



# Department of Veterans Affairs

## Office of Inspector General

### May 2011 Highlights

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#### **CONGRESSIONAL TESTIMONY**

##### **Assistant Inspector General for Healthcare Inspections Testifies on Patient Safety Concerns at Veterans Health Administration Facilities**

John D. Daigh, Jr., M.D., Assistant Inspector General for Healthcare Inspections, testified before the Committee on Veterans' Affairs, United States House of Representatives, on patient safety issues at Veterans Health Administration (VHA) facilities. Dr. Daigh discussed several Office of Inspector General (OIG) reviews of allegations that reusable medical equipment (RME) was not properly cleaned or sterilized and the processes used to notify Veterans of improper sterilization. Dr. Daigh made recommendations related to improving the notification process based on the experiences in those medical centers where the RME allegations were substantiated.

[\[Click here to access testimony.\]](#)

##### **Assistant Inspector General for Audits and Evaluations Testifies on VA's Information Technology Program**

Belinda J. Finn, Assistant Inspector General for Audits and Evaluations, testified before the Subcommittee on Oversight and Investigations, Committee on Veterans' Affairs, United States House of Representatives, on VA's Information Technology (IT) strategy for the 21<sup>st</sup> Century. Ms. Finn discussed the results of OIG audits that continue to find that VA struggles to manage IT development projects that will deliver the desired results within cost, schedule, and performance objectives. Ms. Finn was accompanied by Maureen Regan, Counselor to the Inspector General. [\[Click here to access testimony.\]](#)

#### **OIG REPORTS**

##### **No Significant Differences in Delivery of Health Care, Disability Benefits Found Between Veterans Residing in U.S. Virgin Islands and Puerto Rico**

At the request of Congresswoman Donna Christensen, U.S. Virgin Islands (USVI) Delegate to Congress, OIG evaluated whether Veterans residing in the USVI receive disparate health care services and benefits compared to Veterans living in Puerto Rico. OIG partially substantiated that USVI Veterans do not have access to the same level of health care services as Puerto Rico Veterans; however, because of liberal use of fee basis authorization for local care, USVI Veterans' care is not limited or less than that of Puerto Rico Veterans. Although English-speaking USVI Veterans could face language barriers with non-direct patient care staff at the San Juan, PR, VA Medical Center (VAMC), these barriers did not negatively affect patient care. OIG found no evidence that the Veterans Benefits Administration (VBA) processed claims differently based on a Veterans' residency, and that applications from USVI Veterans were processed on average 4 days sooner than Veterans from Puerto Rico. OIG made a total of seven recommendations to address health care services and benefits. [\[Click here to access report.\]](#)

**Improved Third-Party Billings Could Increase VHA Revenue by \$552 Million**

OIG conducted an audit to determine the extent to which VHA's Medical Care Collection Fund (MCCF) Program bills third-party health insurers for non-VA care. OIG found VHA missed opportunities to increase MCCF revenue by not billing third-party insurers for 46 percent of billable fee care claims. This occurred because VHA does not have an effective process to identify billable fee claims and lacks a system of controls to maximize the generation of MCCF fee care revenue. OIG estimates that with an improved process and system of controls, VHA could increase third-party revenue by \$110.4 million annually or by as much as \$552 million over the next 5 years. OIG issued four recommendations to correct the findings. [\[Click here to access report.\]](#)

**Systemic Issues Reported During Inspections at 16 VA Regional Offices**

VA Regional Offices (VAROs) management teams face multiple challenges in providing benefits and services to Veterans. Challenges include providing additional oversight and training for personnel processing disability compensation claims related to temporary 100 percent disability evaluations, Post-Traumatic Stress Disorder (PTSD), Traumatic Brain Injury (TBI), herbicide-related disabilities, and Haas cases. OIG projected that VARO staff did not correctly process 23 percent of claims reviewed. OIG also found weaknesses associated with processing Notices of Disagreements (NODs) for appealed claims, correcting errors identified by VBA's Systematic Technical Accuracy Review (STAR) Program, ensuring timely and complete Systematic Analyses of Operations (SAOs), and processing claims-related mail. Additionally, VARO staff did not always safeguard Veterans' personally identifiable information or make timely final competency decisions for beneficiaries unable to manage their affairs. In addition to the 86 recommendations made throughout the 16 VARO inspections, OIG made an additional 4 recommendations to improve systemic issues. [\[Click here to access report.\]](#)

