

# Whistleblower Comments to Agency Report

## OSC File No. DI-24-000819

August 11, 2025

### Introduction

I would like to thank the staff of Office of Special Counsel (OSC) and the VA leadership team [past and present] for taking action on this important issue. OSC's involvement was critical (item 2) in elevating this long standing issue to those charged with resolving it. While the progress on the 1PCX backlog is encouraging, there are additional concerns with the 1PCX First Party refund process that will require consideration (item 3).

### 1. Response to Agency Report

The Workforce Management and Consulting (WMC) investigation concluded that violations didn't exist for the following: A. Gross Mismanagement of operations and B. 38 C.F.R. 17.47(e)(1).

I do not agree with WMC's conclusion (item IV of the agency report).

- A. **Gross Mismanagement** – if we are talking about a non-government agency that owed consumers refunds from 5 – 10+ years ago, and there was a significant delay in processing those refunds, we would likely consider them in violation of something. The timeframe in which an agency has known about an issue is also factored in. CPACs have known about the backlogs since September 2019 and there is still a lot of work that needs to be done. WMC states in the agency report that backlogs have been known about since August 2020 (it's actually September 2019 according to Senior Assessment Team meeting minutes). WMC also states "while there is a backlog, there is no evidence that the backlog is creating a substantial risk of significant adverse impact on the agency's ability to accomplish its mission". I believe the "mission" also includes processing timely refunds to our Veterans. It's money that the VA owes them and I think Veterans and their advocates would argue that the negative financial impact could be considered significant or even material to the Veteran. Since the OSC referral to VHA in July 2024, I did notice amplified attention to the 1PCX backlog effort. In the months that followed the OSC referral, there was a noticeable increase in 1PCX backlog processing, oversight/monitoring, stakeholder discussions/engagement, overtime usage, and supplemental CPAC department support depending on individual CPAC needs.
- B. **Violation of 38 C.F.R 17.47(e)(1) and VA Office of Financial Policy Vol. VIII, Ch. 9**
- VA OFP Vol. VIII, Ch. 9 states that "VA will process refund requests within 45-days of receipt". Revenue Operations Internal Audit uses this criteria for First Party refund audits and CPACs have had many audit findings

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and recommendations regarding the noncompliance with the 45-day requirement. CPACs cannot claim to be in compliance with either the C.F.R. or OFP by only cancelling an inappropriate copayment; that's only part of the process. To be in full compliance, the bill needs to be cancelled, the account needs to be reviewed, and if a refund is due, it needs to be processed according to OFP.

- C. **VA Financial Statement impact** – the volume of unprocessed overpayments will have a negative impact on the VA Financial Statements. The problem here is that I don't recall our external audit partners recognizing this issue in the past at CPACs. I hope that Kearney and Company, the audit firm that is evaluating VA/CPAC operations in FY25, will address this and monitor for compliance in future years.

### **2. VA Office of Inspector General (VA OIG)**

I reported this issue initially to the VA OIG in March 2023 (case number 2023-02084-HL-0707). VA OIG opened a case, but never contacted me for an interview or additional evidence. They simply closed the case by concluding that no First Party refund backlogs existed at VHA Revenue Operations Consolidated Patient Account Centers (OIG response attached). While I hold the VA OIG in high regard, they missed this one, causing further delay in resolving this issue. As a retired service member and a VA employee with many years of experience, I was extremely disappointed by the OIG's response to this. I hope this doesn't happen to a future whistleblower that is just trying to do the right thing.

In April 2024, I submitted my concerns to the Office of Special Counsel. They interviewed me and evaluated the data/evidence that I provided.

### **3. Additional concerns with the 1PCX First Party refund process**

I remain actively involved in the 1PCX process with various stakeholders (CPAC managers, supervisors, executive team members, RO Policy Analysts, etc.). There are two primary concerns that haven't been fully addressed by CPACs:

- A. **Refunds less than \$25** – 38 C.F.R 17.47(e)(1) is clear in that "If VA determines that an individual was incorrectly charged a copayment, VA will refund the amount of any copayment actually paid by that individual." However, VA OFP Vol. VIII Ch. 9 states "Overpayments less than \$25 should only be refunded upon receipt of a valid refund request, unless an automated refund processes for all overpayments (including those less than \$25) exists". It's my understanding that CPACs are still deciding what to do with refunds less than \$25. Many of us involved in the process don't feel that there is anything to decide and that 38 C.F.R needs to be followed. 1PCX refunds less than \$25 are not currently visible in VAPARS as they are considered "low priority". The shared concern is that

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refunds less than \$25 may not ever get processed unless a Veteran requests a refund. If a Veteran paid a copayment and it was later determined to be inappropriate resulting in a cancelled bill 3/5/10+ years ago, it is highly unlikely that the Veteran [or next of kin if the Veteran is deceased] is going to call in to request an account review. The Veteran is at a disadvantage here, because they do not know that they may be due a copayment refund for Service-Connected changes, duplicate bill, inappropriate bill, RX refused, RX destroyed, or a number of other reasons.

