

VA MISMANAGEMENT AND WASTE

Vendors in the Operating Room—VA’s Failed Oversight of Surgical Implants¹

- The House VA Committee recently held a hearing to examine GAO’s findings that the VA is allowing medical equipment vendors in to the operating rooms during treatment of wounded service members.
- GAO confirmed that several veterans received skin grafts, not from trained and licensed doctors, but from skin graft vendors inside the operating room.

The VA Spent Nearly \$3 Billion Overpaying for Prosthetics²

- The VA continues to overpay for medical equipment, such as prosthetics, instead of purchasing them through a competitive process.
- The VA admitted to unfairly excluding disadvantaged veteran-owned small businesses offering these products. Meanwhile, the Sanders Vets Omni includes requirements for VA owned business preferences, yet the VA is failing to meet even its own standard.

VA Unable to Track Surgical Equipment and the Veterans Who Receive Them³

- Not only is the VA overpaying for surgical implants, but they cannot even keep track of them.
- A House VA Committee’s recent hearing revealed the VA is unable to track surgical implants and the veterans receiving them. As such, the VA is unable to notify wounded service members if an implant they received from the VA has been recalled by the FDA because of a malfunction. The VA could not verify the implants were even purchased, let alone given to the veteran in need of the medical help.

VA Employees Paid Not to Work, While Veterans Wait for Care⁴

- The VA furloughed 1,406 employees who are paid an annual salary of \$100,000 or more during the 2013 government shutdown.

¹ House VA Committee, Hearing on 1/15/2014: Vendors in the OR-VA’s Failed Oversight of Surgical Implants, <http://veterans.house.gov/opening-statement/hon-mike-coffman-1>

² House VA Committee, Hearing on 1/15/2014: Vendors in the OR-VA’s Failed Oversight of Surgical Implants, <http://veterans.house.gov/opening-statement/hon-mike-coffman-1>

³ House VA Committee, Hearing on 1/15/2014: Vendors in the OR-VA’s Failed Oversight of Surgical Implants, <http://veterans.house.gov/opening-statement/hon-mike-coffman-1>

⁴ The White House, Office of Management and Budget. Impacts and Costs of the October 2013 Federal Government Shutdown. Executive Office of the President of the United States. November 2013.

- This resulted in \$5.6 million paid to 1,406 furloughed VA employees for not performing any duties—while at the same time the VA halted or curtailed some services to veterans and work on the claims backlog stalled.

VA Spending Millions of Dollars on Green Energy Projects

- The VA spent \$61 million for renovations to improve energy efficiency at a VA center in Roanoke, VA⁵
- The VA has implemented or has planned more than 200 green energy projects, including installation of 81 E-85 stations, 5 bio-diesel stations, and 75 solar installations (of which 26 are reported as operational, 18 are under construction).⁶

Duplication at the VA

- VA spending on homeless programs, which may duplicate other federal, state, and local programs, went from \$400 million in 2009, to \$1.4 billion this year—that’s \$24,000 per the estimated 57,849 homeless veterans.
- \$3.2 billion for duplicative healthcare for almost 1 million veterans over 65 enrolled in Medicare Advantage plans who use both the VA and MA for health services⁷
- GAO reviewed S. 1950 for areas of potential duplication and identified at least one instance of potential duplication. The bill calls for the creation of a study for the need of a new program to provide career transition services. GAO outlined the existing programs which may duplicate a new program under consideration in this study:⁸
 - In their report GAO-13-29, GAO identified 6 programs that provide veteran employment services, 4 of which are targeted to specific veteran groups and 2 of which—the Employment Representative Program and the Disabled Veterans’ Outreach Program—are generally available to all eligible veterans.
 - GAO also found 19 programs that provide similar employment services to veterans and service members with disabilities.
 - GAO stated, “In addition, some similar services—such as on-the-job training and apprenticeships—are generally available to eligible service members and

⁵ Chicago Tribune, <http://www.chicagotribune.com/sns-pgc-wastebook-2010-pg-038,0.314788.photo>

⁶ Green Management Programs, Renewable Energy Projects by State, VA Website, <http://www.green.va.gov/energy/state.asp?STATE=All>

⁷ 6 Trivedi AN, RC Grebla, L Jiang, J Yoon, V Mor, and KW Kizer. (2012) “Duplicate Federal Payments for Dual Enrollees in Medicare Advantage Plans and the Veterans Affairs Health Care System,” Journal of the American Medical Association, 308(1):69.

