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RELEASED

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Dear Mr. Chairman:

Reference is made to your letter of April 29, 1969, requesting that we examine into certain accounts maintained at the Veterans Administration (VA) hospital, Miami, Florida, and at the University of Miami (University) which is affiliated with the Miami VA Hospital. In accordance with your request and agreements reached with the Committee's Counsel, our examination was directed primarily toward determining the extent that members of the VA hospital staff contributed to and benefited from funds in these accounts during the fiscal year ended June 30, 1969, and toward obtaining certain other information requested by the Committee's Counsel.

Specifically, we were requested to:

1. Make a full audit of accounts X8706E and R5299A which involved Doctors Solomon Papper, Lawrence Fishman, George Baum, and Eliseo Perez-Stable.
2. Examine into whether physicians of the VA hospital provided services to Medicare patients as attending physicians under the Medicare program.
3. Ascertain whether physicians of the VA hospital, who received funds for travel expenses from the University, had been reimbursed by the VA for the same travel.

Following is a summary of the information obtained during our examination. These matters are discussed in detail in the enclosures to this letter report.

We determined that accounts X8706E and R5299A were maintained in the University and that the four doctors were full-time employees of the Miami VA Hospital and had full-time faculty appointments in the University of Miami School of Medicine.

We were not able to make a full audit, as requested, because there was no contractual agreement between the University and VA

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which would grant the Government access to the University records and because University officials would not permit us to review all records relating to the transactions recorded in accounts X8706E and R5299A. A University official informed us that the records contained confidential information on other University staff doctors. However, he offered to extract from the records the information required in our audit. On the basis of records made available to us and information furnished to us by the University, the following data was obtained concerning these accounts.

1. Account X8706E, a University Department of Medicine account entitled "Department Professional Income Medicine," is one of 14 Medicare accounts at the University of Miami School of Medicine established under the Professional Income Plan. The Professional Income Plan was set up for the purposes of (a) organizing and supporting a university clinic, (b) providing a uniformly administered income plan for the full-time clinical faculty, and (c) providing financial support for the enrichment and development of the University of Miami School of Medicine. Funds for this account are generated from professional services rendered to Medicare patients by faculty members in the Department of Medicine.
2. Account R5299A, a University Department of Medicine account entitled "Medical Services Divisional Fund," was established to strengthen the academic programs and activities of the Medical Service at the Miami VA Hospital. Funds for this account were to be transferred from account X8706E in amounts commensurate with the value of services rendered by VA physicians to Medicare patients. We were advised, however, that the University was planning to discontinue activity in this account because of the concern generated by our investigation of VA physicians' participation in the treatment of Medicare patients.

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3. During the fiscal year ended June 30, 1969, the following payments were made from accounts X8706E and R5299A to or on behalf of the four VA doctors named in your letter.

X8706E:

Fishman	Salary payment of	\$1,503
Baum	" " "	675
Perez-Stable	" " "	1,275
Papper	Reinstatement of civil service retirement coverage (See encl. I, p. 3.)	9,999

R5299A:

Fishman	Travel payment of	100
Baum	" " "	100

Medicare payments by Blue Shield of Florida, Inc. (Blue Shield), during the fiscal year ended June 30, 1969, for services billed in the names of the four VA physicians were as follows: Papper, none; Fishman, \$7,597; Baum, \$870, and Perez-Stable, \$4,044. Additional details pertaining to the accounts and the four doctors are presented on pages 1 to 9 of enclosure I.

During fiscal year 1969, Blue Shield paid a total of \$202,650 to 27 full- and part-time physicians of the Miami VA Hospital, including the amounts paid to the physicians listed above, and to University Medical Associates, Inc., for treatment of Medicare patients.

University Medical Associates, Inc., was established in December 1967 by the University for the purpose of billing and collecting Medicare patient fees for its Department of Medicine. Billing and collection of Medicare patient fees for other medical departments were made in the names of individual doctors.

A University official informed us that all full-time faculty members in the University of Miami School of Medicine, including VA physicians, were required to submit the payments they received for the care of private patients, including Medicare patients, to the University of Miami School of Medicine. This official also stated that VA physicians had no control over the use or ultimate disposition of these funds.

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We selected 68 payments totaling \$7,598 applicable to charges for services rendered in the names of 12 full-time VA physicians during fiscal year 1969 for examination of the related patients' medical records. Medical records could not be located for one of the 68 payments because they had been lost, misfiled, or removed without authorization and had not been returned.

Our review of the patients' medical records applicable to the 67 payments showed that the services rendered by the VA physicians fell into the following four general categories.

1. For eight payments amounting to \$1,731, the patients' medical records identified and supported the VA physicians as the patients' attending physicians.
2. For 39 payments amounting to \$3,320, the patients' medical records identified the VA physicians as the patients' attending physicians, but the records did not reveal that the VA physicians were involved in providing any of the specific services for which the Medicare program was billed.
3. For 13 payments amounting to \$2,257, the medical records did not identify the VA physicians as the patients' attending physicians, nor did the records reveal that the physicians were involved in providing any of the specific services for which the Medicare program was billed.
4. For seven payments amounting to \$277, the patients' medical records showed that the Medicare program was billed for consultation services and that the VA physicians in whose names the services were billed were actually involved in providing such services.

Because of the technical nature of the data being considered, we requested the Social Security Administration to make a Public Health Service physician available during our review to provide us with

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professional assistance. The physician examined the medical records relating to the billings for 50 of the above 67 payments to determine whether the specified services and the names of the attending physicians shown on the billings were supported by the medical records. On the basis of his examination, which was limited to 50 payments because these were all we had reviewed at the time of his visit, the physician agreed with our classification of the 50 payments into the above four categories.

VA policy on outside professional activities of medical personnel for remuneration states that an individual may not assume responsibility for the continuing care of patients. Inasmuch as the patients' medical records showed that five VA hospital doctors were the attending physicians in eight cases under the Medicare program, the participation of the doctors in these cases seemed questionable under VA policy.

Under Social Security Administration regulations, only attending physicians who are personally involved in the care of their patients, or the assignees of such attending physicians, appear to be authorized to bill for professional services rendered in a teaching setting under part B of the Medicare program. Therefore, since the patients' medical records for 52 of the cases we reviewed did not show that the VA physicians were involved in providing any of the specific services for which Medicare billings were rendered, these payments appeared questionable under Social Security Administration regulations.

