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Inside the Trump Administration's Internal War Over the VA

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David Shulkin, the secretary of the Department of Veterans Affairs, showed up to what he thought would be a routine Senate oversight hearing in January, only to discover it was an ambush.

Senator Jerry Moran, Republican from Kansas, was the sole holdout among members of the veterans affairs committee on a bill that would shape the future of the agency. The bipartisan bill had the support of 26 service groups representing millions of veterans. But Moran was pushing a rival piece of legislation, and it had the support of a White House aide who wields significant clout on veterans policy. Neither proposal could advance as long as there was any doubt about which President Donald Trump wanted to sign.

Moran blamed Shulkin for the impasse. “In every instance, you led me to believe that you and I were on the same page,” Moran said at the hearing. “Our inability to reach an agreement is in significant part related to your ability to speak out of both sides of your mouth: double talk.”

There were gasps in the hearing room. It was an astounding rebuke for a Trump appointee to receive from a Republican senator, especially for Shulkin, who was confirmed by the Senate unanimously.

Clearly ruffled, Shulkin hesitated before answering. “I think it is grossly unfair to make the characterizations you have made of me, and I’m disappointed that you would do that,” he said. “What I am trying to do is give you my best advice about how this works.”

Moran dug in. “I chose my words intentionally,” he said. “I think you tell me one thing and you tell others something else. And that’s incompatible with our ability to reach an agreement and to work together.” Moran then left the hearing for another appointment.

The exchange exposed tensions that had been brewing for months behind closed doors. A battle for the future of the VA has been raging between the White House and veterans groups, with Shulkin caught in the middle. The conflict erupted into national headlines this week as a result of a seemingly unrelated development: the release of a lacerating inspector general report on Shulkin that found “serious derelictions” in a taxpayer-funded European business trip in which he and his wife enjoyed free tickets to Wimbledon and more.

The underlying disagreement at the VA has a different flavor from the overhauls at a number of federal agencies. Unlike some Trump appointees, who took the reins of agencies with track records of opposing the very mission of the organization, Shulkin is a technocratic Barack Obama holdover. He not only participated in the past administration, but defends the VA's much-maligned health care system. He seeks to keep the organization at the center of veterans' health care. (An adviser to Shulkin said the White House isn't permitting him to do interviews.)

But others in the administration want a much more drastic change: They seek to privatize vets' health care. From perches in Congress, the White House and the VA itself, they have battled Shulkin. In some instances, his own subordinates have openly defied him.

Multiple publications have explored the turmoil and conflict at the VA in the wake of the IG report. Yet a closer examination shows the roots of the fight stretch back to the presidential campaign, and reveals how far the entropy of the Trump administration has spread. Much has been written on the "chaos presidency." Every day seems to bring exposés of White House backstabbing and blood feuds. The fight over the VA shows not only that this problem afflicts federal agencies, too, but that friction and contradiction were inevitable: Trump appointed a VA secretary who wants to preserve the fundamental structure of government-provided health care; the president also installed a handful of senior aides who are committed to a dramatically different philosophy.

The blistering report may yet cost Shulkin his job. But the attention on his travel-related misbehavior is distracting from a much more significant issue: The administration's infighting is imperiling a major legislative deal that could shape the future of the VA.

Taking better care of veterans was a constant refrain at Trump's presidential campaign rallies. In the speech announcing his candidacy, he said, "We need a leader that can bring back our jobs, can bring back our manufacturing, can bring back our military, can take care of our vets. Our vets have been abandoned." Ex-military people overwhelmingly supported him on Election Day and in office.

Trump's original policy proposals on veterans health, unveiled in October 2015, largely consisted of tweaks to the current system. They called for increasing funding for mental health and helping vets find jobs; providing more women's health services; modernizing infrastructure and setting up satellite clinics in rural areas.

The ideas drew derisive responses from the Koch brothers-backed group Concerned Veterans for

America (CVA). Pete Hegseth, its then-CEO, called the proposal “painfully thin” and “unserious.”

Trump then took a sharp turn toward CVA’s positions after clinching the Republican nomination. In a July 2016 speech in Virginia Beach, he embraced a very different vision for the VA, emphasizing private-sector alternatives. “Veterans should be guaranteed the right to choose their doctor and clinics,” Trump said, “whether at a VA facility or at a private medical center.”

