



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS HEALTH ADMINISTRATION

Purchases of Smartphones
and Tablets for Veterans'
Use during the COVID-19
Pandemic

REVIEW

REPORT #21-02125-132

MAY 4, 2022



MISSION

The mission of the Office of Inspector General is to serve veterans and the public by conducting meaningful independent oversight of the Department of Veterans Affairs.

In addition to general privacy laws that govern release of medical information, disclosure of certain veteran health or other private information may be prohibited by various federal statutes including, but not limited to, 38 U.S.C. §§ 5701, 5705, and 7332, absent an exemption or other specified circumstances. As mandated by law, the OIG adheres to privacy and confidentiality laws and regulations protecting veteran health or other private information in this report.

FOR MORE
VA OIG REPORTS
CLICK HERE



**Report suspected wrongdoing in VA programs and operations
to the VA OIG Hotline:**

www.va.gov/oig/hotline

1-800-488-8244



Executive Summary

A growing part of the Veterans Health Administration's (VHA) strategy to care for veterans has focused on using modern technology to provide health care beyond traditional doctors' office visits.¹ Telehealth supports a veteran's choice to obtain quality health care from anywhere, including in the home. VA Video Connect is the mechanism VA developed to allow veterans to meet with their VA healthcare providers in a virtual medical room using encrypted video to ensure the session is secure and private.²

The VHA Office of Connected Care started an equipment loan program in 2014 so veterans who lacked iPads and peripheral devices could use VA Video Connect, according to Connected Care officials.³ Connected Care developed a new consult process, a referral called a digital divide consult, in the summer of 2020 to issue loaned devices to eligible veterans. The new consult process also allowed veterans experiencing homelessness who were enrolled in the Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) Program to receive iPhones, or they could alternatively choose an iPad.⁴ The HUD-VASH program's primary goal is to move veterans and their families out of homelessness and into permanent supportive housing while also providing treatment and other services to improve the veterans' quality of life.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided VA \$14.4 billion for COVID-19 in the Medical Services appropriation. Available until September 30, 2021, these funds were provided to prevent, prepare for, and respond to the pandemic, including related impacts on healthcare delivery and to support veterans who are, or are at risk of, experiencing homelessness. The act gave the Secretary of Veterans Affairs the authority to expand mental health services to isolated veterans through telehealth and required the Secretary to ensure that telehealth capabilities were available to HUD-VASH participants.⁵

COVID-19 significantly accelerated VHA's telehealth expansion efforts.⁶ For example, VA reported that the number of daily video visits increased from about 2,500 in February 2020 to 38,000 in September 2020.⁷ The increase in telehealth visits also resulted in increased demand for loaned communications devices. Connected Care officials used medical service funds made

¹ VHA Office of Connected Care, *VHA Connected Care Strategic Plan 2021-2025*.

² VHA Office of Connected Care, *VA Video Connect Supplement*, September 2018.

³ Peripheral devices include items such as blood pressure monitors, weight scales, stethoscopes, pulse oximeters, and thermometers. The scope of this audit did not include an examination of peripherals.

⁴ VHA Office of Connected Care, "Digital Divide," Standard Operating Procedure, May 2021.

⁵ Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136, Title X (2020).

⁶ VHA, *Veterans Health Administration Coronavirus Disease 2019 (COVID-19) Response Report*, October 27, 2020.

⁷ VA, *Fiscal Year 2022/2020 Annual Performance Plan and Report*.

available through the CARES Act to respond to the COVID-19 pandemic. To support the digital divide consult process during the pandemic, Connected Care officials purchased 10,000 iPhones using funds made available through the CARES Act at a cost of approximately \$8.1 million. They also spent approximately \$63 million to purchase 80,930 iPads.

Connected Care awarded delivery orders (orders for supplies placed against an established contract) for the bulk purchases of iPads and iPhones to fill the individual orders created through the digital divide consult process.⁸ The contractor shipped the communication devices purchased in bulk to the Denver Logistics Center.⁹ Because the contractor had to test each device before shipping to the center, the prepaid 12-month data plans that came with all iPads and iPhones were initiated at that time.¹⁰ The Denver Logistics Center was then responsible for shipping the designated communication devices to the veterans indicated in each individual order.

The VA Office of Inspector General (OIG) initiated this review to evaluate whether Connected Care's purchases of iPads and iPhones during fiscal year (FY) 2020 and through the first two quarters of FY 2021 met mission needs while minimizing waste.¹¹

What the Review Found

The OIG found that Connected Care officials used COVID-19 funding to purchase 10,000 iPhones targeted for veterans enrolled in the HUD-VASH program, but 8,544 of the iPhones were not used by those veterans. This was a new initiative undertaken by Connected Care officials in response to the CARES Act. In July 2020, they placed an order with the contractor for 7,000 iPhones with unlimited Verizon data plans and 3,000 iPhones with unlimited T-Mobile data plans at a cost of approximately \$8.1 million. Connected Care officials told the review team that obtaining and distributing phones through the digital divide consult process was designed to help meet CARES Act requirements for homeless veterans participating in the HUD-VASH program.¹²

The contractor staggered shipments of the iPhones from July 31, 2020, to January 21, 2021, to the Denver Logistics Center, where the iPhones were to be stored until needed to fulfill individual orders for veterans. Connected Care officials planned for providers to identify veterans who needed iPhones through the digital divide consult process. However, demand for the iPhones through the digital divide consult process was much lower than anticipated, and

⁸ Federal Acquisition Regulation 2.101.

⁹ The Denver Logistics Center provides supply chain management and distribution of telehealth and peripheral devices.

¹⁰ Connected Care officials awarded subsequent delivery orders to renew the data plans when necessary.

¹¹ CARES Act.

¹² CARES Act, § 20011. The act provides that the Secretary of the VA shall ensure that telehealth capabilities are available during a public health emergency for case managers and homeless veterans participating in the HUD-VASH program.

8,544 of the 10,000 iPhones remained in storage as of July 2021. Based on a statistical sample of 210 purchased iPhones and using the dates the iPhones were shipped to the Denver Logistics Center and later to veterans, the OIG estimated that 2,604 iPhones (87 percent) with T-Mobile data plans and 5,698 iPhones (81 percent) with Verizon data plans remained in storage more than 240 days.¹³ This resulted in an estimated \$1.8 million in wasted data plan costs, based on the number of days each sampled iPhone remained in storage.