- B. Current 1PCX work becoming the new backlog** – The entire 1PCX Work in Process (WIP) is made up of 1PCX backlog and current workload. With a heightened, and necessary focus on the backlog, the current workload is growing quickly. With a 1PCX backlog reduction goal of December 2025 (agency report page 8), the current 1PCX workload will be the new CPAC backlog. I submitted evidence to OSC (attached) on 3/25/2025 demonstrating that the overall 1PCX WIP had actually grown (from 5,102,642 charges in Dec 2024 to 5,163,059 charges in Mar 2025).

#### **4. Interest on old refunds**

This won't be popular, but it should be considered to mitigate future refund backlogs. If a Veteran is delinquent on copayment debt, they may be subject to interest and administrative charges. If a Veteran is later refunded, that refund should include those previously paid interest/admin fees. This is not the interest I'm referring to, I'm referring to additional interest that should be paid to Veterans who do not receive timely refunds. Currently, the VA does not pay Veterans interest on old refunds due for medical debt. There is policy in place to address timely payments in other government financial areas, such as the Prompt Payment Act. The Internal Revenue Service is required to pay interest on late refunds. If Veterans can be charged interest/admin fees on delinquent medical debt, then a similar standard should exist requiring the VA to process timely refunds in accordance with policy, or perhaps new policy.

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### **5. Conclusion**

While I don't agree with the WMC investigation results [that no violations exist], I am encouraged by the action plan, the progress that is being made, and the estimated backlog resolution date of December 2025. CPACs will need to develop a plan to address the current 1PCX work that has grown while reducing the backlog. I hope CPACs develop a sustainable refund process and don't revert back to old practices once this case is closed. I've worked for the CPAC for over 15 years, and I can assure you that the monitors that are mentioned in the agency report (page 7) - Internal Audits, Quality Assurance, and Compliance, are not always effective in influencing change. While these areas do great work (audits, reports, recommendations) it's ultimately up to RO/CPAC Management to address the issues brought before them.

Thanks to everyone involved that has made a positive impact in this critical area. Blowing the whistle on this important issue wasn't something I ever wanted to do, but after years of agency neglect and resistance at various levels, I didn't see another effective option, and I felt obligated to do so. Even with OSC's assistance, this experience has been extremely detrimental to me both personally and professionally.

### **6. Attachments**



OIG Case 23-00481



1PCX WIP as of  
03-2025

[REDACTED]

VHA Office of Finance – Revenue Operations  
U.S. Department of Veteran Affairs

CPAC	Remaining Backlog Charges to be Reviewed as of 12/1/2024	Remaining Current Charges to be Reviewed as of 12/1/2024	Charges Total as of 12/1/2024	Remaining Backlog Charges to be Reviewed as of 3/1/2025	Remaining Current Charges to be Reviewed as of 3/1/2025	Charges Total as of 3/1/2025	Remaining Backlog Number of Veterans as of 3/1/2025	Remaining Current Number of Veterans as of 3/1/2025	Veteran Totals
NC	501,550	115,717	617,267	484,542	172,737	657,279	153,197	21,264	174,461
MA	803,941	21,419	825,360	761,063	44,288	805,351	226,479	5,957	232,436
FC	385,358	3,812	389,170	337,261	5,476	342,737	109,347	507	109,854
MS	771,980	114,421	886,401	760,193	164,189	924,382	229,404	19,427	248,831
NE	410,741	381	411,122	325,624	976	326,600	136,148	277	136,425
CP	646,785	131,568	778,353	609,941	190,594	800,535	176,650	21,730	198,380
W	1,031,936	163,033	1,194,969	1,006,056	300,119	1,306,175	260,251	33,673	293,924
<b>CPAC Totals</b>	4,552,291	550,351	<b>5,102,642</b>	4,284,680	878,379	<b>5,163,059</b>	1,291,476	102,835	<b>1,394,311</b>

This chart represents all work in process (WIP) as of 3/1/2025. Comparing column D and G totals, the overall volume of work (backlog and current) has increased.



**Department of Veterans Affairs  
Office of Inspector General  
Washington, DC 20420**

August 11, 2023

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Dear [REDACTED]

This is in response to your Freedom of Information Act (FOIA) and Privacy Act (PA) request dated July 27, 2023, in which you are interested in obtaining a record of this case (2023-02084-HL-0707). Your request was received in this office on July 28, 2023, and we assigned it FOIP Tracking Number 23-00481-FOIP. Please refer to this number whenever communicating with VA OIG about your request.

We have enclosed a copy of the three (3) page redacted Memorandum dated June 29, 2023. However, we are withholding all information which, if disclosed, would constitute a clearly unwarranted invasion of an individual's personal privacy under FOIA Exemption 6, 5 U.S.C. § 552 (b)(6). Specifically, names, job titles, email addresses, telephone numbers and other information which could reveal the identity of individuals mentioned in the records have been withheld. We do not find any public interest that outweighs the privacy interests of the individuals.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

You may appeal the determination made in this response to: Department of Veterans Affairs, Office of Inspector General, Office of Counselor (50C), 810 Vermont Avenue NW, Washington, DC 20420, or by email to: VAOIGFOIA-Appeals@va.gov, or by fax to: (202) 495-5867. If you should choose to make an appeal, your appeal must be sent no later than ninety (90) calendar days after the date of this letter. Your appeal must include the assigned FOIA Tracking Number and any reason(s) why you believe the response was in error. If you choose to appeal only a portion of the determination, you must specify which part of the determination you are appealing. The appeal should

include a copy of the request and VA's response. The appeal should be marked, or subject-titled, "Freedom of Information Act Appeal."