Trump’s new 10-point plan for veterans policy resembled the CVA’s priorities. In fact, six of the proposals drew directly on CVA ideas. Three of them aimed to make it easier to fire employees; a fourth advocated the creation of a reform commission; and two involved privatizing VA medical care.

Trump’s new direction, according to a campaign aide, was influenced by Jeff Miller, then the chairman of the House veterans committee. Miller, who retired from Congress in January 2017, was a close ally of CVA and a scathing critic of Obama’s VA.

Miller became one of the first congressmen to endorse Trump, in April 2016. He did so a few weeks after attending a meeting of the campaign’s national security advisers. (That meeting, and the photo Trump tweeted of it, would become famous because of the presence of George Papadopoulos, who is cooperating with investigators after pleading guilty to lying about Russian contacts. Miller is wearing the light gray jacket in the front right. Now a lobbyist with the law firm McDermott Will & Emery, he didn’t reply to requests for comment.) Miller became Trump’s point man on veterans policy, the campaign aide said.

Miller and CVA portrayed the VA as the embodiment of “bureaucratic ineptitude and appalling dysfunction.” They were able to cite an ample supply of embarrassing scandals.

The scandals may come as less of a surprise than the fact that the VA actually enjoys widespread support among veterans. Most who use its healthcare report a positive experience. For example, 92 percent of veterans in a poll conducted by the Veterans of Foreign Wars reported that they would rather improve the VA system than dismantle it. Independent assessments have found that VA health care outperforms comparable private facilities. “The politicization of health care in the VA is frankly really unfair,” said Nancy Schlichting, the retired CEO of the Henry Ford Health System, who chaired an independent commission to study the VA under the Obama administration. “Noise gets out there based on very specific instances, but this is a very large system. If any health system in this country had the scrutiny the VA has, they’d have stories too.”

One piece of extreme noise was a scandal in 2014, which strengthened Miller and CVA’s hand and

created crucial momentum toward privatization. In an April 2014 hearing, Miller revealed that officials at the VA hospital in Phoenix were effectively fudging records to cover up long delays in providing medical care to patients. He alleged that 40 veterans died while waiting to be seen. A week later, CVA organized a protest in Phoenix of 150 veterans demanding answers.

Miller's dramatic claims did not hold up. A comprehensive inspector general investigation would eventually find 28 delays that were clinically significant; and though six of those patients died, the IG did not conclude that the delays caused those deaths. Later still, an independent assessment found that long waits were not widespread: More than 90 percent of existing patients got appointments within two weeks of their initial request.

But such statistics were lost in the furor. "Nobody stood up and said, 'Wait a minute, time out, are we destroying this national resource because a small group of people made a mistake?'" a former senior congressional staffer said. "Even those who considered themselves to be friends of the VA were silent. It was a surreal period. The way it grew tentacles has had consequences nobody would have predicted."

In the heat of the scandal, Miller and CVA pushed for a new program called Choice. It would allow veterans who have to wait more than 30 days for a doctor's appointment or live more than 40 miles from a VA facility to get private-sector care. The VA has bought some private medical care for decades. But Choice represented a significant expansion, and Democrats were wary that it would open the door to privatizing VA health care on a much broader scale.

Still, the Phoenix scandal had made it hard for the Democrats to resist. The Choice bill passed with bipartisan support, and President Obama signed it into law in August 2014.

By 2016, then-candidate Trump was demanding further changes. "The VA scandals that have occurred on this administration's watch are widespread and inexcusable," he said in the Virginia Beach speech. "Veterans should be guaranteed the right to choose their doctor and clinics, whether at a VA facility or at a private medical center. We must extend this right to all veterans."

Trump's contacts with CVA and its allies deepened during the transition. He met Hegseth, who left CVA to become a Fox News commentator, in Trump Tower. Trump picked Darin Selnick for the "landing team" that would supervise the transition at the VA. Selnick had directed CVA's policy task force, which in 2015 recommended splitting the VA's payer and provider functions and spinning off the latter into a government nonprofit corporation. Such an operation, organized

along the lines of Amtrak, would be able to receive federal funding but also raise other revenue.