We believe that the details presented on pages 10 to 18 of enclosure I concerning these 67 Medicare cases should be brought to the attention of the VA and the Social Security Administration so that they can take whatever action may be necessary to resolve these matters. ✓

Because of the congressional interest expressed in the general subject of Medicare payments made to supervisory or teaching physicians who have involved resident physicians and interns in the care of their patients, we expanded our review of such payments at Jackson

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Memorial Hospital and at National Children's Cardiac Hospital in Miami, Florida, and undertook similar reviews at four other hospitals: Massachusetts General Hospital, Boston, Massachusetts; Parkland Memorial Hospital, Dallas, Texas; Wayne County General Hospital, and the Herman Kieper Hospital, Detroit, Michigan. We do not know at this time whether any VA doctors are connected with these hospitals. Upon completion of these reviews, a copy of our report will be furnished to the Committee to supplement this letter report.

Our examination of travel payments to VA physicians by the VA and the University showed that no travel funds had been paid to, or expended on behalf of, VA physicians from account X8706E. With respect to account R5299A, travel funds amounting to \$1,281 had been paid to, or expended on behalf of, seven VA physicians. We did not, however, find any instances where the VA reimbursed the physicians for the same travel.

In addition to making our examination of travel payments from accounts X8706E and R5299A, we analyzed travel data which the VA hospital and the University had developed for the VA Central Office regarding jointly sponsored travel of Miami VA Hospital physicians. This data showed that, for nine trips, the University had expended on behalf of four physicians or had reimbursed these physicians a total of \$587 for meals, lodging, and other expenses incurred on the same days the travelers were paid per diem by the VA. ✓

For the nine trips jointly sponsored by VA and the University, reimbursement by the University supplemented the reimbursement the traveler received from VA (for the same period of time) incident to an official travel status. Enclosure II is a copy of decision B-133044, dated March 11, 1970, to the Administrator of Veterans Affairs, concerning reimbursements to VA employees by the University of Utah.

Since the University of Miami is also a tax-exempt organization similar to the University of Utah, that decision is applicable to Miami VA Hospital employees and requires that amounts paid by the Government for travel or subsistence be reduced by amounts received from

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the University for the same purposes incident to the authorized attendance of the employee at a meeting. Also, if the University's contribution is incident to official duty of the employee not involving attendance at a meeting, the employee may not retain any part of the contribution but is entitled only to travel expenses and subsistence otherwise payable by the agency under the applicable law and regulations. Thus, in the nine cases here involved, each of the physicians appears to be indebted to the United States.

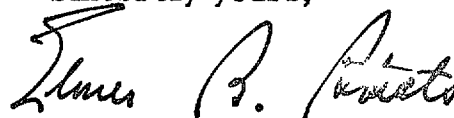
We believe that the information presented on pages 19 to 22 of enclosure I concerning the reimbursement of travel expenses by the University should be brought to the attention of the VA for appropriate action.

The matters discussed in this report were not presented to the VA, the University, or the individuals mentioned for their review and comment.

Since this letter report contains information, the disclosure of which may be prohibited by section 1905 of Title 18, United States Code, we shall not make the contents of this letter and enclosure I available to the public. The statute referred to makes it a criminal offense to disclose, among other things, the "amount or source of any income, profits, losses, or expenditures" of any person or firm.

We trust that the information obtained is responsive to your request. Please advise us if we can be of further assistance in this matter.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James B. Parsons". The signature is fluid and cursive, with a large initial "J" and "P".

Comptroller General
of the United States

Enclosures - 2

The Honorable Olin E. Teague, Chairman
Committee on Veterans' Affairs
House of Representatives

GENERAL ACCOUNTING OFFICE

EXAMINATION INTO CERTAIN ACCOUNTS MAINTAINED BY THE
UNIVERSITY OF MIAMI, FLORIDA, AND CERTAIN ACTIVITIES
OF VETERANS ADMINISTRATION DOCTORS ASSOCIATED WITH
THE UNIVERSITY OF MIAMI

AUDIT OF ACCOUNTS
X8706E and R5299A

We found that accounts X8706E and R5299A were maintained at the University of Miami and that Doctors Papper, Fishman, Baum, and Perez-Stable were full-time employees of the Veterans Administration hospital, Miami, Florida, and had full-time faculty appointments at the University of Miami School of Medicine (UMSM).

We were not able to make a full audit of accounts X8706E and R5299A, as requested, because there was no contractual agreement between the University and VA which would grant the Government access to the University records and because University officials would not permit us to review all the records relating to the transactions in these accounts. A University official informed us that records pertaining to these transactions contained information of a confidential nature on other University staff doctors. He agreed, however, to extract from the records the information required in our audit. On the basis of records made available to us and information furnished to us by the University, the following data was obtained concerning these accounts.

Account X8706E
Department Professional Income Medicine

Account X8706E was established in January 1968 as one of 14 Medicare accounts under the UMSM Professional Income Plan. UMSM established the Professional Income Plan for the purpose of (1) organizing a University clinic at the University's National Children's Cardiac Hospital and providing support for this facility, (2) providing a uniformly administered income plan for the full-time clinical faculty, and (3) providing financial support for the enrichment and development of UMSM.

Funds credited to account X8706E were obtained from fees for professional services rendered to Medicare patients in the National Children's Cardiac Hospital and the Jackson Memorial Hospital, Miami, Florida, which are affiliated with UMSM. The funds were generated from services performed by UMSM Department of Medicine faculty members, including physicians who were full-time VA employees. *Some of these faculty members*

Actual work in connection with MEDICARE

In December 1967 the University established a nonprofit corporation, University Medical Associates, Inc., which bills and collects Medicare patient fees for its Department of Medicine. Under the laws of incorporation in the State of Florida, the corporation was to be operated for charitable, scientific, literary, and educational purposes. A University official stated that the specific purpose of the corporation was for:

"*** collecting fees for services rendered by full-time and voluntary faculty of the University of Miami to Medicare, Medicaid, and/or any other third party reimbursement of Medicine at the University of Miami."

made of insurance

During the period July 1968 through June 1969, University records showed activity in account X8706E in the amounts listed below:

Balance in account at July 1, 1968	\$ 5,000
Add receipts from Medicare-Medicine patient fees, July 1, 1968, to June 30, 1969	<u>287,640</u>
Total	292,640
Deduct transfers to other accounts	
R5483A--Department of Medicine Enrichment and Development Fund	\$214,457
R5276A--Teaching Conference in Clinical Cardiology	4,000
R8608R--Genetic Development Fund	3,000
R5158A--Professional Income General Medicine	<u>71</u> <u>221,528</u>
Total funds after transfers	71,112
Deduct salaries and expenses:	
Salaries	28,517
Travel	5,912
Entertainment	595
Services	10,436
Supplies, telephone, insurance, and taxes	1,226
Other	<u>6,749</u> <u>53,435</u>
Total funds after transfers and expenses	17,677
Deduct open orders (obligations) at June 30, 1969	<u>41,269</u>
Negative balance in account at June 30, 1969	<u>\$-23,592</u>

Information obtained from University records showed that, during the fiscal year ended June 30, 1969, University Medical Associates, Inc., received Medicare patient fees totaling \$328,732. Of this amount, \$287,640, or 87.5 percent, was allotted to account X8706E. The other 12.5 percent was allotted to the University for UMSM operating expenses, the Medical School Building Fund, and the Professional Income Plan.

