



**Department of  
Veterans Affairs**

# **Office of Inspector General**

## **ADMINISTRATIVE INVESTIGATION**

**IRREGULARITIES IN EMPLOYEE RELOCATION REIMBURSEMENTS  
AND THE WORKERS' COMPENSATION PROGRAM  
VA MEDICAL CENTER, WEST PALM BEACH, FLORIDA**

**Report No. 00-01632-117**

**Date: July 20, 2001**

**Fully-Redacted Electronic Copy for Public Release**

To: July 20, 2001

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation – Irregularities in Employee Relocation Reimbursements and Workers' Compensation Program, West Palm Beach, Report 00-01632-117 (IQ-0061)

To: Director, Veterans Integrated Service Network 8 (10N8)

1. Attached is our final report of an administrative investigation into allegations against Mr. Edward Seiler, Director, and other officials of the VA Medical Center in West Palm Beach, Florida. The complainants alleged that these officials violated Federal regulations and VA policy regarding employee relocation expenses and the facility's workers' compensation program. Congressman Mark Foley has an interest in the employee relocation reimbursement issue.

2. We substantiated that Mr. Seiler, **(b)(6)**..... **(b)(6)**.....  
.....), and **(b)(6)**..... **(b)(6)**.....  
intentionally violated Federal regulations and VA policy regarding reimbursement of relocation expenses for Federal Government employees transferring to the Medical Center's Blind Rehabilitation Center. These officials authorized the transferring employees reimbursement of some, but not all, of the expenses to which they were entitled. In particular, they did not authorize reimbursement of expenses associated with the purchase and sale of the employees' houses. We recommended that appropriate administrative action be taken against these management officials, and that Medical Center officials review the permanent change of station records of all current and former employees who relocated to the facility since Mr. Seiler became Director, and pay all properly reimbursable relocation expenses incurred by those employees.

3. In a separate issue, we substantiated that **(b)(6)**..... violated Federal regulations and VA policy by not reporting job-related injuries, or billing the associated costs, to the U.S. Department of Labor, Office of Workers' Compensation Programs (OWCP). While we could not conclusively determine Mr. Seiler's role in this matter, he was responsible for knowing what the Medical Center's practices were and taking steps to correct them, but did not. As a result of these violations, the Medical Center was not reimbursed for the cost of treating job-injured employees. We recommended that you take appropriate administrative action against Mr. Seiler, **(b)(6)**....., **(b)(6)**....., and ensure that job-related injuries are appropriately reported and billed to OWCP.

4. Finally, we substantiated that Mr. Seiler **(b)(6)**..... did not ensure that employees were adequately informed about their workers' compensation program entitlements. We further substantiated that Mr. Seiler denied three employees continuation of pay benefits. We recommended that appropriate administrative action be taken against Mr. Seiler **(b)(6)**....., and that you ensure that employees who were injured at the West Palm Beach Medical Center since

Mr. Seiler became Director have received all the benefits to which they are entitled.

5. You concurred with all our recommendations, noting that some corrective actions were underway, and that you intended to determine how certain decisions relating to the workers' compensation program were made. You also told us that, regarding the employee relocation reimbursement issue, you are recommending that the issue be presented as a "Lesson Learned" for all VISN and medical center directors in the event the practice is in place at other locations. Your comments are responsive to the recommendations, and we consider all issues resolved. We will follow-up to ensure all actions are completed.

*(Original signed by Michael P. Stephens for:)*  
THOMAS J. WILLIAMS

Attachment

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**ADMINISTRATIVE INVESTIGATION**

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VA MEDICAL CENTER, WEST PALM BEACH, FLORIDA**

**REPORT NO. 00-01632-117  
(Case IQ-0061)**

**INTRODUCTION**

**Purpose**

The Department of Veterans Affairs (VA) Office of Inspector General, Administrative Investigations Division, investigated allegations against Mr. Edward Seiler, Director, and other officials of the VA Medical Center in West Palm Beach, Florida. The complainants alleged that these officials violated Federal regulations and VA policy regarding employee relocation expenses and the facility's workers' compensation program. The purpose of this investigation was to determine the validity of the allegations.