Trump's consideration of Hegseth and Miller to lead the VA ran into fierce resistance from veterans groups, powerful institutions whose clout is boosted by the emotional power that comes with members' having risked their lives for their country. At a meeting with the Trump transition in December 2016, officials from the major veterans groups held a firm line against privatizing the VA and any secretary intent on it.

Trump finally settled on Shulkin, 58, who ran the VA health system under Obama. Shulkin is a former chief of private hospital systems and a doctor—an internist, he still occasionally treats patients at the VA—who comes across more as a medical geek than the chief of a massive organization.

Trump heaps praise on Shulkin in public appearances and meets with him regularly in private. He was one of the first Cabinet secretaries Trump consulted about the impact of the government shutdown on January 21. They met at Camp David in December and lunched at the White House on February 8. "You're doing a great job," Trump told Shulkin at a January 9 signing ceremony for an executive order on veterans mental health services, handing Shulkin the executive pen. "We appreciate you."

Trump may like Shulkin. But that didn't stop his administration from appointing officials who opposed his philosophy. One of them, Jake Leinenkugel, a Marine Corps veteran and retired Wisconsin brewery owner, became the White House's eyes and ears inside the agency. He works in an office next to Shulkin's, but his title is senior White House adviser. Leinenkugel, 65, said he came out of retirement to take the position because he was "excited about taking POTUS' agenda and advancing it." As he put it, "I'm here to help veterans."

He and Shulkin got along fine for a few months. But then, in May 2017, the two men clashed, as Shulkin accused Leinenkugel of undermining him. Shulkin wanted to nominate the VA's acting undersecretary for health, Poonam Alaigh, to take the position permanently, according to two people familiar with his thinking. But, the VA secretary charged, Leinenkugel told the White House to drop Alaigh. Shulkin confronted Leinenkugel, who denied any sabotage, according to an email Leinenkugel subsequently wrote. Alaigh stepped down in October and the position remains unfilled.

Shulkin has even been at odds with his own press secretary, Curt Cashour, who came from Miller's House committee staff. Last month, Shulkin assigned an official to send a letter to a veterans group

that said the agency would update its motto, to be inclusive of servicewomen. (Adapted from Abraham Lincoln's second inaugural address, the original reads, "To care for him who shall have borne the battle and for his widow, and his orphan." The new version would read: "To care for those who shall have borne the battle and their families and survivors.")

Cashour told the *Washington Post* the motto wouldn't change. A few days later, the secretary's strategic plan went out using the updated, gender-neutral motto. Cashour then denied the change a second time, telling the *Post* that was "not VA's position." A new document with the Lincoln quote restored subsequently appeared on the VA's website. Shulkin was stunned at being disobeyed by his own spokesman, two people briefed on the incident said. (Cashour denied defying the VA secretary. "The premise of your inquiry is false," he told ProPublica. Cashour said Shulkin never approved the letter regarding the updated motto and authorized the restoration of the original one.)

Then there was Selnick, who became the administration's most effective proponent for privatization. He joined the VA as a "senior adviser to the secretary." Though he reported to Shulkin, he quickly began developing his own policy proposals and conducted his own dealings with lawmakers, according to people with knowledge of the situation. In mid-2017 Shulkin pushed him out—sort of.

Selnick left the VA offices and took up roost in the White House's Domestic Policy Council. There he started hosting VA-related policy meetings without informing Shulkin, according to people briefed on the meetings. At one such meeting of the "Veterans Policy Coordinating Committee," Selnick floated merging the Choice program with military's Tricare insurance plan, according to documents from the meeting obtained by ProPublica.

Veterans groups were furious. At a November 17 meeting, Selnick boasted that Trump wouldn't sign anything without Selnick's endorsement, according to a person present. Shulkin would later tell a confidant that moving Selnick out of the VA was his "biggest mistake" because he did even more damage from the White House. (Selnick did not reply to a request for comment. A White House spokesman said some VA officials were aware of the policy meetings that Selnick hosted. The spokesman said Selnick does not brief the president or the chief of staff.)

