



# **Office of Management**

## **Department Of Veterans Affairs Debt Management and Collections**

**TREASURY ANNUAL DEBT COLLECTION SYMPOSIUM**

Presented By:

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Department of Veterans Affairs

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# Agenda

- Debt Complexity
- Debt Types
- Debt Portfolio
- Shared Services & Move to Centralization
- Partnering with Treasury



# DEBT COMPLEXITY



# VA Debt Complexity

Management of VA debt is very complex, and Collection/Reporting of debt is currently decentralized

- 159 different authorities govern VA Debt

## Managing Due Process for Benefit Debt

- Hearing Requests, Dispute, Waive or Compromise Debt
- First Party Medical Copayments and Third Party Billing
- Committee on Waivers & Compromises (COWC)
- Board of Veterans Appeals (BVA)

## Equity and Good Conscience

- Sensitivity for Veterans/Beneficiaries in debt collection
- Decisions for Waivers consider financial hardship, fault, unjust enrichment, defeats purpose of benefit and fault

## Equitable Relief

- SECVA has the authority to terminate debt

Working Draft, Pre-Decisional, Deliberative  
Document – Internal VA Use Only

Version # (to be removed on final)



# DEBT TYPES



# VA Debt Types

VA debt is categorized into 6 types

## 1. Benefit Debt (38 U.S.C)

- Benefits for Veterans and Burial
- First and Third party debts for Medical Care and Hospital Services

## 2. Other VA Program Debt

- Capital Grants, Emergency and Humanitarian Care

## 3. Vendor Debt

## 4. Employee Debt

- Payroll, Travel, Agent Cashier, Property Loss

## 5. Intra-Governmental Debt

## 6. Freedom of Information Act (FOIA) Fee Debt



# DEBT PORTFOLIO



# VA Debt Portfolio

## VA-Wide

Average Carrying Balance of Accounts Receivables

- \$3.7B and 15.5M Bill of Collections (BOC)

Average New Receivables each year

- FY13 all of VA - \$9.9B and 42.7M new BOC's

## Breakdown

Veteran Health Administration's (VHA) Medical Care Collections Fund (MCCF)

- 88% of total receivables
- \$8.7B and 41.8M new BOC's

Veteran Benefit Administration's (VBA) Education, Compensation/Pension, Home Loans, other Benefits