⁸ GAO staff response to congressional inquiry, January 30, 2014.

veterans. through veterans educational assistance programs, such as the Post-9/11 GI Bill. See GAO-11-256, pg 9.”

Despite sequestration, last year, the VA joined in the annual end of the year spending spree.

- While budget cuts loomed and veterans sat in waiting rooms awaiting critical medical care, the VA bought \$562,000 of artwork at the end of Fiscal Year 2013.⁹
- The VA also paid \$27,000 “for an order of photographs showing sunsets, mountain peaks and country roads. They would go into a new center serving homeless veterans in Los Angeles; a spokeswoman described the art as ‘motivational and calming, professionally designed to enhance clinical operations’.”¹⁰

Excessive VA Travel and Conference Spending and Fraud

- The VA IG recently conducted an investigation of two 2011 VA conferences held in Orlando, Florida. These two conferences cost \$6.1 million¹¹ and included spending \$762,000 on training conferences, \$100,000 on promotional items like hand sanitizer and \$50,000 for an actor to portray “Patton” in a video parody.¹²
- These excessive conferences led to employees being put on administrative leave and a top official’s resignation as auditors found waste and mismanagement.¹³
- A senior Veterans Health administration billed the government \$130,000 for his weekly commute to Washington, piling up huge bills for hotels and meals. The VA employee was allowed to commute “to and from his personal residence to Washington, D.C. to avoid relocating.”¹⁴

Official Time

- During sequestration, and while hiring additional employees and providing additional overtime pay to staff to work the claims backlog, American taxpayers paid salaries totaling around \$16.1 million to VA employees, employees which include health care professionals

⁹ http://www.washingtonpost.com/politics/as-congress-fights-over-the-budget-agencies-go-on-their-use-it-or-lose-it-shopping-sprees/2013/09/28/b8eef3cc-254c-11e3-b3e9-d97fb087acd6_story.html

¹⁰ Washington Post, “As Congress fights over the budget, agencies go on their ‘use it or lose it’ shopping spree,” September 20, 2013, http://www.washingtonpost.com/politics/as-congress-fights-over-the-budget-agencies-go-on-their-use-it-or-lose-it-shopping-sprees/2013/09/28/b8eef3cc-254c-11e3-b3e9-d97fb087acd6_story.html.

¹¹ VA OIG Report, Administrative Investigation of the FY 2011 Human Resources Conferences in Orlando, Florida <http://www.va.gov/oig/pubs/VAOIG-12-02525-291R.pdf>

¹² http://www.huffingtonpost.com/2013/10/30/veterans-affairs-wasteful-spending_n_4179189.html#

¹³ FCW, *VA Official resigns in conference spending scandal*, October 11, 2012, <http://fcw.com/articles/2012/10/01/va-conference-resignation.aspx>

¹⁴ Center for Public Integrity, July 20, 2011, <http://www.publicintegrity.org/2011/07/28/5411/veterans-department-official-bills-government-130000-commute-washington>.

and benefits appeals staff, to perform duties unrelated to their specialty and unrelated to the care of our veterans.¹⁵

VA Property Mismanagement

- In 2010, GAO found several federal buildings that were not only empty, but were set for demolition and yet were maintained at taxpayer expense. One such building owned by the VA cost \$20,000 a year to operate.¹⁶
- In 2010, the VA spent \$175 million on upkeep of empty, unused buildings, including a pink, octagonal monkey house in Dayton, Ohio.¹⁷
- The VA is planning to spend \$2 million to turn a 250 year old vacant building known as the Old Grist Mill into office space. The VA plans to also require a new water wheel be installed on the exterior to mimic, as closely as possible, the original Mill.¹⁸

