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Department of Veterans Affairs Substantiates Improper Fee-basis Appointments at Portland Veterans Affairs Medical Center

FOR IMMEDIATE RELEASE

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WASHINGTON, DC / September 30, 2009—On September 29, 2009, the U.S. Office of Special Counsel transmitted to the President and the Congressional oversight committees for the Department of Veterans Affairs (VA) findings of a VA investigation confirming that employees at the Portland VA Medical Center, Portland, Oregon, inappropriately approved and managed fee-basis appointments of Registered Nurses, including retired Federal Government nurses. The retired nurses continued to work for the VA under the same conditions as before they retired and were paid on a time-basis, rather than service-basis. They received full appointment fees and their retirement benefits. The highest paid fee-basis appointees received over \$130,000 in fees in 2007 and 2008. Federal law requires that the appointment fees for retired federal employees be reduced by the amount of their retirement annuities if they are paid on a time-basis.

OSC received these allegations from a whistleblower and referred them to the Secretary of the VA for investigation. The VA Office of Inspector General confirmed that over 100 fee-basis employees were compensated on a time-basis instead of a service-basis. Retired VA annuitants who entered service on fee-basis agreements and were compensated on a time-basis did not have their fees reduced as required, fee-basis appointees were paid in excess of the annual \$15,000 limitation without receiving a waiver, and fee-basis appointees were paid in excess of the amount approved in their fee-basis agreements.

The Portland VA Medical Center implemented corrective measures as a result of these findings. Human Resources Specialists have been trained and new policies implemented; improper fee-basis appointments were terminated; management level reviews have been initiated; and collection efforts to recover overpayments have begun. In addition, the agency took appropriate administrative action against the employee responsible.

OSC determined that the agency's reports contain all the information required by statute and the findings appear reasonable.

The U.S. Office of Special Counsel (OSC) is an independent investigative and prosecutorial agency and operates as a secure channel for disclosures of whistleblower complaints. Its primary mission is to safeguard the merit system in federal employment by protecting federal employees and applicants from prohibited personnel practices, especially retaliation for whistleblowing. OSC also has jurisdiction over the Hatch Act. For more information please visit our web site at www.osc.gov or call 1 (800) 872-9855.