



Department of Veterans Affairs

Office of Inspector General

January 2011 Highlights

OIG REPORTS

Weaknesses in 100 Percent Disability Evaluation Could Cost VA \$1 Billion Over Next 5 Years

An Office of Inspector General (OIG) audit of Veterans Benefits Administration (VBA) concluded that despite numerous audit and inspection reports since 2004, VBA continues to lack adequate procedures to process 100 percent disability evaluations correctly or monitor and adjust temporary 100 percent disability evaluations. In addition, VA Regional Office (VARO) staff did not always comply with VBA regulations when granting permanent evaluations, entitlements to special monthly compensation, or ancillary benefits. OIG projected that VBA paid Veterans a net amount of approximately \$943 million without adequate medical evidence. Without corrective actions, VBA could make unsupported payments valued at \$1.1 billion over the next 5 years. The Acting Under Secretary for Benefits did not agree with the findings, particularly as they relate to the projected overpayment amounts. However, he did agree to implement the recommendations and provided responsive implementation plans. [\[Click here to access report.\]](#)

Review Finds Inappropriate Retention Incentive Payments at Providence, Rhode Island, VA Medical Center

In response to a Hotline allegation, OIG reviewed the Providence, RI, VA Medical Center's (VAMC) compliance with VA policy on employee retention incentive payments. Retention incentive payments were not adequately justified and supported in accordance with VA policy, indicating a lapse in the management of retention incentives. OIG questioned the appropriateness of payments made in 17 of the 20 cases reviewed, which together totaled \$179,000. Approving officials did not exercise due diligence when approving the payments since there was not adequate justification provided. Further, some retention incentives were misused to supplement employees' pay in order to compensate for perceived inconsistencies in official position classification decisions. OIG made five recommendations to correct the findings and increase controls to ensure future compliance with VA policy. [\[Click here to access report.\]](#)

Benefits Inspection Division Visits Minnesota and Wisconsin VAROs

OIG conducted an onsite inspection at the St. Paul, MN, VARO to review disability compensation claims processing and Veterans Service Center operations. VARO staff generally processed claims for herbicide exposure, traumatic brain injury (TBI), and Post-Traumatic Stress Disorder (PTSD) correctly; ensured timely processing of Notices of Disagreements (NODs) for appealed claims; corrected errors identified by VBA's Systematic Technical Accuracy Review (STAR) program; and established correct dates of claim in the electronic record. Additionally, VARO management ensured Systematic Analyses of Operations (SAOs) were timely and complete. VARO management needs to improve the control and accuracy of claims processing for temporary 100 percent

disability evaluations processing, mail handling, and final competency determinations. OIG made three recommendations to improve operations. [\[Click here to access report.\]](#)

OIG conducted a similar review at the Milwaukee, WI, VARO. The Milwaukee VARO generally processed claims related to PTSD and herbicide exposure correctly, established dates of claim in the electronic record, and processed mail in the mailroom and Triage. Further, all SAOs were timely and complete and staff corrected all errors identified by VBA's STAR program. VARO management needs to strengthen controls for processing of temporary 100 percent evaluations and TBI claims, as well as for recording NODs for appealed claims and ensuring accurate processing of final competency determinations. OIG made six recommendations to improve operations. [\[Click here to access report.\]](#)

CRIMINAL INVESTIGATIONS

Former Lexington, Kentucky, VAMC Nurse Pleads Guilty to Involuntary Manslaughter

A former Lexington, KY, VAMC registered nurse, previously indicted for murder, pled guilty to involuntary manslaughter. An OIG investigation revealed that, without proper authority, the defendant infused over 75mg of morphine into a 90 year-old Veteran over a period of more than 6 hours. These doses were found to have contributed to the patient's death.

Former West Los Angeles, California, VAMC Pharmacist Charged with Stealing Pharmaceuticals

A former West Los Angeles, CA, VAMC pharmacist was charged with the transportation of stolen goods. A VA OIG, Food and Drug Administration OIG, and Immigration and Customs Enforcement (ICE) investigation revealed that for over 5 years, the defendant stole non-controlled pharmaceuticals valued at \$190,000 from the VAMC pharmacy warehouse. The stolen goods were then sold through the internet to an individual in Florida, who has also been charged in a related case.

Former Montgomery, Alabama, VARO Employee Sentenced for Identity Theft

A former Montgomery, AL, VARO employee was sentenced to 20 consecutive weekends in jail and 3 years' probation after pleading guilty to theft of Government property. An OIG, Internal Revenue Service Criminal Investigations Division, and local police investigation revealed that the defendant obtained Veterans' personal information while employed at the VARO and provided the information to co-conspirators outside of VA, who then used the personal information to file fraudulent tax returns.

Portland, Oregon, VAMC Nurse Sentenced for Drug Diversion

A Portland, OR, VAMC nurse was sentenced to 15 days' incarceration, 36 months' probation, and ordered to pay \$710 in restitution to VA. An OIG and VA Police Service investigation revealed that the nurse used his position to gain access to the identities of patients no longer under his care and then used the identities to access a VA narcotic dispensing machine, falsely recording that the narcotics were for these patients. The defendant then self-administered the narcotics, to include fentanyl and midazolam, while on duty and providing health care services to Veterans.