The OIG found that Connected Care officials spent approximately \$6.9 million to purchase 8,544 iPhones that were not used by veterans participating in the HUD-VASH program. This appeared to be due in part to lack of information for officials to be able to determine the quantity needed for the targeted veteran population.¹⁴ However, the OIG concluded that Connected Care officials made a good faith effort to support veterans participating in the HUD-VASH program given the uncertainties created by the COVID-19 pandemic and the lack of data on the quantity of devices needed under this new initiative. In addition, Connected Care officials took corrective action during the review to transfer the excess loaner iPhones to the Homeless Program Office so that Homeless Program coordinators could give an iPhone to any veteran who lacked stable housing and needed a smartphone, not just those enrolled in the HUD-VASH program. Accordingly, the OIG is not making any recommendations or claiming monetary benefits related to the Connected Care's purchase of the iPhones.

From March 2020 through January 2021, Connected Care officials purchased 80,930 iPads with prepaid data plans at a cost of approximately \$63 million for the digital divide consult program—25,479 with T-Mobile data plans and 55,451 with Verizon data plans. Staff reordered iPads based on supply levels and the rate of individual iPad orders for veterans generated by the digital divide consult process. Staff reviewed the inventory level, rate of orders for devices, and pending orders to determine when to reorder iPads. These procedures minimized waste.

However, the OIG identified opportunities for improvement regarding data plans. On average, each iPad remained in storage for 17 days—iPads with T-Mobile data plans tending to remain in storage much longer than those with Verizon data plans—before the Denver Logistics Center shipped the iPad to a veteran to fill an order made through the digital divide consult process. Overall, the OIG estimated that iPads with T-Mobile data plans remained in storage for an average of 33 days before the Denver Logistics Center shipped them to veterans to fill digital divide consult orders, but iPads with Verizon data plans only remained in storage for an average

¹³ There is no VA guidance on how long the items could be stored. The audit team worked with an OIG statistician to create a benchmark of 240 days and considered that some iPhones were not shipped to the Denver Logistics Center until January. This metric is used only to demonstrate the large number of iPhones that remained in storage for an extended period. Appendixes A and B provide a detailed discussion of the scope, methodology, sampling methodology, and statistical projections used throughout this report.

¹⁴ The OIG calculated the \$6.9 million based on the 5,883 iPhones with Verizon data plans and 2,661 iPhones with T-Mobile data plans that remained in inventory at the end of July 2021.

of nine days. The OIG estimated that approximately 9,600 iPads with T-Mobile data plans (38 percent) remained in storage more than 30 days, 4,400 (17 percent) more than 60 days, and 2,100 (8 percent) more than 90 days. This resulted in an estimated \$571,000 in wasted data plan costs because Connected Care did not have strong enough oversight procedures for reducing or eliminating data plan waste. The estimated wasted data plan costs were based on the number of days each sampled iPad remained in storage.

The OIG concluded that Connected Care officials need to reduce the amount of data plan waste by aligning the purchases of devices with each type of data plan with demand. Moreover, officials could reduce wasted data plan costs by establishing a realistic goal for days in storage, closely monitoring days in storage for devices with each type of data plan, and then taking corrective actions when necessary.

Lastly, the current equipment loan process requires the contractor to activate the communication devices' data plans for testing purposes before shipping the iPads and iPhones to the Denver Logistics Center. As a result, the OIG estimated that VHA incurred approximately \$2.3 million (\$1.8 million for iPhones and \$571,000 for iPads) in wasted data plan costs while the devices remained in storage.¹⁵ The OIG recommends that Connected Care officials conduct a cost-benefit analysis to determine whether a new process can be developed that eliminates the waste of data plans.¹⁶

What the OIG Recommended

The OIG made two recommendations to the under secretary for health. The first is to establish a realistic goal for days in storage along with a process for closely monitoring days in storage for each data plan provider and taking corrective actions when the goal is not being met. The second is to complete a cost-benefit analysis in conjunction with VA contracting officials and the contractor to determine whether a new process can be implemented that initiates the data plan charges when a device is issued to the veteran.

¹⁵ Projections do not total precisely due to rounding.

¹⁶ Appendix C presents estimated monetary benefits associated with eliminating data plan waste.

VA Comments and OIG Response

The deputy under secretary for health concurred with the OIG's two recommendations and provided responsive action plans for each recommendation. Appendix D provides the full text of the deputy under secretary's comments. The OIG will monitor implementation of planned actions and will close the recommendations when VHA provides sufficient evidence demonstrating progress in addressing the issues identified.



LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

Contents

Executive Summary	i
Abbreviations	vii
Introduction.....	1
Results and Recommendations	4
Finding: Stronger Oversight Needed to Reduce Wasted Data Plans	4
Recommendations 1–2	9
Appendix A: Scope and Methodology.....	11
Appendix B: Statistical Sampling Methodology	13
Appendix C: Monetary Benefits in Accordance with Inspector General Act Amendments	17
Appendix D: Management Comments.....	18
OIG Contact and Staff Acknowledgments	20
Report Distribution	21

Abbreviations

FY	fiscal year
HUD-VASH	Department of Housing and Urban Development-VA Supportive Housing
OIG	Office of Inspector General
VHA	Veterans Health Administration



Introduction

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided VA \$14.4 billion for COVID-19 under the Medical Services appropriation. Available until September 30, 2021, these funds were provided to prevent, prepare for, and respond to the pandemic's impacts on healthcare delivery and support veterans who are homeless or at risk of becoming homeless. The act gave the Secretary of Veterans Affairs the authority to expand mental health services to isolated veterans through telehealth. It also required the Secretary to ensure that telehealth capabilities were available to participants in the Department of Housing and Urban Development-VA Supportive Housing (HUD-VASH) Program.¹⁷ The Veterans Health Administration (VHA) had already begun expanding telehealth capacity with its VA Video Connect technology.¹⁸ VHA's *Coronavirus Disease 2019 Response Report* published in October 2020 showed how the pandemic significantly accelerated VHA's efforts as telehealth became a priority for the safe delivery of health care.