**Background**

Mr. Seiler has been a VA employee for over 32 years, and has served in a variety of administrative and management positions. He assumed his current position in July 1998. Previously, he was Director of the VA Medical Center in Providence, Rhode Island. The West Palm Beach **(b)(6)**....., **(b)(6)**....., and the **(b)(6)**.. of the West Palm Beach **(b)(6)**....., **(b)(6)**....., have both been VA employees for over **(b)(6)**..... and have had extensive experience in their respective fields.

**Scope**

To assess the allegations, we took sworn, tape-recorded testimony from Mr. Seiler, **(b)(6)**....., **(b)(6)**....., and other employees of the West Palm Beach Medical Center. We reviewed pertinent vacancy announcements, permanent change of station records, and employee accident/incident records. We also reviewed a Veterans Integrated Service Network (VISN) 8 investigation conducted in response to a complaint that two employees' workers' compensation program claims were mishandled at the West Palm Beach Medical Center.

A representative from the Office of Occupational Safety and Health and Workers' Compensation in VA Central Office participated with us in investigating the allegations pertaining to the workers' compensation program.

## RESULTS AND RECOMMENDATIONS

<b>Issue 1:      Whether Mr. Seiler, <i>(b)(6)</i>..... intentionally violated regulations and policies regarding reimbursement of relocation expenses for transferring Government employees</b>
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We substantiated that Mr. Seiler, *(b)(6)*..... intentionally violated Federal regulations and VA policy regarding reimbursement of relocation expenses for Federal Government employees transferring to the Medical Center's Blind Rehabilitation Center. These officials authorized the transferring employees reimbursement of some, but not all, of the expenses to which they were entitled. In particular, the employees were not authorized reimbursement of expenses associated with the purchase and sale of their houses.

*Standard:* Federal Travel Regulations and VA policy require that, when a Federal Government employee is authorized, in the interest of the Government, a transfer from one official duty station to another, the transfer will be at Government expense [41 CFR §302-1.3; MP-1, Part II, Chapter 2, paragraph 13c]. Federal Travel Regulations provide that, when management determines that relocation expenses will be authorized at Government expense, a written travel authorization will be issued to the employee before he or she reports to the new official station [41 CFR §302-1.3(c)]. The travel authorization documents the specific allowances authorized and management's determination as to whether the transfer is in the interest of the Government. At management's discretion, reimbursement of temporary quarters expenses and a house-hunting trip may be authorized [41 CFR §302-4 and §302-5]. However, reimbursement of expenses in connection with the sale and purchase of a house is an entitlement of the employee [41 CFR §302-6; MP-1 Part II, Appendix N, paragraphs 2(b) and 9(a)].

Comptroller General decisions have established that budget constraints cannot form the basis for denying an employee relocation expenses, if the transfer is in the Government's interest [56 Comp. Gen 709 (1977) and B-190487, February 23, 1979]. Additional decisions affirmed that certain expenses, including real estate transaction expenses authorized by the Federal Travel Regulations, must be allowed uniformly to transferred employees, and that the agency has no discretion to reduce or change these benefits [55 Comptroller General 613, 614 (1976); B-217630, July 25, 1985; B-227663, October 23, 1987].

In 1988, VA requested the General Services Administration to waive the Federal Travel Regulations so that facility officials could negotiate with an employee concerning the relocation expenses to be authorized. The General Services Administration denied the request, stating the regulations contained no provision for waivers. In a 1994 memorandum to the Director of the former Veterans Health Administration Central Region, the VA Deputy Assistant Secretary for Administration reinforced the prohibition against negotiating the amount of relocation expenses with a transferring employee.

VA policy requires that a decision as to whether relocation expenses will be authorized must be made in advance, and be clearly stated on the applicable vacancy announcement [MP-1 Part II, Chapter 2, paragraph 13c].

*Discussion:* In late 1999, the West Palm Beach Medical Center established a Blind Rehabilitation Center, and after hiring a supervisor and assistant supervisor, began recruiting for Blind Rehabilitation Specialists under a variety of vacancy announcements. Each announcement issued at that time stated that relocation expenses were not authorized. As a result of this recruitment effort, five Specialists were hired who were VA employees and who required a transfer to West Palm Beach. Since not all the positions were filled, Medical Center officials issued new vacancy announcements, which this time stated that relocation expenses "may" be authorized. As a result of this second recruitment effort, three additional Specialists were hired who were VA employees and who required a transfer to West Palm Beach. Notwithstanding the language on the announcements, management ultimately prepared travel authorizations for all eight employees, authorizing them some, but not all, relocation expenses. Their travel authorization documents stated that the transfers were for the convenience of the Government. Both Mr. Seiler **(b)(6)** . . . . . confirmed that the transfers were for the convenience of the Government.

