



Department of Veterans Affairs

Office of Inspector General

August 2010 Highlights

OIG REPORTS

Improper Payments in Fee Care Program Could Reach \$600 Million in 5 Years

An Office of Inspector General (OIG) audit of the Non-VA Inpatient Fee Care Program determined that VA Medical Centers (VAMCs) improperly paid 28 percent of claims due to inadequate guidance or a lack of understanding by fee staff on how to determine eligibility. OIG estimates that Veterans Health Administration (VHA) made net overpayments of \$120 million on inpatient care claims for Veterans in fiscal year (FY) 2009. We estimated that without management action to strengthen the payment process that VHA could make \$600 million in improper payments over the next 5 years. Additionally, inefficiencies occurred in the Fee Program because of its decentralized structure and labor-intensive payment system. Consolidating the Fee Program's claim processing system could achieve a cost savings of \$26.8 million, or \$134 million over the next 5 years. [\[Click here to access report.\]](#)

Fee Care Providers Not Consistently Providing VA with Mammogram Results

OIG evaluated the accessibility of VA clinicians to results for primary care services provided to women Veterans and their acknowledgement of these results. OIG found that results for Pap smears and bone mineral density studies were readily accessible and abnormal results acknowledged in nearly 95 percent of cases. Abnormal results not acknowledged were limited to bone mineral density studies in patients with osteopenia or treated osteoporosis. Mammography results were accessible and abnormal results acknowledged in 97 percent of cases when these tests were performed at VHA facilities. However, when mammograms were performed through fee basis arrangements, results were accessible to VA clinicians in only 74 percent of cases. [\[Click here to access report.\]](#)

Detroit, Michigan, Regional Office Inspected by OIG Benefits Inspection Division

OIG conducted an onsite inspection of the Detroit, MI, VA Regional Office (VARO). Staff correctly processed disability claims related to herbicide exposure and generally followed policy for processing post-traumatic stress disorder claims, establishing correct dates of claim, and completing Systematic Analyses of Operations. Improvements were noted in mail processing in the Triage Team and mailroom. However, VARO staff did not accurately process claims for 25 (21 percent) of 120 claims reviewed, and staff did not receive timely training on new procedures for evaluating traumatic brain injury claims despite new VBA guidance issued in January 2009. VBA management needs to strengthen controls over the following areas: ensuring staff timely record Notices of Disagreement for appealed claims, correcting errors identified by VBA's Systematic Technical Accuracy Review Program, processing incompetency determinations, and processing temporary 100 percent disability evaluations. [\[Click here to access report.\]](#)

System Failed to Send Reminder Postcards for Optical Patients at Portland, Oregon, VAMC

OIG reviewed the validity of an allegation that senior officials in Veterans Integrated Service Network (VISN) 20 instructed employees at the Portland, OR, VAMC to use unauthorized wait lists to hide access and scheduling problems. OIG did not substantiate the allegation. However, OIG found that the VAMC's automated recall system failed to generate and distribute postcards to over 2,900 patients to remind them to schedule follow-up eye appointments, which resulted in delayed care. To address this issue, VAMC staff stated that in September 2009, they enabled the recall system to print the postcards and began monitoring to ensure the recall system mailed the postcards. OIG recommended that the VAMC ensure patients who did not receive a reminder postcard are contacted to remind them to schedule their follow-up care. [\[Click here to access report.\]](#)

Mortality Review Finds Allegations Not Substantiated at Saginaw, Michigan, VAMC

OIG reviewed the validity of allegations regarding deaths at the Aleda E. Lutz VAMC in Saginaw, MI. The complainant specifically alleged that clinical staff failed to obtain appropriate requests for autopsy and did not appropriately report deaths to the Medical Examiner. OIG did not substantiate the allegations but did identify aspects of care warranting improvement for one patient. The VISN and VAMC Directors concurred with OIG recommendations to ensure that staff follow acute coronary syndrome guidelines, appropriately monitor patients at all times, follow national resuscitation guidelines and review all resuscitation efforts for compliance with those guidelines, and comply with VHA policy for Out-of-Operating Room Airway Management. [\[Click here to access report.\]](#)

