

LEGISLATIVE HEARING

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SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON VETERANS' AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:15 p.m., in room 360, Cannon House Office Building, Hon. Jen Kiggans [chairwoman of the subcommittee] presiding.

Present: Representatives Kiggans, Radewagen, Ciscomani, Self, Ramirez, Kennedy, and Conaway.

OPENING STATEMENT OF JEN KIGGANS, CHAIRWOMAN

Ms. KIGGANS. Good afternoon. Thank you to our witnesses for being here today. Without objection, the chair may declare a recess at any time.

I would also like to welcome the members present from the Subcommittee on Technology Modernization—I think they are on their way—and the other members who have sponsored bills on today's agenda who will be joining us today who are, hopefully, on their way as well.

Today's hearing is about coordinating with other individuals who also care deeply about how veterans are treated and who represent organizations with expertise on the proposed legislation on the agenda this afternoon.

We will use the feedback and ideas they share with us to make informed policy decisions to improve the delivery of services at the U.S. Department of Veterans Affairs (VA).

We have nine important legislative proposals to consider here today. It is important to note that not all of the proposals will move forward in the legislative process. The valuable insight provided by these members, stakeholders, and agencies is fundamental to the work of the subcommittee.

During today's legislative hearing we will examine a variety of bills, including bills that impact the VA's systems in technology, acquisition, pay, and accountability. The agenda includes H.R. 984, sponsored by Representative Van Orden, which would direct the VA Secretary to cancel agreements with debt collectors to collect debt from veterans if the VA determines the debt was due to an error.

The Veterans Scam Fraud Evasion Act of 2025, sponsored by Representative Calvert, would codify an office at the VA that is needed to fight against scammers targeting veterans.

H.R. 3185 the Personnel Integrity in Veterans Affairs Act of 2025, sponsored by Representative Franklin, would provide oversight bodies with the tools to complete their investigations into misconduct and improve the Federal workforce by requiring the VA to make note in their personnel file if they resign under investigation.

The bill sponsored by Representative Gray, which would prohibit the VA from collecting copays after 2 years if the delay in collection is due to a VA failure in timely processing.

H.R. 3482, the Veterans Community Care Scheduling Improvement Act, sponsored by Representative Barrett, would establish a program for the VA employees to directly schedule health care appointments for veterans receiving community care.

H.R. 3455, the Veteran Affairs Distributed Ledger Innovation Act of 2025, sponsored by Representative Mace, would direct the VA to conduct a study on the use of distributed ledger technology to modernize the claims process.

H.R. 3483, Forcing Real Accountability for Unlawful Distributions, or the FRAUD Act of 2025, sponsored by Representative Barrett, would direct the VA to implement an information technology (IT) system to detect fraud, waste, and abuse and payment processing for community care payment submissions.

A discussion draft of legislation to improve the VA Electronic Health Record Modernization (EHRM) program, and last, my legislation H.R. 3494, the VA Hospital Inventory Management System Authorization Act, which would authorize the VA to purchase or develop and modernize inventory management system for hospitals. Inventory modernization is an important step forward to more effectively manage the crucial medical equipment and other assets providers need to deliver first class health care to our Nation's veterans.

I am eager to hear more from our members and witnesses about these bills, and I want to thank our witnesses again for being here today. I look forward to our discussion.

I now recognize Ranking Member Ramirez for her opening remarks.

OPENING STATEMENT OF DELIA RAMIREZ, RANKING MEMBER

Ms. RAMIREZ. Thank you, Chair Kiggans.

I want to first start by thanking our witnesses that are here today, Dr. Phillips, Ms. Duke, Ms. Waters, and Ms. McDonald. Thank you for being with us today.

When I first joined this committee a couple of years ago, I hoped to find common ground with my more conservative colleagues because we were united by a shared belief that it is our responsibility to serve those who sacrifice so much for our country, our diverse veterans. I have to admit that I continue to be disappointed as I witness the erosion of the spirit of bipartisanship in our committee.

While I am committed to work on today's bills on advancement and modernization of the VA, I cannot help but point out that contrary to the traditions of this committee, we are discussing eight Republican-led bills and only one Democratic-led bill. In the past, for every two bills from the majority we considered a bill from the minority, so you can understand my disappointment that while we

are, in fact, going to discuss modernization of the VA, we omitted and disregarded Democratic legislation on the subject that could bring even a greater level of transparency and accountability to the VA. Let me give you a couple of examples. Congressman Kennedy's VA Funding and Workforce Protection Act, which would reinstate veterans have been illegally terminated from the VA and exempt them from the hiring freezes.

Or Dr. Conaway's VA Data Act, which addresses serious privacy concerns veterans have shared with us and would prevent Department of Government Efficiency (DOGE) from accessing veterans' personnel information from the VA systems.

I hope I have the chance to discuss the bills that I plan to introduce over the next few months, which would include a bill to restore collective bargaining rights for VA employees and a bill that would bring much needed transparency to VA's relationship with special government employees.

While I am disappointed at the ratio of Republican to Democratic bills that is so low in this hearing, I am proud of the single Democratic-led bill on today's agenda, Congressman Gray's Stop Troubling Retroactive Invoices for Veterans Expenses (STRIVE) Act. The bill would prohibit the VA from collecting co-pays from veterans in specific situations when the billed care is more than 2 years old, or the debt incurred by the veteran is due to the department's fault and exceeds \$2,000.

This bill would protect veterans by ensuring that they are not on the hook for surprise medical bills due to dysfunction or error in VA systems. It is a common sense step to shield veterans from avoidable financial burdens.

Today we will also be considering bills on modernization efforts within the department, and that is a timely and crucial conversation. If I am being honest with you from my perspective, we cannot successfully realize modernization without the infrastructure needed to actually support it and implement it.

For example, Secretary Collins has announced his plans to accelerate the electronic health record modernization—we call it the EHRM program—to 13 sites next year and 26 the following year. At the same time there is a doubling of the sites, there is a reduction in the EHRM integration office staff, about 10 percent of whom took the deferred resignation program.

Chair Kiggans' H.R. 3494 seeks to initiate a pilot program to test adequacy of a centralized supply chain solution at one VA Medical Center, but the VA has tried four previous times to realize its supply chain solution without identifying what critical infrastructure was needed for previous pilots to succeed. I got to tell you, I am concerned we are bound to repeat the same mistake from the past.

Congressman Franklin's Personnel Integrity in Veteran Affairs Act would require investigative bodies, like the Office of Inspector General (OIG) and the Office of Accountability and Whistleblower Protection, to continue investigating employees even after they have left the department.

While no investigation should conclude without a proper resolution, the legislation does not acknowledge that limited resources could impede these investigations.

As we consider modernization, I just want to echo my colleagues on the Technology Modernization Subcommittee, who have pointed out that we must pursue a balance of investments in technology with equivalent investments in staffing and resources when we are rolling out these modern solutions because without investing in all of these three areas-modernization, staffing, and resources-VA will not be able to implement the modernizations our veterans desperately need.

This administration is doing the opposite, openly undermining the VA, proposing major reorganization, and engaged in reductions in force. Their efforts weaken the very internal infrastructure of the VA that the modernization depends on. It is almost as if privatization is the end game.

Deconstruct infrastructure, create new systems and protocols that rely on infrastructure, and complain that there is no infrastructure to support the changes and then have a seemingly novel idea: outsource the service.

As we consider today's legislation, we need to keep in mind that we cannot have honest discussions about modernization without getting honest about the internal infrastructure needed to provide our veterans with the quality, comprehensive, and accessible services.

Chair Kiggans, I hope we can make the changes needed before we advance these bills to the full committee. With that, I yield back.

Ms. KIGGANS. Thank you, Ranking Member Ramirez.

Before hearing their testimony, I will introduce the witnesses on today's first panel. Representing the Department of Veteran Affairs we have Ms. Cherri Waters, acting Deputy Chief Information Officer (DCIO) and Executive Director of the Health Portfolio Product Delivery Services in the Office of Information and Technology. Ms. Waters is accompanied by Ms. Laura Duke, the Chief Financial Officer of the Veteran Health Administration and Dr. Toni Phillips, Chief Nurse Informatics Officer of the Electronic Health Record Management Information Office.

Also for on our first panel, representing the office of the Inspector General, Dr. Jennifer McDonald, Director of the Community Care Division, Office of Audits and Evaluations and Office of the Inspector General.

We will now swear in our witnesses. If you could, please stand and raise your right hand? Do you solemnly swear that the testimony you are about to provide is the truth, the whole truth, and nothing but the truth?

Thank you. You may be seated.

[Witnesses sworn.]

Ms. KIGGANS. Let the record reflect that all witnesses answered in the affirmative.

Ms. Waters, we will start with you. You are now recognized for 5 minutes to provide your testimony on behalf of the Department of Veteran Affairs.

STATEMENT OF CHERRI WATERS

Ms. WATERS. Good afternoon, Chairwoman Kiggans, Chairman Barrett, Ranking Member Ramirez, Ranking Member Budzinski,

and members of the subcommittees. Thank you for inviting us here today to present our views on several bills that would affect the Department of Veterans Affairs' programs and services. Joining me today are Ms. Laura Duke, Chief Financial Officer for Veterans Health Administration (VHA) and Dr. Toni Phillips, Chief Nurse Informatics Officer for the EHRM Implementation Office.

While VA's views on all the bills are detailed in my written testimony, including areas of concern and support, I would like to highlight some of the bills in my opening remarks. First, VA supports, subject to amendments and availability of appropriations, the Forcing Real Accountability for Unlawful Distributions Fraud Act of 2025. VA strongly supports using the franchise fund, and we estimate that the savings from preventing overpayments will more than cover the technologies and services to fully recover all the costs.

However, as written we believe the bill would not cover those claims at highest risk for fraud or overpayment. VA would welcome the opportunity to discuss several technical improvements to the bill that could provide VA enhanced authority to combat fraud, waste, and abuse.

VA supports the intent of the Veterans Community Care Scheduling Improvement Act, subject to amendments and availability of appropriation. VA fully agrees that it can and should improve the patient scheduling experience.

However, we are concerned that specific legislation on this topic could constrain our ability to address veterans' needs and emerging issues. This bill seems to duplicate some of the work previously done as part of VA's 2022 integrated product team, as well as other efforts, including those to implement the Cleland-Dole Act.

VA is already working to develop a self-service scheduling platform and does not require additional authorities. Rather, the challenges facing VA are both technical and process-based, and VA recommends a human-centered-based design study that would address both technical and non-technical elements of the issue.

VA also welcomes the effort to modernize VA's current inventory management systems and improve overall efficiency in supply chain management. We therefore support the VA Hospital Inventory Management System Authorization Act, subject to some amendments and the availability of appropriations.

Last, VA also supports the intent of modernizing VA's Electronic Health Record System, subject to amendments and the availability of appropriations. Regarding Section 3, VA acknowledges the importance of the EHRM as a critical priority for VA but also believe there is an opportunity for VA and the committee to collaborate to address technical concerns in this section.

Likewise, VA looks forward to working with the committee to address technical concerns in Sections 4, 6 and 7. VA agrees with the intent of Section 5 to protect veterans personal and protected information and welcomes the opportunity to work with the committee to ensure this section effectively addresses that concern.

VA further agrees with the importance of reporting requirements contained in Sections 8 through 16 and welcomes the opportunity to work with the committee to ensure that VA can develop the information and address the committee's concerns.

Chairwoman Kiggans, Chairman Barrett, this concludes my statement. We appreciate the congressional intent embodied in the bills on today's agenda and welcome the opportunity to work closely with Congress on these important issues. My colleagues and I are prepared to respond to any questions that you or other members of the subcommittees may have.

[THE PREPARED STATEMENT OF CHERRI WATERS APPEARS IN THE APPENDIX]

Ms. KIGGANS. Thank you, Ms. Waters. The written statement of Ms. Waters will be entered into the hearing record.

Dr. McDonald, you are now recognized for 5 minutes to provide your testimony on behalf of the VA Office of the Inspector General.

STATEMENT OF JENNIFER MCDONALD

Dr. MCDONALD. Chairwoman Kiggans, Ranking Member Ramirez, and members of the subcommittees, thank you for the opportunity to testify on the independent oversight conducted by the OIG on VHA's pause in its program integrity tool, which relates to H.R. 3483.

Our testimony on this tool was requested by the subcommittee because the FRAUD Act of 2025 requires VA to analyze community care claims using an IT system to detect overpayments and other fraud, waste, and abuse. This is something that the program integrity tool did previously in a limited capacity.

The program integrity tool is a repository that consolidates data from multiple VA community care programs after a claim has been paid by VA. For revenue operations, VHA uses data from the tool to determine if veterans or their private insurance companies should be billed for care that is not service-connected.

To support VHA's fraud and waste detection and mitigation efforts, data from the tool can be used to identify duplicate claim payments or indicators of potential fraud, such as payments to the same provider in different locations on the same day.

VA paused operations of the program integrity tool in February 2023 after becoming aware of ongoing issues with its data base logic and unreliable data. The pause was intended to allow VHA time to evaluate the tool's processes, data, and its underlying IT system to determine the causes of any data errors and identify improvement opportunities.

In July 2024, we issued a management advisory memorandum to VA leaders highlighting the major impacts of the tool's pause on VHA's revenue collection processes and on identifying fraud, waste, and abuse related to community care claims. In response to this work, VA officials stated that they had resumed using data from the program integrity tool for revenue collection for claims but were still considering the path forward for the tool's oversight functions, including audit and compliance efforts.

While the tool was offline, VHA had limited ability to collect revenue of more than 660 million dollars from veteran's co-payments or from private health insurers. This may negatively affect veterans because they could receive co-payments for bills that are well over a year old.

The pause also affects the resources needed to address the significant billing backlog. VHA staff have been reviewing tens of mil-

lions of community care claims to determine which were billable for veteran co-payments or to private insurers. VHA will need to make certain that revenue operations staff has sufficient resources and processes through timely review and bill the full backlog of community care claims.

Currently, the program integrity tool is still not being fully used for the prevention, detection, and mitigation of fraud, waste, and abuse for paid community care claims. It is vital that the Office of Integrity and Compliance also have the needed resources to perform timely fraud, waste, and abuse examinations of community care claims to ensure the proper use of taxpayer dollars.

In addition to the FRAUD Act, many of the other bills under consideration require VA to develop or improve its IT systems. IT modernization has consistently been a major management challenge for the VA. Our work has identified extensive breakdowns with upgrading or replacing key systems, as well as significant cost overruns.

The OIG remains vigilant in overseeing all significant IT initiatives to identify all risks to veterans, their families, and survivors. To do this, Inspector General (IG) staff monitor programs and operations for breakdowns in processes, for noncompliance with mandates, for failures to provide timely and quality healthcare, and for deficiencies in the delivery of benefits and services to veterans.

We will continue to advance accountability by conducting effective oversight into how VA plans, implements, and remediates identified weaknesses in its system modernization efforts.

This concludes my statement, and I am happy to answer any questions you may have.

[THE PREPARED STATEMENT OF JENNIFER McDONALD APPEARS IN THE APPENDIX]

Ms. KIGGANS. Thank you, Dr. McDonald. The written statement of Dr. McDonald will be entered into the hearing record.

We will now turn to questions, and I yield myself 5 minutes. The Chair just reminds our witnesses to speak directly into the microphones when answering your questions so we can hear or listening members can hear.

Ms. Waters, how would a modern inventory system at the VA hospitals help improve VA oversight of its inventory collection?

Ms. WATERS. Thank you very much for that question. We believe that the modern inventory system will help us with oversight of having access to view all inventory across the entire enterprise in a single unified view and help make sure that we are in front of any challenges with inventory and supplies and most efficiently using resources across the VA.

Ms. KIGGANS. How big of a problem is it right now that you do not have this oversight in place?

Ms. WATERS. As I think you are well aware, we do have multiple inventory systems in place at this time. We do have three systems that are running, one of which has many instances and so that does lead to disparity and difficulty with collection of information.

It is important to note that replacing the system is part of our supply chain modernization, and it is an effort that is under way at the VA at this time. We are fully confident that we can imple-

ment this system for inventory and asset management across the enterprise.

Ms. KIGGANS. Great, thank you. Then again, Ms. Waters, what standards will the VA use to implement this advanced technology if it becomes available for hospitals? You talked about there are different systems right now. Will they be integrated into one and will there be other changes?

Ms. WATERS. Correct. We will have, at the end of this initiative we will have a single system that is providing asset and inventory management across the enterprise. We have built a dynamic set of requirements to define what needs to be contained in that system, and we are currently working on procurement processes to move forward with that process.

Ms. KIGGANS. Great. Who would be trained on how to use this new system if it were to be implemented?

Ms. WATERS. Anyone that would be required to use the system will receive the needed training. Obviously, part of our goal is to make the system designed in a real human-centric way so that the ease of use minimizes training needs, et cetera, but anyone that needs to interact with the system will receive appropriate training.

Ms. KIGGANS. Great. That is great to hear. Also, we have had conversations just with different veterans, especially ones who are older adults who are often victims of scammers and are targeted by scammers through phone calls, emails, texts, and letters in the mail.

One of the bills addresses this type of fraud in the new information technology system. How would this type of system help our older veterans protect themselves from fraud?

Ms. WATERS. That is obviously related to the Veterans Scam and Fraud Evasion (VSAFE) bill that is proposed, and we fully support any efforts to help protect the veterans from being succumbed to scams of any sort. It is important to note the VA has had a VSAFE officer in place since 2023, and therefore, we recommend that the bill clearly establish that VSAFE officer position in the Veterans Experience Office to ensure that incumbent can do everything they can to help these veterans.

Ms. KIGGANS. How does VSAFE currently collaborate with other efforts within the Federal Government to prevent fraud and scams?

Ms. WATERS. Unfortunately, that is not a subject I have detailed information on but I am happy to take that question for the record and get additional information.

Ms. KIGGANS. Just curious if it will work with other existing systems to provide the best just protection for our veterans.

Last question for Ms. Waters, you know, we have been pushing for good leadership and improved processes at the VA since I have been on this subcommittee, so how is the VA making sure these performance plans keep political appointees accountable?

Ms. WATERS. Thank you for that question. Obviously, one of the focuses that we have overall is accountability in the organization and so I know that there have been changes that have been put into place for performance plans. We are always focused on accountability.

Ms. KIGGANS. Great.

Then one last question for Dr. McDonald, are you aware of investigations conducted by OIG where an individual retired, resigned, or transferred to another Federal agency while under investigation by the VA?

Dr. McDONALD. In terms of that being related to H.R. 3185, I think that some of my OIG colleagues are working with your subcommittee staff on our knowledge around and our views related to that bill, so I would rather have them speak on that because I am not knowledgeable about that. I think we should let them discuss that with your staff.

Ms. KIGGANS. That is fine. Real quick, in accordance with committee rule 5E, I ask unanimous consent that Representative Barrett from Michigan be permitted to participate in today's subcommittee hearing. Without objection, so ordered.

Just one last question, from an oversight perspective would it be beneficial for a Federal agency to know if an applicant has been under prior investigation at a separate Federal agency? Dr. McDonald.

Dr. McDONALD. From an oversight perspective any information we have would be helpful to our ongoing audits. Generally, our audits are related to programmatic oversight more than specific individuals.

Ms. KIGGANS. Great, thank you.

I will now yield 5 minutes to the ranking member for her questions.

Ms. RAMIREZ. Thank you, Chairman. As I mentioned earlier, our agenda today contained several bills which would authorize the VA to move forward with modernization efforts like the VA scheduling supply chain management and fraud, waste, and abuse detection. Modernization of the systems is absolutely critical, however, doing so without compromising the continuum of care for veterans requires thorough and careful investigation of the root problems and the potential implementation challenges.

Dr. McDonald, how important is adequate staffing, clear internal processes, and assessments of previous failures when the VA moves to implement technologies like the electronic health record and the centralized supply chain solution?

Dr. McDONALD. Sure. Our work in different areas has found that resources, clear processes, and assessments of both failures and successes is important in implementing any updated technology.

For an example, as you mentioned in your opening statement, VA has started and stopped multiple times modernization efforts for its supply chain and inventory management because the department had not fully assessed its needs.

As another example, our work in EHRM has identified that a lack of a full deployment schedule and full cost estimates up front resulted in implementation delays and challenges.

Our perspective is that in general VA needs to make sure they assess full needs upfront, develop processes and guidance, provide training, and then also assess the effectiveness of any modernization efforts after they are implemented.

Ms. RAMIREZ. Thank you, Ms. McDonald. I agree with that. I appreciate that.

Dr. Phillips and Ms. Waters, can you commit to providing the committee with data regarding the number of staff that touched the modernization efforts we are discussing today, for example, EHRM, supply chain, scheduling, and fraud and waste and abuse monitoring, who have taken the Deferred Resignation Program (DRP), who have resigned or otherwise left the VA since January 20th, 2025?

Ms. WATERS. Yes, Ranking Member. We commit to taking that question for the record and providing that information.

Ms. RAMIREZ. Thank you so much. I know that I asked that also of Dr. Phillips, just for the record?

Dr. PHILLIPS. Yes. We can take that back. We are working with our leadership on that and certainly we will provide that information.

Ms. RAMIREZ. Thank you, Dr. Phillips. It is critical our committee has updated numbers regarding the staffing of the service lines before deploying new systems, so I appreciate that.

Ms. Waters, I want to come back to you. Has the VA performed an assessment of previous failures of the supply chain modernization program, like the Defense Medical Logistic Standard Support (DMLSS) and the latest solicitation last year, to ensure future efforts will not be subject to the same pitfalls?

Ms. WATERS. Thank you for that question. We actually have performed an assessment of previous challenges that have happened, and as we have briefed the subcommittee on previously, one of the things that we are doing in the supply chain modernization effort at this point is doing a very disciplined, incremental approach to ensure that we do not suffer to the large program failures that have been seen in the past.

Ms. RAMIREZ. Can you commit to providing some more of that information to our committee before you move forward with the supply chain modernization program?

Ms. WATERS. Yes. We can do that.

Ms. RAMIREZ. Thank you. Let me ask you one last follow-up question here. Do you feel that you have addressed the challenges that if we had moved forward with this pilot to restart the effort of H.R. 3494 and what it calls for, that it would be resolved?

Ms. WATERS. I do think—again, we are approaching it in a very disciplined, incremental fashion to ensure that we do not have those challenges.

Ms. RAMIREZ. Got it. I know I only have a minute so let me try to move through my questions quicker. Your testimony highlights challenges the VA may face in implementing Rep. Franklin's personnel integrity bill due to new programs being implemented by U.S. Office of Personnel Management (OPM). How would Secretary Collins and pending reorganization plans impact the modernization efforts and vision in these bills today?

Ms. WATERS. I cannot speak directly to that question on the plans. As you know, the secretary has been very clear that he is working on a plan and that he will come back and brief once the plan has been finalized.

Ms. RAMIREZ. Okay. Thank you, Ms. Waters, and that is actually what I am concerned about. We are waiting for these plans and what this reorganization will do and the impact while we are talk-

ing about implementing modernization. I just want it for the record that this is very clear.

This is not directed at anyone in particular here, but I would be remiss if I did not share my concerns with H.R. 3185, the Personnel Integrity in Veterans Affairs Act. I hope we can work with Rep. Kiggans and Rep. Franklin to help make this bill better.

I would also like to ask the VA, will you commit to providing technical assistance on these bills before our markup June 26th? Would you commit to provide technical assistance?

Ms. WATERS. Thank you for that question. We absolutely will commit to working and collaborating with the committee.