**Readjustment Counseling Services Show Improvement But Issues Remain**

The purpose of OIG's inspection was to assess the quality of Readjustment Counseling Service (RCS) Vet Centers' PTSD counseling services to determine how clients are screened for PTSD, if treatment documentation complies with policy, and if providers are trained to provide PTSD counseling services according to policy. OIG found that counselors utilized appropriate tools to screen clients for PTSD, client treatment case file documentation improved from the fiscal year (FY) 2009 report, and staff training improved. Although RCS made improvements from the previous review, OIG found that Vet Center Team Leaders were not consistently providing supervision and consultation to Vet Center providers in accordance with RCS policy. OIG recommended that Vet Center Team Leaders perform monthly provider's record reviews, and provide supervision and consultation to providers in compliance with RCS policy. Additionally, OIG recommended that corrective action be taken when supervision and consultation issues are identified through the annual clinical quality reviews. [\[Click here to access report.\]](#)

### **Benefits Inspections Conducted at Four VAROs**

OIG conducted onsite inspections at four VAROs to review disability compensation claims processing and Veterans Service Center operations. Regional offices reviewed include Des Moines, IA; Louisville, KY; St. Louis, MO; and Atlanta, GA. The objectives of the inspections were to evaluate how well VAROs are providing Veterans with access to high quality benefits and services, determine if management controls ensure compliance with VA policies and regulations, and identify and report systemic trends in VARO operations. OIG found the percentage of claims processed incorrectly at these VAROs were 11 percent, 31 percent, 32 percent, and 38 percent, respectively. OIG made a total of 26 recommendations to improve operations at the VAROs.

Des Moines, Iowa, VARO [\[Click here to access report.\]](#)

Louisville, Kentucky, VARO [\[Click here to access report.\]](#)

St. Louis, Missouri, VARO [\[Click here to access report.\]](#)

Atlanta, Georgia, VARO [\[Click here to access report.\]](#)

### **Nine CBOCs Reviewed Throughout Five Veterans Integrated Service Networks**

OIG reviewed nine Community Based Outpatient Clinics (CBOCs) throughout five Veterans Integrated Service Networks (VISNs) to assess whether they are operated in a manner that provides Veterans with consistent, safe, high-quality health care. Facilities reviewed include Georgetown, DE, and Ventnor, NJ (VISN 4); Guayama and Ponce, PR (VISN 8); Goshen, IN (VISN 11); Belton and Nevada, MO (VISN 15); and Capitola and French Camp (Stockton), CA (VISN 21). The reviews assessed quality of care measures, credentialing and privileging, environment of care and emergency management, management of laboratory results, and CBOC contracts. OIG noted several opportunities for improvement and made 24 recommendations to Facility Directors. [\[Click here to access report.\]](#)

## **CRIMINAL INVESTIGATIONS**

### **Palo Alto Health Care System Employees and Construction Company Owner Arrested for Bribery**

A VA contracting officer, two VA engineers with the VA Palo Alto Health Care System (PAHCS), and the owner of a construction company were indicted for bribery and other offenses. An investigation by OIG and Federal Bureau of Investigation revealed that the VA employees accepted bribes from the construction company owner in exchange for influencing the awarding of a large percentage of the minor construction and non-recurring maintenance contracts at the VA PAHCS. The construction company owner provided bribes to the other three defendants in the form of cash, airline tickets, vehicles, payment of personal debts, and other gifts totaling at least \$140,000.

### **Substance Abuse Counselor at Bedford, Massachusetts, VAMC, Arrested for Selling Cocaine to Patients**

A Bedford, MA, VAMC employee, who supervised Veterans undergoing substance abuse treatment at the VAMC, was arrested for selling cocaine to the patients he was responsible for supervising. An OIG, VA Police, and Drug Enforcement Administration

investigation revealed that the employee sold cocaine to a cooperating witness on three separate occasions while on VA property.

