JUNE 2025 HIGHLIGHTS

Congressional Testimony

The OIG actively engages with Congress on issues affecting VA programs and operations. The OIG's participation in congressional hearings helps focus legislative action and elevates national attention on topics of concern within the veteran community. All written statements to Congress can be found on the OIG website.

Audit Director Testifies on OIG Findings Related to VA's Information Technology Modernization Efforts

Jennifer McDonald, PhD, director of the community care division for the Office of Audits and Evaluations, testified on June 11 at a hearing on pending legislation before the House Veterans' Affairs' Subcommittee on Oversight and Investigations. Her testimony focused on the impact of VHA's pause in using its Program Integrity Tool—a system that consolidates community care payment data that is used, in part, to determine if veterans or their private insurance companies should be billed for care that is not connected to injuries or conditions related to their military service. Dr. McDonald discussed how data integrity and accuracy issues limited VA's ability to use the tool to identify fraud and waste and could potentially lead to veterans receiving bills more than a year after treatment. She also highlighted the OIG's work that identified deficiencies in how VA plans, implements, and remediates identified weaknesses in information technology modernization efforts. These included critical missteps and poor planning in implementing VA's electronic health record and supply chain modernization initiatives. She provided examples of persistent problems with deploying new systems that have had an impact on patient safety and care, personnel productivity, and significant cost overruns and delays. Her written statement is available on the OIG's page on Statements to Congress. The hearing can also be viewed on the House Committee on Veterans' Affairs website.

Office of Investigations

This office investigates potential crimes and civil violations of law involving VA programs and operations concerning VA employees, contractors, beneficiaries, and other individuals. These investigations focus on a wide range of matters, including healthcare, procurement, benefits, construction, and other fraud; cybercrime and identity theft; bribery and embezzlement; drug offenses; and violent crimes. The following investigations had significant developments in June.

Healthcare Investigations

Healthcare Software Company Chief Executive Officer Convicted of Billion-Dollar Fraud Conspiracy

The chief executive officer of a healthcare software company and other individuals allegedly conspired to use telemarketers and medical providers to generate templated doctors' orders for medically unnecessary orthotic braces, pain creams, and other items in exchange for kickbacks and bribes. The templates for the doctors' orders were largely based on the patients' interactions with the soliciting telemarketers, not the prescribing providers who were limited in their ability to modify the templated orders. It is also alleged that the prescribing providers, who received a fee in exchange for each order, routinely did not contact the patients. Medicare, VA, and other insurers were billed more than $1 billion and subsequently paid more than $360 million based on these fraudulent claims. The loss to VA is approximately $3 million. The chief executive officer was found guilty at trial by a jury in the Southern District of Florida on charges of healthcare fraud, conspiracy to commit healthcare and wire fraud, conspiracy to pay and receive healthcare kickbacks, and conspiracy to defraud the United States and make false statements in connection with healthcare matters. This investigation was conducted by the VA OIG, Federal Bureau of Investigation (FBI), Department of Health and Human Services (HHS) OIG, and Defense Criminal Investigative Service (DCIS).

Doctor Pleads Guilty for Role in $445 Million Healthcare Fraud Scheme

A multiagency investigation resulted in charges alleging 10 doctors, two pharmaceutical executives, and two management service organizations that provide administrative support to healthcare providers, participated in various healthcare fraud schemes. Allegedly, they paid illegal kickbacks to physicians for prescriptions, substituted unnecessary higher-cost prescriptions, automated prescription refills regardless of medical necessity, eliminated cost-control measures such as copayments, provided and billed for unnecessary prescriptions, and misbranded cheaper medication manufactured in China that was billed to insurance programs as if it were more expensive medication. Government and private insurance programs were billed approximately $445 million. The defendants billed more than $16 million for patients participating in VA's Civilian Health and Medical Program (CHAMPVA) and for injured VA employees enrolled in the Department of Labor's (DOL) Office of Workers' Compensation Program, which seeks reimbursement from VA and the other federal agencies for these claims through "charge backs." Of this amount, VA had paid approximately $2 million. A doctor pleaded guilty in the Northern District of Texas to conspiracy to violate the Travel Act (a criminal statute forbidding use of US mail and interstate or foreign travel to commit specific unlawful acts). To date, this investigation has also resulted in 14 indictments, 12 arrests, and six

guilty pleas. This investigation was conducted by the VA OIG, DOL OIG, Internal Revenue Service Criminal Investigation (IRS-CI), US Postal Inspection Service (USPIS), Office of Personnel Management OIG, Food and Drug Administration Office of Criminal Investigations, Drug Enforcement Administration, FBI, DCIS, HHS OIG, and HHS Medicaid Fraud Control Unit.