Mr. Seiler, **(b)(6)** . . . . . each testified that they participated in a group decision to offer the Blind Rehabilitation Specialists a partial relocation package. The specifics of the package were documented in a February 1, 2000, internal memorandum to the file, approved by **(b)(6)** . . . . . The memorandum stated all current VA employees selected for the Specialist positions would be authorized shipment and storage of household goods, en-route mileage, per diem, and temporary quarters. Mr. Seiler, **(b)(6)** . . . . . each told us that, in developing the February 1 memorandum to the file, they made a conscious decision not to authorize reimbursement of expenses associated with the purchase and sale of the employees' houses. They told us they made this decision in an effort to contain expenses, while simultaneously attracting qualified candidates. Mr. Seiler noted that the most expensive part of a permanent change of station move is often the sale and purchase of a house. Consequently, he defended his decision to not pay full relocation costs as a prudent budgetary decision. He further noted that it was common practice throughout the agency to not authorize full reimbursement. **(b)(6)** . . . . . told us that the decision was intended to be as fair as possible to all the Specialists by offering partial reimbursement to everyone, rather than giving some individuals full reimbursement and others nothing.

Mr. Seiler, **(b)(6)** . . . . . told us the partial relocation package amounted to a "gentleman's agreement" with each employee because the officials knew that if an employee subsequently insisted on reimbursement for the sale and purchase of his house, the Medical Center would have to pay it. However, according to the Medical Center's former travel clerk, now **(b)(6)** . . . . . told **(b)(6)** not to send the Blind Rehabilitation Specialists a relocation services request form. We discussed with three Specialists their transfers to West Palm Beach from other VA facilities. They told us they were not informed they could ask for reimbursement of expenses associated with

the purchase and sale of their houses. Two of the three said they asked about such reimbursement, but were told it was not being offered.

Not all employees transferring to the West Palm Beach Medical Center were authorized only partial relocation expenses. Mr. Seiler told us that service chiefs, as a group, are considered eligible for reimbursement of costs associated with the purchase and sale of their houses, and other positions are considered on a case-by-case basis, depending on the facility's ability to recruit qualified candidates and the grade of the position. We found that full relocation expenses were offered to employees who were not service chiefs and/or were not in hard-to-fill positions. For example, a health systems specialist serving as the staff assistant to the Director, and a personnel specialist, both received reimbursement for the full range of relocation expenses.

In another instance, we identified an employee who was denied relocation expenses after being told he was authorized such reimbursements. Although hired under an announcement that did not mention relocation expenses, testimony and documentation indicate that management offered him full relocation expenses but later rescinded the offer. According to the employee, he argued with the (b)(6) . . . . ., Human Resources Management Service, about his salary level, and, soon afterwards, (b)(6) informed him no relocation expenses were authorized for his position. The (b)(6) . . . . . . . . . . told us the initial agreement to pay full relocation expenses for the employee, and an "Intra-Agency Transfer Request" (b)(6) sent to him, stating that travel and transportation expenses were authorized, were an administrative error and should not have occurred. (b)(6) could not recall other details about the incident. (b)(6) . . . . . also asserted that the initial information given to the employee was in error.

*Conclusion:* Mr. Seiler, (b)(6) . . . . . violated Federal Travel Regulations and VA policy by not authorizing full reimbursement of relocation expenses to employees whose transfers to the West Palm Beach Medical Center were deemed to be for the convenience of the Government. While we understand these officials' intention was to be fair to all the newly hired Specialists, once they decided to offer the employees reimbursement, they had no authority to only partially reimburse them. This is true even though five of the employees accepted positions based on vacancy announcements stating that relocation expenses would not be authorized. Considering that Mr. Seiler, (b)(6) . . . . . have been employed by VA for (b)(6) . . . . . to 32 years, and that they testified they knew the employees were entitled to full reimbursement, we concluded the violations were intentional.

### **Recommendation 1**

The Director, VISN 8, should:

- a) take appropriate administrative action against Mr. Seiler, (b)(6) . . . . . for not authorizing Blind Rehabilitation Specialists reimbursement for costs associated with the purchase and sale of their houses, when their transfers

were deemed to be for the convenience of the Government, and they were authorized other relocation assistance; and

- b) ensure that Medical Center officials review the permanent change of station records of all current and former employees who relocated to the facility since Mr. Seiler became Director, and pay all properly reimbursable relocation expenses incurred by those employees.