Our review of Medicare payments by Blue Shield showed that, during fiscal year 1969, services billed in the names of Doctors Baum, Fishman, Papper, and Perez-Stable were as follows:

Dr. George Baum	\$ 870
Dr. Lawrence Fishman	7,597
Dr. Solomon Papper	-
Dr. Eliseo Perez-Stable	4,044

As shown above, the major portion of the receipts to account X8706E was transferred to other accounts. The purpose of account R5483A, to which transfers of \$214,457 of the funds were made, was for payment of general expenses of the UMSM Department of Medicine, such as travel of visiting lectures and purchase of equipment. University records, however, showed that a major portion of the funds were actually used to pay salaries of the faculty and staff of the Department of Medicine. The other accounts to which transfers were made were for purposes such as paying expenses incurred in teaching medical students, seeing private patients, and performing research. \ ? /

Expenditures paid directly from account X8706E were for Department of Medicine expenses such as salaries, travel, entertainment, services and supplies. The expenditures for salaries included payments of \$675 to Dr. Baum, \$1,503 to Dr. Fishman, and \$1,275 to Dr. Perez-Stable. ✓

✓ In addition to the salary payments discussed above, University records showed that Dr. Papper had been paid initial employment benefits of \$9,998.99 by UMSM. This payment, which was made in accordance with the employment agreement between Dr. Papper and UMSM, reinstated Dr. Papper's civil service retirement coverage for his previous employment with the VA.]

University records showed that in November 1968 UMSM paid \$6,739 from account X8706E to reinstate Dr. Papper's previous VA retirement coverage and in April 1969 UMSM paid \$3,259.99 for income taxes which he had to pay on the \$6,739. However, the \$3,259.99 was subsequently transferred to account R5483A as an expense. A University official informed us that the \$6,739 was paid directly to the Civil Service Commission and that the \$3,259.99 was paid to Dr. Papper.

We also noted that \$243.68 was paid from account X8706E for the costs of a dinner for a prospective University faculty member, which was attended by Doctors Fishman, Papper, Perez-Stable, and 22 other doctors.

Account R5299A

Medical Services Divisional Fund

Account R5299A was established in October 1968 for the purpose of strengthening academic programs and activities at the Miami VA Hospital. In this account is recorded the portion of UMSM Medicare-Medicine patient fees (account X8706E), which is returned to the Miami VA Hospital staff. Funds were to be returned to account R5299A in amounts commensurate with the value of services rendered by the VA doctors to Medicare patients. However, a University official informed us that an amount commensurate with the amounts received for services rendered by VA physicians to Medicare patients was not transferred to account R5299A. This plan was abandoned by the University subsequent to the initiation of our review when involvement of VA physicians in Medicare became an issue.

During the period October 1968 through June 1969, University records showed activity in account R5299A in the amounts listed below:

Transfers from account R5483A		\$13,000
Deduct expenses:		
Travel	\$4,032	
Supplies, equipment, and telephone	1,198	
Other	753	5,983
Balance after expenses		7,017
Open orders (obligations) at June 30, 1969		78
Balance at June 30, 1969		<u>\$ 6,939</u>

We reviewed University records regarding account R5299A from its beginning in October 1968 through June 1969 and found only two credits totaling \$13,000, both of which were transfers from account R5483A. University records showed that through June 1969 only \$5,983 had been expended from account R5299A. We examined these expenditures on a test basis, and the only payments noted from this account to the four Miami VA Hospital physicians previously referred to were for travel expenses of \$100 each to Doctors Baum and Fishman. We found that \$1,081 had been expended for travel performed by five other Miami VA Hospital physicians. Details concerning the travel performed by VA physicians are presented on pages 19 to 22 of this enclosure.

A University official informed us that accounts X8706E and R5483A were for basically similar purposes and that, prior to establishing the Professional Income Plan account X8706E, Medicare patient fees were recorded in account R5483A. He said, therefore, that transfers from account R5483A rather than account X8706E were based on the discretion of the Chairman, Department of Medicine, and that the account used did not matter because both accounts pertained to Medicare funds.

VA doctors
At the time of our review, the funds recorded in account R5299A were administered by a 3-man committee made up of Doctors Baum, Fishman, and Perez-Stable. On the basis of a written recommendation by the committee, the appropriate University paperwork for disbursement of funds was signed by Dr. Papper, Chief, Medical Service, Miami VA Hospital. In a memorandum dated April 4, 1969, Dr. Papper advised the VA Hospital Director regarding account R5299A that:

*** Approximately semi-annually the share of these funds appropriate to the Staff of the VA Medical Service is transferred by a University of Miami journal entry from Account X8706E to Account R5299A.

"The funds of this account are allocated by a three-man Committee of VA Section Chiefs with rotating membership. The Committee is presently chaired by Lawrence Fishman with George Baum and Eliseo Perez-Stable as members. The funds are used for the following purposes:

- "A. to support trips to meetings for superior residents where other funds are not available.
- "B. to support trips of faculty and fellows to meetings or courses where other funds are not available.
- "C. to support lectureships and visiting professorships
- "D. to support a reading room for house staff (to date, subscriptions to 19 journals have been placed, 30 books have been ordered, and bookshelves were purchased and set up in Room A-1103 for this purpose).
- "E. For a variety of other purposes all related to the academic activities of the Service that cannot be supported in any other way."

PAYMENTS TO THE FOUR VA PHYSICIANS

As previously stated, we found that Doctors Baum, Fishman, Papper, and Perez-Stable were full-time employees of the Miami VA Hospital and had full-time faculty appointments at UMSM. At the time of our review, VA and University records showed that their titles and annual salaries were as follows:

<u>Name of physician</u>	<u>VA position title</u>	<u>Annual VA salary</u>	<u>UMSM position title</u>	<u>UMSM annual salary (note a)</u>
George Baum	Section Chief, Medical Service	\$25,711	Associate Professor of Medicine	\$ 2,400
Lawrence Fishman	Section Chief, Medical Service	21,466	Assistant Professor of Medicine	5,325
Solomon Papper	Chief, Medical Service	25,711	Professor and Cochairman, Department of Medicine	16,000
Eliseo Perez-Stable	Assistant Chief, Medical Service	23,734	Associate Professor of Medicine	2,800

^aRepresents the annual salary as reported on teaching agreement effective at the time of our review and does not include payments resulting from consultation fees or other types of remuneration.

