



Department of Veterans Affairs Office of Inspector General

Summary of the Benefits Review of the VA Regional Office in San Juan, Puerto Rico

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Executive Summary

The Department of Veterans Affairs, Office of Inspector General (VA OIG) initiated the planning phase of the Benefits Review of the Veterans Affairs Regional Office (VARO) in San Juan, PR in June 2003. In November 2003, Information Request Letters and Benefit Certification Sheets were sent to all beneficiaries whose awards were being administered by the VARO and to beneficiaries receiving pensions from the Pension Center in Philadelphia, PA whose claims were last serviced by the VARO in San Juan. From June 14, 2004 until July 16, 2004, employees of the VA OIG were on-site at the VARO San Juan, PR and conducted more than 3,200 interviews, reviewed approximately 4,050 files, and opened 13 criminal and 9 administrative investigations.

As of July 16, 2004, the awards of 1,353 beneficiaries were identified for termination. The overpayments for these beneficiaries totaled approximately \$29 million and represent a projected 5-year cost avoidance of over \$45 million.

The VA OIG also made 1,727 referrals to the VARO regarding possible increases in benefits, aid and attendance, change of addresses, corrected dates of birth, and various other benefit changes. Additionally, we sent 82 applications to the National Personnel Records Center and the Bureau of Naval Personnel on behalf of veterans who had never received their service medals.

This report presents the operational aspects of the review, the outcomes, and several concluding observations. We especially note the exemplary initiative and cooperation of the employees of the Veterans Benefits Administration (VBA) in the conduct of this review.

(original signed by:)

RICHARD J. GRIFFIN
Inspector General

Introduction

The VA OIG, Office of Investigations, began planning the Benefits Review of the VARO in San Juan, PR as one of a series of benefits reviews to be conducted. We met with VBA Headquarters staff to coordinate this joint effort.

In October 2003, a team of VA OIG personnel traveled to San Juan to meet with Federal and local agency administrators. We briefed VARO management, and scheduled briefings with representatives of the Veterans of Foreign Wars, American Legion, Paralyzed Veterans of America, Puerto Rico Public Advocate for Veterans Affairs, Disabled American Veterans, and the local Vietnam Veterans of America.

The VARO in San Juan serves Puerto Rico and the United States Virgin Islands, which include St. Thomas, St. Croix, and St. John. As of November 2003, there were 43,386 VA beneficiaries whose awards were administered by the VARO and another 1,865 whose pensions were administered by the Pension Center in Philadelphia, PA but previously serviced by the VARO in San Juan. Approximately \$31.2 million in VA Compensation and Pension benefit payments were sent to these beneficiaries monthly.

The majority of overpayments discovered at the VARO can be attributed to deceased payees. VA OIG relies on computer matches with the Social Security “Death Index File” to identify those veterans and beneficiaries whose deaths are not reported by family members to VA. In Puerto Rico, this match is complicated, in part, because of the common use of two last names. Computer systems are generally designed to store one last name. Additionally, many births in small communities in Puerto Rico were not accurately recorded in the first half of the last century so use of the date of birth as an element of the match presents problems.

Operational Phase

On November 7, 2003, Information Request Letters (IRL) and Beneficiary Certification Sheets (BCS) were mailed to 45,251 beneficiaries. The VBA Hines System Development Team coordinated the printing and mailing of these letters. The IRL instructed the beneficiary to complete the enclosed BCS and return it to the VA OIG. The BCS asked a series of questions tailored to the type of VA benefit received. The IRL notified the beneficiary failure to reply in 60 days may result in the termination of their benefits.

On January 12, 2004, a second IRL and BCS form was sent to 12,649 beneficiaries who did not respond to the original request. This IRL informed the beneficiary they did not respond to the first letter and further stated failure to respond to this letter by not returning the completed BCS in 60 days may result in termination of their benefits.

As of March 12, 2004, 3,751 of the original 45,251 beneficiaries failed to return a BCS. With the agreement of the VA OIG and the Compensation and Pension Service, the VARO in San Juan drafted a third letter, in English and Spanish, and on April 6, 2004, these letters were sent to those beneficiaries who had not responded advising them failure to reply to the third letter would result in termination of their monthly benefits.