### **VISN 8 Director's response**

The Director, VISN 8, concurred with the above recommendations. Additionally, he stated that he will direct that the practice of offering partial relocation packages be discontinued. He also told us he is recommending that this issue be presented as a "Lesson Learned" for all VISN and medical center directors, in the event the practice is in place at other locations. Regarding the recommendation that the VISN Director ensure that Medical Center officials review employees' permanent change of station records, he told us officials are currently collecting information and will provide all properly reimbursable relocation expenses that have not already been paid. The VISN Director's complete comments are in the appendix.

### **Office of Inspector General comment**

The VISN Director's comments are responsive to the recommendations, and we consider the issues resolved. We will follow-up to ensure the recommended actions are taken.

**Issue 2: Whether Mr. Seiler, (b)(6) . . . . . violated Federal requirements to report job-related injuries, and bill associated costs, to the U.S. Department of Labor**

We substantiated that (b)(6) . . . . . violated Federal regulations and VA policy by not reporting job-related injuries, or billing the associated costs, to the U.S. Department of Labor, Office of Workers' Compensation Programs (OWCP). While we could not conclusively determine Mr. Seiler's role in this matter, he was responsible for knowing what the Medical Center's practices were and taking steps to correct them, but did not. As a result, the facility's statistical measures of occupational safety did not accurately reflect the prevalence and cost of its job-related injuries. Also as a result of these violations, the Medical Center was not reimbursed for the cost of treating job-injured employees.

*Standard:* The Federal Employees' Compensation Act authorizes compensation benefits to Federal civilian employees of the United States for disability due to personal injury or disease sustained while in the performance of their duty. The OWCP is responsible for implementing and administering this Act.

Federal regulations require employers to submit to OWCP a "Federal Employee's Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation" form for an injured employee, if the injury will likely result in medical expenses, further treatment, job absence, future disability, permanent impairment, or continuation of pay [20 CFR §10.110(b)]. Continuation of pay is the employing agency's continuance of employee pay when the employee is not working because of a job-related injury. OWCP guidance reiterates the employer's responsibility to submit notification of the injury to OWCP [OWCP Publication CA-810].

VA policy mandates that, when a VA medical center treats a job-injured employee at the facility beyond the emergency diagnosis and first treatment, medical center officials must bill the Department of Labor to recoup the expenses associated with the treatment [VA Directive 5810, paragraph 2e(3)]. On a yearly basis, the Department of Labor furnishes VA a statement of the total cost of benefits and payments it made during the preceding year, charging back those expenses. VA then includes in its next annual budget a request for an appropriation equal to the costs delineated by the Department of Labor [5 USC §8147(b)]. Thus, if a VA entity does not bill the Department of Labor for the costs it incurs in treating job-injured employees, it will not receive reimbursement for those costs.

VA policy [VA Directive 5810] assigns field facility directors responsibility for implementing workers' compensation program policy, and for monitoring and controlling the facility's chargeback costs. The policy also assigns Human Resources Management Officers responsibility for managing their facilities' workers' compensation program, including developing local policies to ensure claims are processed in a timely manner. West Palm Beach Medical Center policy requires the Medical Care Cost

Recovery unit in the Business Office to submit all bills for job-injured employees' medical expenses incurred by the facility to OWCP [Medical Center Memorandum 548-021].

*Discussion:* In 1999, the West Palm Beach Medical Center's measure of cases involving lost time from work was well below the VISN 8 and national averages. The Medical Center's measure of lost time cases was .92, compared to a VISN-wide measure of 1.81 and a Department-wide measure of 2.56. Additionally, the Medical Center's 1999 OWCP costs were 10 percent lower than its costs in 1998. Mr. Seiler addressed these favorable statistics in his 1999 annual performance self-appraisal.

Mr. Seiler **(b)(6)**..... acknowledged they were aware of the requirement for Medical Center officials to report job-related injuries to OWCP and bill the cost of treating those injuries to the Department of Labor. **(b)(6)**..... also acknowledged he was aware of the billing requirement. Mr. Seiler told us that, to his knowledge, these requirements were being met at West Palm Beach. However, as discussed below, additional testimony and documentation indicate this was not the case.