In the last two years, the VA Inspector General Conducted 225 Investigations and arrested 125 individuals for Travel Benefits Fraud

- The VA travel benefits program is being ripped off by veterans, who are inflating the costs of their travel to medical facilities, in order to receive larger reimbursements for their travel.
- In Seattle, Washington, one man was sentenced to 27 months in jail for taking kickbacks on the frequently inflated travel vouchers.¹⁹
- Two individuals charged and sentenced for participation in the same fraud ring were recruiting other veterans, including mentally disabled vets, to join in the travel fraud by lying about where they lived and how far they had to travel to receive care. US Attorney covering the case stated, “Not only did these defendants recruit vulnerable veterans into criminal

¹⁵ VA Response to congressional inquiry regarding official time, October 20, 2013.

¹⁶ Wise, David J. FEDERAL REAL PROPERTY: National Strategy and Better Data Needed to Improve Management of Excess and Underutilized Property. Rep. no. GAO-12-645. Governmental Accountability Office, 20 June 2012. Web. <<http://www.gao.gov/products/GAO-12-645>>.

¹⁷ Winter, Jana, —Exclusive—VA Spends Millions to Maintain Vacant and Hazardous Buildings—Cites Limited Funds for Demolition, | FoxNews.com, Sept. 1, 2010, <http://www.foxnews.com/us/2010/08/31/veteran-affairs-spends-millions-on-hazardous-buildings/>

¹⁸ FedBizOpps. “Perry Point MD project # 512A5-10-335, Mansion and Grist Mill Construction and Rehabilitation.” Solicitation No. VA24513B0113. Awarded 20 June 2013. Web. <https://www.fbo.gov/index?s=opportunity&mode=form&tab=core&id=0f3bf4d167b3e4b3ad0540771e2af61a&_cview=0>.

¹⁹ The Kent Reporter, “Kent man receives prison sentence for Veterans Affairs travel fraud scheme,” July 30, 2013, <http://www.kentreporter.com/news/217662231.html>

activity, they stole resources critically needed to help our men and women returning from Iraq and Afghanistan.”²⁰

- A senior Maryland VA official pocketed *\$1.4 million in fraudulent payouts over 16 years* from a kickback scheme in which he fabricated military achievements and disability claims in exchange for a cut of the resulting government payouts.²¹

Bonuses for Providers and Execs at Failing VA Health Institutions

- A recent GAO audit found almost 80% of providers (18,500 of 22,500) received performance pay in FY 2011, including providers who had performance-related personnel actions initiated against them:²²
 - One provider who received a \$7,663 performance payment had been reprimanded for practicing with an expired license for 3 months. The provider had 3 performance goals, none of which related to the care given to patients: publish an article, attend 80% of meetings, and contribute to improving survey metrics.
 - One provider received a \$7,500 performance payment despite being reprimanded for “refusing to see assigned patients waiting in the emergency department because the provider believed the patients had been triaged inappropriately. Documentation provided by the medical center indicated that, of the 98 patients who were triaged to the emergency department that day, 15 patients waited for over 6 hours to be seen and 9 patients left without being seen.” The provider had only met 1 of the 13 goals that was not specific to the individual provider but based on the performance of all emergency department providers.
- A recently released investigation into the Atlanta VA Medical Center found “mismanagement contributed to ugly episodes inside the veterans medical center in Decatur and at least three patient deaths.” Meanwhile, the facility director “pocketed a \$13,000 bonus in 2011 and another \$17,000 worth of salary bonuses in 2010.”²³

The House Committee on Veterans’ Affairs maintains a VA Accountability Watch, tracking the contrast between delayed and denied health care for veterans and the bonuses

²⁰ The Kent Reporter, “Kent man receives prison sentence for Veterans Affairs travel fraud scheme,” July 30, 2013, <http://www.kentreporter.com/news/217662231.html>

²¹ The Baltimore Sun, “Md. veterans official accused in benefits kickback scheme,” March 20, 2013, http://articles.baltimoresun.com/2013-03-20/news/bs-md-veteran-fraud-charges-20130320_1_veterans-affairs-serving-veterans-veterans-service