CRIMINAL INVESTIGATIONS**Veteran Indicted for Involuntary Manslaughter at Brecksville, Ohio, VAMC**

A Veteran was indicted on involuntary manslaughter and assault charges related to a fight with another Veteran, now deceased, at the Brecksville, OH, VAMC. An OIG and VA Police investigation revealed that the decedent had complained of head and neck pain following an altercation with the defendant. Witness interviews and a forensic autopsy performed by the local coroner determined that the victim died of a traumatic head injury. The coroner ruled this case a homicide due to blunt trauma or blows to the head.

Defendant Pleads Guilty to Embezzling \$1 Million from Gulf Coast Veterans HCS Grants

A defendant pled guilty to embezzlement of Federal program funds, mail fraud, and also consented to an asset forfeiture decree after a multiagency investigation revealed that, for over 4 years, she embezzled approximately \$1,013,700 from the Louisiana Veterans Research and Education Corporation (LVREC) through Department of Defense grants given to the Gulf Coast Veterans Health Care System (HCS). LVREC is a non-profit organization employing VA research specialists and contractors responsible for neurological research studies on Veterans before and after deployment to war zones.

The defendant, who was a bookkeeper/accountant with LVREC, issued payroll checks to employees of the company, forged their signatures in order to deposit the funds to her own accounts, and falsified annual accountings of the assets for the LVREC. The defendant surrendered approximately \$650,000 in cash, vehicles, and real estate to the Government.

Veteran and Wife Plead Guilty to Fraud Involving Nearly \$500,000 in Government Benefits

A Veteran and his wife pled guilty to conspiracy, theft of Government funds, and wire fraud. Additionally, a Veterans Service Officer entered a pretrial diversion agreement for coaching the Veteran to defraud VA. An OIG and Social Security Administration (SSA) OIG investigation determined that the Veteran received VA and SSA benefits for the loss of use of both his feet and that he and his wife made numerous statements dating back to 1999 alleging his inability to ambulate without a wheelchair. However, the Veteran was observed on several occasions partaking in activities that would not have been possible with his purported ambulatory loss. Based upon the false statements, the Veteran fraudulently received \$329,673 in VA benefits and \$165,234 in SSA benefits.

Former Fiduciary Pleads Guilty to Misappropriation

A former fiduciary pled guilty to a criminal information charging her with misappropriation by a fiduciary. An OIG investigation revealed that the former fiduciary stole \$47,000 from a Veteran and used the funds for personal use.

Former Palo Alto, California, Patient Sentenced for Assault of VA Physician

A former VA patient at the Palo Alto, CA, VAMC was sentenced to 33 months' incarceration after pleading guilty to forcibly assaulting a VA physician while in the performance of her official duties. An OIG and VA Police investigation revealed that the defendant unexpectedly attacked the VA physician from behind and struck her in the head with a closed fist. The physician was knocked unconscious, fell to the floor, and sustained severe injuries that required hospitalization.

Veteran Pleads Guilty to Assaulting Physician at the Tuskegee, Alabama, VAMC

A Veteran pled guilty to assaulting a VA physician at the Tuskegee, AL, VAMC after an OIG investigation revealed that he trapped the physician in an examination room and then threatened to assault and kill the physician after his request for prescription narcotics was declined.

Veteran Arrested for Making Threats to White River Junction, Vermont, VAMC

A Veteran was arrested after he admitted to leaving threatening voicemail messages at the White River Junction, VT, VAMC. The defendant stated that he would blow up the place and use an AK-47 and MAC-10 to "go out in a blaze of glory." During the interview, the defendant admitted to making the phone calls and provided a written statement that said, "If you take away my disability, I will go on a killing spree." In 2009, the Veteran had terrorized another VAMC by threatening to make an ammonium nitrate bomb.