In January 2000, the Director, VISN 8, reported the results of an investigation VISN employees conducted following a complaint that West Palm Beach Medical Center officials mishandled two injured employees' workers' compensation program claims. Although the allegation was not substantiated, the VISN reported that facility officials were not billing OWCP for outpatient treatment/medical services beyond the emergency diagnosis and first treatment.

Additionally, our review of records pertaining to 166 job-related accidents/incidents that occurred between January 1, 1999 and June 30, 2000 at the Medical Center indicates that Medical Center officials did not routinely notify OWCP of the injury. Twenty-two percent of the employees involved in these accidents/incidents were seen in the Medical Center's Employee Health Office two or more times, indicating further treatment and medical expense was involved; however, Medical Center officials did not submit notice of injury forms to OWCP. Another 51 percent of the employees were seen in the Employee Health Office once, or not at all. We could not determine the extent to which these employees' injuries involved medical expenses, further treatment, job absence, future disability, permanent impairment, or continuation of pay, and therefore should have been reported. However, we contacted six employees who did not complete a notice of injury form to determine why. Four told us they were not advised about the need to complete the form, and two said their injury was not severe enough to warrant it. We also found that between January 1, 1999, and June 30, 2000, Medical Center officials submitted no bills to the Department of Labor for expenses related to the workers' compensation program.

**(b)(6)**..... testified that he, Mr. Seiler, **(b)(6)**....., and others together decided not to bill the Department of Labor the cost of treating employees' job-related injuries because the billing and charge-back process was inefficient, and because it would reflect unfavorably on the facility's occupational safety statistical measures. Similarly,

.(b)(6)..... testified that .(b)(6)..... decided not to bill the Department of Labor because the process seemed circuitous. Furthermore, the facility's Human Resources Management Service .(b)(6)..... formerly assigned responsibility for managing workers' compensation cases told us that, in approximately late 1998, .(b)(6)..... directed .(b)(6)..... not to send the notice of injury forms to OWCP. .(b)(6)..... said subsequently (approximately in early 1999), some, but not all, of the forms were submitted and billings to the Department of Labor commenced. In particular, .(b)(6)..... said paperwork was not submitted for employees who were treated in the Employee Health Office and did not receive continuation of pay benefits, or who did not incur medical expenses but were placed in a light duty status. The .(b)(6)..... told us it was .(b)(6)..... impression management did not want the notice of injury forms submitted to OWCP because they wanted to lower their occupational safety statistics. .(b)(6)..... said the specialist who assumed .(b)(6)..... responsibilities when .(b)(6)..... did not continue to ensure that notice of injury forms were submitted to OWCP, or that the Department of Labor was billed. .(b)(6)..... confirmed that at some point in the past management decided to begin billing OWCP, but due to an employee performance problem in the Human Resources Management Service, this was not done.

*Conclusion:* .(b)(6)..... violated Federal regulations and VA policy requiring them to report job-related injuries to OWCP, and to bill the Department of Labor for the costs associated with those injuries. As a result, the Medical Center's occupational safety statistics minimized the prevalence and cost of its job-related injuries. Further, by not charging the costs of treating job-injured employees to the Department of Labor, the Medical Center did not receive reimbursement, thus forfeiting medical care funds that could have been used to treat veterans. While we could not conclusively determine Mr. Seiler's role in these decisions, it was his responsibility as the Director to know what the Medical Center's practices were and take steps to correct them, if necessary.

## **Recommendation 2**

The Director, VISN 8, should:

- a) take appropriate administrative action against Mr. Seiler for allowing .(b)(6)..... to avoid Federal requirements to report job-related injuries, and bill associated costs, to the Department of Labor;
- b) .(b)(6)....., .(b)(6)....., .(b)(6).....; .(b)(6).....
- c) ensure that all job-related injuries that are likely to result in medical expenses, further treatment, job absence, future disability, permanent impairment, or continuation of pay are reported and billed to OWCP.

### **VISN 8 Director's response**

The Director, VISN 8, concurred with the above recommendations. He noted he will attempt to determine how the decision was made to discontinue billing for OWCP costs and properly reporting injuries. Regarding the recommendation that the Director ensure that job-related injuries are reported and billed to OWCP, the Director stated that all reportable cases have been reported, and billing has been in full compliance since July 12, 2000. The Director's complete comments are in the appendix.