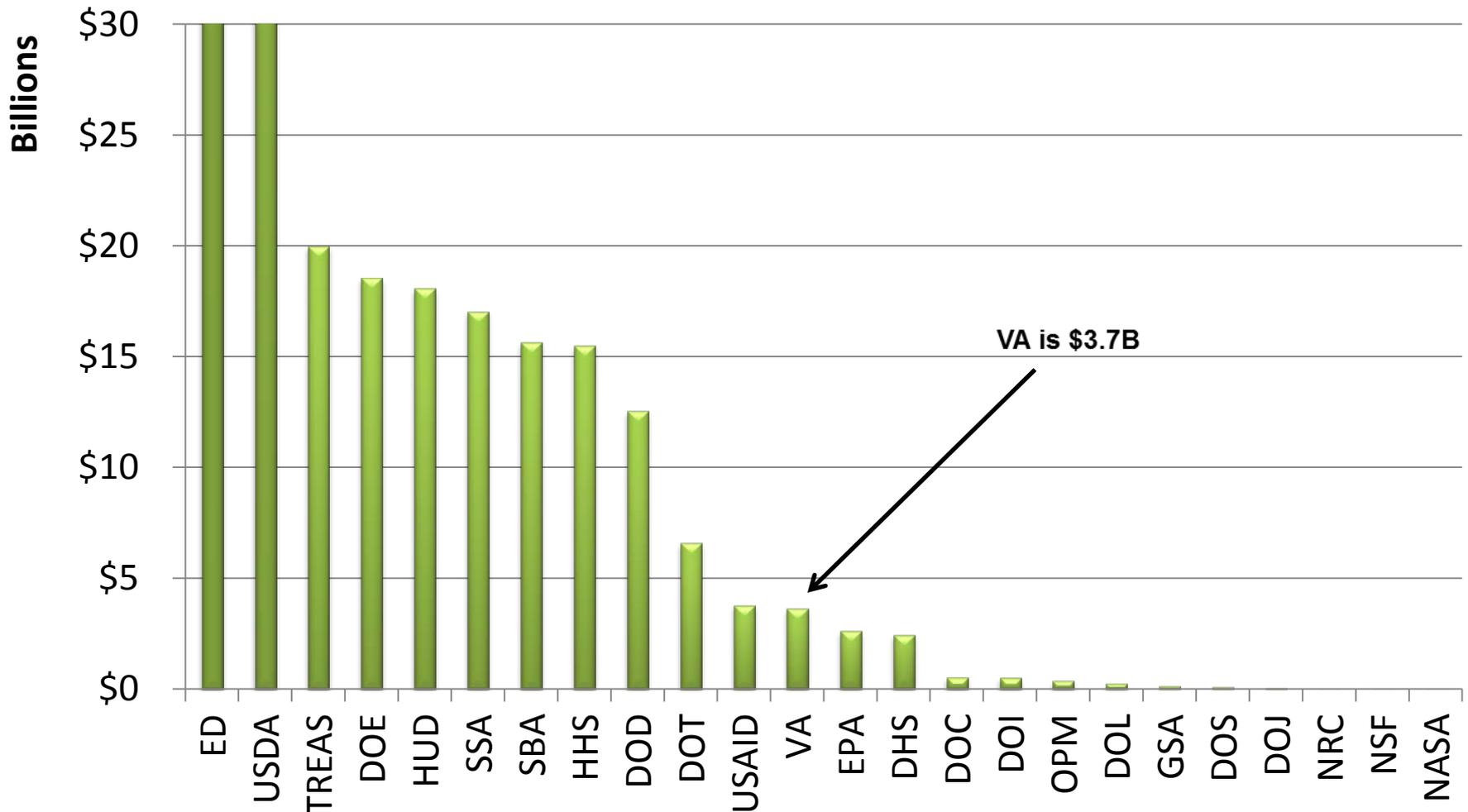
- 8% of total receivables
- \$756M and 732,000 new BOC's