Ms. RAMIREZ. Thank you. With that, I yield back, Chairman.

Ms. KIGGANS. The chair now recognizes Mr. Barrett for 5 minutes.

Mr. BARRETT. Thank you, Madam Chair, appreciate it. Thank you for your willingness to allow me to participate in today's hearing.

Panelists, thank you. I wanted to speak with you about a bill that I introduced, the FRAUD Act, which is before us today, which would require the VA to acquire an IT system to improve the department's ability to detect fraud or waste or overcharging or overbilling in the community care program or in care that is done outside the VA.

I wanted to start with Ms. Duke for a moment. VA's testimony on the FRAUD Act stated that the savings generated from preventing overpayments would quote, "more than pay for the technology and services," end quote. I was very excited to see that. I think we should get, like, a refund for introducing the bill.

With that being the case, can you explain how the VA came to that conclusion? Is it a little bit of perhaps self-awareness about the process right now and how you, kind of, reached that conclusion?

Ms. DUKE. I believe that that is based on comparing our experience to private sector standards of recoupment because we would intend to pursue such a system through our revolving funds. The idea would be that the revenue generated would ultimately pay for the investment.

Mr. BARRETT. Yes. Okay. No. That is very encouraging and I appreciate that. I also know that the bill does not include any authorities for monetary penalties or fines or things of that sort in a penalized fashion against providers who submit fraudulent claims. Is that an authority that the VA would like but does not have presently?

I guess it was my thought in drafting the bill the way we did that that would fall under more of a, like, enforcement agency and less on the VA.

Ms. DUKE. I would say the challenge is that a lot of times we are not well-equipped to identify the intent that is necessary to constitute fraud.

Mr. BARRETT. Okay.

Ms. DUKE. What such a system would do is help us identify where there are overpayments to focus recoupment attempts. I think we would defer to the Department of Justice or others to investigate fraud.

Mr. BARRETT. Okay. No, I appreciate that.

Then, Dr. McDonald, could you just walk me through basically how many community care claims does VA process for payment on an annual basis? If you have any examples of fraud or waste that you have identified and what department we would need to look for as the most problematic likelihood of risk?

Dr. McDONALD. Sure. I am just opening my binder here. It is going to vary year to year but, for example, for the 1-year period where the program integrity tool—and this is just this 1 year because I have it in front of me—was down, the community care number of claims that were processed so they were not able to be run through the program integrity tool for co-payments was about 40 million and the dollar amount attached to that was about \$28.6 billion.

Mr. BARRETT. \$28.6 billion in total community care, not suspected fraud, correct?

Dr. McDONALD. Correct.

Mr. BARRETT. Yes. Okay. Then do you have any ballpark figure of fraud or do you have any examples for us of things that went through the system until a more manual process was done to determine that they were fraudulent?

Dr. McDONALD. Things that our investigators look for when they are looking for fraud is they look to see if there are duplicate payments to providers for the same service. They will look to see if providers are providing services to different veterans or in different locations in the same day.

They would have, before the program integrity tool went offline, used data from the tool to do that. When it was offline they were able to use the actual claim payment data to keep doing that.

Mr. BARRETT. Okay, thank you. I know we have seen examples of Medicaid fraud by providers in, you know, certainly that is done mostly at the community level, whereas the VA is so predominantly within the VA facilities and then the community care augments that.

Knowing examples of just even Medicaid fraud that is taking place and other fraudulent billing and other things of that sort, I think it really does drive home the point of things that we need to be mindful of and recognizing.

I also think that the deterrent effect would, hopefully, also make itself worthwhile so that if a provider knows that there is this, you know, watchdog agency or, you know, a system that would, kind of, analyze and accrue risk factors, that that would hopefully deter the likelihood of those events from happening.

Appreciate the testimony today and look forward to working with you in pursuit of getting this bill done and across the finish line, so thank you.

Madam Chair, I yield back.

Ms. KIGGANS. Thank you. In accordance with committee rule 5 (e), I ask unanimous consent that Representative Gray from California be permitted to participate in today's subcommittee hearing. Without objection, so ordered.

The Chair now recognizes Mr. Gray for 5 minutes.

Mr. GRAY. Thank you, Chair Kiggans and Ranking Member Ramirez for allowing me to join you this afternoon to speak about my

bill. I would also like to thank the committee's Ranking Member, Congressman Takano, for co-sponsoring my legislation.

My bill H.R. 3812, The STRIVE Act, would prohibit the VA from collecting co-pays from veterans in situations where the collection delay is due to the fault of the department. This includes a pause in collections, IT system failure, or an employee administrative error.

This bill also provides the Secretary with the authority to enter into co-pay waivers on behalf of the veteran. As you may know, under current law veterans are required to individually initiate a request for a waiver. That leaves the burden in the hands of the veteran.

This bill rightfully places that burden on the government. No veteran should pay the cost of administrative failures or face unexpected costs when receiving care. That is why this bill would protect veterans from paying co-pays that are billed for care that is over 2 years old or exceeds 2,000 dollars, including debts incurred following the pause of pharmacy co-pays with the EHRM program, the COVID co-pay relief expirations, and other IT system failures. Our Nation has a responsibility to eliminate the barriers that stand in between veterans and their care.

Dr. McDonald, from your role at the Office of the Inspector General, how often have you seen the IT system failures and administrative errors resulting in delayed co-pays and other financial burdens for veterans?

Dr. McDONALD. We have seen this in our oversight work. For example, one of the places where we have seen this is when the program integrity tool was down there was a delay in billing veterans for co-payments for non-service-connected care, and it was down from February 2023 through August 2024.

It is also our understanding that right now revenue operations is still working through the backlog of those claims, so some veterans could still experience a delay in when they receive a bill for a co-payment.

Then the amount of the co-payments they receive will vary depending on the services provided and their disability rating and income when they receive those bills.

Mr. GRAY. Thank you.

Ms. Waters, as I mentioned, our introduced text places the burden of entering into debt waivers on the Federal Government. Do you believe this would improve consistency and fairness for veterans impacted by the departmental errors?

Ms. WATERS. I am going to defer that question to Ms. Duke.

Ms. DUKE. Yes, thank you. We agree that there is a greater opportunity for consistency and more forward-leaning in protecting our veterans. I think, again, our concerns with the legislation included in the testimony get at making sure that the legislation is consistent and we are able to equally address veterans' needs without opening the door to perverse incentives under the policy.

Mr. GRAY. Thank you.

Ms. Waters, how many veterans are impacted by these delayed co-pays from internal failures and errors like the Program Integrity Tool (PIT) pause and the EHRM pharmacy co-pay issue?

Or, Ms. Duke, do you want to take that?

Ms. DUKE. Yes, I will take that one. We do not know the full number until we have fully ingested all of the data from the PIT pause because one of the things that we are working our way through is whether or not the veterans who received care are liable for co-payments or whether they are exempt.

Mr. GRAY. I have been showing data that suggest over 85,000 veterans were impacted with the PIT pause.

Ms. DUKE. That sounds consistent with what we have seen.

Mr. GRAY. Okay, thank you.

To me, this data further emphasizes the need for this critical legislation. Veterans should not face barriers to care they have rightfully earned. At a time when the Administration seems focused on fraud and abuse, reckless cuts often make the bureaucratic process even worse.

This bill is an example where the burden is placed on the Federal Government to make veterans' lives easier. That really should be the gold standard, in my opinion, for reform. I look forward to continuing this conversation with the Department of Veteran Affairs to ensure this legislation addresses both the agency and veteran needs.

With that, I yield back.

Ms. KIGGANS. Thank you very much.

With that, the first panel of witnesses is now excused and I would like to invite the second panel of witnesses to come forward.

Thank you and welcome to our second panel. We will hear today from the following witnesses: Mr. Cole Lyle, the Director of the Veterans Affairs and Rehabilitation Division in Washington, DC. Office of the American Legion; and Mr. Cody Carbone, the Director of Government Relations at the Digital Chamber; and Mr. Edward O'Bryan of the Medical University of South Carolina (MUSC).

I would now like to welcome you all and also ask you to stand and please raise your right hand. Do you solemnly swear the testimony you are about to provide is the truth, the whole truth, and nothing but the truth?

[Witnesses sworn]

Ms. KIGGANS. Thank you. You may be seated, and let the record reflect that all witnesses have answered in the affirmative. Thank you all for your attendance and testimony this afternoon.

Mr. Lyle, you are now recognized for 5 minutes to deliver your testimony on behalf of the American Legion.

STATEMENT OF COLE LYLE

Mr. LYLE. Well, thank you, Chairwoman Kiggans, Ranking Member Ramirez, and distinguished members of the Subcommittee. On behalf of National Commander James LaCoursiere, Jr. and the more than 1.5 million dues-paying members of the American Legion, thank you for the opportunity to testify today on pending legislation.

It is an honor to represent an organization that for over 100 years has stood as a voice for America's veterans, guided by grassroots resolutions passed at the local post level and elevated through our national convention.

Today the American Legion supports nearly all the bills under consideration because they reflect a bipartisan commitment to

strengthening accountability, improving access, and safeguarding the dignity of those who have worn the uniform. First, we strongly support H.R. 984, which provides equitable relief to veterans harmed by administrative errors. With the implementation of the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act and record volume of claims submitted, the risk of human error has grown.

Veterans should not bear the financial and psychological burden for mistakes beyond their control. The American Legion in 2024 alone facilitated nearly \$25 million in debt relief. We know firsthand the impacts these errors can have.

We also support H.R. 1663, the Veterans Scam and Fraud Evasion, or VSAFE Act. Veterans are 40 percent more likely to be targeted by financial scams and many fall victim due to unique vulnerabilities tied to military service. Creating a dedicated fraud officer at VA is not only overdue, it is essential. Veterans deserve the same protections afforded to consumers in the private sector.

On accountability, the Legion backs H.R. 3185, which ensures that VA employees under investigation for misconduct cannot simply retire or transfer without consequences. This legislation rightly balances due process with the need to maintain trust in the VA workforce. We must hold ourselves to the same standards of honor and integrity we expect from those we serve.

We also commend efforts to modernize and streamline access to care. H.R.s 3482 and 3494 address longstanding problems with community care scheduling and inventory management, problems that continue to delay care and waste taxpayer dollars. These bills harness smart technology to serve veterans more efficiently and safely.

While we support these bills, uniform training for VA staff, particularly for scheduling, will prove vital to ensure successful and effective implementation across the enterprise. The Legion would also recommend VA schedulers have the ability to provide veterans with an apples-to-apples comparison of wait times and conversations with the individual veteran.

With regard to electronic health records, the American Legion supports the draft legislation to modernize the VA's EHRM system. The past 2 decades of failed attempt and fragmented leadership have cost time, money, and trust. Many of this bill's provisions, including the establishment of a baseline for standardized clinical workflows, develop clearly defining leadership roles, and securing personal data will go a long way toward program sustainability and successful deployment at future sites.

Finally, we support legislation that prohibits co-pay collections from veterans when the delay is the VA's fault. With recent extended pauses to VA collection of co-pays and EHRM pharmaceuticals and the program integrity tool, many veterans are receiving delayed bills in the thousands of dollars which creates financial hardship on those with fixed incomes.

Veterans should not receive a bill years after receiving care due to internal system delays or administrative error.

Chairwoman Kiggans, Ranking Member Ramirez, our veterans do not ask for special treatment. They only ask for the care and benefits they earned delivered with competence, integrity, and com-

passion. The bills under discussion today move us closer to that standard.

The American Legion is proud to support these efforts. Thanks to this subcommittee for its advocacy on behalf of our Nation's veterans, and I look forward to answering your questions.

[THE PREPARED STATEMENT OF COLE LYLE APPEARS IN THE APPENDIX]

Ms. KIGGANS. Thank you, Mr. Lyle. The written statement of Mr. Lyle will be entered into the hearing record.

In accordance with committee rule 5 (e), I ask unanimous consent that Representative Mace from South Carolina be permitted to participate in today's subcommittee hearing. Without objection, so ordered.

Mr. Carbone, you are now recognized for 5 minutes to deliver your testimony on behalf of the digital chamber.

STATEMENT OF CODY CARBONE

Mr. CARBONE. Chairwoman Kiggans, Ranking Member Ramirez, and distinguished members of the subcommittee, thank you for the opportunity to testify before you this afternoon. My name is Cody Carbone, and I proudly serve as the Chief Executive Officer (CEO) of the Digital Chamber.

The Digital Chamber is a non-profit trade organization committed to promoting blockchain adoption. We envision a fair and inclusive digital ecosystem where everyone has the opportunity to participate.

I am here today on behalf of our membership representing over 200 companies across the globe. We sincerely appreciate the subcommittee's interest in harnessing emerging technologies to enhance the services provided to those who have served our Nation.

Congresswoman Nancy Mace has introduced H.R. 3455, the Veterans Affairs Distributed Ledger Innovation Act of 2025, directing the U.S. Department of Veterans Affairs to study how blockchain technology can revolutionize the delivery of veterans' benefits and services. Her efforts highlight bipartisan recognition that outdated 20th century systems are failing our veterans and that modern tools like blockchain must be explored.

Modernization cannot wait. Blockchain has the potential to transform the VA. The VA possesses a commendable history of innovation, ranging from the pioneering implementation of electronic medical records to recent advancements in cloud computing and artificial intelligence.

However, many of the legacy systems that once placed the VA at the cutting edge are now straining under 21st century demands, leading to slowing claims, fragmenting health records, and leaving veterans to navigate a maze of paper and outdated portals.

The VA provides critical benefits and care to a community of nearly 17 million U.S. military veterans, along with their families and survivors. Ensuring that these veterans receive efficient, transparent, and reliable services must be a national priority. We stand at a moment when the digital revolution can be utilized in the service of those who served us.

What is blockchain? Blockchain is not a buzzword or a speculative asset. It is infrastructure, a digital ledger that can secure

records, automate trust, and facilitate coordination across silos without requiring central gatekeepers.

In practice, that means a veteran does not have to submit the same paperwork three times to three different agencies. Their medical records are available where and when they need them without compromising privacy. Benefits are paid on time with audit trails that prevent fraud and ensure accountability.

Credentials, discharge documents, and proof of service can be cryptographically verified in seconds. This is not theory. These are real world applications already working in financial services, health care, global supply chains, and even some government settings. What is missing is the commitment to apply these tools where they are most needed.

While blockchain presents solutions, it is crucial to note that blockchain is not a cure-all. Implementing innovation requires careful planning. The Digital Chamber and industry partners are ready to assist and share expertise as the VA and Congress explore these applications.

H.R. 3455 is a prudent first step in identifying high value opportunities and addressing any associated risks with the deployment of blockchain technology at the VA. It is a necessary step toward ensuring the VA's technology matches its mission, to care for those who have borne the battle.

In conclusion, Chairwoman, I would like to express my gratitude to you and the subcommittee for your exemplary leadership in examining emerging technologies related to veteran services and opportunities to reduce government waste.

I am appreciative of the opportunity to provide testimony today on this significant matter. I am prepared to respond to any questions or inquiries and to continue collaborating with you and the subcommittee in an effort to improve the systems that support our veterans. Thank you.

[THE PREPARED STATEMENT OF CODY CARBONE APPEARS IN THE APPENDIX]

Ms. KIGGANS. Thank you, Mr. Carbone. The written statement of Mr. Carbone will be entered into the hearing record.

Dr. O'Bryan, you are now recognized for 5 minutes to deliver your testimony on behalf of the Medical University of South Carolina.

STATEMENT OF EDWARD O'BRYAN

Dr. O'BRYAN. Thank you for having me. Thank you to the committee and thank you to the veterans and dependents.

My name is Dr. Edward O'Bryan. I am an associate professor of medicine at the Medical University of South Carolina. Prior to this role, I had the privilege of serving as an attending physician for 6 years at the Ralph H. Johnson VA Medical Center, also in Charleston, South Carolina, where I also completed some residency training.

This hearing is deeply personal to me. The Ralph H. Johnson VA Medical Center is named in honor of a Marine who gave his life from Vietnam to save my uncle, Lieutenant Clebe McClary, also a proud Marine. My grandfather and father also served the United

States Marine Corps. The bond I feel with the veteran community is not only professional, it is personal.

Over the past 15 years, I have worked at the intersection of VA and academic medicine, and I have seen first-hand how critical it is to maintain strong, stable, and streamlined relationships between VA medical centers and their academic affiliates. The partnerships between the VA and institutions like MUSC are essential for delivering the best possible care to our Nation's veterans.

The bills under consideration today would enhance those connections and ensure that veterans receive timely, high-quality care, whether within the VA or in the community setting, specifically to H.R. 3482. This bill creates a direct digital scheduling link between the VA and community providers. I have seen the benefits of this model first-hand.

By incorporating MUSC's specialists directly into the VA scheduling platform we have drastically reduced delays in consults and increased transparency for both patients and care teams.

Allowing VA staff to view and book community appointments will empower schedulers, reduce wait times, and improve outcomes. Our VA system, including Congresswoman Mace's district, has shown excellent results, as highlighted below.

We have built a strong academic affiliation with the Ralph H. Johnson VA. We started utilizing the External Provider Scheduling (EPS) system roughly January 2024, but it really ramped up only within the last 6 months. As of May 2025, we scheduled a total of 1,863 appointments utilizing the EPS system. Of those, 34 percent have been scheduled appointments at our system at MUSC.

The Ralph H. Johnson VA Center currently utilizes the EPS to schedule directly into 26 sub-specialties at MUSC in real time. I will not go through all the specialties, but the highlights are the majority of the specialties are orthopedics, hematology, oncology, a lot of specialties you might consider.

Data shows for the Charleston veterans who are eligible for and elect to utilize community care, scheduling the community care appointment through EPS reduces veteran wait time by an average of 8.8 days. On average, this wait time is reduced by 33 percent for all sites using EPS for community care within our area scheduling versus traditional community care scheduling, which involves calling and faxing.

In my time at MUSC and the Ralph H. Johnson VA Medical Center I cared for thousands of veterans, and the VA collaborates well with local academic affiliates. Veterans receive coordinated, specialist-driven, high quality, timely care. These legislative proposals all share a commitment to that mission: modernization, accountability, integrity, and faster access to care.

Thank you for the opportunity to advocate for these important reforms, and I stand ready to assist the committee or answer any questions as well.

[THE PREPARED STATEMENT OF EDWARD O'BRYAN APPEARS IN THE APPENDIX]

Ms. KIGGANS. Thank you, Dr. O'Bryan. The written statement of Dr. O'Bryan will be entered into the hearing record.

We will now proceed to questioning, and I recognize myself for 5 minutes.

Mr. Lyle, what is a recent example of a more sophisticated and complex scam toward veterans that the American Legion is aware of?

Mr. LYLE. Thank you, Chairwoman Kiggans. I could take that for the record and get back with a specific case or two. I will say that the Federal Trade Commission (FTC) has noted a recent uptick in identity theft and other forms of financial crimes in the military and veteran communities.

I will also just note that for the Consumer Sentinel Network Data Book in the most recent report released this year, the military community lost 25 percent more by scammers for year 2024 than the year before, totaling up to a 584 million dollar loss.

Ms. KIGGANS. Do you hear from your members that they are actually receiving information from the VA about how to prevent or protect themselves from this type of fraud and the prevention efforts that the VA has in place? Are they receiving that information?

Mr. LYLE. I will have to take that for the record.

Ms. KIGGANS. I am just curious if they are at least aware of some of the efforts. Could you explain the Legion's position on what improved accountability measures at the VA would do for veterans' trust?

Mr. LYLE. I think, generally speaking, we want a VA that is accountable to the veterans that they serve. I think the legion has historically supported multiple efforts to increase accountability at the VA. There have been many instances. Again, I can follow up and provide specific cases where Legionnaires across the country have experienced issues with VA providers who were then transferred to another facility or they were given another appointment with another VA provider because of those issues. I can follow up with some specifics.

Ms. KIGGANS. Is there anything that the American Legion specifically is doing for veterans to prevent them from being victims of frauds? Or do you refer them to a certain organization if they come to you with these problems?

Mr. LYLE. We have several thousand veteran service officers across the country who routinely interact with veterans on the ground at the local post level to help them identify resources, obviously, to help prevent the fraud before it happens in the first place, identify scams, but then also, again, if they fall victim to one of these scams work with the VA to provide relief for that or debt waivers for veterans.

Ms. KIGGANS. Does the VA have a reporting system or a data base that you can report to the Department of Veteran Affairs so that they can be on the lookout for these potential scams that may be affecting other localities as well?

Mr. LYLE. I know the VA routinely puts out information for veterans, you know, in multiple different ways. I am not aware of a specific data base but I can take that for the record as well.

Ms. KIGGANS. That would be another good idea for us to think about but thank you. Then last question for Mr. Lyle, does it concern you that the OIG has characterized the VA's national ordering system as unsustainable? How does this contribute to waste, fraud, and abuse at the VA?

Mr. LYLE. I believe you are referring to H.R. 3494 with the OIG complaints. There have been multiple instances, particularly in I think the Medical Center in Houston, across the country of waste and abuse in the supply chain.

I think this bill in particular one of the reasons we support it is, as the VA noted, I think the savings that the VA would garner based on the implementation of this bill to prevent that level of waste and abuse in the supply chain system would not only benefit taxpayers but veterans themselves because oftentimes you see some of these supply chain issues can lead to delayed surgeries or care.

Ms. KIGGANS. I agree.

Let us see. I will now yield 5 minutes to the ranking member for her questions.

Ms. RAMIREZ. Thank you, Chairwoman. I am thankful to the witnesses that are here with us today and even more thankful Representative Gray was able to join us today as he is the sponsor of the only one Democratic bill on today's agenda and one that seeks to alleviate unnecessary financial burdens that may serve as a barrier to veterans' health care access.

Dr. O'Bryan, I have a question for you. Your testimony highlights research to this point. How might waiving co-pays in certain situations increase health care utilization for vulnerable populations?

Dr. O'BRYAN. Thank you for the question. I have seen first-hand a lot of patients not fill prescriptions because of co-pay concerns, you know, not seek care, not seek specialist care and so that is a real issue, you know.

Then the whole concept of co-pay, obviously, was put forth kind of to decrease utilization back in the day, you know?

The second aspect was to have other people have skin in the game, right? My concept is I think the veterans already have skin in the game by serving so the more we can do to get rid of the co-pays for the veterans the better.

Ms. RAMIREZ. I agree with that. Thank you, Dr. O'Bryan.

Mr. Lyle, thank you for joining us today again as our (VSO) Veterans Service Organization representative. I was happy to see the American Legion support H.R. 3812. What impact would the passage of the STRIVE Act and the reduction of delayed co-payments have for the Legion's membership?

Mr. LYLE. Well, thank you, Ranking Member Ramirez. I appreciate the question. The American Legion has multiple overseas departments that we have conducted system-wide saving visits, regional office action review visits of different sites, identify best practices, talk about the biggest challenges so they do not become systemic issues.

I think the ability to provide care in those remote areas would be strengthened by provisions in this particular bill, particularly considering that in some areas in Puerto Rico, for example, the staffing for VA providers at those facilities have decreased by, I think, 40 percent after those incidents. I think it could help significantly for delivery of care.

Ms. RAMIREZ. Thank you, Mr. Lyle. I have another follow-up question for you. The discussion draft to modernize the electronic health record before us maintains language that prevents the inap-

appropriate use or monetization of veterans' protected health information or we say PHI cause we love acronyms and personalized identified information.

My question to you is how important is it that this language remain in this bill? Could you elaborate on the significance of protecting veteran data and its implications for the American Legion's membership?