On May 14, 2004, information was sent to VBA Hines, Illinois, that identified 1,677 beneficiaries (of the original 45,251) for termination of benefits until their existence was verified or their death was confirmed.

Of the original group of 3,751 beneficiaries who failed to respond to the first two letters, 2,628 beneficiaries later proved they were entitled to VA benefits, 272 beneficiaries were confirmed deceased, and 25 beneficiaries were terminated for other reasons, leaving 826 who had not contacted either the VARO or the VA OIG.

On May 18, 2004, letters were sent to 3,330 beneficiaries who had returned their BCS but met one of the criteria for further on-site review. These letters requested the beneficiaries present themselves at the San Juan Federal Building to be interviewed by the VA OIG Benefits Review team. Beneficiaries were also notified failure to appear for the interview, without providing a legitimate excuse, would result in possible suspension of benefits. To determine potential fraud regarding the BCS, and to verify the interviewee was, in fact, the beneficiary, we conducted personal interviews and reviewed identification documents.

From June 14 through July 16, 2004, VA OIG personnel were on-site at the VARO in San Juan to conduct the personal interview and claim folder review phase of this project. The VA OIG Benefits Review team included 17 individuals from the Office of Investigations, 3 from the Office of Audit, 2 from the Office of Healthcare Inspections, and 1 from the Office of Management and Administration.

We interviewed approximately 140 beneficiaries each day. VARO staff provided us the claims folders daily of each beneficiary to be interviewed. These logistics were complicated by the 257 beneficiaries who appeared on days other than their assigned date or were rescheduled to a different day to accommodate their

schedule. The file room staff at the VARO did an excellent job throughout the benefit review.

The team reviewed identification presented by the beneficiary; verified dates and other information contained in the VA data systems; confirmed information submitted on the BCS form; and reviewed the contents of the claims folder with each beneficiary. A network computer was installed to review current data records of the beneficiaries and verify beneficiaries when the file folder was not accessible. On several occasions, we determined the BCS was completed by a relative or friend of the beneficiary.

Sixty-seven beneficiaries scheduled to appear for interviews were unable to attend because of severe illness or because they were bedridden. VA records did not reflect the condition of these beneficiaries. We instructed family members to bring a note from their doctor stating the reason the beneficiary could not attend. Team members confirmed the identity of these beneficiaries by conducting field visits, verifying doctor's notes supplied by family members on the beneficiary's behalf or by confirming with hospital management or hospital data obtained from the San Juan VA Medical Center. Eighteen beneficiaries who had moved to various states because of age and health reasons were also identified by the VA OIG. At the conclusion of the review, only 168 of the 3,330 beneficiaries who were requested to appear failed to either appear for their appointment or contact the VA OIG.

During the course of the review, the team encountered several cases of interest. For example, a widow receiving pension benefits revealed she falsified VA forms by denying she was employed. We later discovered she remarried and, in fact, had completed forms stating she did not remarry. The loss to VA is approximately \$104,000. This case has been referred to the United States Attorney's Office for prosecution.

Working jointly with the United States Marshals Service Fugitive Task Force, VA OIG agents were able to locate and apprehend a veteran fugitive felon based on an outstanding warrant issued in Arizona for a parole violation. The fugitive had been convicted of drug charges prior to violating parole.

Information was also developed during the review which led to the apprehension of a dangerous veteran fugitive felon in Florida. VAOIG agents arrested the fugitive, wanted for a parole violation, based on an outstanding warrant from New York. The individual had been convicted of attempted murder, robbery, and criminal possession of a firearm prior to violating parole.

While conducting the review, VA OIG agents were contacted by the United States Attorney's Office in San Juan regarding a veteran who was behaving erratically and was asking to see the United States Attorney and the Chief of the Criminal Division. Although the veteran did not openly threaten anyone, the caller was fearful for the safety of the United States Attorney and his staff. VA OIG agents promptly responded to the scene, interviewed the veteran, and escorted him to the San Juan VA Medical Center where he was voluntarily committed overnight for observation and psychiatric treatment. The United States Attorney expressed his appreciation for the prompt and effective manner in which the responding agents handled a difficult situation.