VHA saw a dramatic shift from in-person visits to video visits from veterans' homes. For example, VA reported in its Fiscal Year (FY) 2022/2020 Annual Performance Plan and Report that the number of daily video visits increased from about 2,500 in February 2020 to 38,000 in September 2020. The shift also increased demand for loaned communications devices which VHA's Office of Connected Care began offering in 2014 so that veterans who lacked telehealth-capable devices could use video telehealth in the home, according to Connected Care officials.¹⁹ Connected Care developed a new consult process (a referral called a digital divide consult) in the summer of 2020 to issue loaned devices to eligible veterans.

To support the digital divide consult process during the pandemic, Connected Care officials used approximately \$63 million in COVID-19 funding to purchase 80,930 iPads during FY 2020 and the first two quarters of FY 2021.²⁰ Connected Care officials also purchased 10,000 iPhones at a cost of approximately \$8.1 million during the same period. The VA Office of Inspector General (OIG) initiated this review to evaluate whether Connected Care adequately planned and managed its purchases of iPads and iPhones during the pandemic to ensure they were reasonable for meeting mission needs while minimizing waste.

¹⁷ Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136, Title X (2020).

¹⁸ VA Video Connect is a VA technology that enables veterans to virtually connect with their VA healthcare providers from anywhere in a virtual meeting room, using encrypted video to ensure the sessions are secure and private.

¹⁹ Peripheral devices include items such as blood pressure monitors, weight scales, stethoscopes, pulse oximeters, and thermometers.

²⁰ The digital divide refers to the gulf between those who have ready access to video-capable devices and the internet, and those who do not.

Overview of VA's Telehealth Program

A growing part of the VHA strategy to care for veterans has focused on using modern technology to provide health care beyond traditional doctors' office visits.²¹ Telehealth supports a veteran's choice to obtain quality health care from anywhere, including in the home. According to Connected Care's Quality and Training Division, delivery of health care through electronic means, known as telehealth, began at VHA 60 years ago when the University of Nebraska VA Medical Center used a two-way television for group therapy sessions.²² VA telehealth uses VHA-authorized technology to meet security and privacy standards while delivering care virtually to veterans anytime, anywhere. By using telehealth, VHA's telehealth manual states that VA "seeks to

- increase capacity by better matching clinical supply and demand across the enterprise by redistributing provider services from densely populated urban areas to rural or other underserved locations,
- enhance accessibility by moving appointments closer to veterans, including to their homes or home communities, and
- improve quality by facilitating the engagement between veterans and the healthcare system in between office visits."²³

VA Video Connect

In 2014, the VHA Office of Connected Care started an equipment loan program so that veterans who lacked communication and peripheral devices could use VA Video Connect, according to Connected Care officials.²⁴ VA Video Connect is an application that allows veterans to have virtual outpatient telehealth visits with their providers using a smartphone, tablet, or computer.²⁵ Veterans meet with their VA healthcare providers in a virtual medical room using encrypted video to ensure the session is secure and private.²⁶

²¹ VHA Office of Connected Care, *VHA Connected Care Strategic Plan 2021-2025*.

²² VHA Office of Connected Care, *Quality and Training Division Annual Report*, September 2019.

²³ VHA Office of Connected Care, *Telehealth Manual*, November 2018.

²⁴ VHA Office of Connected Care, "Digital Divide," Standard Operating Procedure, May 2021. Peripheral devices include items such as blood pressure monitors, weight scales, stethoscopes, pulse oximeters, and thermometers. The scope of this audit did not include an examination of peripherals.

²⁵ VHA Office of Connected Care, *Telehealth Manual*.

²⁶ VHA Office of Connected Care, *VA Video Connect Supplement*, September 2018.

Digital Divide Consults

In the summer of 2020, Connected Care developed a new consult process called a digital divide consult to issue loaned devices to eligible veterans. The new consult process allowed veterans experiencing homelessness who were enrolled in the HUD-VASH program to receive iPhones.²⁷

Any VA staff member (or designee) who intends to manage a veteran's care using VA Video Connect can initiate a digital divide consult for a veteran who lacks an affordable or quality internet connection or video-capable device. A designated social worker then contacts the veteran after receiving the consult via an alert to assess whether the veteran qualifies for a VA loaned device. If a loaned device is warranted, the social worker initiates a second consult to issue the device to the veteran. The consult process makes iPhones available only to veterans enrolled in the HUD-VASH program.²⁸ These veterans may, however, choose an iPad instead of an iPhone.²⁹

Connected Care officials buy iPads in bulk to fill the orders created through the digital divide consult process.³⁰ The officials awarded delivery orders against a blanket purchase agreement to make these bulk purchases.³¹ The contractor ships the communication devices to the Denver Logistics Center. Staff in the Denver Logistics Center fulfill each individual order by shipping the appropriate communication device to the identified veteran. All the iPads and iPhones come with a prepaid 12-month data plan.³² Because the contractor must test each device before shipment to the Denver Logistics Center, the contractor initiates the data plans at that time.

²⁷ VHA Office of Connected Care, "Digital Divide."

²⁸ The iPad loan program was well established by the time iPhones were added. The iPhones were added specifically for participants in the HUD-VASH program.

²⁹ VHA Office of Connected Care, "Digital Divide."

³⁰ Connected Care officials also made one bulk purchase of 10,000 iPhones in July 2020 that were intended to fill orders created through the digital divide consult process for homeless veterans enrolled in the HUD-VASH program. The officials discontinued this practice when the demand for iPhones for this group of veterans did not materialize.

³¹ A delivery order is an order for supplies placed against an established contract. A blanket purchase agreement is a federal acquisition vehicle intended to simplify and speed up recurring purchases. The agreement establishes the terms and conditions for all future orders with the contractor.

³² Connected Care officials awarded subsequent delivery orders to renew the data plans when necessary.