Patient Arrested at the White River Junction, Vermont, VAMC for Assault

A patient was arrested at the White River Junction, VT, VAMC after assaulting the VA Chief of Police Services. An OIG and VA Police investigation revealed that the defendant was approached by law enforcement after making threatening remarks, to include declaring war on the Government. While being restrained, the defendant struck the chief multiple times in the face.

Brecksville, Ohio, VAMC Veteran Charged With Menacing

A criminal complaint was filed against a Veteran, residing in the Brecksville, OH, VAMC domiciliary, charging him with aggravated menacing. An OIG investigation determined that the defendant made a threat to shoot a medical center employee in the head.

Veteran Arrested for Drug Distribution at School, Hampton VAMC

A Veteran was arrested for multiple charges of possession with intent to distribute heroin and a charge for the sale of narcotics in the vicinity of a school. On several occasions, the Veteran sold heroin to confidential informants at the Hampton, VA, VAMC and on the streets in proximity to a school. At the time of his arrest, the defendant possessed 70 bags of heroin.

Former U.S. Postal Service Employee Sentenced for Theft of VA Narcotics

A former U.S. Postal Service employee was sentenced to 60 months' probation after pleading guilty to destruction of mail. An OIG and U.S. Postal Service OIG investigation determined that the defendant was stealing VA packages from the mail. Stolen VA narcotics were found on the defendant and in his vehicle at the time of his arrest.

Veteran Arrested for Fraud and Forgery

A Veteran was arrested after being indicted for wire fraud, mail fraud, and forgery of official U.S. Department or Agency seals. A multiagency investigation revealed that the Veteran was operating an internet-based printing business that sold counterfeit military and law enforcement awards and training certificates, including some documents bearing the official VA seal. The Veteran was not authorized to produce certificates bearing official U.S. Department or Agency seals. The investigation also revealed that advertising on the Veteran's website contained several false statements, including that his certificates were authentic and exact reproductions of the original issue, and that he was the only civilian provider of military certificates with open contracts with the Navy, Army, and Coast Guard. The public fraud associated with this investigation has been determined to be over \$260,000.

Son of Deceased Beneficiary Sentenced for Theft of Government Funds

The son of a deceased VA beneficiary was sentenced to 7 months' incarceration, 3 years' probation, and ordered to pay restitution of \$175,839 after pleading guilty to theft of Government funds. An OIG investigation revealed that the defendant stole VA benefits that were direct deposited after his mother's death in October 1996.

Beneficiary Charged with Theft of VA Benefits

A criminal information was filed against the widow of a Veteran, charging her with theft of Dependency and Indemnity Compensation benefits. An OIG investigation revealed that the defendant failed to notify VA of her remarriage in September 1991 and that she continued to receive VA benefits for which she was no longer eligible. The loss to VA is \$221,474.

Veterans Indicted for Travel Voucher Fraud

Seven Veterans were indicted for fraud after an OIG investigation determined that they submitted fraudulent vouchers for cash reimbursement for travel expenses. The Veterans were claiming to travel hundreds of miles roundtrip from their residences to the VAMC. The loss to VA is \$88,000.

Former Fiduciary Arrested for Larceny

A former VA fiduciary was arrested for larceny in regard to the theft of a disabled Veteran's funds. An OIG investigation revealed that the defendant, who served as the Veteran's VA fiduciary from June 2005 through May 2008, stole over \$40,000 from the Veteran for her own personal use and took steps to deceive VA, to include creating and submitting fraudulent bank statements.

Defendants Arrested for Identity Theft

A VA-contracted home health care provider and her cousin were arrested after being indicted for conspiracy, wire fraud, identity fraud, and bank fraud. An OIG and local law enforcement investigation revealed that the home health care provider stole the identity of a disabled Veteran during home visits and shared the information with her cousin. The defendants then used the information to steal nearly \$36,000 from the Veteran's bank account.

(original signed by:)

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