

Department of Veterans Affairs

Memorandum

Date: September 14, 2017

From: Assistant Inspector General for Investigations (51)

Subj: Administrative Investigation – Alleged Improper Physician Performance Pay, Veterans Health Administration, Ralph H. Johnson VA Medical Center, Charleston, South Carolina (2017-03095-IQ-0101)

To: Director, VA Southeast Network, Duluth, Georgia (10N7)

Purpose

The VA Office of Inspector General (OIG) Administrative Investigations Division received an allegation that [REDACTED] and [REDACTED] respectively, Ralph H. Johnson VA Medical Center (VAMC), Charleston, SC, approved improper performance pay distributions of nearly \$151,000 to 14 physicians.

Objective, Scope, and Methodology

The complainant alleged that from October 1, 2015, through September 30, 2016, some VAMC physicians received performance pay bonuses, up to the maximum allowed, for doing routine tasks. Examples included:

- 2 percent for accessing VA email including encryption (or equivalent)
- 1.5 percent for attendance/participation at required section meetings/activities
- 2 percent for working with Medical Support Assistances (MSA) “to get patients scheduled quickly. If MSAs are not responding, report them to their manager. Also work no shows. Determine if the patient needs another appointment or can the patient reasonably be discontinued from clinic. If the patient has reached subspecialty treatment goals return the patient to primary care.”

To assess the allegation, we interviewed [REDACTED] and other VA employees. We reviewed performance pay records for 103 physicians and VA policy for physician performance pay.

VA policy states that the purpose of performance pay is to improve the overall quality of care and health care outcomes through the achievement of specific goals and objectives related to the clinical, academic and research missions of VA. Performance pay is intended to recognize the degree to which an individual physician or dentist achieves specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. The amount of performance pay established should be commensurate with the complexity and scope of the goals and objectives. The amount

payable may not exceed the lower of either \$15,000 or an amount equal to 7.5% of the annual pay for each physician receiving the pay. Physicians must be advised of the specific goals and objectives that will be measured in determining their eligibility for performance pay and the maximum monetary value associated with those goals and objectives.

Examples of categories that may be addressed include outcomes, reduction of waiting times, patient panel sizes, research achievements, performance of compensation and pension exams or other additional tasks, timely completion of medical record documentation, adequacy of medical record documentation for billing purposes, patient satisfaction, exemplary conduct or behavior, teaching students or others, innovations, national priorities, and other areas where improvements, efficiencies, or increased effectiveness are identified. VA Handbook 5007/47, Section 12, Paragraphs a – e, (March 2014).

Investigative Results

We reviewed Performance Pay Recommendation and Approval Forms for FY 2016, to include all attached justification documentation, relating to 103 physicians working in Medical and Surgical Services at the VAMC. Records reflected that over \$1 million in performance pay was awarded to the 103 physicians that fiscal year. We found that 40 of the 103 physicians received \$15,000, the maximum allowed, in performance pay, while 12 physicians did not receive any performance pay that fiscal year. The median performance pay amount was \$13,631 and the average was \$11,210.

While there were performance standards consistent with the complaint, such as returning telephone calls and answering email, we found that the performance standards were not all identical. These standards were individualized for each physician and based on the functions performed by each. For instance:

- a. In Otolaryngology—surgical specialty that deals with conditions of the ear, nose, and throat (ENT)—standards reflected that performance pay was based on a point system with each provider earning points for meeting institutional, divisional, and individual metrics, such as 5 points for “on time OR start goal (facility) >80%,” 5 points for “operative note dictated within 24 hours <4 deficiencies (individual),” and 15 points for “clinic access: New patients seen within 30 days >90%.” The percentage of points earned, maximum allowable of 100 points, determined the percentage of performance pay awarded at the end of the year. If a physician earned 75 percent of available points, they received 75 percent of the eligible performance pay. Bonus points were awarded for peer reviewed publications, involvement on a VA committee, and specific academic and educational activities.
- b. In Dermatology—branch of medicine concerned with the diagnosis and treatment of skin disorders—standards reflected that performance pay was based on six categories and the list of requirements contained within each category. Each requirement was assigned a percentage or a portion of a percentage, and the percentages were totaled to determine a physician’s performance pay, up to the

