



DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**

*Office of Special Reviews*

VETERANS HEALTH ADMINISTRATION

Alleged Irregularities  
Regarding Physician  
Incentive Compensation  
Were Not Substantiated

ADMINISTRATIVE  
INVESTIGATION

REPORT #19-00652-79

MARCH 17, 2021



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## Executive Summary

The Office of Inspector General (OIG) investigated two unrelated complaints of potential irregularities regarding incentive compensation earned by VA physicians and dentists at two different healthcare facilities. The OIG did not substantiate either complaint.

The first complainant alleged that, beginning in fiscal year 2018, the director of a cardiac catheterization lab misused his government position for personal gain by restricting other cardiologists' access to the lab when creating the monthly schedule and by performing an increased number of procedures to satisfy a new relative value unit- (RVU-) driven productivity component of performance pay.

Beginning in 2013, the lab director prepared the cardiology department's monthly physician assignments schedule, including for the cardiac catheterization lab. In fiscal year 2018, the healthcare system in which the lab director worked introduced an incentive to increase productivity tied to the number of procedures performed. An OIG analysis of physician productivity data for fiscal years 2016 through 2019 did not substantiate the allegations that the lab director restricted other cardiologists' access to the lab or performed an increased number of procedures to satisfy the RVU-driven productivity criteria that would increase his own performance pay.

The second complainant alleged that a medical center's dental service chief inappropriately miscoded numerous patient encounters to satisfy the RVU-driven productivity criteria component of his performance pay. The OIG determined that while the dental service chief incorrectly coded several patient encounters, the coding errors were due to his inexperience with VA dental and medical coding procedures and had an insignificant impact on his overall performance pay. Furthermore, during the course of the OIG investigation, medical center leaders took corrective action to avoid future coding errors by providing training to the dental service.

The OIG recommended that the medical center audit the performance pay received by the dental service chief to ensure that the errors did not result in any improper payments. VA concurred in this recommendation. Management's full response is included as appendix B.

A handwritten signature in black ink that reads "R. James Mitchell".

R. JAMES MITCHELL, ESQ.  
Deputy Assistant Inspector General  
for Special Reviews

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## Abbreviations

OIG	Office of Inspector General
OPES	Office of Productivity, Efficiency and Staffing
RVU	Relative Value Unit
VHA	Veterans Health Administration
VISN	Veterans Integrated Service Network



## Introduction

In October 2018 and January 2019, the VA Office of Inspector General (OIG) received unrelated allegations of potential irregularities regarding physician incentive compensation at two different healthcare facilities. The OIG simultaneously investigated these allegations pertaining to VA's physician and dental performance pay incentive.

The OIG did not substantiate either complaint. The first complainant alleged that the director of a cardiac catheterization lab misused his government position for personal gain by restricting other cardiologists' access to the lab when creating the monthly schedule and performing more procedures himself to satisfy a new productivity incentive—a relative value unit- (RVU-) driven performance pay component. The second complainant alleged that a medical center dental service chief inappropriately miscoded numerous patient encounters to satisfy the RVU-driven productivity criteria to increase his performance pay.

## Background

### Performance Pay and the Relative Value Unit

Performance pay is a component of physician and dentist compensation given to recognize the achievement of specific goals and performance objectives. It may not exceed the lower of \$15,000 or the amount that is equal to 7.5 percent of the individual's annual pay.<sup>1</sup> Performance pay is used to help “improve the quality of care and healthcare outcomes by setting goals and objectives related to the clinical, academic, and research missions of VA.”<sup>2</sup>

Healthcare providers use standardized procedure codes to describe the services performed for each patient. The RVU designation captures the difficulty and expense of a professional service and is used to measure a physician's effort and workload. The total RVU consists of multiple components; however, “physician work” is the only factor used by the Veterans Health Administration (VHA) in the measurement of productivity.<sup>3</sup>

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<sup>1</sup> VA Handbook 5007/54, part IX, *Pay Administration for VHA Physicians and Dentists*, April 16, 2018.

<sup>2</sup> VA Handbook 5007/54, part IX, *Pay Administration for VHA Physicians and Dentists*, April 16, 2018, p. IX-2.

<sup>3</sup> VHA Directive 1065(1), *Productivity and Staffing Guidance for Specialty Provider Group Practice*, April 19, 2018.

## Findings and Analysis

### **Finding 1: The Lab Director Did Not Misuse His Position for Personal Gain**

The OIG investigated the allegation that beginning in fiscal year 2018, the director of a cardiac catheterization lab misused his government position for personal gain. The OIG review of the schedule and the analyses of the lab director's performance and resulting pay did not support that he restricted other cardiologists' access to the lab through scheduling nor did he perform more diagnostic procedures to earn more incentive pay for himself.