Selnick, 57, is a retired Air Force captain from California who worked in the VA under the George W. Bush administration. At CVA, he not only ran the policy task force, he testified before Congress and appeared on TV. In 2015, House Speaker John Boehner appointed Selnick to the Commission on Care, an independent body created by a congressional act to study the VA and make

recommendations.

Selnick impressed his fellow commissioners with his preparation but sometimes irked them with what they viewed as his assumption that he was in charge, people who worked with him on the commission said. Selnick often brought up his experience at the VA. But some commissioners scoffed behind his back because his position, in charge of faith-based initiatives, had little relevance to health care. Whatever his credentials, Selnick had audacious ambitions: He wanted to reconceive the VA's fundamental approach to medical care.

Selnick wanted to open up the VA so any veteran could see any doctor, an approach that would transform its role into something resembling an insurance company, albeit one with no restrictions on providers. Other commissioners worried that would cost the government more, impose fees and deductibles on veterans, and serve them worse. "He was probably the most vocal of all of the members," said David Gorman, the retired executive director of Disabled American Veterans who also served on the commission, "in a good and a bad way."

The bad part, in the view of Nancy Schlichting, the chairwoman, emerged when Selnick tried to "hijack" the commission. Selnick and a minority of commissioners secretly drafted their own proposal, which went further than CVA's. (The group included executives of large health systems that stood to gain more patients.) They wrote that the "the current VA health care system is seriously broken" with "no efficient path to repair it." They proposed closing facilities, letting all veterans choose private care, and transitioning the rest to private care over two decades.

The draft was written in a way that seemed to speak for the commission as a whole, with phrases like "the Commission recommends." The commission staff suggested labeling it a "straw man report," implying it was meant to provoke discussion. Still, veterans organizations were angry, and Schlichting had to publicly disavow the draft. "Darin Selnick has never run a health system in his life and doesn't understand the complexity of it," Schlichting told ProPublica.

For his part, Shulkin publicly staked out his vision in a March 17, 2016 article in the *New England Journal of Medicine*. In it, he defended the VA's quality of care and proposed reimagining the VA as an integrated system composed of its own core facilities, a network of vetted private-sector providers, and a third layer of private care for veterans in remote places. Shulkin also edited a book published last year trumpeting the VA's successes, called *Best Care Everywhere*.

Almost four years after the Phoenix scandal, the emergency measure letting some veterans

get care outside the VA is still limping along with temporary extensions, not to mention payment glitches and confusion about its rules. Key legislators grew tired of renewing emergency funding and wanted to find a long-term solution. In the House, negotiations broke down after Democrats boycotted a listening session featuring CVA. So last fall, focus turned to the Senate.

The crux of the debate was the extent to which the VA should rely on private care. The chairman and ranking member on the Senate veterans committee, respectively, Johnny Isakson of Georgia and Jon Tester of Montana, drafted a bill to consolidate all of the VA's programs that pay for private care and let doctors and patients decide where veterans would get care. The VA would buy private care when that makes the most sense but would still coordinate all veterans care in an integrated, comprehensive way. The bill garnered the support of 26 veterans organizations and every committee member except Moran.

Moran represents the Koch brothers' home state; employees of Koch Industries are the second-largest source of campaign contributions in his career, according to data from the Center for Responsive Politics. With the support of CVA, Moran wanted to establish clear criteria making veterans eligible for private-sector care, like the 30 days/40 miles standard in the Choice program. It might sound like a subtle distinction, but it means the difference between keeping all veterans within the VA system versus ceding the direction of patient care to the private sector. When the committee rejected his amendment, Moran proposed his own bill and signed up Arizona Senator John McCain as a co-sponsor.

Moran's bill initially called for all veterans to be able to choose private care. When a McCain aide shared it with a lobbyist for the American Legion, the lobbyist was so enraged by what he viewed as a bid to undermine the VA that he torched a copy of the bill and sent the McCain aide a photo of the charred draft. (An American Legion spokesman declined to comment.) With the American Legion's input, McCain's and Moran's staffs toned down the bill to the point that they got letters of support from the group, along with Amvets and CVA. But American Legion and Amvets were still working to get consensus on the Isakson-Tester bill.