Medical Device Company Agreed to Pay $4.3 Million to Resolve Allegations of Overbilling for Products

A VA OIG investigation resolved allegations that a medical device company fraudulently overcharged VA and other federal agencies for hardware and software products. The company held a federal contract to sell and lease products to VA and other federal agencies at a set price or a negotiated discounted price. Due to pricing issues in their internal software, the company sometimes sold and leased products to federal agencies at a price higher than the applicable contract price. When becoming aware of certain overpricing issues related to specific individual orders, the company at times issued credits or otherwise corrected prices charged to VA and the other federal agencies. However, the company did not correct the underlying causes of their sales and pricing system errors. The company also did not analyze whether these federal agencies may have been previously overcharged due to the pricing issues and should have received refunds. The company entered a civil settlement in the Eastern District of Washington under which it agreed to pay more than $4.3 million to resolve allegations that it violated the False Claims Act. Of this amount, VA will receive more than $2.1 million.

Regional Sales Director for a Mobile Diagnostics Company Pleaded Guilty to Kickback Scheme

This investigation resulted in charges alleging that a regional sales director for a mobile diagnostics company and others entered into improper agreements through which physicians were paid bribes and kickbacks to order unnecessary transcranial doppler tests (an ultrasound that measures blood flow in the brain). The potential loss to VA is approximately $650,000. The regional sales director pleaded guilty in the District of Massachusetts to conspiracy to violate the Anti-Kickback Statute. A national sales director and an operations manager for the company and three physicians previously pleaded guilty in connection with this scheme. The investigation was conducted by the VA OIG, DOL Employee Benefits Security Administration, USPIS, IRS-CI, HHS OIG, and FBI.

Benefits Investigations

Charity Founder and Four Employees Indicted for Defrauding VA of Approximately $20 Million in VA Pension Benefits

The founder of a purported charitable organization and four of its employees allegedly defrauded both VA and veterans in connection with a pension benefits application assistance scheme. These defendants misled veterans by advising them that they were eligible for pension benefits to which they were not actually entitled. On their behalf, the charity submitted falsified documentation to VA in support of their pension applications. Once the applications were approved, the defendants either demanded direct payment or a large percentage of the resulting benefits before releasing the remainder to the veteran. VA allegedly paid more than $20 million as a result of this scheme. The charity, its founder, and four employees were indicted in the Cuyahoga County (Ohio) Court of Common Pleas on various criminal charges in connection with this fraud scheme. This investigation was conducted by the VA OIG, Ohio Attorney General's Office, and Ohio Department of Commerce.

School Official Sentenced for Defrauding VA's Post-9/11 GI Bill Program

A VA OIG investigation revealed the owner of a non-college-degree school and its certifying official conspired to submit fraudulent information to conceal the entity's noncompliance with the rules and regulations of the Post-9/11 GI Bill program. In response to an inspector general subpoena, the owner and certifying official conspired to provide fraudulent information, including falsified contracts with VA and student rosters. Between September 2012 and August 2018, VA paid more than $17.8 million to the school. The certifying official was sentenced in the District of New Hampshire to 12 months' home detention, 36 months' probation, and ordered to pay restitution of approximately $200,000 after previously pleading guilty to conspiracy to make a false statement. The owner was previously sentenced to 12 months' home detention, 36 months' probation, and ordered to pay restitution of approximately $200,000.

Veteran Sentenced for Fabricating Military Service to Receive VA Compensation Benefits

From January 2010 to March 2023, a veteran received VA compensation benefits that were awarded based on false accounts of his military service, specifically pertaining to injuries sustained from a roadside bomb in Iraq. The veteran also applied for a Purple Heart award to the Marine Corps through his local congressman, falsely claiming to have been injured by a roadside explosion. The loss to VA is approximately $344,000. The veteran was sentenced in the District of Massachusetts to 24 months' supervised release with the first 12 months to be served in home confinement after previously pleading guilty to false statements. The investigation was completed by the VA OIG and DCIS.

