



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Special Reviews

VETERANS HEALTH ADMINISTRATION

Improper Pay to Fee-Basis
Providers Adequately
Addressed by VA San Diego
Healthcare System

ADMINISTRATIVE
INVESTIGATION

REPORT #18-02929-157

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Summary

The Office of Inspector General (OIG) Administrative Investigations Division investigated allegations that the VA San Diego Healthcare System staff manipulated the time cards for seven fee-basis medical providers in order to pay these individuals on a salary or wage basis rather than a per-procedure basis.¹ In addition, the allegations contended that a fee-basis care provider was told he would be converted to a full-time employee after working full time as a fee-basis provider for one year.

The OIG substantiated that certain fee-basis care providers at the VA San Diego Healthcare System were being paid for their time, rather than on a per-procedure basis.² The OIG did not substantiate that a fee-basis professional had been promised conversion to full-time status. The OIG did not make any recommendations because the medical center took corrective action, including disciplinary action with respect to the supervisor who was accountable for this conduct.

To assess the allegations, the OIG interviewed the director of the VA San Diego Healthcare System, employees of the relevant care unit at the VA San Diego Healthcare System, and other VA employees. The OIG reviewed email, personnel, recruitment, pay, and schedule records as well as federal laws and regulations and VA policy.³

Relevant Legal Authority and Investigative Results

The Evidence Substantiated That Certain Fee-Basis Care Providers Were Paid in Violation of VA Policy

Fee-basis providers deliver specific services when full-time VA employees are not available. They are compensated by task rather than by an hourly or salary wage.⁴

¹ As part of an organizational realignment, the staff of the OIG's former Administrative Investigations Division have been merged with staff from the Office of Special Reviews, which has assumed responsibility for supervising and publishing the results of the Administrative Investigation Division's pending cases. This reorganization and other personnel changes extended the time required to publish this report.

² During the OIG investigation it was determined that the allegation was confined to a single work unit at the VA San Diego Healthcare System and was not endemic to all fee-basis employees.

³ The OIG conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Investigations*.

⁴ VA Handbook 5007/16, *Compensation of Consultants, Attendings, and Others Employed on a Fee-basis Under 38 U.S.C. 7405*, Part II, Appendix F, Section 1(b), Nov. 26, 2004; VA Handbook 5007/16, *Compensation of Consultants, Attendings, and Others Employed on a Fee-basis Under 38 U.S.C. 7405*, Part II, Appendix F, Section 3b.(1)-(2), June 13, 2005.

VA policy states,

Fee-basis appointments are to be used when health services are not otherwise readily available, when it is cost effective, and when the utilization is focused on the service to be provided rather than on a specified tour of duty.⁵

Additionally,

Employees appointed on a fee-basis are to be compensated by the task or service (i.e., by piecework) and are not to be paid on a time basis....The fee shall also be based on the actual service or procedure, plus the cost of transportation, if required, including per diem at the applicable rate if travel is required.⁶

Certain care providers at the VA San Diego Healthcare System were engaged on a fee-basis and were sent appointment letters, which stated they were to be paid per procedure with an annual earnings limitation of \$15,000.

Shortly after the OIG began its investigation, the VA San Diego Healthcare System stopped using fee-basis professionals for this service and commenced using contract-based care providers. Additionally, the VA San Diego Healthcare System initiated its own fact-finding investigation of the allegation that certain fee-basis care providers “were consistently paid the same amount per shift (i.e., by hour/per hour).” The VA San Diego Healthcare System substantiated this allegation and recommended administrative action with respect to a supervisor “for not following policy by paying per shift/per hour, and not per task/service when [the supervisor] was aware that this was not within VA policy.” The supervisor was issued a letter of reprimand.

⁵ VA Handbook 5007/16, *Compensation of Consultants, Attendings, and Others Employed on a Fee-basis Under 38 U.S.C. 7405*, Part II, Appendix F, Section 1(b), Nov. 26, 2004.

⁶ VA Handbook 5007/16, *Compensation of Consultants, Attendings, and Others Employed on a Fee-basis Under 38 U.S.C. 7405*, Part II, Appendix F, Section 3b.(1)-(2), June 13, 2005.

Conclusion

The OIG substantiated that the VA San Diego Healthcare System was paying an hourly wage to certain fee-basis care providers in violation of VA policy and its own appointment letters. However, the OIG did not issue any recommendations because the VA San Diego Healthcare System discontinued the use of fee-basis professionals for this service and took disciplinary action with respect to the employee responsible for the improper conduct.



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