Results and Recommendations

Finding: Stronger Oversight Needed to Reduce Wasted Data Plans

Connected Care officials did a reasonable job planning and managing purchases of iPhones and iPads for veterans in response to the COVID-19 pandemic given the uncertainties associated with this difficult period. Nonetheless, Connected Care's procedures led to excessive wasted data plans while the iPads and iPhones remained in storage. In July 2020, Connected Care officials used COVID-19 funding to purchase 10,000 iPhones with prepaid data plans at a cost of approximately \$8.1 million for veterans enrolled in the HUD-VASH program. As of July 2021, 8,544 of the 10,000 iPhones remained in storage because they had not been issued to veterans. This resulted in an estimated \$1.8 million in wasted data plan days. Connected Care officials also purchased 80,930 iPads with prepaid data plans at a cost of approximately \$63 million for the digital divide consult program—25,479 with T-Mobile data plans and 55,451 with Verizon data plans—from March 2020 through January 2021. Staff reordered iPads based on supply levels and the rate of individual iPad orders for veterans generated by the digital divide consult process. Staff reviewed the inventory level, rate of orders for devices, and pending orders to determine when to reorder iPads. Although these procedures were designed to minimize waste, the OIG estimated that VHA incurred approximately \$571,000 in wasted data plan costs while the iPads remained in storage. This occurred for the following reasons:

- Connected Care officials were unable to identify the quantity of iPhones needed to support veterans enrolled in the HUD-VASH program because of the uncertainties associated with COVID-19 and the lack of data on the quantity needed, as this was a new initiative.
- Connected Care did not have strong enough oversight procedures for reducing data plan waste.
- Current procedures require the contractor to initiate the data plan to test each device before shipping it to the Denver Logistics Center.

As a result, the OIG estimated that VHA incurred approximately \$2.3 million (\$1.8 million for iPhones and \$571,000 for iPads) in wasted data plan costs while the devices remained in storage.³³ Connected Care officials could reduce or potentially completely eliminate data plan waste by strengthening the office's oversight procedures and, if possible, developing a new process that activates the data plan when a device is provided to a veteran.

³³ Projections do not total precisely due to rounding.

What the OIG Did

The review team obtained data on Connected Care purchases of iPads and iPhones for veterans using COVID-19 funding during FY 2020 and the first two quarters of FY 2021. Connected Care purchased 80,930 iPads costing approximately \$63 million and 10,000 iPhones costing approximately \$8.1 million during this period.

The team interviewed officials from Connected Care, the Denver Logistics Center, and VHA's Homeless Program Office as well as the contracting officer and the contracting officer's representative responsible for executing the purchases to determine how Connected Care planned and managed the iPad and iPhone purchases. In addition, the team evaluated a statistical sample of 190 purchased iPads and a second statistical sample of 210 purchased iPhones. For all sampled communication devices, the team determined how many days the devices were in storage at the Denver Logistics Center before being shipped to veterans for their use.

Connected Care's Purchases of iPhones Led to Excessive Data Plan Waste

Connected Care officials awarded a delivery order in July 2020 to purchase 10,000 iPhones with 12 months of prepaid data plans at a cost of approximately \$8.1 million. The purchase included 7,000 iPhones with unlimited Verizon data plans and 3,000 iPhones with unlimited T-Mobile data plans. Connected Care officials purchased the iPhones for veterans participating in the HUD-VASH program. This was a new initiative undertaken by Connected Care officials in response to the CARES Act. The HUD-VASH program's primary goal is to move veterans and their families out of homelessness and into permanent supportive housing while also providing treatment and other services to improve veterans' quality of life.³⁴

The contractor staggered shipments of the iPhones from July 31, 2020, to January 21, 2021, to the Denver Logistics Center. The Denver Logistics Center's telehealth coordinator told the OIG team that the iPhones were stored at the center until needed to fulfill individual orders for veterans created through the digital divide consult process. According to the contracting officer's representative, the contractor activated the devices' data plans to test the iPhones before shipping them to the Denver Logistics Center. Connected Care's procedures required the Denver Logistics Center to ship individual iPhones to veterans as healthcare providers created orders through the digital divide consult process. Connected Care officials planned for providers to identify veterans who needed iPhones through the digital divide consult process. However, demand for the iPhones through the digital divide consult process was much lower than anticipated.

In July 2021, roughly a year after the award of the delivery order, 8,544 iPhones (85 percent) remained in storage at the Denver Logistics Center according to the Denver Logistics Center's

³⁴ VA, "Housing and Urban Development-Veterans Affairs Supportive Housing," Fact Sheet, September 2020.

telehealth coordinator. Based on a statistical sample of 210 iPhones, the OIG estimated that 2,604 iPhones (87 percent) with T-Mobile data plans and 5,698 iPhones (81 percent) with Verizon data plans remained in storage more than 240 days.³⁵ This occurred because Connected Care officials were not able to identify the quantity needed for the targeted veteran population because of the uncertainties associated with COVID-19 and the lack of data on the quantity needed for a new initiative. This resulted in an estimated \$1.8 million in wasted data plan costs based on the number of days each sampled iPhone remained in storage.

Figure 1 shows when iPhones were placed in inventory at the Denver Logistics Center and when they were loaned to veterans as a result of digital divide consults.

