemented corrective actions for 40 of the 47 prior audit report recommendations; however, we found that two of the corrective actions taken to address the recommendations were not fully implemented.



# Results in Brief

## *Followup of Delinquent Medical Service Account Audits*

### **Finding (cont'd)**

Furthermore, in this followup audit, we determined that additional actions are needed to further improve the processes the Services' use to review and pursue collections on open and delinquent accounts.

The Services did not:

- review and pursue collections on 27,149 open delinquent accounts, valued at \$77.7 million, that were identified in the prior audit reports, obtain approval from the proper authority to write off uncollectible debt as recommended in the prior audit, or update applicable regulations related to identifying termination authority;
- promptly and aggressively initiate collection action or send 34 delinquent accounts, valued at \$6 million, to the U.S. Treasury for collection within the time required by the DoD Financial Management Regulation because the Services lacked sufficient resources, experienced frequent ABACUS system downtimes and delays in working with the insurance companies, and manually entered transactions into U.S. Treasury debt collection systems, which slowed processing times;
- implement consistent procedures for managing accounts related to Medicare and Medicaid billing, using billing transaction codes in ABACUS, and obtaining patient demographic information because DHA management did not ensure that standardized processes were in place for all the Services;
- bill patients or insurance companies for inpatient services provided from October 1, 2017, through February 12, 2018, because DHA management placed a hold on inpatient billing until all medical treatment facilities were ready to bill with the updated rates; and
- have reliable account data because data was not reconciled after being transferred from one program to another, UBO management did not inform the DHA of data transfer problems, UBO staff stated that they did not receive adequate ABACUS training, and BUMED management did not establish account processing guidance or instructions for identifying billable accounts in ABACUS, which resulted in 18,898 billable accounts, valued at \$2.4 million, not being billed to the patients.

As a result, the Services were unable to determine the total number and dollar value of delinquent accounts, and they have not fully pursued opportunities to collect a potential \$80.1 million on delinquent accounts and accounts not billed.

### **Recommendations**

We make several recommendations to address our findings, including that the DHA Director review and process delinquent debt accounts, review and properly terminate uncollectable debt, work with the Department of Health and Human Services to resolve denied reimbursement for medical services, determine how to improve the transfer time of delinquent accounts, develop a strategy to improve Medicare and Medicaid billing, establish and implement guidance for processing accounts in ABACUS, determine which reports in ABACUS are used to identify billing and ensure those reports are accurate, provide guidance on reports used to identify accounts ready to be billed, and determine what billing process is best for all Services to use.

Additionally, we recommend that the MEDCOM Commander update the applicable regulations if MEDCOM obtains authority to terminate uncollectible debt.



# Results in Brief

## *Followup of Delinquent Medical Service Account Audits*

### **Recommendations (cont'd)**

We also recommend that the BUMED Surgeon General require the Naval Medical Center Portsmouth UBO to review and process the 18,898 billable accounts, and determine if all billable accounts are included in daily reviews. Furthermore, we recommend that the Surgeon General establish procedures to process accounts in ABACUS when the accounts are sent to the Centralized Receivables Service and Cross Servicing Next Generation.

### **Management Comments and Our Response**

The DHA Deputy Director, responding for the DHA Director, agreed to review the current process to determine how to improve the transfer time of delinquent accounts, and to establish and implement guidance for monitoring and processing delinquent accounts. However, the Deputy Director did not address whether the planned actions would improve the transfer time of delinquent accounts. Furthermore, the comments did not address establishing and implementing guidance for monitoring and processing delinquent accounts to comply with the 120-day requirement. Therefore, we consider this recommendation unresolved and request additional comments in response to the final report.

The DHA Deputy Director partially agreed to work with the medical treatment facilities' UBO management to research and review all Composite Health Care System (CHCS) transactions transferred to ABACUS and identify information that was not properly transferred to ensure that account data and status is accurate and that the accounts are billed, transferred to Treasury, or written off as appropriate. However, the Deputy Director did not clarify what specific actions the DHA will take to research and review all CHCS transactions transferred to ABACUS and ensure that account data and status is accurate and that accounts are billed, transferred to the Treasury, or written off as appropriate. Therefore, we consider this recommendation unresolved and request additional comments in response to the final report.

The DHA Deputy Director also agreed to determine which reports in ABACUS are used to identify medical service accounts for billing and reporting and require the medical treatment facility UBO personnel for all Services to review those reports to ensure that the data is accurate and reliable. However, the Deputy Director did not describe the actions the DHA will take to ensure that the Services review the reports to ensure that the data is accurate and reliable. Therefore, we consider this recommendation unresolved and request additional comments in response to the final report.

The DHA Deputy Director further agreed to provide additional training to UBO personnel for processing medical service accounts in ABACUS. However, the Deputy Director did not provide a plan that includes providing additional training to UBO personnel, beyond their current training, to address the errors identified during this audit. Therefore, we consider this recommendation unresolved and request additional comments in response to the final report.

The Deputy Director DHA agreed to all other recommendations, which we consider resolved but will remain open. We will close the recommendations once we verify that the agreed upon corrective actions were completed.

The Interim Chief of Staff of MEDCOM, responding for the MEDCOM Commander, agreed with our recommendation to update applicable regulations to identify MEDCOM as the debt termination authority if it obtains the authority. This recommendation is resolved but will remain open. We will close the recommendation once we verify that the agreed upon corrective actions were completed.

The Surgeon General, U.S. Navy Bureau of Medicine and Surgery, did not respond to the recommendations in the report. Therefore, the recommendations are unresolved. We request that the Surgeon General provide comments on the final report.

Please see the Recommendations Table on the next page.

## Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Health Agency	A.1.f, A.1.m, A.1.n, A.1.q	A.1.a, A.1.b, A.1.c, A.1.d, A.1.e, A.1.g, A.1.h, A.1.i, A.1.j, A.1.k, A.1.l, A.1.o, A.1.p	None
Commander, U.S. Army Medical Command	None	A.2	None
Surgeon General, U.S. Navy Bureau of Medicine and Surgery	A.3.a, A.3.b	None	None

Please provide Management Comments by January 22, 2019.

**Note:** The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

December 19, 2018

MEMORANDUM FOR COMMANDER, U.S. EUROPEAN COMMAND  
ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
DIRECTOR, DEFENSE HEALTH AGENCY  
NAVAL INSPECTOR GENERAL  
AUDITOR GENERAL, DEPARTMENT OF THE ARMY  
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE

SUBJECT: Followup of Delinquent Medical Service Account Audits  
(Report No. DODIG-2019-038)

We are providing this report for your review and comment. We conducted this audit in accordance with generally accepted government auditing standards.

We considered comments on a draft of this report. DoD Instruction 7650.03 requires that all recommendations be resolved promptly. Comments from the Defense Health Agency partially addressed the specifics of the recommendations. We request additional comments on Recommendations A.1.f, A.1.m, A.1.n, and A.1.q. Comments from the U.S. Army Medical Command addressed all specifics of the recommendation and conformed to the requirements of DoD Instruction 7650.03; therefore, we do not require additional comments. The Surgeon General, U.S. Navy Bureau of Medicine and Surgery, did not respond to the recommendations in the report. We request that the Surgeon General provide comments on Recommendations A.3.a and A.3.b, and the potential monetary benefits.

Please send a PDF file containing your comments to [aud-colu@dodig.mil](mailto:aud-colu@dodig.mil) by January 22, 2019. Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

Please direct questions to Mr. Eric Thacker at (614) 751-2912. We appreciate the cooperation and assistance received during the audit.

A handwritten signature in black ink, appearing to read "Theresa S. Hull".

Theresa S. Hull  
Assistant Inspector General  
Acquisition, Contracting, and Sustainment

# Contents

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## Introduction

Objective .....	1
Background .....	1
Summary of Prior Audits .....	4
Review of Internal Controls .....	5

## Finding. The Services Need to Improve Management of Delinquent Medical Service Accounts .....

6

The Services Implemented Corrective Actions and a New System to Improve Medical Service Account Processing .....	7
Corrective Actions Still Needed .....	8
Management of Delinquent Accounts .....	11
Inconsistent Management of Accounts .....	12
Billing Delays .....	16
Transfer of Data to ABACUS and Data Reliability .....	17
Conclusion .....	21
Recommendations, Management Comments, and Our Response .....	22

## Appendixes

Appendix A. Scope and Methodology .....	34
Use of Computer-Processed Data .....	35
Prior Coverage .....	36
Appendix B. Status of Recommendations .....	39
Appendix C. Potential Monetary Benefits .....	48

## Management Comments

Director, Defense Health Agency .....	49
Commander, U.S. Army Medical Command .....	55

## Acronyms and Abbreviations .....

60

# Introduction

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## Objective

We determined whether the Assistant Secretary of Defense for Health Affairs (ASD[HA]), Defense Health Agency (DHA), Navy Bureau of Medicine and Surgery (BUMED), U.S. Army Medical Command (MEDCOM), and Air Force Surgeon General implemented actions to correct problems identified in six prior DoD Office of Inspector General (OIG) reports related to the collection of outstanding balances of medical service accounts. We also summarized systemic issues regarding medical service accounts identified during prior audits, as well as new issues identified during our followup review. The previous reports provided the results from our review of medical service accounts at the following locations.

- Brooke Army Medical Center (Brooke), Fort Sam Houston, Texas
- William Beaumont Army Medical Center (William Beaumont), El Paso, Texas
- Naval Medical Center Portsmouth (Portsmouth), Portsmouth, Virginia
- David Grant U.S. Air Force Medical Center (David Grant), Travis Air Force Base, California
- Landstuhl Regional Medical Center (Landstuhl), Landstuhl, Germany
- U.S. Army Medical Command (MEDCOM), Fort Sam Houston, Texas

See Appendix A for our scope and methodology and the list of prior audit reports.

## Background

### ***Assistant Secretary of Defense (Health Affairs)***

The ASD(HA) is the principal adviser to the Secretary of Defense for health issues. The ASD(HA) administers the Military Health System budget; oversees development of medical policies, analyses, and recommendations to the Secretary of Defense; and issues guidance to DoD Components on medical matters. The ASD(HA) also exercises authority, direction, and control over the Defense Health Agency.

### ***Defense Health Agency***

The DHA, a joint, integrated combat support agency, supports the delivery of integrated, affordable, and high quality health services to Military Health System beneficiaries.<sup>1</sup> The DHA is responsible for integration of clinical and business processes across the Military Health System. DoD Directive 5136.13,

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<sup>1</sup> Military Health System beneficiaries include active duty Service members, active duty family members, National Guard and Reserve members, family members of National Guard and Reserve members, and retirees and family members.

September 30, 2013, requires that the DHA Director manage and execute policy developed by the ASD(HA) for the administration of all DoD medical and dental programs.<sup>2</sup> The Director is also responsible for developing technical guidance, regulations, and instructions, as required, to manage TRICARE and to support the ASD(HA). The National Defense Authorization Act for FY 2017 establishes the DHA as the authority for administration of all medical treatment facilities beginning October 1, 2018.<sup>3</sup> Prior to the National Defense Authorization Act for FY 2017, the Secretary of Defense was the authority for administration of medical treatment facilities. DHA management stated that the transition of authority is a phased approach that began October 1, 2018, and is anticipated to be complete by May 2019.

### ***U.S. Army Medical Command***

The Surgeon General of the Army is the Commanding General of the Army's largest active duty direct reporting unit, MEDCOM, with over 69,000 health care personnel. MEDCOM provides health services to improve readiness, save lives, and advance wellness in support of the Army, military families, and all those entrusted to MEDCOM's care.

### ***Navy Bureau of Medicine and Surgery***

BUMED is the headquarters command for Navy Medicine. BUMED develops policies and direction for Navy Medicine to ensure that a patient- and family-centered care vision is carried out. The Navy Medicine mission is to keep the Navy and Marine Corps family ready, healthy, and on the job. Navy Medicine is a \$6.2 billion global health care system with 63,000 people worldwide.

### ***Air Force Surgeon General***

The Air Force Medical Service, led by the Air Force Surgeon General, supports the U.S. Air Force through full-spectrum medical readiness by delivering health care to 2.6 million patients in 239 clinics located at 76 installations worldwide. The Air Force Medical Service's mission is to ensure medically fit forces, provide expeditionary medics, and improve beneficiaries' health.

### ***Uniform Business Office***

The Army, Navy, and Air Force operate Uniform Business Offices (UBOs) to manage accounts at military medical treatment facilities. UBOs are responsible for administering third party collections, medical service account collections, and medical affirmative claim programs. The UBOs ensure that accurate and

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<sup>2</sup> DoD Directive 5136.13, "Defense Health Agency (DHA)," September 30, 2013.

<sup>3</sup> Public Law 114-328, "National Defense Authorization Act for Fiscal Year 2017," December 23, 2016.

complete claims are generated, bills are sent to patients, and appropriate collections are received. The UBOs are responsible for following up on outstanding bills and sending delinquent debt accounts to the U.S. Treasury for collection. The UBO's mission is to optimize allowable health care cost recovery within compliance guidelines in support of the operation and readiness mission of the Military Health Service.

### ***Medical Service Accounts***

The medical service account (account) function includes billing, recording accounts receivable, and collecting funds for medical procedures provided to uniformed services beneficiaries, civilian emergency patients, and other non-beneficiary patients authorized to receive care in a medical treatment facility.<sup>4</sup> Medical treatment facilities charge civilian patients who are not otherwise eligible beneficiaries for trauma and other medical care and, according to DHA guidance, use the amounts collected for trauma consortium activities; administrative, operating, and equipment costs; and readiness training.<sup>5</sup> Medical treatment facilities may also bill insurance, Medicare, and Medicaid on a patient's behalf.

