

**Department of  
Veterans Affairs**

**Memorandum**

Date: JUL 28 2009

From: Portland VA Medical Center, Portland, OR (648)

Subj: Status Request- Review of Allegations of Mismanagement of Fee Basis  
Appointments, VA Medical Center, Portland, Oregon (Report No. 08-02512-84)

To: Deputy Assistant Inspector General for Management and Administration (53A)

1. The following is a status update to the implementation of recommendations made in the OIG report regarding allegations surrounding the appointment of fee-basis Registered Nurses paid on a time-basis and the fee-basis appointments of Registered Nurses who were re-employed annuitants:

a. Corrective action taken:

- 1) Recommendation 1. Take action to ensure that the Portland VAMC HR department complies with the provisions of VA Handbook 5007, Part II, Appendix F (Compensation of Consultants, Attendings, and Others Employed on a Fee Basis Under 38 U.S.C. § 7405) when approving and administering fee-basis agreements.

The Human Resources Management Service (HRMS) in conjunction with the Chief of Staff's office developed a local Medical Center Memorandum (MCM) that delineates the roles and responsibilities of management officials for the administration of the fee-basis program. Policy is in concurrence. Training has been provided to the Human Resources Specialists on the regulatory requirements of managing a fee-basis program, in accordance with VA Handbook 5005 and 5007.

- 2) Recommendation 2. Take action to immediately discontinue any fee-basis agreements currently in effect at the Portland VAMC that pay fee-basis appointees on a time-basis and convert these employees to either a full-time, temporary full-time, part-time, or an intermittent employee, whichever is appropriate.

All RN fee-basis appointments were terminated either on or before March 15, 2009. As required by the OIG findings.

- 3) Recommendation 3. Take action to ensure that the Portland VAMC HR department complies with the provisions of 5 U.S.C. §§ 8344, 8468 (Annuities and Pay on Reemployment) when hiring retired annuitants who are paid on a time-basis.

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All HR staff received training regarding the employment of retired annuitants on February 18, 2009. Two management level reviews are now conducted before these appointments are signed.

4) Recommendation 4. Regarding the annuitants who were re-employed as fee-basis employees and were paid on a time-basis, take action to retroactively reduce their fees earned in CYs 2007 and 2008 by the annuities received, pursuant to 5 U.S.C. §§ 8344(a), 8468(a), and pursue collection of these amounts.

All the re-employed annuitants have been notified and issued bills of collection for payments received in CYs 2007 and 2008.

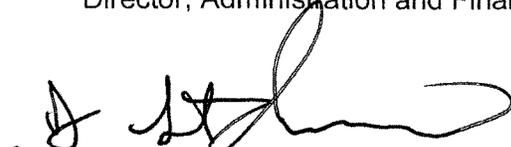
5) Recommendation 5. Take appropriate action against the individual in HR who approved the fee basis agreements for CY 2008 and allowed the fee-basis appointees to be paid on a time-basis, which violated VA policy.

The Acting Human Resources Officer received a verbal counseling from the Medical Center Director and was required to provide him with a written response to include evidence of completing fee-basis training and knowledge of the fee-basis program policy. The verbal counseling involved establishing clear expectations and ensuring the Acting Chief knew the fee-basis regulations and would ensure compliance with those regulations.

7) Recommendation 7. Provide training regarding the provisions of VA Handbook 5007, Part II, Appendix F (Compensation of Consultants, Attendings, and Others Employed on a Fee Basis Under 38 U.S.C. § 7405) relating to the management of fee-basis agreements to personnel at the Portland VAMC who are in a position to request or approve fee-basis agreements.

The HR staff now work closely with the Division Administrators and continue to provide ongoing training for any administrative staff responsible for developing and submitting justification for fee-basis appointments. The HR Compensation Specialist is now the lead for establishing and reviewing fee rate determinations.

2. If you require any further information, please contact David Stockwell, Deputy Director, Administration and Finance, at 503-220-8262, extension 51014.

  
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