



**U.S. Department of Veterans Affairs**

Veterans Health Administration

# Resident Disbursement Policies

Office of Academic Affiliations, VHA

**Martin P Eason, MD, JD**  
**Acting Deputy Chief Academic Affiliations Officer**

**John Byrne, DO**  
**Director, Medical & Dental Education**

**Paul B Greenberg, MD, MPH**  
**Acting Chief Academic Affiliations Officer**



# Challenges

- Change: Why are there so many changes?
- Documentation: Why are the documentation requirements so demanding?
- Payments: Why has the VA eliminated items it once paid for in the past?





**U.S. Department of Veterans Affairs**

Veterans Health Administration



# Guiding Authorities

Disbursement Authority Statutory Authority:

38 USC 7406

- “...an amount to cover the cost for the period such...resident serves ***in a Department facility*** furnishing hospital care or medical services...”

1998 Opinion, Office of General Counsel

- “VA may pay residents...to provide a complete medical and hospital service for the...care of veterans”
- “VA employees must supervise VA residents who are assigned to work outside VA facilities...”

THE CODE OF THE LAWS  
OF THE  
UNITED STATES OF AMERICA  
OF A GENERAL AND PERMANENT CHARACTER



U.S. Department of Veterans Affairs

Veterans Health Administration



# Office of the Inspector General



- 2006 OAA did not provide sufficient policy guidance
  - No assurance that VAMC disbursement agreement programs were effectively managed – VHA Handbook 1400.05 was written
- 2017 Oklahoma City VA Medical Center
  - Unable to provide adequate supporting documentation to substantiate its reimbursement payments
  - \$6.9 million in reimbursements to the medical school were considered improper payments



U.S. Department of Veterans Affairs

Veterans Health Administration



# OKC Report Key Findings – 2017



## Not Effectively Managing Disbursement Agreement

- Not monitoring resident participation in assigned educational activities to ensure they were performing VA work
- Did not implement fiscal procedures or reconciliation with invoices
- Did not check accuracy of reimbursement
- Improper payments for non-VA duty hours at non-VA facilities
- Lack of oversight



U.S. Department of Veterans Affairs

Veterans Health Administration



# History of Stakeholder Interest

2017 House Veterans Affairs Committee – Sub-committee on Oversight and Investigations

*“Mr. Roe. But the question is if the policies were all right, how do you explain a \$1.7 million overpayment?”*

*VA Witness. Well, truthfully, \$1.7 million in a very large budget may be less than one percent.*

*Mr. Roe. Well, where I am, and where I live, \$1.7 million is still a lot of money.*

*VA Witness. It is.*

*Mr. Roe. **But it looks to me like either the VA or the academic affiliate is dropping the ball somewhere if there is those kind of disparities out there. And we don't know the magnitude of it because, obviously, we have a lot of them...**”*

- OAA Response: Initiated collaboration with VHA Office of Compliance and Business Integrity to put in place oversight monitoring of resident payment processes



U.S. Department of Veterans Affairs

Veterans Health Administration



# 2020 Government Accountability Office Report

## Congress asked GAO to conduct a review of VAMCs:

- Procedures related to oversight of GME disbursement agreements
- Compliance with disbursement agreements and policies

## Findings:

- Weaknesses limit the effectiveness of VHA's oversight mechanisms
- Put VHA at increased risk of both being able to identify and correct facilities lack of adherence to disbursement agreement policy
- Possible improper payments to GME affiliates

## OAA Response:

- Finalizing new policies and standard operating procedures
- Improving clarity of policies to comply with statute/OGC interpretation
- Reducing risk for agency and affiliates





# VA Goals for Decreasing Risk

- VA on GAO “top ten” high risk list
- VA working to improve oversight and accountability
  - Consistent processes
  - Clarification of policy
  - Manage conflicts of interest