All Other Receivables

- 4% of total receivables
- \$388M and 180,000 new BOC's



# Receivables by Federal Agencies



Education is \$760 B; USDA is \$114 B



# Delinquent Debt

## Delinquency Rate

- Approximately 40% of VA Receivables are aged 31 + days

## Delinquent Debt Balance

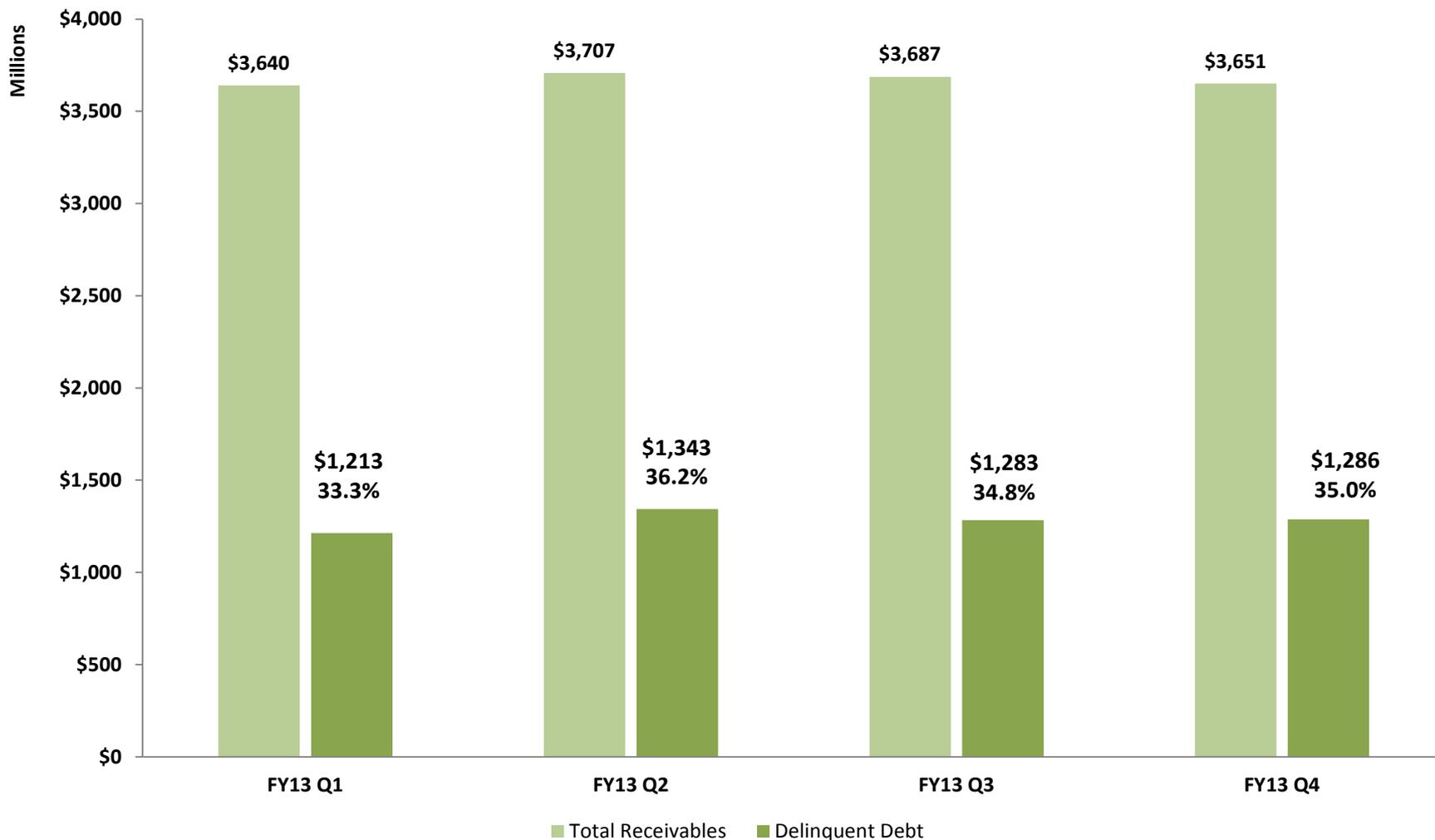
- \$1.2B with 13.3M BOC's

## Referral Rate to Treasury

- 98% of Eligible Debts to Treasury Offset Program
- 93% of Eligible Debts to Cross-Servicing
- 95% Referral Success Rate and Disputes are responded to within 120 days



# VA Delinquent Debt as a Percentage of Total Receivables





# SHARED SERVICES – MOVE TO CENTRALIZATION



# VHA Consolidated Patient Accounts Centers (CPAC)

Debt collection activities primarily in the field are consolidated at several centers supporting hospital collections from 1<sup>st</sup> and 3<sup>rd</sup> parties.

- High volume, lower dollar
- Debt is account based rather than bill based

## Current VHA Collection Methods

- DMC offset of VA Compensation and Pension benefits
- Referral to the Treasury Offset Program (TOP)

## Additional Collection Methods for FY15

- Treasury Cross-Servicing Program Tools
  - Skip Tracing
  - Treasury initiated letters and outgoing calls to debtor
  - Referral to Private Collection Agency
  - Administrative Wage Garnishment



# Centralizing Debt Collection - VBA

For the Veterans Benefits Administration (VBA), DMC offers a “Cradle to Grave” range of collection tools, including:

- Dunning notices for all collections
- Collection processing including lockbox, Pay.GOV, call center activities, email and mail correspondence
- DMC Internal Offset of VA Benefits
- Referral to Treasury Offset Program
- Referral to Treasury Cross-Servicing