### ***Composite Health Care System and Armed Forces Billing and Collection Utilization Solution***

The Composite Health Care System (CHCS) supports multiple health care administrative activities, including patient administration, medical service accounting, and medical billing. CHCS provides ancillary business functions supporting more than 500 hospitals and clinics. In December 2010, the ASD(HA) requested that each Service submit a plan to implement a new billing and collection system to replace that function in CHCS. The ASD(HA) required that the new system comply with TRICARE Management Activity Accounts Receivable policy requirements, DoD Financial Management Regulation (FMR), and Generally Accepted Accounting Principles. In November 2012, the Services decided on a centralized approach and chose the Armed Forces Billing and Collection Utilization Solution (ABACUS) system. ABACUS replaced the billing function in CHCS in September 2015. ABACUS allows medical treatment facilities to manage billing and collection activities for the UBO's cost recovery programs. ABACUS provides electronic billing, interagency invoicing, and visibility into medical cost recovery activities, including delinquent debt.

<sup>4</sup> According to the Military Health System website, non-beneficiary patients authorized to receive care include, but are not limited to, patients from other Government agencies, such as the National Oceanic and Atmospheric Administration and the U.S. Public Health Service.

<sup>5</sup> Defense Health Agency Procedures Manual 6015.01, "Military Medical Treatment Facility Uniform Business Office Operations," October 24, 2017.

## **Treasury Debt Management Services**

The Treasury offers two debt management services: Centralized Receivables Service (CRS) and Cross Servicing Next Generation (CSNG). The Treasury's CRS assists Federal agencies in managing accounts receivable. It focuses on managing pre-delinquent debt and debt in the early stages of delinquency before the debt is eligible for Debt Management Services referral.<sup>6</sup> CRS manages receivables from the point at which they are established in CRS by the agency until they are either paid, referred to the Treasury's Cross-Servicing program for centralized debt collection services, or otherwise resolved. The Navy is the only Service that uses CRS to bill its patients. The CSNG manages delinquent, non-tax debt on behalf of Federal agencies. Debt is sent to the CSNG for collection when it is 120 days delinquent.<sup>7</sup> The CSNG is formerly known as FedDebt.

## **Summary of Prior Audits**

Between August 2014 and January 2017, the DoD OIG issued six reports addressing problems with the Services' management of delinquent accounts and their inability to maximize the collection of those delinquent debts. The objective of these reviews was to determine whether medical treatment facilities properly managed delinquent accounts by transferring the debt to the appropriate debt collection agency or by actively pursuing collection.

We identified that UBO management for all Services did not effectively manage delinquent accounts. In total, 33,859 accounts, valued at \$80.2 million, were delinquent but were not transferred to the U.S. Treasury for collection. The large number of delinquent accounts existed because medical treatment facility management did not have a system in place to monitor the delinquent accounts, prioritize the aging accounts, and notify staff of accounts requiring followup. Additionally, management did not ensure the collection of complete and accurate patient information before discharging patients from the medical treatment facilities, did not provide sufficient oversight of Medicare and Medicaid-eligible accounts, and failed to elevate difficulties with collection to the ASD(HA).

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<sup>6</sup> According to the Department of the Treasury's website, as part of the U.S. Department of Treasury's Bureau of the Fiscal Service, Debt Management Services works with U.S. Government agencies to provide a comprehensive debt management program.

<sup>7</sup> DoD FMR, volume 16, chapter 2, June 2017. For debts before June 2017, DoD FMR, volume 5, chapter 28, November 2012, required the transfer of the debt to the U.S. Treasury at 180-days delinquency.

In the prior reports, the DoD OIG made 47 recommendations to improve the management of delinquent accounts. The Services implemented corrective actions for 40 of the 47 recommendations; however, additional actions are needed to correct the remaining issues. Furthermore, we found that two of the corrective actions taken to address the recommendations were not fully implemented. See Appendix B for a full summary of the recommendations from the prior six audit reports and the status of each.

## Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.<sup>8</sup> We identified internal control weaknesses in the management of accounts. Specifically, we identified noncompliance with the DoD Financial Management Regulation for prompt and aggressive collections and management of delinquent debt, inconsistencies in the management of accounts between the Services and medical treatment facilities, billing delays, and discrepancies in the data quality. We will provide a copy of the report to the senior official responsible for internal controls at the DHA.

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<sup>8</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding

### The Services Need to Improve Management of Delinquent Medical Service Accounts

Although the medical treatment facilities improved the billing process for medical service accounts (accounts) with the implementation of ABACUS and corrective actions from prior audit recommendations, additional improvements are needed to review and pursue collections on all open and delinquent accounts. The Services did not review and pursue collections for 27,149 open delinquent accounts, valued at \$77.7 million, identified in the prior audit reports. They also did not implement recommended procedures for uncollectible debt or obtain approval from the proper authority for writing off uncollectible debt as recommended in the prior audit reports. This occurred because UBO management for all Services did not implement the proposed corrective actions for all recommendations made in prior reports.

Additionally, the Services did not:

- promptly and aggressively initiate collection action or send 34 delinquent accounts, valued at \$6 million, to the U.S. Treasury for collection within the time required by the DoD FMR because according to the Services' UBO management, the Services lacked sufficient resources, experienced frequent ABACUS system downtimes and delays in working with the insurance companies, and had to manually enter transactions into CRS or CSNG, which slowed processing times;
- implement consistent procedures for managing accounts related to Medicare and Medicaid billing, selecting accurate ABACUS transaction codes, and obtaining patient demographic information because DHA management allowed the Services to determine how to implement ABACUS and did not ensure standardized processes were in place;
- bill for any inpatient services provided from October 1, 2017, until February 12, 2018, because DHA management placed a hold on inpatient billing for all medical treatment facilities until every site received the required system updates necessary to process bills; or
- have reliable medical service account data because the DHA and the Services' UBO management did not require a reconciliation after the transfer from the Composite Health Care System to ABACUS, and UBO management did not inform the DHA of data transfer problems. UBO personnel also stated that DHA did not provide adequate

ABACUS training to UBO staff, and BUMED management did not establish guidance on processing accounts from ABACUS to CRS or ensuring proper identification of all billable accounts in ABACUS. This resulted in 18,898 billable accounts, valued at \$2.4 million, not billed to the patients.

As a result, the Services' UBO personnel have not fully pursued opportunities to collect a potential \$80.1 million on delinquent accounts and accounts not billed.<sup>9</sup> In addition, the Services' UBO personnel were unable to determine the total number and dollar value of delinquent accounts. Unless the DHA improves and standardizes the processes across the Services, the medical treatment facilities may continue to miss opportunities to maximize collection for services rendered. According to DHA guidance, the Services can use the funds for administrative, operating, and equipment costs; readiness; or trauma consortium activities.<sup>10</sup>

## The Services Implemented Corrective Actions and a New System to Improve Medical Service Account Processing

The Services implemented corrective actions for 40 of the 47 recommendations from the six prior audit reports and those 40 recommendations are closed. The following are examples of corrective actions the Services implemented.

- The Services implemented the new system, ABACUS, in September 2015 to support billing and collection activities. ABACUS identifies accounts that are ready to be billed in the accounts receivable management section, which helps UBO personnel prioritize delinquent accounts.
- BUMED established a corrective action plan to provide guidance for processing accounts, including a requirement to transfer accounts to CRS for collection within 60 days after becoming aware of the debt.
- William Beaumont now requires non-beneficiary patients without insurance to provide identification and complete the Patient Payment Agreement, which requires the patient to provide valid billing information and keep the information updated until the account is paid in full. The patient agreement states that the patient has been informed of and acknowledges responsibility for all charges for the medical service provided.
- MEDCOM implemented the FedDebt wage garnishment tool at all Army medical treatment facilities.<sup>11</sup>

<sup>9</sup> The \$80.1 million consist of 27,149 open delinquent accounts valued at \$77.7 million, that were not reviewed or pursued and the 18,898 accounts, valued at \$2.4 million, that were not billed.

<sup>10</sup> Defense Health Agency Procedures Manual 6015.01, "Military Treatment Facility Uniform Business Office Operations," October 24, 2017.

<sup>11</sup> The FedDebt wage garnishment tool is a debt collection process that allows a Federal agency to order a non-Federal employer to withhold a percentage of an employee's income to pay a nontax delinquent debt owed to the agency.

See Appendix A for a list of the six prior audit reports. See Appendix B for a summary of the recommendations from the prior six audit reports and the status of each.

## Corrective Actions Still Needed

The Services did not implement corrective actions for all prior audit recommendations. Of the 47 recommendations in the prior audit reports, 5 are resolved but remain open. In addition, although two recommendations were closed because the DoD OIG earlier determined that the proposed management actions met the intent of the recommendations; based on our followup review, we determined that the proposed management actions were not implemented.

### Open Recommendations

We made five recommendations in the prior reports that are currently resolved but remain open. The resolved recommendations relate to the review of delinquent accounts, the review and approval of uncollectible accounts, and the impact of Medicaid denials. (See Appendix B for specific details on all of the resolved recommendations and management actions needed to close those recommendations.)

For example, we recommended that Brooke and Landstuhl management review and pursue collection of 27,149 delinquent accounts valued at \$77.7 million; however, there is still a backlog of delinquent accounts at both locations. Additionally, Brooke and Landstuhl management could

*• We recommended that Brooke and Landstuhl management review and pursue collection of 27,149 delinquent accounts valued at \$77.7 million; however, there is still a backlog of delinquent accounts at both locations.*

not determine whether all the old accounts identified during the prior audits were reviewed or whether any collections have been received because they were not tracking which accounts were open at the time of the prior audits.

We also recommended that MEDCOM officials review their uncollectible accounts and obtain approval from the proper authority to terminate accounts that were found to be accurately identified as uncollectible. In response to this recommendation, MEDCOM officials reviewed the uncollectible accounts and have begun the process to request approval from the Office of the Secretary of the Army to obtain the authority to terminate their own uncollectible debt under \$100,000. MEDCOM officials have not obtained the authority to terminate

their uncollectible debt and have not requested that the Secretary of the Army approve the termination of the uncollectible debt identified; however, MEDCOM officials stated the request was sent to the Army Surgeon General for signature on August 14, 2018.

To assist Brooke, Landstuhl, and MEDCOM with implementing these recommendations and to ensure that these issues do not occur at other medical treatment facilities, the DHA Director should coordinate with Brooke and Landstuhl management, through MEDCOM management, to develop a plan to review and process the delinquent debt identified in the prior audit reports. In addition, the Director should implement guidance and require all Services to develop procedures to review and process their old delinquent accounts. Finally, the Director should coordinate with MEDCOM to assist MEDCOM officials in obtaining the authority from the Office of the Secretary of the Army to terminate uncollectible debt under \$100,000 and establish and implement guidance for all Services to review uncollectible accounts and obtain approval from the proper authority to terminate debt.

### ***Closed Recommendations With Corrective Actions Still Needed***

The DoD OIG previously closed 2 of the 47 prior report recommendations because the DoD OIG had determined that the proposed management actions met the intent of the recommendations; however, based on our followup review, we determined that the proposed actions were not implemented.<sup>12</sup>

In the prior MEDCOM audit report, we found that MEDCOM did not have the authority to approve the termination of collection actions for medical service accounts and that the Army Regulation stated that the Defense Finance and Accounting Service had the authority, which was no longer accurate. We made a recommendation that MEDCOM officials update the Army Regulation for Patient Administration to identify the authoritative agency within the Army for suspending, compromising, and terminating medical service account debts.<sup>13</sup> In response to the recommendation, the MEDCOM Chief of Staff stated that MEDCOM would request formal direct authority within the Army for suspending, compromising, and terminating medical service account debts and would update the Army Regulation to reflect the designated roles and responsibilities once authority is established. We closed this recommendation; however, MEDCOM officials are still waiting on approval from the Secretary of the Army to become the authoritative agency for suspending, compromising, and terminating medical service account debts and, consequently, have not updated the regulation. Because

<sup>12</sup> The two recommendations are from: Reports No. DODIG-2017-045 and DODIG-2015-179.

<sup>13</sup> Army Regulation 40-400, "Patient Administration," January 27, 2010.

this action has not been completed, we are making a new recommendation to address this earlier issue. If MEDCOM officials obtain the authority from the Secretary of the Army to suspend, compromise, and terminate medical service account debt, then the MEDCOM Commander should update applicable regulations to identify MEDCOM as the debt termination authority.

In addition, in the prior David Grant audit report, we found that David Grant UBO personnel did not elevate reimbursement problems with Medicare patients sufficiently or in a timely manner to receive senior-level assistance. Therefore to assist David Grant and other Air Force medical treatment facilities, we recommended that the ASD(HA) coordinate with the Department of Health and Human Services to develop a strategy to address the difficulties that David Grant encountered with receiving reimbursement for services provided to Medicare beneficiaries. In response to the recommendation, the ASD(HA) stated that the DHA would determine whether the claims were denied for valid reasons.<sup>14</sup> The ASD(HA) further stated that, if the denials were not valid, the DHA would contact the Department of Health and Human Services to discuss the difficulties with receiving reimbursement for claims and discuss a resolution. Based on the response, we closed the recommendation. However, DHA personnel did not complete this action and stated that David Grant never provided any claims for them to review. David Grant

continues to have issues with receiving reimbursement for services rendered to Medicare beneficiaries. Therefore, the DHA Director should work with

*David Grant continues to have issues with receiving reimbursement for services rendered to Medicare beneficiaries.*

David Grant UBO personnel to obtain denied Medicare claims identified in the prior report and review those claims to determine whether Medicare denied the claims for valid reasons. The DHA Director should then work with the Department of Health and Human Services to resolve the issues with receiving reimbursement for services rendered for any claims denied for invalid reasons. (Medicare and Medicaid reimbursement is an ongoing issue for all the Services; see the “Billing Medicare and Medicaid” section below for additional information and recommendations.)