Former Spouse of Veteran Sentenced to Prison for Improperly Claiming VA Survivor Benefits

A VA OIG investigation exposed the ex-wife of a deceased veteran submitted false documents to VA in which she claimed to be his surviving spouse, leading to her fraudulent receipt of Dependency and Indemnity Compensation benefits and participation in CHAMPVA. Despite being divorced at the time of the veteran's death, the defendant took multiple steps in this scheme, to include changing her last name to the deceased veteran's last name, fraudulently becoming the administrator of the veteran's estate, and attempting to sue the government for $7.3 million. The ex-wife was sentenced in the Southern District of Georgia to two months' imprisonment, 36 months' supervised release, and ordered to pay restitution of approximately $129,000 after previously pleading guilty to wire fraud.

Investigations Involving Other Matters

Defendant Sentenced for Fraudulently Obtaining Federal Pandemic Relief Loans for Multiple Businesses

The VA OIG and IRS-CI conducted an investigation in which a defendant defrauded the government by obtaining Small Business Administration-backed Paycheck Protection Program and Economic Injury Disaster Loans for multiple businesses that either did not exist or were defunct. The total loss to the government is approximately $1 million. The defendant was sentenced in the Eastern District of Louisiana to 60 months' probation and ordered to perform 50 hours of community service and pay restitution of approximately $785,000 after previously pleading guilty to false statements, theft of government funds, money laundering, and filing a false tax claim. This investigation was the result of a referral from the COVID-19 Pandemic Response Accountability Committee (PRAC). As a PRAC member, the VA OIG assists federal efforts to prosecute instances of fraud even if these cases do not have a direct nexus to VA programs and operations.

Another Owner of Defunct Business Sentenced for Fraudulently Obtaining Federal Pandemic Relief Loans

Another individual defrauded the government by obtaining the same Small Business Administration-backed Paycheck Protection Program loans for a defunct business that he previously owned. He falsely certified that the funds would be used to retain employees and for other legitimate business expenses. The total loss to the government is approximately $675,000. The defendant was sentenced in the Eastern District of Louisiana to 12 months and 1 day of imprisonment, 24 months' probation, and restitution of approximately $260,000 after previously pleading guilty to false statements. This VA OIG investigation was also conducted in response to a referral from PRAC, as well as the US Attorney's Office for the Eastern District of Louisiana.

Office of Audits and Evaluations

This office provides independent oversight of VA's activities to advance the integrity of its programs and operations. Its work helps VA improve program results, promotes economy and efficiency, strengthens controls over the delivery of benefits, identifies potential fraud, verifies compliance with laws and regulations, and enhances veteran care and support. The office released the following reports in June.

Featured Report

Recruitment, Relocation, and Retention Incentives for VHA Positions Need Improved Oversight

The OIG evaluated VA's governance of recruitment, relocation, and retention incentives awarded for VHA positions. Although these incentives were used to address staffing shortages and to retain quality staff, VA did not effectively ensure VHA officials consistently captured required information to support the awards. The OIG team estimated 30 percent of incentives paid during FYs 2020 through 2023 were missing forms, lacked sufficient justification, or were missing signatures, resulting in about $340 million in incentives that were inadequately supported. The OIG team also estimated VHA did not include required workforce and succession plan narratives on reducing or eliminating incentives for 20 percent of retention awards, provide employee performance ratings for 7 percent of relocation incentives, or obtain self-certifications for about 71 percent of employees that they had relocated before receiving the incentive. The team also identified 28 employees who received approximately $4.6 million in retention incentives after the award period had expired, averaging about eight years per employee. The OIG made eight recommendations to improve oversight of these incentives.

Information Technology

Federal Information Security Modernization Act Audit for Fiscal Year 2024

Federal agencies must annually review their information security programs and report on compliance with the Federal Information Security Modernization Act (FISMA). The OIG contracted with CliftonLarsonAllen LLP (CLA) to evaluate VA's information security program for FY 2024. After assessing 49 major applications and general support systems hosted at 23 VA facilities and on the VA Enterprise Cloud, CLA concluded VA continues to face significant challenges meeting FISMA requirements. The audit found continuing deficiencies related to access controls, configuration management controls, security management controls, and service continuity practices designed to protect mission-critical systems from unauthorized access,

alteration, or destruction. Of CLA's 23 recommendations (many of which addressed repeat deficiencies from previous FISMA reports spanning multiple years), VA concurred with 12 of them. CLA will follow up on outstanding recommendations and evaluate corrective actions in the FY 2025 audit of VA's information security program.

Office of Healthcare Inspections

This office assesses VA's efforts to maintain a fully functional healthcare program that promotes high-quality patient care and safety and prevents adverse events. Staff conduct inspections prompted by OIG hotline complaints, congressional requests, and other leads. The office also performs inspections of vet centers and individual medical centers, healthcare systems, networks, and community providers. The Office of Healthcare Inspections released the following June reports.

