



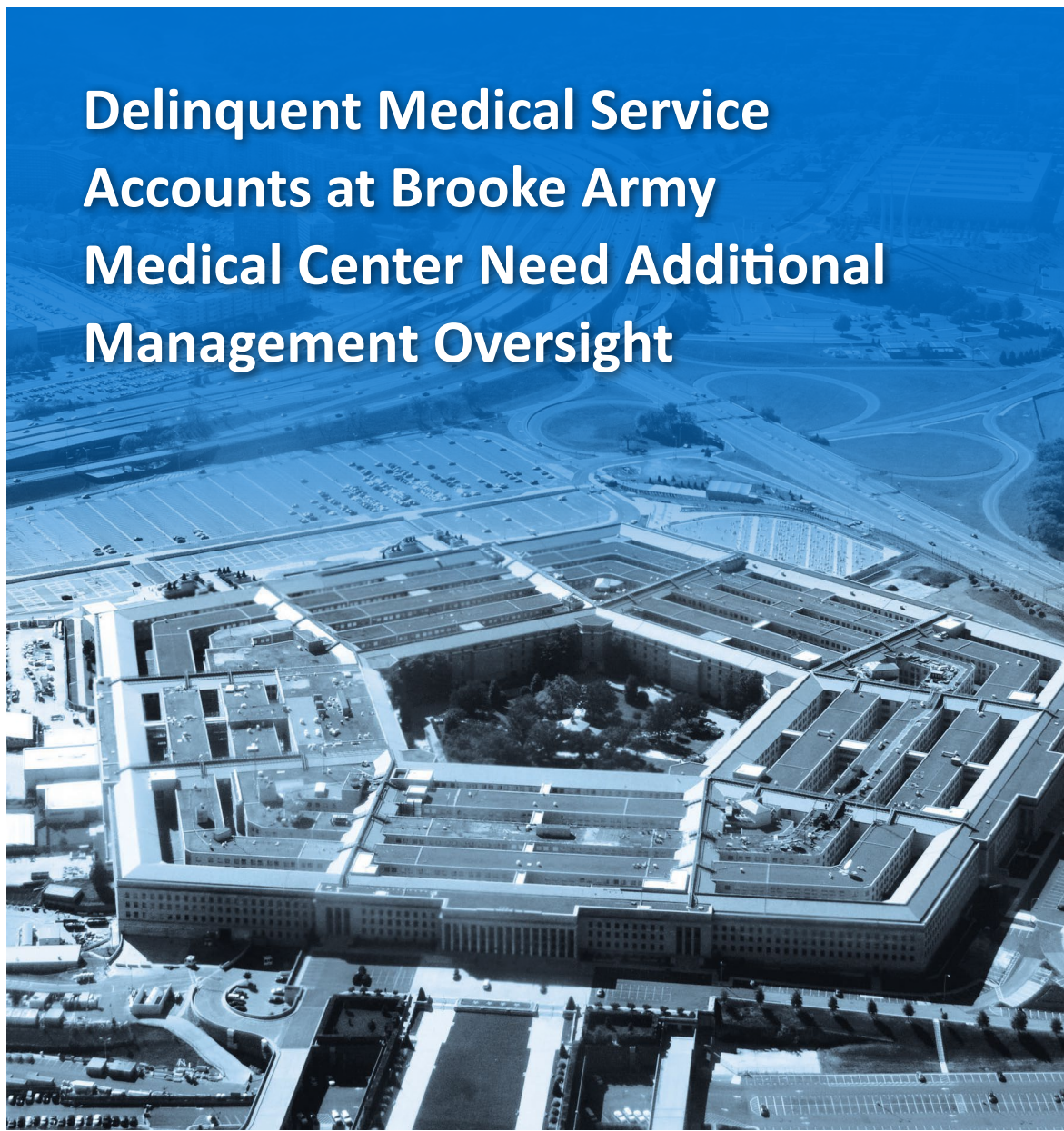
INSPECTOR GENERAL

U.S. Department of Defense

AUGUST 13, 2014



Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 13 AUG 2014		2. REPORT TYPE		3. DATES COVERED 00-00-2014 to 00-00-2014	
4. TITLE AND SUBTITLE Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Department of Defense Inspector General, 4800 Mark Center Drive, Alexandria, VA, 22350-1500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 50	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

Mission

Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.

Vision

Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.



For more information about whistleblower protection, please see the inside back cover.



Results in Brief

Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight

August 13, 2014

Objective

Our objective was to determine whether the Military Services and selected military medical treatment facilities were effectively managing medical service accounts that were more than 180 days delinquent by transferring the debt to the appropriate debt collection agency or actively pursuing collection. This is the first in a series of reports concerning medical service accounts (MSAs). This report provides the results of our review performed at U.S. Army Brooke Army Medical Center (BAMC). We reviewed the 25 highest dollar delinquent MSAs valued at \$11.0 million.

Finding

BAMC Uniform Business Office (UBO) management did not effectively manage delinquent MSAs. As of May 29, 2013, BAMC UBO management had 15,106 outstanding MSAs, valued at \$73.1 million. The accounts were more than 180 days delinquent but had not been transferred to the U.S. Treasury. BAMC UBO management did not transfer 24 of 25 accounts, valued at \$10.4 million, to the U.S. Treasury for collection after the account was 180 days delinquent. Further, BAMC UBO management did not actively pursue collection for 20 of the delinquent MSAs, valued at \$8.8 million. This occurred because, among other reasons, BAMC UBO management did not have a process in place to monitor and notify staff of MSAs needing follow-up.

Finding (cont'd)

As a result, BAMC UBO management missed opportunities to collect approximately \$10.4 million in delinquent payments, and use the funds on other valid needs. Unless BAMC UBO management improves collection efforts and takes prompt and aggressive actions to collect the delinquent debt from the MSAs we reviewed and thousands of other delinquent MSAs, BAMC UBO will continue to incur rising delinquent balances for future MSAs. BAMC UBO has begun taking corrective actions such as transferring claims and contacting patients on some of the claims in our sample.

Recommendations

We recommend the Commander, BAMC, validate that the planned medical billing system will prioritize delinquent medical service accounts and alert the clerks as to which accounts require follow-up; the Chief of Staff, U.S. Army Medical Command, research additional means to increase collections at BAMC and other Army military medical treatment facilities; and the Assistant Secretary of Defense (Health Affairs) meet with Department of Health and Human Services to discuss reimbursement problems with military medical treatment facilities and Medicaid.

Management Comments

Comments from the Assistant Secretary of Defense (Health Affairs) and the Chief of Staff, U.S. Army Medical Command addressed all of the specifics of the recommendations. We request that the Chief of Staff, U.S. Army Medical Command provide additional comments to the potential monetary benefits in response to this report by September 12, 2014. Please see the Recommendations Table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Assistant Secretary of Defense (Health Affairs)		3
Commander, U.S. Army Medical Command		2.a, 2.b,
Commander, Brooke Army Medical Center		1.a, 1.b, 1.c, 1.d, 1.e, 1.f, 1.g, 1.h



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

August 13, 2014

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Delinquent Medical Service Accounts at Brooke Army Medical Center Need
Additional Management Oversight (Report No. DODIG-2014-101)

We are providing this report for review and comment. We considered management comments on a draft of this report when preparing the final report. 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, they will continue to incur rising delinquent balances for future medical service accounts.

DoD Directive 7650.3 requires that recommendations be resolved promptly. Comments from the Assistant Secretary of Defense (Health Affairs) and the Chief of Staff, U.S. Army Medical Command, addressed all of the specifics of the recommendations, and we do not require additional comments. We request additional comments from the Chief of Staff, U.S. Army Medical Command, on the potential monetary benefits. We should receive your comments by September 12, 2014.

Please send a PDF file containing your comments to audcmp@dodig.mil. 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).

We appreciate the courtesies extended to the staff. Please direct questions to James Degaraff at (757) 989-1233.

A handwritten signature in blue ink, reading "Amy J. Frontz".

Amy J. Frontz
Principal Assistant Inspector General
for Auditing

Contents

Introduction

Objective	1
Background	1
Criteria	2
Review of Internal Controls	4

Finding. Brooke Army Medical Center is Not Effectively Managing Delinquent Medical Service Accounts

Management of Delinquent Medical Service Accounts Needs Improvement	6
System Needed to Manage and Prioritize Delinquent Medical Service Accounts	7
Patient Data Needed Before Discharge	7
Patients Set Payment Terms Contrary to DoD Regulation	9
Additional Oversight Needed for Medicaid Reimbursements	10
FedDebt Administrative Wage Garnishment Tool	13
Management Corrective Actions	14
Conclusion	14
Management Comments on the Finding and Our Response	15
Recommendations, Management Comments, and Our Response	16
Management Comments on Potential Monetary Benefits and Our Response	21

Appendixes

Appendix A. Scope and Methodology	23
Review of Documentation and Interviews	23
Use of Computer-Processed Data	24
Use of Technical Assistance	24
Prior Coverage	24
Appendix B. Challenge to Medicaid Denials	26
Appendix C. Results of the 25 Medical Service Accounts Reviewed	28
Appendix D. Potential Monetary Benefits Table	29

Contents (cont'd)

Management Comments

Assistant Secretary of Defense (Health Affairs) _____ 30

U.S. Army Medical Command _____ 32

Acronyms and Abbreviations _____ 39



Introduction

Objective

Our announced objective was to determine whether the Military Services and selected military medical treatment facilities (MTFs) were effectively managing medical service accounts (MSAs) that were delinquent by 181 days or more. We modified our objective to match the criteria and determined whether the military MTFs properly managed accounts that were more than 180 days delinquent by transferring the debt to U.S. Treasury or by actively pursuing collection.

