



**U.S. OFFICE OF SPECIAL COUNSEL**

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**The Special Counsel**

June 27, 2018

The President  
The White House  
Washington, D.C. 20500

Re: OSC File No. DI-16-5683

Dear Mr. President:

Pursuant to 5 U.S.C. § 1213(e)(3), I am forwarding to you a report from the Department of Veterans Affairs (VA) based on disclosures of wrongdoing at the Beckley VA Medical Center (Beckley VAMC), Health Information Management (HIM), Beckley, West Virginia. Sharon Treadway, who consented to the release of her name, is a Veterans Equitable Resource Allocation (VERA) medical records technician at the Beckley VAMC. Ms. Treadway alleged that [REDACTED], the HIM coding supervisor at the Beckley VAMC, falsified Compliance and Business Integrity (CBI) audits. She also alleged that Beckley VAMC management officials ignored repeated disclosures regarding [REDACTED] falsification of CBI audits. The Office of Special Counsel (OSC) has reviewed the agency report and, in accordance with 5 U.S.C. § 1213(e), provides the following summary of the report, the whistleblower's comments, and my findings.<sup>1</sup>

The VA substantiated Ms. Treadway's allegation that [REDACTED], in her capacity as the HIM coding supervisor, falsified inpatient coding audits performed between October 2011 and March 2016. The finding was based on the implausibility of a string of 54 consecutive, 100 percent accurate audits performed by [REDACTED] between October 2011 and March 2016. Noting the unlikelihood of this string of perfect results, the report found that when a senior coder assumed responsibility for the audits from April 2016 through August 2016, the audit results were "less than perfect," varying between 80 percent and 100 percent.

The VA substantiated the allegation that Chief of HIM [REDACTED] negligently ignored indications that the inpatient coding audits were falsified. The VA further determined that [REDACTED] failed to present audit results to the Medical Center CBI Committee from which management could have inferred falsification. According to the report, [REDACTED] provided statistics only for the current month of each CBI Committee meeting without identifying trends that would have suggested falsification.

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<sup>1</sup> Ms. Treadway's allegations were referred to former Secretary [REDACTED] for investigation pursuant to 5 U.S.C. § 1213(c) and (d). The Office of Internal Audit and Risk Assessment investigated the allegations, and former VA Chief of Staff, [REDACTED], reviewed and signed the report.

The Special Counsel

The President  
June 27, 2018  
Page 2 of 2

The VA did not substantiate Ms. Treadway's allegation that managers above the chief of HIM ignored disclosures regarding the falsification of the coding audits. In support of this finding, the VA determined that CBI audit results were not presented to management in a manner that would have allowed them to identify trends. The report further noted that managers responded proactively to earlier disclosures of coding irregularities made by Ms. Treadway by arranging for a separate audit to be conducted by a coder from a VISN 6 Medical Center. Managers also directed coding staff to query providers more thoroughly to clarify what treatment or services were provided to improve coding accuracy.

The VA report recommended the development and implementation of a coding audit reporting method which describes audit report results in sufficient detail so medical center leadership and senior managers are fully informed of the results. The report also recommended that appropriate action be taken with respect to [REDACTED] the coding supervisor, and [REDACTED] the chief of HIM. The latter recommendation was rendered moot, however, because both [REDACTED] and [REDACTED] retired on August 3, 2017, before the investigative team returned to the Beckley VAMC to re-interview them.

In her comments, Ms. Treadway disagreed with the VA's failure to substantiate the allegation that Beckley VAMC managers above the chief of HIM ignored disclosures regarding CBI audit falsification. Ms. Treadway provided documentation establishing that, on numerous occasions, she notified management of coding errors. However, the report's findings were focused on the allegations referred by OSC, specifically whether Beckley VAMC managers were aware of CBI audit falsifications. As noted above, the VA report recommended significant corrective measures to address the CBI audit falsification issue. For these reasons, OSC is satisfied with the VA's response.

I have reviewed the original disclosure, the agency report, and Ms. Treadway's comments. I am hopeful that the revised procedures recommended in the report in conjunction with the change in HIM leadership will result in more accurate coding and CBI audits, as well as more vigilant oversight. Thus, I have determined that the report meets all statutory requirements and the findings appear reasonable. As required by 5 U.S.C. § 1213(e)(3), OSC has sent a copy of this letter, the agency report, and Ms. Treadway's comments to the Chairmen and Ranking Members of the Senate and House Committees on Veterans' Affairs. I have also filed redacted copies of these documents in our public file, which is available at [www.osc.gov](http://www.osc.gov). This matter is now closed.

Respectfully,



Henry J. Kerner  
Special Counsel

Enclosures