We reviewed the University's payroll records to ascertain the amounts that it had paid each of the above physicians. A University official informed us that the responsible department chairmen had determined the accounts from which funds were used to pay VA physicians after considering the sources of available funds at the time of the VA physicians' teaching appointments. The chairmen's determinations were subject to approval by the Dean, UMSM, and various other University officials. The records showed that, during the period January 1967 through June 1969, the physicians were paid the following amounts for teaching and other services:

<u>Name of physician</u>	<u>Calendar year</u>		<u>Jan.-June</u>	<u>Total</u>
	<u>1967</u>	<u>1968</u>	<u>1969</u>	
George Baum	\$ 488	\$3,400	\$2,185 +	\$ 6,073
Lawrence Fishman	4,052	6,922	3,777 +	14,751
Solomon Papper	-	9,420	8,000 ^	17,420
Eliseo Perez-Stable	-	3,464	3,891 +	7,355

VA POLICIES ON AFFILIATIONS WITH
SCHOOLS OF MEDICINE AND OUTSIDE
PROFESSIONAL ACTIVITIES FOR REMUNERATION

We reviewed VA manuals pertaining to relationships with schools of medicine and policies on outside employment. Generally, these regulations permit full-time VA physicians, dentists, and nurses to teach in educational institutions and to accept remuneration, provided that the teaching activity does not impinge on the employee's responsibilities for the care and treatment of VA patients or beneficiaries. However, VA physicians, dentists, and nurses may not assume responsibility for the continuing care of non-VA patients.

VA Department of Medicine and Surgery (DM&S) Manual, M-3, part II, concerning relationships with schools of medicine, states that:

"*** the Department of Medicine and Surgery strongly supports a broad policy of cooperation and professional interchange with schools of medicine wherever an affiliation is feasible. ***"

DM&S Supplement, MP-5, part II, chapter 2, provides that full-time physicians, dentists, and nurses be employed on the basis of 24 hours a day, 7 days a week, and therefore be prohibited from engaging in outside activities for remuneration except when provided for by special instructions. VA Circular 00-67-12 is a special instruction which permits professional activities for remuneration under certain conditions. This circular states that:

"*** Time over and above that required to fulfill VA responsibilities may be used for teaching in educational institutions (including teaching for remuneration), and for consultations, provided the

activity is not otherwise prohibited by law, Civil Service regulations, or VA policy. Approval of the activity is contingent upon a specific finding by the field station head, or his designee that the activity will not be detrimental to the care or welfare of VA patients or beneficiaries and will be in addition to and completely independent of other VA employment responsibilities of the individual. ***"

The VA Chief Medical Director stated in his March 27, 1968, letter, No. 68-17, concerning outside activities, that:

"*** while consultation may include treatment, under no circumstances should there be an assumption of responsibility for the continuing care of patients."

We verified that the Miami VA Hospital Director, pursuant to VA Circular 00-67-12, approved the teaching agreements between the four VA physicians, referred to above, and UMSM. Also, the Time and Attendance Reports for the four physicians contained the following certification, when teaching time was reported:

"This is to certify that professional administrative responsibilities have been fulfilled; time devoted to teaching is over and above full-time responsibilities and teaching compensation from outside sources is for services other than those for which VA compensation is paid."

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EXAMINATION INTO SERVICES
PROVIDED BY VA PHYSICIANS
UNDER THE MEDICARE PROGRAM

During the fiscal year ended June 30, 1969, Blue Shield paid a total of \$202,650 to Miami VA Hospital physicians and to University Medical Associates, Inc., on behalf of the VA physicians for the treatment of Medicare patients under part B of the Medicare program. These payments were applicable to services rendered by 27 full- and part-time Miami VA Hospital physicians who were also affiliated with the UMSM. We reviewed medical records relating to 67 payments totaling \$7,585 where the billings had been made in the names of 12 full-time VA physicians.

In 52 cases, payment by Blue Shield appeared questionable under Social Security Administration regulations because the patients' medical records for the cases did not show that the VA physicians were involved in providing any of the specific services for which the Medicare program was charged. In those cases where the medical records showed that the VA physicians had provided or had supervised the providing of patient care, the participation of the VA physicians appeared to be a violation of VA policy on outside employment. ✓

The Medicare program is administered by the Social Security Administration, Department of Health, Education, and Welfare. Title XVIII of the Social Security Act (42 U.S.C. 1395), enacted on July 30, 1965, established the Medicare program, effective July 1, 1966, to provide two basic forms of protection against the costs of health care to persons over age 65. One form, designated as Hospital Insurance Benefits for the Aged (part A), covers inpatient hospital services, as well as posthospital care in an extended-care facility or in the patient's home.

The second form of protection is a voluntary program designated as Supplementary Medical Insurance Benefits for the Aged (part B) and covers physicians' medical and surgical services, including consultation, and home, office, and institutional visits, as well as other services ordinarily provided as part of a physician's service, such as diagnostic tests, medical supplies, and drugs which cannot be self-administered.

Under part B of the Medicare program, the beneficiary is responsible for the first \$50 of covered services in each year. Eighty percent of the reasonable charges of covered services in excess of \$50 in each year is paid under the Medicare program. Payments for covered services for a beneficiary, in excess of the \$50 deductible, may be made either to a physician (assignment method) or to the beneficiary. The choice is a matter of agreement between the physician and the beneficiary.

We determined from Blue Shield and Miami VA Hospital records that, during the fiscal year ended June 30, 1969, Blue Shield had paid a total of 5,515 claims amounting to \$202,650 for the treatment of Medicare patients by 27 full- and part-time physicians employed by the Miami VA Hospital as of June 30, 1969, who had teaching affiliations with the University. We noted, however, that the payments covered some services performed prior to the beginning of the fiscal year.

Of the \$202,650 in Medicare payments made by Blue Shield, \$109,351 represented payments made directly to University Medical Associates, Inc., for services provided in the names of the VA physicians to Medicare patients at Jackson Memorial Hospital. The remaining \$93,299 in Medicare payments were made to the individual VA physicians who had billed Medicare primarily for services to inpatients at Jackson Memorial Hospital and National Children's Cardiac Hospital. Our test of the payments made directly to the VA physicians showed that the checks were endorsed to UMSM.

// A University official advised us that all full-time faculty members in UMSM, including VA physicians, were required to submit the funds they received for the care of private patients, including Medicare patients, to UMSM. He stated that this was a requirement of UMSM's Professional Income Plan applicable to all full-time faculty members, and all full-time VA physicians on the University's faculty had full-time faculty appointments in UMSM. This official stated also that VA physicians received salary payments, travel expenses, and other miscellaneous payments from the Professional Income Plan where receipts from the care of private patients were deposited but that the VA physicians had no control over the use or ultimate disposition of these funds which they helped to generate.