<sup>14</sup> Defense Health Agency Procedures Manual 6015.01, “Military Medical Treatment Facility Uniform Business Office Operations,” October 24, 2017, states that medical treatment facilities must follow state agency guidance for filing claims. If the medical treatment facilities do not file the claims in accordance with the guidance, the state agency can deny the claim. Examples of valid reasons for claim denial are missing required information or failure to file within established timelines.

## Management of Delinquent Accounts

After implementing corrective actions from the prior audit reports, the medical treatment facilities still did not always promptly and aggressively initiate collection action or send delinquent accounts to the Treasury for collection, as required. The FMR requires agencies to promptly and aggressively initiate collection action on all debts owed to the DoD and requires that debts delinquent for more than 120 days be transferred to the U.S. Treasury for collection.<sup>15</sup>

*The medical treatment facilities still did not always promptly and aggressively initiate collection action or send delinquent accounts to the Treasury for collection, as required.*

The Army and Air Force medical treatment facilities—Brooke, Landstuhl, William Beaumont, and David Grant—bill patients directly and are responsible for transferring delinquent debt to the Treasury after an account is delinquent 120 days. The Navy medical treatment facility, Portsmouth, does not bill the patient directly and transfers the debt to the CRS for billing. Therefore, we reviewed accounts from the Army and Air Force medical treatment facilities to determine whether they transferred debt to the Treasury at 120 days delinquency and accounts from Portsmouth to determine whether Portsmouth personnel transferred accounts to CRS promptly and aggressively.<sup>16</sup> In addition, we determined whether the Navy accounts complied with BUMED policy, which states that accounts should be transferred to CRS within 60 days.<sup>17</sup>

We reviewed 49 accounts with total remaining balances of \$6.5 million from the five medical treatment facilities; 40 were Army and Air Force accounts, and 9 were Navy accounts. We found that:

- Army and Air Force UBO personnel did not transfer 30 of the 40 accounts with total remaining balances of \$6 million to the Treasury within the time required by the FMR.<sup>18</sup> According

*Army and Air Force UBO personnel did not transfer 30 of the 40 accounts with total remaining balances of \$6 million to the Treasury within the time required by the FMR.*

<sup>15</sup> DoD FMR, volume 16, chapter 2, June 2017, requires the transfer of delinquent debt to the Treasury for debts more than 120 days old. For debts before January 2016, DoD FMR, volume 5, chapter 28, November 2012, requires the transfer of delinquent debt to the Treasury for debts more than 180 days old.

<sup>16</sup> DoD FMR, volume 16, chapter 2, requires prompt and aggressive initiation of collection action on all established debts owed to the DoD. For testing purposes to determine whether Portsmouth promptly and aggressively transferred accounts to CRS, we determined whether they did so within 120 days from the date of service to the date of debt transfer to CRS.

<sup>17</sup> Department of the Navy Bureau of Medicine and Surgery (BUMED) Medical Billing Corrective Action Plan, September 2017.

<sup>18</sup> Of the 40 Army and Air Force accounts reviewed, 30 were Army accounts and 10 were Air Force accounts. Of the 30 Army accounts reviewed, 21 were not transferred to Treasury within the time required by the FMR. Of the 10 Air Force accounts reviewed, 9 were not transferred to Treasury within the time required by the FMR.

to UBO personnel, this occurred because of insufficient resources, ABACUS system downtimes, and delays in working with the insurance companies to process the claims.

- Navy UBO personnel did not promptly transfer four of the nine accounts with total remaining balances of \$50,000 to CRS to initiate collection action. In addition, five of the nine accounts, with total remaining balances of \$4,000, were not transferred to CRS within the 60 days required by the BUMED policy. Navy UBO personnel stated that this occurred because of insufficient resources. Additionally, UBO personnel stated that they manually review each claim before the claim is transferred to CRS, and the transfer can be delayed if the claim needs to be corrected.

To ensure that the Services comply with the FMR, the DHA Director should review the current process to determine how to improve the transfer time of delinquent accounts, as well as establish and implement guidance for monitoring and processing delinquent accounts to allow for compliance with the FMR requirement to transfer accounts that are delinquent 120 days to the U.S. Treasury.

## **Inconsistent Management of Accounts**

The Services implemented inconsistent procedures for managing accounts in ABACUS. Specifically, the Services used different procedures related to:

- Medicare and Medicaid billing;
- ABACUS transaction codes; and
- collection of patient information.

This occurred because, although the ASD(HA) directed the Services to find a new billing solution and the Services implemented ABACUS, the DHA had limited involvement in the development and implementation of the system and did not ensure that standardized processes were in place. The National Defense Authorization Act for FY 2017 requires the DHA to be responsible for the administration of each medical treatment facility, including health care administration and management, beginning October 1, 2018. As a result, DHA officials stated that they are now working to standardize the management of accounts.

## **Billing of Medicare and Medicaid**

The Services did not have a consistent process for billing Medicare and Medicaid. DHA guidance states that medical treatment facilities may bill Medicare and Medicaid beneficiaries directly, may participate in Medicare or Medicaid, or may enroll as a nonparticipating provider and submit claims.<sup>19</sup> In any case, DHA guidance states that the medical treatment facility must follow the Medicare and Medicaid rules. Each of the following five medical treatment facilities managed Medicare and Medicaid billing differently.

*The Services did not have a consistent process for billing Medicare and Medicaid.*

- William Beaumont was not enrolled in Medicare or Medicaid and William Beaumont personnel stated that they did not have the authority to enter into a contract and enroll the facility in Medicare or Medicaid as a provider; however, the facility still sent bills to Medicaid for services provided and sometimes received payments.
- David Grant personnel stated that the facility is not enrolled in Medicare as a provider, yet the facility billed Medicare for services. David Grant personnel stated that Medicare denies the claims for reasons related to enrollment, professional service codes, missing information, or if providers use non-Medicare approved consultation codes.
- Portsmouth does not bill Medicare or Medicaid. Portsmouth UBO management stated that they submit all of the facility's accounts to CRS for billing, and CRS does not bill any insurance, including Medicare and Medicaid. Instead, it is the patient's responsibility to submit the claims.
- Landstuhl UBO management stated that the facility cannot bill Medicare or Medicaid because it is located outside the continental United States, and Medicare and Medicaid only applies to United States-based hospitals.
- Brooke is enrolled in Texas Medicaid. Texas Medicaid policy requires enrolled providers to comply with timely filing by submitting a claim within 95 days of the date of service on the claim.<sup>20</sup> The DHA guidance requires medical treatment facilities to comply with the state agency specific guidance. Brooke personnel stated that some of their Medicaid claims are denied because the facility does not meet the 95-day filing rule. For example, a Brooke Medicaid claim was denied due to untimely filing because facility personnel did not file the claim within the 95-day requirement. Subsequently, Brooke personnel wrote off the approximately \$600,000 account as uncollectible. Brooke personnel do not always

<sup>19</sup> Defense Health Agency Procedures Manual 6015.01, "Military Medical Treatment Facility Uniform Business Office Operations," October 24, 2017.

<sup>20</sup> Texas Medicaid Provider Procedures Manual, volume 1, section 6.1.4, December 2017.

comply with the 95-day filing rule for reasons such as the backlog of accounts and billing rate delays. Brooke has written off 843 Medicare or Medicaid claims, valued at \$4.8 million, in ABACUS from September 2015 to September 30, 2017, with the reason code “Medicare/Medicaid.”<sup>21</sup>

*Brooke has written off 843 Medicare or Medicaid claims, valued at \$4.8 million, in ABACUS from September 2015 to September 30, 2017.*

To ensure consistent management of Medicare and Medicaid billing and to maximize collections, the DHA Director should determine whether enrollment in Medicare and Medicaid is in the best interest of the medical treatment facilities and provide guidance based on the determination. The Director should also develop a process to improve billing of Medicare and Medicaid claims to ensure reimbursement for services provided to beneficiaries. Finally, the Director should coordinate with the Department of Health and Human Services to develop a strategy to improve Medicare and Medicaid billing, including a review of the number of days required to submit a claim, a determination of whether enrollment is appropriate, and a decision of whether the medical treatment facilities should become preferred providers.

### ***Use of Transaction Codes***

The Services did not consistently apply ABACUS transaction codes to manage accounts. The ABACUS Manual includes 94 different transaction codes that can be used to help manage accounts. However, the manual does not provide guidance on which codes to use when managing debt, and the Services use different transaction codes for the same action. For example, when an outstanding balance is transferred to the Treasury, the Army and Air Force use the U01 code, “Transfer to FedDebt”; however, the Navy uses the W16 code, “Other.” The U01 code provides an audit trail indicating where the account is and that the outstanding balance is still maintained in ABACUS, whereas the W16 code is a write-off code that does not indicate where the balance is, removes the balance from ABACUS, and does not indicate why it was written off.<sup>22</sup> Treasury guidance states that debt remains a debt owed to the referring agency and that the referring agency must maintain all

<sup>21</sup> The 843 claims were written off with the code for Medicare/Medicaid; therefore, Brooke would not be able to determine which accounts were related to timely filing to Medicare and Medicaid without reviewing each account. Updated MEDCOM guidance issued August 22, 2018, now includes a reason code specifically for timely filing.

<sup>22</sup> DoD FMR, volume 6A, chapter 2, states that audit trails provide documentary support and DoD Components must maintain audit trails in sufficient detail to permit tracing of transactions and balances.

the official records, including accounting records.<sup>23</sup> However, when the Navy uses the W16 code, they no longer maintain the accounting records for the account and rely on the Treasury's records.

Additionally, ABACUS has a set of D codes that are used to write off a valid debt that cannot be collected due to an allowable reason. The Army uses the D codes in ABACUS to write off uncollectible debt and remove the balance from ABACUS. There are 18 D codes that indicate the approved reason to write off the account and, therefore, provide an audit trail. However, the Navy's use of the W16 code to write off debt does not indicate the reason and does not provide an audit trail. In FY 2017, BUMED personnel stated that the Navy transferred \$14 million to Treasury's CRS for collection, which would have also been written off in ABACUS with the W16 code according to BUMED guidance.

*Navy's use of the W16 code to write off debt does not indicate the reason and does not provide an audit trail. In FY 2017, BUMED personnel stated that the Navy transferred \$14 million to Treasury's CRS for collection.*

To ensure consistent account management, the DHA Director should work with the Services to establish and implement detailed guidance for processing accounts in ABACUS, including guidance for transaction codes.

### ***Collection of Patient Billing Information***

The medical treatment facilities each have different procedures in place for obtaining patient billing information. Medical treatment facility personnel must obtain adequate patient information to bill the patient for the services provided. We identified improvements in this area at William Beaumont, Portsmouth, David Grant, and Landstuhl, with the implementation of standard operating procedures and additional training on obtaining adequate patient information. However, Brooke still has significant issues obtaining adequate information because of its level one trauma agreement and internal standard operating procedures.<sup>24</sup>

Brooke implemented a standard operating procedure for the completion of DD Form 2569, the Third Party Collection Program and Other Health Insurance that captures the patient's information and other health insurance information.

<sup>23</sup> Department of the Treasury, Financial Management Service, Managing Federal Receivables, chapter 6, "Delinquent Debt Collection," March 2015.

<sup>24</sup> MEDCOM personnel stated that Brooke has a level one trauma agreement with the city of San Antonio, Texas—the facility takes half of all trauma patients in 22 counties, regardless of the patients' eligibility to be treated at a military medical treatment facility. Therefore, many of Brooke's patients are not eligible and must pay to be treated. Brooke personnel stated that many of their patients that come in as part of the trauma agreement do not have insurance and do not provide personal information.

The purpose of the standard operating procedure is to provide instructions on how to collect accurate and complete patient billing information before patients are discharged. According to the procedures, the admissions staff makes three attempts to contact the patient to obtain the required information and then, after the third attempt, sends the information to the UBO. Brooke personnel stated that they are making improvements and communicating the instruction to all staff. However, Brooke management stated that there were competing priorities because the hospital staff would like to maintain a positive patient experience and are not as concerned with obtaining patient information prior to discharge. Brooke UBO personnel stated that, for first quarter FY 2018, Brooke could not bill for approximately \$679,000 because of missing patient information. Furthermore, the Brooke UBO Chief stated that they wrote off over \$5 million in unreimbursed accounts in FY 2017 because of missing patient information. The DHA Director should work with the Services and the medical treatment facilities management to develop standardized procedures on obtaining patient demographic information and address how to handle accounts that do not have adequate information to bill the patient.

*The Brooke UBO Chief stated that they wrote off over \$5 million in unreimbursed accounts in FY 2017 because of missing patient information.*

## Billing Delays

The Services could not bill for any inpatient services provided from October 1, 2017, to February 12, 2018. At the beginning of each fiscal year, the DHA and software contractor personnel must load the approved inpatient diagnostic related group rates (inpatient rates) into the systems at each medical treatment facility for the UBOs to have the correct rates to bill the patients. A DHA official stated that the process includes a combination of rate development, case weights, and system updates and that everything must be completed before the DHA can allow the medical treatment facilities to bill using the new inpatient rates. Software contractor personnel stated that the system updates are available the first or second week in November; however, DHA management held billing at all medical treatment facilities until February 12, 2018. This delay occurred because, according to DHA management, the DHA holds billing until all medical treatment facilities have completed the system updates and are ready to bill. During our audit, DHA management stated that they are considering releasing billing by site in FY 2019 as each medical treatment facility becomes ready.