\$15,000 or 7.5 percent limit. One of the six categories included administrative duties with a .5 percent available for each: accessing email, attendance at meetings, completing reviews in a timely fashion, and involvement on cited committees and/or teams. Another category included efficiency, productivity, and waste reduction with possible percentages assigned from 1 to 2 for items such as workload capture being maximized, encounters closed early after care delivery, and view alerts handled properly and expeditiously.

A Senior Physician with OIG's Office of Healthcare Inspections conducted an independent review, as a physician reviewer with content knowledge and experience, into the appropriateness of the physician performance awards. He reviewed the documents associated with the performance pay given to the physicians based on the standards established in VA Handbook 5007/47 and his professional experience. He concluded that the performance pay awarded were compliant with VA policy and consistent with his knowledge and experience.

██████████ told us that he was the approving official for the performance pay for the Chief of Staff and the Service Chiefs at the VAMC. He said that ██████████ was the approving official for all other physicians, so he was not directly involved in establishing the performance pay goals for most physicians. On those for which he was the approving official, ██████████ said that he, "ensure that there is data to support or clear justification to support our decision that that goal is met or not met." He also said that his guidance to his staff was that they ensure physician performance pay goals were appropriate and measurable, and they support both the local and national VA missions.

██████████ was the approving official for 101 of the 103 performance pay records reviewed. Regarding the performance pay process, ██████████ told us, "I would be the person who has the primary responsibility for ensuring that the process is performed in a fair manner." She said it was important for each service to have an equal opportunity to accomplish performance pay goals. She further said that she reviewed performance pay goals for each service every year and that she sent goals back to Service Chiefs to be reworked, if she did not believe the goals were specific enough. She said that physicians should be able to read their performance pay goals and understand exactly what they had to do to achieve the goal, and the VAMC made every effort to ensure physicians were given detailed performance pay goals within 90 days of the start of a new fiscal year so they would have a fair chance to accomplish those goals.

██, was the recommending official for 56 of the 103 performance pay records reviewed. He told us, "Pay for performance is something that is usually service and possibly section specific, based on goals and requirements, plans for the year, you know, in that service and section." He said that physicians submitted a performance pay self-assessment, based on the goals defined at the beginning of the fiscal year, to their Section Chiefs to begin the performance pay review process. Section Chiefs then evaluated these self-assessments, and submitted their recommendations to the Service Chief. ██████████ said he reviewed each physician's self-assessment, spoke to their Section Chief, and reviewed VAMC records to verify that the physician accomplished the goals. ██████████ told us he asked physicians to provide

additional data if he was not certain they met the requirements. He said he would not accept an assessment that did not contain enough supporting evidence.

██, was the supervisory official for 10 of the performance pay records that we reviewed in Medical Services. ██████████ told us, "You ideally would have an idea of what you want your physicians to complete in terms of goals beyond the normal expected functions of a physician. You'd write them down. You'd quantify them, and then the physicians would sign off on them." He said that ██████████ guidance for physician's performance pay goals was that they cover more than the normal duties of a physician.

Conclusion

There was no evidence to substantiate that either ██████████ or ██████████ improperly approved performance pay distributions. We found that ██████████ and ██████████ followed VA policy with respect to performance pay for physicians. We further found the Chief of Staff, Service Chiefs, and Section Chiefs worked together to ensure the performance pay goals were fair across the services, each physician understood exactly what their individual goals were, and quantifiable achievements were verified using VAMC data. Based on the investigative findings, we are closing this allegation.



JEFFREY HUGHES
Assistant Inspector General for
Investigations

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