#### **Cardiac Catheterization Lab Operations and Schedule**

The lab director began working at VA in 2006 and was assigned to his current lab director role in 2013. In this role, the lab director prepared the cardiology department's monthly physician assignments schedule, including assignments for the lab. The lab director's supervisor approved the draft schedule before finalizing it each month. In November 2018, the lab director became the acting chief of cardiology. In December 2018, the lab director assigned the responsibility for preparing the cardiology department's monthly schedule to another physician, after which time the lab director reviewed the schedule before approving it. In July or August 2019, the lab director was promoted to chief of cardiology.

In creating the monthly lab schedule, the lab director told OIG investigators that he considered the needs of the patients, the expertise of each of the physicians, and physician availability.<sup>4</sup> The cardiology department's physicians have a variety of subspecialties. One of the lab director's primary responsibilities in creating the lab schedule was to ensure that it was staffed by a cardiologist qualified to perform diagnostic procedures and one qualified to perform therapeutic procedures. While several cardiologists were qualified to perform diagnostic procedures, only the lab director was qualified to perform both therapeutic and diagnostic procedures. As a result, the lab director was always available to perform therapeutic procedures or to provide assistance with diagnostic procedures.

#### **The Healthcare System Implemented an RVU-Driven Productivity Criteria to Performance Pay in Fiscal Year 2018**

Beginning in fiscal year 2018, the healthcare system in which the lab director worked introduced an RVU-based productivity criteria to the performance pay productivity goal. This productivity

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<sup>4</sup> The lab director told the OIG that he did not consider productivity or RVUs in making the assignments. Moreover, he stated that "my [RVU] numbers were far above the required. So I did not need to . . . take on procedures or something like that just to boost my RVUs." OIG analysis of the lab director's productivity confirmed that his RVU numbers exceeded the annual target RVUs.

metric was defined as an individual provider either meeting or exceeding the unit's designated annual target RVUs for the fiscal year.<sup>5</sup> The fiscal year 2019 performance pay criteria included a similar productivity measure. In both fiscal years 2018 and 2019, this productivity goal accounted for a maximum payment of 35 percent of the total performance pay maximum amount of \$9,000, which is \$3,150.

### **Analysis of Physician Productivity Data**

The complainant's allegation that the introduction of an RVU-based productivity objective in performance pay affected the lab director's management of the lab for his personal gain was not substantiated. An analysis of the lab director's annual RVU totals showed that he met his annual target RVUs in fiscal years 2017, 2018, and 2019, even when RVUs earned from performing diagnostic procedures were excluded. In other words, the lab director did not need to perform any diagnostic procedures to meet the annual target RVU criteria in the fiscal years 2018 and 2019 performance pay.<sup>6</sup> The OIG analysis also showed that the lab director exceeded his annual target RVUs by at least 30 percent in each fiscal year from 2016 to 2019. No additional performance pay was awarded for exceeding the unit's designated annual target RVUs for the fiscal year. Therefore, the lab director had no financial incentive to perform additional diagnostic procedures, as he met the RVU-based productivity objective on the basis of his performance of therapeutic procedures alone.

### **Finding 1 Conclusion**

The OIG did not substantiate the complainant's allegation that the lab director restricted other physicians' access to the lab by scheduling himself to perform an increased number of diagnostic procedures.

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<sup>5</sup> The Office of Productivity, Efficiency and Staffing (OPES) establishes the Annual Target RVUs for each practice group or specialty. OPES also maintains productivity data for all VHA physicians. At the end of each fiscal year, OPES calculates each physician's productivity measure to determine whether the applicable Annual Target RVUs were met.

<sup>6</sup> The OIG determined that the relative number of procedures performed by each of the cardiologists qualified to conduct diagnostic procedures did not vary sufficiently to corroborate the allegation that the lab director increased his lab utilization to the detriment of other cardiologists.

## **Finding 2: The Dental Service Chief Did Not Intentionally Miscode Patient Encounters in Order to Receive Incentive Compensation**

The administrative investigation team probed a complaint that the dental service chief of a medical center inappropriately miscoded numerous patient encounters to satisfy the RVU-driven productivity criteria of his physician incentive compensation that is considered in performance pay. The OIG did not substantiate that the dental service chief intentionally coded procedures to receive unearned performance pay compensation.