Just prior to conducting the on site review, we identified a veteran (believed to be deceased) still receiving pension benefit checks from the San Juan VARO. The VA OIG's Forensic Document Laboratory analyzed copies of the checks and the veteran's known handwriting. Our examiner concluded the individual signing the checks was not the veteran. A joint investigation involving the Federal Bureau of Investigation and VA OIG identified a suspect, a non-veteran, who used the deceased veteran's DD 214 and other documents in order to assume the deceased veteran's identity to receive VA benefits. Investigation also revealed the suspect altered the same DD 214 so he could receive VA benefits in his own name. At the time of his arrest, the suspect was receiving pension benefits under the name of the deceased veteran and his own. The loss to the VA exceeds \$112,000.

At the request of the San Juan VARO Director, the team examined possible false claims by beneficiaries who may have had involvement with facilitators at some point during the adjudication process. A number of beneficiaries were interviewed specific to claims submitted and the process used for submitting these claims in order to identify and gather information regarding the activities of these suspected facilitators. Further investigation will determine appropriate action in this matter.

Finally, in the course of our review, we found several cases where there were issues and concerns about marriages "deemed valid" by VA. A "deemed valid marriage" exists when VA accepts a claimant as the veteran's surviving spouse even though a valid marriage did not take place under the law of Puerto Rico (or wherever the veteran and the claimant were living). At the San Juan VARO, we reviewed several cases where, even though the eligibility requirements found in VA regulations and policy were not met, the VARO nonetheless awarded benefits to a surviving "spouse." Other cases revealed the VARO is vulnerable to fraudulent claims as a result of the process it follows with respect to "deemed valid marriages." We would further note the doctrine of "deemed valid marriages" as applied in the context of VA benefits results in a situation where VA recognizes as valid a marriage which would not be recognized as valid in Puerto Rico or the state in question. Thus, a claimant not recognized as a spouse under

Puerto Rican or state law, and therefore not entitled to spousal benefits, is recognized as a spouse under VA law and entitled to VA benefits.

Field Examinations and Fiduciary Reviews

In an effort to determine the effectiveness of the VA Field Examination Unit, we sent letters to 10 beneficiaries requesting they present themselves at the VARO to be interviewed by the team. These 10 beneficiaries had recently been the subjects of field exams and it was reported there was no fraud associated with their respective cases. The results of our interviews were consistent with the Field Examiner's reviews and indicated the field exam procedures were effective in these cases.

The team completed five unannounced field visits to fiduciaries and beneficiaries in their homes. A fiduciary is a person or legal entity charged with the responsibility of managing the affairs of an incompetent beneficiary. The team observed high quality living conditions for the veterans at each site visited.

Two visits the team found noteworthy were:

- We visited a 106-year-old Army veteran at the home he shares with his wife, who is over 90 years old. The veteran was walking around in the back yard in good health and showed team members the work he had recently done on a dog kennel.
- We also visited a 113-year-old Army veteran at his home. Although blind and wheelchair-bound, he was also in good health. When asked to be photographed, the veteran retrieved his DAV (Disabled American Veterans) hat from his closet and asked to be photographed wearing it. The veteran expressed his gratitude for the home visit and showed team members a 75-year anniversary World War I medal he received from President Clinton.

Additional Issues Referred by the VA OIG Benefits Review Team

During the review process and interviews conducted by the Benefits Review team, we referred 1,727 issues to the VARO for a variety of reasons, including:

- 164 for change of address
- 66 to request payment via direct deposit

- 242 for possible aid and attendance benefits
- 18 for possible individual unemployability benefits
- 40 for possible appointment of a fiduciary
- 1088 for corrected dates of birth
- 109 for miscellaneous actions to the VARO

Among these miscellaneous actions referred to the VARO were:

- A veteran who was currently receiving benefits for dependent parents who were deceased.
- Four spouses who had passed away and their death had not been reported to the VARO.
- Sixteen divorces not reported to the VARO.
- Two individuals in prison and not reported to the VARO.