### **Office of Inspector General comment**

The VISN Director's comments are responsive to the recommendations, and we consider the issues resolved. We will follow-up to ensure the recommended actions are taken.

**Issue 3: Whether Mr. Seiler (b)(6) . . . . . violated VA policy by not adequately informing injured employees about their workers' compensation program rights**

We substantiated that Mr. Seiler (b)(6) . . . . . did not ensure that employees were adequately informed about their workers' compensation program entitlements. We further substantiated that Mr. Seiler denied three employees continuation of pay benefits.

*Standard:* Federal regulations provide job-injured employees numerous entitlements, including the right to choose their initial treating physician; receive reasonable transportation to the physician; receive continuation of pay, annual leave, sick leave, or leave without pay for any period of disability; and be informed if management decides to controvert continuation of pay and/or terminate pay [20 CFR §10.211, 10.300, 10.315]. As noted previously, Federal regulations also entitle a job-injured employee to have notice of his or her injury properly reported to OWCP. VA policy provides that employees will be informed of their rights related to job-incurred injuries [VA Directive 5810, paragraph 2b(2)]. According to the policy, the Medical Center Director is responsible for implementing it, and the Human Resources Management Officer is responsible for developing local policies to ensure that employees are informed of their rights and responsibilities [VA Directive 5810, paragraph 3e(1)].

*Discussion:* According to the Medical Center's Human Resources Management Service specialist formerly responsible for the workers' compensation program, a detailed workers' compensation information packet, containing the aforementioned rights, was maintained in the West Palm Beach Medical Center Employee Health Office to advise employees of their rights and responsibilities following a job-related injury. The packet also included a form for employees to sign, indicating their choice of treating physician. However, when Mr. Seiler became Director, the packet was removed from the Employee Health Office. In lieu of the packet, employees were referred to a brief, electronically accessible "bill of rights." The "bill of rights," which appears on the computer screen when an employee begins to complete a notice of injury form, advises employees only that they have a right to file a notice of injury form, choose their own physician, and have a union representative assist them with their claim.

The January 2000 VISN report of its investigation of two workers' compensation claims at West Palm Beach contained a suggestion that the facility begin using the detailed packet once again, including the signed statement. At the time of our visit in July 2000, however, this had not been done. The Human Resources Management Service (b)(6) . . . . . currently responsible for the workers' compensation program told us that, when he requested the packet be used again, (b)(6) . . . . . indicated that the electronic "bill of rights" was sufficient. Both Mr. Seiler (b)(6) . . . . . told us that employees are advised of their workers' compensation program rights through policy statements and training, as well as from the "bill of rights." Further, Mr. Seiler told us employees have an obligation to read the facility's workers' compensation policy to learn their rights.

.(b)(6). . . . also noted that supervisors and the Human Resources Management Service specialist are available to answer employees' questions. The .(b)(6). . . . . formerly responsible for the program told us, however, that while .(b)(6). was in that position, .(b)(6). felt management discouraged .(b)(6). . . .om providing information to job-injured employees, but rather wanted .(b)(6). . .o only answer specific questions posed by the injured employee.

Furthermore, according to minutes of an April 2000 West Palm Beach Medical Center Partnership Council meeting of union and management officials, a union representative raised concerns about the management of work-related injuries at the facility. Two issues of particular concern were that employees were not being informed of their right to choose a physician, and were using leave when continuation of pay should have applied. The minutes document that, at the meeting, .(b)(6). . . . . agreed to review these issues to ensure practices at the Medical Center conformed to Federal regulations and VA policy. However, in July 2000, .(b)(6). . . . . told us he never attended a meeting at which concerns about employees not being advised of their rights and responsibilities were discussed.

Regarding employees' right to choose a physician, local policy requires a job-injured employee to immediately report to the Employee Health Office. However, the Employee Health Office physician assistant told us that job-injured employees are not always informed, prior to being treated in the Employee Health Office, that they can elect to be treated by a private physician. .(b)(6). . . . . also told us he "doubted" if this was being done, and the Human Resources Management Service .(b)(6). . . . . said employees have told .(b)(6). they were not informed of their right to choose. Mr. Seiler told us injured employees were treated in the Employee Health Office before being advised of their right to choose a private physician to ensure the employee's health is not in serious jeopardy. He stated Medical Center officials would not be acting responsibly if they allowed a seriously injured employee to leave the facility without providing them medical care. .(b)(6). . . . . asserted that management has the authority to direct an employee to be seen in the Employee Health Office before he or she leaves the facility to see a private physician.

