

## ***Gaming the System: The VA Scandal***

In the United States, the Veterans Administration (VA) is tasked with, among other things, providing quality health care for U.S. military veterans. Chronically underfunded, the agency was having difficulty providing care in a timely manner. At various locations around the country, veterans were put on lengthy wait lists before they could receive care.

Turning to a common private sector solution in an attempt to reduce wait times, the VA provided bonuses to administrators who could reduce veterans' wait times for doctor and hospital appointments. While these incentives were meant to spur more efficient and productive health care for veterans, not all administrators complied as intended.

In one hospital, the goal was to reduce wait times to less than 14 days. Clerks would record a wait time of how many days there would be between the first available appointment date and the veteran's scheduled appointment date, disregarding any days prior to the first available date. In an email to colleagues, the clerk admitted, "Yes, it is gaming the system a bit. But you have to know the rules of the game you are playing, and when we exceed the 14-day measure, the front office gets very upset."

At some locations, veterans were put on an electronic waiting list. After waiting for up to six weeks to move to the top of that list, they were finally able to call for a doctor's appointment. If that appointment occurred soon after the call, it was counted as reducing the wait time; the time spent on the preliminary electronic waiting list was not counted. At other locations, VA officials used two sets of books, one recording the real wait times and another recording much shorter wait times that would be used to report success to superiors.

Using these and other maneuvers, executives in the VA qualified for millions of dollars of bonuses, even though actual wait times continued to lengthen. Following an audit of these practices, financial incentives for all Veterans Health Administration executives were suspended for the 2014 fiscal year. As of 2016, investigations remain ongoing.



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### **Discussion Questions:**

Note that the investigations into the VA are ongoing as of the time of writing. Assuming that the case above accurately reflects what happened, please consider the following questions.

1. In what ways does the VA scandal appear to be an example of incentive gaming? Explain.
2. Do you think performance incentives can be effective and ethical ways of increasing productivity? Why or why not?

3. Whose responsibility is it to stop incentive gaming in the case of the VA: the people who designed the incentive system or the administrators who exploited it? Explain your reasoning.
4. In the case of the VA, how might incentives be structured so that abuses are avoided?
5. Can you think of other examples of incentive gaming that you have seen in the news or in your life? What were the incentives, and how did they result in gaming?

**Resources:**

The VA Scandal One Year Later

<http://www.forbes.com/sites/adamandrzejewski/2015/05/24/the-va-scandal-one-year-later/>

Cheating in the Workplace: An Experimental Study of the Impact of Bonuses and Productivity

<http://www.sciencedirect.com/science/article/pii/S0167268113002436>

Why Incentives Are Irresistible, Effective, and Likely to Backfire

<http://www.fastcompany.com/1140924/why-incentives-are-irresistible-effective-and-likely-backfire>

The Cost of High-Powered Incentives: Employee Gaming in Enterprise Software

<http://www.journals.uchicago.edu/doi/10.1086/673371>

Financial Incentives and Bonus Schemes Can Spell Disaster for Business

<https://www.theguardian.com/sustainable-business/financial-incentives-bonus-schemes-lloyds-fine>

VA Worker Put on Leave Over Records Foulup

<http://www.usatoday.com/story/news/nation/2014/05/09/va-shinseki-veterans-delays-medical/8907417/>

Were bonuses tied to VA wait times? Here's what we know

<http://www.cnn.com/2014/05/30/us/va-bonuses-ga/index.html>

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