The delay in billing impacted each of the medical treatment facilities because it created a backlog of accounts for UBO personnel to process. Brooke had the biggest impact from the inpatient rate delay because they treat a significant

*Brooke personnel stated that they had a total backlog of 3,910 accounts, valued at over \$87 million, for FY 2018 from the inpatient rate delays.*

number of ineligible patients under the level one trauma agreement. Brooke personnel stated that they had a total backlog of 3,910 accounts, valued at over \$87 million, for FY 2018 from the inpatient rate delays. Furthermore,

Brooke UBO management stated that they will not be able to collect on some of those accounts due to the filing requirements for Medicaid and workman's compensation. Any of the 3,910 claims that were for a service that was provided more than 95 days prior to February 12, 2018, to a Medicaid or workman's compensation patient will automatically be denied. Regardless, UBO personnel stated that they still have to go through the process of filing the claim and appealing the denial to be able to write off the account, even though they know that they will not get paid for the service. Brooke personnel stated that they could not identify how many of the 3,910 claims were Medicaid or workman's compensations because they would not know that information until personnel worked through each account.

The DHA Director should review the current process for deploying the inpatient rates each fiscal year and determine how they can improve the process to allow for timelier billing.

## Transfer of Data to ABACUS and Data Reliability

The Services experienced problems with the transfer of billing data from CHCS to ABACUS. In addition, the Portsmouth medical treatment facility had additional significant data reliability problems.

### **Account Data Transfer from CHCS to ABACUS**

When the Services migrated account data from CHCS to ABACUS in September 2015, there were multiple errors with the data that affected the quality of the account information in ABACUS. For example, David Grant and BUMED personnel stated that some data did not fully transfer from CHCS

*When the Services migrated account data from CHCS to ABACUS in September 2015, there were multiple errors with the data that affected the quality of the account information in ABACUS.*

to ABACUS, which would result in an incomplete record for that account. BUMED personnel stated that accounts that are billable but have incomplete records in ABACUS are put into an error queue that does not allow a bill to be generated until

personnel review the account and correct the errors. In fourth quarter FY 2017, Portsmouth had 148,198 accounts in the interface error queue—BUMED personnel stated that they were generally errors related to CHCS that result in an incomplete record.<sup>25</sup>

In addition, David Grant personnel stated that they identified accounts that were closed in CHCS but transferred to ABACUS as open. David Grant personnel stated that they cannot determine the magnitude of the problems with the transfer without researching each account. Therefore, David Grant cannot rely on ABACUS for an accurate total number and dollar value of open or delinquent accounts. Due to the problems David Grant experienced with the transfer to ABACUS, David Grant maintains accounts in both systems. David Grant personnel provided two sets of data that we used for this audit, one of accounts in CHCS and one of accounts in ABACUS.

The DHA and the Services' UBO management did not require a reconciliation between CHCS and ABACUS to ensure that all accounts were transferred into ABACUS. Additionally, the Services' UBO management did not inform DHA personnel of all the problems the medical treatment facilities encountered with the transfer to ABACUS. Therefore, to ensure that the data transferred from CHCS to ABACUS is accurate and that all billable encounters can be billed, the DHA Director should work with the medical treatment facilities' UBO management to research and review all CHCS transactions transferred to ABACUS and identify all information that was not properly transferred to ensure that account data and status are accurate and accounts are being billed, transferred to the Treasury, or written off as appropriate.

### ***Unreliable Data Unique to Portsmouth***

The ABACUS data provided by Portsmouth was not reliable and Portsmouth could not provide an accurate number of delinquent accounts.

Portsmouth personnel had a difficult time obtaining the account data from ABACUS, the different reports from ABACUS did not reconcile, the list of billable accounts from ABACUS was incomplete, and ABACUS contained inaccurate account information.

*Portsmouth personnel had a difficult time obtaining the account data from ABACUS, the different reports from ABACUS did not reconcile, the list of billable accounts from ABACUS was incomplete, and ABACUS contained inaccurate account information.*

<sup>25</sup> BUMED did not know whether all of the 148,198 accounts in the error queue were a result of the transfer of data from CHCS to ABACUS.

### *Unreliable ABACUS Reports*

Portsmouth personnel had a difficult time providing the account data we requested. A month after our initial request for data, Portsmouth provided a summary-level report, which included 983 delinquent accounts valued at \$333,651. However, we requested the transaction-level detail for the accounts. Portsmouth personnel provided a transaction-level report a month and a half later, after requesting help from the DHA and ABACUS contractor. The transaction-level report only included 93 delinquent accounts, valued at \$11,023, and 294 accounts, valued at \$499,967, that did not include an accounts receivable date to determine delinquency. Therefore, the summary-level report of accounts did not reconcile with the transaction-level report. Portsmouth and BUMED personnel were unable to explain why and could not provide the actual number of delinquent accounts.

In addition, we also found that the transaction-level report that Portsmouth personnel pulled from ABACUS did not always match what was in the actual ABACUS system or the supporting documentation for the account. We reviewed nine accounts from Portsmouth and compared the ABACUS screenshots and supporting documentation to the transaction-level report and found six accounts with data that did not match. For example, the ABACUS data from Portsmouth had an account with a remaining balance of \$356 that was 448 days delinquent; however, the ABACUS system and the supporting documentation showed that the claim was paid in full. Portsmouth personnel stated the balance in ABACUS was incorrect because Portsmouth personnel incorrectly recorded the refund amount.

To ensure accurate and reliable data in ABACUS for Portsmouth and each of the Services' medical treatment facilities, the DHA Director should determine which reports in ABACUS are used to identify medical service accounts for billing and reporting and require medical treatment facility UBO personnel for each Service to review the reports to ensure that the data is accurate and reliable.

### *Billable Encounters Not Monitored*

BUMED personnel self-identified 18,898 billable accounts in ABACUS, valued at \$2.4 million, that were not included in the data provided and were not included in their list of billable accounts to be processed. Daily, Portsmouth UBO personnel monitor and review a list of claims ready to be billed in ABACUS and then scan the claims into CRS to be billed. However, these 18,898 billable accounts were not included in the list of claims that Portsmouth personnel were reviewing and, therefore, these accounts and any new accounts in this queue will not be sent to CRS for billing. These accounts were for services provided from October 2015

through March 2018. Portsmouth is missing the opportunity to collect on these claims, valued at \$2.4 million. BUMED personnel stated that these claims were not included in the Portsmouth review because BUMED and Portsmouth personnel were not aware of this queue and BUMED did not include it in the BUMED guidance as a report used to identify billable accounts. In addition, Portsmouth and BUMED personnel stated that Portsmouth does not have standard operating procedures and did not receive adequate ABACUS training.

*Portsmouth is missing the opportunity to collect on these claims, valued at \$2.4 million.*

To ensure that Portsmouth pursues collections on all billable accounts, the Navy Bureau of Medicine and Surgery Surgeon General should require Portsmouth UBO personnel to review and process the 18,898 billable accounts, valued at \$2.4 million, and determine whether all billable accounts in ABACUS are included in the medical treatment facilities' daily billing reviews. In addition, to ensure that the Services pursue collections for all billable accounts, the DHA Director should establish standardized guidance regarding which reports the medical treatments facilities must review in ABACUS to identify accounts ready to be billed. Finally, the DHA Director should provide additional training to UBO personnel for processing accounts in ABACUS.

### *Errors in ABACUS*

Of the nine Portsmouth accounts we reviewed, five accounts had incorrect data in ABACUS. Specifically, two of those accounts had incorrect dollar values in ABACUS. All five accounts should have had a zero balance according to BUMED policy, which states that, when a debt is transferred to CRS or CSNG for collection, the UBO personnel must use the W16 code to permanently remove the debt from ABACUS.<sup>26</sup> This effectively removes the debt from the medical treatment facility's accounts receivable. BUMED management then relies on the balances in CRS, CSNG, and ABACUS to calculate their total accounts receivable. When Portsmouth personnel transfer debt to CRS or CSNG for collection, they manually input the account information into CRS or CSNG and then manually go back into ABACUS to write off the outstanding balance with the W16 code. BUMED policy also states that, when a payment is collected by CRS or CSNG for an account that has already been transferred to CRS or CSNG, the medical treatment facility should not double-post the payment into ABACUS.

<sup>26</sup> The Department of the Navy Bureau of Medicine and Surgery Medical Billing Corrective Action Plan, September 25, 2017.

Portsmouth personnel caused errors in ABACUS and created duplicate accounts receivable when they reversed the W16 write-off code in ABACUS to record payments obtained by CRS and CSNG. For example, Portsmouth transferred an account, valued at \$6,477.70, to CRS and then CRS sent it to CSNG. Portsmouth personnel wrote off the balance in ABACUS with a W16 code. When CSNG received payments for this account, Portsmouth reversed the W16 code and recorded payments in ABACUS, which left the account with a remaining balance of \$3,668.27. However, when Portsmouth personnel manually wrote off the new remaining balance with the W16 code, they typed \$2,668.27, which left a \$1,000 balance in ABACUS. The entire remaining balance was already at CSNG; however, the remaining balance in ABACUS led to a duplicate accounts receivable of \$1,000. These errors occurred because of a series of errors in the manual data entry process and because Portsmouth personnel did not follow BUMED policy. Portsmouth and BUMED personnel stated that Portsmouth does not have a standard operating procedure to provide detailed guidance on how to process accounts through ABACUS to CRS. In addition, they stated that they did not receive adequate ABACUS training.

*Portsmouth personnel caused errors in ABACUS and created duplicate accounts receivable when they reversed the W16 write-off code in ABACUS to record payments obtained by CRS and CSNG.*

Because the DHA became responsible for the administration of each medical treatment facility in October 2018, the DHA Director should review all billing processes, including the use of CRS, and determine a billing method that would be in the best interest for all Services. Until DHA determines which billing method to use to ensure that accounts are properly transferred from ABACUS to CRS for billing, the U.S. Navy Bureau of Medicine and Surgery Surgeon General should establish standard operating procedures for processing accounts in ABACUS when accounts are sent to the CRS and CSNG. In addition, to ensure that Portsmouth personnel are using ABACUS properly, the DHA Director should provide additional training to UBO personnel for processing accounts in ABACUS.

## Conclusion

Although the Services improved their management of accounts, additional improvements are still needed. The Services did not implement all corrective actions from the prior audit reports, still have a backlog of delinquent accounts, did not transfer the delinquent accounts to the Treasury as required, implemented inconsistent billing procedures, experienced billing delays, and maintained unreliable account data. Therefore, the Services were unable to determine the number and dollar value of delinquent accounts and may have missed opportunities to collect on the delinquent accounts. The DHA had limited involvement in the

implementation of ABACUS at the medical treatment facilities; however, the National Defense Authorization Act for FY 2017 required them to take over the management of the billing functions in October 2018 and the DHA should ensure that the medical treatment facilities implement corrective actions and standardize the billing processes across the Services. Furthermore, the DHA needs to ensure that the Services are properly trained on the billing processes. Unless the DHA improves and standardizes the processes across the Services, medical treatment facilities will continue to miss opportunities to maximize collection for services rendered. According to DHA guidance, the Services can use those funds for administrative, operating, and equipment costs; readiness; or trauma consortium activities.

## **Recommendations, Management Comments, and Our Response**

### ***Recommendation A.1***

**We recommend that the Director, Defense Health Agency:**

- a. Coordinate with Brooke Army Medical Center and Landstuhl Regional Medical Center management, through U.S. Army Medical Command, to develop a plan to review the delinquent debt identified in the prior audit reports, Report No. DODIG-2014-101 and DODIG-2016-079.**

#### ***Defense Health Agency Comments***

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA UBO will coordinate with Brooke and Landstuhl, through MEDCOM, to work together on a plan to review the delinquent debt identified in the prior audit reports.

#### ***Our Response***

Comments from the Deputy Director addressed all the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close Recommendation A.1.a once we receive and review the plan to pursue the collection of 27,149 delinquent accounts, valued at \$77.7 million.

- b. Implement guidance and require all Services to develop procedures to review and process their old delinquent accounts.**

#### ***Defense Health Agency Comments***

The DHA Deputy Director, responding for the DHA Director, agreed, stating that, with the consolidation of management of all medical treatment facilities to the DHA, the DHA UBO will implement a plan of action to ensure that established

policy is followed, including reeducating employees on the appropriate processes to follow. Specifically, the Deputy Director stated that DHA Procedures Manual, 6015.01 “Military Medical Treatment UBO Operations” prescribes uniform billing procedures and accounting practices for management of followup of patient accounts. In addition, the DHA Policy Memorandum, “Write-Off of Aged Amounts Owed to Military Treatment Facilities Clarification of Procedures,” addresses the handling of delinquent debt.

### *Our Response*

Comments from the Deputy Director addressed all the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close Recommendation A.1.b once we receive and review the plan and ensure that it addresses the backlog of old delinquent accounts in addition to addressing current delinquent accounts for all medical treatment facilities.

- c. Coordinate with U.S. Army Medical Command to assist U.S. Army Medical Command officials with obtaining the authority from the Office of the Secretary of the Army to terminate uncollectible debt under \$100,000.**

### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA UBO will coordinate with MEDCOM to first determine what type of debt exists and review for appropriate disposition. If the debt can be terminated, the DHA UBO will assist MEDCOM with obtaining authority from the Office of the Secretary of the Army to terminate uncollectible debt under \$100,000.00.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close Recommendation A.1.c once the DHA UBO personnel assist MEDCOM with obtaining authority from the Office of the Secretary of the Army to terminate uncollectible debt.