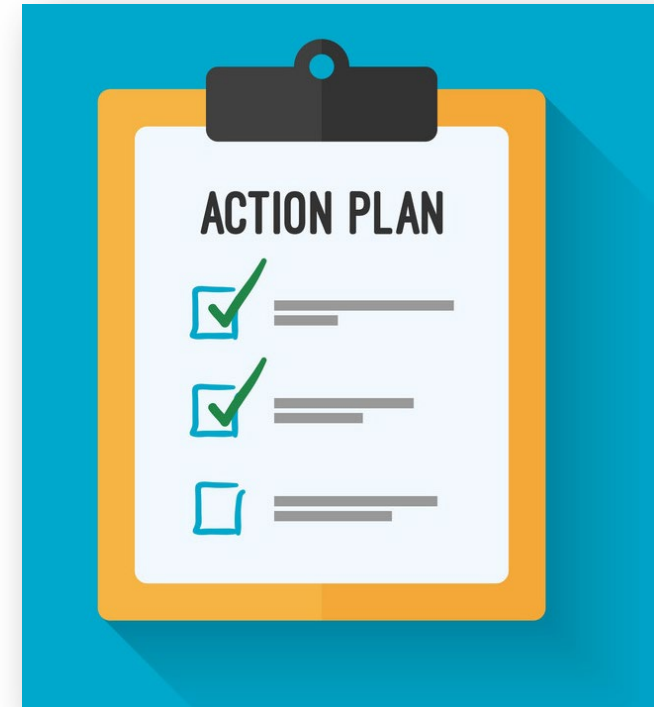


U.S. Department of Veterans Affairs

Veterans Health Administration



# OAA Develops Action Plan Consistent with VA Goals for Risk Reduction



U.S. Department of Veterans Affairs  
Veterans Health Administration





# OAA create new Oversight & Compliance Unit (OCU) to examine and manage risk



U.S. Department of Veterans Affairs  
Veterans Health Administration



# OCU Findings

## Year 1: 2020/2021

- FBI/OIG/GAO Collaboration
- Whistleblower Complaints - Fraudulent VA Rotations
- Significant overpayment to several affiliates
- Self Referral of Patients by Affiliate Faculty and Residents
- Non-Existent Resident Rotations being billed to VA
- No Proof Resident was taking care of Veterans during VA assignments
- Certification of Resident Time
- VA billed for multiple residents on same day for call, including resident not assigned for clinical coverage



U.S. Department of Veterans Affairs

Veterans Health Administration



# OCU Year 1 (continued): Fraud, Waste and Abuse Uncovered

- VA billed for educational details for rotations at affiliate's member institution
- Affiliate rotation classified as a VA rotation and VA billed for resident time
- VA billed for resident providing care to non-Veterans at non-VA site
- Residents inflating the time spent at VA
- Resident assigned to VA but for non-reimbursable activities





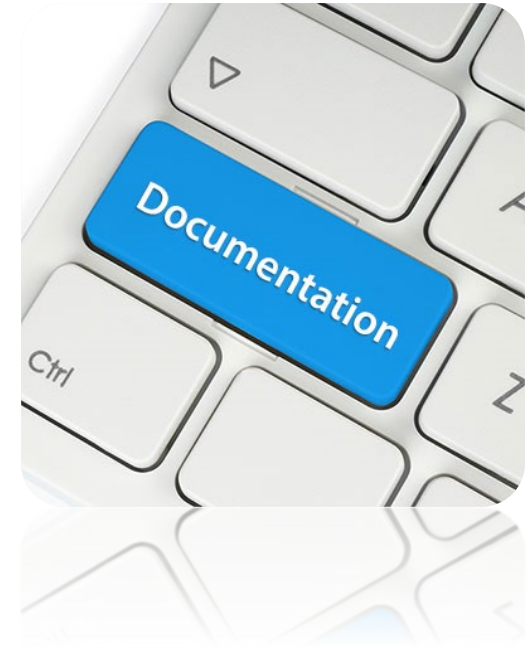
**U.S. Department of Veterans Affairs**

Veterans Health Administration



# Improved documentation

- Validates educational activity at VA
- Determines reimbursability of activity
- Data for invoice reconciliation
- Provides an audit trail
- Improves accuracy and precision of reimbursement



U.S. Department of Veterans Affairs

Veterans Health Administration



# Disbursement Process Review (ReDPro)

- In collaboration with VHA Office of Compliance and Business Integrity, OAA undertook a self-audit of enterprise education disbursement processes
- Results (2021) were striking:
  - High % improper reimbursement calculations
  - High % lack of documentation for reconciliation
  - High % affiliate invoices lacked necessary information





# Summary

## Challenges

- Problems with tracking resident time
- Problems with invoice accuracy
- Problems with VA invoice validation
- Untimely payments to affiliate

## Resolutions

- Residents are where they are assigned for VA work
- Accuracy of invoices
- VA invoice validation

- Invoices should reflect qualified resident activities
- VA payments must be based on validation of these activities



# EARs (Educational Activity Records) Tool

- Standardized tool to track and validate educational activity – in place since 2019
- Representative of disbursement policy
- Goal of enterprise-wide use for consistency; currently being phased in
- Reduces error risk in disbursement



U.S. Department of Veterans Affairs

Veterans Health Administration



# Payments: What is eligible for VA reimbursement?



U.S. Department of Veterans Affairs  
Veterans Health Administration



# Reimbursable Activities

- Care for Veterans on VA ground.
- Approved educational details
- Holidays
- In-Service exam time/travel time
- Local, regional, national meeting time
- Orientation
- ACGME Off-Duty Days
- Post-Call Days after VA call
- Approved Telework
- Sick Leave
- On-Site Didactics
- Off-Site Approved Didactics
- On-site/Off-site Research

# Before and Now: Disbursement Policy Changes

- Didactics
- Continuity Clinics
- Educational Details
- Research Rotations
- Call



U.S. Department of Veterans Affairs

Veterans Health Administration



# Didactics



- Statutory requirement for **onsite** educational activity (“...serves in a Department facility...”, 38 USC 7406)
- Unless excepted, reimbursement permitted only for activity on VA grounds
- With digital technology, residents may view session from VA



