Payment Integrity Scorecard

Program or Activity	Reporting Period	FY 2025 Overpayment Amount ($M)*	$552
VA Community Care	Q4 2026		

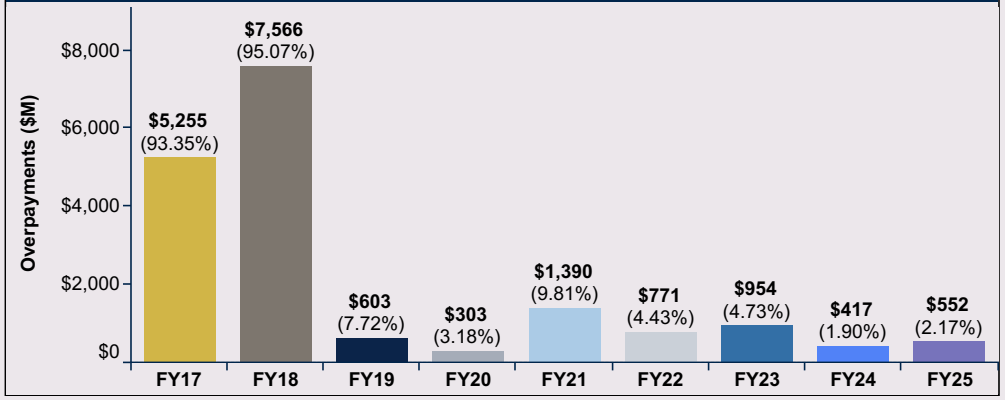
*Estimate based a sampling time frame starting 10/2023 and ending 9/2024

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 for Quarter 4 regarding change process included ensuring contract language is clear and clarified any instances of inconsistent payment methodology when third-party administrators bill at incorrect rates or when providers do not meet the requirements for reimbursement (see Note 1). In addition, VA coordinated with third-party administrators to determine the best methods 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. Actions planned for Quarter 1 include engaging with third party administrators on why claims are being paid without proper authorization on file. Additionally, VA will work with third party administrators to ensure a system edit is in place and reinforce to prevent claims from paying when no valid authorization is on file. VA will also work with third party administrators when wage adjustments are applied incorrectly during claims processing for the affected period and ensure wage index payment methodology is updated and accurately applied. VA designed these actions to reduce overpayments attributed to failure to access data/information. VA is confident that these improvements will allow for reduced monetary loss.

	Accomplishments in Reducing Overpayment	Date
1	VA regularly monitored bills of collection for overpayments that were identified and established during previous year's payment integrity reviews. These actions address past errors and anticipate improving future payment accuracy with increased scrutiny of billing practices.	Jun-26
2	VA reviewed monetary loss errors found in FY 2026 payment integrity testing, identified root causes, and developed corrective actions and mitigation strategies. These actions were prioritized within the agency and VA anticipates an increase in future payment accuracy.	Sep-26
3	After VA evaluated 2026 payment integrity testing results, VA issued bills of collection for claims paid incorrectly due to data entry errors. This ensures facilities have processes in place before invoice certification to improve future payment accuracy.	Oct-26

Payment Integrity Scorecard

Program or Activity
VA Community Care

Reporting Period
Q4 2026

	Goals towards Reducing Overpayments	Status	ECD
1	VA engaged with third party administrators to determine why claims were being paid without proper authorization on file. Additionally, VA will work with third party administrators to ensure a system edit is in place and reinforced to prevent claims from paying when no valid authorization exists. This corrective action will strengthen future billing accuracy, improve compliance with authorization requirements, and ensure increased scrutiny of billing practices going forward.	**Completed**	Sep-26
2	VA will also work with third party administrators when wage adjustments are being applied incorrectly during claims processing and ensure the wage index payment methodology is updated and accurately applied. VA will also identify and review other inpatient claims paid during the affected period to determine if the same outdated wage index factor was applied elsewhere, and will implement corrective actions to ensure future claims processing accuracy and consistency.	**Completed**	Oct-26

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	**Recovery Activity**	VA recovers overpayments such as duplicate payments, payments made in the incorrect amount, payments not made according to contracts, unapplied credits, etc., when identified, and takes corrective action to prevent recurrence and strengthen billing accuracy and oversight.	In FY 2026 Q4, VA identified $8.96 million in overpayments for this program and recovered $7.92 million to date. In FY 2026, VA will continue to process bills of collection for these identified overpayments and remains committed to full recovery of 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 Q4, VA recovered $0.86 million in overpayments for this program. In FY 2026, VA will continue to process bills of collection for these identified overpayments and remains committed to full recovery and ongoing billing oversight utilizing a recovery audit contract.
3	**Recovery Activity**	VA reviews statistical samples tested under PIIA and conducts post-payment, deep-dive reviews to identify overpayments stemming from systemic program deficiencies. These findings are then used to strengthen internal controls processes and improve payment accuracy.	From FY 2023 to FY 2026, VA identified $7.22 million in overpayments for this program and recovered $6.88 million to date. In FY 2026, Q4, VA continued to process bills of collection for these identified overpayments and remains committed to full recovery.

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. VA is working to correct the error and strengthen system controls to prevent recurrence of similar payment inaccuracies strengthening internal controls.	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, improving overall system reliability.
		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, resulting i..	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, ensuring greater billing accuracy and accountability.
		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, resulting in overpayments that required subsequent identification and recovery.	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 corrective actions and mitigation strategies that reduce improper and unknown payments. The program has remained under the 10% compliance threshold established by the Payment Integrity Information Act of 2019 for the fourth consecutive year. It remained compliant and underwent improvements in FY 2025 that will further reduce improper payments going forward. VA has increased the sample size for this program area to gain additional insight into errors and continues to update, expand, and enhance corrective actions addressing high-risk areas and their root causes. This included conducting post-payment reviews and establishing bills of collection for overpaid claims; clarifying contract language, payment methodology, and timely filing criteria; and improving corrective actions and mitigation strategies planned for FY 2026. In FY2026 Q4, the program recovered $64.32M in overpayments, offset against future reimbursement payments to third-party administrators, in addition to other recovery activities and audits. These overpayments are largely self-identified or stem from medical prescriptions not collected by beneficiaries, with charges reversed via offset. 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.