From the total of 5,515 payments, we selected for detailed examination 68 payments totaling \$7,598 applicable to charges for services rendered in the name of 12 full-time VA physicians to determine the nature of the services provided by these physicians. During fiscal year 1969, Medicare payments by Blue Shield made to these 12 physicians or made on their behalf amounted to about \$84,500 and ranged from \$870 for Dr. G. L. Baum to \$21,394 for Dr. Javier Barquet. The following table shows an analysis of the 68 Medicare payments selected by us for review. About \$7,148 was applicable to inpatient services and about \$450 was applicable to services at the Jackson Memorial Hospital's outpatient clinics.

<u>Name of physician</u>	<u>Number of payments (note a)</u>	<u>Amounts charged</u>	<u>Amounts allowed by Blue Shield</u>	<u>Less deductible and co-insurance (note b)</u>	<u>Amounts paid by Blue Shield</u>
J. R. Richardson	4	\$ 1,870	\$1,822	\$ 476	\$1,346
Javier Barquet	9	1,742	1,709	482	1,227
L. M. Fishman	7	1,670	1,660	332	1,328
E. Perez-Stable	4	2,085	1,580	356	1,224
G. L. Baum	5	240	240	43	197
B. J. Materson	4	925	883	216	667
D. S. Howell	1	345	330	66	264
A. I. Rogers	9	535	485	97	388
C. Castillo	15	305	224	45	179
M. S. Wells	2	835	835	167	668
D. Harkness	7	110	88	18	70
R. Llamas	<u>1</u>	<u>50</u>	<u>50</u>	<u>10</u>	<u>40</u>
Total	<u>68</u>	<u>\$10,712</u>	<u>\$9,906</u>	<u>\$2,308</u>	<u>\$7,598</u>

^aRepresents 56 individual Medicare beneficiaries.

^bThe deductible and coinsurance amounts are the responsibility of the Medicare beneficiaries; however, our review indicated that the beneficiaries were not billed for such amounts unless the patient had supplemental insurance to cover the deductible and coinsurance.

Of the 68 payments selected for detailed examination, the patient's medical record applicable to one payment for \$13 could not be located. An official at Jackson Memorial Hospital advised us that the records could not be located because they had been misfiled, lost, or removed without authorization and had not been returned. However, our examination of the hospital's accounts receivable records showed that the patient had visited the hospital's outpatient clinic on one of the two days for which physicians' charges were submitted. We were unable to determine from the hospital's records whether the patient had visited the hospital on the remaining day.

Our examination of the patients' medical records at Jackson Memorial Hospital and at National Children's Cardiac Hospital applicable to 67 payments showed that the services rendered by the VA physicians fell into the following four general categories.

1. For eight payments amounting to \$1,731, the patients' medical records identified and supported the VA physicians as the patients' attending physicians. Further, the records showed that the VA physicians were involved in providing some of the specific services for which the Medicare program was billed. These services included a review of each patient's history and physical examination which had been initially prepared by resident physicians and interns, as well as periodic reviews of each patient's progress during the period of hospitalization.
2. For 39 payments amounting to \$3,320, the patients' medical records identified the VA physicians as the patients' attending physicians, but the records did not reveal that the VA physicians were involved in providing any of the specific services for which the Medicare program was billed. The records showed that such billed services were generally provided by resident physicians and interns and usually consisted of (a) an initial physical examination and daily hospital visits for inpatients and (b) clinical visits for outpatients.

3. For 13 payments amounting to \$2,257, the medical records did not identify the VA physicians as the patients' attending physicians, nor did the records reveal that the physicians were involved in providing any of the specific services for which the Medicare program was billed. We were informed by the clerk who billed for University Medical Associates, Inc., that the bills had been submitted in the names of the VA physicians on the basis of their assignments to specific wards or to specific clinics at the times the Medicare patients were at Jackson Memorial Hospital.
4. For seven payments amounting to \$277, the patients' medical records showed that the Medicare program was billed for consultation services and that the VA physicians in whose names the services were billed were actually involved in providing such services.

Through cooperation by the Social Security Administration, we were provided with the professional services of a Public Health Service physician to assist in the interpretation of technical data encountered in our review. The physician examined medical records relating to the billings for 50 of the 67 payments to determine whether the specified services and the names of the attending physicians shown on the billings were supported by the medical records. On the basis of his examination, which was limited to 50 payments because these were all we had reviewed at the time of his visits, the physician agreed with our classification of the 50 payments into the above four categories.

The following tabulation shows, by the foregoing categories of services rendered, the names of the VA physicians and the amounts that were included in the 67 payments for which we made a detailed examination of the patients' medical records.

Name of physician	Category 1		Category 2		Category 3		Category 4		Total	
	Number of payments	Amounts paid	Number of payments	Amounts paid	Number of payments	Amounts paid	Number of payments	Amounts paid	Number of payments	Amounts paid
J R Richardson	1	\$ 226	3	\$1,119	-	\$ -	-	\$ -	4	\$1,345
Javier Barquet	4	589	1	107	4	532	-	-	9	1,228
L M Fishman	-	-	5	1,132	1	156	1	40	7	1,328
E. Perez-Stable	-	-	-	-	4	1,224	-	-	4	1,224
G. L. Baum	-	-	-	-	-	-	5	197	5	197
B. J. Materson	1	328	-	-	3	339	-	-	4	667
D S. Howell	1	264	-	-	-	-	-	-	1	264
A I Rogers	1	324	7	58	1	6	-	-	9	388
C. Castillo	-	-	14	166	-	-	-	-	14	166
M S Wells	-	-	2	668	-	-	-	-	2	668
D. Harkness	-	-	7	70	-	-	-	-	7	70
R. Llamas	-	-	-	-	-	-	1	40	1	40
Total	8	\$1,731	39	\$3,320	13	\$2,257	7	\$277	67	\$7,585

We reviewed VA's regulations and policies on outside professional activities for remuneration. VA Circular 00-67-12, dated April 18, 1967, permits professional activities for remuneration under certain conditions. This circular states, in part, that:

"The individual must meet licensing or registration or other requirements in conformity with State requirements for professional practice. Also, he may not assume responsibility for the continuing care of patients, or maintain an office for consultation purposes." (Underscoring supplied.)

The Assistant Chief Medical Director for Professional Services in the VA Central Office informed us that "continuing care" meant that a physician would accept responsibility for the needs of a patient over a period of time. He stated that the key to this definition is that the physician would personally be responsible for a patient if he makes a diagnosis of the illness, treats the patient, and plans the course of treatment.

We participated with VA Central Office officials in interviews of five of the VA physicians--Doctors Barquet, Fishman, Howell, Materson, and Richardson--concerning their responsibility for patients for whom billings had been made in their names as attending physicians. Four of the five physicians responded that, when they were assigned to wards at Jackson Memorial Hospital and National Children's Cardiac Hospital as attending physicians, they accepted responsibility for continuing care of the patients during that period.