Former Lexington, Kentucky, VAMC Nurse Sentenced for Prescription Fraud

A former Lexington, KY, VAMC nurse was sentenced to 36 months' supervised release and ordered to complete a 5-year substance abuse program with the State Board of Nursing. An OIG investigation revealed that the defendant phoned in narcotic prescriptions to local pharmacies using the name of her estranged husband as the patient's name and then picked up the prescriptions herself. The defendant used the name of a nurse co-worker when calling the pharmacies and also used a VAMC physician's Drug Enforcement Agency number to complete the fraudulent transactions.

Former East Orange, New Jersey, VAMC Employee Sentenced for Health Care Fraud

A former East Orange, NJ, VAMC employee was sentenced to 23 months' incarceration, 24 months' probation, and ordered to pay a \$10,000 fine and restitution of \$253,727 to the Office of Personnel Management (OPM). An OIG, Federal Bureau of Investigation, and OPM OIG investigation revealed that the defendant submitted false claims to the Federal Employee Health Benefits program for medical procedures that the defendant claimed were performed during periods he was overseas.

Veteran Sentenced for Making Threats to Salisbury, North Carolina, VAMC Employee

A Veteran was sentenced to 20 days' incarceration (suspended) and 12 months' probation after being found guilty of threatening to kill a Salisbury, NC, VAMC patient advocate. The defendant left a voicemail for the employee advising that he knew where to find her and stated that all he had to do was walk through the front door and kill her. Following his arrest and subsequent release for that threat, the defendant went to the office of the employee in an effort to confront her. The Veteran was arrested a second time for violating his release conditions and a third time for failure to appear in court.

Veteran Sentenced for Making Threats to Salt Lake City, Utah, VA Police Officer

A Veteran was sentenced to 1 year of incarceration and 3 years' probation after pleading guilty to threatening to kill a Salt Lake City, UT, VAMC police officer and his wife. An OIG investigation determined the Veteran left a threatening telephone message directed at the officer and his wife after receiving a citation for vandalism.

Veteran Found Guilty of Assaulting Spokane VAMC Employees

A Veteran was found guilty at trial of assaulting medical staff at the Spokane, WA, VAMC that resulted in bodily injury. The Veteran invoked a temporary insanity defense based upon PTSD; however, inconsistencies in his statements were used to impeach his credibility and diagnoses.

Widow Pleads Guilty to Theft of Government Funds

The widow of a Veteran pled guilty to theft of Government funds and false statements. An OIG investigation determined that the defendant fraudulently received VA Dependency and Indemnity Compensation benefits from March 1997 to December 2009 by failing to report her remarriage. The loss to VA is \$148,943.

Nursing Home Manager Pleads Guilty to Healthcare Fraud

A regional accounts receivable manager pled guilty to health care fraud and making a false or fraudulent return. The guilty plea stems from a multiagency investigation into various health care frauds and embezzlement of funds by the Chief Executive Officer and senior employees of a nursing home chain. The defendant stole funds from the company's patient trust account that included VA benefit payments for a Veteran residing in one of the company's nursing homes.

Contractor Arrested for Theft, Other Charges for ARRA Construction Projects in Vancouver, Washington

The owner of a drywall installation company was arrested after being indicted for criminal antitrust, theft, tampering with physical evidence, obstruction of Governmental administration, racketeering, forgery, criminal conspiracy, and money laundering. An OIG, ICE, and Oregon Department of Justice investigation revealed that the company falsely certified payroll records for employees and did not pay employees the prevailing Government contract rate while working on American Recovery and Reinvestment Act (ARRA) funded construction contracts at the Vancouver, WA, campus of the VAMC Portland, OR.

Individual Sentenced for Stolen Valor

An individual was sentenced to 60 days' house arrest, 5 years' probation and ordered to pay restitution of \$20,548 after pleading guilty to theft of Government funds. An OIG investigation revealed that the defendant filed a fraudulent claim for VA compensation benefits for PTSD by using an altered DD 214. The defendant admitted altering his DD 214 to falsely indicate military service as a sniper in Vietnam and award of a Combat Action Ribbon and Purple Heart Medal. The defendant was actually discharged from the Marine Corps during basic training after going absent without official leave.

Daughter of Deceased Beneficiary Indicted for Theft

The daughter of a deceased beneficiary was indicted for theft of Government property. An OIG investigation determined that the defendant stole VA benefits from a joint bank account after her mother's death in July 2007. The loss to VA is \$68,709.

Veteran and Spouse Sentenced for Theft of Government Funds

A Veteran and his spouse were each sentenced to 60 months' probation and ordered to pay restitution of \$71,816 to VA and \$48,174 to the Social Security Administration (SSA) after pleading guilty to theft of Government funds. An OIG, SSA OIG, and U.S. Secret Service investigation revealed that the Veteran received VA unemployment and Social Security disability benefits, but failed to disclose his employment as a long haul truck driver. The spouse, who worked for the same company, received his wages under her social security number to conceal his employment from VA and SSA.

*(original signed by Richard J. Griffin,
Deputy Inspector General for:)*

GEORGE J. OPFER
Inspector General