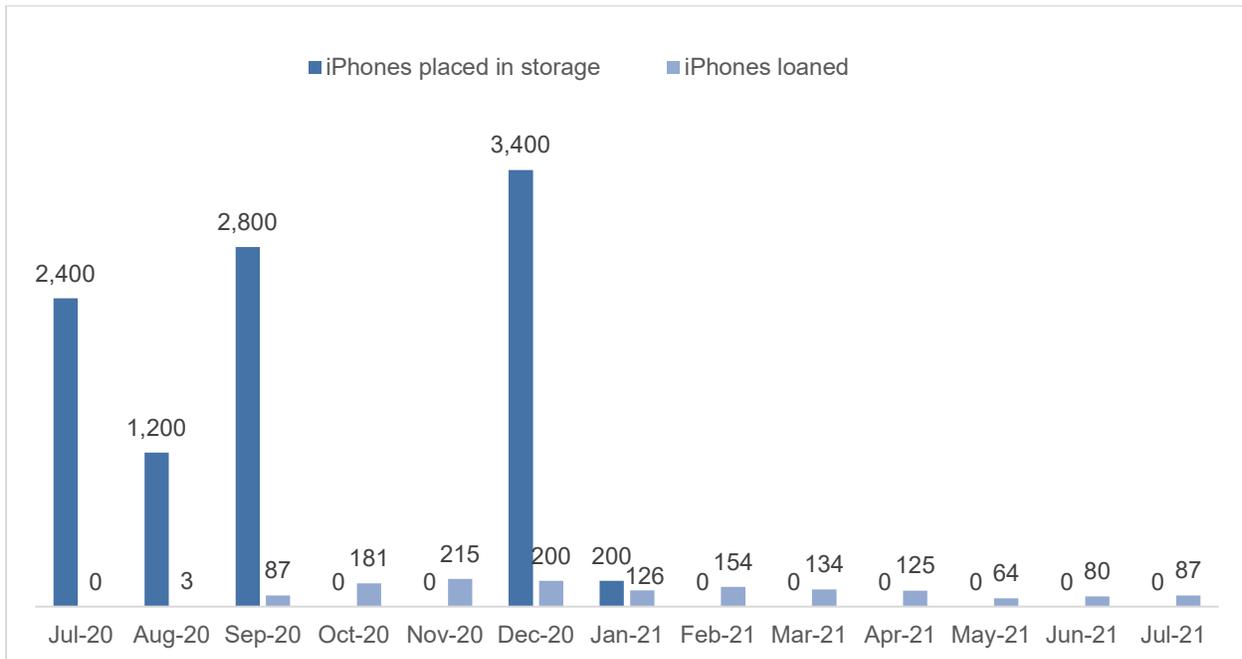


Figure 1. Timing of storing and lending iPhones to veterans.

Source: OIG analysis of received and loaned iPhones reported by the Denver Logistics Center.

Connected Care officials told the review team that obtaining and distributing phones through the digital divide consult process was a new initiative designed to help meet CARES Act requirements to ensure that telehealth capabilities were available to veterans participating in the HUD-VASH program.³⁶ During the OIG review, Connected Care officials transferred the unused

³⁵ There is no VA guidance on how long the items could be stored. The audit team worked with an OIG statistician to create a benchmark of 240 days and considered that some iPhones were not shipped to the Denver Logistics Center until January. This metric is used only to demonstrate the large number of iPhones that remained in storage for an extended period. Appendixes A and B provide a detailed discussion of the scope, methodology, sampling methodology, and statistical projections used throughout this report.

³⁶ CARES Act, § 20011. The act provides that the Secretary of the VA shall ensure that telehealth capabilities are available during a public health emergency for case managers and homeless veterans participating in the HUD-VASH program.

iPhones to the Homeless Program Office so that Homeless Program coordinators could provide an iPhone to any of their clients experiencing homelessness who needed a smartphone. Before this corrective action, the iPhones were loaned only to veterans in the HUD-VASH program through Connected Care's digital divide consult process.

As a result, Connected Care officials spent approximately \$6.9 million to purchase 8,544 iPhones that were not needed by veterans participating in the HUD-VASH program because officials were not able to determine the quantity needed for this targeted segment of the veteran population.³⁷ However, the OIG concluded that Connected Care officials made a good faith effort to support veterans participating in the HUD-VASH program given the uncertainties created by the COVID-19 pandemic and the lack of data on the quantity of devices needed under this new initiative. In addition, Connected Care officials told the OIG team that they took corrective action during the review to transfer the excess loaner iPhones to the Homeless Program Office so that Homeless Program coordinators could give an iPhone to any veteran who was homeless in need of a smartphone, not just those enrolled in the HUD-VASH program. Accordingly, the OIG is not making any recommendations or claiming monetary benefits related to Connected Care's purchase of the iPhones.

Connected Care Could Improve Management of Its iPad Purchases

From March 2020 through January 2021, Connected Care officials awarded seven delivery orders under a blanket purchase agreement for 80,930 iPads at a cost of approximately \$63 million to support the digital divide consult program. In total, officials purchased 25,479 iPads with T-Mobile data plans and 55,451 iPads with Verizon data plans.

According to Connected Care officials, VA completed more than 3.8 million video healthcare visits with veterans in their homes during FY 2020, an increase of greater than 1,200 percent compared to FY 2019. This shift significantly increased the demand for iPads veterans needed to participate in virtual healthcare visits.

³⁷ The OIG calculated the \$6.9 million based on the 5,883 iPhones with Verizon data plans and 2,661 iPhones with T-Mobile data plans that remained in inventory at the end of July 2021.

Figure 2 shows the overall increase in the number of iPads loaned to veterans during the pandemic.

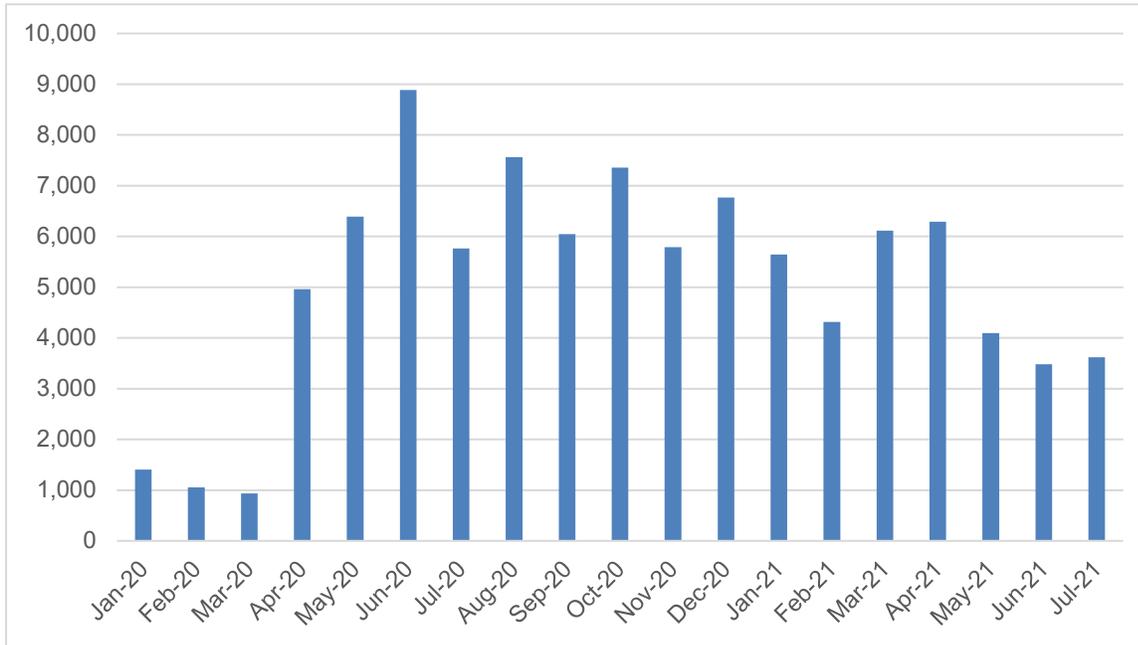


Figure 2. iPads loaned to veterans through the digital divide consult process.

