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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

July 24, 2017

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The Honorable David Shulkin
Secretary of Veteran Affairs
U.S. Department of Veteran Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Mr. Secretary:

I am writing to request information from the Department of Veterans Affairs (VA) regarding its efforts to improve the collection and reporting of improper payments.

A recently published report by the VA Office of the Inspector General (OIG) reviewed the agency's compliance with the Improper Payments Elimination and Recovery Act (IPERA) for FY 2016 and revealed that VA has failed to comply with two of the Act's six statutory requirements.¹ According to the report, VA reported improper payment estimates for FY 2016 at \$5.5 billion dollars, with increases from the previous fiscal year largely a result of two programs in the Veterans Health Administration.² The OIG review notes the opportunity for the agency to make further improvements in the accuracy of estimating improper payments and the U.S. Office of Management and Budget's Circular No. A-123 requires agencies to develop improper payment estimates to a certain level of precision.³ OIG's report found that VA did not achieve expected levels of precision in its IPERA program and failed to meet annual reduction targets for six different programs.⁴

According to the OIG's report, VA reported more than \$5.5 billion in improper payments between FY 2015 and 2016 combined, including both overpayments and underpayments.⁵ Given the importance of eliminating "waste, fraud and abuse" and the scale of taxpayer spending on these programs, proper adherence to IPERA is warranted. OIG's report made several recommendations to VA management including that the agency "take steps to reduce improper

¹ Department of Veterans Affairs Office of Inspector General, *Review of VA's Compliance With the Improper Payments Elimination and Recovery Act for FY 2016* (VA OIG 16-04416-231) (May 2017).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*

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payment rates and achieve reduction targets.”⁶ OIG also recommended that VA take action to improve its improper payment estimates.⁷ While VA management concurred with all of OIG’s recommendations and has provided action plans, two of OIG’s recommendations from its FY 2015 IPERA report were “closed as unimplemented” and carried forward.⁸ Some of the deadlines for completion of actions items listed on VA’s corrective plan have passed. It is important to make sure that VA is hitting its stated benchmark and on track to meet future deadlines to address its improper payments program.

In order to better understand VA’s efforts to improve the efficacy and accuracy of its reporting requirements under IPERA, please provide a written response to the following questions to my office not later than August 7, 2017:

1. Please provide an update on VA’s status of implementing OIG’s recommendations to reform agency compliance with IPERA for FY 2017, including whether the stated deadlines in VA’s action plan have been met, are on track for completion, or have been adjusted.
2. Please describe any other steps, beyond implementing OIG’s recommendations that VA has taken to address and reduce improper payments.

If you have any questions please contact Donald Sherman with my staff at (202) 224-8316 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov. Thank you for your prompt attention to this matter.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*