- d. Establish and implement guidance for all Services to review uncollectible accounts and obtain approval from the proper authority to terminate debt.**

### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director agreed, stating that with the consolidation of management of all medical treatment facilities to the DHA, the DHA UBO will implement a plan of action to ensure that established policy is followed, including reeducating employees on the appropriate processes

to follow. Specifically, the Deputy Director stated that DHA Procedures Manual 6015.01, "Military Medical Treatment UBO Operations," prescribes uniform billing procedures and accounting practices for management of followup of patient accounts. In addition, DHA Policy Memorandum, "Write-Off of Aged Amounts Owed to Military Treatment Facilities Clarification of Procedures," addresses the handling of delinquent debt.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close Recommendation A.1.d once we receive and review the plan to ensure that it contains details on how the medical treatment facilities will implement the established policy, including identifying who the proper authority is for the medical treatment facilities to obtain approval from to terminate the debt.

- e. Work with David Grant Medical Center Uniform Business Office personnel to obtain denied Medicare claims identified in the prior report DODIG-2015-179, and review those claims to determine whether Medicare denied the claims for valid reasons. The Defense Health Agency Director should then work with the Department of Health and Human Services to resolve the issues with receiving reimbursement for services rendered for any claims that were denied for invalid reasons.**

### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA UBO will work with David Grant Medical Center UBO personnel through the Air Force Medical Operations Agency to obtain denied Medicare claims to review denial reasons. If the claims were not valid denials, the DHA UBO will contact the Department of Health and Human Services to determine why the claims were denied and assist in the resolution of issues with receiving reimbursement for claims that were denied for invalid reasons.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close Recommendation A.1.e once a resolution is provided on receiving reimbursement for claims that were denied for invalid reasons.

- f. **Review the current process to determine how to improve the transfer time of delinquent accounts, as well as establish and implement guidance for monitoring and processing delinquent accounts to allow for compliance with the Financial Management Regulation requirement to send 120-day delinquent accounts to the Treasury.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, citing the current policies in place and stated that the DHA will review the current process. In addition, the Deputy Director stated that the DHA UBO is preparing a statement of work that includes an unfunded contract line item number for accounts receivable management at the DHA level. The Deputy Director stated that the DHA officials believe this will allow the DHA to better manage the process that occurs at the medical treatment facility level. The Deputy Director stated that the anticipated contract award is in early 2019.

#### *Our Response*

Comments from the Deputy Director partially addressed the recommendation; therefore, the recommendation is unresolved. The comments did not address whether the planned actions would improve the transfer time of delinquent accounts. Further, the comments did not address establishing and implementing guidance for monitoring and processing delinquent accounts to comply with the 120-day requirement. The Deputy Director referred to current policies; however, as identified in our report, the majority of the accounts in our sample were not transferred to the Treasury within 120 days under the current guidance. We request that the DHA Director provide additional details on whether the planned actions will improve transfer time or whether the DHA plans to update any of the current policies.

- g. **Determine whether enrollment in Medicare and Medicaid is in the best interest of the medical treatment facilities and provide guidance to the medical treatment facilities based on determination.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA UBO will work with the DoD Office of General Counsel and the Department of Health and Human Services to review current processes and policy related to Medicare and Medicaid enrollment to determine whether it is in the best interest of the medical treatment facilities, not only to enroll, but to be considered as a preferred provider. Specifically, the Deputy Director stated that the DHA will follow the United States Code, which generally prohibits Federal service providers

from being reimbursed by Medicare, except payments made under certain emergency services. If it is determined that the medical treatment facilities' participation is beneficial, the DHA UBO will work with the Services to develop guidance and develop a process to improve billing of those type of claims.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.g once we receive the DHA's determination whether enrollment in Medicare and Medicaid is in the best interest of the medical treatment facilities and receive and review the guidance to the medical treatment facilities based on the determination.

- h. Develop a process to improve billing of Medicare and Medicaid claims to ensure reimbursement for services provided to beneficiaries.**

### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA UBO will work with the DoD Office of General Counsel and the Department of Health and Human Services to review the current process and policy related to Medicare and Medicaid enrollment to determine if it is in the best interest of the medical treatment facilities to enroll or be considered as preferred providers. The Deputy Director stated that the DHA will follow the United States Code, which generally prohibits Federal service providers from being reimbursed by Medicare, except payments made under certain emergency services. If the DHA determines that medical treatment facility participation is beneficial, the DHA UBO will work with the Services to develop guidance and a process to improve billing of those claims.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.h once we verify that the DHA has developed a process and guidance to improve billing Medicare and Medicaid claims.

- i. **Coordinate with Department of Health and Human Services to develop a strategy to improve Medicare and Medicaid billing, including a review of the number of days required to submit a claim, a determination of whether enrollment is appropriate, and a decision of whether the medical treatment facilities should become preferred providers.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA UBO will work with the DoD Office of General Counsel and the Department of Health and Human Services to review the current processes and policy related to Medicare and Medicaid enrollment to determine whether it is in the best interest of the medical treatment facilities to enroll or be considered as preferred providers. The Deputy Director stated that the DHA will follow the United States Code, which generally prohibits Federal service providers from being reimbursed by Medicare, except payments made under certain emergency services. If the DHA determines that medical treatment facility participation is beneficial, the DHA UBO will work with the Services to develop guidance and a process to improve billing of those claims.

#### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.i once we verify that the DHA worked with the Department of Health and Human Services to review policies related to Medicare and Medicaid, and determined whether the medical treatment facilities should enroll or be considered preferred providers.

- j. **Work with the Services to establish and implement detailed guidance for processing accounts in the Armed Forces Billing and Collection Utilization Solution system that includes guidance for transaction codes.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that detailed guidance for processing accounts already exists in the ABACUS Training Operations Manual and DHA Procedures Manual 6015.01, "Military Medical Treatment UBO Operations." The DHA UBO will work with the Services to develop and implement detailed guidance regarding the standardization of transaction codes.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.j once we verify that the DHA has established and implemented guidance for the transaction codes.

- k. Work with the Services and the medical treatment facilities management to develop standardized procedures to obtain patient demographic information and address how to handle accounts that do not have adequate information to bill the patient.**

### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DoD will review the existing patient administration policies and procedures to investigate opportunities to collect more complete patient demographic data and review how to handle accounts that do not contain adequate information for billing with the UBO functional community.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.k once we verify that the DHA has determined how to obtain complete patient demographic information and handle accounts that do not contain adequate billing information.

- l. Review the current process for deploying the inpatient diagnostic-related group rates each fiscal year and determine how to improve the process to allow for timelier billing.**

### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, agreed, stating that the DHA will review the internal process (as affected by external processes) for deployment of inpatient diagnostic-related group assignment to determine how to improve the overall process for timelier billing and coding of medical records.

### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.l once we verify that the DHA completed the review and improved the internal process for deployment of inpatient diagnostic-related group rates.

- m. Work with medical treatment facilities' Uniform Business Office management to research and review all Composite Health Care System transactions transferred to the Armed Forces Billing and Collection Utilization Solution system and identify all information that was not properly transferred to ensure that account data and status is accurate, and that the accounts are billed, transferred to the Treasury, or written off as appropriate.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the DHA Director, partially agreed, stating that the DoD will assemble a team to review sample sets of CHCS transactions transferred to the ABACUS to determine accuracy. The DoD will determine a plan working with ABACUS and CHCS program offices to identify a global process to follow utilizing both systems. If no global process exists, the DoD will work with medical treatment facilities to further investigate and define the way ahead.

#### *Our Response*

Comments from the Deputy Director did not address the specifics of the recommendation; therefore, the recommendation is unresolved. During the audit, personnel from BUMED and David Grant stated that some data did not fully transfer from CHCS to ABACUS. In addition, BUMED stated that there were no reconciliations between CHCS and ABACUS to ensure that all accounts transferred properly. Based on the lack of reconciliations after the transfer and the known problems with the transfers at BUMED and David Grant, reviewing sample sets will not meet the intent of the recommendation. The DHA and the MTF UBOs should research and review all CHCS transactions that transferred to ABACUS in order to identify what did not properly transfer and ensure that the account is accurate in ABACUS and can be properly managed. We request that the DHA Director clarify what specific actions the DHA will take to research and review all CHCS transactions transferred to ABACUS and ensure that account data and status is accurate, and that accounts are billed, transferred to the Treasury, or written off as appropriate.

- n. **Determine which reports in the Armed Forces Billing and Collection Utilization Solution system are used to identify medical service accounts for billing and reporting and require medical treatment facility Uniform Business Office personnel for all Services to review those reports to ensure the data is accurate and reliable.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the Director, agreed, stating that the DHA and the UBO will review the ABACUS reports and determine which are beneficial for billing and reporting. The Deputy Director stated that, once the reports are identified, the DHA UBO will publish guidance to define a process for the medical treatment facilities to follow.

#### *Our Response*

Comments from the Deputy Director partially addressed the recommendation; therefore, the recommendation is unresolved. The comments addressed part of the recommendation to identify the reports for billing and reporting; however, the comments did not discuss actions that the DHA will take to ensure that the data in the reports is accurate and reliable. We request that the DHA Director describe the actions that the DHA will take to ensure that the data in the reports identified is accurate and reliable.

- o. **Establish standardized guidance for which reports the medical treatment facilities must review in the Armed Forces Billing and Collection Utilization Solution system to identify accounts ready to be billed.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the Director, agreed, stating that, once the DHA UBO identify the reports, the DHA will issue guidance to define a process for the medical treatment facilities.

#### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.o once we verify that the DHA identified the applicable reports and issued the guidance.

- p. Review all billing processes, including the use of Centralized Receivables Service, and determine a billing process that would be in the best interest for all Services.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the Director, agreed, stating that the DoD is reviewing and adopting workflows for the Genesis billing and accounting module and that the DoD will develop the necessary guidance for standardization. The Deputy Director stated that all Services are scheduled to transition to the new system by 2025.

#### *Our Response*

Comments from the Deputy Director addressed the specifics of the recommendation; therefore, this recommendation is resolved but will remain open. We will close Recommendation A.1.p once we obtain and review the new guidance for standardization of the billing process.

- q. Provide additional training to Uniform Business Office personnel for processing medical service accounts in the Armed Forces Billing and Collection Utilization Solution system.**

#### *Defense Health Agency Comments*

The DHA Deputy Director, responding for the Director, agreed, stating that the DHA UBO will continue to provide training on processing medical service accounts in ABACUS through its learning center webinars. The Deputy Director stated that, as the DHA deploys the new Genesis system, the DHA will update the training to include instructions for processing the medical service accounts in the new system.

#### *Our Response*

Comments from the Deputy Director partially addressed the recommendation; therefore, the recommendation is unresolved. Under the current training program we identified errors in processing medical service accounts in ABACUS at Portsmouth, such as the unbilled encounters and errors in ABACUS. Furthermore, as stated in the audit report, personnel at the medical treatment facilities did not feel that they were provided with adequate training on processing accounts in ABACUS. Therefore, we request that the DHA Director provide a plan that includes providing additional training to UBO personnel in addition to their current training to address the errors identified.

## ***Recommendation A.2***

**We recommend that the Commander of the U.S. Army Medical Command update applicable regulations to identify U.S. Army Medical Command as the debt termination authority if U.S. Army Medical Command officials obtain the authority from the Secretary of the Army.**

### *U.S. Army Medical Command Comments*

The MEDCOM Interim Chief of Staff, responding for the MEDCOM Commander, agreed, stating that the Surgeon General and Commanding General of MEDCOM forwarded two memorandums to the Assistant Secretary of the Army (Financial Management and Comptroller) requesting authority to terminate collection action for medical debt for unpaid balances from Medicare and Medicaid and public medical out-of-service debt under \$25. When approval is granted, the Surgeon General intends to further delegate this authority to the Assistant Deputy Chief of Staff for Resource Management and update applicable policy and guidance accordingly.

### *Our Response*

Comments from the Interim Chief of Staff addressed all specifics of the recommendation; therefore, the recommendation is resolved but will remain open. We will close Recommendation A.2 once we verify that MEDCOM has updated applicable policy and guidance to identify the debt termination authority.

### ***Recommendation A.3***

**We recommend that the Surgeon General, U.S. Navy Bureau of Medicine and Surgery:**

- a. Require Naval Medical Center Portsmouth Uniform Business Office personnel to review and process the 18,898 billable accounts, valued at \$2.4 million, and determine whether all billable accounts are included in the medical treatment facility's daily reviews.**
- b. Establish standard operating procedures for processing accounts in the Armed Forces Billing and Collection Utilization Solution system when the accounts are sent to the Centralized Receivables Service and Cross Servicing Next Generation.**

#### ***Management Comments Required***

The Surgeon General, U.S. Navy Bureau of Medicine and Surgery, did not respond to the recommendations in the report. Therefore, the recommendations are unresolved. We request that the Surgeon General provide comments on the final report.

## Appendix A

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### Scope and Methodology

We conducted this performance audit from December 2017 through October 2018 in accordance with generally accepted government auditing standards. Those 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of our audit was based on results from the following six DoD OIG reports issued between August 2014 and January 2017.

