

Payment Integrity Scorecard

Program or Activity
VA Community Care

Reporting Period
Q2 2026

FY 2025 Overpayment Amount (\$M)*

\$552

*Estimate based a sampling time frame starting 10/2023 and ending 9/2024

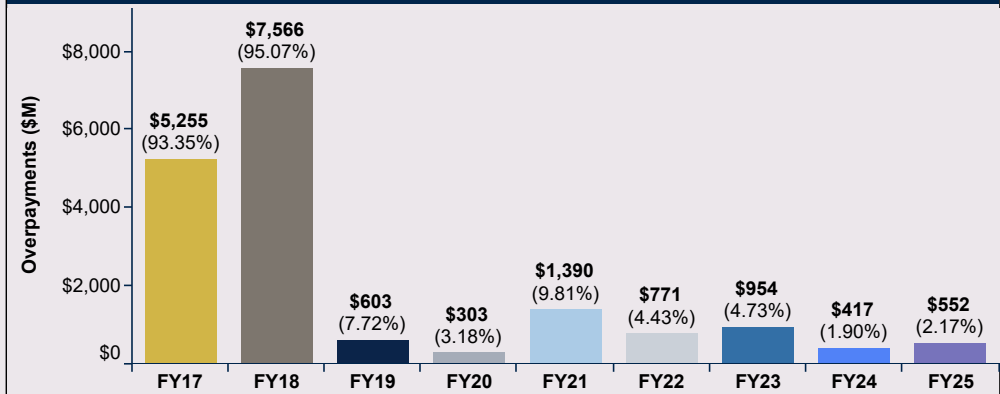


VA
VA Community Care

Brief Program Description & summary of overpayment causes and barriers to prevention:

The VA Community Care program allows VA to authorize Veteran health care at community care facilities when the needed services are not available through VA, when Veterans face excessive wait times or when the Veteran is unable to travel to a VA facility. The program was used to provide timely and specialized care to approximately 3.3 million Veterans in FY 2025. The program reported \$552.15 million in projected monetary loss in FY 2025, most of which resulted from claims not paid according to contract, payment system errors and payment to an ineligible provider. There are no known financial, contractor or provider status related barriers prohibiting improving the prevention of improper payments.

**Historical Payment Rate and Amount (\$M)
(Overpayment as Percentage of Total Outlays)**



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

Actions taken regarding change process include continued work to enforce Community Care Network contract requirements to ensure third-party administrators bill at the correct allowable rates (see Note 1). Actions planned for Q3 include ensuring contract language is clear and clarifying any instances of inconsistent payment methodology when third-party administrators bill at incorrect rates or when providers do not meet the requirements for reimbursement. In addition, VA will coordinate with third-party administrators to research root causes and determine the best method to reduce or prevent pricing discrepancy errors from triggering in the future. Actions taken regarding audit included conducting post-payment reviews to identify errors in automated adjudication logic to prevent future improper payments and issue additional payments or establish bills of collection for claims that were paid in the incorrect amount. VA designed these actions to reduce overpayments attributed to failure to access data/information. VA is confident that these improvements will allow for more accurate payment validation.

Accomplishments in Reducing Overpayment

		Date
1	VA worked with third-party administrators to fix system logic errors that occurred when outpatient claims included durable medical equipment charges, inconsistent with standard episode of care rules. These actions will improve billing accuracy and help prevent future errors.	Oct-25
2	VA engaged with third-party administrators to investigate and correct billing inaccuracies for Residential Rehabilitation claims. These actions address past errors and implement changes to improve billing accuracy and help prevent future errors.	Dec-25
3	VA engaged third-party administrators to investigate and correct billing inaccuracies for inpatient and outpatient facility claims. These actions address past errors and implement changes to improve billing accuracy and help prevent future errors.	Dec-25

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Goals towards Reducing Overpayments	Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1 VA will coordinate with third-party administrators on the root cause of pricing discrepancies to reduce or prevent errors from triggering in the future.	Completed	Mar-26	1 Recovery Activity	VA recovers overpayments such as duplicate payments, payments made in the incorrect amount, unapplied credits, etc., when identified.	In FY 2026 Q2, VA identified \$5.35 million in overpayments for this program and recovered \$2.34 million to date. In FY 2026, VA will continue to process bills of collection for these identified overpayments.
			2 Recovery Audit	VA uses a recovery audit contract to audit claims for pre-authorized care and test: compliance with referrals; whether claims are reimbursed using the appropriate methodology; and that the medical records support the diagnostic-related group billed for the services.	In FY 2026 Q2, VA recovered \$0.16 million in overpayments for this program. In FY 2026, VA will continue to process bills of collection for these identified overpayments.
2 VA will review FY 2026 payment integrity testing results to evaluate causes of error related to monetary loss and develop effective corrective actions.	On-Track	Jun-26	3 Recovery Activity	VA reviews statistical samples tested under the PIIA and conducts post-payment, deep-dive reviews to identify overpayments stemming from systemic program deficiencies.	From FY 2023 to FY 2026, VA identified \$7.19 million in overpayments for this program and recovered \$6.86 million to date. In FY 2026, Q2, VA continued to process bills of collection for these identified overpayments.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$552M	Overpayments that occurred because of a Failure to Access Data/Information Needed.	The payment system identified an incorrect amount to pay during claims processing, resulting in an improper payment.	Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.	VA is conducting post-payment reviews to identify and correct errors in automated adjudication logic to prevent future improper payments and establish bills of collection for claims that were paid in the incorrect amount.
		The third-party administrator failed to deny a claim from a health care provider who did not meet the requirements for reimbursement as an out-of-network provider. As a result, VA paid for services rendered by an ineligible provider.	Change Process - altering or updating a process or policy to prevent or correct error.	VA will enforce contract requirements for third-party administrators to confirm provider eligibility prior to payment and follow procedures when providers do not meet the requirements for reimbursement.
		VA did not enforce contract requirements for third-party administrators to bill at the correct allowable rates. As a result, VA paid for claims that exceeded the allowable contract rates.	Change Process - altering or updating a process or policy to prevent or correct error.	VA will enforce contract requirements for third-party administrators to bill at the correct allowable rates. VA will ensure contract language is clear and clarify any inconsistent payment methodology instances with third-party administrators regarding payment discrepancies.

The VA Community Care program continues to prioritize and implement corrective actions and mitigation strategies that reduce improper and unknown payments. VA Community Care remains under the 10% compliance threshold established by the Payment Integrity Information Act of 2019 for the fourth consecutive year. The program remains compliant and underwent improvements in FY 2025 that will improve its ability to reduce improper payments in the future. VA has increased the sample size in this program area to gain additional insight into these errors and continues to update, expand and enhance corrective actions to address high risk program areas to ensure they address the root cause(s) of each error. This included conducting post-payment reviews and establishing bills of collection for claims that were overpaid; clarifying contract language, payment methodology, and timely filing criteria; and improving corrective actions and mitigation strategies planned for FY 2026. Note 1: VA contracts with third-party administrators to provide care to Veterans and to process and pay claims received from non-VA health care providers.