We plan to issue a series of reports on delinquent MSAs at selected military MTFs. This is the first in a series of reports concerning delinquent MSAs. This report provides the results of our review performed at U.S. Army Brooke Army Medical Center (BAMC). See Appendix A for the scope and methodology and prior coverage related to the audit objective.

Background

Brooke Army Medical Center

BAMC is located on Fort Sam Houston in San Antonio, Texas. BAMC's command brief states the center's mission is to promote health and provide quality, compassionate, patient-centered care while developing healthcare professionals and optimizing readiness. According to the center's website, San Antonio Military Medical Center (SAMMC)¹ hospital staff provides inpatient care in a 2.1 million-square-foot, 425-bed state-of-the-art military MTF. SAMMC is 1 of only 31 hospitals in the U.S. that hold both Level 1 Trauma certification and American Burn Association accreditation. The hospital receives more than 5,700 emergency room visits each month and an average of 8 civilian emergency admissions each day. According to U.S. Army Medical Command (MEDCOM), BAMC processed more than 136,000 claims for care rendered to patients from FY 2011 to FY 2013. BAMC uses the MSA function to record the billing and collecting of funds for medical and dental services from Uniformed Services beneficiaries, civilian emergency patients, and other patients authorized treatment at the center. MSA activities include the primary-payer billing of individuals and other Government Agencies for services rendered in military MTFs.

¹ SAMMC is the hospital component at the center of the BAMC Command. On September 15, 2011, the San Antonio inpatient mission moved to Brooke Army Medical Center and the name was changed to San Antonio Military Medical Center. Brooke Army Medical Center retained command and control of the responsibilities and personnel at SAMMC.

U.S. Army Medical Command

MEDCOM oversees all Army fixed hospitals both inside and outside of the U.S., including SAMMC. According to its website, MEDCOM currently manages a \$13 billion budget and cares for more than 3.95 million beneficiaries including active-duty members of all services, retirees, and their family members.

Assistant Secretary of Defense for Health Affairs

The Assistant Secretary of Defense Health Affairs [ASD(HA)] is the principal advisor to the Secretary of Defense for all DoD health and force health protection policies, programs, and activities. The ASD(HA) ensures the effective execution of the DoD medical mission by providing and maintaining readiness for medical services to support the members of the Military Services and others entitled to or eligible for DoD medical care and benefits.

Texas Medicaid and Healthcare Partnership

The Texas Medicaid and Healthcare Partnership (TMHP) is a coalition of contractors that disburses the Medicaid claims payment for the state of Texas under contract with the Texas Health and Human Services Commission. This Commission oversees the operations of the health and human services system, provides administrative oversight of Texas Health and Human Services Programs, and provides direct administration of several other programs. Texas Health and Human Services Commission manages the state of Texas Medicaid program. It is bound to certain parameters and operations established by the Center for Medicaid and Children's Health Insurance Program Services. The U.S. Department of Health & Human Services controls the Center for Medicare and Medicaid Services.

Criteria

Public Law 104-134, Section 31001, "Debt Collection Improvement Act of 1996"

The purpose of Public Law 104-134, section 31001, "The Debt Collection Improvement Act of 1996," is to maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. The law also ensures that debtors have all appropriate due process rights, including the ability to verify, challenge, and compromise claims, and access to administrative appeals procedures which are both reasonable and protect the interests of the U.S. The law aims to minimize

the costs of debt collection by consolidating related functions and activities. Further, the law² establishes that if a nontax debt or claim owed to the U.S. has been delinquent by more than 180 days, the head of the executive agency that administers the program that gave rise to the debt or claim must transfer the debt or claim to the Secretary of the Treasury.

DoD Financial Management Regulation “Management and Collection of Individual Debt,” Volume 5, Chapter 28

DoD Financial Management Regulation (DoD FMR), “Management and Collection of Individual Debt,” volume 5, chapter 28, November 2012, requires DoD Components to establish and maintain a debt management program to identify, recover, and collect debts individuals owe to the U.S. The DoD FMR states that DoD Components must take prompt and aggressive action to recover and collect debts owed to DoD and must pursue continuing follow-up actions, as necessary, to ensure that debts are collected. The DoD FMR also states that, except when a debtor can prove financial hardship or another reasonable cause exists, installment plans must be at least \$50 each month and enough to liquidate a debt within 3 years or less. This chapter also specifies that DoD is required to refer individual debt that has been delinquent for 180 days to Financial Management Services, Department of Treasury, for continued collection action in accordance with Title 31, United States Code, Section 3711.

DoD 6010.15-M, “Military Treatment Facility Uniform Business Office Manual”

DoD 6010.15-M, “Military Treatment Facility Uniform Business Office (UBO) Manual,” November 2006 provides guidelines for military MTF business office operation. It recommends uniform procedures and accounting systems for the management and follow-up of accounts. The manual incorporates procedures for third party collection activities, including identification of beneficiaries who have other health insurance, coordination of benefits, and recovery of claims. It also outlines methods of settling outstanding accounts receivable and transferring delinquent accounts. The manual states that a military MTF must charge civilian patients who are not eligible beneficiaries a reasonable charge, as determined by the Secretary of Defense, for trauma and other medical care. The military MTF then must retain and use the amounts collected for administrative, operating, and equipment costs; readiness training; or trauma consortium activities.

² Now codified at Title 31, United States Code, Section 3711.

Brooke Army Medical Center Memorandum 40-67, “Medical Services Admission and Disposition of Patients”

Brooke Army Medical Center Memorandum 40-67, “Medical Services Admission and Disposition of Patients,” April 27, 2011, outlines the responsibilities and procedures for admission, accountability, and disposition for all patients. Non-beneficiary civilian trauma patients are authorized emergency care and admittance as civilian emergencies. During the admission process, patients or family members are required to provide information about private medical insurance to include completing and signing the DD Form 2569, “Third Party Collection Program – Record of Other Health Insurance.” The memorandum also requires that all admitted civilian trauma patients physically check-out through the Admissions and Dispositions office.

Review of Internal Controls

DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013, 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. BAMC UBO management did not effectively manage delinquent medical service accounts. In addition, we identified internal control weaknesses associated with the oversight process, installment payments, and patient data collection in accordance with DoD Instruction 5010.40. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Army.

Finding

Brooke Army Medical Center is Not Effectively Managing Delinquent Medical Service Accounts

BAMC UBO management did not effectively manage delinquent MSAs. As of May 29, 2013, 15,106 of BAMC MSAs, valued at \$73.1 million, were delinquent more than 180 days, but were not transferred to the U.S. Treasury for collection. We reviewed 25 of the highest dollar MSAs, valued at \$11 million, and found that the BAMC UBO did not transfer 24 of those accounts, valued at \$10.4 million, to the U.S. Treasury for collection after the account was 180 days delinquent.³ In addition, BAMC UBO management did not perform timely follow-up for 20 of the delinquent MSAs, valued at \$8.8 million.

The large number of delinquent MSAs, including the 25 sample items reviewed, existed because BAMC UBO management did not have a system in place to monitor the delinquent MSAs, prioritize the aging accounts, and notify staff of the MSAs requiring follow-up. Additionally:

- BAMC management did not ensure the collection of complete and accurate patient information before discharge;
- BAMC UBO management allowed patients to set their own payment terms, which was not in compliance with DoD regulations;
- BAMC UBO and MEDCOM did not provide sufficient oversight of Medicaid-eligible MSAs and failed to elevate difficulties in collection from the TMHP to the ASD(HA); and
- MEDCOM did not require the use of an administrative wage garnishment tool.

As a result, BAMC UBO missed opportunities to collect approximately \$10.4 million in delinquent payments due on 24 of the 25 highest dollar delinquent MSAs. These were funds that could have been applied to administrative, operating and equipment costs; readiness training; or trauma consortium activities. Unless BAMC UBO management takes prompt and aggressive actions to pursue collection of the delinquent debt among the MSAs reviewed, including the \$62.5 million for the

³ BAMC UBO did not pursue one MSA, valued at \$0.6 million because of an ongoing court case.

thousands of additional delinquent MSAs, and makes improvements to its collection process, they will continue to incur rising delinquent balances for future MSAs.