- Brooke Army Medical Center (Brooke), Fort Sam Houston, Texas, report DODIG-2014-101, “Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight,” August 13, 2014
- William Beaumont Army Medical Center (William Beaumont), El Paso, Texas, report DODIG-2014-112, “Delinquent Medical Service Accounts at William Beaumont Army Medical Center Need Additional Management and Oversight,” September 16, 2014
- Naval Medical Center Portsmouth (Portsmouth), Portsmouth, Virginia, report DODIG-2015-087, “Delinquent Medical Service Accounts at Naval Medical Center Portsmouth Need Additional Management Oversight,” March 4, 2015
- David Grant United States Air Force Medical Center (David Grant), Travis Air Force Base, California, report DODIG-2015-179, “Delinquent Medical Service Accounts at David Grant U.S. Air Force Medical Center Needed Additional Management Oversight,” September 24, 2015
- Landstuhl Regional Medical Center (Landstuhl), Landstuhl, Germany, report DODIG-2016-079, “Delinquent Medical Service Accounts at Landstuhl Regional Medical Center Need Additional Management Oversight,” April 28, 2016
- U.S. Army Medical Command (MEDCOM), Fort Sam Houston, Texas, report DODIG-2017-045, “Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight,” January 27, 2017

To obtain information and source documents on medical service account debt and collection efforts related to the prior audits, we interviewed or visited personnel from the DHA, MEDCOM, BUMED, Brooke Army Medical Center, William Beaumont Army Medical Center, Landstuhl Regional Medical Center, David Grant U.S. Air Force Medical Center, and Naval Medical Center Portsmouth.

While at MEDCOM, we discussed guidance for processing accounts with the new ABACUS system, guidance on aged accounts receivable, and the status of prior audit recommendations. During the DHA site visit, we discussed inconsistencies between the Military Services, the DHA's current and future roles, and the status of prior audit recommendations. While at BUMED, we discussed data quality, the Navy's use of the Treasury CRS program, Navy account management in ABACUS, and BUMED guidance to the medical treatment facilities.

During our site visits to the medical treatment facilities, we discussed:

- patient registration, by obtaining a walkthrough of the emergency room registration process;
- processing of an account from beginning to end, including the applicable systems (CHCS and ABACUS) and transfer to the Treasury;
- status of prior audit recommendations; and
- status of the medical service accounts in our sample.

To obtain our sample, we requested and received data for all medical service accounts in ABACUS for Brooke, William Beaumont, David Grant, Portsmouth, and Landstuhl, as of September 30, 2017. The data included 60,649 delinquent accounts, valued at \$78.5 million, and 6,399 accounts with no accounts receivable date, valued at \$54 million. We nonstatistically selected the top five high-dollar accounts that were delinquent 120 days or more for each medical treatment facility. We then judgmentally selected up to five additional accounts for each location based on criteria such as findings from prior audits, patient category codes, and accounts with no accounts receivable date. Our sample included 49 medical service accounts, with a combined total remaining balance of approximately \$6.5 million. For the selected accounts, we reviewed supporting documentation to determine the status of the account and, if it was delinquent, the reason.

We obtained, reviewed, and analyzed DoD and agency guidance on medical service account debt.

## Use of Computer-Processed Data

We relied on computer-processed data obtained from ABACUS by the Services to select a nonstatistical sample of approximately 10 delinquent medical service accounts at each medical treatment facility. To assess the reliability of the delinquent accounts, we compared the data provided by the Services with supporting documentation, including:

- hospital-generated bills,
- delinquent letters,

- communications with patients, and
- staff notes and documentation on attempted collections.

Of the accounts reviewed, we found discrepancies at Brooke, William Beaumont, David Grant, and Landstuhl. The differences between the ABACUS data and the account files caused by errors were related to user error, data transfer from CHCS to ABACUS, and actions taken after we received the data. We determined that these differences did not affect our audit results because we used the supporting documentation to make our conclusions.

Personnel at Portsmouth had a difficult time providing the account data we requested from ABACUS. When they were able to provide data, the transaction-level data did not match the summary-level data, data did not match the information in ABACUS, and key information was incorrect for some records. Based on the poor quality of the data provided by Portsmouth, we determined that the Portsmouth ABACUS data is unreliable. Because we could not rely on the data, we focused on reporting the issues identified.

## Prior Coverage

During the last 5 years, the DoD OIG and Naval Audit Service issued nine reports discussing medical accounts.

Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>. Naval Audit Service reports are not available over the Internet.

## **DoD OIG**

Report No. DODIG-2017-045, “Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight,” January 27, 2017

U.S. Army Medical Command officials did not effectively manage delinquent medical service accounts because they did not have adequate procedures to process the transferred account. Unless U.S. Army Medical Command personnel review the remaining accounts, they risk missing the opportunity to collect up to \$38.4 million to fund administrative, operation, and equipment costs; readiness training; and trauma consortium activities.

Report No. DODIG-2016-079, "Delinquent Medical Service Accounts at Landstuhl Regional Medical Center Need Additional Management Oversight," April 28, 2016

U.S. Army Medical Command and Regional Health Command Europe Uniform Business Office officials did not effectively manage delinquent medical service accounts for Landstuhl Regional Medical Center. Unless U.S. Army Medical Command and Regional Health Command Europe management acts to collect \$4.3 million in delinquent debt and improves its collection process, Landstuhl's medical service accounts will continue to incur rising delinquent balances.

Report No. DODIG-2015-179, "Delinquent Medical Service Accounts at David Grant Air Force Medical Center Need Additional Management Oversight," September 24, 2015

David Grant U.S. Air Force Medical Center Uniform Business Office management did not effectively manage delinquent medical service accounts. Unless David Grant U.S. Air Force Medical Center Uniform Business Office management acts to collect \$707,591 in delinquent debt and improves its collection process, its medical service accounts will continue to incur rising delinquent balances.

Report No. DODIG-2015-151, "Followup Audit: DoD Military Treatment Facilities Continue to Miss Opportunities to Collect on Third Party Outpatient Claims," July 24, 2015

Military treatment facility officials did not consistently conduct followup, document claim write-offs, refer outstanding claims to their legal office in a timely manner, or develop a process to obtain any necessary precertification or preauthorization. Opportunities exist to increase collections for the military treatment facilities because officials generally did not conduct compliance audits to identify discrepancies.

Report No. DODIG-2015-087, "Delinquent Medical Service Accounts at Naval Medical Center Portsmouth Need Additional Management Oversight," March 4, 2015

Naval Medical Center Portsmouth Uniform Business Office management did not effectively manage delinquent medical service accounts. Unless the Naval Medical Center Portsmouth Uniform Business Office acts to collect \$770,746 in delinquent debt and improves its collection process, its medical service accounts will continue to incur rising delinquent balances.

Report No. DODIG-2014-112, "Delinquent Medical Service Accounts at William Beaumont Army Medical Center Need Additional Management Oversight," September 16, 2014

William Beaumont Army Medical Center Uniform Business Office management did not effectively manage delinquent medical service accounts. Unless William Beaumont Army Medical Center Uniform Business Office management acts to collect \$669,546 in delinquent debt and improves its collection process, its medical service accounts will continue to incur rising delinquent balances.

Report No. DODIG-2014-101, "Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight," August 13, 2014

Brooke Army Medical Center Uniform Business Office management did not effectively manage delinquent medical service accounts. Unless Brooke Army Medical Center Uniform Business Office management acts to collect \$73.1 million in delinquent debt and improves its collection process, its medical service accounts will continue to incur rising delinquent balances.

## ***Navy***

Report N2017-0047, "Policy Compliance for Reimbursable Encounters at Selected Military Treatment Facilities' Uniform Business Offices," September 29, 2017

U.S. Naval Hospitals Naples, Okinawa, and Yokosuka were not always in compliance with applicable guidance, and internal controls could be strengthened. The selected military treatment facility uniform business offices either did not bill non-beneficiary patients in a timely manner or did not bill patients at all. This occurred because of a lack of sufficient internal controls, misinterpretation of guidance, and high personnel turnover.

Report N2016-0031, "Patient Registration Controls at Military Treatment Facilities," May 19, 2016

Opportunities existed to improve military treatment facilities' patient registration controls. Patient registration clerks at the military treatment facilities reviewed did not perform 100-percent checks to verify patients' eligibility. The uniform business offices did not conduct the required compliance audits and monitoring. Patient data within the Composite Health Care System was not completely reliable or accurate and the military treatment facilities reviewed did not retain authorizing supporting documentation.

## Appendix B

### Status of Recommendations

Since 2014, the DoD OIG has issued six reports related to the collection of outstanding balances of medical service accounts. In the six reports, the DoD OIG made 47 recommendations to address weaknesses in oversight of medical service accounts. Of the 47 recommendations, 40 recommendations are considered closed, and 5 recommendations are considered resolved but remain open until we verify that the proposed corrective actions have been completed. Additionally, 2 of the 47 recommendations were closed based on management responses to the prior audit reports; however, the proposed corrective actions did not address the intent of the recommendations or were not implemented and action is still needed. We address those recommendations in this report.

The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved:** Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved:** Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed:** DoD OIG verified that the agreed upon corrective actions were implemented.

#	Recommendation	Status
<b>DODIG-2014-101, "Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight," August 13, 2014</b>		
<b>1a</b>	The DoD OIG recommended that the Brooke Army Medical Center Commander validate that the planned medical billing system prioritize delinquent medical service accounts and alert the clerks about which accounts require followup.  This recommendation was closed based on comments and documentation provided in response to the prior audit.	Closed
<b>1b</b>	The DoD OIG recommended that the Brooke Army Medical Center Commander review, research, and pursue collections on the remaining open delinquent medical service accounts.  This recommendation is considered resolved and will be closed when Brooke addresses all delinquent accounts. In our current report, we issued Recommendation A.1.a to the DHA to work with medical treatment facilities to review and process all delinquent accounts. We also issued Recommendation A.1.k to the DHA to establish procedures for identifying accounts in ABACUS for review.	Resolved

#	Recommendation	Status
1c	<p>The DoD OIG recommended that the Brooke Army Medical Center Commander establish procedures to validate that staff collect accurate and complete demographic and billing patient information before patient discharge.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
1d	<p>The DoD OIG recommended that the Brooke Army Medical Center Commander review, research, and determine whether other repayment installment plans arranged by the Uniform Business Office were sufficient or in need of revisions to comply with DoD Financial Management Regulation, volume 5, chapter 28.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
1e	<p>The DoD OIG recommended that the Brooke Army Medical Center Commander request that the U.S. Army Medical Command review the dispute letter to ensure the letter best reflects the position of the Army in receiving reimbursement for medical services provided to Texas Medicaid Healthcare Partnership beneficiaries.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
1f	<p>The DoD OIG recommended that the Brooke Army Medical Center Commander send dispute letters to Texas Medicaid and Healthcare Partnership for all claims denied for missing the 95-day filing requirement.</p> <p>This recommendation was closed based on evidence in our sample files showing that Brooke appealed Medicaid denials.</p>	Closed
1g	<p>The DoD OIG recommended that the Brooke Army Medical Center Commander provide the U.S. Army Medical Command all the Medicaid-eligible claims denied by Texas Medicaid Health Partnership due to missing the 95-day filing requirement to identify the value and impact of those claims to Brooke Army Medical Center.</p> <p>This recommendation is considered resolved and will be closed when we receive an update from Brooke.</p>	Resolved
1h	<p>The DoD OIG recommended that the Brooke Army Medical Center Commander provide the U.S. Army Medical Command all the Medicaid-eligible claims processed and paid by Texas Medicaid Health Partnership to identify the reimbursed and disallowed amounts and the amounts the beneficiaries now are responsible for paying, and request direction on a course of action to eliminate the debt.</p> <p>This recommendation was closed when Brooke provided the requested documentation to MEDCOM.</p>	Closed
2a	<p>The DoD OIG recommended that the Chief of Staff of the U.S. Army Medical Command coordinate with the Assistant Secretary of Defense for Health Affairs to discuss the reimbursement issues about denied claims and reimbursement rates for services provided to Texas Medicaid and Healthcare Partnership beneficiaries and assess whether further actions could be taken to address the Texas Medicaid and Healthcare Partnership 95-day filing requirement.</p> <p>This recommendation was closed after we verified that Texas Medicaid and Healthcare Partnership and the DHA held several meetings.</p>	Closed

#	Recommendation	Status
2b	<p>The DoD OIG recommended that the Chief of Staff of the U.S. Army Medical Command implement the FedDebt administrative wage garnishment tool within Brooke Army Medical Center and other Army military medical treatment facilities to increase collections.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
3	<p>The DoD OIG recommended that the Assistant Secretary of Defense for Health Affairs meet with Department of Health and Human Services personnel to discuss difficulties Brooke Army Medical Center has encountered with denied claims and reimbursement levels from the Texas Medicaid and Healthcare Partnership.</p> <p>This recommendation was closed based on meetings between the DHA and the Department of Health and Human Services.</p>	Closed
<p><b>DODIG-2014-112, “Delinquent Medical Service Accounts at William Beaumont Army Medical Center Need Additional Management Oversight,” September 16, 2014</b></p>		
1	<p>The DoD OIG recommended that the William Beaumont Army Medical Center Commander provide the results of the internal review, planned corrective actions, and collection efforts upon completion of the internal review for the remaining open delinquent medical service accounts.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
2	<p>The DoD OIG recommended that the William Beaumont Army Medical Center Commander provide annual training to Uniform Business Office staff so they are aware of and comply with all guidance governing the transfer and management of delinquent debt.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
3	<p>The DoD OIG recommended that the William Beaumont Army Medical Center Commander recall delinquent debts that were inappropriately transferred to the Treasury and start due process if needed or transfer to the U.S. Army Medical Command as appropriate.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
4	<p>The DoD OIG recommended that the William Beaumont Army Medical Center Commander establish procedures to validate that staff collect accurate and complete demographic and billing patient information before patient discharge.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
5	<p>The DoD OIG recommended that the William Beaumont Army Medical Center Commander review, research, and determine whether other repayment installment plans arranged by the Uniform Business Office were sufficient or in need of revisions to comply with DoD Financial Management Regulation, volume 5, chapter 28.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed

#	Recommendation	Status
<b>DODIG-2015-087, "Delinquent Medical Service Accounts at Naval Medical Center Portsmouth Need Additional Management Oversight," March 4, 2015</b>		
<b>1a</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander validate that the planned medical billing system would prioritize delinquent medical service accounts and alert the clerks about which accounts require followup.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
<b>1b</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander assess whether full implementation of the Centralized Receivable Service is in the best interest of Naval Medical Center Portsmouth and, if so, establish procedures to use the service offered by the Treasury.</p> <p>This recommendation was closed based on comments provided in response to the prior audit; however, in our current report, we issued Recommendation A.2 because the procedures BUMED issued were not detailed enough.</p>	Closed
<b>1c</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander review, research, and pursue collection on the remaining open delinquent medical service accounts.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
<b>1d</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander develop interim procedures regarding the follow up process for delinquent medical service accounts.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
<b>1e</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander establish procedures to validate that the staff collects accurate and complete demographic and billing patient information before patient discharge.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
<b>1f</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander establish procedures documenting the registration of patients.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
<b>1g</b>	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander establish procedures documenting the admission and discharge processes of patients, including civilian emergencies.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed

#	Recommendation	Status
1h	<p>The DoD OIG recommended that the Naval Medical Center Portsmouth Commander request assistance from the Surgeon General of the U.S. Navy Bureau of Medicine and Surgery to address the claim denials with Medicare and the Department of Veterans Affairs, address the claims that are waiting for processing from the Department of Veterans Affairs, and develop a way forward to improve collections.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
2	<p>The DoD OIG recommended that the Surgeon General of the U.S. Navy Bureau of Medicine and Surgery coordinate with the Assistant Secretary of Defense (Health Affairs) to discuss the reimbursement delays and denials arising from Medicare and Department of Veterans Affairs claims and assess whether further action is required.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
3	<p>The DoD OIG recommended that the Assistant Secretary of Defense for Health Affairs meet with Department of Health and Human Services and Department of Veterans Affairs officials to discuss the difficulties Naval Medical Center Portsmouth has encountered with receiving reimbursement for services provided to Medicare and Veterans Affairs beneficiaries and identify a way forward to improve collections.</p> <p>This recommendation was closed based on the formalized DoD and Veterans Affairs Advanced Payment process and a lack of evidence of invalid claim denial.</p>	Closed
<p><b>DODIG-2015-179, "Delinquent Medical Service Accounts at David Grant Air Force Medical Center Need Additional Management Oversight," September 24, 2015</b></p>		
1a	<p>The DoD OIG recommended that the David Grant U.S. Air Force Medical Center Commander validate whether the planned medical billing system will prioritize delinquent medical service accounts and alert the clerks about which accounts require followup.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1b	<p>The DoD OIG recommended that the David Grant U.S. Air Force Medical Center Commander should review, research, and pursue collection on the delinquent medical service accounts that remain open.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1c	<p>The DoD OIG recommended that the David Grant U.S. Air Force Medical Center Commander should establish procedures to document the process of patient follow up regarding delinquent accounts.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed

#	Recommendation	Status
1d	<p>The DoD OIG recommended that the David Grant U.S. Air Force Medical Center Commander should establish procedures to validate that the staff collects accurate and complete demographic and billing patient information before a patient is discharged.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1e	<p>The DoD OIG recommended that the David Grant U.S. Air Force Medical Center Commander should establish procedures to document the registration of patients.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1f	<p>The DoD OIG recommended that the David Grant U.S. Air Force Medical Center Commander should establish procedures to document the admission and discharge processes of patients, to include civilian emergencies.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
2	<p>The DoD OIG recommended that the Deputy Director for Budget and Finance for the Air Force Surgeon General should coordinate with the Assistant Secretary of Defense (Health Affairs) to develop a plan to address the reimbursement problems for delinquent accounts that arise from Medicare and non-North Atlantic Treaty Organization Coalition Forces patients and assess whether further action can be taken against delinquent medical service accounts.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
3	<p>The DoD OIG recommended that the Assistant Secretary of Defense (Health Affairs) should coordinate with the Department of Health and Human Services to develop a strategy to address the difficulties that David Grant Medical Center encountered with receiving reimbursement for services provided to Medicare beneficiaries.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit; however, in our current report, we issued Recommendation A.1.e because DHA personnel did not complete this action and stated that David Grant never provided any claims for them to review.</p>	Closed
<p><b>DODIG-2016-079, “Delinquent Medical Service Accounts at Landstuhl Regional Medical Center Need Additional Management Oversight,” April 28, 2016</b></p>		
1a	<p>The DoD OIG recommended that the Regional Health Command–Europe Commander review, research, and pursue collection on the delinquent medical service accounts that remain open.</p> <p>This recommendation is considered resolved and will be closed when Landstuhl addresses all delinquent accounts. In our current report, we issued Recommendation A.1.a to the DHA to work with medical treatment facilities to review and process all delinquent accounts. We also issued Recommendation A.1.k to the DHA to establish procedures for identifying accounts in ABACUS for review.</p>	Resolved

#	Recommendation	Status
1b	<p>The DoD OIG recommended that the Regional Health Command–Europe Commander review and modify procedures for patient follow-up so debt can be transferred to the appropriate debt collection agency when accounts become 120 days delinquent.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1c	<p>The DoD OIG recommended that the Regional Health Command–Europe Commander coordinate with the U.S. Army Medical Command Uniform Business Office to review, research, and take action as needed on all accounts affected by the implementation of the 2014 billing weights.</p> <p>This recommendation was closed based on documentation provided in response to the prior audit.</p>	Closed
2a	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command request a system modification in the Armed Forces Billing and Collection Utilization System for all Army medical treatment facilities to ensure the medical service accounts are processed and can be transferred when accounts become 120 days delinquent.</p> <p>This recommendation was closed based on documentation provided in response to the prior audit.</p>	Closed
2b	<p>The DoD OIG recommended that the U.S. Army Medical Command take action to collect the 619 medical service accounts elevated by Regional Health Command–Europe to the U.S. Army Medical Command in 2008 or coordinate with the Assistant Secretary of Defense (Health Affairs) to determine what action is needed to write off the debt.</p> <p>This recommendation is considered resolved and will be closed when a decision is made about who has the authority to terminate the debt.</p>	Resolved
2c	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command issue guidance to Uniform Business Offices in the U.S. Army Medical Command military treatment facilities on the implementation of the 2014 billing weights, to include research, review, and action as needed on affected accounts.</p> <p>This recommendation was closed based on documentation provided in response to the prior audit.</p>	Closed
<b>DODIG-2017-045, “Medical Service Accounts at U.S. Army Medical Command Need Additional Management Oversight,” January 27, 2017</b>		
1a	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command review the 21,742 medical service accounts that Uniform Business Offices in military treatment facilities determined were uncollectible to ensure that all collection efforts have been exhausted and to obtain approval from the proper authority to terminate the accounts that are uncollectible.</p> <p>This recommendation is considered resolved and will be closed when MEDCOM is able to terminate the uncollectible debt.</p>	Resolved

#	Recommendation	Status
1b	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command send medical service accounts over \$100,000, after all collection efforts are exhausted, to the Department of Justice or Department of the Treasury for approval to terminate the debt.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1c	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command implement procedures over uncollectible medical service account debt, including procedures to: (1) review uncollectible debt submitted by military treatment facility Uniform Business Offices before requesting approval from the proper authority to terminate the debt; (2) require military treatment facility Uniform Business Offices to provide supporting documentation and history of collection efforts when requesting to write off and terminate uncollectible medical service account debt; (3) submit uncollectible medical service account debt to the proper agency for approval to terminate collection actions; and (4) document the approval of terminated debt.</p> <p>This recommendation was closed based on comments and documentation provided in response to the prior audit.</p>	Closed
1d	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command update the U.S. Army Medical Command Guidance on Aged Accounts Receivable Due from the Public to include necessary guidance to military treatment facility Uniform Business Offices on the conditions required in volume 16, chapter 2, of the DoD Financial Management Regulation to determine whether accounts are uncollectible and to terminate medical service account debt.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed
1e	<p>DoD OIG recommended that the Commander of the U.S. Army Medical Command establish guidance for the Armed Forces Billing and Collection Utilization Solution reasons to write off and terminate debt, including directions to the military treatment facility Uniform Business Offices on the conditions required in volume 16, chapter 2, of the DoD Financial Management Regulation to terminate medical service account debt.</p> <p>This recommendation was closed based on documentation provided in response to the prior audit.</p>	Closed
1f	<p>The DoD OIG recommended that the Commander of the U.S. Army Medical Command update Army Regulation 40-400 to identify the authoritative agency within the Army for suspending, compromising, and terminating medical service account debts.</p> <p>This recommendation was closed based on comments and provided in response to the prior audit; however, in our current report, we issued Recommendation A.2 to update the applicable regulations.</p>	Closed

#	Recommendation	Status
2	<p>The DoD OIG recommend that the Commander of the U.S. Army Medical Command, the Commander of the U.S. Army Claims Service, and the Director of the Defense Finance and Accounting Service coordinate to identify the authoritative agency for approving the termination of collection actions for medical service account debts under \$100,000.</p> <p>This recommendation was closed based on comments provided in response to the prior audit.</p>	Closed

## Appendix C

### Potential Monetary Benefits

Recommendation	Type of Benefit	Amount of Benefit	Account
A.3.a	Economy and Efficiency-funds put to better use. Medical treatment facilities collection of medical service account debt for services could be used for administrative, operating, and equipment costs; readiness training; and trauma consortium activities.	Total benefit, up to \$2.4 million	97 0130 1882

# Management Comments

## Director, Defense Health Agency



**DEFENSE HEALTH AGENCY**  
7700 ARLINGTON BOULEVARD, SUITE 5101  
FALLS CHURCH, VIRGINIA 22042-5101

NOV 27 2018

Mr. [REDACTED]  
Program Director, Acquisition, Contracting and Sustainment  
Department of Defense, Office of Inspector General  
4800 Mark Center Drive  
Alexandria, Virginia 22350-1500

Dear Mr. [REDACTED]:

This is the Defense Health Agency's (DHA) response to the Department of Defense Inspector General Draft Report, Follow-up Audit of Delinquent Medical Service Account Audits, (Project No. D2018-D000CL-0069.000), dated October 12, 2018.

The DHA response to the draft report recommendations are attached. Thank you for the opportunity to review and respond to the draft report recommendations. My point of contact for this issue is [REDACTED] can be reached at [REDACTED] or via email at [REDACTED]

Sincerely,

  
for R. C. BONO  
VADM, MC, USN  
Director

Attachment:  
As stated

## Director, Defense Health Agency (cont'd)

**Subject:** "Follow-up Audit of Delinquent Medical Service Account Audits, October 12, 2018, (Project No. D2018-D000CL-0069.000).

**Recommendation A.1:** We recommend that the Director, Defense Health Agency:

- a. Coordinate with Brooke Army Medical Center and Landstuhl Regional Medical Center management, through U.S. Army Medical Command, to develop a plan to review the delinquent debt identified in the prior audit reports, DODIG-2014-101 and DODIG-2016-079.

**DoD Position:** Concur

**DHA/UBO will coordinate with BAMC and LRMC through U.S. Army Medical Command to work together on a plan to review delinquent debt identified in prior audit reports.**

- b. Implement guidance and require all Services to develop procedures to review and process their old delinquent accounts.

**DoD Position:** Concur

**The Military Medical Treatment (MTF) Uniform Business Office (UBO) Operations, Defense Health Agency Procedures Manual, Number 6015.01 prescribes uniform billing procedures and accounting practices for the management and follow-up of patient accounts, including collecting, depositing, posting, and reconciliation. In addition, the "Write-Off of Aged Amounts Owed To Military Treatment Facilities Clarification of Procedures" policy memorandum dated July 2014 addresses the handling of delinquent debt. With the consolidation of management of ALL military treatment facilities to DHA, DHA/UBO will implement a plan of action to ensure the established policy is being followed, including reeducating the field on the appropriate processes to follow.**

- c. Coordinate with U.S. Army Medical Command to assist U.S. Army Medical Command officials with obtaining the authority from the Office of the Secretary of the Army to terminate uncollectible debt under \$100,000.

**DoD Position:** Concur

**DHA/UBO will coordinate with U.S. Army Medical Command to first determine what type of debt exists and review for appropriate disposition. If allowed for termination DHA/UBO will assist MEDCOM officials with obtaining authority from the Office of the Secretary of the Army to terminate uncollectible debt under \$100,000.00.**

## Director, Defense Health Agency (cont'd)

- d. Establish and implement guidance for all Services to review uncollectible accounts and obtain approval from the proper authority to terminate debt.

**DoD Position:** Concur

**The Military Medical Treatment (MTF) Uniform Business Office (UBO) Operations, Defense Health Agency Procedures Manual, Number 6015.01 prescribes uniform billing procedures and accounting practices for the management and follow-up of patient accounts, including collecting, depositing, posting, and reconciliation. In addition, the "Write-Off of Aged Amounts Owed To Military Treatment Facilities Clarification of Procedures" policy memorandum dated July 2014 addresses the handling of delinquent debt. The same established process for delinquent debt would be followed for uncollectible debt. With the consolidation of management of ALL military treatment facilities to DHA, DHA/UBO will implement a plan of action to ensure the established policy is being followed, including reeducating the field on the appropriate processes to follow.**

- e. Work with David Grant Medical Center Uniform Business Office personnel to obtain denied Medicare claims identified in the prior report DODIG-2015-179, and review those claims to determine whether Medicare denied the claims for valid reasons. The Defense Health Agency Director should then work with the Department of Health and Human Services to resolve the issues with receiving reimbursement for services rendered for any claims that were denied for invalid reasons.

