Wounded Soldier Pay Support
Management Deficiencies During Operation Iraqi Freedom
Wounded Soldier Pay Support: Management Deficiencies During Operation Iraqi Freedom

A report on the 106th Finance Battalion's Wounded Soldier Pay Audit by CPT Michael J. Hurst

March 22, 2005

<table>
<thead>
<tr>
<th>Summary</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Findings</td>
<td>2</td>
</tr>
<tr>
<td>Tracking</td>
<td>2</td>
</tr>
<tr>
<td>Laws and Regulations</td>
<td>6</td>
</tr>
<tr>
<td>Military Pay Support</td>
<td>9</td>
</tr>
<tr>
<td>Recommendations</td>
<td>10</td>
</tr>
<tr>
<td>To the Department of the Army:</td>
<td>10</td>
</tr>
<tr>
<td>To the Defense Finance and Accounting Service:</td>
<td>10</td>
</tr>
<tr>
<td>To the Department of Defense:</td>
<td>10</td>
</tr>
<tr>
<td>To Congress:</td>
<td>10</td>
</tr>
</tbody>
</table>
Summary

Since the beginning of Operation Iraqi Freedom, over 20,000 soldiers have been evacuated from theater for wounds or injuries sustained in Iraq. During the months of November and December 2004, the 106th Finance Battalion discovered multiple pay discrepancies in the accounts of several wounded soldiers. In response, the Commander of the 106th Finance Battalion ordered a special audit team to conduct a review of the 1st Infantry Division’s wounded soldiers. During the months of January, February, and March a five person team spent over 1400 man-hours in an effort to determine the pay accuracy of 123 active-duty service members evacuated from Iraq for wounds or injuries sustained in theater and subsequently hospitalized in a Military Treatment Facility (MTF). The audit team conducted a review of Hardship Duty Pay-Location, Hostile Fire Pay/Imminent Danger Pay, and Combat Zone Tax Exclusion.

As a result of government error, a total of $77,000 of debt was created for the 123 soldiers involved in the audit. In addition, soldiers were shorted a total of over $24,000 in the three entitlements that were examined by the audit team. Overall, 82% of the soldiers involved in the audit had significant errors in pay.¹

<table>
<thead>
<tr>
<th>Entitlement</th>
<th># of Soldiers</th>
<th>Debt Total</th>
<th># of Soldiers</th>
<th>Total Underpayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDP-L</td>
<td>90</td>
<td>$16,884</td>
<td>12</td>
<td>$916</td>
</tr>
<tr>
<td>HFP/IP</td>
<td>55</td>
<td>$31,950</td>
<td>19</td>
<td>$7,650</td>
</tr>
<tr>
<td>CZTE</td>
<td>49</td>
<td>$29,127</td>
<td>39</td>
<td>$16,346</td>
</tr>
</tbody>
</table>

There is no reason to believe these problems are unique to the division involved in the study. FT Hood has experienced similar problems in addition to the widely reported case of SPC Robert Loria.² Most of the soldiers involved in the audit accumulated debt and failed to receive proper pay entitlements due to erroneous action or inaction while they were patients at Landstuhl Regional Army Medical Center (LRMC) or Walter Reed Army Medical Center (WRAMC). Extrapolating from the data obtained in this study and the data from FT Hood and factoring in the number of soldiers deployed to Operation Iraqi Freedom since the start of hostilities yields a population of 3,000-4,000 wounded or injured soldiers with significant errors in pay.³

The government’s current system of delivering pay to wounded soldiers is problematic in several respects – including (1) a lack of effective personnel tracking methods, (2) a complex series of laws and regulations governing military pay, and (3) an inadequate number of personnel to provide military pay support to wounded and injured soldiers. Immediate and decisive action by the Army, the Defense Finance and Accounting Service, the Department of Defense, and Congress is necessary to reform a system that is creating financial hardships for wounded and injured soldiers and their families.

¹ For this audit, a significant error in pay was defined as a variation of greater than $100 in the service member’s military pay account.
³ Currently, the Army has no definitive method of determining how many soldiers have been affected.
Findings

Tracking

The Army lacks an effective means of tracking and reporting dates of hospitalization for wounded and injured soldiers.

No single system or organization has a holistic record of any given soldier’s dates of admission and discharge from medical treatment facilities – key information when attempting to reconcile a soldier’s pay history. The tracking and reporting of this data is especially critical because the Army does not have an integrated pay and personnel system. Rather, the method of paying soldiers their entitlements relies on error-prone, manual data entry.