These physicians also advised us that their ward duties involved 2-hour tours of duty, three times a week and that the patients' medical cases were presented to them by the resident staff or the patients were seen by them during each tour of duty. We noted, however, that, although these physicians had informed us that they had usually visited Jackson Memorial Hospital or National Children's Cardiac Hospital three times a week, the Medicare program was generally billed in their names for daily hospital visits. H

Inasmuch as the patients' medical records showed that five of the VA physicians were the attending physicians in eight cases involving Medicare patients and all but one of the physicians interviewed stated that they had accepted responsibility for the continuing care of the patients when billings were made in their names as the attending physicians, the participation of the VA physicians in these cases appeared to be in violation of VA policy.

The following Social Security Administration regulations, issued on August 31, 1967, which applied to the Medicare payments discussed in this report, describe the circumstances under which payments will be made for services furnished by supervisory or teaching physicians who involve resident physicians and interns in the care of their patients.

- "(b) Payment on the basis of reasonable charges is applicable to the professional services rendered to a beneficiary by his attending physician where the attending physician provides personal and identifiable direction to interns or residents who are participating in the care of his patient. In the case of major surgical procedures and other complex and dangerous procedures or situations, such personal and identifiable direction must include supervision in person by the attending physician. A charge should be recognized under Part B for the services of an attending physician who involves residents and interns in the care of his patient only if his services to the patient are of the same character, in terms of the responsibilities to the patient that are assumed and fulfilled, as the services he renders to his

other paying patients. The carrying out by the physician of these responsibilities would be demonstrated by such action as: Reviewing the patient's history and physical examination and personally examining the patient within a reasonable period after admission; confirming or revising diagnosis; determining the course of treatment to be followed; assuring that any supervision needed by the interns and residents was furnished; and by making frequent reviews of the patient's progress.

- "(c) Charges for such services of the attending physician may be billed either directly by him or by the hospital under arrangements between the physician and the hospital. [note 1] In either case, the amount payable under the program for such service may be determined in accordance with the same criteria for the determination of reasonable charges as are applicable to the services which the physician renders to his other patients ***."

Under the above regulations, only attending physicians who are personally involved in the care of their patients, or the assignees of such attending physicians, appear to be authorized to bill for the professional services rendered in a teaching setting under part B of the Medicare program. Therefore, the Medicare payments in the 52 cases for which patients' medical records did not show that the VA physicians were involved in providing any of the specific services for which billings were rendered appeared questionable under Social Security Administration regulations.

We believe that the details presented above concerning the 67 Medicare cases should be brought to the attention of

¹ Social Security Administration instructions issued in April 1967 permitted organizations of teaching physicians to bill for professional service furnished to Medicare patients, provided that the individual physicians had authorized such organizations to bill on their behalf.

the VA and the Social Security Administration so that they can take whatever action may be necessary to resolve these matters.

REIMBURSEMENT OF TRAVEL EXPENSES BY THE
MIAMI VA HOSPITAL AND THE UNIVERSITY
FOR JOINTLY SPONSORED TRIPS

On the basis of travel data developed by the Miami VA Hospital and the University and our review of travel payments from accounts X8706E and R5299A, we found that 12 physicians of the Miami VA Hospital received travel payments amounting to \$2,725 from the University during fiscal year ended June 30, 1969. Our comparison of travel vouchers on file at the VA Hospital with the University's travel records showed that four of these physicians were reimbursed by both the VA and the University for travel expenses incident to making nine trips.

We examined all travel payments made from University account X8706E (\$5,912) and account R5299A (\$4,032) to ascertain whether any payments had been made to, or on behalf of, VA physicians. With respect to account X8706E, our examination showed that no travel funds had been paid to, or expended on behalf of, VA physicians. Regarding account R5299A, we found that travel funds amounting to \$1,281 had been paid to, or on behalf of, seven VA physicians. For these seven VA physicians, we compared the travel dates shown in the University records with the travel dates shown in the VA hospital records and did not find any instances where the VA had reimbursed the physicians for the same travel.

In addition to making our examination of travel payments from accounts X8706E and R5299A, we analyzed the travel data which the VA hospital and the University had developed for the VA Central Office regarding jointly sponsored travel of Miami VA Hospital physicians. This travel data showed that eight VA hospital physicians had been reimbursed \$1,444 by the University during fiscal year ended June 30, 1969.

A University official advised VA and our Office that there were approximately 1,000 UMSM accounts from which VA physicians could have been reimbursed for travel and, because of the University's accounting system, approximately 6 man-weeks would be required to review each account and identify all travel payments to VA physicians. Because of the number of accounts and the time estimated to review the accounts, the VA Central Office furnished the University a schedule

prepared by the Miami VA Hospital of all temporary-duty travel performed by Miami VA Hospital physicians during the period July 1968 through September 1969 and requested the University to identify travel payments to VA physicians which might involve duplicate payments. The University furnished VA a schedule showing the VA traveler's name, date of travel, destination, account from which paid, and amount paid for trips by both the Miami VA Hospital and the University.

Using the travel data scheduled by the Miami VA Hospital and the University, which we did not verify to VA Hospital records or University records, we compared the travel vouchers on file at the VA Hospital with the University's travel records for all VA Hospital physicians who were identified on the schedules as having been reimbursed for travel expenses during fiscal year ended June 30, 1969, by both the VA and the University. We found that four VA physicians were reimbursed \$587 by the University for expenses incurred on 1 or more days for which they were also paid per diem by the VA for nine official trips authorized by VA.

The following schedule shows the VA physicians who received reimbursement from both the VA and the University for expenses incident to the same trips. The schedule shows, with respect to the amounts paid by the VA, the expense items and the dates that the traveler was in an officially authorized travel status for the VA. Also, the schedule shows, with respect to the amounts paid by the University, the expense items and dates on which the traveler incurred the expense for which he was reimbursed by the University.