Sincerely,



Supervisory Government Information Specialist  
VA OIG Release of Information Office

Enclosures: Three page redacted Memorandum dated June 29, 2023

# 02084-HL-0707-CA- RESP

Thursday, July 6, 2023 9:27 AM

**Department of  
Veterans Affairs**

**Memorandum**

Date: June 29, 2023  
 From: Revenue Operations, Office of Finance (104RO)  
 Subj: OIG Hotline Referral Case No. 2023-02084-HL-0707  
 To: VAOIG

Background. The VA Office of Inspector General (OIG) Hotline referred the following allegation(s) for review and response.

**1. Is there a backlog of service-connected refunds owed to veterans? No.**

**a. If not, please provide evidence of the absence of a backlog.** There is a pending workload of approximately 2,500 first party refunds to be processed as of the week of June 26, 2023, across all seven Consolidated Patient Account Centers (CPAC):

CPAC	Evaluate For Refund Bills <sup>1</sup>	Evaluate For Refund Oldest Debt	Refund Review WIP <sup>2</sup>	Refund Review Oldest Debt	Total Refunds Pending Action	Oldest Debt <sup>3</sup>
CPCPAC	474	6/14/2023	0	-	474	6/14/2023
FCCPAC	692	6/10/2023	404	8/2/2022	1096	8/2/2022
MACPAC	79	6/12/2023	27	3/29/2023	106	3/29/2023
MSCPAC	652	6/8/2023	0	-	652	6/8/2023
NCCPAC	8	6/7/2023	0	-	8	6/7/2023
NECPAC	0	-	0	-	0	-
WCPAC	4	6/18/2023	155	10/12/2022	159	1/20/2023
<b>Total</b>	1909	6/7/2023	586	8/2/2022	2495	8/2/2022

Notes:  
 1. Number of First Party claims awaiting initial follow up on the Evaluate for Refund worklists  
 2. Accounts on the Refund Review worklist require a full account review to determine if there is other debt the prepayment can offset prior to refunding the Veteran.  
 3. There are two 2022 refunds at FCCPAC for Veterans with a foreign address, which has delayed issuance of the refund

VHA Revenue Operations is unable to separate pending refunds by reason. Common reasons for refunds include: billing error, service connected care, retroactive SC eligibility change, offset resulting from third party insurance reimbursement, and refund of credit balance. The data above is inclusive of all refund reasons, include those for service-connected care.

Workload within VHA Revenue Operations is dynamic and refund reviews are generated by reviewing and reconciling accounts where a first party copayment charge is cancelled in the VistA Integrated Billing (IB) system. First party copayment charges may be cancelled for a variety of reasons and only a fraction of these cancelled charges are ultimately referred for an actionable refund.

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**b. If so, please provide a count of claims and dollar value, as well as the number of veterans impacted, by calendar or FY, for each CPAC. N/A**

**2. If there is a backlog, what steps are being taken to address it? N/A**

**3. If there is a backlog, what are the reasons for it? N/A**

**4. What processes and controls are in place to make sure refunds for service-connected claims are processed in a timely manner, and who is responsible for the oversight of this?**

All first party refunds, including those for service-connected care, are processed within the Veteran Services Department at each CPAC. Processes are outlined in the Veteran Services Guidebook, specifically in Chapter 4 (Account Maintenance) and Chapter 9 (Refunds Function). Oversight for this workload is performed by CPAC Veteran Services Supervisors and Accounting Managers.

Internal controls are included in the Guidebook and annual audits of these controls are performed the Revenue Operations Internal Audit team.

**Supporting Documentation:** Supporting documentation may be obtained by emailing our Release of Information Office [redacted (b)(6)] describing the documentation, and referencing the associated case number. The items that are available for this case are: N/A

Determine the merit of each complaint or allegation in accordance with VA Directive 0701, paragraph 6. Your response must include the following information and document that the review was performed by an official separate from, and at a higher grade than, the subject/alleged wrongdoer(s):

- How each allegation was reviewed:

A review was conducted of first party refund worklists generated by VistA data.

- Whether the allegation was substantiated or not substantiated

Not substantiated.

- Corrective action(s) taken to address each substantiated allegation

N/A

- The date a corrective action was initiated and or completed

N/A

- Relevant supporting documentation

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N/A - see data provided above

- The value of any recoveries or savings

None

- The name and position of the reviewer

(b)(6)

(b)(6)

Should you have additional questions or require follow-up information, please contact

(b)(6)

at VHA 104RO Action

(b)(6) @VA.GOV

(b)(6)

(b)(6)