Management of Delinquent Medical Service Accounts Needs Improvement

Public Law 104-134 and the DoD FMR, require agencies to transfer debts that received proper due process and are more than 180 days old to the U.S. Treasury for collection. However, management did not transfer the 15,106 accounts to the U.S. Treasury for collection and did not take aggressive action to perform timely follow-up for 20 of the 25 delinquent MSAs we sampled. Table 1 lists the 20 MSAs we reviewed that had no collection efforts for more than 6 months.⁴

Table 1. Medical Service Accounts Reviewed With No Collection Efforts for 6 Months or More

Account	Months with no collection efforts	Amount (\$)	Account	Months with no collection efforts	Amount (\$)
5140610	22*	911,549.71	5131488	48	461,276.68
5189607	7	769,486.11	5202012	7	350,110.78
5196924	7	622,101.32	5192596	9	346,578.61
5161135	12*	520,325.25	5156424	31	357,978.29
5182568	6	487,138.65	5131430	22*	338,511.00
5141418	20*	490,075.95	5160552	29	345,926.65
5164716	19	433,511.95	5192576	8*	330,740.05
5148999	26*	417,193.89	5166644	11	317,984.75
5170014	10	415,170.17	5141379	47	303,726.08
5196867	7	406,628.85	5143595	34	303,726.08

* Identifies accounts with multiple instances of no collection efforts for 6 months or more. The number in the table identifies the largest period of no collection efforts.

For the 20 accounts listed above, 6 to 48 months elapsed between follow-up attempts with either a patient or insurance company. For example, account 5141418 had three separate instances of no follow-up for more than 6 months. The patient was discharged on January 10, 2009, with services rendered totaling \$490,075.95. The account sat idle at BAMC UBO three different times for approximately 7, 11, and 20 months. On May 16, 2013, BAMC finally transferred the debt to FedDebt⁵ for collection.

⁴ We used 6 months as the cut-off for timely collection efforts. This would allow time to account for mailings, insurance reviews, and other correspondence that may take time.

⁵ FedDebt is an online comprehensive debt management system that allows the UBO staff to directly upload delinquent claims for debts as low as \$25.

System Needed to Manage and Prioritize Delinquent Medical Service Accounts

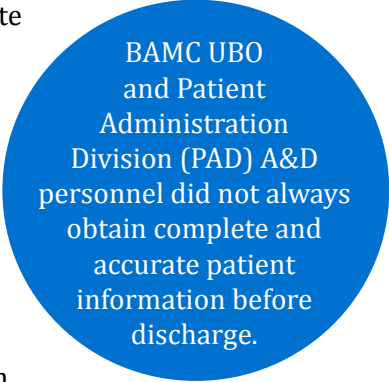
BAMC UBO management did not have a system in place to prioritize MSAs or alert clerks when an MSA was due for follow-up. As new accounts were processed, the system was not able to manage or prioritize the aging MSAs within the system to alert the clerks of delinquent accounts requiring attention. Therefore, BAMC personnel were unable to take prompt and aggressive action to recover and collect debts owed to DoD and to pursue continuing follow-up actions, as necessary, to ensure that DoD collects debts owed.

The BAMC UBO Chief said the billing tools were not sufficient and he did not have oversight of the tens of thousands of MSAs at BAMC. In March 2014, MEDCOM personnel stated the MSA billing system consisted of three separate aged systems, along with spreadsheets and typewriters. These systems have a limited ability to support follow-up actions, if at all, and have not kept up with the industry standard. MEDCOM UBO personnel said a contract was awarded for a new system, but this system was not expected to be implemented until September 30, 2014. Without a system or process to notify BAMC UBO staff of MSAs requiring follow-up, BAMC UBO will continue to have delinquent MSAs and risk missing the opportunity to collect on the \$73.1 million in delinquent MSAs. BAMC management should validate that the planned medical billing system will prioritize delinquent claims requiring follow-up and alert the clerks to perform follow-up, while also reviewing, researching and pursuing collection on the remaining open delinquent MSAs.

Patient Data Needed Before Discharge

BAMC management did not enforce existing guidance requiring the collection of accurate patient data before discharge. DoD 6010.15-M requires BAMC to capture patients' other health insurance data, credit card information, and other applicable means of reimbursement for health care services immediately upon outpatient visit or inpatient admission. BAMC personnel did not always require patients to provide complete and accurate personal data before discharge. This contributed to the ineffective control of delinquent MSAs.

Brooke Army Medical Center Memorandum 40-67 requires all civilian trauma admitted patients to checkout through the Admissions and Dispositions (A&D) Office. BAMC UBO and Patient Administration Division (PAD) A&D personnel did not always obtain complete and accurate patient information before discharge. Patient data collection at SAMMC can occur at multiple points from patient admission to patient discharge. Both the BAMC UBO Chief and a representative of MEDCOM UBO acknowledged a breakdown in the collection of accurate information. BAMC UBO personnel provided limited evidence of attempts to collect insurance, credit card, or other information before discharge.



BAMC UBO and Patient Administration Division (PAD) A&D personnel did not always obtain complete and accurate patient information before discharge.

The Chief of PAD stated that it is PAD A&D personnel's responsibility to collect accurate demographic information and they should attempt to collect the personal information once a patient is admitted for inpatient treatment. Other PAD staff said they attempted to collect some information after the patient was admitted and receiving care, but a previous commander implemented a practice to provide a "hassle-free disposition." They explained this policy prevented a final face-to-face meeting with the patient before discharge, and therefore missed opportunities to improve collections.

During our MSA review, BAMC UBO personnel identified an example of poor data collection and its impact. SAMMC discharged a patient on September 5, 2012, for account 5202012, valued at \$350,110.78. BAMC UBO personnel stated the patient provided no social security number and had no health insurance information. BAMC staff was unable to obtain a signed DD Form 2569, "Third Party Collection Program/Medical Services Account/Other Health Insurance." On October 26, 2012, the patient's bill was returned as unclaimed and unable to forward. Without a valid mailing address, BAMC UBO staff was unsuccessful in sending a follow-up letter about the delinquent debt. On May 15, 2013, after 252 days, BAMC staff transferred the debt to FedDebt for their attempt to identify the patient and collect on the \$350,110.78 debt.

BAMC personnel said a revision to Brooke Army Medical Center Memorandum 40-67 will require patients to check out with PAD A&D before discharge. However, the prior version of Memorandum 40-67 already required civilian trauma patients to check out with PAD A&D before discharge. The DoD

UBO manual requires UBO to collect payment information. BAMC management should establish procedures to validate that staff collect complete demographic and billing information before patient discharge.

Patients Set Payment Terms Contrary to DoD Regulation

Contrary to DoD regulation, BAMC UBO management allowed patients to set the payment terms for services rendered for two delinquent MSAs, valued at \$831,822.86. The DoD FMR requires the Debt Collection Office to base decisions to accept installment payments on a review of the debtor's financial statements or verification of the debtor's financial position. In addition to the financial position requirements, debtors must pay at least \$50 each month and must pay off the debt within 3 years or less, except when a debtor can prove financial hardship or other reasonable causes exist.

BAMC UBO management did not review the debtor's financial statements or verify the debtor's financial position in either of the two installment payments accounts. Instead, BAMC UBO management allowed the patients to set their own payment terms, resulting in installment plans of less than \$50 per month and repayment of the debt to exceed 1,000 years. Table 2 shows the original balance, payment plans, and auditor-determined payoff period accepted by BAMC UBO.

BAMC UBO management allowed the patients to set their own payment terms, resulting in installment plans of less than \$50 per month and repayment of the debt to exceed 1,000 years.

Table 2. Medical Service Accounts with Non-Complying Installment Plans

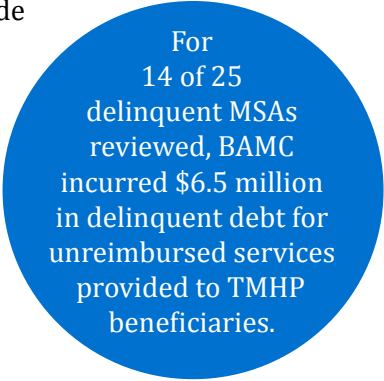
Account	Original Balance	Installment Amount (monthly)	Auditor Determined Pay Estimated Payoff (as of 8/19/14)
5172251	\$416,652.69	\$25.00	1,387 years
5170014	\$415,170.17	\$20.00	1,729 years

BAMC personnel did not have signed payment plans in the account files showing that BAMC entered into a legally enforceable agreement with the debtors. These debtors could have been experiencing financial hardship that would prevent BAMC from collecting the full original balance; however, BAMC UBO personnel did not complete verification of the debtors' financial position nor establish other

reasonable causes to support payment plans that deviated from the standard terms required by DoD regulation. BAMC UBO management should review, research, and determine whether other installment plans for delinquent MSAs comply with DoD regulation.