Source: OIG analysis of loaned iPads reported by the Denver Logistics Center.

According to Connected Care officials, they reordered iPads based on supply levels and the rate of iPad orders for veterans generated by the digital divide consult process. Officials stated that they reviewed the inventory level, rate of orders for devices, and pending orders to determine when to reorder iPads. Officials also stated that they received a weekly report from the Denver Logistics Center that included the number of iPads in stock and the average number of daily iPad orders.

However, the OIG found room for improvement. Specifically, the OIG determined that iPads with Verizon data plans were needed more than iPads with T-Mobile data plans. The OIG estimated that iPads with T-Mobile data plans remained in storage for an average of 33 days before the Denver Logistics Center shipped them to veterans, while iPads with Verizon data plans remained in storage for an average of only nine days. The OIG estimated that approximately 9,600 (38 percent) of the iPads with T-Mobile data plans remained in storage more than 30 days, 4,400 (17 percent) more than 60 days, and 2,100 (8 percent) more than 90 days. Overall, the OIG estimated that each iPad (both Verizon and T-Mobile) remained in storage for an average of 17 days before being shipped to a veteran. This resulted in an estimated \$571,000 in wasted data plan costs. The estimated wasted data plan costs were based on the number of days each sampled iPad remained in storage.

Connected Care officials should take corrective actions to reduce the amount of data plan waste by adjusting the quantities of iPads purchased from each data plan provider to be commensurate with the demand. Moreover, officials could also reduce waste by establishing a realistic goal for days in storage, closely monitoring days in storage for devices with each type of data plan, and making adjustments when necessary.

Lastly, according to the contracting officer representative, the current loaned equipment process requires the contractor to activate the devices' data plans for testing purposes before shipping iPads and iPhones to the Denver Logistics Center. As a result, the OIG estimated that VHA incurred approximately \$2.3 million in wasted data plan costs while the devices remained in storage until they were used to fill digital divide consult orders.³⁸ Accordingly, the OIG recommends that Connected Care officials conduct a cost-benefit analysis to determine whether a new process can be developed that eliminates the waste of data plans.

Conclusion

Connected Care officials did a reasonable job planning and managing purchases of communication devices for veterans in response to the COVID-19 pandemic given the many uncertainties associated with this difficult period. Still, VHA needs to take actions to improve oversight of these types of purchases. Connected Care officials could reduce data plan waste by setting a target or goal for days in storage, monitoring days in storage for both types of plans, and making adjustments when the goal is not met. Additionally, officials could completely eliminate data plan waste if they were able to develop a new process that activates data plans when devices are issued to veterans.

Recommendations 1–2

The OIG made two recommendations to the under secretary for health to ensure Connected Care officials do the following:

1. Establish a realistic goal for days in storage along with a process for closely monitoring days in storage and taking corrective actions when the goal is not met.
2. Perform a cost-benefit analysis in conjunction with VA contracting officials and the contractor to determine whether a new process can be implemented that initiates the data plan when a device is issued to the veteran or otherwise reduces unused plan costs.

VA Management Comments

The deputy under secretary for health concurred with the two recommendations and provided responsive corrective action plans. For recommendation 1, the deputy under secretary stated that

³⁸ Appendix C presents estimated monetary benefits associated with eliminating data plan waste.

Connected Care will work with the Denver Logistics Center to analyze inventory, tablet use, and shipments over the past year, propose a reasonable average number of days in storage, and establish a process for monitoring and implementing corrective actions when the average number of days in storage goal is not met. For recommendation 2, the deputy under secretary stated that Connected Care, in partnership with the appropriate contracting officers, will evaluate options for a new process that will result in either initiation of the data plans when the devices are issued to veterans, or implementation of a new process resulting in an overall reduction in data plan costs. Appendix D provides the full text of the deputy under secretary's comments.

OIG Response

The deputy under secretary for health's corrective action plans are responsive to the intent of the recommendations. The OIG will monitor implementation of planned actions and will close the recommendations when VHA provides sufficient evidence demonstrating progress in addressing the issues identified.

Appendix A: Scope and Methodology

Scope

The review team conducted its work from May 2021 through March 2022. The team examined the purchases of 10,000 iPhones and 80,930 iPads for veterans using COVID-19 supplemental funding by Connected Care in FY 2020 and the first two quarters of FY 2021.

Methodology

The OIG team reviewed applicable federal laws, regulations, and VHA policies and procedures related to planning and managing purchases of communication devices. The OIG team obtained and evaluated all the delivery orders awarded by Connected Care to purchase iPads, iPhones, and other smartphones using COVID-19 funding during FY 2020 and the first two quarters of FY 2021.

The team interviewed officials from Connected Care, the Denver Logistics Center, and VHA's Homeless Program Office as well as the contracting officer and the contracting officer's representative responsible for executing the purchases to determine how Connected Care officials planned and managed the iPad and iPhone purchases. In addition, the team evaluated a statistical sample of 190 iPads and a second statistical sample of 210 iPhones. The team determined how many days each sampled device was in storage at the Denver Logistics Center before being shipped to veterans for their use. The team also obtained and evaluated supporting documentation related to the purchases to determine whether the program offices adequately identified requirements and needs they intended to satisfy with the purchases.

Fraud Assessment

The review team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant in the context of the review objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators during the review. The OIG did not identify any instances of fraud or potential fraud during this review.