Mr. LYLE. Absolutely. Thank you again, Ranking Member Ramirez. We just had a conversation about the increased likelihood of veterans to be taken advantage of by scams. Obviously, the increased or the not protecting veteran data increases the likelihood that their personally identifiable information, particularly in health care, could get misused and negatively impact not only their health care and benefits delivery but their psychological care and stress that they would undergo from their data being sold to third parties.

Ms. RAMIREZ. Yes. No, thank you for that. I just want to note before I ask a couple more questions, I agree with you. It is extremely important that as we move forward with modernization efforts that we ensure that we are protecting all of the information of our veterans, especially in this instance when, to your point, you are constantly victims of a number of scams and frauds and especially some of our senior veterans who are experiencing this on a regular basis. Thank you for that.

Dr. O'Bryan, I want to come back to you. I was impressed to see the work that the VA and the Medical University of South Carolina have performed in decreasing scheduling wait times utilizing the external provider scheduling system. One of the challenges we have heard with some of the EPS sites is the awareness and engagement aspect with community providers.

How many MUSC, Medical University of South Carolina, providers are engaged in sharing their schedules with VA?

Dr. O'BRYAN. Prior to this May there was about a hundred, but we added 300 so now there is about 410 or 15 currently.

Ms. RAMIREZ. Four hundred and what?

Dr. O'BRYAN. About 415 providers currently.

Ms. RAMIREZ. Got it. One last follow-up question for you. How might the department improve their outreach efforts into the community care provider network to ensure success in the scheduling tool?

Dr. O'BRYAN. That is a great question. The fact that I am, kind of, in charge of this veteran's aspect and was unaware of it, yes, is interesting. I think maybe even having a liaison to go at least to these large academic centers, right, in these states where most of the doctors are concentrated and at least provide awareness there to start makes sense to me.

Ms. RAMIREZ. Thank you, Dr. O'Bryan.

Chairwoman, I yield back.

Ms. KIGGANS. The chair now gives 5 minutes to Mr. Barrett for questions.

Mr. BARRETT. Thank you, Madam Chair.

To the panelists, thank you for being here today. I wanted to discuss with you the bill that I introduced, the Veterans Community Care Scheduling Improvement Act. This would really, I hope, ben-

efit veterans on the community care side who are looking to schedule appointments in a timely manner.

I have the privilege of chairing the Subcommittee on Technology and Modernization. We heard testimony about this and how it is inconsistent throughout the VA and that it is not widely rolled out in as many VA hospitals as we would like, leading to inefficiencies with how veterans will schedule care that they are required.

Sometimes that will be most timely and efficient within the VA network, other times it will be more timely and efficient outside. It might be closer to home and whatnot through the community care program.

Dr. O'Bryan, I wanted to start with you for a moment. You mentioned in your testimony that EPS cut down veteran wait times by 9 days in the area that you serve. Can you tell us how that has worked and what the kind of success is attributed to?

Dr. O'BRYAN. Sure. I think the first I will say avenue of success is when we have a really great system or team at the VA themselves who we work directly with, who I used to work with in the emergency department, actually, a group of nurses who are aware of the amount of providers that we have at MUSC.

As we have added providers to the system there is more opportunity to schedule veterans geographically and/or by specialists within our system.

Mr. BARRETT. Yes. I know that this is a two-way street where the VA has the scheduling ability. They have systems that will allow them to see the availability on the provider side outside of the VA, and there has to be some reciprocal sharing of information that way.

Did you find that process to be difficult at all for, you know, for your organizations you were trying to get this done?

Dr. O'BRYAN. I would say the new process that I am familiar with is a million times better than the old way of fax machines. We were physically taking paperwork back and forth before.

Mr. BARRETT. Okay, thank you. Then based on what you have seen, do you believe the VA should be required to track how much time and money is saved with tools like EPS?

Dr. O'BRYAN. Yes.

Mr. BARRETT. Okay. Would setting performance goals help hold the department accountable in your opinion?

Dr. O'BRYAN. I think so.

Mr. BARRETT. Okay, very good. Thank you.

Mr. Lyle, appreciate you being here. I am a life member of the American Legion. Invite you out to Howell sometime in my district. We have a great post there and we would love to have you some time as a guest. Thank you for the American Legion's support of this bill.

Do you believe veterans would get faster care if VA schedules and not just the contractors that set these appointments have the tools to book appointments directly with outside providers?

Mr. LYLE. Yes is the short answer to that question. Scheduling since the Mission Act has been one of the main challenges of implementing community care, obviously, at the VA. In this bill particularly, the American Legion was encouraged to see that the secretary could utilize an already existing contract and we are aware

of the EPS contract while I have been employed that has been very successful, as I pointed to in the opening statement.

I think the implementation just requires increasing communication with new areas to ensure that providers are trained to be able to use the system. Very encouraging data and results from that program, and I think it helps eliminate one of the main issues with the community care program.

Mr. BARRETT. Yes. I had a referral myself for a audiology appointment at the VA not long ago, and a provider, a vendor called because it got basically outsourced from the VA and they asked me my availability. I gave them some times. Of course, I travel back and forth here to Washington most weeks and I had dates that I was not available back home.

I gave them those dates I was not available, and they called me back, I do not know, the next day and scheduled me an appointment on a date I was not going to be in Michigan. That necessitated me to then call into the call line and, you know, clogging up the phone lines for somebody else that also wants to call in and schedule something inefficiently.

I told them my situation and they said, "Oh, well, we could not accommodate your scheduling request so our process we follow is we just give you the next available appointment." I was, like, well the next available appointment on a day I am 600 miles from home does not actually accommodate the needs that I have.

It is not about, you know, scheduling me the next available. It is finding the time that works for me. It was a very inefficient methodology that, kind of, you know, in a personal sense exposed some of this. I was able to see, and I am hopeful through doing this bill and the follow through with that that it will help, you know, prevent that inefficiency from becoming problematic for the veterans.

With that, I am out of time, and Madam Chair, I yield back and appreciate the ability to ask questions today.

Ms. KIGGANS. Thank you.

The chair now recognizes Ms. Mace for 5 minutes.

Ms. MACE. Thank you, Madam Chair, for allowing me to waive onto this hearing today.

I want to thank you to our witnesses who are appearing before our Veterans Affairs Subcommittee.

Distributed technology like blockchain has the potential to create an unchangeable, auditable trail of interactions allowing VA systems to verify claims more efficiently, reduce duplicate records, and track services and payments with precision. If leveraged properly, this could mean faster and more accurate decisions and reduced costs.

My bill H.R. 3455, the Veterans Affairs Distributed Ledger Technology Innovation Act, would direct the secretary of Veterans Affairs to study how distributed ledger technology like blockchain could improve the veterans' claims adjudication process and help prevent waste, fraud, and abuse in the administration of veterans' benefits.

We owe it to our vets to process their claims quickly and efficiently. We also owe it to our citizens to ensure their money is spent wisely. This bill would examine how leveraging distributed

ledger technologies such as blockchain could help us meet both of these objectives.

I want to extend a special thank you to the Medical University of South Carolina's Dr. O'Bryan for being here today. MUSC's work in South Carolina has a tremendous impact on our veterans and on our State.

MUSC is one of the premier academic and health care institutions in the country and continues to set the bar for patient care, research, and training. I appreciate your work at the Ralph H. Johnson Medical VA Center. I have family who have been treated there for years, and they do a fine job of protecting our veterans.

I will readily admit, even as the daughter of a veteran, I do not always know what programs are available to my family members and so we do have some work to do.

My first question is going to go to Mr. Carbone today. Why should Congress consider distributed ledger technology for modernizing veteran services? How does it compare to the legacy systems that are in play today?

Mr. CARBONE. Thank you for the question, Congresswoman, and thank you for your leadership on this bill. I think you said it best. Veterans deserve our best and the legacy systems, frankly, just have not met the moment. We have seen that with some of the delays in some of the GI Bill processing benefits.

Ms. MACE. Yes.

Mr. CARBONE. Right now, legacy systems are siloed. They are fragile, and they are unable to scale with the modernization that the VA needs. What blockchain can do is cut down on some of those silos and maybe cut down some of those central points of failure. It puts everything on a unified shared ledger that is transparent and auditable, and I think it will really help automate the processes we have today.

Ms. MACE. What about fraud and abuse? How can we use blockchain to reduce the amount of fraud and abuse?

Mr. CARBONE. Well, that is one of the beauties of blockchain. It is immutable and it is transparent and so it is almost impossible to have fraud on there. Those different instances of fraud or abuse will be checked immediately and there will be multiple people who have access to the distributed ledger to understand where they are coming from to cut those immediately.

Ms. MACE. Explain to those who may not be familiar with blockchain technology, how is it impossible?

Mr. CARBONE. When there is an input to the distributed ledger that goes in every single node or computer that has access to the technology and sees that that input has been made so it is and auditable and transparent.

At the same time, if there is any other additional input or if there are any falsified records, every single person who has access to the network would have to confirm that that input is legit.

If you have, you know, the only way to really tamper with the blockchain or to submit some kind of fraudulent claim is if every single person who has access to the network and everyone who has oversight across the VA decides that that was inaccurate input.

Ms. MACE. Okay, great.

Then I have a question for Dr. O'Bryan. Can you speak to some of the innovative ways MUSC is improving care for our veterans in South Carolina?

Dr. O'BRYAN. Oh, sure. I would say one big one is we are building—we have a comprehensive cancer center and we are expanding the geography of our cancer center throughout the State to be within the geographic radius of where our veterans are needed. I think that is one of the big ones.

Ms. MACE. Great. I have 1 minute left, so I am going to ask a question, same question of all three of you. If there was one thing that you could do today for our veterans, just one thing, could be small, could be big, but what is the one thing you would do?

Dr. O'Bryan, you are first. It is not a trick question. One thing.

Dr. O'BRYAN. I might in trouble for this. I would probably give the world's greatest insurance.

Ms. MACE. Mr. Lyle.

Mr. LYLE. The American Legion testified in our legislative priorities that we would like to see VA's approach to suicide prevention change and not just be through the lens of mental health because suicide is not always just a mental health problem. It is usually a conglomeration of different issues, so big picture change how we look at suicide and adjust programs accordingly.

Ms. MACE. Mr. Carbone.

Mr. CARBONE. Pass modernization legislation to ensure that benefits are paid out within seconds and minutes, and not days, weeks, and months.

Ms. MACE. Or years. Thank you, Madam Chair, and I yield back.

Ms. KIGGANS. Thank you very much.

Thank you to all of our witnesses for attending this hearing and providing testimony to improve several of these bills. I appreciate the comments and suggestions from both the first and second panels.

As I said previously, our work on the subcommittee relies on dialog and consultation with experts who have immediate insight into how these legislative fixes will impact veterans' lives.

Thank you to our colleagues from the Technology and Modernization Subcommittee for their great work in improving the digital infrastructure at VA.

Finally, thank you to the members who waived on for this legislative hearing to speak about their bills and the importance of getting things right for veterans. I look forward to further discussions on how we may continue to improve the proposals that we received testimony on today.

With that, I yield to the Ranking Member for her closing statement.

Ms. RAMIREZ. Thank you, Chair Kiggans.

I want to thank all of the witnesses that were here in both first and second panel. All the testimonies today, especially VA's point in that this committee needs more conversations on these bills before they are ready for advancement.

These programs from the electronic health record and supply chain to appointment scheduling and fraud, waste, and abuse detection are too critical to VA's operations and our veterans' quality of care for us to rush forward with incomplete plans.

We as a committee of jurisdiction must sit down with stakeholders and make the necessary changes to ensure each one of these bills is ready for the VA to implement soundly and as effectively as possible.

I hope we can find time to have these conversations before the markup before we mark up this legislation, and I do appreciate the follow up that I will be getting from the VA on a number of items that I requested in the first panel.

With that, Chair, I yield back.

Ms. KIGGANS. Thank you again to our witnesses for being here today. I ask unanimous consent that all members shall have 5 legislative days in which to revise and extend their remarks and include any extraneous material. Hearing no objections, so ordered.

This hearing is now adjourned.

[Whereupon, at 3:38 p.m., the subcommittee was adjourned.]

A P P E N D I X

PREPARED STATEMENTS OF WITNESSES

Prepared Statement of Cherri Waters

STATEMENT OF
MS. CHERRI WATERS
ACTING DEPUTY CHIEF INFORMATION OFFICER,
EXECUTIVE DIRECTOR, HEALTH PORTFOLIO, PRODUCT DELIVERY SERVICES
OFFICE OF INFORMATION AND TECHNOLOGY (OIT)
DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION
U.S. HOUSE OF REPRESENTATIVES
ON

PENDING LEGISLATION

June 11, 2025

Chairwoman Kiggans, Chairman Barrett, Ranking Member Ramirez, Ranking Member Budzinski, and other Members of the Subcommittees, thank you for inviting us here today to present our views on several bills that would affect VA programs and services. Joining me today are Ms. Laura Duke, Chief Financial Officer, Veterans Health Administration, and Dr. Toni Phillips, Chief Nurse Informatics Officer, Electronic Health Record Modernization-Integration Office.

H.R. 984 Directing VA to Provide Timely Equitable Relief to Individuals Who Suffer a Loss Based on an Administrative Error

This bill would amend 38 U.S.C. § 503, which generally grants the Secretary the authority to grant equitable relief in cases of administrative error. Specifically, it would amend VA's existing permissive authority to grant equitable relief to require VA to grant such relief within 120 days of determining either (a) that benefits administered by VA were not provided by reason of an administrative error on the part of the Federal Government or any of its employees; or (b) that a Veteran, surviving spouse, child of a Veteran, or other person has suffered loss as a consequence of reliance upon a determination by VA of eligibility or entitlement to benefits without knowledge that it was erroneously made. Currently, the Secretary may choose to grant equitable relief if VA determines there was an error as described in a situation described in either (a) or (b), above.

The bill would also amend 38 U.S.C. § 5314(a), which sets forth conditions under which VA must deduct the amount of the indebtedness of any person who has been determined to be indebted to the United States by virtue of such person's participation in a benefits program administered by VA from future payments to such person under laws administered by VA. The bill would add a new paragraph (3) that would require VA to promptly cancel any agreement entered into by VA with a debt collector to collect an

amount of indebtedness described in paragraph (1) if VA finds that indebtedness was in error.

VA supports the intent of this bill but does not support this bill as written.

VA supports the intent of ensuring that equitable relief is granted expeditiously, but VA has significant concerns with the proposed changes to section 503. First, we are concerned about the potential for confusion regarding the finality of decisions and the scope of appeals. VA determines eligibility for Veterans' benefits through its adjudication process. Claimants may seek review of decisions by filing a request for higher level review, a supplemental claim, or a notice of disagreement within 1 year of the regional office's decision. 38 U.S.C. § 5104C. Each of these options provides, as a matter of right, *de novo* review of findings that were adverse to the claimant. A claimant who is not satisfied with the result of the review may seek further direct review within VA or, if the Board of Veterans' Appeals issued the most recent decision, by the Court of Appeals for Veterans Claims.

If a claimant does not file a timely request for direct review of a VA benefits decision, the decision becomes final. Once a decision becomes final, a claimant is not entitled to error correction as a matter of right except to the extent clear and unmistakable error (CUE) is established. A finding of CUE must be based on the record and the law that existed at the time of the prior adjudication. In addition, the error must be "undebatable and the sort which, had it not been made, would have manifestly changed the outcome at the time it was made." *Willsey v. Peake*, 535 F.3d 1368, 1371 (Fed. Cir. 2008). The purpose of this limitation is to "preclude repetitive and belated readjudication of veterans' benefit claims." *Cook v. Principi*, 318 F.3d 1334, 1339 (Fed. Cir. 2002). The proposed changes to section 503, however, would seemingly provide an additional avenue for review as a matter of right, even where finality has already attached.

In addition, the proposed changes would remove the Secretary's discretion to grant equitable relief. Congress established the equitable relief authority in section 503 so the Secretary could determine when and where it was appropriate to provide some form of relief based on a VA or Federal Government error. The focus of this statute is on ensuring equitable results. Determinations of equity are necessarily fact specific, and thus the need for discretion to adjust for different situations is fundamental. VA may make an error for which equitable relief was not appropriate, and the current law would allow the Secretary to determine no such relief is warranted. However, the bill's amendments would remove this discretion. Consequently, VA would be required to grant relief in any situation where an error was made, even when the interests of equity and fairness do not call for such relief (such as when another remedy would be available and more appropriate). This could result in unjust enrichment for affected parties and unnecessary additional expenses to the Department. Currently, decisions regarding what relief to grant under section 503 are not reviewable, and the form of the relief is left to the Secretary's discretion. See, e.g. *Darrow v. Derwinski*, 2 Vet.App. 303 (1992). VA is concerned that these amendments could upset this precedent and create

a basis for judicial review both for whether an error was committed and the amount and scope of the relief offered. This could result in perverse incentives for parties to seek out errors, even harmless ones, to try to force the use of this relief authority. VA has regularly reported on its use of the authority under section 503 for more than 20 years. If Congress has concerns about VA's use of the equitable relief authority, we would appreciate the opportunity to discuss these with the Committee to better understand them and how to address them. Additional legislation may or may not be needed in this case.

We note that VA does not currently enter into or have any contracts or agreements with debt collectors; VA refers outstanding debts to the Department of the Treasury. However, if VA chooses to use contractors in the future, VA has some concern with the scope of the proposed amendments to section 5314. The bill would require VA to cancel an agreement to collect an amount of indebtedness if VA determined the indebtedness was in error. As noted above, there may be situations—such as in a case of a harmless error—where it may still be reasonable to seek collection on an indebtedness resulting from VA's error. In situations like this (where collection would still be objectively reasonable despite VA's error), we do not believe it would be appropriate to cancel an entire contract or agreement with a debt collector, as the bill would require, simply because it would be used to collect a specific debt. This language could be read to require VA to terminate a contract that could be used to collect perfectly valid debts owed to VA. This could result in additional costs to VA to re-negotiate contracts or to establish new contracts following their termination. We believe the intent was to ensure that VA does not use contracted debt collectors to address a debt. VA could provide technical assistance to address this concern if needed.

If the bill's intent is to address debts Veterans owe based on delays in processing copayment liabilities, we believe a clearer and more effective way would be to address that problem directly, as the draft bill regarding copayment collection limitations would do. We would appreciate the opportunity to discuss these bills with the Committee to determine if there is any overlap in their intended effects and how best to proceed legislatively in this area.

VA does not have a cost estimate for this bill, but we note that requiring the granting of equitable relief could result in significant additional costs to VA.

H.R. 1663 Veterans Scam and Fraud Evasion (VSAFE) Act of 2025

Section 2 of this bill would establish a new 38 U.S.C. § 325, subsection (a) of which would establish in VA a VSAFE Officer who would be responsible for fraud and scam prevention, reporting, and incident response plans at VA.

Proposed section 325(b) would set forth the responsibilities of this Officer, which would include: (1) providing comprehensive communication from VA to VA employees and Veterans, their families, caregivers, and survivors during strategic and time-sensitive fraud and scam incidents; (2) establishing consistent guidance across VA for

employees and Veterans, their families, caregivers, and survivors on how to identify, report, and avoid fraud and scam attempts; (3) promoting VA's Veteran Identity Health Theft Helpline and identifying other identity theft resources available to Veterans, their families, caregivers, and survivors, including with respect to actions VA has taken to protect the identities of Veterans and their beneficiaries; (4) developing methods to monitor fraud and scam metrics within VA to provide internal and external reporting, establish advanced data analytics, and facilitate proactive and robust fraud and scam trend identification; (5) developing comprehensive training plans for VA employees fielding fraud and scam inquiries and reports; (6) coordinating with VA's Office of Inspector General (OIG) and other Federal departments and agencies to create a whole-of-Government view within VA with respect to the fraud prevention efforts at other Federal departments and agencies, identify the proper avenues for Veterans to report fraud attempts and receive assistance, and identify opportunities for coordination with other Federal departments and agencies; and (7) consulting with Veterans Service Organizations (VSO) and State, local, and Tribal governments, as necessary, to improve the understanding of fraud and scam risks within VA.

Proposed section 325(c) would provide that nothing in this section would authorize an increase in the number of full-time employees otherwise authorized for VA.

Proposed section 325(d) would establish a rule of construction that nothing in this section could be construed to limit OIG's authority as otherwise provided in title 38, U.S.C., or in chapter 4 of title 5, U.S.C. (commonly referred to as the Inspector General Act of 1978).

VA supports this section, subject to amendments and the availability of appropriations.

VA supports efforts to ensure that Veterans, their families, and all VA beneficiaries are not the victims of fraud or scams. In January 2023, VA created the VSAFE Officer to lead VA's efforts in alignment with current VA efforts to enhance coordination across VA and the Federal Government.

VA recommends the bill clearly establish the VSAFE Officer within the Veterans Experience Office; this placement would ensure appropriate prioritization of coordinated and unified fraud prevention and response both internally and externally. Furthermore, the position would support partnership engagement to increase access, build trust, and participate in conversations at the appropriate level needed for the program to effectively carry out initiatives across VA, including setting strategy, framework, policy, and other guidance within VA.

VA also recommends revising the reference in proposed section 325(b)(3) to refer instead to the VSAFE Fraud Hotline and VSAFE.gov website, instead of the current reference to the Veteran Identity Theft Helpline of the Department. In 2024, VA established the VSAFE Fraud Hotline (1-833-38V-SAFE) and VSAFE.gov website as a whole-of-Government front door designed in collaboration with others to provide

resources to protect and support Service members, Veterans, their families, caregivers, and survivors from fraud and scams.

VA has technical amendments to this section to ensure clarity of authority and purpose. We would be happy to work with the Committee to ensure such amendments are incorporated into the bill.

VA does not have a cost estimate for this section.

Section 3 would amend the home loan fee table in 38 U.S.C. § 3729(b)(2) by extending, from June 9, 2034, to June 23, 2034, the applicability of a provision requiring Veterans to pay existing fees when obtaining a loan guaranteed, insured, or made by VA.

VA does not support this section.

VA does not support this section because VA objects to using statutory loan fees associated with VA's Home Loan Program to pay for costs unrelated to Veterans' housing benefits, as doing so would be inconsistent with the Federal Credit Reform Act of 1990.

We note that the consultation requirements with VSOs and other non-Federal entities could raise issues regarding the Federal Advisory Committee Act (FACA). We do not believe the bill is intended to establish a Federal Advisory Committee subject to FACA, and absent further changes by Congress, VA would not interpret this to require the creation of such a committee.

VA does not have a cost estimate for this section.

H.R. 3185 Personnel Integrity in Veterans Affairs Act of 2025

Overall, VA supports this bill, subject to amendments and the availability of appropriations, but cites certain concerns.

Section 2 of this bill would amend 38 U.S.C. § 725, which requires VA to conduct an annual performance plan for each VA political appointee. Specifically, it would add a new subsection (c) that would require VA, not later than 30 days after the date of the completion of an annual performance plan under subsection (a), to submit the plan to Congress.

VA cites concerns with this section.

VA has some concern with this proposed section, particularly regarding the privacy of information that would be shared with Congress (and potentially the public as well), along with the definition of the term “political appointee.” Further, the Office of Personnel Management has developed a new system that agencies are required to implement this fall; VA’s implementation efforts in this area could be affected by this bill.

VA would appreciate the opportunity to meet with the Committee to discuss these concerns and identify technical amendments to address these concerns.

VA does not have a cost estimate for this section.