Hospitalization dates and injury classifications are critically important in determining a soldier’s eligibility for two of the three entitlements included in the audit. A soldier is eligible for a $225 monthly payment of Hostile Fire Pay/Imminent Danger Pay (HFP/IDP) if he was evacuated from the combat zone for hospitalization for injuries sustained due to “hostile action”. If the soldier continues in a hospitalization status, he is eligible to receive this payment for a maximum of three months following the month of injury. A soldier who is “hospitalized or rehospitalized any place as a result of wounds, disease, or injury incurred while serving in a combat zone” is authorized Combat Zone Tax Exclusion (CZTE) for the entire month of hospitalization. Combat Zone Tax Exclusion exempts the soldier from state and federal income tax on any military pay earned during the exclusion period.

During the course of our audit, we found a total of eight different databases designed to store data on wounded and injured soldiers. Unfortunately, none of the databases were able to provide a complete record of hospitalization dates for a given soldier. As a result of an absence of clear guidelines and a shortage of personnel in the hospitals’ Patient Administration Divisions (PADs), many of the databases were only partially populated. In an effort to identify all possible dates of hospitalization, three databases, in addition to the Patient Tracking Report spreadsheet, an information system distributed by the United States Army in Europe Casualty Information Center, were cross-referenced. A typical example of the information available on a single soldier is provided in Figure 1 located on page four of this report.

The Global War on Terrorism (GWOT) database at Walter Reed is designed to track wounded and injured soldiers from operations in Iraq and Afghanistan. The database was fairly well populated in comparison to the other databases in use. However, the dates in the database were limited to hospitalization dates at Walter Reed. Furthermore, the

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database contained a maximum of three hospital stays, an amount that was quickly exceeded by many of the seriously injured veterans from Operation Iraqi Freedom. As the example below illustrates, GWOT had only two of the six hospitalization dates for the soldier.

The Composite Health Care System (CHCS) is used to track admissions and dispositions at military treatment facilities. CHCS proved to be the most accurate system in use. Unfortunately, the system is not globally connected. Each CHCS system contains data for its region and its region alone. For example, checking CHCS at Landstuhl only garnered admissions and disposition dates from facilities in Europe. In order to find out information about admission dates at Walter Reed one must log-on to CHCS at Walter Reed. Another challenge was finding trained specialists to extract the information from the system. Two operators from whom information was requested were only able to produce the most recent date of hospitalization the soldier had at their respective facilities. The combination of the Composite Health Care Systems (CHCS) at Landstuhl Regional Medical Center (LRMC) and Walter Reed Army Medical Center (WRAMC) produced five out of the six hospitalization dates for the soldier.

The Patient Accounting and Reporting Real Time Tracking System (PARRTS) was developed as a data collection tool for persons of special interest to include soldiers evacuated from combat zones for wounds or injuries. PARRTS is generally well-populated and available on the worldwide web. However, information on admission and discharge dates is often embedded in comments about the patient’s specific injuries, mood, medications and other important areas of a confidential nature: a feature that makes the system inappropriate for access by those outside the medical community. In the below example, PARRTS had four out of the six hospitalization dates for the soldier.

The Patient Tracking Report (PTR) yielded little accurate information, but in some instances, helped confirm dates in other systems. The below example illustrates the problem concerning injury classifications. According to PARRTS, the soldier was hospitalized due to a non-battle incurred (NBI) injury, while the PTR reports the soldier’s injuries as being battle-incurred (BI). When computing the Hostile Fire Pay/Imminent Danger Pay (HFP/IDP) entitlement, the injury classification could potentially make a $675 difference in a soldier's pay over a three-month period. Throughout the course of the audit, the audit team was never able to find a repository with the official determination made by the "local commander" as outlined in DoD Instruction 1340.9. In most cases, the audit team was forced to rely on the HIF Liaison Officer at Landstuhl, an ad hoc position used by the 1st Infantry Division as an additional means of tracking wounded and injured soldiers.

The Medical Operational Data System (MODS), a system that consolidates data from over 15 different Army and DoD databases, had no information on the soldier used in the above example. The Defense Casualty Information Processing System (DCIPS) also had no record of the soldier in the above example. The Electronic Military Personnel Office Application (EMILPO), the Army’s personnel database of record, had only one entry on the soldier: ‘20030303 hospitalized battle incurred, present for duty 20040402’.

During a visit with the Non-Commissioned Officer in Charge (NCOIC) of the Patient Administration Division at LRMC, the effects caused by an absence of specific guidance became abundantly clear. Lacking the manpower to populate the numerous databases present in the medical community, the NCOIC focused his staff on populating the Joint Patient Tracking Application (JPTA), a system intended to be fielded at every medical center within the next three years. Especially during events such as the 2004 offensive in Fallujah, hospital staff members were overwhelmed with critical soldier-care functions and were unable to enter data into the multiple databases used for patient tracking.