Additional Oversight Needed for Medicaid Reimbursements

BAMC UBO and MEDCOM management did not provide sufficient oversight of Medicaid-eligible MSAs submitted to the TMHP. BAMC UBO and MEDCOM management did not adequately pursue collection for denied claims or raise the concern of reimbursement levels to ASD(HA) for assistance. For 14 of 25 delinquent MSAs reviewed, BAMC incurred \$6.5 million in delinquent debt for unreimbursed services provided to TMHP beneficiaries.



For 14 of 25 delinquent MSAs reviewed, BAMC incurred \$6.5 million in delinquent debt for unreimbursed services provided to TMHP beneficiaries.

Medicaid Claims Denied for Missing 95-Day Filing Window

TMHP denied claims for 6 of the 14 MSAs reviewed, for missing its 95-day filing deadline.⁶ TMHP requires providers to file all claims within 95 days of patient discharge. The six claims were valued at \$3.1 million. BAMC UBO management noted that SAMMC is not a registered TMHP provider, and these patients had to receive care because of their emergency-related conditions. They further noted other insurance providers process claims within 1 year of discharge. Of the six denied claims, only two account files contained evidence that BAMC personnel sent a letter to TMHP officials disputing the denial; however, each was unsuccessful in overturning the denial. The other four account files contained only the denial for missing the TMHP 95-day filing requirement. See Table 3 for the claims TMHP denied, the length of time it took BAMC personnel to file the MSA, and whether the account files contained a BAMC dispute letter.

⁶ Texas Medicaid Provider Procedures Manual, Volume 1, Section 6: "Claims Filing," states that claims must be received by TMHP within 95 days from each date of service (DOS). Although exceptions to the filing deadline exist, none is identified for care provided by military hospitals.

Table 3. Medicaid 95-Day Denied Medical Service Accounts

Account	Original Charge	Days to File	Letter sent to TMHP
5189607	\$769,486.11	171	No
5196924	622,101.32	185	No
5161135	520,325.25	104	Yes
5164716	433,511.95	215	No
5148999	417,193.89	154	No
5143595	303,726.08	171	Yes
Total	\$3,066,344.60		

BAMC UBO management did not track or adequately pursue the MSAs denied by TMHP. BAMC UBO personnel alerted MEDCOM about the denials as early as August 2009. In response, MEDCOM personnel provided BAMC a dispute letter to send to TMHP to challenge the denials. This was the only action MEDCOM took to assist BAMC with the 95-day denials from TMHP. The letter stated that as a Uniformed Service with DoD, and based on Federal law and regulations, TMHP has a statutory obligation to reimburse reasonable charges to the U.S. Government for healthcare services provided to the patient and BAMC had 6 years and 6 months to file action on a claim. See Appendix B for an example of this letter. However, BAMC UBO management did not: send the letter for every denial received, track all the denials by recording the number of claims and dollar value denied, assess the ineffectiveness of the dispute letter and seek further assistance from MEDCOM, and continue challenging the denials to receive reimbursement for the services rendered to a TMHP beneficiary.

BAMC UBO management was unable to resolve the denied reimbursements directly with TMHP. As of May 2014, all six of these accounts were transferred to MEDCOM to be recorded as uncollectible.

To adequately pursue collection for these denied claims, BAMC UBO management should request MEDCOM review the dispute letter again to ensure the letter reflects the position of the Army in receiving reimbursement for TMHP beneficiaries. Once approved by MEDCOM, BAMC UBO Management should submit the dispute letter for each claim denied for missing the 95-day filing requirement and track the number of denied claims from TMHP to provide this information to MEDCOM to show the effect of these denials. In addition, MEDCOM should assess whether further actions can be taken to address the TMHP 95-day filing requirement and elevate these concerns to ASD(HA) to resolve with the Department of Health and Human Services.

BAMC Management Believed Medicaid Reimbursements Were Low

BAMC management stated that they require increased TMHP reimbursement for services rendered to TMHP beneficiaries to resolve these debts. Of 14 MSAs reviewed, TMHP processed 8, valued at \$3.5 million. BAMC received a payment of only \$252,000, or 7.3 percent in reimbursement, for the \$3.5 million in services provided. TMHP disallowed \$853,000 from the total \$3.5 million for services not covered by TMHP. The remaining \$2.4 million was the balance TMHP determined the patients were responsible for, as these costs were incurred outside of the TMHP-established covered time period. BAMC personnel believed that the reimbursement levels from TMHP were very low. When BAMC personnel contacted TMHP about the low levels of reimbursement, TMHP personnel stated that they pay claims at their established reimbursement rates and any increase in payments would require a change in legislation. We contacted TMHP several times to discuss this matter, as well as the denial of claims based on the 95-day filing requirement; however, we were unsuccessful in receiving comments from TMHP. Table 4 shows TMHP processed claims, the reimbursed amount, the disallowed portion of the claim, and each patient's balance owed.

BAMC received a payment of only \$252,000, or 7.3 percent in reimbursement, for the \$3.5 million in services provided.

Table 4. Reimbursement Level for TMHP MSAs

Account	Original Charge	Reimbursed	Percent Reimbursed	Disallowed	Owed by Patients
5189728	\$ 364,239.48	\$31,966.44	8.78	\$119,800.08	\$212,472.96
5172251	540,411.09	51,871.60	9.60	71,886.80	416,652.69
5182568	487,138.65	27,183.33	5.58	117,521.67	342,433.65
5141418	490,075.95	35,816.21	7.31	131,255.42	323,004.32
5198328	421,072.66	11,326.22	2.69	69,649.76	340,096.68
5131488	461,276.68	67,468.72	14.63	101,860.46	291,947.50
5156424	357,978.29	15,091.21	4.22	117,493.09	225,393.99
5160552	345,926.65	11,279.60	3.26	123,497.20	211,149.85
Totals	\$3,468,119.45	\$252,003.33	7.27	\$852,964.48	\$2,363,151.64

To adequately pursue collection and attempt to receive a higher reimbursement, BAMC UBO management should track the number of paid claims from TMHP; identify the reimbursed amounts, the disallowed amounts, and the amounts owed by the patients; provide this information to MEDCOM to show the impact; and request direction on a course of action to eliminate the debt.

ASD(HA) Management Control and Financial Studies personnel agreed that it would be appropriate for ASD(HA) to attempt to resolve the problems with low Medicaid reimbursements and denials over the 95 day deadline. ASD(HA) should meet with the Department of Health and Human Services to discuss the difficulties BAMC encountered with TMHP about denied claims and reimbursement levels.

FedDebt Administrative Wage Garnishment Tool

MEDCOM did not require the use of the administrative wage garnishment tool within FedDebt. FedDebt is an online comprehensive debt management system that allows the UBO staff to directly upload delinquent claims for debts as low as \$25. The system provides real-time visibility into the debt collection efforts and enables military MTF personnel to expedite processing. FedDebt regularly uses three tools to collect debts: payment agreements, administrative wage garnishment, and Treasury offset. Administrative wage garnishment is a debt collection process that allows a Federal agency to order a non-Federal employer to withhold up to 15 percent of an employee's disposable income to pay a nontax delinquent debt owed to the agency. Upon implementation of FedDebt, MEDCOM management decided not to use wage garnishment at the military MTFs. MEDCOM management did not believe the funds collected through administrative wage garnishment would be worth the administrative hurdles they believed were necessary to implement the wage garnishment tool. For example, MEDCOM management incorrectly believed they had to provide debtor employment information to FedDebt. However, FedDebt handles the research necessary to begin administrative wage garnishment. MEDCOM should use all collection tools available through the FedDebt program at BAMC and all other military MTF locations.

Management Corrective Actions

During the course of the audit, BAMC UBO management took the following actions, as they relate to the 25 MSAs reviewed, to collect on existing debt:

- notified two patients that the payment plans do not comply with DoD regulation, and required new, conforming payment plans;
- transferred \$553,593.60 of delinquent debt to FedDebt for collection;
- transferred \$534,705.56 of delinquent debt to MEDCOM for write-off;
- billed a patient for the unpaid balance of \$346,578.61;
- sent a second letter to a patient requesting the remaining delinquent balance owed of \$225,393.99;
- appealed an insurance denial for the balance owed of \$390,035.96; and
- revised local policy (currently in draft) on civilian patient hospital discharge processes to help enforce currently required procedures.

While these actions are commendable and noteworthy, thousands of other MSAs remain outstanding and may have similar issues that need to be resolved to improve overall collection efforts.

Conclusion

BAMC UBO management missed opportunities to maximize collections against the approximately \$10.4 million in delinquent payments due on 24 of the 25 highest dollar MSAs. These funds could have been applied to other valid requirements such as administrative, operating, and equipment costs; readiness training; or trauma consortium activities. The Army provided \$6.5 million of the \$10.4 million in medical services to beneficiaries of the TMHP, while receiving \$252,000 in reimbursed payments. Unless BAMC improves collection procedures and takes prompt and aggressive actions to pursue and attempt collection of the delinquent debt among the MSAs reviewed, and the \$62.5 million in the thousands of other delinquent MSAs, BAMC UBO will continue to incur rising delinquent balances for future MSAs (See Appendix D for details on potential monetary benefits).