Section 3 of this bill would add a new section 729 to title 38, U.S.C. Subsection (a) of this new section would require VA, notwithstanding 5 U.S.C. § 3322 or chapter 74 of title 38, U.S.C. to take two actions with respect to a covered employee who is the subject of an eligible personnel investigation and who resigns, retires, transfers, or otherwise separates from employment with VA prior to the resolution of such eligible personnel investigation. Specifically, VA would have to continue such eligible personnel investigation until it is completed and, not later than 40 days after the date such eligible personnel investigation is completed, make a permanent notation of such eligible personnel investigation in the official personnel record file of such covered employee. Subsection (b) would prohibit VA, in carrying out an eligible personnel investigation, from considering the resignation, retirement, transfer, or any other separation from employment with VA of the covered employee subject to such eligible personnel investigation. Subsection (c) would require VA, prior to making a permanent notation in the official personnel record of a covered employee, to (1) notify the employee in writing within 5 days of the resolution of the eligible personnel investigation and provide such covered employee a copy of the adverse finding and any supporting documentation; (2) provide the covered employee with a reasonable time, but not less than 30 days, to respond in writing and to furnish affidavits and other documentary evidence to show why the adverse finding was unfounded (a summary of which would be included in any notation made to the personnel file of such employee); and

(3) provide a written decision and the reasons therefore to the employee at the earliest practicable date. Subsection (d) would state that a covered employee is entitled to appeal VA's decision to make a permanent notation to the Merit Systems Protection Board (MSPB) under 5 U.S.C. § 7701 and a Disciplinary Appeals Board (DAB) under 38 U.S.C. § 7464. Subsection (e) would require VA, if a covered employee filed an appeal with the MSPB, to make a notation in the official personnel record file of the covered employee indicating that an appeal disputing the notation is pending within 2 weeks of the date on which such appeal was filed. If VA is the prevailing party on appeal, within 2 weeks of the date the MSPB issued a decision, VA would remove the notation about the pending appeal from the official personnel record file of the covered employee. In the alternative, if the covered employee prevailed on appeal, VA would have to remove the notation and the notation of an adverse finding from the official personnel record file of the covered employee within 2 weeks of the date the MSPB issued the decision. Subsection (f) would define the term "covered employee" to mean a VA employee in the competitive service, the excepted service, or the Senior Executive Service (SES). It would define the term "eligible personnel investigation" to mean a personnel investigation that commenced not later than 60 days after the date on which the covered employee who was the subject of the investigation resigned, retired, transferred, or otherwise separated from VA; the term would include an investigation by an Inspector General, as well as a prospective investigation that may recommend an adverse personnel action (along with an actual adverse personnel action) as a result of alleged performance, misconduct, or for such cause as would promote the efficiency of the service under chapters 43 or 75 of title 5, U.S.C. U.S.C., or 38 U.S.C. § 501. This term would also include an internal investigation carried out by VA, including through the Office of Accountability and Whistleblower Protection, the Office of the Medical Inspector, and the VA General Counsel, as well as an investigation carried out by the head of any other Federal agency responsible for investigation, allegations of employee misconduct, including the head of the Office of the Special Counsel and the Equal Employment Opportunity Commission.

VA supports this section, subject to amendments and the availability of appropriations.

VA would appreciate having its own statutory provision in 38 U.S.C. § 729 to make a notation in an employee's personnel record file if they were subject to a personnel investigation and resigned, retired, transferred, or otherwise separated from VA employment prior to VA conducting or resolving an investigation resulting in an adverse finding.

The proposed section 729 would broaden the provisions of 5 U.S.C. § 3322 to include SES employees; it also would require VA to initiate or complete eligible personnel investigations not only when an employee resigned but also when they retired, transferred, or otherwise separated from employment at VA. Additionally, the proposed section 729 would provide a clear definition of a personnel investigation.

Proposed section 729 would permit covered employees to file appeals to the MSPB and the DAB. VA has concerns about DABs receiving these appeals. DABs can only determine whether major adverse actions, as listed in 38 U.S.C. § 7461(c)(2), involve a question of professional conduct or competence involving direct patient care or clinical competence. DAB members are patient care providers appointed under 38 U.S.C. § 7401(1), who serve on a voluntary basis as a collateral duty. DABs are not authorized to and not staffed to adjudicate matters that do not involve a question of professional conduct or competence involving direct patient care or clinical competence. Because appeals of action taken under proposed section 729 only require a determination that the agency complied with the provisions of the proposed section that provide due process to the covered employee, there is no matter of professional competence or patient care to be reviewed. Therefore, VA recommends only permitting VA employees to file an appeal with MSPB. Given the need for Veterans to receive timely care, VA recommends that patient care providers only serve on DABs when their clinical expertise is needed to assess the charges involving direct patient care or clinical competence. VA suggests amending the bill to allow all VA employees to file an appeal with MSPB or, in the alternative, allowing title 38 employees to file an agency grievance.

VA has other technical amendments and would welcome the opportunity to discuss these with the Committee. For example, VA suggests expanding the definition of "eligible personnel investigation" to also include prospective investigations that may recommend an adverse action taken under chapter 7 of title 38, U.S.C. to ensure inclusion of such adverse action procedures as those covered by 38 U.S.C. §§ 713, 714. Additionally, VA is concerned the 5-day deadline to notify the employee in writing following the resolution of an eligible personnel investigation is too short, especially when an employee has already separated from Federal service. VA may experience challenges in providing this information to employees who have already separated that could require VA more than 5 days to provide actual notice.

VA appreciates that this bill would hold employees accountable when they leave Federal service and looks forward to working together to address the recommended amendments.

VA does not have a cost estimate for this section.

H.R. 3455 VA Distributed Ledger Innovation Act of 2025

Section 2 of this bill would express the sense of Congress that Veterans deserve efficient, transparent, and secure access to their benefits and services, that distributed ledger technology (DLT) offers promising solutions for enhancing data integrity, security, and transparency, and that exploring innovative technologies (such as DLT) could significantly improve the allocation of benefits, management of insurance programs, and maintenance of records within VA.

Section 3 of this bill would require VA to conduct a comprehensive study on the feasibility, potential benefits, and risks associated with implementing DLT to improve

claims adjudication and prevent fraud, waste, and abuse in VA's benefits administration systems. Specifically, VA would have to examine how DLT could improve the clarity, traceability, and reliability of Veterans' benefits claims by securely recording key steps in the adjudication process, reduce the risk of fraudulent or inaccurate claims by verification processes, improve accountability in claims handling, and aid in identifying irregularities in benefits delivery. VA would be required to consult with DLT experts, VSOs, other Federal agencies with experience using DLT, and any other stakeholders as VA determined appropriate.

Not later than one year from enactment, VA would have to submit to Congress a report on the findings of the study. The report would have to include the findings of the study regarding the feasibility of implementing DLT in VA, a description of potential risks and benefits associated with the implementation of DLT, any recommendations regarding pilot programs or other initiatives that VA believes should be implemented to test the use of DLT in specific areas of VA operations (such as benefits distribution or insurance claims), and any legislative or administrative actions required to implement DLT in VA.

The term "distributed ledger" would mean a ledger that: is shared across a set of distributed nodes, which are devices or processes, that participate in a network and store a complete or partial replica of the ledger; is synchronized between the nodes; has data appended to it by following a specified consensus mechanism; is publicly accessible or restricted to a subset of participants; and may require participants to have authorization to perform certain actions or require no authorization. The term DLT would mean technology that enables the operation and use of distributed ledgers.

VA does not have views on this bill at this time.

The Department is assessing potential use cases for this technology and does not have views to provide at this time.

H.R. 3482 Veterans Community Care Scheduling Improvement Act

This bill would codify section 3101 of the Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020 (P.L. 116-315; 38 U.S.C. § 1701, note) as a new 38 U.S.C. § 1703H, and it would add a new subsection (d) to this authority. This new subsection (d) would require VA, not later than one year from enactment, to, instead of the process currently set forth in subsection (a) (which requires VA to establish a process and requirements for scheduling appointments for VA and community care) to carry out a program through which a VA scheduler could schedule, for a Veteran and using an information technology (IT) system, an appointment for health care furnished through the Veterans Community Care Program (VCCP) and offered by a non-Department health care provider that participates in the VCCP and elects to participate in the program. VA would have to carry out this program through an existing agreement, if practicable. The program would have to allow a scheduler to view, search, and sort appointments by type of care, location, and date; to

schedule an appointment; to provide referral or authorization documents to a non-Department provider; and to perform any other functions VA determined necessary. Not later than 90 days after enactment, VA would have to prescribe regulations under this subsection; these regulations would have to include a directive to employees at VA medical centers (VAMC) to use the IT system under this subsection to schedule appointments instead of the process under subsection (a) whenever practicable. Not later than 90 days after enactment, VA would have to prescribe regulations that include a directive to employees at VAMCs to use the IT system to schedule appointments whenever practicable. Not later than 90 days after enactment, VA would have to plan and carry out an outreach campaign to encourage non-VA providers that participate in VCCP to participate in the program. VA would have to submit to Congress a report regarding each additional function determined necessary within 30 days of such determination. VA would have to provide a copy of the regulations VA would have to prescribe within 30 days of publication. VA would have to provide to Congress a copy of the plan for the outreach campaign within 30 days of formulating such a plan. Not later than 18 months after enactment, and every 6 months for the next 5 years, VA would have to submit to Congress a report on the operation of the program. This program would terminate 7 years after enactment.

VA supports the intent of this bill, subject to amendments and the availability of appropriations.

VA fully agrees that it can and should improve the patient scheduling experience. We are concerned, though, that specific legislation on this topic could prove problematic, as we have been and will continue to enhance scheduling capabilities, but this legislation could constrain our ability to address Veterans' needs and emerging issues.

VA previously established an integrated project team in 2022, and it appears this bill would duplicate some of the work done as part of that effort as well as other efforts. For example, VA is working to implement sections 131 through 134 of the Joseph Maxwell Cleland and Robert Joseph Dole Memorial Veterans Benefits and Health Care Improvement Act of 2022 (Division U of P.L. 117-328), which require VA to conduct a pilot program for Veterans eligible for VCCP to use a technology that has certain capabilities to schedule and confirm medical appointments with providers participating in the VCCP. Additionally, VA is already developing a scheduling approach that enables VA personnel and Veterans to view available appointments.

VA is also working to develop a self-service scheduling platform, but not all of the objectives underlying the bill could be resolved solely through technology improvements. For example, some specialties require referrals, as noted by the bill, but in these cases, VA has found it makes more sense and results in better patient outcomes if these referrals are coordinated with the patient's primary care provider, as there may be other steps (such as imaging, lab work, etc.) that need to be completed before an appointment with the specialist would be productive. Similarly, scheduling for specialty care appointments often requires consideration of specific prerequisites, such as specialized space, equipment, document reviews, diagnostic testing, preliminary evaluations, or imaging. Schedulers and patients likely do not have all of the knowledge and information required to determine which appointment slots would be appropriate given these variables. At the very least, the bill should be amended to provide flexibility for complex situations.

The problems facing VA in terms of scheduling appear to be technological and systems-based; they do not appear to be a lack of authority. VA recommends engaging in a human-centered design-based study that evaluates non-technical elements of the issue, such as position descriptions, staff incentives, agency policies, and additional required legislative changes (if any).

VA does not support the additional reporting requirements this bill would establish. VA can brief Congress as needed on these issues in lieu of these extensive reporting requirements.

VA notes several technical issues with the bill and would be happy to provide such assistance.

VA does not have a cost estimate for this bill.

H.R. 3483 Forcing Real Accountability for Unlawful Distributions (FRAUD) Act of 2025

This bill would amend 38 U.S.C. § 1703D, which generally establishes prompt payment standards for VA payment for hospital care, medical services, and extended care services to certain entities. Specifically, this bill would amend subsection (f), which sets for the information and documentation requirements, to require VA to use an IT system to analyze claims submitted to VA by health care entities or providers and through the health care claims enterprise solution to detect whether such claims are fraudulent, an overpayment, or other fraud, waste, and abuse. The bill would require the IT system to include nine specific functions. To carry out this requirement, VA would have to use the VA Franchise Fund established under title I of P.L. 104-204 (38 U.S.C. § 301, note). Not later than 2 years after enactment, and annually thereafter for 7 years, VA would have to submit reports to Congress regarding the operation of such IT system. The requirements established by this bill would cease to be effective on the date that is 7 years after enactment. The bill would define the term “community care network” (CCN) to mean a network established under 38 U.S.C. § 1703(h), and the term “health care claims enterprise solution” would mean the IT VA uses to process a claim submitted under chapter 17 by a health care entity or provider that is not part of a CCN. VA would have to carry out the amendments made by this bill not later than 1 year after enactment.

VA supports the bill, subject to amendments and the availability of appropriations.

We strongly support use of the Franchise Fund under an already existing Internal Control Support Center (ICSC), and we estimate the savings from preventing overpayments will more than pay for the technology and services to fully recover all costs. We believe that ensuring these reviews occur outside of Veterans Health Administration (VHA), such as through the ICSC, would preserve some level of independence. We do have some concerns with the bill, however. We note that the definitions of this bill would limit the review of claims to only those from non-CCN providers; effectively, this would only apply to providers or entities that have entered into a Veterans Care Agreement under 38 U.S.C. § 1703A, academic affiliates, and other local contracts or agreements, as well as entities seeking reimbursement from VA for care VA did not authorize in advance. In this context, it does not appear the IT system would review many claims and potentially not those at high risk for fraud or overpayment. For example, academic affiliates generally have a long history of collaboration with VA, have dual-appointed personnel between VA and the affiliate, and are generally established locally. Local contracts or agreements are often paid through facilities, not through a centralized system, so it is unclear that the IT system would be configured easily to receive and review such claims.

Finally, we note that the provision stating that the amendments made by this bill would cease to be effective on the date that is 7 years after enactment is unclear. Technically, this provision only states that the use of an IT system to analyze claims for fraud, overpayment, or other fraud, waste, and abuse would cease to be effective; in practical terms, then, VA could (and would) still monitor claims for these purposes but would not be compelled to use an IT system for that purpose. The reporting requirements described above would also cease to apply. Absent further amendment to this language, VA would interpret this provision as described here.

VA would like to note there are no mentions of monetary penalties or administrative actions for providers who submit fraudulent claims, and the bill is silent on the limitation period for pursuing a fraudulent claim from the date the violation occurred. VA would like to note that this proposal should focus on detection of fraud, waste, and abuse across all VHA programs, not just VCCP. VA has other technical comments on this bill as well and would appreciate the opportunity to meet with the Committee to discuss this bill.

As VA has previously expressed to the Committee, VA would welcome the opportunity to discuss other potential amendments to section 1703D to clarify the scope of the applicability of this requirement. As written, section 1703D applies to all claims for payment under chapter 17; there are some variations in terms of timely filing for different programs under this authority, though. VA has also encountered situations where it has needed additional flexibility for these standards. VA's proposed amendments could provide VA enhanced authority to combat fraud, waste, and abuse. Consistency across these programs would also reduce administrative burdens on VA, while also creating parity with other Federal programs (such as Medicare and TRICARE).

VA does not have a cost estimate for this bill.

H.R. 3494 VA Hospital Inventory Management System Authorization Act

This bill would authorize VA to purchase or develop for VHA a cloud-based information technology system for managing inventory (including expendable and nonexpendable items) and implement such system. If VA purchased or developed a system, VA would have to carry out pilot program at one VHA facility before implementing the system throughout VHA. The pilot program would have to be designed to determine whether the functions of the system are satisfactory. Section 2(c) would authorize to be appropriated \$50,000,000 to carry out this section. If VA purchased or developed a system, VA would have to complete the implementation of the system by not later than 3 years after the date of enactment.

VA supports this bill, subject to amendments and the availability of appropriations.

VA supports the effort to modernize VA's current inventory management systems and improve overall efficiency in supply chain management.

VA agrees an Enterprise Inventory Management System is necessary but recommends deferring the authorization of a specific amount until a detailed cost estimate is prepared. The VA Office of Information and Technology, in coordination with relevant offices, should realign requirements with modern capabilities using a commercial-off-the-shelf tool. Providing a fixed authorization of appropriations of \$50 million, without evaluating new technologies and a streamlined system risks misjudging costs and misrepresenting scope. Focusing on interoperability, modular design, and commercial solutions will yield a more accurate and justifiable estimate that reflects true mission needs and fiscal responsibility.

VA does not have a cost estimate for this bill.

H.R. XXXX Prohibiting the Collection of Health Care Copayments After a 2-Year Period in Certain Situations

This bill would amend 38 U.S.C. § 1730A, which generally prohibits VA from collecting copayments from certain Veterans for the receipt of hospital care, medical services, and medications. Specifically, under a new section 1730A(a)(2), VA would be prohibited from requiring a Veteran to make any copayment for the receipt of hospital care or medical services after the end of the 2-year period beginning on the date on which the Veteran received such care or services if the Veteran's failure to make such copayments was attributable to the failure of a VA employee, official, or information system to process information provided by or on behalf of the Veteran within applicable timeliness standards established by VA. Under a new section 1730A(a)(3), VA would be prohibited from requiring a Veteran to make a copayment in an amount that exceeds \$2,000 for the receipt of hospital care or medical services if the amount of the copayment is attributable to an error on the part of a VA employee, official, or information system.

VA supports the intent of this bill to ensure that Veterans are not held financially liable for copayment debt exacerbated by a longstanding administrative error made by VA but cites concerns with the bill as written.

VA supports ensuring Veterans are not held financially liable for copayment debt exacerbated by a longstanding administrative error made by VA but cites concerns with the bill as written. First, it is unclear what the term "attributable" means in this context; the same term is used in 38 U.S.C. § 5302B in a similar context, but it is not evident that Congress intends the meaning of this term in these two different statutes to be the same. "Attributable" could be analogous to the concept of contributory negligence, which generally holds that a party's liability may be reduced (or barred entirely) for its own errors or omissions. In this context, if a VA employee made a minor error, even one that was corrected but only at a later point in time, a Veteran could argue that the failure to pay was "attributable" to VA's error. We do not believe that is the intended result of this legislation. If Congress does not otherwise amend this legislation to clarify what it means by "attributable", VA would interpret this term to mean that the prohibition in proposed section 1730A(a)(2) would apply not to any error on the part of VA, but only to an error that prevented the Veteran from receiving notice or making payment.

This concern also applies to the proposed section 1730A(a)(3), although this provision is also unclear in terms of its applicability. Copayment amounts are generally set forth in law and regulation based on the services provided. Except for hospital care—and even then, only a very long period of inpatient care would potentially qualify—could result in a single copayment of more than \$2,000. In this context, it is unclear how an amount in excess of \$2,000 would be "attributable" to a VA error. It is possible that an error might result in VA not assigning multiple copayments (such as mis-identifying a Veteran as having a service-connected condition) that collectively could exceed \$2,000 in liability, but as written, the bill appears to only prohibit the collection of a single copayment in excess of \$2,000. If that is not the drafter's intent, we

believe further amendments would be needed. We also note that the \$2,000 amount is not indexed to increase over time; if Congress were to adopt such a limit, we recommend including a provision that would automatically increase this amount annually to account for inflation.

We note for awareness that the proposed changes to section 1730A(a) would only apply to copayments for hospital care and medical services, which could be applied under section 1710(f) and (g), and to copayments for medications (under 38 U.S.C. § 1722A); it would not also prohibit the collection of copayments for walk-in care (under 38 U.S.C. § 1725A) or for extended care services (under 38 U.S.C. § 1710B). If it is the drafter's intent to also exempt copayments for these services, the bill would require further amendment.

As a technical matter, VA recommends this be included as a new section 1722D to title 38, U.S.C., instead of as an amendment to section 1730A. Sections 1722A, 1722B, and 1722C all set forth limitations on copayments, so including this limitation here would make sense in terms of organization of the Code. VA would appreciate the opportunity to further discuss the bill's intent and provide technical assistance on this legislation as needed.

VA does not have a cost estimate for this section.

H R. XXXX Modernizing VA's Electronic Health Record (EHR) System

This bill contains 15 substantive sections.

Section 2 would provide two definitions applicable throughout this bill. The term "appropriate congressional committees" would mean the Committees on Veterans' Affairs of the Senate and the House of Representatives, as well as the Committees on Appropriations of both chambers. The term "Electronic Health Record Modernization Program" (EHRMP) would mean any activities being carried out, as of the date of enactment, by VA to procure and implement an electronic health record system to replace significant medical functions or applications of the Veterans Information Systems and Technology Architecture (VISTA).

VA has no objection to this section.

VA has no objection to this section as it would simply define terms for purposes of this bill.

This section would result in no cost on its own.

Section 3(a) would authorize VA to carry out a program to modernize VA's electronic health record (EHR) system, either by making changes to the EHRMP as in

effect on the date of enactment or by establishing a new program. Section 3(b) would provide that if VA carried out the program under subsection (a), the program would have to be designed to fulfill 10 purposes, including: (1) improving the quality of hospital care, medical services, and nursing home care VA furnishes; (2) increasing the productivity, efficiency, and satisfaction of VHA employees; (3) improving the experience of patients enrolled in VA care; (4) reducing unnecessary variation in care delivery; (5) improving the quality, consistency, and management of data created or received by VHA and data generated by or exchanged with a non-VA health care provider; (6) increasing the interoperability of VA's EHR systems and health information technology systems; (7) increasing the amount of medical collections under 38 U.S.C. § 1729A; (8) supporting and strengthening research and development activities; (9) protecting the personal information of Veterans, patients, and other EHR system users; and (10) such other purposes as VA determines appropriate.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA acknowledges the importance of the EHRM effort as a critical priority for VA, and we generally agree with the intent of this section, but we believe there is an opportunity for VA and the Committee to collaborate to address technical concerns with provisions in this section. We appreciate the Committee's willingness to continue working together to improve this legislation.

VA does not have a cost estimate for this section.

Section 4(a) would provide that, if VA carries out a program with respect to EHRM, the Deputy Secretary would have to be directly responsible for and oversee EHRM, direct resources and designate officials to support EHRM, and coordinate with the Under Secretary for Health (USH) and the Assistant Secretary for IT on such efforts. The USH would have primary responsibility for determining strategy and objectives for EHRM, exercise responsibility for the implementation and operation of any functions assigned by the Deputy Secretary, and coordinate with the Deputy Secretary, the Program Executive Director, and the Assistant Secretary for IT. The Assistant Secretary for IT would be responsible for carrying out IT activities in accordance with provisions in title 38, title 40, and title 44, U.S.C.; exercise responsibility for the implementation and operation of any functions assigned by the Deputy Secretary; and coordinate with the Deputy Secretary, the Program Executive Director, and the USH. The Deputy Secretary, in consultation with the USH and the Assistant Secretary for IT, would have to determine the distribution or assignment of responsibilities for defining and elaborating requirements, implementation schedule, system design and configuration, workflow, system usability, change management, training, and other functions. Section 4(b) would require that the Program Executive Director exercise responsibility for the implementation and operation of assigned functions, oversee work performed by

contractors related to the EHRM effort, coordinate with the USH, Assistant Secretary for IT, and any other relevant organizational subdivisions in VA.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

Similar to section 3, VA agrees with the importance of this section and looks forward to working with the Committee to address technical concerns.

VA does not have a cost estimate for this section.