### **Veteran Pleads Guilty to Reckless Homicide at Brecksville, Ohio, VAMC**

A Veteran pled guilty to reckless homicide after his altercation at the Brecksville, OH, VAMC resulted in the death of another Veteran. An OIG and VA Police investigation that included numerous witness interviews, the defendant's own statement, and autopsy results revealed that the victim died from subdural hematomas caused by blunt force trauma to his head.

### **Fiduciary's Assistant Indicted for Bank Fraud**

An administrative assistant to a VA fiduciary was indicted for bank fraud after an OIG investigation determined that she forged the signature of the fiduciary on checks from approximately 24 VA beneficiary accounts and wrote more than 325 checks payable to herself from the Veterans' accounts. In addition, the defendant also transferred funds from one Veteran's account to another to conceal thefts totaling \$626,107.

### **Former West Los Angeles, California, VAMC Pharmacist Sentenced for Theft**

A former West Los Angeles, CA, VAMC pharmacist was sentenced to 6 months' home confinement, 3 years' probation, a \$3,000 fine, and ordered to surrender her license after pleading guilty to interstate transportation of stolen property. The defendant had previously resigned from VA and paid \$180,000 in restitution. A multi-agency investigation revealed that for approximately 5 years the defendant stole more than 11,000 boxes of test strips from the VA pharmacy and then sold them to another defendant involved in the sale of stolen medical supplies.

### **Physician Sentenced for Money Laundering, Defrauding VA and the Department of Health and Human Services**

A physician who owned a private medical clinic and treated Veterans and private patients was sentenced to 4 years' probation, a \$700,000 fine, ordered to pay \$297,215 in restitution, and is barred from engaging in business with VA, the Department of Health and Human Services (HHS), and any other agency impacted by his offense. The defendant, who was paid approximately \$828,000 by VA, entered into a corporate plea agreement and pled guilty to health care fraud and money laundering. An OIG and HHS OIG investigation revealed that from May 2003 to December 2004, the defendant defrauded VA and HHS by submitting false claims for services not rendered, falsely up-coding services, billing for false "incident to" services, and double-billing. A civil suit is pending.

### **Veteran Pleads Guilty to Theft of Health Care Benefits in Connection with Fraudulent Military Records**

A Veteran pled guilty to theft of Government property and making a false statement after an OIG investigation revealed that he submitted fraudulent military discharge documents to the Bay Pines, FL, VAMC. As a result, the defendant improperly received \$143,606 in VA health care benefits.

**Veteran Pleads Guilty to Theft of Compensation Benefits in Connection with Fraudulent Military Records**

A Veteran pled guilty to the theft of Government funds after an OIG investigation revealed that he submitted fraudulent military discharge documents to VA and fraudulently received \$324,000 in VA compensation benefits.

**Veteran's Brother Indicted for Health Care Fraud**

The brother of a Veteran was indicted for health care fraud and false statements after an OIG investigation determined that he used his brother's identity to fraudulently receive health care from the Denver, CO, VAMC. The loss to VA is \$148,123.

**Veteran and Wife Found Guilty of Defrauding VA in Tax Evasion Scheme**

A Veteran and his wife were found guilty at trial of tax evasion, VA benefits fraud, Social Security fraud, and education benefits fraud. An OIG, Internal Revenue Service Criminal Investigation Division, Social Security Administration (SSA) OIG, and Department of Education (DOE) OIG investigation revealed that the Veteran and his wife conspired to falsify their own and others' tax returns and in the process hide their income from VA, SSA, and DOE. The loss to VA is approximately \$240,000 and the total loss to the Government exceeds \$500,000.

**Sister and Niece Sentenced for Theft of Veteran's Benefits**

The sister of an incompetent Veteran was sentenced to 8 years' incarceration (suspended), 10 years' probation, and ordered to pay the Veteran restitution of \$100,000. The Veteran's niece was sentenced to 10 years' probation and ordered to pay an additional \$100,000 in restitution after both defendants pled guilty to the theft of approximately \$180,000 in VA and Social Security benefits. The investigation revealed that the defendants obtained a Power of Attorney from the Veteran, who is permanently hospitalized at the San Antonio, TX, VAMC, and subsequently used the document to misappropriate all of the Veteran's savings and divert his direct-deposited VA and Social Security funds for their personal use.