Management Comments on the Finding and Our Response

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, stated that outstanding debts are approximately 20 percent of the workload conducted in the BAMC UBO and current accounts receivable or accounts closed within 180 days were not sampled for this report. According to the Chief of Staff, of the 25 claims sampled, 12 were transferred to MEDCOM and/or the U.S. Treasury before the audit, two were on hold due to legal proceedings, and three were awaiting guidance from MEDCOM UBO regarding financial assessments.

The Chief of Staff reiterated that our report stated BAMC missed opportunities to collect approximately \$10.4 million by not transferring the aged claims to Treasury following the 180 day due processing period. He stated that of the \$10.4 million, \$5.2 million was not eligible for collection due to limitations on transferring Crime Victims' Compensation, worker's compensation, Medicaid, and other Federal accounts receivable. He also stated that of the \$5.2 million eligible for transfer to Treasury, \$2.3 million was sent to Treasury before the site visit in August 2013, and of the \$32 million collected by BAMC during FY 2014, only \$800,000 was received through Treasury collections.

The Chief of Staff, MEDCOM, acknowledged our identification of internal control weaknesses and stated that actions taken in response to the recommendations should correct these weaknesses.

Our Response

The objective of our audit was to determine whether the military MTFs properly managed accounts that were more than 180 days delinquent by transferring the debt to U.S. Treasury or by actively pursuing collection. Therefore, we did not sample any current accounts receivable or those closed within 180 days because they were outside of the scope of the audit. While we acknowledge that there were claims transferred to MEDCOM or U.S. Treasury, according to the data provided by MEDCOM on May 29, 2013, all of the claims we reviewed still had an outstanding debt to be transferred to FedDebt or collected. MEDCOM later confirmed there were only two claims instead of three awaiting guidance from MEDCOM.

We recognize that BAMC transferred portions of some claims to Treasury before our site visit in August 2013. However, those claims were already more than 180 days delinquent when they were sent to U.S. Treasury for collection. Our recommendations should help increase collections at BAMC and decrease the portion of claims that are ineligible for reimbursement. For example, if BAMC is able to identify and file claims promptly with TMHP, it is more likely that a portion of the claim will be reimbursed instead of BAMC writing the entire claim off to MEDCOM for missing the TMHP filing deadline.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Commander, Brooke Army Medical Center:

- a. Validate that the planned medical billing system will prioritize delinquent medical service accounts and alert the clerks as to which accounts require follow-up.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed with the intent of the recommendation, stating that MEDCOM UBO will validate that the planned medical billing system will prioritize delinquent MSAs and alert clerks regarding accounts requiring follow up. He stated that MEDCOM plans to validate the system requirement by January 1, 2015.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- b. Review, research, and pursue collections on the remaining open delinquent medical service accounts.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC UBO reassigned two MSA clerks to exclusively work aged accounts to process and transfer them within 18 months. He also stated that BAMC UBO is also working to hire additional MSA clerks to mitigate current claims from aging

into the 180-day backlog. He stated that MEDCOM plans to complete processing and transferring the backlog by January 1, 2016. The Chief of Staff, MEDCOM, also expressed concern that in order to transfer debt for patients requesting debt compromise, Treasury requires a financial assessment before transfer. However, BAMC UBO does not have the staff or expertise to conduct these financial assessments. According to the Chief of Staff, MEDCOM UBO is seeking additional guidance on how to proceed with these claims.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- c. Establish procedures to validate that staff collect accurate and complete demographic and billing patient information before patient discharge.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC Patient Administration Division created an interdisciplinary working group to evaluate Admissions and Dispositions processes. He stated that Texas A&M University will provide a report based on a project focused on capture of the DD Form 2569 within BAMC to assist the working group. Also, according to the Chief of Staff, a Lean Six Sigma Black Belt project will review the patient discharge process and improvements will be incorporated into a revised Admissions and Dispositions policy memo. He stated that MEDCOM will complete these actions by January 1, 2015.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- d. Review, research, and determine whether other repayment installment plans arranged by the Uniform Business Office are sufficient or in need of revisions to comply with DoD Financial Management Regulation, volume 5, chapter 28.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC UBO identified 413 accounts with payment plans not in compliance with DoD FMR. He stated that BAMC UBO is sending letters to account holders outlining new payment terms and deadlines and allowing 30 days to respond to the notices. MEDCOM expects to complete the new payment plans by September 1, 2014.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- e. Request 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.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC requested a MEDCOM legal review of the dispute letter and dispute procedures. MEDCOM expects to complete the review by August 1, 2014.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- f. Send dispute letters to Texas Medicaid and Healthcare Partnership for all claims denied for missing the 95-day filing requirement.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC UBO staff is reviewing all TMHP claims to determine the total number of claims outside the 95-day filing deadline and to ensure a dispute letter was sent to appeal the denial. He stated that on a monthly basis, all denied claims will be forwarded to MEDCOM UBO for review. MEDCOM expects to send all letters by July 15, 2014. As of August 7, 2014, MEDCOM personnel stated it is in the process of mailing dispute letters to TMHP for all claims denied for missing the 95-day filing requirement.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- g. Provide U.S. Army Medical Command all the Medicaid-eligible claims denied by Texas Medicaid Health Partnership for missing the 95-day filing requirement to identify the value and impact of those claims to Brooke Army Medical Center.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC UBO is identifying and copying all claims denied due to the TMHP 95-day filing deadline and will deliver them to the MEDCOM UBO by October 1, 2014.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- h. Provide 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, the amounts the beneficiaries now are responsible to pay, and request direction on a course of action to eliminate the debt.**

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, responding for the Commander, BAMC, agreed, stating that BAMC UBO is identifying and copying all claims reimbursed or disallowed by TMHP and will deliver them to MEDCOM UBO by October 1, 2014. He stated that in cases where TMHP beneficiaries request a compromise of the portion of debt they are responsible for, BAMC UBO is requesting additional guidance from MEDCOM UBO for the processing and elimination of debt. MEDCOM expects to complete the actions by July 15, 2014. As of August 7, 2014, MEDCOM personnel stated BAMC provided them with information related to the Medicaid-eligible claims processed and paid by the TMHP and requested direction on how to eliminate the debt. MEDCOM personnel also stated MEDCOM subject matter experts met with Texas Medicaid officials to discuss reimbursement issues and will continue to work with personnel to determine how to eliminate the debt.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

Recommendation 2

We recommend that the Chief of Staff, U.S. Army Medical Command:

- a. Coordinate with the Assistant Secretary of Defense (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 can be taken to address the Texas Medicaid and Healthcare Partnership 95-day filing requirement.**

U.S. Army Medical Command Comments

The Chief of Staff, U.S. Army MEDCOM, agreed, stating that the Army UBO requested assistance from the Defense Health Agency UBO during a quarterly Advisory Workgroup in February 2014. He stated that Army UBO indicated it receives numerous Medicaid denials based on missing filing deadlines and the UBO frequently receives Medicaid information after the deadline for filing has passed. According to the Chief of Staff, other Service personnel noted similar issues during the Workgroup meeting in obtaining Medicaid information from patients before filing deadlines have passed. He stated that the Services advised the Defense Health Agency UBO that they would prefer to bill Medicaid patients directly.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

- b. Implement the FedDebt administrative wage garnishment tool within Brooke Army Medical Center and other Army military medical treatment facilities to increase collections.**

U.S. Army Medical Command Comments

The Chief of Staff, U.S. Army MEDCOM, agreed with the intent of the recommendation, stating there is no certainty that implementing the wage garnishment tool will result in significant gains and could create additional workload that UBO personnel cannot assume. He stated that MEDCOM will

develop a plan to implement wage garnishment on a test basis at pilot sites by October 1, 2014, and the pilot sites will begin using the wage garnishment tool by January 1, 2015. Further, he stated that MEDCOM will continue implementation at additional sites if collections increase as a result and additional workload can be absorbed with existing resources.

Our Response

Comments from the Chief of Staff, MEDCOM, addressed all specifics of the recommendation, and no further comments are required.

Recommendation 3

We recommend that the Assistant Secretary of Defense (Health Affairs) meet with Department of Health and Human Services to discuss difficulties Brooke Army Medical Center has encountered with denied claims and reimbursement levels from the Texas Medicaid and Healthcare Partnership.

Assistant Secretary of Defense (Health Affairs) Comments

The Assistant Secretary of Defense (Health Affairs) agreed, stating that his office will meet with the Department of Health and Human Services to discuss difficulties BAMC has encountered with TMHP. His office will provide specific information to the DoDIG about the meetings once they have been held.

Our Response

Comments from the Assistant Secretary of Defense (Health Affairs) addressed all specifics of the recommendation, and no further comments are required.