Section 5(a) would require VA, not later than one year from enactment, to ensure that each covered contract includes, or is modified to include, a clause prohibiting covered information from being monetized, sold, or otherwise misused by any contractor (including sub-contractors or affiliates) and issue a directive or other policy providing guidance to employees and VA contractors on how to identify the monetization, sale, or misuse of covered information to ensure contractors comply with these requirements. Section 5(b) would define the term "covered contract" to mean a VA contract that provides for the handling of covered information that is in effect as of the date of enactment or entered into after the date of enactment. The term "covered information" would mean protected health information or personally identifiable information and includes information protected under 5 U.S.C. § 552a, 38 U.S.C. §§ 5701 or 7332, 45 C.F.R. parts 160, 161, and 164, and any other provision of law, as determined by VA.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of ensuring the protection of Veterans' personal and protected information and would welcome the opportunity to work with the Committee to ensure this section includes effectively addresses this concern.

VA does not have a cost estimate for this section.

Section 6(a) would require the USH to conduct an enterprise inventory of core clinical and business processes relevant to the EHRM program, evaluate and compare these workflows against relevant health care industry best practices and clinical practice guidelines, and establish a baseline of clinical workflows for VHA. Section 6(b) would require the USH to incorporate this baseline into the EHRM program. Section 6(c) would require the USH to establish a process to monitor and control variations from this baseline and evaluate progress relative to such baseline. Section 6(d) would require the USH to establish national standards for VHA pertaining to the implementation and

adoption of the EHR system for order sets, user roles, medical devices, system interfaces and connectivity of medical devices, and any clinical process not otherwise described that the USH determines appropriate.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

Similar to section 3, VA agrees with the importance of this section and looks forward to working with the Committee to address technical concerns.

VA does not have a cost estimate for this section.

Section 7 would require VA, not later than 90 days after enactment, acting through the USH, to establish standard health care quality metrics for purposes of evaluating the provision of health care during the implementation and adoption of the EHR system. Upon enactment, VA would have to continue making publicly available the results of the Strategic Analytics for Improvement and Learning Value Model with respect to all medical facilities where the EHR system pursuant to the EHRM program is active.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

Similar to section 3, VA agrees with the importance of this section and looks forward to working with the Committee to address technical concerns.

VA does not have a cost estimate for this section.

Section 8 would require VA, if VA determines any purpose to be appropriate under section 3(b)(10), to submit to Congress a report, not later than 30 days after such determination, with a description of the purpose.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of this reporting requirement and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 9(a) would require VA, not later than 90 days after establishing a baseline of clinical workflows pursuant to section 6(a), to submit to Congress a report that includes an identification of such baseline. Section 9(b) would require VA, not later than 90 days after the date on which VA establishes the national standards pursuant to section 6(d), to submit to Congress a report that describes such standards.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of these reporting requirements and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 10 would require VA, not later than 90 days after the date on which it establishes the health care quality metrics described in section 7(a), to submit to Congress a report that includes an identification of such metrics.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of this reporting requirement and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 11 would require VA, not later than 90 days before a medical facility is scheduled to implement the EHR system pursuant to the EHRM program, to submit to Congress a report provided by the medical facility director, in consultation with the facility chief of staff and the director of the Veterans Integrated Service Network, that includes a detailed description of the resources provided to the medical facility, and the estimated resources still required, to implement the system successfully.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of this reporting requirement and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 12 would require VA, not later than 120 days after the first day of each fiscal year that begins after the date of enactment, and through the period beginning 10 years after the date of enactment, to submit to Congress a report on VISTA. The report would need to include information on seven different specific elements.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of this reporting requirement and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 13 would amend section 503 of the Veterans Benefits and Transition Act of 2018 (P.L. 115-407) to require VA to include in the quarterly updates on the EHRM program additional data on: user adoption and employee satisfaction with the EHR system; employee retention and turnover at facilities using such system; data on downtime, performance disruptions, or impaired functionality of such system; data on the impact of such system on revenue and collections; data on ticket resolution; and a list of any credits, reimbursements, or monies provided by a contractor under the EHRM program or invoice deductions or withholdings taken by VA from such contractor due to failure to meet the terms of a service level agreement or other terms and conditions of the contract. Section 13 would further amend this law by expanding the events requiring notice to Congress; specifically, the bill would include among events requiring notice any submission of a cure notice, letter of concern, or other official communication by VA to a contractor concerning contract noncompliance or corrective action, as well as the official response of the contractor.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of these reporting requirements and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 14 would require VA, not later than 1 year after enactment, to submit to Congress a report that includes a copy of the contract clause required by section 5(a), the guidance required by section 5(b), and a summary of any other actions taken to comply with section 5.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of these reporting requirements and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 15(a) would require VA, not later than 90 days after the date on which a VA official takes certain actions, to submit to Congress notice of such action. These actions would include the designation of any official or office by the Deputy Secretary pursuant to section 4(a)(1)(A)(iv), the designation of any responsibility by the Deputy Secretary pursuant to section 4(a)(1)(D), and any action related to the reorganization of a program pursuant to section 4(a)(1) or (2). Section 15(b) would require VA, not later than 1 year after enactment, to submit to Congress a report that includes a description of any legislative changes VA determines necessary to carry out the responsibilities with respect to the EHRM program regarding organization, hiring or compensation authorities, appropriations, or related matters, as determined by VA.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of these reporting requirements and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Section 16 would require VA, not later than 90 days from enactment, to submit to Congress a report that describes VA's clinical decision making structure and efforts to achieve a more uniform clinical decision making structure pertaining to the EHRM program, the criteria or metrics used by VA to measure improvements in the EHRM program, the most recent data reported pursuant to such criteria or metrics from each VA medical facility using the EHR system implemented pursuant to the EHRM program, a description of steps being taken by VA to achieve performance goals relevant to such criteria or metrics, and the standard readiness task list used in VA medical facilities to prepare for implementation of the EHR system pursuant to the EHRM program.

VA supports the intent of this section, subject to amendments and the availability of appropriations.

VA agrees with the importance of this reporting requirement and would welcome the opportunity to work with the Committee to ensure the information reported can be developed by VA and would address the Committee's concerns.

VA does not have a cost estimate for this section.

Conclusion

This concludes my statement. We would be happy to answer any questions you or other Members of the Subcommittees may have.

Prepared Statement of Jennifer McDonald

Chairwoman Kiggans, Ranking Member Ramirez, and members of the Subcommittee, thank you for the opportunity to testify on the independent oversight conducted by the Office of Inspector General (OIG) on the pause taken by the Veterans Health Administration (VHA) in using its Program Integrity Tool, which relates to one of the bills before you. Our testimony was requested by the subcommittee on this tool because the “FRAUD Act of 2025” requires VA “to use an information technology (IT) system to detect fraud, waste, and abuse” within community care claims, and the Program Integrity Tool has previously served this function in a limited capacity. The OIG’s work has outlined the significant hindrances the Program Integrity Tool’s pause has had on VHA’s revenue collection processes and on the detection and mitigation of fraud and waste related to the delivery of community care.

Many of the bills under consideration also require VA to develop or improve IT systems. IT modernization has consistently been a **major management challenge for VA**. The OIG has repeatedly conducted audits, reviews, and inspections that identify deficiencies in how VA plans, implements, and remediates identified weaknesses in these efforts. This statement, therefore, also touches on the OIG’s oversight of many VA critical systems and modernization initiatives.

BACKGROUND

The Program Integrity Tool is a system that consolidates data from multiple VA community care programs. It is a repository of post-payment claims. For revenue operations, VHA uses the data to determine if veterans or their private insurance companies should be billed for care that is not connected to injuries or conditions related to their military service.¹ To support VHA’s fraud and waste detection and mitigation efforts, data from the tool can be used to identify duplicate claim payments or indicators of potential fraud, such as payments to providers across different community care programs in different locations on the same day.

As detailed in this statement, VHA’s Office of Integrity and Compliance, in collaboration with VA’s Office of Information and Technology, paused operations of the Program Integrity Tool in February 2023, after becoming aware of ongoing issues with its data base logic and unreliable data. The pause was intended to allow VHA time to evaluate the tool’s processes, data, documentation, and underlying information technology system architecture, and to determine the cause of any data errors and identify improvement opportunities.

In July 2024, the OIG issued a management advisory memorandum to the under secretary for health to highlight the major impacts of the tool’s pause on VHA’s revenue collection processes, as well as on identifying fraud and waste related to community healthcare claims.² The memorandum provided VHA with information necessary to address the identified concerns. In its response, VA officials stated they had resumed using data from the Program Integrity Tool for revenue collection for community care claims but were still considering the path forward for the tool’s oversight functions, including audit and compliance efforts. The information that follows highlights deficiencies identified with the tool’s data integrity and accuracy and the impact of the pause on both VHA and the OIG’s oversight work.

Community Care Provider Management

Through the Veterans Community Care Program, VHA buys care from local providers for veterans through network contracts managed by two third-party administrators (TPAs). These TPAs develop and administer the network of community healthcare providers. TPAs are also responsible for paying those providers and then seeking reimbursement from VHA. When services are unavailable or insufficient to meet the needs of veterans through the network, however, VA medical facilities may directly establish veteran care agreements with area clinicians. VA also has Veteran Family Member Programs, for which VA shares the cost of certain community

¹ Under 38 U.S.C. § 1729, the United States has a right to recover from third parties the cost of medical care and treatment furnished by the United States. In addition, 38 C.F.R. § 17.101, the Collection or Recovery by VA for Medical Care or Services Provided or Furnished to a Veteran for a Non-Service Connected Disability, provides for recovery from private insurance by VA for medical care that was unrelated to veterans’ military service. VA is not able to recover the cost of medical care for veterans who do not have private health insurance.

² VA OIG, *The Pause of the Program Integrity Tool Is Impeding Community Care Revenue Collections and Related Oversight Operations*, July 16, 2024. The OIG issues management advisory memoranda when exigent circumstances or areas of concern are identified by OIG hotline allegations or during its oversight work, particularly when immediate action by VA can help reduce further risk of harm to veterans or significant financial losses.

healthcare services for eligible family members. Finally, VHA's HealthShare Referral Manager generates referrals and forwards authorizations to community providers. The related claims and referral data from these systems flow into the Program Integrity Tool.

Typically, a community care provider submits a claim through the TPAs or VHA's electronic system or by paper after care is provided. The claim is then either paid for by TPAs for network providers (who are then reimbursed by VA) or by VA for facility direct care agreements. Once the claims are paid, VA then bills any copayment to the veteran, or the veteran's private health insurer if the care is unrelated to a service-connected condition.³

Several VA offices are involved in the payment for community care and collections from veterans and their insurers:

- VHA's Office of Integrated Veteran Care coordinates veterans' access to community care services by developing and overseeing contracts for veterans' healthcare services and payments to TPAs.
- VHA's Revenue Operations Division (within the Office of Finance) bills and collects from veterans and private insurers for copayment and coinsurance obligations through a centralized process that requires data from the Program Integrity Tool. Staff from VHA's Consolidated Patient Account Centers perform the billing and revenue collection operations for non-service-connected treatment using data from the tool.
- VHA's Office of Integrity and Compliance is the business owner of the Program Integrity Tool and uses its data for the prevention, detection, and mitigation of fraud, waste, and abuse.
- VA's Office of Information and Technology is responsible for developing, approving, and implementing system security baseline configurations for all VA data platforms and systems. Its staff oversee all data integrity issues and updates to the Program Integrity Tool, including a product manager that oversees the tool's day-to-day operations.

Those offices' data, which relate to community care claims, referrals, and the family member program, flow into the Program Integrity Tool from six different source systems:

Community care claims processing engages three payment systems:

1. The Plexis Claims Manager for older community care program claims
2. The Community Care Reimbursement System for more recent community care network claims
3. The Electronic Claims Adjudication Management System for direct veteran care agreement claims

Referrals use a single system:

4. The VHA HealthShare Referral Manager moves data for community care referrals into the Program Integrity Tool.⁴

Veteran Family Member Programs' paid claims data flow to the tool from two systems:

5. The Customer Experience Manager
6. Claims Processing and Eligibility, a legacy system that processes older claims

The Program Integrity Tool then feeds all these data to VA's Corporate Data Warehouse, from which VHA's Revenue Operations Division can access the data to use for veteran and private insurer billing. The tool also provides information for the Office of Integrity and Compliance's oversight efforts.

PROGRAM INTEGRITY TOOL DEFECTS

The Program Integrity Tool went offline on February 21, 2023, to address identified issues, including (1) claims being entered inaccurately, (2) a defective code that

³ VHA will not charge a copayment for treating health conditions that are related to military service, catastrophic disabilities, or other specified factors.

⁴ VA uses the HealthShare Referral Manager to generate referrals and forward authorizations to community providers.

added outpatient data to inpatient claims, and (3) duplicate claims. VHA had detected some of these issues as early as January 2022.⁵

Officials from VHA's Office of Integrity and Compliance collaborated with the Office of Information and Technology to assess problems, resolve them, and develop system improvements. During the pause, the Program Integrity Tool could not be used for billing veterans and private insurers or to assist in the prevention, detection, and mitigation of fraud, waste, and abuse.

In addition, in November 2023, the Office of Information and Technology completed a review of the Program Integrity Tool and identified 18 defects in total, including eight high-priority issues and one critical issue with the Veteran Family Member Programs' claims data overwriting other claims data. For example, multiple claims were assigned the same claim identifier when each claim should have had a unique identifier. At that time, VHA reported it had begun upgrading the tool's servers, corrected the defective line of code associated with inpatient claims, and identified solutions for duplicate claims.

In July 2024, the OIG issued the management advisory memorandum that highlighted the major impacts of the tool's pause on VHA's revenue collection processes and oversight of community care claims.

Also in July 2024, VHA officials told the OIG that they had brought the Program Integrity Tool back online on a limited basis for only revenue collection operations for community care claims.

The OIG had reported in 2022 on VHA's challenges billing private insurers for community care.⁶ Because a fully functioning Program Integrity Tool was necessary for VHA to satisfy the intent of the open recommendations from that report, the OIG paused its regular quarterly follow up (conducted on all recommendations from its oversight reports) while the tool was offline. In late 2024, OIG staff resumed follow up on these open recommendations and VHA has been providing status updates on their efforts to ensure the Program Integrity Tool is fully operational. Recommendations 2 and 3 are still open that relate to (2) strengthening system controls to ensure complete and accurate claims information is transferred between applicable tools, systems, and patient files and (3) assessing whether there is sufficient staffing to process the anticipated volume of claims to be billed to veterans' private health insurers and make needed adjustments. The impacts of the pause and unresolved issues have been significant, as detailed in the following sections.

The Pause Precluded Revenue Operations from Timely Billing for Community Care

Because VHA Revenue Operations use the tool's information to bill veterans and private insurers for copayments for community care, they had not been billed between February 2023 and July 2024, when VA resumed some functionality. During the period of the OIG's review, the Program Integrity Tool pause affected VHA's ability to collect potential revenue from veterans and private insurers for approximately 40 million community care network and veteran care agreement program claims that VHA paid to care providers.⁷

As the Program Integrity Tool returns to full functionality, Revenue Operations will have to resolve the backlog of paid claims to identify and bill veterans for copayments. VHA has acknowledged this may negatively affect veterans because they could receive copayment bills that are over a year old. Revenue Operations leaders told the OIG that they are working with VHA and the VA Office of General Counsel to implement a regulatory change allowing VA to apply for debt waivers on behalf of veterans when debts are accrued due to the fault of the agency. If approved, this regulatory change would help VA to avoid unnecessarily burdening veterans with substantial debts that accrued due to a faulty VA tool.

⁵ The former VHA Office of Community Care's Division of Program Integrity was responsible for the Program Integrity Tool in January 2022 and discovered the problems. This responsibility was transferred to the Office of Integrity and Compliance in November 2022, following the establishment of VHA's Office of Integrated Veteran Care, and then moved permanently to VHA's Office of Integrity and Compliance in March 2023.

⁶ VA OIG, *VHA Continues to Face Challenges with Billing Private Insurers for Community Care*, May 24, 2022.

⁷ The OIG review of paid community care claim data from VA's Corporate Data Warehouse was conducted from February 1 2023, through January 31, 2024, for veteran care agreements, and from February 2, 2023, through February 1, 2024, for community care network claims. Additional community care claims would have been paid between March and July 2024 and are not included in the estimate. It is important to note that the actual payment of claims to providers has not been affected by the pause because, as mentioned earlier, the Program Integrity Tool receives claims following care provider payments. It does affect VA's revenue collection.

The OIG applied VHA's established collection-to-billing ratio for medical care collections to estimate the proportion of claims that would have been billable to insurance. This ratio approximates the average amount VHA will collect for each dollar billed to private insurers. The OIG estimated that the Program Integrity Tool's pause has resulted in approximately \$665.5 million in Revenue Operations collections that had not been recovered from February 1, 2023, through February 1, 2024. Since VHA has resumed using the tool, Revenue Operations must handle these older claims in addition to working on the new claims they will receive. Many of these delayed claims may exceed the deadlines for insurance companies to be required to reimburse VHA, further limiting VA's ability to make up the lost revenue.

The Pause Hindered the Prevention, Detection, and Mitigation of Fraud, Waste, and Abuse

According to VHA Office of Integrity and Compliance officials, their oversight efforts for community care programs and for Veteran Family Member Programs' claims have been impeded by the Program Integrity Tool's pause. As for detecting healthcare provider fraud, waste, and abuse, the pause resulted in a halt to generating real-time views of behavioral indicators and patterns or to running data and reports to support investigations, research, and remediation. Although the Office of Integrity and Compliance said it had access to an archived version of the tool containing data before February 2023, VHA staff do not recommend using it due to errors related to the incorrect sequencing of data. Thus, VHA has been limited in its ability to support the investigation of ongoing fraud allegations and referrals. This means the Office of Integrity and Compliance will have a backlog of data to review for fraud, waste, and abuse detection, OIG referral, and mitigation efforts when the tool resumes operations that support oversight. The OIG understands VHA is still taking steps to bring the oversight functions back online or to replace the tool.

OTHER OIG OVERSIGHT OF VA SYSTEMS AND MODERNIZATION EFFORTS

Issues with the Program Integrity Tool are symptomatic of the larger concern with VA's continued challenges with implementing complex modernization efforts. As our report on **VA's major management challenges** has stated, VA is undertaking massive efforts to upgrade or replace systems that are estimated to cost tens of billions of dollars and are interdependent—making implementation both costly and complex. The OIG encourages innovation and recommends enhancements to VA's infrastructure and systems through practical findings and recommendations. VA relies on countless systems to meet the needs of patients safely and promptly, to provide benefits and services to eligible recipients, and to support the strong stewardship of taxpayer dollars. Information system failures have contributed to breakdowns in a number of critical VA functions, including the new electronic health record system, financial reporting, disability benefit claims processing, and supply chain management, as well as appointment management, community care prescription requests, and personnel suitability adjudications. The OIG has identified extensive breakdowns with upgrading or replacing these key systems and failures in strong stewardship of taxpayer dollars.⁸

VA's process deficiencies have typically included inadequate planning and requirements development, insufficient stakeholder engagement, failures to promptly fix known issues, and program management or coordination lapses. The results have been long delays, cost overruns, low user acceptance, and gaps in functionalities that make it more difficult for VA personnel to do their jobs. The OIG understands the complexity of these efforts and acknowledges the great lengths staff go to every day to develop work-arounds as needed. Below are a few examples of the OIG's oversight of VA modernization efforts.

The OIG has continued its work on the Electronic Health Record Modernization (EHRM) program. The EHRM is probably the largest contract in VA history and

⁸The following is a sample of the many recent VA OIG reports on VA systems and modernization efforts: VA OIG, *VBA's Special Monthly Compensation Calculator in the Veterans Benefits Management System for Rating Did Not Always Produce Accurate Results*, May 29, 2025; VA OIG, *Community Care Network Outpatient Claim Payments Mostly Followed Contract Rates and Timelines, but VA Overpaid for Dental Services*, February 20, 2025; VA OIG, *Improved Oversight Is Needed to Correct VISN-Identified Deficiencies in Medical Facilities' Supply Chain Management*, September 12, 2024; VA OIG, *Lessons Learned for Improving the Integrated Financial and Acquisition Management System's Acquisition Module Deployment*, July 10, 2024; VA OIG, *Ineffective Use and Oversight of Medical/Surgical Prime Vendor Program Led to Increased Spending*, June 11, 2024; VA OIG, *Improvements Needed for VBA's Claims Automation Project*, September 25, 2023; VA OIG, *Additional Actions Needed to Fully Implement and Assess the Impact of the Patient Referral Coordination Initiative*, October 27, 2022.

critical to continued patient safety and care. Since April 2020, the OIG has released **22 oversight publications** on VA's rollout of its electronic health record system that identified critical missteps and lack of remediation.⁹ In several reports, the OIG highlighted a variety of barriers to implementation, including patient harm and safety concerns; pharmacy and medication management issues; inadequate cost estimates; an unreliable implementation schedule; difficulties with the patient appointment scheduling system; and reporting, training, and decision-making deficiencies. OIG reports also stressed the need for VA to make certain that the system is stable and can handle future growth without the kind of outages and service degradations previously experienced. OIG teams will also continue to monitor system improvements in areas such as supply chain management and appointment scheduling, with a keen focus on patient care and safety, VA staff's ability to efficiently do their jobs, and making the most effective use of taxpayer dollars.

Furthermore, the OIG has issued numerous reports in recent years that have identified deficiencies with inventory management of supplies and equipment, in part due to VA's continued reliance on various outdated systems. VA still uses more than 60 disparate systems to manage its supply chains, which include billions of dollars in medical supplies and equipment inventory. VA's medical facilities have long experienced barriers to accurately tracking inventory, purchasing, distribution, storage, and other supply chain functions, leading to operational breakdowns and the need for workarounds that sometimes lack compliance with VA policies and procedures. Recent attempts to modernize its antiquated system have been unsuccessful as VA continues to try to address these longstanding supply chain concerns.

CONCLUSION

The OIG routinely scrutinizes the effectiveness of the leadership and quality management of VA operations that makes the most efficient use of taxpayer dollars. In a department the size of VA, with the Nation's largest integrated public healthcare system, an aging infrastructure, and massive IT initiatives, the OIG must remain vigilant to all risks to veterans, their families, and survivors. This requires the use of sophisticated data analytics and modeling; being responsive to hotline contacts and other allegations of misconduct; and rigorous and continuous independent oversight. OIG staff monitor programs and operations for breakdowns in processes; non-compliance with mandates; failures to provide quality health care; and deficiencies in the delivery of benefits and services. In addition, the OIG advances accountability by conducting an expansive range of administrative and criminal investigations that include fraud, waste, and abuse of authority.

OIG oversight has spotlighted VA's IT system modernization efforts that have had persistent issues, typically including weaknesses in planning, failures to promptly fix known issues, and program management or coordination deficiencies. The problems identified with the Program Integrity Tool are a perfect example of this. While the tool was offline, VHA had limited ability to collect hundreds of millions of dollars of revenue from veterans' copayments or from private health insurers. VHA staff must grapple with a backlog of tens of millions of these community care claims that must be processed. Additionally, the Program Integrity Tool is still not being fully utilized for the prevention, detection, and mitigation of fraud, waste, and abuse for community care claims paid.

VHA will need to ensure that Revenue Operations has sufficient resources and processes to timely bill the backlog of community care claims now that the revenue operations to bill veterans and private insurers have been said to be resumed. It is also vital that the Office of Integrity and Compliance be ensured resources to perform timely fraud, waste, and abuse examinations of the backlog of community claims, to ensure the most efficient use of taxpayer dollars.

Madam Chair, this concludes my statement. I would be happy to answer any questions you or members of the subcommittee may have.