None of the databases contained information on hospital stays at Veterans Administration (VA) or civilian hospitals. This information is important because the regulation on military pay does not distinguish between periods of hospitalization at military treatment facilities and civilian or VA hospitals. In most cases, the 1st Infantry Division Liaison Officer was the only source for information concerning hospital stays at VA or civilian hospitals. Once an indication was received from the Liaison Officer that a soldier may have been admitted to one of these facilities, the only way to obtain accurate dates of hospitalization was to make direct contact with the Patient Administration Division of the medical facility in which the soldier was suspected of staying.

In the ensuing confusion over hospitalization stays, duty status, and location of the wounded soldier in the above example, he was erroneously paid four additional months.

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of HDP-L, HFP/IDP, and Cost of Living Allowance (COLA) creating a total debt to the government of $3,656.32. He was also underpaid $520.46 in CZTE.

In addition to the numerous problems with data collection, there were no ‘triggers’ to effect finance transactions. Absent an integrated military pay and personnel system, the finance office relies on the personnel community to stimulate finance transactions through the use of ‘triggers’. In the current system, the finance office must be notified of duty status changes before a soldier’s pay can be adjusted. All of the databases currently in use are non-integrated, static data storage systems that do not provide the necessary trigger to the finance office. Army Regulation (AR) 600-8-6 mandates the use of Department of the Army (DA) Form 4187 (Personnel Action) to report periods of hospitalization. In addition, the regulation lists the supporting finance and accounting office as the recipient of copy 2 of every DA Form 4187 generated by a unit.

Although the guidance provides clear instructions for the preparation and distribution of DA Form 4187, units were confused during the fielding of Electronic Military Personnel Office Application (EMILPO) as a replacement for the Standard Installation/Division Personnel System (SIDPERS). AR 600-8-6 continually refers to SIDPERS instead of EMILPO, calling into question the current applicability of the regulation. With the advent of EMILPO, units were given the responsibility of entering duty status changes directly into EMILPO and told the directive to generate a DA Form 4187 for distribution to the personnel office was no longer required. As a result, many units erroneously, yet understandably, assumed the DA Form 4187 was no longer a requirement and that the entries into the new system were automatically transmitted to the finance office.

Further complicating the process is the stovepiped system of finance offices that governs military pay processing. Finance offices currently operate as separate entities with a unique Accounting and Disbursing Station Number (ADSN). A soldier deployed to Iraq who is evacuated to Walter Reed via Landstuhl passes through the area of responsibility of three different ADSNs. In addition, there are numerous finance offices within Iraq and the soldier’s station of origin in the United States or Europe to take into consideration. Absent clear guidelines on how to process wounded soldier accounts, the communication between these entities has been predictably sporadic. The audit team found no written instructions stating which finance offices were responsible for starting, stopping, or monitoring entitlements for wounded or injured soldiers evacuated from Iraq as the soldier moved between various treatment facilities.

Almost half the soldiers audited by the team spent at least some time in hospitalization status at Walter Reed Army Medical Facility. During the course of their stay at the facility, many wounded and injured soldiers experienced significant pay discrepancies. Many of these pay discrepancies were the result of errors made by administrative personnel in the Medical Hold Company to which patients at Walter Reed are assigned. Despite specific guidance in AR 600-8-6 directing a soldier’s immediate assignment to a medical hold company when hospitalized as a result of a wound or injury received in a combat area, many of the soldiers involved in the audit were not assigned to the medical hold company until a period 30-90 days after their arrival at Walter Reed. When orders
were finally issued, they were normally dated using the date the wounded or injured soldier arrived at WRAMC. In many cases, soldiers accrued significant debts as they continued to be paid deployment entitlements until the finance office at Walter Reed received the backdated orders. A typical example we found during the course of our audit was a soldier that arrived at Walter Reed for treatment on 24 April after being paralyzed by shrapnel from an Improvised Explosive Device (IED) blast. The soldier was not entered in the finance system at Walter Reed until 2 September. However, when he was entered into the finance system, the entry was backdated with an arrival date of 5 May. As a result, the soldier received a $2,282 debt for overpayment in Cost of Living Allowance (COLA). Because of this debt, the soldier, a 27-year old husband and father of four, received a pay check of $471.95 for the month of October, no pay for the month of November, and an $870.45 check for the month of December.