### **The Dental Service Chief’s Performance Pay Productivity Objective Is Dependent on Group Performance**

The dental service chief’s fiscal years 2018 and 2019 pay plans identified five performance objectives, including a productivity objective, used to calculate performance pay.<sup>7</sup> The fiscal years 2018 and 2019 pay plans also set the dental service chief’s maximum target performance pay at \$15,000.<sup>8</sup>

Part of the dental service chief’s productivity goal was based on the performance of the entire dental service, consisting of over 20 employees, not just the dental service chief’s individual performance.<sup>9</sup> Specifically, if the dental service’s productivity (measured in RVUs) increased by 10 percent as compared to the prior fiscal year, the dental service chief earned 10 points towards the productivity goal.<sup>10</sup> This accounted for up to 10 percent of the dental service chief’s total performance pay award for a maximum payment of \$1,500 (calculated as 10 percent of the maximum target performance pay amount of \$15,000).<sup>11</sup> The dental service chief’s own RVU contribution to this metric was insignificant because as his position requires, he spent more of his time on administrative matters and less time performing clinical duties than other dentists in the service.<sup>12</sup>

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<sup>7</sup> Each of the five performance factors—productivity, quality, access, customer service, and performance of additional tasks—was equally weighted and worth a maximum of 20 points for 100 total possible points.

<sup>8</sup> The dental service chief joined VA in February 2018. The performance pay plan performance award for fiscal year 2018 was prorated at 50 percent to reflect that he worked at VA for only seven of 12 months during that period. The dental service chief earned a total of \$5,250 in performance pay for fiscal year 2018.

<sup>9</sup> One-half of the productivity goal was based on the performance of the entire specialized group of over 20 employees; the other half of the productivity goal was based on whistleblower training (worth five points) and “suspenses submitted timely” (worth five points).

<sup>10</sup> A five percent increase merited five points.

<sup>11</sup> In fiscal year 2018, the dental service chief earned 70 of a maximum 100 points towards his performance objectives, including 10 points for meeting the 10 percent increase in RVUs over the prior fiscal year goal.

<sup>12</sup> The dental service chief contributed 0.24 percent and 0.51 percent to the total RVUs for the dental service in fiscal years 2018 and 2019, respectively. These percentages include those RVUs that resulted from the dental service chief’s miscoded patient encounters.

## **The OIG Determined that the Dental Service Chief's Miscoding Was Due to Inexperience with VA Requirements**

The dental service chief joined VA in February 2018. He told OIG investigators that he did not receive training regarding the VA coding process upon starting, and that he had little prior experience with coding dental and medical procedures.

The administrative investigation team's examination of the dental service chief's coding records identified instances of miscoded patient encounters. Although the dental service chief's specialty uses both medical coding and oral health and dentistry coding, in some cases, the dental service chief used medical and dental codes to document the same dental procedure. In other instances, the dental service chief's coding made it appear as if he had performed a procedure when he had only assisted with the procedure. The OIG found that the dental service chief's coding errors were due to his lack of familiarity and experience with coding and the use of the VA's data input system and reflected the dental service chief's attempt to appropriately capture his workload and clinical time.

### **Training Provided to Avoid Future Errors**

In January 2019, Veterans Integrated Service Network (VISN) leaders learned that the dental service chief's coding did not consistently reflect his role in patient encounters. Consequently, VISN leaders requested a review of the dental service chief's coding by the VHA Office of Dentistry Coding Committee. Following the review in May 2019, the dental service chief received individualized guidance from the coding committee tailored to address the areas of concern identified during the review. The dental service chief received additional personalized training in July 2019. During the OIG investigation, the medical center's chief of staff also initiated training for the dental service on coding standards and policies.

### **Finding 2 Conclusion**

Although the dental service chief incorrectly coded several patient encounters, the OIG determined that the coding errors were due to his inexperience with VA dental and medical coding procedures. The testimony obtained and data reviewed by the investigators suggest that the errors were unlikely to have affected the overall productivity measures that determined the performance pay for the relevant period. However, the data reviewed by the team was not sufficient to make a conclusive determination as to whether the dental service's RVU production satisfied the dental service chief's productivity goal. Accordingly, the OIG is recommending that the medical center audit the dental service chief's performance pay for the relevant period to ensure that no improper payments were made. During the course of the OIG investigation, medical center leaders took corrective action to avoid future coding errors by providing training to the dental service. The OIG recommended only that a review be made of the dental service chief's performance pay for fiscal years 2018 and 2019 and take corrective action as needed.

## Conclusion

The OIG did not substantiate either complaint. The OIG did not substantiate the first complainant's allegation that the lab director misused his leadership position for personal gain by allegedly restricting other physicians' access to the specialized unit's clinic when creating the schedule or by scheduling himself to perform an increased number of diagnostic procedures to satisfy the newly added RVU-driven productivity component of performance pay. The OIG did not substantiate the second complainant's allegation that the dental service chief intentionally coded procedures to receive unearned performance pay compensation. Although the dental service chief incorrectly coded several patient encounters, the OIG determined that the coding errors were due to his inexperience with VA dental and medical coding procedures. The testimony obtained and data reviewed by the administrative investigation team suggest that the errors were unlikely to have affected the overall productivity measures that determined the performance pay for the relevant period. However, the data reviewed by the team was not sufficient to make a conclusive determination as to whether the dental service's RVU production satisfied the dental service chief's productivity goal. Both the dental service chief and the dental service staff have received dental coding training since the initiation of the OIG investigation.