⁹ All other OIG reports may be found on the website at *All Reports*.

Prepared Statement of Cole Lyle



**TESTIMONY
OF
COLE LYLE
DIRECTOR
VETERANS' AFFAIRS AND REHABILITATION DIVISION
THE AMERICAN LEGION
BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
LEGISLATIVE HEARING
ON
"PENDING LEGISLATION"**

JUNE 11, 2025

EXECUTIVE SUMMARY

LEGISLATION	POSITION
H.R. 984: To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to provide timely equitable relief to an individual who suffers a loss based on an administrative error by the Secretary, and for other purposes (Van Orden) <i>Pg. 3</i>	Support
H.R. 1663: Veterans Scam and Fraud Evasion (VSAFE) Act (Calvert) <i>Pg. 4</i>	Support
H.R. 3185: Personnel Integrity in Veterans Affairs Act (Scott) <i>Pg. 5</i>	Support
H.R. 3455: Veterans Affairs Distributed Ledger Innovation Act (Mace) <i>Pg. 6</i>	No Position
H.R. 3482: Veterans Community Care Scheduling Improvement Act (Barrett) <i>Pg. 7</i>	Support
H.R. 3483: Forcing Real Accountability for Unlawful Distributions (FRAUD) Act (Barrett) <i>Pg. 8</i>	Support
H.R. 3494: VA Hospital Inventory Management System Authorization Act (Kiggans) <i>Pg. 9</i>	Support
DRAFT: To authorize the Secretary of Veterans Affairs to carry out a program to modernize the electronic health record system of the Department of Veterans Affairs, and for other purposes <i>Pg. 10</i>	Support
DRAFT: To amend title 38, United States Code, to prohibit the collection of a health care copayment by the Secretary of Veterans Affairs from a veteran after a two-year period if the delay in collection is attributable to a failure of an employee, official, or information system of the Department of Veterans Affairs to process certain information within applicable timeliness standards established by the Secretary <i>Pg. 13</i>	Support

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Chairwoman Kiggans, Ranking Member Ramirez, and distinguished members of the subcommittee, on behalf of National Commander James A. LaCoursiere Jr., and more than 1.5 million dues-paying members of The American Legion, we thank you for the opportunity to offer our written testimony regarding proposed legislation.

The American Legion is guided by active Legionnaires who dedicate their time and resources to serve veterans, service members, their families, and caregivers. As a resolutions-based organization, our positions are directed by more than 106 years of advocacy and resolutions that originate at the post level of our organization. Every time The American Legion testifies, we offer a direct voice from the veteran community to Congress.

H.R. 984: To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to provide timely equitable relief to an individual who suffers a loss based on an administrative error by the Secretary, and for other purposes

To amend title 38, United States Code, to direct the Secretary of Veterans Affairs to provide timely equitable relief to an individual who suffers a loss based on an administrative error by the Secretary, and for other purposes

Administrative errors are an inherent risk with large government institutions like VA. As the number of veterans seeking VA services increases, so does the likelihood of administrative mistakes. In August 2022, Congress passed the *Sergeant First Class Health Robinson Honoring Our Promise to Address Comprehensive Toxics (PACT) Act of 2022* which expanded VA care to include veterans affected by toxic exposure. One year after implementation, the VA saw an increase of 332,252 veterans enrolled in VA health care, 4.1 million veterans who were screened for toxic exposure, and the submission of 1.95 million claims.¹ While the number of claims submitted is something to be celebrated, the growing number of veterans depending on VA claims staff for high quality and accuracy reduces the margin for error. In April 2025, the Office of Inspector General (OIG) conducted a case review of 100 claims which had incorrect effective dates

¹ One year of the PACT Act: A historic expansion of benefits and health care for Veterans and their survivors
news.va.gov

assigned by claims processors, a perennial and well-known issue in the disability compensation process. The effective date is critical to the claim process because it determines the eligibility and exact day the veteran is entitled to benefits and compensation. If this date is inaccurate, it can trigger overpayment which VA will recoup from the veteran. In many cases, this creates financial and psychological distress, particularly if the collection comes after a long period of the veteran having received the financial benefit with a massive debt now owed. VA's rating and standard inconsistencies, according to OIG, have resulted in \$6.8 million improper payments to veterans. If the Veterans Benefits Administration (VBA) continues these inconsistencies, they are projected to disburse an estimated \$20.4 million in overpayment.²

The VA prides itself on accuracy and providing quality care to veterans. This should also include accurate and timely claims processing and delivery of benefits. When VA is responsible for millions of claims, frequent rule changes for claims can strain the workforce and lead to human errors. The consequence should not rest on the veteran who has no control over unfortunate employee errors that may happen with their claims. The American Legion supports a congressional mandate that reaffirms VA's commitment to veterans. If an administrative error was made in the adjudication of a veteran's disability claim and this error is unknown to the veteran, there should be a mechanism for relief in favor of those impacted. Despite the challenges that exist for debt relief, The American Legion and our service officer corps have worked to support a tremendous amount of debt relief for veterans. In 2024, The American Legion service officers facilitated the reimbursement of \$14.8 million in debt relief for impacted veterans, and \$10.8 million year to date in 2025.

The American Legion supports Congress' efforts to ensure streamlined relief for veterans affected by administrative errors via The American Legion's Resolution No. 377: *Quality of Life*.

The American Legion supports H.R. 984 as currently written.

H.R. 1663: Veterans Scam and Fraud Evasion (VSAFE) Act

To amend title 38, United States Code, to establish in the Department of Veterans Affairs a Veterans Scam and Fraud Evasion Officer, and for other purposes.

The Federal Trade Commission (FTC) has noted an uptick in identity theft and other forms of financial crimes in the military & veteran communities, where it has received a two-fold increase in fraudulent reports.³ In 2021, the American Association of Retired Persons (AARP) noted that the military/veteran communities were 40 percent more likely to lose money to fraudsters than

² VA Office of Inspector General. "The PACT Act Has Complicated Determining When Veterans Benefits Payments Should Take Effect." VAOIG.GOV, accessed June 1, 2025. [The PACT Act Has Complicated Determining When Veterans' Benefits Payments Should Take Effect](#)

³ Kehrt, Sonner. "Military Veterans Are More Vulnerable to Scams Than Civilians." *Military Times*, August 19, 2022. <https://www.militarytimes.com/veterans/2022/08/19/military-veterans-are-more-vulnerable-to-scams-than-civilians/>.

their civilian counterparts, and that four out of five military/veteran adults were targeted by scams tied to their unique military benefits.⁴

From complex student loan scams and scholarship scams to impersonating government officials from a beneficiary agency, scammers have used increasingly unscrupulous tactics to prey on our nation's veteran population.⁵ These scams are often successful with service members and veterans dealing with mental health challenges or physical injuries which can diminish their capacity to manage day-to-day finances.⁶ As financial scams and identity theft become increasingly sophisticated, The American Legion urges more to be done.

This proposed legislation would create a dedicated position in VA to oversee the necessary analytical monitoring, tracking, and coordination of scam and fraud prevention efforts with other federal agencies and Veterans Service Organizations in real time. This effort will improve the overall awareness of potential scams and create much needed protections for vulnerable veterans. The American Legion strongly supports the proposal via Resolution No. 11: *Support Veteran and Reserve Servicemember Financial Protections*. This resolution calls for sound financial protection for veterans and reserve servicemembers against unscrupulous and predatory lenders

The American Legion supports H.R. 1663 as currently written.

H.R. 3185: Personnel Integrity in Veterans Affairs Act

To amend title 38, United States Code, to require a notation in the personnel record file of certain employees of the Department of Veterans Affairs who resign from Government employment under certain conditions, and for other purposes.

Unfortunately, some federal workers who engaged in misconduct or poor performance at the Department of Veterans Affairs have been permitted to quietly resign or transfer to another agency, facing no real accountability. This proposed legislation would mandate that any misconduct investigation be permanently annotated in a personnel file and prohibits the Secretary of Veterans Affairs from accepting any resignation, retirement, or transfer paperwork tendered from anyone currently under investigation. Furthermore, proposed legislation provides for employee safeguards under the current Merit Systems Protection Board structure so that an employee may contest the findings of an investigation.

This legislation became necessary after a 2022 misconduct incident where a Special Agent in Charge of the VA Office of Inspector General (OIG), who was under investigation for “conduct unbecoming,” was permitted to retire during the 30-day advance notice period required before VA

⁴ AARP, “AARP Survey: Veterans More Likely to Lose Money to Scams Than Civilians.” *AARP Press Center*, November 9, 2021. <https://press.aarp.org/2021-11-9-AARP-Survey-Veterans-More-Likely-to-Lose-Money-to-Scams-Than-Civilians>.

⁵ U.S. Department of Veterans Affairs. “Fraud Prevention.” Accessed June 2, 2025. <https://benefits.va.gov/BENEFITS/fraud-prevention.asp>.

⁶ “Letter to U.S. Representative Julia Brownley in Support of the Protecting Our Veterans from Financial Fraud Act, July 13, 2015.” The American Legion Digital Archive, July 13, 2015. <https://archive.legion.org/node/15416>.

could terminate him.⁷ Improving accountability will increase trust that VA's employees are of the highest caliber and will deliver the quality performance our veterans deserve. The American Legion supports H.R. 3185 through Resolution No. 375: *Prosecution of VA Employees Engaged in Fraudulent Practices in the Department of Veterans Affairs*, which urges Congress to press for a special prosecutor to be assigned to investigate and prosecute any Department of Veterans Affairs employees engaged in fraudulent practices.

The American Legion supports H.R. 3185 as currently written.

H.R. 3455: Veterans Affairs Distributed Ledger Innovation Act

To direct the Secretary of Veterans Affairs to conduct a comprehensive study on the use of distributed ledger technology in the Department of Veterans Affairs, and for other purposes.

This bill would create a study on the feasibility and advisability of creating a “distributed ledger”—also known as blockchain—capability for veteran benefits.

Although The Legion has no resolution and thus no formal position on the use of blockchain technology at VA, it must be noted that this technology could have the opposite intended effect of improving claims processing and benefits delivery. Due to the complexity of validating transactions that this technology uses to improve security and transparency, blockchain can be much slower than traditional database technology. The more it is used and the more transactions that are processed, the slower it gets at processing the transactions. According to a 2023 article on blockchain technology,

“Blockchain networks can be slow and inefficient due to the high computational requirements needed to validate transactions. As the number of users, transactions, and applications increases, the ability of blockchain networks to process and validate them in a timely way becomes strained. This makes blockchain networks difficult to use in applications that require fast transaction processing speeds.”⁸

Blockchain technology is also energy inefficient and has a scaled high energy usage for the many transactions and updates needed to track all benefits across the entire VA, with the energy usage per interaction growing with every interaction. While shared information, transparency, and transaction validations are valuable outcomes, the high demand for computer and energy infrastructure would continue to grow.

This could potentially end up being a burden on VA computer and energy resources, increasing with every update made to the ledger. Scaling over time could eventually take up a majority of VA's energy and computer processing resources. Potential benefits may not be worth the enormous cost of resources required to implement and maintain this technology.

⁷ “Summary of Internal Investigations Regarding Misconduct by a Former VA OIG Special Agent in Charge.” Department of Veterans Affairs, November 21, 2022. <https://www.vaogig.gov/reports/internal-investigation/summary-internal-investigations-regarding-misconduct-former-va-oig>.

⁸ Marr, Bernard. “The 5 Biggest Problems with Blockchain Technology Everyone Must Know About.” Forbes, February 20, 2024. <https://www.forbes.com/sites/bernardmarr/2023/04/14/the-5-biggest-problems-with-blockchain-technology-everyone-must-know-about/>.

The American Legion currently has no resolutions that could be used to support or oppose this legislation.

The American Legion holds no position on H.R. 3455.

H.R. 3482: Veterans Community Care Scheduling Improvement Act

To amend title 38, United States Code, to establish an online program through which an employee of the Department of Veterans Affairs may schedule an appointment for a covered veteran with a non-Department health care provider under the Veterans Community Care Program, and for other purposes.

The American Legion strongly supports H.R. 3482, the *Veterans Community Care Scheduling Improvement Act*, as a vital step toward ensuring timely access to quality health care for our nation's veterans. In the wake of the Phoenix VA wait time scandal—where delayed care and mismanagement led to tragic consequences—Congress responded with the bipartisan VA MISSION Act of 2018, empowering eligible veterans to seek care through community providers when the VA could not meet their needs promptly. This bill builds upon that commitment by creating an efficient, technology-driven system for VA employees to directly schedule appointments with participating community partner providers under the Community Care Program. Such modernization aligns with The American Legion's long-standing priority: removing barriers to care and reducing harmful delays. Including VA employees in the community care scheduling process will improve information-sharing with community providers and speed up the entire care continuum. H.R. 3482 helps restore trust in the VA health system and upholds our sacred obligation to those who served.

Despite legislative progress, veterans—particularly those in rural communities—continue to face unacceptable delays in accessing care through the Veterans Community Care Program. A 2024 report by the VA Office of Inspector General revealed persistent scheduling failures at the Martinsburg VA Medical Center where, between October 2022 and February 2023, it took staff an average of 45 days to schedule community care appointments after consults were put into in pending status. By the end of that fiscal year, delays worsened to 48 days on average, with only 31 percent of appointments meeting the VA's own seven-day scheduling target. These failures underscore the urgent need for the streamlined, technology-based scheduling solution proposed in H.R. 3482—a reform that will help ensure veterans receive the care they need when and where they need it.⁹

The Veterans Community Care Scheduling Improvement Act aims to establish an online program to improve the ability of the VA to schedule an appointment for a covered veteran with non-Department providers under the Veterans Community Care Program. This will be carried out by amending Public Law 116-315; 38 U.S.C 1701. The bill adds a new section which calls for the use of an information technology system which will allow a scheduler to view, search, and sort

⁹ U.S. Department of Veterans Affairs Office of Inspector General. *Delays in Community Care Consult Processing and Scheduling at the Martinsburg VA Medical Center in West Virginia*. Report No. 23-02020-85. May 2, 2024. https://www.vaoig.gov/sites/default/files/reports/2024-05/vaoig-23-02020-85_0.pdf

appointments by type of care, location, date, schedule such an appointment, provided referrals or authorization documentation, and perform any other function the Secretary determines necessary.

In response to these persistent challenges, the Department of Veterans Affairs has begun implementing a modernized solution known as External Provider Scheduling (EPS). This innovative system enables VA staff to book appointments directly into participating community providers' scheduling systems, eliminating the need for time-consuming phone calls and manual coordination. Currently deployed at 16 VA medical centers, EPS streamlines the scheduling process, reduces administrative burden, and improves the veteran experience. Among its key benefits are the ability to schedule appointments in under six minutes, enhanced flexibility with after-hours booking, visibility into drive times and appointment locations, and real-time access to provider availability and outcomes. H.R. 3482 would formalize and expand this promising advancement, helping to ensure that all veterans—regardless of where they live—benefit from timely, efficient access to care.¹⁰

The American Legion supports this legislation through Resolution No. 14: *Access to Care* which mandates that VA shall streamline the community care referral process to ensure that veterans have access to care in the most efficient manner possible.

The American Legion Supports H.R. 3482 as currently written.

H.R. 3483: Forcing Real Accountability for Unlawful Distributions (FRAUD) Act

To amend title 38, to direct the Secretary of Veterans Affairs to use an information technology system to detect fraud, waste, and abuse regarding claims for payment submitted to the Secretary under the Veterans Community Care Program.

The American Legion strongly supports efforts to ensure that all veterans receive timely, high-quality care—whether at a VA facility or through approved community providers. When care is delivered in the community and the condition is not connected to military service, VA has the legal authority to recover the cost of that care from a veteran's private health insurance. These reimbursements are not just financial transactions—they include the proper management of critical resources that directly support the broader mission of the Veterans Health Administration and improve care for all veterans.

To help manage the complex delivery of care through the Community Care Network, the Department of Veterans Affairs partners with two Third Party Administrators (TPAs)—Optum and TriWest—to oversee provider credentialing, appointment scheduling, and billing. While VA has maintained effective oversight of these TPAs, a February 2025 report from the VA Office of Inspector General revealed significant financial vulnerabilities within the system. The report highlighted approximately \$178.5 million in overpayments stemming from the incorrect

¹⁰ U.S. Department of Veterans Affairs. "Community Care Network—Information for Providers." Last modified June 4, 2025. [https://www.va.gov/COMMUNITYCARE/providers/Community-Care-Network.asp#:~:text=External%20Provider%20Scheduling%20\(EPS\)%20enables,the%20High%20Performing%20Provider%20Designation](https://www.va.gov/COMMUNITYCARE/providers/Community-Care-Network.asp#:~:text=External%20Provider%20Scheduling%20(EPS)%20enables,the%20High%20Performing%20Provider%20Designation).

application of Medicare or VA fee rates, as well as \$900 million in dental service charges resulting from a lack of safeguards to limit allowable reimbursements. These findings underscore the need for stronger fiscal controls to protect VA resources and ensure that every dollar supports the delivery of high-quality care to veterans.¹¹

Modern technology can create an automatic guardrail on certain payments that will improve visibility of potential errors. The American Legion supports the FRAUD Act of 2025 as a critical step toward improving oversight and accountability of resources within the Veterans Community Care Program. By directing the Department of Veterans Affairs to deploy advanced machine learning technology to detect fraudulent claims and prevent overpayments, this legislation promotes more responsible stewardship of taxpayer dollars and safeguards resources intended for veteran care. This effort aligns with Resolution No. 27: *The American Legion Policy on the Department of Veterans Affairs (VA) Billing of Private Insurance*, which calls for greater transparency and efficiency in VA's financial practices. Enacting this bill will help ensure that every dollar entrusted to the VA is used to deliver timely, high-quality care to those who served.

The American Legion supports H.R. 3483 as currently written.

H.R. 3494: VA Hospital Inventory Management System Authorization Act

To authorize the Secretary of Veterans Affairs to carry out an information technology system and prioritize certain requirements to manage supply chains for medical facilities of the Department of Veterans Affairs.

The American Legion is deeply concerned that each year, the Department of Veterans Affairs loses millions of dollars in medical supplies due to antiquated and inefficient inventory systems. These preventable failures have delayed critical surgeries and jeopardized the health and safety of the very veterans the VA is meant to serve. We believe the mission is clear: reduce waste, modernize operations, and guarantee our veterans timely access to the lifesaving medical equipment they've earned through their service.

This bill would give the VA the tools it needs to track and manage medical equipment across its healthcare facilities through the following provisions:

- Authorize the VA Secretary to develop or procure a modern cloud-based inventory system for medical equipment and supplies.
- Establish a pilot program at one VA facility to evaluate the effectiveness of the new system before broader implementation.
- Provide \$50 million in authorized funding to launch the pilot and implement the program.

Support for this legislation is grounded in extensive oversight. A 2023 OIG investigation into the Michael E. DeBakey VA Medical Center in Houston, TX revealed widespread deficiencies in

¹¹ "Community Care Network Outpatient Claim Payments Mostly Followed Contract Rates and Timelines, but VA Overpaid for Dental Services." Dept. of Veterans Affairs Office of Inspector General, February 20, 2025. <https://www.vaogig.gov/reports/audit/community-care-network-outpatient-claim-payments-mostly-followed-contract-rates-and>

inventory tracking and accountability, including improper recording of expendable supplies, equipment, and surgical implants. The failures were attributed to insufficient oversight and noncompliance with established procedures, which risked patient safety and increased the likelihood of waste. Similar vulnerabilities were found at the Denver Logistics Center, where outdated software and hardware created unacceptable security risks and undermined the integrity of VA's national ordering system.

At the Houston facility, the OIG found serious lapses in supply chain management, including the failure to accurately record and account for expendable supplies, nonexpendable equipment, and surgical implants—despite clear directives outlined in VHA policy. These shortcomings were the result of inadequate oversight and enforcement of established inventory procedures, increasing the risk of supply loss or the use of expired materials in patient care. Comparable issues were identified at the Denver Logistics Center, where a lack of proper system controls left inventory data exposed to access and security vulnerabilities. The facility's outdated software and hardware further compounded the risk, creating transparency gaps and leaving critical infrastructure open to physical breaches. According to the OIG, the overall state of the VA's national ordering system is rapidly approaching unsustainability.¹²

The American Legion has consistently emphasized the importance of modern, standardized procurement practices to meet the evolving needs of our nation's veterans.

As the OIG has weighed in on this issue extensively, citing deficiencies in managing supplies, equipment, and implant inventory; The American Legion supports this legislation through Resolution No. 25: *Reviews of the Department of Veterans Affairs Programs*.

The American Legion supports H.R. 3494 as currently written.

DRAFT: To authorize the Secretary of Veterans Affairs to carry out a program to modernize the electronic health record system of the Department of Veterans Affairs, and for other purposes

To authorize the Secretary of Veterans Affairs to carry out a program to modernize the electronic health record system of the Department of Veterans Affairs, and for other purposes

Since the American Legion's founding, we have advocated for first class healthcare for our nation's veterans and their families. In 2025, to meet first class standards, a patient's records must be easily accessible and readable regardless of which VA hospital they receive care from.

Since 2001, the Department of Veterans Affairs has launched four separate efforts to modernize its aging health information system, VistA. These initiatives—HealtheVet, the integrated Electronic Health Record (iEHR), VistA Evolution, and now the Electronic Health Record Modernization (EHRM) program—have each pursued different approaches toward achieving a

¹² U.S. Department of Veterans Affairs, Office of Inspector General. *Significant Deficiencies Found in VA's Denver Logistics Center Inventory Management Operations and Systems*. Report No. 22-02739-210. December 13, 2023. <https://www.vaogig.gov/reports/audit/significant-deficiencies-found-vas-denver-logistics-center-inventory-management>

modern, interoperable health IT system. Despite the Department's repeated efforts, no initiative to date has delivered the lasting transformation promised to veterans. The current initiative, EHRM, marks a significant shift by moving VA to the same commercial electronic health record platform currently being deployed by the Department of Defense (DOD).

The VA's mission to "Transform how VA delivers health care by implementing an enterprise-wide Electronic Health Record (EHR) system to standardize care across facilities, strengthen interoperability and collaboration with federal and community partners, foster innovation, improve provider and Veteran experiences, and ensure the continued delivery of high-quality, safe, and efficient health care to the nation's Veterans" is noble and achievable.

However, achieving this requires more than government resolve—it demands dependable performance from private sector partners. VA, Oracle, and Congress must continue working together by delivering a product that meets clinical needs, treating this mission with the urgency and seriousness it deserves. Veterans' lives and wellbeing depend on it.

Section 3 – Modernization of VA's EHR and Health IT Systems

This section provides the foundation for the entire bill by authorizing the Secretary to either continue improving the current EHRM program or to implement an entirely new program. Most critically, it outlines ten specific purposes of the modernization, including:

- Improving care delivery through better coordination, access, and quality.
- Enhancing employee satisfaction and workflow efficiency, critical to retaining medical professionals in VA facilities.
- Advancing data consistency and interoperability, ensuring VA, DOD, and community care providers speak the same digital language.
- Protecting personal information—a growing concern in today's cybersecurity climate.

These goals are not abstract. For veterans, it means fewer repeated tests, quicker diagnoses, and seamless transitions from active duty to VA care. For providers, it means less time battling clunky systems and more time focusing on patients.