Name of traveler, destination, and stated purpose	Period of travel and amount paid			
	VA		University of Miami	
1. K. M. Halprin, Chicago, Illinois, attend American Academy of Dermatology	12-5 to 12-68 Per diem \$ 116.00 Other 14.00 Total \$ 130.00		12-7 to 11-68 Meals and lodging \$ 99.00 Other 9.00 Total \$108.00	
2. A. J. Rogers, New Orleans, Louisiana, attend American Federation for Clinical Research, Southern Section	1-29 to 2-1-69 Per diem \$ 48.00 Other 14.00 Trans. 94.00 Total \$ 156.00		1-30 to 2-1-69 Meals \$ 20.50 Other 10.00 Trans. 12.70 Total \$ 43.20	
3. A. J. Rogers, Washington, D.C., (a) attend VA Cooperative Study meeting, (b) attend Gastroenterological Asso- ciation meeting for Uni- versity of Miami	5-12 to 13-69 Per diem \$ 18.25 Other 20.00 Trans. 76.23 Total \$ 114.48		5-13-69 Meals and lodging \$ 34.30 Other 12.50 Total \$ 46.80 ^a	
4. Solomon Papper, New Orleans, Louisiana, attend American Federation for Clinical Research	1-29 to 2-2-69 Per diem \$ 56.00 Other 4.00 Trans. 94.00 Total \$ 154.00		1-29 to 31-69 Meals \$ 30.00 Other 13.50 Total \$ 43.50	
5. D. S. Howell, Atlanta, Georgia, (a) on-site review of research program at VA Hospital, (b) PEER Committee meeting VA	9-18 to 20-68 Per diem \$ 36.00 Other 20.50 Trans. 80.00 Total \$ 136.50		9-18 to 20-68 Meals \$ 38.00 Other 18.00 Total \$ 56.00	
6. D. S. Howell, Washington, D.C., (a) attend Institutional Research Program Evalua- tion Committee meeting, (b) attend PEER Commit- tee meeting	11-11 to 14-68 Per diem \$ 40.00 Other 14.00 Trans. 126.00 Total \$ 180.00		11-11 to 14-68 Meals and lodging \$ 89.01 Other 35.60 Total \$124.61	
7. D. S. Howell, Boston, Massachusetts, On-site review of re- search program at VA Hospital	3-3 to 6-69 Per diem and other \$ 66.08 Trans. 147.02 Total \$ 213.10		3-3 to 6-69 Lodging \$ 58.75 Other 16.40 Total \$ 75.15	
8. D. S. Howell; Washington, D.C.; (a) attend Institutional Research Program Evaluation Committee meeting, (b) attend VA Hospital meeting	5-12 to 14-69 Per diem \$ 40.00 Other 13.60 Trans. 62.00 Total \$ 117.60		5-12 to 13-69 Meals and lodging \$ 39.54 Other 14.75 Total \$ 54.29	
9. D. S. Howell, Toronto, Canada; collect cartilage fluid from rachitic patient	6-11 to 12-69 Per diem \$ 24.00 Other 27.40 Trans. 142.00 Total \$ 193.40		6-11 to 12-69 Meals \$ 11.90 Other 23.25 Total \$ 35.15	
Total payments	\$1,395.08		\$586.70	

^aA. J. Rogers received a total of \$110.80 from the University for this trip during the period May 13-16, 1969. However, the payment by the University for expenses on May 13, 1969, was the only payment covering the time he was on official Government business and was reimbursed by the Government. He was on annual leave during the remainder of the period for which the University paid his travel expenses.

For the nine trips jointly sponsored by VA and the University, reimbursement by the University supplemented the reimbursement the traveler received from VA (for the same period of time) incident to an official travel status. Enclosure II is a copy of decision B-133044, dated March 11, 1970, to the

Administrator of Veterans Affairs concerning reimbursements to VA employees by the University of Utah.

Since the University of Miami is also a tax-exempt organization similar to the University of Utah, that decision is applicable to Miami VA Hospital employees and requires that amounts paid by the Government for travel or subsistence be reduced by amounts received from the University for the same purposes incident to the authorized attendance of the employee at a meeting. Also, if the University's contribution is incident to official duty of the employee not involving attendance at a meeting, the employee may not retain any part of the contribution but is entitled only to travel expenses and subsistence otherwise payable by the agency under the applicable law and regulations. Thus, in the nine cases here involved, each of the physicians appears to be indebted to the United States.

We believe that the information presented above concerning the reimbursement of travel expenses by the University should be brought to the attention of the VA for appropriate action.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

ENCLOSURE II
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B-13044

March 11, 1970

Dear Mr. Johnson:

We refer to your letter of January 16, 1970, requesting our decision on several questions concerning the supplementation of travel allowances by the University of Utah in the case of five physicians employed at the Veterans Administration (VA) Hospital in Salt Lake City.

38 U.S.C. 4108 is quoted in your letter as follows:

"Notwithstanding any law, Executive order, or regulation, the Administrator shall prescribe by regulation the hours and conditions of employment and leaves of absence of physicians, dentists, and nurses."

In connection with the implementation of the authority to regulate concerning leaves of absence and hours and conditions of employment your letter says:

"The Department of Medicine and Surgery Supplement to Veterans Administration Manual MP-5, Part II, paragraph 7.10 sets out circumstances under which an employee can be authorized absence without charge to leave or loss of basic salary. Among these conditions, and particularly pertinent to this inquiry, are provisions permitting absence without charge to leave for the purposes of attending international, sectional, state and local, medical, dental, scientific conferences, as well as educational lectures, seminars, courses of instruction, etc. This authority, while issued pursuant to the provisions of title 38, cited above, and applicable only to physicians, dentists and nurses employed in the Department of Medicine and Surgery, does not appear to be substantially different from those circumstances under which classified employees may be authorized absence without charge to leave.

"Under certain circumstances, full-time physicians in the Department of Medicine and Surgery are authorized to participate in professional activities outside their Veterans Administration responsibilities. An important part of these activities is a teaching function which involves faculty appointments on the staff of the medical school affiliated with the particular Veterans Administration hospital. In the course of these activities, earnings may be generated which are deposited to special fund accounts."

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Such special funds accounts are described in your letter as follows:

"Such special fund accounts are a common practice in most of the nation's medical schools. They are called by different names in different parts of the country. The most frequently used is the Academic Enrichment Fund. Under this broad heading, special funds are established by departments of the medical school. Examples of the departmental funds at the University of Utah are, to name only a few: (1) the Gastroenterology Development Fund; (2) Plastic Surgery Development Fund; (3) Fluid Research Account or Metabolic Division, Department of Medicine; (4) Orthopedic Division of the Department of Surgery; and (5) the Kidney Development Fund. These special 'funds' are generally established by the Medical School of the University to provide financial support in whole or in part for supplementing academic staff members' salaries, provide for fringe benefits, retirement plans, life insurance, health benefits, and for defraying costs incurred in meeting professional responsibilities, travel expenses to professional societies, and professional membership dues. In addition, they are used to pay for periodicals, recruitment of prospective faculty members and residents. Upon affiliation with the University of Utah College of Medicine by the Veterans Administration Hospital in Salt Lake City, the benefits of these funds were extended to those Veterans Administration doctors that were given academic staff or teaching appointments.