Mental Health Inspections

Mental Health Inspection of the VA Salem Healthcare System in Virginia

The OIG's Mental Health Inspection Program evaluates VHA's continuum of services. This inspection focused on inpatient care delivered at the VA Salem Healthcare System in Virginia. The inpatient mental health unit had aspects of a recovery-oriented environment, such as secure outdoor spaces, but lacked weekend interdisciplinary programming. The facility had an admission policy that addressed involuntary hospitalization but lacked a written process to monitor and track compliance with involuntary commitment state laws. Staff did not consistently conduct timely suicide risk screening and evaluation, complete or review safety plans, or complete required lethal means and suicide risk trainings. Additionally, staff did not comply with documentation requirements for medication risks and benefits discussions. Most discharge instructions included abbreviations that could be difficult for veterans to understand. Inpatient unit staff reported using a restraint chair that was not covered by policy; although the facility had a local policy on restraints, it did not include the use of restraint chairs. The OIG issued 15 recommendations to facility leaders. These recommendations, once addressed, could improve the quality and delivery of veteran-centered, recovery-oriented care on the inpatient mental health unit.

Mental Health Inspection of the VA Philadelphia Healthcare System in Pennsylvania

This mental health inspection also focused on inpatient care delivered at the VA Philadelphia Healthcare System (the facility) in Pennsylvania. The facility met some, but not all, VHA requirements, some of which were also identified in the prior Salem inspection. Inpatient staff did not offer the required amount of daily interdisciplinary programming for veterans. The

inspection team observed safety hazards on the unit, including ligature risks in veterans' rooms and hallways, unsecured items that could be used for harm to self or others, furniture and flooring that could lead to injury, and multiple blind spots where staff could not visualize and monitor patients. The facility did not have an established local mental health executive committee and lacked written guidance to ensure compliance with involuntary commitment state laws as well. Additionally, the OIG identified concerns with staff's completion of suicide prevention and safety training. Electronic health records did not consistently include suicide risk screenings, select safety plan elements, treatment plans, or medication risk and benefit discussions. The OIG issued 20 recommendations to the facility director, chief of staff, and associate chief of staff for behavioral health to correct identified deficiencies.

Healthcare Facility Inspections

The Healthcare Facility Inspections Program reviews VHA medical facilities approximately every three years to measure and assess the quality of care provided in five areas: (1) culture, (2) environment of care, (3) patient safety, (4) primary care, and (5) veteran-centered safety net (for vulnerable populations such as those served by homeless programs). The inspections incorporate VHA's high reliability organization principles to provide context for facility leaders' commitment to a culture of safety and reliability, in addition to the well-being of patients and staff. June's healthcare facility inspection reports examined the following facilities:

- VA Puget Sound Health Care System in Seattle, Washington
- VA Portland Health Care System in Oregon
- VA St. Louis Healthcare System in Missouri
- VA Atlanta Healthcare System in Decatur, Georgia
- Hershel "Woody" Williams VA Medical Center in Huntington, West Virginia

Featured Hotline Case

The OIG's hotline staff accepts complaints from VA employees, the veteran community, and the public concerning potential criminal activity, waste, abuse, and gross mismanagement of VA programs and operations. The following is a case opened by the Hotline Division that was not included in the inspections, audits, investigations, or reviews detailed above.

Veteran Experienced Delays in Community Care Referrals Being Approved

The OIG Hotline received allegations that a veteran was not obtaining timely approvals for community care consults at the Dallas VA Medical Center in Texas. Between October and November 2024, the veteran's Patient Aligned Care Team reportedly submitted multiple consults across several disciplines for referral to community care providers in VA's network. The Mission

Act of 2018 (a law designed to improve VA health care for veterans by expanding access to community care) requires primary and specialty care consults to be scheduled within 21 and 28 days, respectively. By December, the veteran had not yet received an appointment confirmation. The veteran contacted the medical center to resolve the scheduling delays and was unable to reach a community care representative by phone. The OIG Hotline team referred the matter to the Dallas VA Medical Center for further examination. Medical center officials substantiated the allegations and identified prevalent scheduling delays due to an increased number of referrals to community care providers. To address these delays, medical center officials implemented additional oversight measures, provided more training to current staff, and received approval to hire new staff. Through February 3, 2025, 31 community care consult schedulers have been hired.

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To listen to the podcast on the June 2025 highlights, go to the podcasts page on the OIG website.