Still, the Moran-McCain bill had a few key allies: Selnick and Leinenkugel. They had gained sway in part because of a White House vacuum. The president himself has been largely absent on veterans policy and there's no senior point person. The portfolio has at times belonged to Kellyanne Conway, Jared Kushner and Omarosa Manigault, according to veterans groups and congressional officials. (A White House spokesman said those officials played a role in "veterans issues," but not "veterans policy." The latter, the spokesman said, is overseen by Selnick on the Domestic Policy Council.)

That has given Selnick and Leinenkugel wide latitude to shape White House positions on issues that don't rise to Trump's level. "Darin [Selnick] is pretty much in the ascendancy," said Michael Blecker, the executive director of Swords to Plowshares, a San Francisco-based charity serving veterans.

As long as Moran had a competing claim to the Trump administration's support, the Isakson-Tester bill was stuck. Republicans wouldn't risk a floor vote on a bill the president might not sign. Shulkin supported the Isakson-Tester bill but he knew his rivals inside the White House were pushing for Moran's proposal. So Shulkin hedged, awkwardly praising both bills. "We still don't know which bill he wants," Joe Chenelly, executive director of Amvets, said. "If the White House wants something different, then we need to know how to reconcile that."

Amid the impasse, the Choice program was out of money again and needed an extension as part of the end-of-year spending deal. Tester vowed to make it the last one he would agree to. He called on Shulkin to break the stalemate by publicly endorsing his and Isakson's bill. "I would love to have the VA come out forcefully for this bill," he said on the Senate floor in late December. "I think it would help get it passed."

In a private meeting, Isakson and Tester chided Shulkin for withholding support for their bill, according to three people briefed on the meeting. Shulkin told them he was doing the best he could, but he had to fend off a competing agenda from the White House.

Unbeknown to Shulkin, there was already talk in the White House of easing him out. On December 4, Leinenkugel wrote a memo, which ProPublica obtained, summarizing his disillusionment with Shulkin as well as with Shulkin's deputy, Thomas Bowman, and chief of staff, Vivieca Wright Simpson. ("I was asked to tell the truth and I gave it," said Leinenkugel of his memo; he declined to say who requested it.)

Leinenkugel accused Bowman of disloyalty and opposing the "dynamic new Choice options requested by POTUS agenda." The memo recommended that Bowman be fired—and replaced by Leinenkugel himself. It also asserted that Wright Simpson "was proud to tell me she is a Democrat who completely trusts the secretary and it's her job to protect him." Leinenkugel accused her of delaying the placement of Trump's political appointees. Leinenkugel recommended replacing her, too.

As for Shulkin, Leinenkugel's memo advocated he be "put on notice to leave after major legislation and key POTUS VA initiatives [are] in place."

After the clash between Moran and Shulkin at the January hearing, Isakson said the White House would provide feedback on his bill to help the committee chart a way forward. “The president basically is pushing to get a unanimous vote out of committee,” said Rick Weidman, the top lobbyist for Vietnam Veterans of America. “The only reason why we didn’t get it before was there is one mid-level guy on the Domestic Policy Council who threw a monkey wrench into it by confusing people about what the administration’s position is.” That person, Weidman said, is Selnick.

The White House’s feedback on the Isakson-Tester bill, a copy of which was obtained by ProPublica, was the closest the administration has come to a unified position on veterans health care. It incorporated input from the VA and the Office of Management and Budget. Selnick told veterans groups he wrote the memo, leaving some miffed that Selnick seemingly had the final word instead of Shulkin. (A White House spokesman said Selnick was not the only author.)

Selnick requested changes that might look like minor tweaks but would have dramatic policy consequences. “It’s these very small differences in details that the public would never notice that change the character of the thing entirely,” said Phillip Longman, whose 2007 book, *Best Care Anywhere*, argued that the VA works better than private health care. (The title of the book Shulkin edited, *Best Care Everywhere*, was a nod at Longman’s book.)

Most important, the White House wanted clear criteria that make veterans eligible for private care. That was the main feature of Moran’s bill and the sticking point in the negotiations. The administration also asked to preserve a piece of the Choice program by grandfathering in veterans living more than 40 miles away from a VA facility. CVA praised the White House for nudging the bill in Moran’s direction. “We applaud President Trump for taking a firm stand in favor of more health care choice for veterans at the VA,” the group’s director, Daniel Caldwell, said in a statement dated January 24.