We identified other indications that management discouraged job-injured employees from exercising their workers' compensation program rights. For example, an electronic mail message from the specialist formerly responsible for the workers' compensation program informed an employee of the three years in which to file a claim, and that it was important to do so. The Medical Center's Safety and Occupational Health Management Officer wrote a note to .(b)(6). . . . ., questioning the appropriateness of the message and stating it was "giving away the show." As another example, an employee told us that in approximately 1999 she reported to the Employee Health Office because of what she believed was job-related pain. She stated that the Safety and Occupational Health Management Officer "vigorously discouraged" her from filing a work-related injury. The employee told us she persisted, and eventually was successfully treated at the Medical Center. Finally, as noted previously, we contacted six employees who suffered job-related injuries to determine why they did not file a notice of injury form. Four of the six told us they were never informed about the need to file the forms.

We identified one instance, involving three employees who claimed job-related injuries, in which Mr. Seiler denied continuation of pay because he believed the employees had not been injured. The OWCP notified Mr. Seiler on May 8, 2000, that it had approved these employees' claims, but West Palm Beach Medical Center officials did not pay them continuation of pay benefits until early December 2000. Mr. Seiler told us the delay was due to the fact that the Medical Center was waiting for OWCP to respond to a letter he sent, arguing against approving the claims. However, since management does not have appeal rights once OWCP has approved a claim, if Mr. Seiler disagreed with the decision, he should have requested OWCP reconsider the matter *after* he paid the employees their continuation of pay benefits.

*Conclusion:* Mr. Seiler **(b)(6)** . . . . . did not ensure that employees were adequately informed of their workers' compensation program rights. Detailed information about employee rights should be available to injured employees immediately following an injury. In particular, if employees are directed to immediately report to the Employee Health Office following an injury, they should be told prior to being treated by Medical Center clinical staff that they have the option of seeing a private physician of their choice. Regarding the three instances we identified in which Mr. Seiler denied employees continuation of pay after their claims had been approved by OWCP, he should have paid their benefits and then requested OWCP to reconsider the matter.

The representative from the Office of Occupational Safety and Health and Workers' Compensation in VA Central Office, who participated with us in this investigation, identified several program areas needing improvement. We suggest that Mr. Seiler work with this office to identify the improvements needed, and establish an implementation plan for achieving them.

### **Recommendation 3**

The Director, VISN 8, should:

- a) take appropriate administrative action against Mr. Seiler **(b)(6)** . . . . . for not ensuring that West Palm Beach Medical Center employees are adequately informed of their workers' compensation program rights, and against Mr. Seiler for improperly denying three employees continuation of pay benefits; and
- b) ensure that employees who were injured at the West Palm Beach Medical Center since Mr. Seiler became Director have received all the benefits to which they are entitled.

### **VISN 8 Director's response**

The Director, VISN 8, concurred with the above recommendations. Regarding the recommendation to take appropriate administrative action against Mr. Seiler **(b)(6)** . . . . . , the Director noted that his office is in the process of resolving who was

accountable for the change in procedures, and determining appropriate action. Regarding the three employees who were initially denied continuation of pay, the VISN Director noted that management would have been remiss in their responsibilities not to challenge these claims, but acknowledged that the benefits should have been provided much earlier than they were. He told us he fully discussed this issue with Medical Center management officials, and they are fully aware that suspension of continuation of pay benefits is not an option.

Regarding the recommendation that the VISN Director ensure that injured employees have received all the benefits to which they are entitled, the Director stated that all claims are being reviewed. The VISN Director's complete comments are in the appendix.

**Office of Inspector General comment**

The VISN Director's comments are responsive to the recommendations, and we consider the issues resolved. We will follow-up to ensure the recommended actions are taken.