Accurate reporting of duty status changes by the medical hold company could have substantially improved the pay status of the 59 soldiers in our audit who stayed at WRAMC. One of the soldiers in the audit population, who was at Walter Reed recovering from abdominal wounds sustained from insurgent gunfire, was placed in an Absent Without Leave (AWOL) status despite being on an authorized absence from the facility. As a result of this erroneous duty status reporting, the soldier, a husband and father of a newborn baby, received no pay for two pay periods (1 month). According to several sources, reports of over 100 soldiers “unaccounted for” at the Medical Hold Company’s daily morning formation are routine. In one case, an amputee from the 1st Infantry Division who was at Walter Reed for treatment was told by Medical Hold Company staff that he was responsible for keeping accountability of all members of the 1st ID currently at the facility.8

Laws and Regulations

The complexity of the laws and regulations governing military pay is a significant obstacle to delivering accurate and timely pay to soldiers.

The rules governing active duty Military Pay and Travel are contained in two documents: the Joint Federal Travel Regulation with its 9 chapters and 602 pages (783 with appendices) and Department of Defense Financial Management Regulation Vol. 7A of 15 volumes containing 65 chapters and 951 pages. In addition, a series of interim changes (38 in 2004), Military Pay Messages (44 in 2004) and the Travel Technical Messages (14 in 2004) provide updates to military pay policies as they change. Understanding these documents provides a finance clerk with the ‘theory’ that governs military pay. In order to actually apply this knowledge to a soldier’s pay account, the clerk must understand the procedural guidance in the Master Military Pay Manual (MMPM) and, possibly, the rules in the applicable Army Regulation concerning the entitlement he intends to affect.

8 For more information on the conditions at Walter Reed Army Medical Facility, see SFC John Allen’s testimony before the House Government Reform Committee on 17 February 2005 at http://reform.house.gov/UploadedFiles/SFC%20John%20Allen%20Testimony%20HGRC%2017%20Feb%202005.pdf.
The complexity of the current system was a significant factor in the pay discrepancies discovered in the study. Not only did soldiers and unit commanders have a poor understanding of what entitlements were available for wounded soldiers, the majority of finance clerks contacted by the audit team were also misinformed. For instance, the majority of finance clerks believe HFP/IDP and CZTE are actually governed by the same rules. This perception has been reinforced by the linkage of HFP/IDP and CZTE using a format ID 23 in the Master Military Pay Account (MMPA): stopping one entitlement automatically stops the other. While this is an accurate assumption in most cases, it does not apply to situations when a wounded or injured soldier is evacuated from a combat theater for hospitalization. In many cases, it is necessary to provide the soldier with a period of CZTE during a time that he is not eligible for HFP/IDP. In that case, the finance clerk must know to use a FL01 format ID action indicator in order to start the CZTE without affecting HFP/IDP. In addition, the system will reject the transaction if the finance clerk uses KU (Kuwait/Iraq) as a location code authorizing the entitlement. The only way to get the system to accept the transaction is to use a location code 76, a fact the audit team was only able to discover through trial and error. Many finance clerks were not aware of the additional rules governing the pay of wounded and injured soldiers. As a result, a significant number of the members involved in our audit failed to receive HFP/IDP and CZTE entitlements during periods for which they were eligible. Other finance clerks had a small understanding of the additional rules, but misapplied the actual regulation by paying wounded soldiers a blanket 90-day authorization of HFP/IDP and CZTE regardless of injury or hospitalization status. This policy had the effect of creating a hidden debt to the government that was sometimes captured by another finance clerk at a later date.