Approximately 56 percent of the beneficiaries interviewed had an issue referred to the VARO.

VA OIG team members who previously served in the military assisted the veterans in filling out the proper paperwork for medals and badges they apparently earned but never received. We sent 82 completed forms to the National Personnel Records Center and the Bureau of Naval Personnel requesting:

- 26 Purple Heart Medals
- 3 Combat Infantry Badges
- 3 WWII Victory Medals
- 13 Bronze Star Medals
- 37 Miscellaneous Medals to include:
 - American Defense Service Medal WWII
 - Asiatic Pacific Campaign Medal WWII
 - Korean Service Medals
 - United Nations Korean Service Medals

Paperwork was completed to receive 16 DD 214s and one correction to a DD 214.

Conclusion

During the San Juan VARO Benefits review, the VA OIG Hotline Division handled 10,357 calls from beneficiaries who had questions pertaining to this review. These phone calls were in addition to their normal workload and the Hotline staff excelled in both the quality and quantity of service provided to beneficiaries. As appropriate, questions were answered by the Hotline Division or referred to the Benefits Review team for follow up.

By the conclusion of the review, on July 16, 2004, we referred the awards of 1,353 beneficiaries to VBA for termination. The overpayments for these beneficiaries totaled approximately \$29 million and have a projected 5-year cost avoidance of over \$45 million. These included 826 beneficiaries who did not return the BCS form and did not contact the VARO or the VA OIG; 168 beneficiaries who did not respond when invited to be interviewed; and 337 beneficiaries reported and confirmed deceased as a result of paperwork brought in by relatives. In addition, 22 criminal and administrative cases were opened as a result of this Benefits Review. Appendix A contains observations of areas of concern identified by the VA OIG Benefits Review team.

During the course of this review, we received numerous positive comments from the veterans and beneficiaries who were interviewed. For example:

- A veteran visited the VA OIG Benefits Review office a few days after his interview and said he (accompanied by his nephew) took the form for aid and attendance to the doctor as the OIG team member advised. He brought back all the pertinent information and was told by the VARO he was eligible for additional benefits because he was blind. The veteran was very appreciative.
- A member of the Vietnam Veterans of America remarked he was impressed by the professionalism of VA OIG team members. He complimented the VA OIG for its compassion and respectful demeanor.

Appendix A:

Observations

Based on the results of the Benefits Review of the VARO in San Juan, PR, the following observations are provided in an attempt to reduce the number of future deceased payee cases and to suggest a proactive approach of educating older veterans and beneficiaries about the array of benefits available to them.

To reduce the number of payments to deceased payees, the VARO in San Juan should conduct benefit verification interviews similar to those conducted by the VA OIG Benefits Review team. These reviews should focus on those payees where there is some suspicion by the VARO that the beneficiary may be deceased. If the beneficiary fails to report or produce information to the satisfaction of the VARO, benefits should be suspended until the matter is resolved. This process can save VA resources by eliminating payments to deceased beneficiaries, as well as reduce travel and human resource expenses associated with conducting field examinations.

It was the OIG Review Team's sense many beneficiaries in Puerto Rico had minimal contact with VARO staff. For example, when a veteran was assisted to the interview area by one of the OIG Review Team members, the veteran commented the Federal building certainly "turned out nice." He had not visited the building since its completion in 1976. After the interview, one of the team members gave the veteran the necessary paperwork to initiate a possible increase in his disability entitlement.

The VA OIG Benefits Review team referred more than 375 issues to the VARO involving aid and attendance benefits, individual unemployability benefits, and possible establishment of a fiduciary. Many WWII and Korean War veterans and their widows were unaware they may be entitled to these benefits. Families were caring for beneficiaries with early and advanced stages of Alzheimer's disease and did not know about establishing a fiduciary to oversee the finances and overall welfare of the beneficiary.

The VARO should periodically send out information identifying VA benefits to beneficiaries who have not had any contact with VA in a number of years. The VARO should consider an organized outreach program at several locations and invite groups of beneficiaries for counseling and personal assistance.

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