U.S. Department of Veterans Affairs

Veterans Health Administration



# Off-Site Continuity Clinics

- No reimbursement for off-site continuity clinics
- Rationale
  - OAA may not expend VA funds for non-Veteran care
  - Avoids potential for 3<sup>rd</sup> party and VA being billed for same service
  - Adheres to statutory and OGC guidance
  - Reimbursable activity requires supervision by federal appointee (on federal time)



U.S. Department of Veterans Affairs

Veterans Health Administration



# Educational Details



- Educational details are rotations for experience neither provided by the affiliate nor VA
- With very limited exception, VA will not reimburse for educational details
- Rationale
  - Program sponsors should provide all necessary experience for accreditation
  - Risk of VA funds used for non-VA care
  - Potential for double billing
  - Necessity for federal supervisor (OGC)



U.S. Department of Veterans Affairs

Veterans Health Administration





# Research

OAA supports GME educational activity and research required for completion of residency

- VA Researcher
- VA-approved research
- VA will pay its proportionate share



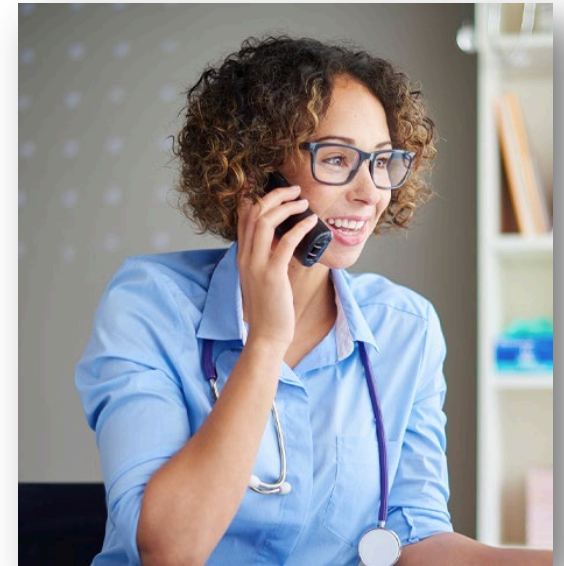
# Call

- Rationale

- Risks: use of VA funds for non-veteran care & double billing
- Excess billing for the same service
- OAA interpretation endorsed by OGC

- Key guidelines

- If VA already reimburses for a resident FTE day (24 hours; weekday or weekend) =>no additional reimbursement for call coverage
  - If a SECOND resident is needed for clinical care at VA (1<sup>st</sup> resident already at VA or not available)=>resident time reimbursed
- IF no regular reimbursed VA FTE and a resident covers, then resident is reimbursed for time they are physically at VA



U.S. Department of Veterans Affairs

Veterans Health Administration



# Flexibilities and Alternatives

- Educational Cost Contracts
  - Accreditation fees
  - NRMP/Match fees
  - In-service examination fees
  - Software fees
  - Simulation training
  - Recruitment expenses
  - Meals while on call
  - Transportation for fatigue mitigation
  - Etc.
- Housing support for VA rotations distant from affiliate
- Chief Resident Differential
  - 30% over base pay



U.S. Department of Veterans Affairs

Veterans Health Administration



# Changes in documentation and reimbursable activities and codification in revised resident disbursement directive => groundwork for OAA's new policies consistent with VA goals

Department of Veterans Affairs  
Veterans Health Administration  
Washington, DC 20420

VHA DIRECTIVE 1400.05  
Transmittal Sheet  
June 2, 2021

## DISBURSEMENT AGREEMENTS FOR HEALTH PROFESSIONS TRAINEES APPOINTED UNDER 38 U.S.C. § 7406

**1. REASON FOR ISSUE:** This Veterans Health Administration (VHA) directive provides the policy for the use of disbursement agreements as an alternate payroll mechanism to pay salaries and fringe benefits for health professions trainees appointed under 38 U.S.C. § 7406.



U.S. Department of Veterans Affairs  
Veterans Health Administration



# Results

- Clear reimbursement guidelines
- Consistent with statutory and legal limits and OGC opinions
- Reduces risk of VA/affiliates “double billing” two federal entities
- Reduces risk of VA paying for non-veteran care
- Improves fiscal accountability
- Improves timeliness of payments; rules understood by all stakeholders



U.S. Department of Veterans Affairs

Veterans Health Administration





U.S. Department of Veterans Affairs

Veterans Health Administration



# Good Things to Come

- Extension of deadline from 1 July 2021 to 1 Jan 2022 for compliance with EARs
- Charter an OAA-DEO Workgroup to operationalize challenging disbursement requirements such as shared resident call
- EARs Workgroup – end goal is automated tracking/calculating tool
  - Working with affiliate stakeholders & New Innovations/MedHub
- OAA-Workforce Management and Consulting collaboration: standardize education office and position descriptions/wages



U.S. Department of Veterans Affairs

Veterans Health Administration





U.S. Department of Veterans Affairs

Veterans Health Administration