Section 4 – Clear Leadership and Accountability

This section establishes a governance structure that assigns specific responsibilities to the Deputy Secretary, Under Secretary for Health, and Assistant Secretary for Information and Technology. One of the historic failings of the EHRM rollout has been fragmented authority and a lack of coordination. By assigning direct accountability to senior VA leaders and establishing a Program Executive Director, this legislation provides a clear command structure to manage complexity and drive performance.

Section 5 – Protecting Veterans' Personal Data

Veterans entrust the VA with some of their most sensitive health and service records. This section mandates strict contractual protections to ensure personal and health data is never monetized or misused. It also requires VA to train employees and contractors to identify and prevent such abuses. Veterans should never fear that their information is being exploited.

Section 6 – Workflow Baselines and Best Practices

This provision mandates that VA conduct a full inventory of clinical workflows, compare them to best practices, and set a national baseline. Why is this important? Because inconsistent workflows across sites have caused breakdowns in communication, training gaps, and patient safety concerns. Establishing a unified clinical standard ensures every veteran receives the same high-quality care, no matter where they go in the VA system.

Section 7 – Health Care Quality Metrics

Quality cannot be managed unless it is measured. This section requires VA to establish uniform quality metrics—tailored to facility size and complexity—and make them public. It also ensures continuation of the Strategic Analytics for Improvement and Learning (SAIL) model, providing transparency and promoting accountability.

Section 11 – Resource Reporting for Future Sites

Before any new facility implements the EHR, the bill requires a detailed report on resources needed, including staffing, training, funding, and technical support. This ensures future deployments are not rushed or underprepared, preventing the kind of disruptions that affected early pilot sites.

Section 12 – Transparency on VistA Maintenance

Even as we modernize, thousands of veterans still rely on VistA. This section mandates annual reporting on VistA’s costs, capabilities, and stability, ensuring we don’t lose sight of those still using the legacy system during the conversion. It also ensures Congress and stakeholders can plan for a responsible and phased transition.

Section 13 – Enhanced Quarterly Reports

By expanding the reporting requirements from the Veterans Benefits and Transition Act of 2018, this section brings more transparency to contractor performance, system downtime, user satisfaction, and financial impacts. Veterans and taxpayers deserve a system that works—and the data to prove it.

Sections 14–16 – Guardrails and Oversight

The final sections call for timely reporting on program structure, readiness assessments, and performance criteria. These are the kind of governance tools necessary to oversee a complex, long-term effort like EHR modernization.

The American Legion believes this bill is a meaningful response to years of systemic challenges within VA’s health IT modernization efforts. It centers on what matters most: the delivery of timely, safe, high-quality care to our nation’s veterans. By setting clear goals, defining leadership roles, protecting personal data, and demanding transparency and accountability, this legislation builds the structure necessary to succeed where past efforts have fallen short. Our support is grounded in long-standing policy positions, including Resolution No. 83: *Virtual Electronic Lifetime Record* and Resolution No. 14: *Electronic Health Record*, which affirm that VA must have a modern, interoperable electronic health record system to facilitate the best possible care for veterans.

The American Legion supports the draft legislation as currently written.

DRAFT: To amend title 38, United States Code, to prohibit the collection of a health care copayment by the Secretary of Veterans Affairs from a veteran after a two-year period if

the delay in collection is attributable to a failure of an employee, official, or information system of the Department of Veterans Affairs to process certain information within applicable timeliness standards established by the Secretary

To amend title 38, United States Code, to prohibit the collection of a health care copayment by the Secretary of Veterans Affairs from a veteran after a two-year period if the delay in collection is attributable to a failure of an employee, official, or information system of the Department of Veterans Affairs to process certain information within applicable timeliness standards established by the Secretary

This bill would remove the financial liability of any veteran who receives care under a VA health plan and receives a copayment invoice two years or more after the service was performed. This legislation would protect veterans from being burdened with unexpected or excessive medical bills caused by bureaucratic delays or administrative errors, and encourages timely billing processes at VA. In addition, if an error by a VA employee, official, or system causes a veteran to be charged more than \$2,000 in copays for care, the veteran would not be required to pay any amount above \$2,000.

The American Legion supports this legislation through Resolution No. 36: *Copayment and Enrollment Fees for Priority Groups 7 and 8*. The Legion backs all efforts to reduce copayments for veterans receiving health care at VA.

The American Legion supports the draft legislation as currently written.

CONCLUSION

Chairwoman Kiggans, Ranking Member Ramirez, and distinguished members of the subcommittee, The American Legion thanks you for your leadership on these important issues and for allowing us the opportunity to provide feedback on legislation.

The American Legion looks forward to continuing this work with the Committee and providing the feedback we receive from our membership. Questions concerning this testimony can be directed to Jake Corsi, Legislative Associate, at jcorsi@legion.org.

Prepared Statement of Cody Carbone

**Testimony of Cody Carbone
President and CEO, The Digital Chamber
House Committee on Veterans' Affairs Subcommittee on Oversight &
Investigations**

June 11, 2025

Chairwoman Kiggans, Ranking Member Ramirez, and distinguished members of the Subcommittee, thank you for the opportunity to testify before you this morning. My name is Cody Carbone, and I proudly serve as the President and CEO of The Digital Chamber.

The Digital Chamber is a non-profit trade organization committed to promoting blockchain adoption. We envision a fair and inclusive digital and financial ecosystem where everyone has the opportunity to participate. I am here today on behalf of our membership, representing over 200 companies across the globe.

We sincerely appreciate the Subcommittee's interest in harnessing emerging technologies to enhance the services provided to those who have served our nation. Congresswoman Nancy Mace has introduced H.R. 3455, the "Veterans Affairs Distributed Ledger Innovation Act of 2025," directing the U.S. Department of Veterans Affairs (VA) to study how blockchain technology can revolutionize the delivery of veterans' benefits and services. Her efforts highlight bipartisan recognition that outdated 20th-century systems are failing our veterans and that modern tools like blockchain must be explored.

Why Modernization Can't Wait

Blockchain has the potential to transform the VA. The VA possesses a commendable history of innovation, ranging from the pioneering implementation of electronic medical records to recent advancements in cloud computing and artificial intelligence. However, many of the legacy systems that once placed the VA at the cutting edge are now straining under 21st-century demands, leading to slowing claims, fragmenting health records, and leaving veterans to navigate a maze of paper and outdated portals.

The VA provides critical benefits and care to a community of nearly 17 million U.S. military veterans, along with their families and survivors. Ensuring that these veterans receive efficient, transparent, and reliable services must be a national priority. We stand at a moment when the digital revolution can be utilized in the service of those who served us.

What is Blockchain?

Blockchain is a digital ledger that's shared across multiple computers, or nodes. When a record is written, it is cryptographically sealed into a time-stamped *block* that also contains the fingerprint (hash) of the block before it. If anyone tries to alter a past entry, every subsequent fingerprint breaks—making tampering immediately obvious and preventable. This built-in integrity lets veterans, physicians, and hospitals trust the data they see.

For the VA, blockchain's real power comes from smart contracts—self-executing code that runs when preset rules are met. They can automatically verify eligibility, calculate benefits, and release payments, slashing paperwork and wait times. Because the ledger is decentralized across multiple computers, there's no single point of failure; the entire ecosystem of hospitals, clinics, benefits offices, and external partners views the same tamper-evident information in real time, strengthening both resilience and transparency.

Five Ways Blockchain Solves VA Pain Points

Blockchain offers a promising suite of tools to address several enduring challenges encountered by the VA.

- 1) **Blockchain would allow for secure and portable health records:** Veterans often face gaps in their health records across the military, VA, and private providers. Blockchain can ensure that a veteran's medical history is tamper-proof, securely logged, and portable, which will enable faster, safer care across any provider while giving the veteran control over who sees their records.
- 2) **Blockchain would speed up and secure benefit delivery:** From disability claims to GI bill payments, VA benefits are often delayed by outdated systems and paperwork. Blockchain can automate eligibility checks and streamline disbursement through smart contracts, resulting in faster, trackable, and more reliable benefits processing for veterans.
- 3) **Strengthen identity verification and reduce fraud:** The VA invests heavily in confirming veteran identity, yet fraud remains a challenge. Blockchain-based digital IDs, linked to verified service and health data, can reduce identity theft and ensure benefits go only to the right person.
- 4) **Enhance transparency and audit readiness:** Many VA systems lack a reliable audit trail. Blockchain creates a transparent, time-stamped log of every action, like data access or record edits.
- 5) **Increase system resilience and trust:** By decentralizing critical data, blockchain reduces reliance on a single point of failure. It helps modernize infrastructure to ensure continuity across VA hospitals, clinics, benefit offices, and partners, building confidence that veterans' data and benefits are secure and properly managed.

It is crucial to note that blockchain is not a cure-all. Implementing innovation requires careful planning, robust privacy and security controls, and pilot programs to validate scalability within the VA's unique environment. The Digital Chamber and industry partners are ready to assist and share expertise as the VA and Congress explore these applications. The proposed Veterans Affairs Distributed Ledger Innovation Act of 2025 is a prudent first step in identifying high-

value opportunities and addressing any associated risks. Ultimately, blockchain should be seen as a tool in service of the VA's broader mission:" *to care for those who have borne the battle.*"

Where Blockchain is Already Making A Difference

By enhancing data integrity, accelerating processes, and enabling trusted collaboration, this technology can help the VA – and broader federal government – deliver benefits with the accuracy, security, and responsiveness that our veterans deserve in the digital age.

From the expedited processing of GI Bill payments and the safeguarding of medical records to the automation of insurance claims and the prevention of fraud, each addresses significant challenges faced by veterans and the VA in contemporary settings.

It is crucial to note that these promises and innovations provided by blockchain are not science fiction hypothetical situations; instead, they are rooted in pilot programs and initiatives that have already been tested either within the federal government or by industry leaders, demonstrating measurable improvements in efficiency, transparency, and trust:

- In **education**, blockchain is empowering students (including veterans) to own and share their learning credentials. These credentials live as tamper-proof digital certificates held by the student, letting schools and employers verify them instantly.
- In **healthcare**, blockchain networks have demonstrated their ability to handle large transaction volumes in drug supply chains. They can help save billions by simplifying provider data management, which directly aligns with the VA's need to modernize electronic health record (EHR) and provider systems.
- In **financial services**, such as home loans and insurance, blockchain solutions are already reducing settlement times from days to seconds, which translates to better, faster outcomes for veterans awaiting a home closing or an insurance payout.
- In **benefits processing and anti-fraud efforts**, the tamper-proof audit trails and cross-agency visibility that blockchain offers could help VA sustain the record-breaking output it achieved in 2024¹ while minimizing errors, overpayments, and fraud that undermine public confidence.

Why Security and Privacy Improve – Not Suffer – Under Blockchain

Veterans' medical and personal information is exceedingly sensitive in nature. At the same time, our government is exceedingly vulnerable to cyberattacks, which not only pose risks of privacy breaches but also have the potential to erode trust in the VA's systems. Blockchain technology has the capacity to enhance security in several ways.

- 1) Its decentralized architecture eliminates the existence of a single hackable database; an assailant would need to simultaneously compromise multiple nodes [or computers], which presents a significantly greater challenge than infiltrating a central server.

¹ *HELIX Protocol: A Blockchain Architecture for Healthcare Finance.* SSRN, papers.ssrn.com/sol3/papers.cfm?abstract_id=5198764.

- 2) Blockchain employs robust cryptographic techniques to link blocks of data; any attempts to modify a historical record would be promptly identifiable to the network, thereby alerting administrators to possible tampering. In simplest terms, each block is digitally “locked” to the one before it, so if anyone tries to change an old entry the chain immediately shows the break and signals that something’s wrong.
- 3) Blockchains can utilize contemporary encryption methods such that data is exclusively accessible to individuals possessing the appropriate cryptographic keys. For example, a veteran’s identity or health record could be represented by an encrypted token on the ledger, with decryption of the actual data available solely to clinicians or systems authorized by the veteran. It puts ownership of the data back in the hands of the veteran or individual and out of the hands of a centralized entity, like the government. This framework aligns effectively with the zero-trust security principles that are increasingly endorsed within government systems.

Moreover, as every access event can be recorded immutably, blockchain facilitates unparalleled accountability; the identity of individuals accessing specific data is both transparent and auditable in real-time.

Empowering Veterans Through Data Ownership

Blockchain is not simply an efficiency upgrade for the VA; done right, it flips the power dynamic in favor of the veteran. Utilizing blockchain technology would let each veteran carry verifiable proof of service, disability rating, medical credentials, or GI bill status on their phone – each easily proven or verifiable through the underlying infrastructure and programmable smart contracts on top of it. No more mailing papers or waiting weeks for verification letters; the blockchain ledger confirms authenticity instantly while the veteran remains the sole custodian of the underlying data.

For example, blockchain can enable a digital identity or self-sovereign identity (SSI), specifically designed for veterans; this essentially refers to a portable, blockchain-secured digital identity that is entirely controlled by the individual. Veterans would have access to a digital wallet available via smartphone or computer that contains verifiable credentials, which may include proof of military service (e.g., DD-214 data), VA health patient credentials, disability rating, and other essential records.

Through the utilization of blockchain technology, each credential is signed and can be verified without the necessity for the veteran to request official letters or carry physical documentation repeatedly. When a veteran is required to demonstrate their status to access various services, such as consulting with a new healthcare provider, obtaining benefits from an educational institution under the GI Bill, or receiving a veteran discount from a private business, they could share a tamper-proof credential from their digital wallet. The recipient can confirm its authenticity through the blockchain instantaneously and cryptographically, thus eliminating the need for the veteran to navigate VA channels for verification. This approach not only empowers veterans, granting them greater control over their personal data and the ability to dictate who may access their information, but also reduces the administrative burden on VA offices that presently process thousands of verification requests.

Moreover, a blockchain-based identity could facilitate streamlined logins across VA digital services. Rather than managing multiple accounts for VA healthcare, the benefits portal, and other services, a veteran's SSI could function as a singular, secure login, implemented across various systems, similar to LOGIN.GOV but utilizing user-controlled credentials.

Countries such as Canada and the Netherlands are currently experimenting with SSI systems for their citizens to interact with government services², and the U.S. Department of Homeland Security has invested in pilot programs for SSI for veterans³ (for instance, to validate their training credentials with employers). The VA could actively participate in these initiatives, ensuring that veterans retain ownership of their data and agency in the digital landscape while maintaining privacy through blockchain's encryption.

In short, blockchain transforms veterans from passive recipients of benefits into active owners of their digital identity.

From Pilots to Scaled Solutions

The shift in ownership and control is not only empowering, but essential in a time of rising data breaches and privacy risks. Blockchain's potential to strengthen Health Insurance Portability and Accountability Act (HIPAA)⁴ compliance and auditability comes at a critical moment. Significant healthcare data breaches continue to be reported to the Department of Health and Human Services (HHS) Office for Civil Rights (OCR). In 2024, the OCR data breach portal indicates that there were 725 data breaches involving 500 or more records, marking the third consecutive year with more than 700 major incidents.⁵

The VA itself has experienced breaches involving veterans' data in the past. Adopting blockchain technology could aid in preventing breaches by eliminating central points of failure and by encrypting and dispersing access control, thereby rendering unauthorized access exceedingly challenging. In conclusion, blockchain has the potential to construct a robust framework of integrity around sensitive data, maintaining its privacy and security, and ensuring that it remains solely within the purview of authorized entities.

Modernizing Benefits Delivery and Fraud Prevention

The VA administers a multitude of benefits, which encompass disability compensation, pension payments, caregiver stipends, and insurance programs. These processes necessitate the verification of eligibility, claims processing, and fund disbursement. Regrettably, they also serve

² *The Known Traveller: Unlocking the Potential of Digital Identity for Secure and Seamless Travel*. World Economic Forum, www3.weforum.org/docs/WEF_The_Known_Traveller_Digital_Identity_Concept.pdf.

³ *Silicon Valley Innovation Program – Blockchain & Distributed Ledger Technologies*. U.S. Department of Homeland Security, decentralized-id.com/government/usa/dhs/.

⁴ *Health Insurance Portability and Accountability Act of 1996*. Pub. L. 104-191, 110 Stat. 1936. 21 Aug. 1996. Congress.gov, www.congress.gov/bills/104/191/congress-house-bill/3103.

⁵ *2024 Healthcare Data Breach Report*. HIPAA Journal. Retrieved from <https://www.hipaajournal.com/2024-healthcare-data-breach-report/>

as potential targets for fraud, waste, or abuse if not adequately controlled. The implementation of blockchain technology can significantly enhance transparency and automation, thereby mitigating these risks.

In the context of disability claims, the utilization of smart contracts on a blockchain would enable the automatic cross-verification of service records, medical evidence, and policy regulations upon the submission of all requisite data. This approach could expedite the adjudication process while flagging any anomalies, such as duplicate claims or inconsistent information, for manual review and verification. Crucially, once a claim decision is documented on the ledger, it is time-stamped and tamper-proof, making it ideal for audit purposes or appeals. In terms of fraud prevention, an immutable ledger of transactions facilitates the detection of patterns indicative of suspicious activity.

An example is that if an individual attempts to reroute veteran benefit payments or fabricate a beneficiary record, the inherent transparency of the blockchain would make such malicious alterations obvious and traceable, thereby deterring such actions by design. A legislative report accompanying the Veterans Affairs Distributed Ledger Innovation Act could note that blockchain could facilitate the “streamlining of the insurance claim process” and enhance the integrity of benefits delivery. This is not merely theoretical. The Centers for Medicare & Medicaid Services (CMS) have conducted experiments using blockchain technology in provider credentialing to combat fraudulent billing practices.⁶ Simultaneously, private health insurers, through the Synaptic Health Alliance (founded by Aetna, Humana, MultiPlan, Quest Diagnostics, and UnitedHealth Group), are employing a blockchain ledger to ensure accurate provider directories, consequently reducing false claims regarding in-network providers.⁷ These preliminary initiatives suggest that billions in improper payments could be prevented by transitioning from paper-based, opaque processes to transparent, rules-based digital ledgers.

Securing the Medical Supply Chain

The Veterans Health Administration operates one of the nation’s largest pharmacy networks, providing medications and medical devices to millions of veterans. That scale makes it vulnerable to counterfeit products, recalls, and costly inventory delays.

Blockchain-based track-and-trace systems have already proven they can close those gaps. In accordance with the Drug Supply Chain Security Act (DSCSA)⁸, the Food and Drug Administration (FDA) has urged the industry to establish unit-level tracking for prescriptions. During a pilot program conducted by the FDA in 2019–2020, four prominent companies (IBM, KPMG, Merck, Walmart) developed a blockchain system aimed at tracing drug shipments.⁹ The

⁶ Mackey, Tim Ken et al. “Combating Health Care Fraud and Abuse: Conceptualization and Prototyping Study of a Blockchain Antifraud Framework.” *Journal of medical Internet research* vol. 22,9 e18623. 10 Sep. 2020, doi:10.2196/18623

⁷ *Improving Provider Data Accuracy*. Synaptic Health Alliance. Retrieved from https://f.hubspotusercontent40.net/hubfs/4801399/Synaptic_Health_Alliance_BlockchainWhite_Paper.pdf

⁸ *Drug Supply Chain Security Act*. Pub. L. 113-54, 127 Stat. 587. 27 Nov. 2013. Congress.gov, www.congress.gov/bills/113th-congress/house-bill/3204.

⁹ *Blockchain Interoperability Pilot Project Report*. KPMG. Retrieved from <https://kpmg.com/kpmg-us/content/dam/kpmg/pdf/2023/blockchain-interoperability-pilot-project-report.pdf>

outcome determined that the blockchain surpassed the FDA's interoperability benchmarks for pharmaceutical tracking, prompting regulators to label it "safety-enhancing answer" for drug traceability.

Should the VA integrate with analogous blockchain networks (or operate its own for internal supply chains), it could secure the authenticity of medications and devices administered to veterans in second. This is particularly critical, given the known issue of counterfeit or substandard drugs within global supply chains. The same ledger could track high-value medical equipment such as prosthetics and implants, giving logistics teams real-time visibility into stock levels, expiration dates, and bottlenecks. In short, a single, tamper-proof record from factory to frontline clinic would cut waste, deter fraud, and ensure veterans receive genuine, safe products exactly when they need them.

Streamlining Provider Credentialing

Another administrative burden in the healthcare sector is verifying the credentials of medical professionals and ensuring that these credentials remain current. The VA, which employs thousands of doctors, nurses, and technicians while collaborating with community providers through the VA Community Care Network, must continuously verify licenses, certifications, training, and hospital privileges. Traditionally, this process involves repeated manual checks and isolated credential databases, which can result in delays in onboarding providers or even service gaps if a provider's credentials lapse without notice. Blockchain technology offers a collaborative solution: a credentialing ledger wherein accreditation bodies, such as state medical boards, nursing boards, and specialty boards, can issue cryptographic attestations regarding a professional's credentials. Each VA facility or partner can promptly consult the ledger to confirm a provider's qualifications and determine whether any sanctions or expirations have occurred, all in real-time.

Improving GI Bill Benefits and Credential Portability

One of the fundamental programs of the VA is educational assistance, commonly referred to as the GI Bill. The administration of GI Bill benefits requires verifying veteran eligibility, tracking enrollments, and processing tuition and housing payments across hundreds of educational institutions and training providers. At times, these processes have encountered challenges due to outdated information technology systems. For instance, upon the enactment of the Forever GI Bill in 2017 (Harry W. Colmery Veterans Educational Assistance Act)¹⁰, the VA discovered that the implementation of its provisions required modifications to twenty-two separate systems, at a projected cost of \$70 million; in the absence of such updates, nearly one thousand additional personnel would have been required to process claims manually.

¹⁰ *Harry W. Colmery Veterans Educational Assistance Act of 2017*. Pub. L. 115-48. 16 Aug. 2017. Congress.gov, www.congress.gov/bills/115th-congress/house-bill/3218.

Additionally, in 2018, technical malfunctions resulted in tens of thousands of veterans facing delays in their GI Bill payments, underscoring the urgent need for more resilient, modern technology.¹¹

Blockchain can help address these issues in two ways: streamlining benefit processing and verifying credentials. A permissioned blockchain ledger could connect the VA, schools, and student veterans, enabling real-time tracking of enrollments and triggering automated stipend payments using smart contracts. Rather than relying on batch processing or manual certification at the end of each semester, educational institutions could upload enrollment confirmations directly to a shared ledger accessible by the VA. Each transaction would be time-stamped, immutable, and auditable, which would improve clarity, reduce disputes, and help veterans receive payments on time.

Additionally, blockchain can transform how veterans prove their educational achievements. Today, verifying credits, certifications, or military training equivalencies often relies on paper records and siloed systems. Using blockchain, schools could issue tamper-proof, digitally signed credentials – such as diplomas or course completions – that veteran’s control and can share securely with employers, licensing bodies, or other schools. The Department of Education’s Education Blockchain Initiative has already piloted this approach, including a project to convert military training into civilian credit via blockchain wallets. These tools would reduce friction, fraud, and redundancy, helping veterans get credit for what they’ve already earned and easing their transition to new careers or degrees.

Modernizing the GI Bill with blockchain supports the VA’s 21st-century mission – ensuring accurate payments, portable credentials, and veteran-first systems built on transparency and trust.

