



U.S. OFFICE OF SPECIAL COUNSEL
1730 M Street, N.W., Suite 300
Washington, D.C. 20036-4505

The Special Counsel

May 27, 2026

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

Re: OSC File No. DI-24-000819

Dear Mr. President:

I am forwarding to you a report transmitted to the Office of Special Counsel (OSC) by the Department of Veteran Affairs (VA) in response to the Special Counsel's referral of a disclosure of wrongdoing at the Office of Finance, Revenue Operations, Washington, D.C.¹ OSC has reviewed the disclosure, agency report, and whistleblower comments, and, in accordance with 5 U.S.C. § 1213(e), I have determined that the report contains the information required by statute and the findings appear reasonable. The following is a summary of those findings and comments.

The whistleblower, Internal Audit Manager [REDACTED], who consented to the release of his name, alleged that the VA was not timely refunding veterans for cancelled copayment charges. Specifically, [REDACTED] alleged that VA Consolidated Patient Account Centers (CPACs) violated 38 C.F.R. § 17.47(e)(1) by failing to address a backlog of over \$110 million in potential refunds owed to more than 970,000 veterans for copayment charges cancelled between January 1, 2012, and December 31, 2020.

[REDACTED] explained that veterans' copayment charges are automatically cancelled by agency systems for multiple reasons, most commonly for a retroactive change in a veteran's service-connected condition.² Prior to processing any refunds, CPACs must review each cancelled copayment charge to confirm that it was paid by the veteran to the VA and a refund is owed. [REDACTED] alleged that since August 2020, the Director of CPAC Operations had been aware of an enormous backlog of cancelled copayment charges that had not been reviewed for

¹ The whistleblower's allegations were referred to then Secretary of Veterans Affairs Denis R. McDonough on January 15, 2025, for investigation pursuant to 5 U.S.C. §§ 1213(c) and (d). Workforce Management and Consulting (WMC) conducted the initial investigation, and a Revenue Operation Compliance Officer conducted a secondary investigation. Secretary of Veterans Affairs Douglas A. Collins reviewed and signed the agency report. OSC initially referred these allegations to then Secretary McDonough on May 13, 2024, pursuant to 5 U.S.C. § 1213(g)(2).

² Veterans do not have to make copayments for health care related to their service-connected conditions. 38 C.F.R. § 17.111(f)(1).

potential refunds to veterans. Further, ██████████ alleged that while CPACs review and refund newly cancelled charges on a month-to-month basis, there was little progress on the backlog and no agency-wide plans to address it. ██████████ maintained that continued delay in addressing the backlog risked deterioration of financial data and jeopardized the VA's ability to comply with its legal obligation to refund all incorrectly charged copayments in accordance with 38 C.F.R. § 17.47(e)(1).

The agency investigation did not substantiate a violation of law, rule, or regulation or gross mismanagement. However, the report acknowledged that since August 2020, the Director of CPAC Operations had been aware of a backlog of more than 5.6 million cancelled copayment charges that needed to be reviewed for potential refunds to veterans. An analysis of a sampling of cancelled charges between 2012 and 2020 found that as of July 2025, 11% of the charges included refunds that still needed to be sent to veterans. Further, the investigation found that constraints on staffing limited CPACs' ability to address the backlog and that the agency strategy was to stay current with more recent refund requests and address the backlog "as time allows."

Importantly, however, the report and May 2026 update confirmed that the VA significantly expedited processing cancelled copayment charges from the backlog following OSC's referral of the whistleblower's allegations.³ As of April 17, 2026, there were 136,374 backlog charges still requiring review and processing, reflecting completion of approximately 98% of the backlog initially identified. The VA indicated that 213,755 veterans have now received refunds totaling nearly \$20 million from the backlog, with an average refund amount of \$93.53.

██████████ was encouraged by the VA's heightened attention to the backlog following OSC's referral, as well as the significant progress with refunding veterans for copayments that were cancelled more than five years ago. However, ██████████ expressed his desire that CPACs not revert to past practices once this matter is resolved and that the VA develop a sustainable refund process. He acknowledged that the current focus on reducing the backlog is necessary but warned that "the current workload is growing quickly" for more recent cancelled copayment charges.

I thank the whistleblower for bringing this matter to OSC's attention. While the VA's report did not conclude that there was a violation of law, rule, or regulation or gross mismanagement because there is no set period of time within which refunds must be issued to veterans, OSC believes that the excessive delay, in some cases ten years, to issue refunds to

³ The VA processed 1,159,188 backlog charges between January 1, 2024, and January 15, 2025 compared with 4,362,443 backlog charges between January 16, 2025, and April 17, 2026. See, 1213(g)(2) Report at page 8 (backlog included 5,658,005 charges on December 31, 2023), attached as Exhibit A; 5 U.S.C. § 1213 Report at page 6 (backlog included 4,498,817 charges on January 16, 2025); VA, "Email Update for the Office of Special Counsel," May 2026 (a total of 136,374 backlog charges remaining as of April 17, 2026).

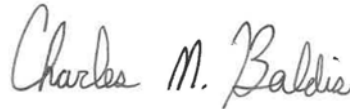
The President
May 27, 2026
Page 3 of 3

veterans likely does constitute a violation of 38 C.F.R. § 17.47(e)(1) and gross mismanagement. Nevertheless, I appreciate VA's expedited efforts in response to OSC's referral to refund hundreds of thousands of cancelled copayment charges owed to veterans. Accordingly, I find that the agency's report and findings appear reasonable.

Given the significance of the disclosure, the whistleblower's efforts to bring attention to this matter, and the tangible benefits to veterans, OSC recommends that the VA recognize [REDACTED] contribution to improve the effectiveness of CPACs and consider issuing a monetary reward to him.⁴

As required by 5 U.S.C. § 1213(e)(3), I have sent a copy of this letter, the agency report, and the whistleblower's comments to the Chairmen and Ranking Members of the Senate and House Committees on Veterans Affairs. OSC has also filed redacted copies of these documents and the letter referring the matter in OSC's public file, which is available at www.osc.gov. This matter is now closed.

Respectfully,



Charles N. Baldis
Chief Counsel

Enclosures

⁴ See, [OSC Policy on Recommending Monetary Awards for Whistleblowers](#).