

Millions of Taxpayer Dollars Misused By D.C. Healthcare Contractor VMT

- **VMT misspent \$2.7 million of city funds, says D.C. Inspector General**
- **IG warns of oversight lapses at city-owned nursing homes run by VMT**
- **Oct. 17 special hearing set to probe firm, which paid CEO \$3.5 million**

A new report from the D.C. Inspector General (IG) finds that local healthcare contractor VMT misused \$2.7 million in city funds and calls on District officials to recoup the money.

Released late last month, the report also finds that VMT — which runs a D.C.-owned nursing home and relies heavily on city funding — paid its sole shareholder, CEO Solanges Vivens, \$3.5 million from 2004 to 2008.

The IG report is based on an audit of the District's two city-owned nursing homes: J.B. Johnson Nursing Center, which VMT currently operates; and Washington Center for Aging Services, which VMT managed for the city until losing the contract last year.

The report charges VMT with “significant contract violations” and warns that failures in oversight by District officials allowed violations to go “unresolved or undetected for several years.” The 61-page report includes a number of explosive revelations.

- In 2009, VMT improperly used \$1.8 million in District funds to pay fines imposed by the U.S. Department of Labor. The Labor Department had fined VMT for withholding benefits from nearly 500 workers at the Washington Center for Aging Services (WCAS).
- After dismissing an in-house Medicare billing specialist at WCAS, VMT failed to submit \$2.8 million in Medicare claims between January 2008 and April 2010, resulting in a net loss of \$400,000 for the District.
- In the wake of the Medicare billing crisis at WCAS, VMT hired a high-priced billing subcontractor without District approval and paid the firm \$357,839 without proper authorization.
- Beginning in 2009, as caregivers at WCAS and then J.B. Johnson united to form unions, VMT wrongly used \$181,000 in District funds to hire attorneys to combat their efforts.

Recommendations of the Report ♦ Solutions for the City

In addition to its recommendation that the city recoup \$2.7 million from VMT, the IG report also offers important suggestions on how D.C. can strengthen its oversight capacity, including: better management of city bank accounts, which VMT was able to access without apparent approval from city officials; and better training of D.C. contract officers, who too often lacked the skills to provide proper oversight.

The D.C. Committee on Aging and Community Affairs is holding a special hearing to address the problems at VMT on Mon., Oct. 17 at 2 p.m. Testifying at the hearing will be caregivers from the city-owned J.B. Johnson home, who in February 2010 voted 165-0 to form a union to address problems at the home. More than a year and a half after that unanimous vote, VMT has still refused to settle a fair contract.

The District's lease at J.B. Johnson stipulates that VMT “shall...employ reputable business practices.” Given the pattern of behavior documented in the IG's report, there are clear grounds for the city to revoke VMT's lease at the facility and to rebid the contract.

For more information, contact Anna Oman at 443-562-9888, anna.oman@1199.org or Jim McNeill at 301-801-6902, jim.mcneill@1199.org

www.VMTwatch.org

A Project of the Caregivers of 1199SEIU