

Military Hospitals Need Financial Improvement, Says Watchdog Agency

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The financial management at some Defense Department medical treatment facilities is so poor that treatment may be given to imposters, insurance companies are not billed for patient care, and equipment is prone to theft, charged a recent General Accounting Office report.

According to the report, poor databases and lax oversight prevent military hospitals from knowing if health care is being obtained fraudulently.

At one facility, 41 patients allegedly treated in Fiscal 2001 had died before the year began. Although "this could be the result of clerical errors, someone may have fraudulently assumed the identity of a deceased person in order to receive free medical care," the report noted. Lax billing practices are another problem. The facilities frequently did not bill third-party insurers for patient care "even when they knew that such coverage existed, thereby losing opportunities to collect millions of dollars of reimbursements," the report said.

Further, ineffective physical and financial controls led to more problems. Inventories were poorly controlled, creating the "risk that pilferable items or other types of assets can be converted to personal use," the report cautioned. The treatment facilities are subject to the same problems with purchase card abuse as other DOD entities, according to GAO. Lack of control over purchases made on the government-issued cards creates the opportunity for fraud.

"At one location, a military cardholder defrauded the government of tens of thousands of dollars by purchasing items for personal use" on the government card, the report determined.

The Congressional auditors recommended that DOD strengthen the financial oversight at these facilities, a view the department concurred with.

William Winkenwerder Jr., assistant secretary of defense for health affairs, wrote in the Pentagon's response to the report that DOD was "appreciative" of GAO bringing the problems

to light.

The investigation focused on representative military treatment facilities in Georgia, Virginia, and Texas, including Wilford Hall USAF Medical Center in San Antonio. The GAO study was requested by Reps. Janice D. **Schakowsky** (D-Ill.), and Dennis J. Kucinich (D-Ohio).