The White House feedback also called for removing provisions that would regulate providers, such as requiring them to meet quality standards and limiting opioid prescriptions. And the administration objected to provisions in the bill that would require it to fill critical vacancies at the VA and report back to Congress.

Selnick got what he asked for, but it still might not be enough. Isakson and Tester agreed to most of the changes. But in a White House meeting with veterans groups on February 5, Selnick continued

to insist on open choice, suggesting that's what Trump wants. Selnick visited Moran's staff, a person with knowledge of the meeting said, and Moran indicated he wouldn't support the modified version of the Isakson-Tester bill. (A White House spokesman said Isakson and Tester did not accept all the changes, and negotiations continue. He denied that Selnick pushed for open choice. Moran's spokesman didn't answer emailed questions by press time.)

The tensions spilled out publicly again on February 8, when the *Washington Post* reported that the White House wanted to oust Bowman, Shulkin's deputy. The article said the purpose was to chastise Shulkin for "freewheeling"—working with senators who don't share the administration's position. Isakson's spokeswoman called it a "shameful attempt" to derail the negotiations. Isakson resolved to move ahead without Moran, the spokeswoman said, but it's not clear when the bill will get time on the Senate floor (the Senate focused on immigration this week and then will take a recess). Moran could still place a "hold" on the bill or round up other senators to oppose it.

Shulkin determined that Selnick and Leinenkugel had to go, according to four people familiar with the secretary's thinking. But Shulkin doesn't appear to have the authority to fire them since they work for the White House. Plus, the attacks from the right were already taking a toll on Shulkin's standing. "If leaders at Trump's VA don't support REAL CHOICE—why won't they resign?" former CVA chief Hegseth tweeted on February 13, tagging Shulkin in the post.

Veterans advocates responded by defending Shulkin against attacks they viewed as originating with Selnick and Leinenkugel. "They thought they could coopt David," said Weidman, the lobbyist for Vietnam Veterans of America. "When he couldn't be coopted, they decided to go after his character."

The biggest blow came on February 14, when the VA's inspector general released its report on Shulkin's trip to Europe in April 2017. It concluded that Shulkin improperly accepted Wimbledon tickets, misused a subordinate as a "personal travel concierge," lied to reporters, and that his chief of staff doctored an email in such a way that would justify paying travel expenses for Shulkin's wife.

Shulkin disputed the IG's findings, but he again ran into trouble getting his message out from his own press office. A statement insisting he had "done nothing wrong" disappeared from the VA's website, and Cashour replaced it with one saying "we look forward to reviewing the report and its recommendations in more detail before determining an appropriate response." Cashour said the White House directed him to take down Shulkin's statement and approved the new one.

Shulkin told POLITICO the IG report was spurred by internal opponents. "They are really killing me,"

he said. By Friday, February 16, his chief of staff had told colleagues she would retire, *USA Today* reported.

The condemnation after the IG report was swift and widespread. House veterans committee member Mike Coffman, Republican from Colorado, called on Shulkin to resign. Democrats, though generally sympathetic to Shulkin, couldn't resist lumping the imbroglio in with other travel-expense tempests across Trump's cabinet (involving Tom Price, Ryan Zinke, Scott Pruitt, and Steven Mnuchin). The chairs and ranking members of the House and Senate veterans committees said they were "disappointed" and want Shulkin to address the allegations, but acknowledged the politics at work and the stakes in a joint statement: "We need to continue progress we have made and not allow distractions to get in the way."

The next day, Shulkin appeared before another routine oversight hearing, in this instance on the House side. He told the representatives he would reimburse the government for his wife's travel and accept the IG's recommendations. Shulkin thanked the chairman and ranking member for urging their colleagues not to let the scandal commandeer the hearing. "I do regret the decisions that have been made that have taken the focus off that important work," he said.

Turning to the VA's budget, Shulkin resumed his tightrope walk. He praised the VA's services while acknowledging the need for some veterans to be treated outside the government's system. By the time he left the hearing, two hours later, the Trump administration's position on veterans health privatization remained a mystery.