## VISN 8 DIRECTOR'S RESPONSE

**Department of  
Veterans Affairs****Memorandum**

**Date:** July 16, 2001

**From:** Network Director (10N8)

**Subj:** OIG Administrative Investigation Draft Report #2000-IQ-0061

**To:** Assistant Inspector General for Investigations (51)

**Thru:** Assistant Deputy Under Secretary for Health (10N)

1. I have had an opportunity to review a summary of the entire evidence file concerning the draft report of the investigation subject above. After giving consideration to the circumstances and intent of those involved in the identified recommendations, I have provided my comments and recommended action plan in the attached document. I request that you substitute this document for the initial response.
2. In addition to providing appropriate entitlements to employees identified in the report, I have recommended a plan for information and education that go beyond the boundaries of Network 8. I believe that the ever-growing financial restraints placed upon facility directors could allow for the circumstances such as those involving employee relocation reimbursement to give rise at other locations. A reminder of how restrictive these laws and regulations are would only serve to avoid similar incidences. I am also aware that legislative and regulatory changes have been initiated by the Legislative and Policy Workgroup (a group convened by VHA's Succession Planning initiatives) that addresses travel and relocation changes necessary for VA to compete with private sector practices.
2. Thank you for the opportunity to review the complete file in this matter. If you have any questions or need additional information, please contact me at (727) 319-1125.



Robert H. Roswell, M.D.

Attachment

## VISN 8 DIRECTOR'S RESPONSE

**Network 8 Response to Recommendations  
From OIG Draft Report #2000-IQ-0061**

*Irregularities in Employee Relocation Reimbursements  
and Workers' Compensation Program  
VAMC West Palm Beach, FL.*

**Recommendation 1a:** *Take appropriate administrative action against Mr. Seiler, (b)(6).....or not authorizing Blind Rehabilitation Specialists reimbursement for costs associated with the purchase and sale of their houses, when their transfers were deemed to be for the convenience of the Government, and they were authorized other relocation assistance.*

**Response: Concur.** I will also direct that the practice of offering partial relocation packages be discontinued. Further, I am recommending that this issue be presented as a "Lesson Learned" for all Network Directors and Medical Center Directors in the event the practice is in place at other VA Medical Centers.

**Recommendation 1b:** *Ensure that Medical Center officials review the permanent change of station records of all current and former employees who relocated to the facility since Mr. Seiler became Director, and pay all properly reimbursable relocation expenses incurred by those employees.*

**Response: Concur.** West Palm Beach is currently collecting information and will provide all properly reimbursable relocation expenses that have not already been paid.

**Recommendation 2a:** *Take appropriate administrative action against Mr. Seiler for allowing (b)(6)..... to avoid Federal requirements to report job-related injuries; and bill associated costs, to the Department of Labor.*

**Response: Concur** that action is required, however, we will be requesting the full transcripts in order to determine how the decision was made to discontinue billing for OWCP costs and properly reporting injuries.

VISN 8 DIRECTOR'S RESPONSE

**Recommendation 2b:** *(b)(6)*.....  
.....,  
*(b)(6)*....., *(b)(6)*.....

**Response:** Concur that action is required, however, we will be requesting the full transcripts in order to determine how the decision was made to discontinue billing for OWCP costs and properly reporting injuries.

**Recommendation 2c:** *Ensure that all job-related injuries that are likely to result in medical expenses, further treatment, job absence, future disability, permanent impairment, or continuation of pay are reported and billed to OWCP.*

**Response:** Concur. All reportable cases have been reported to OWCP. Billing has been in full compliance since July 12, 2000.

**Recommendation 3a:** *Take appropriate administrative action against Mr. Seiler (b)(6).....or not ensuring that West Palm Beach Medical Center employees are adequately informed of their workers' compensation program rights, and against Mr. Seiler for improperly denying three employees continuation of pay benefits.*

**Response:** Concur in concept. In reviewing the documents and the testimony provided, it is evident the method of advising employees regarding OWCP issues was changed. The Network is working to resolve who exactly was accountable for the change in procedures and determine appropriate action.

In regard to the three employees who were initially denied COP, I have reviewed available correspondence involving the processing of these claims. Clearly the circumstances surrounding these were very unusual and suspect and possibly could have been considered fraudulent. Management would have been remiss in their responsibilities not to challenge these claims. Nonetheless, the COP benefits should have been provided much earlier than they were. I have taken action by fully discussing this issue with WBP management officials. They are fully aware that suspension of COP benefits is not an option.

**Recommendation 3b:** *Ensure that employees who were injured at the West Palm Beach Medical Center since Mr. Seiler became Director have received all the benefits to which they are entitled.*

**Response:** Concur. All claims are being reviewed to ensure that employees have been given appropriate benefits to which entitled.

## **Report Distribution**

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