²² Actions Needed to Improve Administration of the Provider Performance Pay and Award Systems. Rep. no. GAO-13-536, Governmental Accountability Office, 24 July 2013. Web. <<http://www.gao.gov/assets/660/656185.pdf>>

²³ WSB-TV, Atlanta, “Records show big bonuses for VA execs,” April 25, 2013, <http://www.wsbtv.com/news/news/local/records-show-big-bonuses-va-execs-despite-mismanag/nXXpf/>.

provided to the executives presiding over facilities providing substandard and delayed care.²⁴

- Diana Rubens, the VA executive in charge of the nearly 60 offices that process disability benefits compensation claims, collected almost \$60,000 in bonuses while presiding over a near seven-fold increase in backlogged claims.
- VA construction chief Glenn Haggstrom collected almost \$55,000 in performance bonuses despite presiding over a host of major construction projects plagued by years-long delays and combined cost overruns of \$1.5 billion. When questioned at a House Committee on Veterans' Affairs hearing in May, Haggstrom could not explain what he did to earn the bonuses.
- More than 1,800 veteran patients of the St. Louis VA Medical Center may have been exposed to HIV and Hepatitis as a result of unsanitary dental equipment. Despite the problems at the medical center, the facility's director from 2009 - 2013, RimaAnn Nelson, received nearly \$25,000 in bonuses during her tenure there.
- Columbia VA Regional Office Director Carl Hawkins received almost \$80,000 in bonuses despite a doubling in the office's backlog of disability compensation claims and inappropriate shredding of disability claims documents.
- For nearly 18 years, the dental clinic at the Dayton VA Medical Center allowed unsanitary practices, potentially exposing hundreds of patients to hepatitis B and hepatitis C. Dayton VA Medical Center Director Guy Richardson then collected an \$11,874 bonus despite an investigation into the exposures. After nine of the exposed patients tested positive Hepatitis B and Hepatitis C, Richardson was *promoted*.

Senate Veterans' Affairs Committee Failing to Provide Oversight to Ensure Vets are Receiving the Care They Were Promised and Deserve

- The Senate Committee on Veterans' Affairs has held just 16 hearings in the 113th Congress, only five of which were oversight hearings.ⁱ
- The House Committee on Veterans' Affairs, by contrast, has held 60 hearings in the 113th Congress, 34 of which were oversight hearings.ⁱⁱ
- The Senate Committee on Veterans' Affairs was featured in *Wastebook* in 2012 for being among the most idle committees in the entire Congress in terms of hearings held. The committee conducted just 16 hearings in 12 months, fewer than all but seven other committees in both chambers of Congress.ⁱⁱⁱ

Congress is more interested in creating election year promises than fulfilling its commitments to the nation's heroes.

- Congress is part of the problem, failing to do oversight of the VA's mismanagement and only adding to the delays by creating more programs.

²⁴ House VA Committee, Accountability Watch, <http://veterans.house.gov/accountability>.

- In a recent interview former DoD Secretary Gates said money is not the problem at the VA, but Congress has micromanaged the VA and made it impossible to reduce the time it takes for veterans to get the health services they need.
- When asked why the government cannot reduce vets claims backlog, like Gates did when the *Washington Post* exposed wounded veterans were living in squalor at Walter Reed, Gates responded, “One of the reasons things changed almost immediately was I fired the commander at that hospital... Part of the problem in Washington is the unwillingness to hold individuals accountable for performance.”

ⁱ “Hearings 113th Congress,” Senate Committee on Veterans’ Affairs website, accessed January 28, 2014; <http://www.veterans.senate.gov/hearings> .

ⁱⁱ “113th Congress Hearings,” House Committee on Veterans’ Affairs website, accessed January 28, 2014; <http://veterans.house.gov/legislation/hearings> .

ⁱⁱⁱ Office of Senator Tom Coburn, Wastebook 2012, appendix, page 132; http://www.coburn.senate.gov/public//index.cfm?a=Files.Serve&File_id=b7b23f66-2d60-4d5a-8bc5-8522c7e1a40e