# VA DMC State School Debt Pilot Project

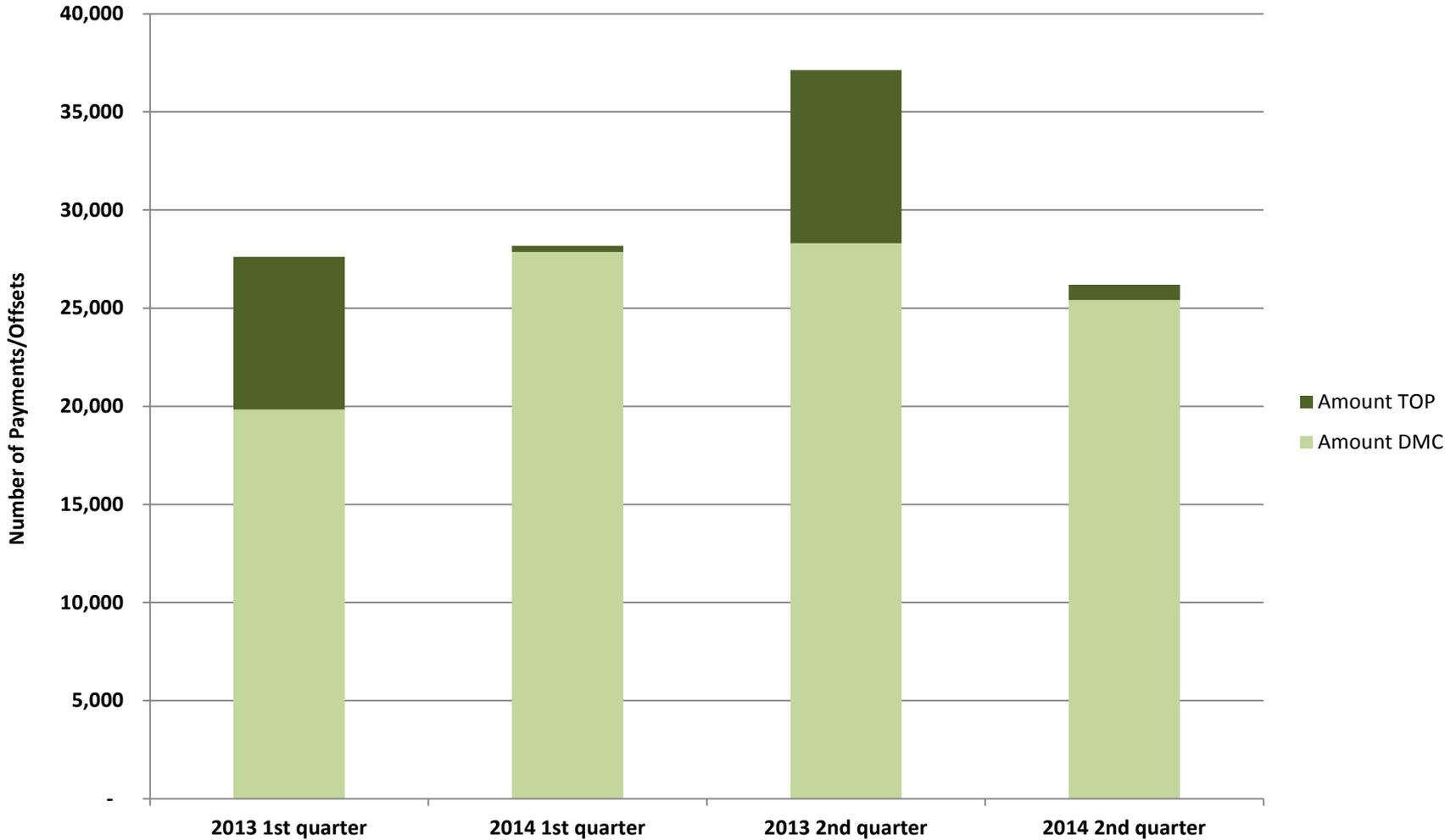
- VA Debt Management Center (DMC) partnered with Treasury, the AGA, and two states on a six month pilot to help states with a single statewide TIN resolve delinquent debts prior to offset via TOP
- States were sent monthly lists of outstanding VA debts for state schools sharing their TIN number
- States were able to reduce the percentage of aged debts for state schools over the course of the pilot\*