**Former Fayetteville, North Carolina, VAMC Employee Sentenced for Damaging Government Property**

A former Fayetteville, NC, VAMC employee was sentenced to 1 year of probation, ordered to pay \$2,226 in restitution, and must participate in a mental health treatment program after pleading guilty to damaging Government property. An OIG and VA Police Service investigation disclosed that the defendant intentionally damaged a canister of ethylene oxide, a highly carcinogenic chemical, and exposed himself and other VA employees to the hazardous chemicals on two separate occasions.

**Defendants Arrested for Theft of Government Checks**

A former U.S. Postal Service (USPS) mail clerk and another defendant were arrested for theft and forgery. A multi-agency investigation revealed that the defendants participated in a scheme to steal and negotiate stolen U.S. Treasury and state revenue checks. A search of the mail clerk's residence resulted in the recovery of approximately 650 stolen U.S. Treasury checks. The clerk is believed to be the source for all of the

stolen checks in this case which has led to 15 arrests to date. The loss to VA is approximately \$95,000 and the total loss to the U.S. Government is approximately \$590,000.

**Former Portland, Oregon, VAMC Medical Technician Sentenced for Identity Theft**

A former Portland, OR, VAMC medical technician was sentenced to 4 days in jail and ordered to perform 160 hours' community service after pleading guilty to identity theft. An OIG and VA Police investigation revealed that the defendant diverted controlled substances from a VA computerized medication dispensing machine by using patient identities. The defendant self-administered the drugs and then returned to duty monitoring patients undergoing cardiac catheter procedures.

**Former Chicago, Illinois, VAMC Employee Sentenced for Personal Use of Government Purchase Card**

A former Chicago, IL, VAMC employee was sentenced to 2 years' probation and ordered to perform 500 hours' community service after pleading guilty to theft. The defendant was also ordered to surrender her \$9,000 bond to VA as restitution. An OIG investigation determined that the defendant used her Government purchase card to pay for \$23,769 in personal expenses.

**Daughter of Deceased Beneficiary Sentenced for Theft**

The daughter of a deceased beneficiary was sentenced to 5 years' probation and 100 hours' community service, fined \$25,000, and ordered to pay \$1,254 in restitution after having pled guilty to theft of Government funds. An OIG investigation determined that the defendant failed to notify VA of her mother's death in March 1994 and admitted she used the VA benefits for personal expenses. The loss to VA is \$136,885.

**Former Dallas, Texas, VAMC Employee Arrested for Fraudulent Overtime Claims**

A former Dallas, TX, VAMC employee was arrested for theft of Government funds after admitting that he submitted fraudulent overtime forms. An OIG and VA Police investigation revealed that the defendant had submitted \$103,585 in fraudulent overtime claims between February 2007 and March 2010.

**Former Agent Cashier at the Fayetteville, Arkansas, VAMC Indicted for Theft**

The former agent cashier at the Fayetteville, AR, VAMC was indicted for theft of Government property. An OIG and U.S. Secret Service investigation revealed that the defendant failed to make nine deposits to the Federal Reserve Bank and stole cash from other deposits between January and June 2010. The defendant was interviewed and admitted to the theft. The loss to VA is \$32,000.

**Former Great Lakes Consolidated Mail Outpatient Pharmacy Employee Pleads Guilty to Stealing Viagra**

A former employee of the Great Lakes Consolidated Mail Outpatient Pharmacy located in Hines, IL, pled guilty to theft after an OIG and Food and Drug Administration Office of Criminal Investigation investigation determined that he stole numerous vials of Viagra. The loss to VA is \$53,004.

**Former Martinsburg, West Virginia, VAMC Nurse Pleads Guilty to Obtaining Oxycodone by Fraud**

A former Martinsburg, WV, VAMC registered nurse pled guilty to obtaining oxycodone by fraud. An OIG and VA Police investigation determined that on approximately 56 occasions the defendant fraudulently retrieved controlled medication from the facility's automated medication dispensers by using the names of VA patients.

**Postmaster Pleads Guilty to Theft of VA Drugs**

A USPS postmaster pled guilty to mail theft after an OIG and USPS OIG investigation determined that between March 2009 and December 2010 he diverted approximately nineteen shipments of VA prescribed narcotics that were mailed to Veterans residing in the eastern Washington state area.

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GEORGE J. OPFER  
Inspector General