Management Comments on Potential Monetary Benefits and Our Response

U.S. Army Medical Command Comments

The Chief of Staff, MEDCOM, did not agree with the potential monetary benefits identified, stating the \$73.1 million identified is overstated as it is the full billing amount. The Chief of Staff indicated that offset costs, to include direct or indirect costs incurred in implementing the action, should be considered in computing the potential collections. He stated that these costs should include implementing the Armed Forces Billing and Collection Utilization Solution and adding staff to manage the workload.

The Chief of Staff stated that in the past year, MEDCOM has transferred more than \$50 million to the U.S. Treasury and collected about \$2.25 million, or about 5 percent. He stated that the 5 percent rate was more reasonable to calculate the monetary benefits. In addition, he suggested associating the savings with Recommendation 1.b.

Our Response

The full billing amount or original charge for the 15,106 MSAs more than 180 days delinquent totaled \$92.2 million. The \$73.1 million in potential monetary benefits was derived from the outstanding balance on the universe of 15,106 MSAs, based on the data provided by MEDCOM on May 29, 2013. Although MEDCOM has only seen a 5 percent return of monetary benefits from the FedDebt program, until the U.S. Treasury compromises the debt, it is considered potentially collectible. There are potentially thousands of delinquent MSAs that BAMC could transfer to FedDebt that may increase the collection percentage further. In addition, MEDCOM appears to have only included the amount collected from the Treasury FedDebt program, which is not representative of all MSA debt. The potential monetary benefits must include collections from all available methods, including insurance, Medicaid, and patient payments. By reviewing and researching the claims, BAMC may be able to collect through proper due process and management of the MSAs and would not have to send the debt to FedDebt at all. Therefore, we do not agree that 5 percent of the outstanding balance is a more reasonable basis for calculating potential monetary benefits.

We request that the Chief of Staff, MEDCOM, provide support for the collection sources that comprise the 5 percent collection rate, including proposed offsets, and reconsider his position on the potential monetary benefits. We agree with the Chief of Staff's recommendation and changed the report to associate the potential monetary benefits with Recommendation 1.b.

Appendix A

Scope and Methodology

We conducted this performance audit from July 2013 through May 2014 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Review of Documentation and Interviews

We interviewed personnel from the Office of the Under Secretary of Defense (Comptroller), Assistant Secretary of Defense for Health Affairs, Defense Finance and Accounting Services Debt Collection Management Office, MEDCOM, BAMC, and the U.S. Treasury Financial Management Services to obtain information and source documentation on delinquent MSA debt and collection efforts at BAMC. During the site visits to BAMC and MEDCOM, we observed daily procedures performed by personnel and examined key documents related to the audit objective.

We obtained, reviewed, and analyzed Federal, DoD, Army, and local guidance, related to delinquent MSA debt and collection efforts at BAMC. We focused our review on:

- Public Law 104-134, section 31001, “Debt Collection Improvement Act of 1996”;
- DoD Financial Management Regulation Volume 5, Chapter 28, “General Provisions of Indebtedness,” November 2012;
- DoD 6010.15-M “Military Treatment Facility Uniform Business Office Manual,” November 2006; and
- Brooke Army Medical Center Memorandum 40-67, “Medical Services Admission and Disposition of Patients,” April 27, 2011.

We compared actions performed by personnel at MEDCOM and BAMC UBO, to the Federal, DoD, Army, and local regulations.

Our review included BAMC MSAs that were open for more than 180 days between September 2003 and October 2012. Those MSAs represented a universe of 15,106 accounts, valued at \$73.1 million, that were more than 180 days old. According to Department of Army Form 3154, payment of the bill is due upon receipt. If payment is not received for the debt within 30 days of hospital discharge or outpatient date of service, the account is subject to referral to higher authority for collection action. We considered these MSAs delinquent, as the balance owed to BAMC had not yet been paid in full after 180 days from date of discharge by the time we received the data from MEDCOM. We then non-statistically selected the top 25 MSAs based on highest outstanding balances, valued at \$10.9 million. For the 25 MSAs we reviewed, we identified the current state of the delinquent MSA debt at BAMC during our site visit in August 2013. We compared the MSA to applicable Federal, DoD, and local Army guidance to determine compliance related to collection efforts. We did not review each claim for complete compliance with Treasury Regulations regarding whether the MSA was eligible for transfer to the Treasury.

Use of Computer-Processed Data

We relied on computer-processed data to support our findings and conclusions. Specifically, we relied on managements' summary level delinquent MSA data from the Composite Health Care System to select 25 delinquent MSAs with the highest outstanding balance.

To assess the reliability of the outstanding balances we compared the amount owed for all 25 MSAs to the medical procedure documentation, patient information, hospital generated bills, staff notes and documentation on attempted collections, and delinquent letters and other types of patient contact for collection. We found no errors with those balances. Based on this information, we determined that the data were sufficiently reliable for the purposes of this report.

Use of Technical Assistance

The Quantitative Methods Division reviewed audit documents and advised us on the validity of the non-statistical sample selected.

Prior Coverage

During the last 5 years, the Army Audit Agency and Air Force Audit Agency issued four reports discussing difficulty in obtaining reimbursements for

services rendered. Unrestricted Army reports can be accessed on the Internet at <https://www.aaa.army.mil/>. Air Force Audit Agency reports can be accessed on the Internet at <https://www.efoia.af.mil/palMain.aspx> by those filling out the Freedom of Information Act form.

Army

A-2012-0032-IEM, "Follow-up Audit of Trauma Services Cooperative Agreement Brooke Army Medical Center," December 20, 2011

A-2009-0061-ALE, "Billing Operations US Army Europe Regional Medical Command," March 31, 2009

Air Force

F2012-0001-FB3000, "Services Medical Activity – Air Force: Out of Service Debt," October 3, 2011

F2011-0039-FCW000, "Services Medical Activity – Air Force Accounts Receivable Out-of-Service Debt 88th Air Base Wing Wright-Patterson AFB OH," July 19, 2011

Appendix B

Challenge to Medicaid Denials



DEPARTMENT OF THE ARMY
BROOKE ARMY MEDICAL CENTER
FORT SAM HOUSTON, TEXAS 78234-6200
August 17, 2009

TEXAS MEDICAID & HEALTHCARE PARTNERSHIP
ATTN: APPEALS
P.O. BOX 200645
AUSTIN TX 78720-0645

Re: TIMELY FILING DEADLINE

PATIENT: [REDACTED]
DOS: 12/24/08 TO 02/06/2009
MEMBER ID#: [REDACTED]
ACCT #: 5143595
AMT BILLED: \$303,726.28

Dear Sir or Madam,

Our office received a denial from your offices stating that your offices did not receive the medical records or a completed claim within 95 days of the services provided. This was due to patient fail to provided correct insurance information we had billed the patient on 02/14/09 we received a 2569 from sign by patient [REDACTED] on 03/30/2009 with correct insurance information. Please process this appeal for payment

Please understand that we are an office of the Uniformed Service with the Department of Defense and based on the federal regulations, we have 6 years and 6 months to file action on a claim.

Please be advised that Brooke Army Medical Center Department of Defense Military Hospital and a Level 1 Trauma Center , pursuant to 10 U.S.C. 1079b,as implemented by 32 C.F.R.220, you have a statutory obligation to reimburse the United States the reasonable charges for Healthcare services provided to this patient.

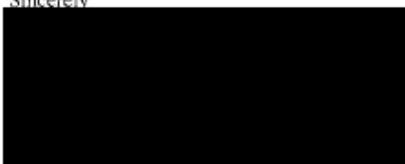
Please note, 28 U.S.C. 2415 (a) provides in part : ... every action ... [monetary] ... damages brought by the United States or an officer or agency thereof which is founded upon any contract express or implied in law or in fact , shall be barred unless the complaint is filed within six years after the right of action accrues or within one year after final decisions have been rendered in applicable administrative proceedings required by contract or by law, whichever is later. Provided that in the event of later payment or written acknowledgement of dept, the right of action shall be deemed to accrue again at the time of each such payment of acknowledgement. Also note, 28 U.S.C. 2416 shall provides in part: {F} or purposes

Challenge to Medicaid Denials (cont'd)

of computing the limitations periods established in section 2415, there shall be excluded all periods during which ... facts material to the right of action are not known and reasonably could not be known by an official of the United States charged with the responsibility to act in the circumstances...."