## Recommendation

**No table of contents entries found.**

## **Appendix A: Scope and Methodology**

### **Scope**

#### **Healthcare System's Cardiac Catheterization Lab**

The OIG reviewed data from fiscal years 2015 through 2019 to determine whether the lab director abused his leadership position as director of a cardiac catheterization lab for personal gain.

#### **Medical Center's Dental Service**

The OIG reviewed documentation from fiscal years 2018 and 2019 to determine whether the dental service chief intentionally miscoded procedures in order to receive performance pay.

### **Methodology**

#### **Healthcare System's Cardiac Catheterization Lab**

To assess the allegations, the administrative investigations team interviewed the lab director; the healthcare system's chief of staff; the director for the Office of Productivity, Efficiency and Staffing (OPES); and the complainant. The team reviewed VA email records, official personnel records, healthcare system records, and OPES records and data related to the healthcare system's cardiologists' procedure codes and productivity. The team also reviewed applicable federal regulations and VA policy and procedures.

#### **Medical Center's Dental Service**

To assess the allegations, the administrative investigations team interviewed the dental service chief, the then chief of staff of the medical center, the chief of dental services for a healthcare system, the director of dental operations for the VA Office of Dentistry (who also serves as chairman of the dentistry coding committee), the VISN lead dentist, other VA employees, and the complainant. The OIG reviewed emails; coding, training, performance pay and other VA records; and federal regulations and VA policy.

### **Government Standards**

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Investigations*.

## Appendix B: Management Comments

**Department of  
Veterans Affairs**

# Memorandum

**Date:** February 1, 2021

**From:** Acting Under Secretary for Health (10)

**Subj:** OIG Draft Report, Alleged Irregularities Regarding Physician Incentive Compensation Were Not Substantiated (VIEWS #04401130)

**To:** Deputy Assistant Inspector General, Office of Special Reviews

1. Thank you for the opportunity to review and comment on the Office of Inspector General (OIG) draft report Alleged Irregularities Regarding Physician Incentive Compensation Were Not Substantiated. We strive to deliver the highest quality health care to Veterans and are pleased leaders provided the dental service additional training in procedure coding policies and standards.
2. The [Medical Center Executive Director] provides the action plan to address recommendation 1.
3. Comments regarding the contents of this memorandum may be directed to the GAO OIG Accountability Liaison Office at [redacted].

/signed/

Richard A. Stone, M.D.

**Department of  
Veterans Affairs**

# Memorandum

Date: January 28, 2021

From: Acting Network Director, VA Mid-Atlantic Health Care Network, VISN 6 (10N6)

Subj: Draft OIG Report Alleged Irregularities Regarding Physician Incentive Compensation Were Not Substantiated Project No. 2019-00652-SR-0232

To: Director, Operations Division, Office of Management & Administration (53B)

1. The attached subject report is forwarded for your review and further action. I reviewed the response of the [Medical Center] and concur with the facility's recommendations.

2. If you have further questions, please contact Dana Ballard, QMO, VISN 6, at [redacted].

STEPHANIE YOUNG

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** January 25, 2021

**From:** Executive Director, [Medical Center]

**Subj:** Office of Inspector General Unpublished Report Alleged Irregularities Regarding Physician Incentive Compensation Were Not Substantiated

**To:** Acting VA Mid-Atlantic Health Care Network Director, VISN 6

1. Thank you for the opportunity to review and comment on the draft report. Alleged irregularities regarding Physician Incentive Compensation were not substantiated.
2. I have reviewed the draft report and concur with the recommendation. The findings outlined in the OIG report reflect a thorough evaluation.
3. If you have any questions regarding the information provided, please contact

***The OIG removed point of contact information prior to publication.***

/s/

[Medical Center Executive Director]

Attachment: Facility Response

## OIG Recommendation

Recommendation: The Medical Center Director audits the Dental Service Chief's relative value unit productivity metric for fiscal years 2018 and 2019 and determines whether any erroneous payments for performance were made and issues bills of collection if deemed appropriate.

Concur

Target date for completion: March 20, 2021

Facility Response: The Medical Center Director has initiated an audit of the Chief, Dental Service's RVU productivity metric for FY 2018 and FY 2019 to determine if there were any erroneous payments for performance. Bills of collection will be issued for any erroneous payments.

## OIG Contact and Staff Acknowledgments

<b>Contact</b>	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
<b>Primary Contributors</b>	Silvia Gonzalez Roman, Supervisory Attorney Advisor Domingo Alvarez, Senior Administrative Investigator Michele Hale, Administrative Investigator Charles Millard, Senior Administrative Investigator Leanne Watkins, Senior Administrative Investigator
<b>Other Acknowledgments</b>	Dr. Sonia Melwani, Senior Physician

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