Data Reliability

To achieve the review objective, the OIG team relied on a summary spreadsheet of delivery orders awarded by Connected Care that was prepared by the contracting officer's representative. The team obtained signed copies of the delivery orders and validated that the spreadsheet was accurate by tracing information such as order quantities and prices to each delivery order. The team determined that the evidence gathered is sufficient and appropriate to provide a reasonable basis for the findings and conclusions of this review.

Government Standards

The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix B: Statistical Sampling Methodology

Approach

To accomplish the objective, the review team examined a statistical sample of iPhones and another statistical sample of iPads purchased by Connected Care officials using COVID-19 funding during FY 2020 and the first two quarters of 2021. Connected Care purchased the iPads and iPhones to help veterans meet their healthcare needs virtually during the COVID-19 pandemic. The team used statistical sampling to quantify how long the communication devices remained in storage at the Denver Logistics Center.

Population

The review population was composed of 10,000 iPhones purchased at a cost of approximately \$8 million and 80,930 iPads purchased at a cost of approximately \$63 million. The review team evaluated whether Connected Care officials adequately planned the purchases to ensure they were reasonable for meeting mission needs while minimizing waste.

Sampling Design

The review team selected a statistical sample of 190 iPads by serial number from the population of 80,930 iPads. The population was stratified by provider—25,479 iPads with T-Mobile data plans and 55,451 iPads with Verizon data plans. The review team also selected a statistical sample of 210 iPhones by serial number from the population of 10,000 iPhones. This population was also stratified by provider—3,000 iPhones with T-Mobile data plans and 7,000 iPhones with Verizon data plans. The sampling design for both was based on the ability to project the number of days that devices were in storage before they were shipped for veteran use. The overall sample sizes were determined based on the need for statistical precision.

Modeling Data

The estimates in this report were calculated using Bayesian methods (an accepted process of statistical inference based on modeling distributions and providing estimates of probabilities). The storage days were modeled for each vendor following a gamma distribution with censored data (a condition in which values of some measurements are only partially known). This method was chosen to allow for modeling storage times even in cases with many items still in storage. Samples still in storage had censored storage times: it was known that they were in storage up to the number of days when the sample was reviewed, but the total number of days for the sample was unknown.

Projections and Margins of Error

The projection is an estimate of the population value based on the sample. The 90 percent Bayesian credible interval contains the population value with 90 percent probability. The margin of error was calculated as half the distance between the upper and lower bound of the credible interval. The OIG statistician employed statistical analysis software to calculate the population distribution using a Markov chain Monte Carlo simulation. Data plan cost projections were calculated using the population distribution; costs were calculated as the daily average cost multiplied by storage days for storage estimates less than one year and as the total annual data plan cost for storage estimates of one year or more. Sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. While precision improves with larger samples, the rate of improvement does not significantly change as more records are added to the sample review.

Figure B.1 shows the effect of progressively larger sample sizes on the margin of error.

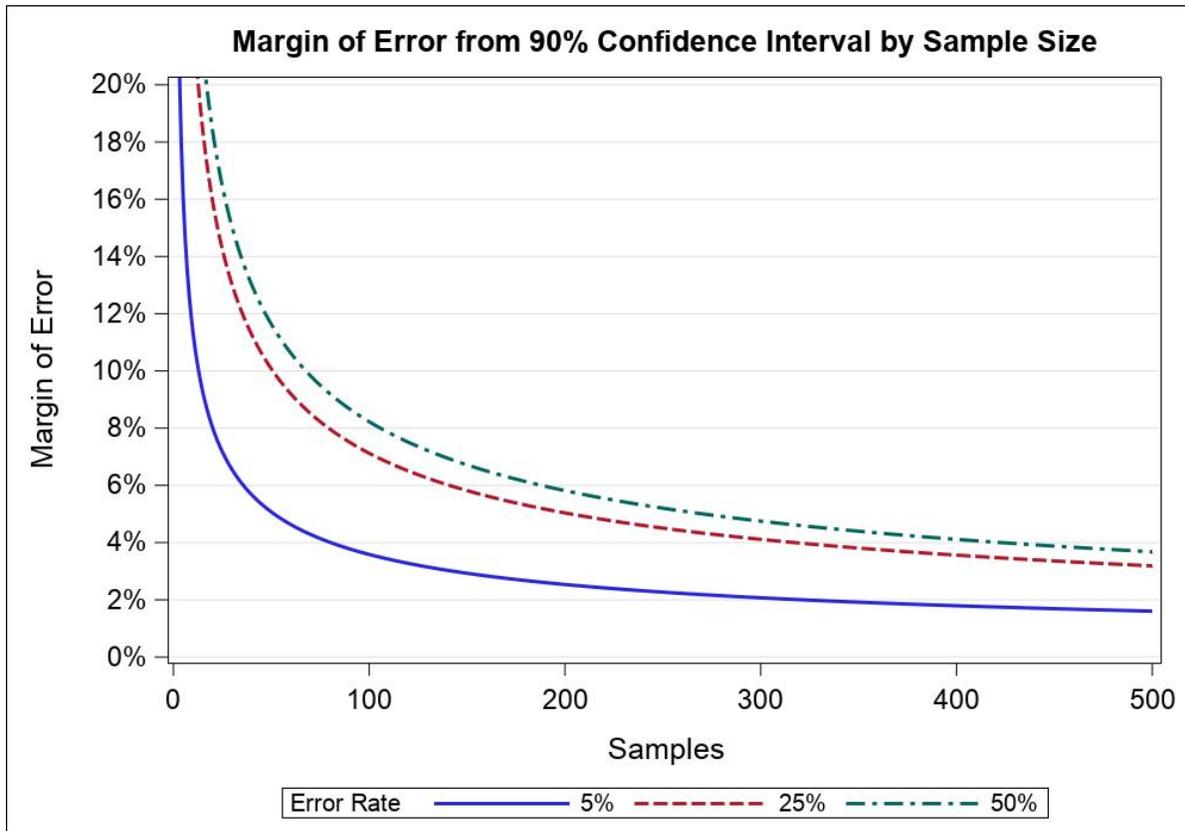


Figure B.1. Effect of sample size on margin of error.