Please review a copy of the 2569 form and EOB. I also enclose a copy of claim please let me know if all medical records need to be resubmitted. It would be greatly appreciated that you reprocess this claim and send payment to **BAMC MCHE COU-M Dept 211 3851 Roger Brooke Drive , Ft. Sam Houston, TX 78234-6200 .**

Sincerely



Appendix C

Results of the 25 Medical Service Accounts Reviewed

Account	Original Charge	Compliance with Public Law 104-134 ¹	Compliance with DoD FMR V5 Ch 28 ²	Compliance with DoD FMR V5 Ch 28 regarding payment plans	Claim denied by TMHP for missing 95 day requirement ³	Low reimbursement rate by TMHP
5140610	\$911,549.71	No	No	N/A		
5189607	769,486.11	No	No	N/A	X	
5196924	622,101.32	No	No	N/A	X	
5153752	571,198.44	Special Case ⁴	Special Case	Special Case		
5161135	520,325.25	No	No	N/A	X	
5172251	540,411.09	No	Yes	No		X
5182568	487,138.65	No	No	N/A		X
5141418	490,075.95	No	No	N/A		X
5164716	433,511.95	No	No	N/A	X	
5148999	417,193.89	No	No	N/A	X	
5170014	415,170.17	No	No	No		
5198328	421,072.66	No	Yes	N/A		X
5196867	406,628.85	No	No	N/A		
5131488	461,276.68	No	No	N/A		X
5204029	392,418.94	No	Yes	N/A		
5202012	350,110.78	No	No	N/A		
5192596	346,578.61	No	No	N/A		
5156424	357,978.29	No	No	N/A		X
5131430	338,511.00	No	No	N/A		
5160552	345,926.65	No	No	N/A		X
5189728	364,239.48	No	Yes	N/A		X
5192576	330,740.05	No	No	N/A		
5166644	317,984.75	No	No	N/A		
5141379	303,726.08	No	No	N/A		
5143595	303,726.08	No	No	N/A	X	
Total	\$11,219,081.43					

¹ Was the debt transferred to the Secretary of Treasury after a delinquent of 180 days?

² Was evidence provided showing BAMC UBO management took prompt and aggressive action or performed timely follow-up on the delinquent MSA as required by Financial Management Regulation (FMR)?

³ Texas Medicaid & Healthcare Partnership (TMHP)

⁴ Account 5153752 was a special case, as the patient was involved in an on-going court case.

Appendix D

Potential Monetary Benefits Table

Recommendation	Type of Benefit*	Amount of Benefit	Account
1.b	Economy and Efficiency. BAMC collection of delinquent debts for services rendered could be used for administrative, operating, and equipment costs; readiness training; or trauma consortium activities.	Total Benefit, \$73.1 million	97 0130 1881 (DHP O&M)

*Note: Potential monetary benefits are funds put to better use or questioned costs.

Management Comments

Assistant Secretary of Defense (Health Affairs)



THE ASSISTANT SECRETARY OF DEFENSE

1200 DEFENSE PENTAGON
WASHINGTON, DC 20301-1200

JUL -2 2014

HEALTH AFFAIRS

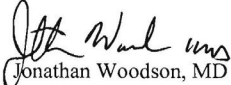
MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Response to Department of Defense Inspector General Draft Report, "Audit of Military Services' Delinquent Medical Service Accounts," Project No. D2013-D000CL-0182.000

Thank you for the opportunity to review and comment on the Department of Defense Inspector General's Draft Report, "Audit of Military Services' Delinquent Medical Service Accounts," Project No. D2013-D000CL-0182.000. I concur with the Draft Report's findings and conclusions. Please find my office's specific response to Recommendation #3 attached.

My points of contact regarding this matter are [REDACTED]

or


Jonathan Woodson, MD

Attachment:
As stated

Assistant Secretary of Defense (Health Affairs) (cont'd)

**Audit of Military Services' Delinquent Medical Service Accounts
Project No. D2013-D000CL-0182.000**

**OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS
(OASD(HA)) RESPONSE TO RECOMMENDATION #3**

RECOMMENDATION #3: We recommend that the Assistant Secretary of Defense (Health Affairs) meet with Department of Health and Human Services (DHHS) to discuss difficulties Brooke Army Medical Center has encountered with denied claims and reimbursement levels from the Texas Medicaid and Healthcare Partnership.

(OASD(HA))RESPONSE: Concur. Discussions will be held with the appropriate DHHS personnel to discuss the difficulties the Brooke Army Medical Center has encountered with the Texas Medicaid and Healthcare Partnership. Once these meeting(s) have been held specific information will be forwarded to the Department of Defense Inspector General under separate cover and the Defense Health Agency will work with the DHHS to identify the specific issues resulting in denied claims and reimbursement levels.

U.S. Army Medical Command



REPLY TO
ATTENTION OF

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

MCIR

08 JUL 2014

MEMORANDUM FOR Department of Defense Inspector General, Contract Management and Payments, ATTN: [REDACTED] 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Reply to DODIG Draft Report, Delinquent Medical Service Accounts at Brooke Army Medical Center Need Additional Management Oversight (Project No. D2013-D000CL-0182.000)

1. Thank for you the opportunity to review this report. Our comments are enclosed for your consideration.

2. Our point of contact is [REDACTED]

FOR THE SURGEON GENERAL:

Encl


ULDRIC L. FIORE, JR.
Chief of Staff

U.S. Army Medical Command (cont'd)

U.S. Army Medical Command (MEDCOM) and Office of the Surgeon General (OTSG)

Comments on DODIG Draft Report Brooke Army Medical Center is Not Effectively Managing Delinquent Medical Service Accounts (Project No. D2013-D000CL-0182.000)

GENERAL COMMENTS TO THE REPORT: DODIG used the 25 highest dollar medical service account (MSA) claims that were greater than 180 days delinquent (attachment 1) as the basis for their recommendations. Outstanding debts are approximately 20 percent of the workload conducted in the Brooke Army Medical Center (BAMC) Uniform Business Office (UBO). Current accounts receivable or accounts closed within 180 days were not sampled for this report. Of the 25 claims sampled, 12 had been transferred to MEDCOM and/or the US Treasury prior to DODIG's audit; 2 are on hold due to open legal proceedings; and 3 are pending additional guidance from MEDCOM UBO concerning a US Treasury financial assessment requirement.

This information was not presented in the report, which creates an inaccurate perception these accounts are still open without ongoing adjudication by BAMC UBO. The report also stated BAMC missed opportunities to collect approximately \$10.4 million by not transferring the aged claims to the Treasury following the 180 day due process period. However, the Treasury can only seek collections from individuals. Of the \$10.4 million which was not transferred to Treasury, \$5.2 million is not eligible for collection due to limitations on transferring Crime Victims' Compensation, worker's compensation, MEDICAID, MEDICARE, and other Federal accounts receivable. Of the \$5.2 million eligible for transfer to the Treasury for collection, \$2.3 million was sent to Treasury prior to DODIG's site visit to BAMC in August 2013. However, MEDCOM has not received any collections from these accounts. Further, of the \$32 million collected by BAMC during FY 14, only \$800,000, or about 2.5 percent, has been received through Treasury collections.

DODIG recommends the Commander, Brooke Army Medical Center implement the following recommendations:

RECOMMENDATION 1.a.: Validate that the planned medical billing system will prioritize delinquent medical service accounts and alert the clerks as to which accounts require follow-up.

RESPONSE: Concur with the intent to validate the planned medical billing system. MEDCOM Uniform Business Office (UBO) will validate the planned medical billing system will prioritize delinquent medical service accounts and alert the clerks regarding account that require follow up. Expected completion date for the validation is 1 Jan 15.

U.S. Army Medical Command (cont'd)

RECOMMENDATION 1.b.: Review, research, and pursue collections on the remaining open delinquent medical service accounts.

RESPONSE: Concur. Due to the delayed adoption of the Armed Forces Billing and Collection Utilization Solution (ABACUS), the BAMC UBO prioritized the 20,774 open delinquent accounts created through 3 December 2013 (claims over 180 days delinquent as of 4 June 2014). Two BAMC UBO MSA clerks have been reassigned to exclusively work aged accounts; estimated time to process and transfer these claims is 18 months. Claims created after 3 December 2013 (9,859 current claims) are being processed, prioritized, and monitored to ensure the debts are adjudicated before the 180-day threshold. BAMC UBO is also working to hire additional MSA clerks to mitigate current claims from aging into the 180-day backlog. The anticipated completion date is 1 January 2016.

The report states DoD is required to refer individual debt that has been delinquent for 180 days to Financial Management Services, Department of Treasury for continued collection action in accordance with Title 31, United States Code, Section 3711. BAMC UBO contacted Treasury's Debt Management Services to verify procedures for forwarding debt for patients requesting a compromise. Treasury personnel advised BAMC that the requesting agency was required to perform a financial assessment prior to transferring such debt to the US Treasury. In the past, Defense Finance and Accounting Service (DFAS) conducted debtor financial assessments; however, they no longer do so. BAMC UBO is not staffed and does not have the expertise to conduct debtor financial assessments. MEDCOM UBO is aware of this issue and is seeking additional guidance on how to proceed. Claims requiring a financial assessment by the Treasury have been put on hold until further guidance is received from MEDCOM UBO.

Claims that do not require debt compromise (normally those claims where the debtor fails to respond to billing notices) are transferred to the Treasury for collection. If the debtor later disputes the claim, Treasury sends the dispute to BAMC UBO to respond (attachment 2). In some cases, the entire debt is transferred back to BAMC UBO for adjudication without formal notice or explanation from Treasury.