Recommendations

Like any transformative technology, blockchain is often misunderstood. To maintain a balanced perspective, it is imperative to address the prevalent concerns that policymakers or stakeholders may harbor regarding the implementation of blockchain within federal healthcare systems. To fully harness blockchain for modernizing veteran services, Congress, the VA, and interagency partners can take several steps. Below are our recommendations, aligned with fostering innovation while managing risk:

1. Enact and fund the VA Blockchain Study (Distributed Ledger Innovation Act of 2025)

Congress should enact the legislation proposed by Representative Mace, which mandates a comprehensive study on blockchain technology by the VA. This study, which must be completed within a one-year timeframe for reporting, will provide a clear framework outlining the potential role of blockchain technology in the VA’s modernization initiatives for both a five-year and a ten-year timeline. It is essential that the provisions of the bill be supported with adequate funding and expert resources. The VA should form partnerships with academic institutions and federally

¹¹ Horton, Alex. “Veterans Aren’t Getting Their GI Bill Payments — Because VA’s 50-Year-Old Computer System Broke.” *The Washington Post*, 15 Nov. 2018.

funded research and development centers (FFRDCs) that possess expertise in blockchain technology to assist in conducting the feasibility study. The resulting report will serve as a valuable resource for this Committee to oversee subsequent actions. By thoroughly analyzing both the advantages and risks, the study will promote an informed approach to any adoption of the technology, considering potential implications.

Furthermore, we recommend that the study solicit feedback from veterans and VA field offices to ensure that the perspectives of end-users are duly considered.

2. Launch Pilot Programs in High-Impact Areas:

Following the study (or even concurrently, as some groundwork is laid), the VA should initiate a series of pilot programs or proof-of-concept projects. Pilots enable real-world testing on a small scale without risking disruption to the entire system.

We recommend pilots in at least three domains: (a) Health Data Exchange, (b) Supply Chain Management, (c) Claims Automation.

- *(a) Health Data Exchange Pilot:* Select a region (perhaps a VISN – Veterans Integrated Service Network) where several VA Medical Centers and community care providers agree to participate. Implement a blockchain-based referral and medical record exchange system between them. Use synthetic patient data first, then opt-in real patient data with consent. Measure improvements in data retrieval time, reduced duplicative tests, and patient satisfaction.
- *(b) Supply Chain Pilot:* At one VA pharmacy depot or hospital, integrate a blockchain solution to track one high-value medication or medical device from manufacturer to point of use. Work with industry partners (which could include manufacturers who participated in FDA's DSCSA pilots). Evaluate if the blockchain reduces time to authenticate shipments, improves inventory accuracy, or flags any supply issues proactively.
- *(c) Claims/Benefits Pilot:* Use a controlled environment to process a sample of straightforward benefit claims (e.g., travel reimbursements or education benefit disbursements) through a blockchain-based smart contract system. Compare processing times and error rates against the traditional system. This could also be done for something like verifying veteran-owned small business status for procurement – using blockchain credentials to streamline verification in contracting (which is a VA responsibility as well).

Congress has the capacity to facilitate these pilot programs by granting explicit authority and appropriating funds within the VA budget. The establishment of a specific line item designated as "Emerging Tech Pilots – Blockchain," with a modest financial allocation, would enable VA's Office of Information and Technology, along with the Innovation Center, to implement these initiatives in collaboration with external partners.

Furthermore, instituting a requirement for reporting on the outcomes of the pilot programs back to Congress would promote transparency and accountability.

3. Support for Interagency Collaboration and Standards Development

The VA should not operate in isolation. Healthcare data interoperability, cybersecurity, and digital identity represent cross-cutting issues. We recommend that Congress encourage the VA to collaborate with agencies such as the Office of the National Coordinator for Health Information Technology (ONC) to establish interoperability standards that incorporate blockchain technology, as well as with the National Institute of Standards and Technology (NIST) to develop federal guidelines on blockchain security and best practices (NIST has already published preliminary guidance on blockchain for identity management¹²; this could be expanded).

The Department of Defense (DoD) is another key partner; the DoD's health system (MHS Genesis) and the VA are expected to seamlessly share records as service members transition to veteran status. A joint VA-DoD blockchain pilot project could specifically target the transition of health records and credentials from active duty to VA care, ensuring that no information is lost when a service member transitions to VA care. The Department of Health and Human Services (HHS) could be involved in broader health data exchange frameworks. International standards bodies, such as the Institute of Electrical and Electronics Engineers (IEEE)¹³ and the International Organization for Standardization (ISO)¹⁴, have blockchain working groups in which input from U.S. federal agencies would also be valuable. Congress may consider directing the VA to provide an update regarding its engagement in such collaborative efforts.

4. Address Regulatory and Legal Clarity

If any legal barriers to the utilization of blockchain technology are present, it is imperative to identify and eliminate them. For example, existing regulations concerning VA records management may presume the use of centralized databases; therefore, Congress could take preemptive action to update laws, explicitly permitting the use of distributed ledger technology to satisfy record-keeping obligations.

Furthermore, it is essential to ensure that records generated through smart contracts are acknowledged as valid and enforceable, possibly referencing the work related to the Electronic Signatures in Global and National Commerce Act (E-SIGN) and various state-level modifications pertaining to blockchain. Adjustments may also be necessary regarding privacy laws to facilitate the type of controlled data sharing made possible by blockchain technology; for instance, it should be clarified that consent obtained from a veteran through a blockchain smart contract constitutes a valid HIPAA authorization. While these are complex areas, proactive legal measures can help circumvent bureaucratic obstacles in the future. The Digital Chamber is prepared to collaborate with lawmakers in identifying such requirements.

¹² *Blockchain Identity Management Approaches*. NIST Cybersecurity White Paper (Draft), National Institute of Standards and Technology, 9 July 2019.

¹³ *IEEE Blockchain Technical Community*. IEEE Standards Association. Includes standards such as IEEE 2140.1–2020, 2140.2–2021, 2140.4–2023, 2140.5–2020. *IEEE Blockchain Technical Community*, blockchain.ieee.org/standards.

¹⁴ *ISO/TC 307 – Blockchain and Distributed Ledger Technologies*. International Organization for Standardization. iso.org/committee/6266604.html.

5. Promotion of Education and Training

It is imperative that both VA personnel and veterans receive education regarding this new technology to facilitate its smooth adoption. We strongly recommend that Congress provide support for training programs, potentially as a component of the pilot funding, aimed at training VA IT staff and clinicians on the foundational aspects of blockchain utilization within their workflow. For veterans, the VA should disseminate clear communications, utilizing existing outreach channels, to explain any new blockchain-based tools. If a veteran is to use a digital wallet for their health records, it is essential that they understand the safe usage of such technology. Engaging with organizations such as Operation Bitcoin or Veterans in Blockchain groups can help create educational materials that are accessible and beneficial to veterans.

Furthermore, establishing scholarships or grants for veterans to pursue education in blockchain development or cybersecurity should be considered, as these skills can be employed within the VA or other governmental agencies, thereby cultivating a pipeline of talent that possesses a profound understanding of the veteran experience.

6. Oversight and Metrics

As blockchain initiatives advance, it is essential to define success metrics and meticulously monitor them. We recommend that the VA, in its reports to Congress, includes quantifiable outcomes such as the reduction in data exchange time, the number of fraud incidents before and after the implementation of blockchain technology, the percentage decrease in supply chain discrepancies, and the improvement in patient satisfaction scores. This data-driven approach will assist in making a compelling case for, or transparently outlining the limitations of, further investment. Additionally, it will identify areas that require adjustment. Congress may wish to consider mandating an annual “Emerging Technology in VA” hearing or report, wherein blockchain projects are included, to sustain momentum and ensure proper oversight.

Our policy recommendations focus on facilitating innovation, bolstered by prudent supervision. By establishing a foundation through comprehensive research, initiating targeted pilot programs, nurturing partnerships, and revising regulations, Congress can help the VA advance technologically while mitigating risks. The ultimate objective remains consistently in view: to provide enhanced, expedited, and safer services to our veterans.

Conclusion

In conclusion, Chairwoman, I would like to express my gratitude to you and the Subcommittee for your exemplary leadership in examining emerging technologies related to veteran services and opportunities to reduce government waste. The VA has been a leader in innovation as mentioned at the outset, and blockchain technology represents the next frontier in this journey of innovation.

With prudent adoption, it has the potential to strengthen the sacred trust that exists between veterans and their government by ensuring that every benefit earned is a benefit delivered efficiently, transparently, and faithfully.

I am appreciative of the opportunity to provide testimony today on this significant matter. I am prepared to respond to any inquiries and to continue collaborating with you and the Subcommittee in the effort to improve the systems that support our veterans.

Prepared Statement of Edward O'Bryan**WRITTEN TESTIMONY DRAFT****Edward C. O'Bryan, MD, MBA, CPE****Associate Professor of Medicine, Medical University of South Carolina****Former Attending Physician, Ralph H. Johnson VA Medical Center****June 11, 2025 | U.S. House Committee on Veterans' Affairs****Subcommittee on Oversight & Investigations**

Thank you for the opportunity to provide testimony today. My name is Dr. Edward O'Bryan, and I am an Associate Professor of Medicine at the Medical University of South Carolina (MUSC). Prior to this role, I had the privilege of serving as an Attending Physician for six years at the Ralph H. Johnson VA Medical Center in Charleston, South Carolina, where I also completed three years of residency training.

This hearing is deeply personal for me. The Ralph H. Johnson VAMC is named in honor of a Marine who gave his life in Vietnam to save my uncle, Lt. Clebe McClary, also a proud Marine. My grandfather and father also served in the United States Marine Corps. The bond I feel with the veteran community is not only professional—it is profoundly personal.

Over the past 15 years, I've worked at the intersection of VA and academic medicine, and I've seen firsthand how critical it is to maintain strong, stable, and streamlined relationships between VA Medical Centers and their academic affiliates. The partnerships between the VA and institutions like MUSC are essential for delivering the best possible care to our nation's veterans. The bills under consideration today would enhance those connections and ensure that veterans receive timely, high-quality care, whether within the VA or through community providers.

Support for Legislative Proposals:**1. EHR Modernization Bill (Discussion Draft)**

I strongly support the modernization of the VA's Electronic Health Record system. A fully interoperable system will eliminate data silos between the VA and its academic affiliates. At MUSC, we have already seen improvements in outcomes through integrated scheduling and data-sharing tools that allow for rapid transfer of care, real-time updates, and streamlined follow-up. A modernized system, with improved usability and interoperability, is essential to ensure continuity of care and safety, especially for veterans transitioning between VA and non-VA settings .

2. H.R. 3482 – Veterans Community Care Scheduling Improvement Act

This bill creates a direct, digital scheduling link between VA and community providers. I have seen the benefits of this model firsthand. By incorporating MUSC's specialists directly into the VA scheduling platform, we've drastically reduced delays in consults and

increased transparency for both patients and care teams. Allowing VA staff to view and book community appointments will empower schedulers, reduce wait times, and improve outcomes. Our VA system including Congresswoman Mace's district has shown excellent results, as highlighted below:

- Building on MUSC's strong academic affiliation with VA, the Ralph H. Johnson VA Health Care System's (RHJ VAHCS) Community Care Service began utilizing EPS in January 2024.
- As of May 2025, the Ralph H. Johnson VA Health Care System has scheduled a total of 1,863 appointments utilizing the EPS system. Of those, 34% have been scheduled appointments at MUSC.
- The RHJ VAHCS currently utilizes EPS to schedule directly into 26 specialties at MUSC in real-time; these specialties include:
 - § Orthopedics/Joint Surgery
 - § Primary Care Medicine
 - § Gastroenterology Endoscopy/Colonoscopy
 - § Ophthalmology
 - § Optometry
 - § Dermatology
 - § Rheumatology/Arthritis
 - § General Surgery
 - § Sleep Medicine
 - § Infectious Disease
 - § Physical Medicine and Rehabilitation
 - § Endocrinology
 - § Hematology and Oncology
 - § General Acute Care Hospital
 - § Renal/Nephrology
 - § Hepatology
 - § Radiology
 - § Pain Management
 - § Pulmonary/Chest
 - § Polytrauma/Traumatic Brain Injury (TBI)
 - § Neurology
 - § Mental/Behavioral Health
 - § Chiropractic Care
 - § Plastic Surgery
 - § Podiatry
 - § Spinal Cord Injury (SCI)
- Data shows for Charleston Veterans who are eligible for and elect to utilize Community Care, scheduling the community appointment through EPS reduces Veteran wait time by 8.8 days.

On average, wait time is reduced by 33% for all sites using EPS for Community Care scheduling versus traditional Community Care scheduling.

3. H.R. 3483 – FRAUD Act of 2025

Fraud wastes resources that should be going toward veteran care. Using advanced technology to detect billing anomalies and abuse is a critical step toward ensuring integrity in the Community Care Program. It protects taxpayer dollars while preserving access to high-quality community providers. I have yet to come across a front-line healthcare worker who isn't in full support of rooting out fraud and abuse. It's an affront to those who take care of Veterans on the front line that so much fraud and abuse seems to go unchecked.

4. H.R. 1663 – Veterans Scam and Fraud Evasion (VSAFE) Act

Veterans are among the most targeted populations for financial scams. Establishing a VA officer focused solely on scam and fraud prevention is a long-overdue safeguard. This role can increase awareness, coordination, and response time across the entire federal government. I would advocate for this role to be a public + private coordinated position subject to full fiduciary obligations where the interests of the Veterans are put above their own.

5. H.R. 3494 – VA Hospital Inventory Management System Authorization Act

Supply chain delays hurt patient care. This bill's support for a cloud-based inventory system could address critical shortages and bring more accountability to VA logistics, particularly in emergencies and natural disasters. This is a much-needed opportunity for improvement and modernization that is likely to significantly reduce waste if handled appropriately.

6. H.R. 984 – Equitable Relief for Administrative Error

When veterans are harmed by errors the VA should act swiftly to make it right. This bill mandates timely resolution and debt cancellation when the VA is at fault—a simple act of fairness and accountability.

7. Copayment Collection Reform (Discussion Draft)

It is unjust to bill veterans years after services are rendered due to internal system delays. This bill ensures that delayed billing caused by VA error does not unfairly burden veterans and places an appropriate time limit on collections. There is ample evidence that copays decrease healthcare utilization unnecessarily in vulnerable populations such as Veterans. I have seen first-hand Veterans delaying care secondary to the financial strain they place on patients; particularly the elderly, low-income or chronically ill

populations....the exact populations who need us the most. This bill is certainly a step in the right direction, but let us not forget that the entire copay system was developed by private insurers who have objectives that are not always in line with the health of our Veterans and vulnerable populations.

8. H.R. 3185 – Personnel Integrity in VA Act

Improving accountability for VA employees under investigation—even after resignation—is essential. Veterans deserve confidence that their providers and administrators are held to the highest ethical standards. Even after resignation, VA employees can be seen as subject matter experts in relation to VA medical issues and systems and therefore can influence veterans, employees, contracts, etc. Ethical integrity and fiduciary responsibility are paramount to accepting any position of service in the VA. Serving Veterans is an honor and should remain a badge of

Final Reflections:

In my time at MUSC and the Ralph H. Johnson VA Medical Center, I've cared for thousands of veterans. When the VA collaborates well with local academic affiliates, veterans receive coordinated, specialist-driven, high-quality, timely care. These legislative proposals all share a commitment to that mission—modernization, accountability, integrity, and faster access to care.

Thank you for the opportunity to advocate for these important reforms. I stand ready to assist the Committee in any way to ensure these bills achieve their intended impact.

Sincerely,

Edward C. O'Bryan, MD, MBA, CPE
Associate Professor of Medicine
Medical University of South Carolina

STATEMENTS FOR THE RECORD

Prepared Statement of Ken Calvert

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June 10, 2025

Statement for the Record

Congressman Ken Calvert (CA-41)

House Veterans Affairs Subcommittee on Oversight and Investigations

Legislative Hearing on H.R. 1663 – The Veterans Scam and Fraud Evasion (VSAFE) Act of 2025 and
Other Pending Legislation

Chair Kiggans, Ranking Member Ramirez, and Members of the Subcommittee:

Thank you for the opportunity to submit a statement for the record in support of my legislation, H.R. 1663,
Veterans Scam and Fraud Evasion (VSAFE) Act of 2025.

I introduced the VSAFE Act to address a growing and deeply troubling issue facing our veterans and their families: the alarming rise in scams and fraudulent schemes that target those who have served our nation. Too often, bad actors seek to exploit the trust and vulnerabilities of our veteran community, whether by impersonating officials, misusing personal data, or misleading them into surrendering hard-earned benefits.

The VSAFE Act is a simple and straightforward bill that would establish a Veterans Scam and Fraud Evasion Officer at the Department of Veterans Affairs (VA). This role would serve as a centralized authority to coordinate prevention efforts, promote awareness, respond to incidents, and improve interagency communication. Importantly, this bill does not authorize additional personnel or diminish the oversight authority of the VA Office of Inspector General. Rather, it strengthens the Department's ability to act proactively and protect our veterans from harm.

This legislation has bipartisan support and reflects a commonsense step toward safeguarding the integrity of our veterans' benefits and peace of mind. By providing veterans with more consistent guidance on how to identify, report, and avoid fraud and scam attempts, we can reduce their occurrence. I commend the Subcommittee for holding this important hearing and look forward to working with you all to advance this important piece of legislation.

Sincerely,

KEN CALVERT
Member of Congress

Prepared Statement of Scott Franklin

I'm honored to again introduce legislation to hold bad actors at the Department of Veterans Affairs accountable for misconduct, including sexual harassment. My bill, H.R. 3185, the *Personnel Integrity in Veterans Affairs Act*, would prohibit VA employees from evading accountability by simply resigning, retiring or transferring to avoid an investigation.

As a 26-year Navy veteran, former member of this Committee and current member of the House Appropriations Subcommittee on Military Construction and Veterans Affairs, I understand the importance of a strong and effective VA. That strength depends on holding every employee to the highest standards. Unfortunately, reports dating back a decade, along with recent whistleblower complaints, have exposed persistent issues with accountability and transparency within the Department.

In 2016, this Committee found that 96 percent of reviewed VA settlements failed to include proposed disciplinary actions in an employee's permanent record. More recently, in 2023, a whistleblower testified that senior VA leaders engaged in misconduct—including sexual harassment—without facing accountability.

This is deeply troubling and undermines the integrity of the Department. A change in culture is long overdue. My bill is needed to ensure investigations are completed, even if an employee departs before the process is complete. It also requires a permanent record of such investigations be included in the employee's official personnel file.

Misconduct has no place in the Federal Government, especially not within the Department of Veterans Affairs. Our veterans deserve a VA that enforces accountability at every level. There must be no loophole that allows individuals to avoid consequences.

This Committee passed the bill by voice vote last year. I again ask you to support this important measure to strengthen the VA. I was pleased to receive technical support from the VA on this bill, as they welcome the opportunity to strengthen their employee process as well. I thank the Committee for holding this hearing and look forward to working together to ensure the Department of Veterans Affairs serves our veterans with the excellence and accountability they deserve.

Prepared Statement of Concerned Veterans for America



Statement for the Record

of

John Vick

Executive Director, Concerned Veterans for America

on

H.R. 3482, the Veterans Community Care Scheduling Improvement Act

and

H.R. 3185, the Personnel Integrity in Veterans Affairs Act of 2025

before the

Subcommittee on Oversight and Investigations, House Veterans Affairs Committee

June 11, 2025





Thank you to Chairwoman Kiggans, Ranking Member Ramirez, and Members of the Subcommittee for the opportunity to submit this statement on behalf of Concerned Veterans for America (CVA). CVA is a grassroots network of thousands of veterans and military families dedicated to a freer and more secure America where every person is empowered to live their American dream. Our organization elevates veterans' unique perspectives in order to deliver people-empowering policy solutions, rooted in liberty-based principles, to the issues Americans face.

CVA is submitting this statement for the record in support of two pieces of legislation being discussed before the committee today, **H.R. 3482, the Veterans Community Care Scheduling Improvement Act**, and **H.R. 3185, the Personnel Integrity in Veterans Affairs Act of 2025**.

CVA's History in Veterans' Health Care Reform

Concerned Veterans for America has a thirteen-year track record as a leading advocacy organization for empowering veterans to seek the care that best meets their needs. CVA helped elevate the voices of VA whistleblowers who revealed that veterans had died while waiting for care on secret wait lists during the Phoenix VA scandal of 2014. In the aftermath of Phoenix, CVA also supported early reform efforts like the Veterans Access, Choice, and Accountability Act of 2014, which created the first options for veterans to seek care outside the VA. CVA also helped secure passage of the 2017 VA Accountability and Whistleblower Protection Act to change the personnel incentives that created the Phoenix scandal to begin with.

These early efforts culminated in the VA MISSION Act of 2018, which CVA helped shape and support in Congress. The legislation which passed with overwhelming bipartisan support, incorporated many of the recommendations of CVA's 2015 Fixing Veterans' Health Care Task Force—namely by creating the Veterans Community Care Program (VCCP).¹ By consolidating existing choice programs into an easier-to-use VCCP and simplifying access standards, the MISSION Act has been a game-changer for millions of veterans' access to timely and quality care.

During the previous Administration, CVA fought for additional congressional oversight as the Department of Veterans Affairs prioritized its bureaucratic interests over the well-being of veterans it exists to serve. Veterans have suffered because the VA has not properly followed the requirements of the MISSION Act, particularly when it comes to ensuring veterans have access to community care when eligible. Fortunately, the 119th Congress has an opportunity to recommit to empowering veterans by putting them back at the center of their care.

H.R. 3482, the Veterans Community Care Scheduling Improvement Act

The Veterans Community Care Scheduling Improvement Act, sponsored by Rep. Tom Barrett, would require the VA to establish an online program to enable VA employees to schedule appointments for eligible enrolled veterans with health care providers participating in the Veterans Community Care Program. This act would streamline the community care referral

¹ "Fixing Veterans Health Care: A Bipartisan Policy Task Force," Concerned Veterans for America, 2015. <https://cv4a.org/wp-content/uploads/2016/01/Fixing-Veterans-Healthcare.pdf>





process, helping the VA empower veterans to more easily access the care that best meets their needs in a timely manner. As the Government Accountability Office has noted over several reports across the implementation of the VA MISSION Act, access to community care remains a problem due to wait time measurement and referral issues.² A standardized, streamlined tool, as H.R. 3482 would create, will improve several of these issues. Complementary steps should follow, such as codifying community care access standards and wait time measurement guidelines, to make the tool as effective as possible.

Personnel Integrity in Veterans Affairs Act of 2025

H.R. 3185, the Personnel Integrity in Veterans Affairs Act of 2025, sponsored by Rep. Scott Franklin, would require the Secretary of the VA to resolve and make a record of all personnel investigations. Too often, employees accused of misconduct simply transfer, resign, or retire before an investigation can be completed to establish whether or not wrongdoing occurred. H.R. 3185 would ensure that the Secretary continues personnel investigations, even if the employee separates from the VA shortly before or during the investigation.

Equipping the Secretary with the tools necessary to change personnel incentives at the VA is another necessary first step to ensuring that those not committed to serving veterans who engage in misconduct are held accountable.

Conclusion

Concerned Veterans for America urges Members of the Subcommittee on Oversight and Investigations to **support H.R. 3482, the Veterans Community Care Scheduling Improvement Act, and H.R. 3185, the Personnel Integrity in Veterans Affairs Act of 2025**. It is our duty as citizens and the duty of Congress and the VA as administrators to ensure our veterans have access to the best possible care for their diverse individual needs, regardless of where that care takes place.

Sincerely,

John Vick
Executive Director
Concerned Veterans for America

² "Veterans Health Care: Opportunities to Improve Access Through the Veterans Community Care Program," GAO-25-108101, Government Accountability Office, February 12, 2025. <https://www.gao.gov/products/gao-25-108101>