**DoD Position:** Concur

**DHA/UBO will work with David Grant Medical UBO personnel via Air Force Medical Operations Agency (AFMOA) to obtain denied Medicare claims to review denial reasons. If the claims were not valid denials, DHA/UBO will contact the Department of Health and Human Services to determine why the claims were denied to assist in the resolution of issues with receiving reimbursement for claims that were denied for invalid reasons.**

- f. Review the current process to determine how to improve the transfer time of delinquent accounts as well as establish and implement guidance for monitoring and processing delinquent accounts to allow for compliance with the Financial Management Regulation requirement to send 120-day delinquent accounts to the Treasury.

**DoD Position:** Concur

**The Military Medical Treatment (MTF) Uniform Business Office (UBO) Operations, Defense Health Agency Procedures Manual, Number 6015.01 prescribes uniform billing procedures and accounting practices for the management and follow-up of patient accounts, including collecting, depositing, posting, and reconciliation. In addition, the "Write-Off of Aged Amounts Owed To Military Treatment Facilities Clarification of Procedures" policy memorandum dated July 2014 addresses the handling of delinquent debt. DHA/UBO will review the current process for transferring delinquent debt. To help with closer management of procedures, DHA/UBO is currently preparing a statement of**

## Director, Defense Health Agency (cont'd)

**work that includes an unfunded CLIN for Accounts Receivable management at the DHA level. We believe this will allow us to better manage the process that occurs at the MTF level. We anticipate the contract award sometime in early 2019.**

- g. Determine whether enrollment in Medicare and Medicaid is in the best interest of the medical treatment facilities and provide guidance to the medical treatment facilities based on determination.

**DoD Position:** Concur

**DHA/UBO will work with DoD/OGC and Department of Health and Human Services to review current process and policy related to Medicare and Medicaid enrollment to determine if it is in the best interest of MTFs, not only to enroll but be considered as a preferred provider. We will ensure to follow 42 USC 1395 f(c) which contains the general prohibition on Federal providers of services being reimbursed by Medicare, which excludes from prohibition payments made under certain emergency services. If it is determined that MTFs participation is beneficial, DHA/UBO will work with the Services to develop guidance and develop a process to improve billing of those type of claims.**

- h. Develop a process to improve billing of Medicare and Medicaid claims to ensure reimbursement for services provided to beneficiaries.

**DoD Position:** Concur

**See A.1.g response.**

- i. Coordinate with Department of Health and Human Services to develop a strategy to improve Medicare and Medicaid billing, including a review of the number of days required to submit a claim, a determination of whether enrollment is appropriate, and a decision of whether the medical treatment facilities should become preferred providers.

**DoD Position:** Concur

**See A.1.g response**

- j. Work with the services to establish and implement detailed guidance for processing accounts in the Armed Forces Billing and Collection Utilization Solution system that includes guidance for transaction codes.

**DoD Position:** Concur

**Detailed guidance already exists for “how to process accounts” in the Armed Force Billing and Collection Utilization Solution in the ABACUS Training Operations Manual. The Military Medical Treatment (MTF) Uniform Business Office (UBO) Operations, Defense Health Agency Procedures Manual, Number 6015.01 also prescribes uniform billing**

## Director, Defense Health Agency (cont'd)

**procedures and accounting practices for the management and follow-up of patient accounts, including collecting, depositing, posting, and reconciliation. DHA/UBO will work with the Services to develop and implement detailed guidance regarding the standardization of transaction codes.**

- k. Work with the Services and the medical treatment facilities management and develop standardized procedures to obtain patient demographic information and address how to handle accounts that do not have adequate information to bill the patient.

**DoD Position:** Concur

**DoD will review existing Patient Administration policy and procedures to investigate opportunities for more complete collection of patient demographic data and also review with the UBO functional community on how accounts should be handled that do not contain adequate information for billing.**

- l. Review the current process for deploying the inpatient diagnostic-related group rates each fiscal year and determine how to improve the process to allow for timelier billing.

**DoD Position:** Concur

**DHA will review the internal process (as affected by external processes, i.e. CMS) for deployment of inpatient diagnostic-related group assignment to determine how to improve the overall process not only for timelier billing but also coding of medical records.**

- m. Work with medical treatment facilities' Uniform Business Office management to research and review all Composite Health Care System transactions transferred to the Armed Forces Billing and Collection Utilization Solution system and identify all information that was not properly transferred to ensure that account data and status is accurate, and that the accounts are billed, transferred to the Treasury, or written off as appropriate.

**DoD Position:** Partial Concur

**DoD will assemble a team to review sample sets of Composite Health Care System transaction transferred to ABACUS to determine accuracy. DoD will determine a plan working with the ABACUS and CHCS program offices to identify a global process to follow utilizing both systems. If no global process exists, DoD will work with MTFs to further investigate and define way ahead.**

- n. Determine which reports in the Armed Forces Billing and Collection Utilization Solution system are used to identify medical service accounts for billing and reporting and require medical treatment facility Uniform Business Office personnel for all Services to review those reports to ensure the data is accurate and reliable.

## Director, Defense Health Agency (cont'd)

**DoD Position:** Concur

**DHA/UBO will review ABACUS reports and determine which are beneficial for billing and reporting. Once identified, DHA/UBO will publish guidance in writing to define a process for MTFs to follow.**

- o. Establish standardized guidance on which reports the medical treatment facilities must review in the Armed Forces Billing and Collection Utilization Solution system to identify accounts ready to be billed.

**DoD Position:** Concur

**See response A.1.n**

- p. Review all billing processes, including the use of Centralized Receivables Service, and determine a billing process that would be in the best interest for all Services.

**DoD Position:** Concur

**DoD is currently reviewing and adopting workflows for the MHS Genesis RevEx billing and accounting module. Defined guidance will also be developed to capture adopted workflows and standardization. All Services are scheduled to transition to this functionality by 2025.**

- q. Provide additional training to Uniform Business Officer personnel for processing medical service accounts in the Armed Forces Billing and Collection Utilization Solution system.

**DoD Position:** Concur

**DHA/UBO will continue to provide training on various billing functionality to include processing Medical Service Accounts in ABACUS via our learning center webinars. As we deploy MHS Genesis RevEx, training will be updated to include instruction on how to process accounts in the new solution.**

## Commander, U.S. Army Medical Command



MCIR

31 OCT 2018

DEPARTMENT OF THE ARMY  
OFFICE OF THE SURGEON GENERAL  
7700 ARLINGTON BOULEVARD  
FALLS CHURCH, VA 22042-5140

MEMORANDUM THRU Assistant Secretary of the Army (Manpower and Reserve Affairs), ATTN: Assistant Deputy for Medical Affairs ([REDACTED])

FOR Department of Defense Inspector General, Contract Management and Payments, ATTN: [REDACTED]

SUBJECT: Reply to DODIG Draft Report, Follow-up Audit of Delinquent Medical Service Account Audits (Project No. D2018-D000CL-0069.000)

1. Thank for you the opportunity to review this draft report.
2. There is one error that should be corrected in the final report. The potential monetary benefits in Appendix C are associated with the wrong line of accounting. As shown, the Navy Bureau of Medicine and Surgery potential benefits of \$2.4 million are referenced to the Army Medical Command line of accounting (97-0130-1881).
3. Our comments on recommendation A.2 are enclosed for your consideration.
4. Our point of contact is [REDACTED]

FOR THE SURGEON GENERAL:

Encl

  
RICHARD R. BEAUCHEMIN  
Interim Chief of Staff

## Commander, U.S. Army Medical Command (cont'd)

**U.S. Army Medical Command and Office of The Surgeon General**

**Comments on DODIG Draft Report  
Followup Audit of Delinquent Medical Service Accounts Audits  
(Project No. D2018-D000CL-0069.000)**

**RECOMMENDATION A.2:** We recommend that the Commander, U.S. Army Medical Command update applicable regulations to identify U.S. Army Medical Command as the debt termination authority if the U.S. Army Medical Command officials obtain the authority from the Secretary of the Army.

**RESPONSE:** Concur. On 25 September 2018, The Surgeon General and Commanding General, U.S. Army Medical Command, forwarded two memorandums to the Assistant Secretary of the Army (Financial Management and Comptroller) requesting authority to terminate collection action for: (i) medical debt for unpaid balances from Medicare/Medicaid; and (ii) public medical out-of-service debt under \$25 (enclosed).

Authority to terminate Medicare/Medicaid balances (contractual adjustments necessary to reduce Accounts Receivable to its realizable value) and debts under \$25 (costs for collection action exceed amounts recoverable) will address the highest dollar value (\$31 million of \$60 million or 51 percent, as of the end of FY 17) and highest volume (15,570 of 29,418 or 52 percent, as of the end of FY 17) of uncollectible debt.

When approval is granted, The Surgeon General intends to further delegate this authority to the Assistant Deputy Chief of Staff for Resource Management. The applicable policy and guidance will be updated accordingly.

Encl

## Commander, U.S. Army Medical Command (cont'd)



DEPARTMENT OF THE ARMY  
OFFICE OF THE SURGEON GENERAL  
7700 ARLINGTON BOULEVARD  
FALLS CHURCH, VIRGINIA 22042

24 SEP 2018

DASG-ZA

MEMORANDUM FOR [REDACTED] Assistant Secretary of the Army (FM&C),  
109 Army Pentagon, Washington, DC 20310-0101

SUBJECT: Delegation of Authority to Terminate Collection Action on Public Medical  
Debt for Unpaid Balances from Medicare/Medicaid

1. References:

- a. 31 U.S.C. § 3711 Collection and Compromise.
- b. 31 C.F.R. Parts 900-904 Federal Claims Collection Standards.
- c. Department of Defense (DOD) Financial Management Regulation (FMR) 7000.14-R, June 2017.
- d. 42 U.S.C. § 1396u-2 Provisions Relating to Managed Care.

2. I request delegation of authority to terminate public medical debt for unpaid balances from Medicare/Medicaid on behalf of the Department of the Army.

a. In accordance with 42 U.S.C. § 1396u-2, payment received for emergency services provided must be accepted as payment in full; prohibiting collection of the remaining balance from the patient.

b. A contractual adjustment is required to bring accounts to their realizable value.

3. I will ensure this authority complies with the criteria set forth in DOD FMR Volume 16, Chapter 2, Paragraph 021401, which states, the DOD Component has the authority to compromise, suspend or terminate collection action for debts that have not been referred to or have been returned from DFAS/U.S. Treasury/DOJ and the amount does not exceed \$100,000.

4. I intend to further delegate my authority to my Assistant Deputy Chief of Staff for Resource Management (ADCSRМ).

## Commander, U.S. Army Medical Command (cont'd)

DASG-ZA  
SUBJECT: Delegation of Authority to Terminate Collection Action on Public Medical  
Debt for Unpaid Balances from Medicare/Medicaid

5. Point of contact is [REDACTED]

  
21 SEP 18  
NADJA Y. WEST  
Lieutenant General, U.S. Army  
The Surgeon General and  
Commanding General, USAMEDCOM

## Commander, U.S. Army Medical Command (cont'd)



DEPARTMENT OF THE ARMY  
OFFICE OF THE SURGEON GENERAL  
7700 ARLINGTON BOULEVARD  
FALLS CHURCH, VIRGINIA 22042

DASG-ZA

24 SEP 2018

MEMORANDUM FOR [REDACTED] Assistant Secretary of the Army (FM&C),  
109 Army Pentagon, Washington, DC 20310-0101

SUBJECT: Delegation of Authority to Terminate Collection Actions on Public Medical  
Debt Under \$25

1. References:

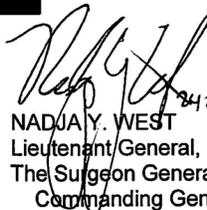
- a. 31 U.S.C. § 3711 Collection and Compromise.
- b. 31 C.F.R. Parts 900-904 Federal Claims Collection Standards.
- c. Department of Defense (DoD) Financial Management Regulation (FMR)  
7000.14-R, June 2017, Volume 16, Chapter 2.

2. I request delegation of authority to terminate public medical out-of-service debt under \$25 on behalf of the Department of the Army. Per DoD FMR Volume 16, DoD Components are authorized to terminate collection action if the costs of collection are anticipated to exceed the amounts recoverable.

3. I will ensure this authority complies with the criteria set forth in DoD FMR Volume 16, Chapter 2, Paragraph 021401, which states, the DOD Component has the authority to compromise, suspend, or terminate collection action for debts that have not been referred to or have been returned from DFAS/U.S. Treasury/DOJ and the amount does not exceed \$100,000.

4. I intend to further delegate my authority to my Assistant Deputy Chief of Staff for Resource Management (ADCSRМ).

5. Point of contact is [REDACTED]

  
NADJA Y. WEST  
Lieutenant General, U.S. Army  
The Surgeon General and  
Commanding General, USAMEDCOM

## Acronyms and Abbreviations

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<b>ABACUS</b>	Armed Forces Billing and Collection Utilization Solution
<b>Account</b>	Medical Service Account
<b>ASD(HA)</b>	Assistant Secretary of Defense for Health Affairs
<b>BUMED</b>	Navy Bureau of Medicine and Surgery
<b>CHCS</b>	Composite Health Care System
<b>CRS</b>	Centralized Receivables Service
<b>CSNG</b>	Cross Servicing Next Generation
<b>DHA</b>	Defense Health Agency
<b>FMR</b>	Financial Management Regulation
<b>MEDCOM</b>	U.S. Army Medical Command
<b>UBO</b>	Uniform Business Office

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