RECOMMENDATION 1.c.: Establish procedures to validate that staff collect accurate and complete demographic and billing patient information before patient discharge.

RESPONSE: Concur. BAMC Patient Administration Division created an interdisciplinary working group to evaluate Admissions and Dispositions processes. The working group is focusing on: (i) capture and reconciliation of health insurance information on DD Form 2569 (Third Party Collection Program/Medical Services Account/Other Health Insurance); and (ii) identifying process changes that will increase the accuracy of Other Health Insurance (OHI) data. In addition, Texas A&M University recently concluded an industrial engineering project focused on the solicitation and capture of the DD Form 2569 within BAMC. The report will assist the working group to

U.S. Army Medical Command (cont'd)

determine rapid changes that can be implemented within 60 days. Finally, a Lean Six Sigma Black Belt project will review the patient discharge process, and improvements incorporated into a revised Admissions and Dispositions policy memo. We anticipate these actions will be completed by 1 Jan 15.

RECOMMENDATION 1.d.: Review, research, and determine whether other repayment installment plans arranged by the Uniform Business Office are sufficient or in need of revisions to comply with DoD Financial Management Regulation, volume 5, chapter 28.

RESPONSE: Concur. BAMC UBO identified 413 accounts where payments are being made but plans were not in compliance with the DODFMR. Letters are being sent to account holders outlining the new payment terms and deadlines required under the DOD FMR. Account holders have 30 days to respond to the notice, concurring with the new payment terms or requesting a compromise of their debt based on financial need. Those accounts requesting a compromise will be placed in a hold status pending MEDCOM UBO guidance on conducting financial assessments. Account holders who do not respond by the 30-day suspense will be processed as a delinquent debt and their account will be transferred to the Treasury for collection. We expect to complete this action by 1 September 2014.

RECOMMENDATION 1.e.: Request 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.

RESPONSE: Concur. BAMC requested a MEDCOM legal review of the current dispute letter and dispute procedures, and will coordinate future action by 1 August 14.

RECOMMENDATION 1.f.: Send dispute letters to Texas Medicaid and Healthcare Partnership for all claims denied for missing the 95-day filing requirement.

RESPONSE: Concur. The current billing software does not readily identify all claims denied by the Texas Medicaid Healthcare Partnership (TMHP). BAMC UBO staff is reviewing all TMHP claims to determine the total number of claims that are outside the 95-day filing deadline. Management will evaluate claims denied based on the 95-day filing requirement to ensure a dispute letter was sent to appeal the denial. If a second denial is received, a claims package outlining the course of action taken on the claim will be created. On a monthly basis, all denied claims will be forwarded to MEDCOM UBO for review. The estimated completion date for this action is 15 July 2014.

RECOMMENDATION 1.g.: Provide U.S. Army Medical Command all the Medicaid-eligible claims denied by Texas Medicaid Health Partnership for missing the 95-day

U.S. Army Medical Command (cont'd)

filing requirement to identify the value and impact of those claims to Brooke Army Medical Center.

RESPONSE: Concur. BAMC UBO is identifying and copying all claims denied due to the TMHP 95-day filing deadline and will have those claims delivered to MEDCOM UBO by 1 October 2014.

RECOMMENDATION 1.h.: Provide 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, the amounts the beneficiaries now are responsible to pay, and request direction on a course of action to eliminate the debt.

RESPONSE: Concur. BAMC UBO is identifying and copying all claims reimbursed or disallowed by Texas Medicaid Health Partnership and will have those claims delivered to MEDCOM UBO by 1 October 2014. Disallowed claims from TMHP are reported on a monthly basis to MEDCOM UBO in the monthly Write-Off Report.

Claims that have been appropriately reimbursed but have remaining balances that TMHP beneficiaries are responsible to pay are billed in accordance with the DODFMR. In those cases where the patients request a compromise of the debt, BAMC UBO is requesting additional guidance from MEDCOM UBO for the processing and elimination of these debts. These actions are expected to be completed by 15 July 2014.

DODIG recommends the Commander, U.S. Army Medical Command implement the following recommendations:

RECOMMENDATION 2.a.: Coordinate with the Assistant Secretary of Defense (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 can be taken to address the Texas Medicaid and Healthcare Partnership 95-day filing requirement.

RESPONSE: Concur. The Army Uniform Business Office (UBO) requested assistance from Defense Health Agency (DHA) UBO during the DHA UBO Quarterly Advisory Workgroup held on 4 February 2014. Army UBO indicated it receives numerous Medicaid denials based on missed filing deadlines, and often receives Medicaid information after the deadline for filing has passed. In addition, the Texas uncompensated trauma fund reimburses for only a fraction of the costs. During the Work Group meeting, other Service personnel noted similar issues obtaining Medicaid information from patients before filing deadlines have passed. The Services advised DHA UBO Military Treatment Facilities should not have the authority to decide whether to bill Medicaid, and they would prefer to bill Medicaid patients directly.

U.S. Army Medical Command (cont'd)

RECOMMENDATION 2.b.: Implement the FedDebt administrative wage garnishment tool within Brooke Army Medical Center and other Army military medical treatment facilities to increase collections.

RESPONSE: MEDCOM concurs with the intent of the recommendation to increase collections.

However, there is no certainty that use of the wage garnishment tool will result in significant gains. Further, US Treasury has recently begun pushing cases back to the Military Treatment Facility to determine patient ability to pay and to negotiate payment plans. This raises concern that implementation could create additional workload from rebuttals and time associated with researching cases or providing associated case documents to the Treasury. UBO personnel are currently training and deploying the Armed Forces Billing and Collection Utilization Solution (ABACUS) and cannot readily absorb additional workload.

Therefore, MEDCOM will develop a plan to implement the wage garnishment tool at Military Treatment Facilities on a test basis by 1 Oct 14. Europe Regional Medical Command Military Treatment Facilities, and a yet-to-be-determined CONUS location, will serve as the pilot sites, and begin using the wage garnishment tool by 1 Jan 15.

If collections increase at these locations as a result of implementing the tool, and any additional associated workload can be absorbed with existing resources, MEDCOM will continue implementation in accordance with the developed plan.

COMMENTS ON POTENTIAL MONETARY BENEFITS: MEDCOM non-concurs with the potential monetary benefits outlined in Appendix D. We also noted the savings are incorrectly associated with recommendation 1a; pursuit of collections is addressed in recommendation 1b.

The amount shown, \$73.1 million, is grossly overstated as it is the full billing amount. Per DoDM 7600.07-M, DoD Audit Manual, 13 February 2009, benefits should be computed in a reasonable manner and should consider all offset costs. Offset costs include all direct or indirect costs that would be incurred in implementing the action that would result in the monetary benefit. This includes implementing ABACUS and additional staff to manage the workload.

In accordance with Generally Accepted Accounting Principles, accounts receivable should be recorded and reported at realizable value through the use of an Allowance account for bad debt write-offs. The probability of collection for these aged delinquent debts is extremely low. Over the past year, MEDCOM has transferred more than \$50 million to the U.S. Treasury and received collections of about \$2.25 million, or about 5 percent. This rate provides a more reasonable basis for calculating monetary benefits.

U.S. Army Medical Command (cont'd)

COMMENTS ON INTERNAL CONTROL WEAKNESSES: MEDCOM acknowledges DODIG's identification of internal control weaknesses as stated on page 4 of the draft report, and the intent to provide a copy of the report to the senior official responsible for internal controls in the Department of the Army. Actions taken in response to the recommendations, as outlined above, should correct these weaknesses.

Acronyms and Abbreviations

A&D	Admissions and Dispositions
ASD(HA)	Assistant Secretary of Defense (Health Affairs)
BAMC	Brooke Army Medical Center
DoD FMR	DoD Financial Management Regulation
MEDCOM	U.S. Army Medical Command
MSA	Medical Service Account
MTF	Medical Treatment Facility
PAD	Patient Administration Division
SAMMC	San Antonio Military Medical Center
TMHP	Texas Medicaid & Healthcare Partnership
UBO	Uniform Business Office



Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

The Whistleblower Protection Enhancement Act of 2012 requires the Inspector General to designate a Whistleblower Protection Ombudsman to educate agency employees about prohibitions on retaliation, and rights and remedies against retaliation for protected disclosures. The designated ombudsman is the DoD Hotline Director. For more information on your rights and remedies against retaliation, visit www.dodig.mil/programs/whistleblower.

For more information about DoD IG reports or activities, please contact us:

Congressional Liaison

congressional@dodig.mil; 703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

Monthly Update

dodigconnect-request@listserve.com

Reports Mailing List

dodig_report@listserve.com

Twitter

twitter.com/DoD_IG

DoD Hotline

dodig.mil/hotline



DEPARTMENT OF DEFENSE | INSPECTOR GENERAL

4800 Mark Center Drive
Alexandria, VA 22350-1500
www.dodig.mil
Defense Hotline 1.800.424.9098