	<b>% by # of Debts over 90 days old</b>	<b>% by dollar amount of Debts over 90 days old</b>
<b>November 2013</b>		
State 1	12%	7%
State 2	4%	4%
<b>April 2014</b>		
State 1	0%	0%
State 2	2%	1%

\*One school's debt data has been removed from these statistics because it was considered an outlier in lack of progress resolving debts. This school shared a TIN with State 2.



# VA DMC State School Debt Collections by Volume





# DMC Innovative Analytics

- DMC's Fraud Team investigates to see if fraud is a factor in high dollar delinquent debts
  - Bump against government databases to establish if the debtor is employed (Treasury, BOP, SSA)
  - Quick analysis if debt is the result of criminal actions such as someone seeking benefits which they were not entitled by looking at VA systems
  - Analyze the history of the debt available in multiple systems across VA, determining success or failure of debt looking at demographics of the debt as well such as information on the debtor (age, disability, financial circumstances).
  - Works closely with OIG to investigate and recover award payments made to deceased payees
  - Has led to the clearing of large dollar erroneous debts created in error by processing station



# DMC's Veteran Facing Call Center

## Where we were as of FY10

- Calls Serviced per FY – 367,800
- Average Calls Serviced Per Day – 1,500
- Phone Financial Specialists – 23
- Number of Phone Lines – 22

## Where we are

- Calls Serviced per FY – 532,309
- Average Calls Serviced Per Day – 2,040
- Phone Financial Specialists – 56
- Number of Phone Lines – 192

**Current Average Call Time – 6:27**



# PARTNERING WITH TREASURY



# VA Partnership with Treasury

DMC, VHA Consolidated Patient Accounts Centers and Treasury are working together to launch the use of Cross-Servicing for VHA First Party medical debts

- Anticipate 320K bills per month will be referred worth an estimated \$29.5M monthly
- Increased Referrals to Cross-Servicing



# VA Partnership with Treasury

- DMC and Treasury confer to ensure the DMS CFO scorecard is an accurate assessment of VA's performance
- Streamlining the Cross-Servicing dispute process
- The referral of school liability debt
- State Debt Pilot Project