"The various departmental funds are supported generally by collections resulting from clinical practice by the academic staff, including those Veterans Administration doctors who are members of the teaching staff at the University of Utah College of Medicine. The Veterans Administration doctors' participation in the control of moneys in these accounts is minimal. The funds generated by this group as a by-product of their teaching assignment comes from fees collected for clinical practice and are usually held and administered by the University. Fees may also result from clinical practice by faculty members and by Veterans Administration physicians for their teaching assignments for services performed by residents and interns under their teaching supervision. In some instances, billings may be, or have been, made by the various departments in the name of a specific Veterans Administration attending physician.

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"At the University of Utah College of Medicine, moneys in the special fund accounts were disbursed on an individual consideration basis. Payments from the fund were made in most instances only with the approval of the Department Head and/or Assistant Dean. The report shows that at Salt Lake City, there was a difference of opinion as to not only who controlled such funds, but who had title to them. In this connection, see Dr. Snyder's claim that one of these funds was his property. This is now resolved by the letter from the University of Utah, dated December 1, 1969, copy enclosed."

You point out it is your understanding, based upon decisions of our Office, that donations from private sources for official travel to conduct Government business, in the absence of statutory authority to accept gifts, is prohibited as an unlawful augmentation of appropriations. You understand, further, that when an agency is authorized to accept gifts, the donation may not be directed to the employee, but must be made to the agency and reimbursement to the employee for travel expenses must be in accordance with the appropriate laws and regulations relating to travel. (36 Comp. Gen. 268, 46 Comp. Gen. 689, unpublished decision B-166850, June 13, 1969).

You request our views as to the application of the foregoing principles in the following situations:

"(a) Where the employee is authorized absence without charge to leave to attend a medical meeting, seminar, etc., and his travel expenses are paid by or from funds controlled by the University;

"(b) Where the employee is authorized travel to attend a medical meeting, seminar, etc., to conduct Government business for a portion of such meeting and authorized absence without charge to leave to attend the remainder of the meeting, where the Government pays his entire travel costs and per diem for those days in which he is engaged in Government business, and the University pays his expenses for those days he is authorized absence without charge to leave;

"(c) Where the employee is authorized travel and per diem to conduct Government business for the entire period of a medical meeting, seminar, etc., and the University furnishes additional funds to permit him to undertake University business while in a travel status;

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"(d) Where the employee is authorized travel and per diem to undertake Government business for a specified period and either while on leave or administrative non-duty time while in a travel status, undertakes employment by the University and is reimbursed by them for his expenses during the non-duty days."

We note that under 38 U.S.C. 4113 the Administrator may pay the expenses, except membership fees, of physicians, dentists and nurses incident to attendance at meetings of associations for the promotion of medical and related sciences. Also, under 38 U.S.C. 4115 the Chief Medical Director with the approval of the Administrator shall promulgate all regulations necessary to the administration of the Department of Medicine and Surgery and consistent with existing law, including regulations relating to travel, transportation of household goods and effects, etc.

We concur generally in your understanding of the requirements to be followed in connection with the receipt of donations by Government employees traveling on official business. However, at the time of our report dated October 6, 1969, to the Chairman, Committee on Veterans Affairs referred to in your letter, we did not consider whether the University of Utah was one of those tax exempt organizations described in section 501(c)(3) of title 26, United States Code. An organization within the scope of 501(c)(3) is authorized under 5 U.S.C. 4111 to make contributions covering travel, subsistence, and other expenses incident to a period of training by a Government employee or incident to attendance of the employee at a meeting. We have ascertained informally from the Internal Revenue Service that the University of Utah is, in fact, one of those tax exempt organizations described in section 501(c)(3) of title 26. Thus, a physician who receives from the University of Utah a contribution for travel, subsistence, or other expenses incident to a period of authorized training or incident to attendance at a meeting is permitted to retain the full amount of such contribution. However, in accordance with subsection (b) of section 4111 and Bureau of the Budget Circular No. A-48, February 13, 1959, the amounts that otherwise would be payable by the Government on account of the employees' travel or subsistence are to be reduced by the contributions made by the University of Utah covering the same type expenses.

When a contribution is made by a tax exempt organization described in section 501(c)(3) of title 26 incident to official duty of an employee which does not involve training or attendance at a meeting, the usual rule referred to in your understanding of the matter should be followed. That is, the employee is to be regarded as having received the contribution on behalf of the Government and the amount, therefore, would be for

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deposit into the Treasury as a miscellaneous receipt unless, of course, the employing agency had statutory authority to accept gifts in which event the donation could be accepted and utilized by the employing agency without deposit into the general fund of the Treasury. With these concepts in mind, the following conclusions are reached with respect to the four specific situations enumerated in your letter:

- (a) The employee would be permitted to retain contributions received from the University.
- (b) We understand that in this situation the Government pays the entire travel cost and subsistence in going to and from the meeting and on those days when the employee is conducting Government business. On other days when the employee is on excused absence but is not actually conducting Government business but is still attending the meeting the University would pay his expenses. Under these circumstances acceptance of the contribution by the employee would be authorized.
- (c) In this situation the employee's official travel status for which he receives reimbursement from the Government continues through the entire period of the medical meeting but the University furnishes the employee additional funds to permit him to perform certain University business separate and apart from his officially ordered attendance at the meeting. Unless this further University business involved other meetings related to his VA duties, the employee would not be permitted to retain the additional funds which would be paid him by the University. Rather, such funds would be for deposit in accordance with the principle previously mentioned.
- (d) If, when performing the duties for the University, the employee is in a nonpay status or in a leave with pay status (assumed to be vacation leave) the amounts received from the University should not be construed as supplementing VA appropriations. In other situations the rules heretofore discussed would apply.


Concerning the specific vouchers submitted here our understanding is that the situation involved in each is one in which the University, in accordance with 5 U.S.C. 4111, is permitted to make and the VA physician involved is permitted to receive contributions covering traveling expenses. We understand also that the amounts paid by the University in each case are on an actual expense basis and cover specific periods of time. Thus, in accordance with 5 U.S.C. 4111(b) and Bureau

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of the Budget Circular No. A-48, for any period of time for which the University makes a contribution there must be an appropriate reduction in amounts payable by the Government for the same purpose. For example, if for any day the University pays the entire cost of meals, lodging, and other subsistence items no per diem would be payable by the Government. However, the employee would be authorized to retain the full contribution made by the University regardless of the amount thereof. For those days on which the contribution for lodging, meals and other subsistence items is less than the authorized per diem the employee may receive the full contribution but the authorized per diem must be reduced by the amount of such contribution.

The amount of the indebtedness of each of the employees involved should be redetermined on the foregoing basis. If, in connection with such redeterminations, any question arises concerning the application of the foregoing principles it may be transmitted here for a further decision.

Sincerely yours,


Assistant Comptroller General
of the United States

The Honorable Donald E. Johnson
Administrator, Veterans Administration