Source: VA OIG statistician's analysis

Table B.1 projects the average number of days iPads remained in the Denver Logistics Center's inventory before the center shipped them to veterans.

Table B.1. Statistical Projections for Average Days before Shipping for iPads

Provider	Estimated days on shelf	90 percent credible interval			Rounded estimate
		Margin of error	Lower limit	Upper limit	
T-Mobile	33	6	28	40	33
Verizon	9	1	8	10	9
Combined average days	17	2	15	19	17

Source: VA OIG statistician's projection of the average number of days iPads remained in inventory before the Denver Logistics Center shipped them to veterans.

Table B.2 projects the cost of data plan waste that resulted from iPads remaining in storage while the data plans were running.

Table B.2. Statistical Projections for the Cost of Wasted iPad Data Plans

iPad data plan waste	Estimated cost	90 percent credible interval			Rounded estimate
		Margin of error	Lower limit	Upper limit	
Total cost	\$570,773	\$66,540	\$507,624	\$640,704	\$571,000

Source: VA OIG statistician's projection of the cost associated with iPad wasted data plan usage.

Table B.3 projects the cost of data plan waste that resulted from iPhones remaining in storage while the data plans were running.

Table B.3. Statistical Projections for the Cost of Wasted iPhone Data Plans

iPhone data plan waste	Estimated cost	90 percent credible interval			Rounded estimate
		Margin of error	Lower limit	Upper limit	
Total cost	\$1,765,608	\$116,907	\$1,650,183	\$1,883,998	\$1,800,000

Source: VA OIG statistician's projection of the cost associated with iPhone wasted data plan usage.

Table B.4 projects the probability of different intervals of iPad days in inventory.

Table B.4. Statistical Projections for Probability of iPad Storage Time

Provider	Percentage of iPads in inventory				
	Over seven days	Over 14 days	Over 30 days	Over 60 days	Over 90 days
T-Mobile	74.5	59.6	37.7	17.1	8.2
Verizon	45.6	21.3	3.9	0.2	0.0

Source: VA OIG statistician's projection of the probability of iPads remaining in inventory for different intervals.

Table B.5 projects the probability of different intervals of iPhone days in inventory.

Table B.5. Statistical Projections for Probability of iPhone Storage Time

Provider	Percentage of iPhones in inventory				
	Over 90 days	Over 120 days	Over 180 days	Over 240 days	Over 300 days
T-Mobile	97.7	96.0	91.8	86.8	81.3
Verizon	94.9	92.5	87.1	81.4	75.6

Source: VA OIG statistician's projection of the probability of iPhones remaining in inventory for different intervals.

Appendix C: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1-2	Costs associated with iPad and iPhone wasted data plans.	\$2,336,381	\$0
	Total	\$2,336,381	\$0

Appendix D: Management Comments

**Department of
Veterans Affairs**

Memorandum

Date: April 1, 2022

From: Deputy Under Secretary for Health, Performing the Delegable Duties of Under Secretary for Health (10)

Subj: OIG Draft Report, Veterans Health Administration: Purchases of Smartphones and Tablets for Veteran's Use during the COVID-19 Pandemic (Project No. 2021- 02125-AE-0094)

To: Assistant Inspector General for Audits and Evaluations (52)

Thank you for the opportunity to review and comment on the Office of Inspector General draft report Veterans Health Administration: Purchases of Smartphones and Tablets for Veteran's Use during the COVID-19 Pandemic. The Veterans Health Administration (VHA) concurs with the recommendations and provides an action plan in the attachment.

The OIG removed point of contact information prior to publication.

Steven Lieberman, M.D.



Attachment

The OIG made two recommendations to the Under Secretary for Health to ensure Connected Care officials do the following:

Recommendation 1. Establish a realistic goal for days in storage along with a process for closely monitoring days in storage and taking corrective actions when the goal is not met.

VHA Comments: Concur. Office of Connected Care (OCC) will partner with the Denver Logistics Center (DLC) to enhance the existing process surrounding new tablet shipment and device refurbishment, with a specific goal to reduce average days in storage for tablets awaiting shipment and improve the monitoring process. To achieve this, VHA proposes the following steps:

1. OCC will work with DLC to:
 - a. Map the existing tablet return and refurbishment process and timeline;
 - b. Identify barriers and areas for improvement;
 - c. Understand requirements and resources required to implement proposed improvements;
 - d. Specify a timeline to implement improvements.
2. OCC will:
 - a. Reassess tablet inventory and adjust supply based on review of tablet use and shipments in the past year, while considering the need to respond to future potential surges in demand;
 - b. Complete a review of current cellular data carrier plans used by the Connected Devices program, considering patterns of past ordering and geographic coverage;
 - c. Identify an approach to accurately calculate the average number of days in storage;
 - d. Propose a reasonable average number of days in storage that accounts for field demand and efficient, timely deployment;
 - e. Establish a process for monitoring and implementing corrective actions when the proposed average number of days in storage goal is not met.

Status: In progress **Target Completion Date:** September 2022

Recommendation 2. Perform a cost-benefit analysis in conjunction with VA contracting officials and the contractor to determine whether a new process can be implemented that initiates the data plan when a device is issued to the veteran or otherwise reduces unused plan costs.

VHA Comments: Concur. OCC, in partnership with the contractor officers that procure cellular data plans on behalf of VHA, will review the current cellular data contract(s) and assess feasible options for a new process that would either:

- a. Result in the initiation of the data plan upon device issuance to the Veteran, or
- b. Implement an alternative process resulting in an overall reduction in data plan costs.

The completion of the analysis will determine if and when a new process can be implemented.

Status: In progress **Target Completion Date:** September 2022

<p><i>For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.</i></p>

OIG Contact and Staff Acknowledgments

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
----------------	---

Review Team	Gregory Gladhill, Director Kamilah Bady Jason Chung Raymond English Jehri Lawson
--------------------	--

Other Contributors	Daniel Blodgett Dyanne Griffith Allison Tarmann
---------------------------	---

Report Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Veterans Health Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel
Office of Acquisition, Logistics, and Construction
Board of Veterans' Appeals

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs,
and Related Agencies
House Committee on Oversight and Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs,
and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

OIG reports are available at www.va.gov/oig.