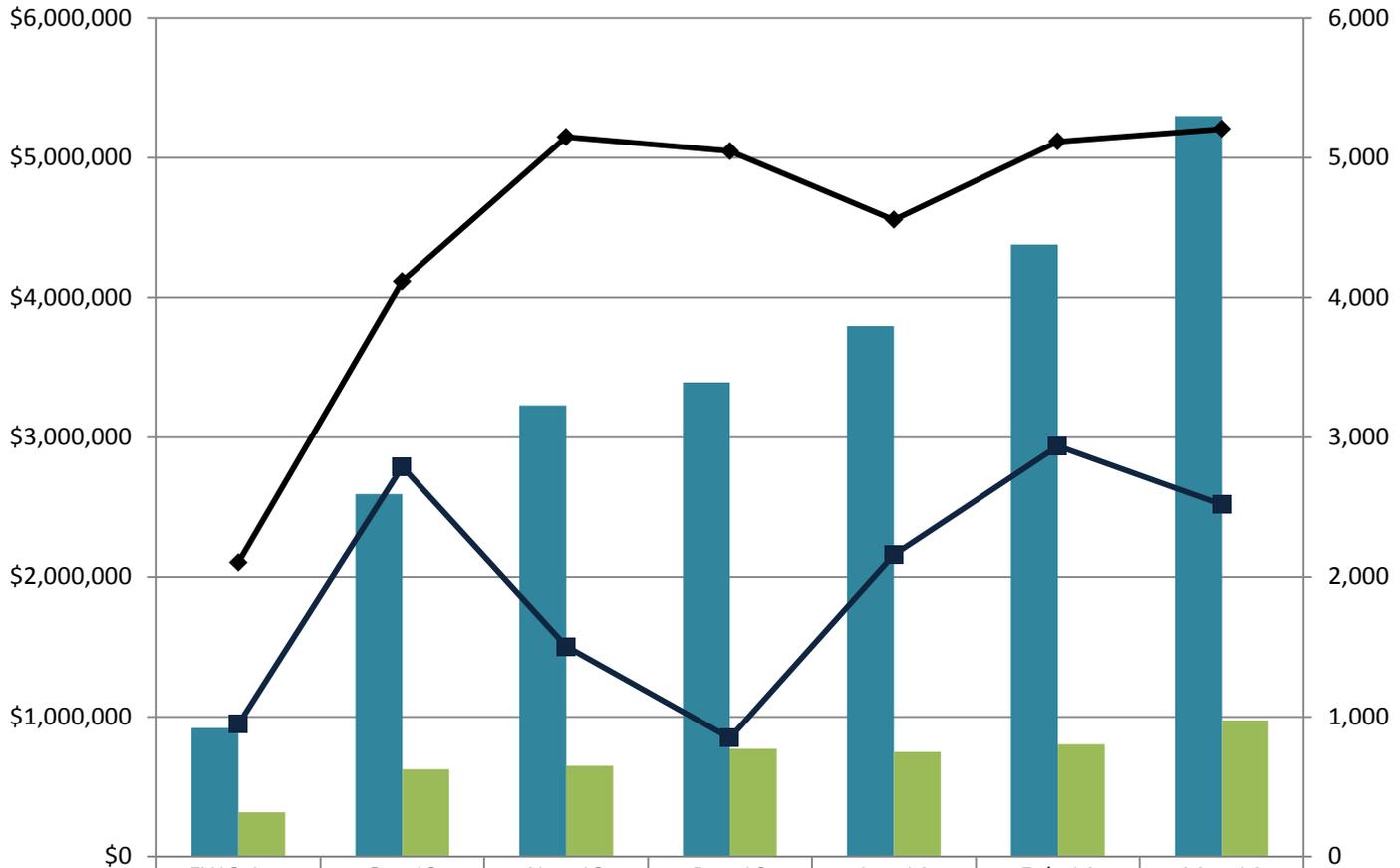


# AWG Employment Verification Project

- Re-referral of Aged Debts Using Administrative Wage Garnishment (AWG)
  - Education Debts
    - 7,189 uncollectable accounts valued at \$29.7M matched against employment records resulted in 5,051 hits with a recovery potential of \$21.0M
  - Compensation & Pension Debts
    - 12,440 previously uncollectable accounts have been identified for re-referral to AWG
    - Anticipate sending accounts for matching against employment records by June 2014



# FY14 Collection by Administrative Wage Garnishment for VBA



	FY13 Avg	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Value of Active Accounts	\$920,494	\$2,592,487	\$3,227,706	\$3,393,416	\$3,795,339	\$4,377,330	\$5,297,691
Amount Collected	\$316,377	\$624,366	\$647,499	\$770,201	\$747,317	\$801,763	\$974,513
Active Accounts	2,102	4,114	5,148	5,047	4,554	5,115	5,206
Accounts Initiated	946	2,789	1,503	848	2,158	2,935	2,517



# Treasury's Centralized Receivable Service

- Planning system enhancements to our debt collection systems
- Viewed the demo of CRS
- Like the functionality of the system
  - Very robust
  - Would work well with our organization to manage receivables
  - VA needs to service our veterans at our call center because care of our veterans
  - Would like to work with Treasury to see if we can leverage their CRS System at our call center



# Questions ?