The entitlement for Hardship Duty Pay – Location (HDP-L) provides another example of the complexities inherent in many military pay entitlements. Special Pay – Hardship Duty is the title of the 31-page, Chapter 7 of Department of Defense Financial Regulation Volume 7A (DoDFMR v.7A). The chapter divides Hardship Duty Pay into two categories: Hardship Duty Pay – Mission (HDP-M) and Hardship Duty Pay – Location (HDP-L). In addition, there is another category (Hardship Duty Pay – Tempo) which is not mentioned in the regulation, but has been used to pay $200 of the $1000 per month congressionally-mandated payment to soldiers in units that have been extended beyond a 365 day period in Iraq. Hardship Duty Pay Location (HDP-L) is divided into two categories, Hardship Duty Pay – Location (Designated Area) (HDP-L(DA)) and Hardship Duty Pay – Location (Certain Places) (HDP-L(CA)). HDP-L is payable in amounts of $50, $100, or $150 per month, at a daily rate, depending on the location to which the service member is assigned. Currently, soldiers serving in Iraq are eligible for a monthly payment of $100. In addition, soldiers must serve at least 30 days in the location to be eligible for the first installment of the payment. Once the 30 day threshold is reached, the member receives a payment of $3.33 per day until he departs the combat zone. Due to the logistical complexities of tracking and reporting a soldier’s 30th day in a theater of operations, the standard practice has become to start the entitlement when the soldier arrives in Iraq. While this procedure generally tends to provide an accurate and timely payment, it can be problematic in some cases. One of the soldiers involved in the audit
was wounded during the initial convoy into Iraq. He was evacuated from the Iraqi/Kuwaiti theater before he had spent 30 days at the location rendering him ineligible for a HDP-L payment that he had already received. The complexity of the rule as it is written makes it virtually impossible to deliver timely and accurate pay support to all soldiers. Further confusion is also created by the way a finance clerk must manipulate the current automated system in order to make this payment. Most soldiers would recognize the HDP-L payment by a different name – Save Pay – as it appears on their monthly Leave and Earnings Statement (LES). When Congress passed the legislation creating HDP-L, the Army did not have a pre-established method for actually making the payment to eligible soldiers. In one of the thousands of “workarounds” that are used to operate the current decades-old, DOS-based automated system that governs Army military pay, the Defense Finance and Accounting Service (DFAS) decided to use Save Pay, an entitlement intended to avoid a base pay reduction for a senior enlisted service member or warrant officer who joins the commissioned officer corps, as the means for disbursing the HDP-L entitlement.

Family Separation Allowance (FSA) is another entitlement, the complexity of which significantly decreases the likelihood of timely and accurate payment. FSA is payable to a soldier in the amount of $250 per month at a daily rate of $8.33. According to the initial paragraph of the 35 page chapter on Family Separation Allowance in DoDFMR Vol. 7A, “Family separation allowance is payable only to members with dependents. Two types of FSA are authorized: Type I and Type II. Both types are payable in addition to any other allowance or per diem to which a member may be entitled. A member may qualify for FSA-I and FSA-II for the same period. Therefore, concurrent payment of both types is authorized. A member, however, may not receive more than one payment of FSA-II for the same period, even though qualified for family separation allowance - restricted (FSA-R), family separation allowance – ship (FSA-S), and family separation allowance – temporary (FSA-T). The purpose of FSA and the conditions of entitlement are established in this chapter.” Just as HDP-L, FSA is payable to the soldier only after the 30th day in the required status, in this case separation from a dependent. After the 30th day, the member becomes retroactively eligible to receive the entitlement beginning on first day of the separation. This entitlement has the unique feature that a wounded soldier actually receives a financial penalty if his family travels to the facility where he is receiving treatment. In many cases, family members of soldiers who were critically wounded or injured immediately traveled to Walter Reed from Germany to be with their spouse. According to the regulation, if the family members stay with the soldier for more than 30 days, the soldier loses eligibility to FSA effectively decreasing his pay by $250 per month. Accurately making payments of Family Separation Allowance (FSA) and Cost of Living Allowance (COLA) not only requires real-time accountability tracking and reporting on a soldier, but also real-time accountability tracking and reporting on all of the soldier’s dependents.

Despite the complexity and confusion surrounding these entitlements, the audit team found no evidence of an Army-wide education or training program to explain the

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regulations to soldiers, unit commanders, personnel clerks, or finance clerks. Even with
the predictable nature of the problems affecting wounded and injured soldiers’ pay
entitlements and the large numbers of wounded and injured soldiers returning from duty
in Iraq, the audit team was unable to locate any agency or committee specifically charged
with oversight on the pay and entitlements for wounded and injured soldiers.

Military Pay Support

The Army has not provided an adequate number of military pay clerks to support the
considerable amount of wounded and injured soldiers returning from Operation Iraqi
Freedom.

In the fall of 2003, the Department of Defense began the process of eliminating 10,000
positions filled by soldiers in various DoD agencies in favor of using DoD civilians or
contractors to perform the functions formerly accomplished by military personnel. The
FY2005 budget included funding to eliminate another 10,000 service members from
positions deemed to be better-suited to civilians, with the goal of moving soldiers to
deployable (MTOE) units.10 In 2004, finance soldiers (MOS 44C) were told that Defense
Military Pay Offices (DMPOs) were no longer available as a duty assignment. At the
same time, the Army also prohibited soldiers in the rank of E4 or below serving their first
enlistment to re-enlist as a finance specialist. In order to complete the Army’s
transformation to Units of Action without increasing active-duty end strength, the
Finance Corps was forced to relinquish soldier slots. The re-enlistment prohibition on
first-term enlistees served to decrease the size of the Finance Corps while simultaneously
providing new soldiers for critical specialties such as military police, transportation, civil
affairs, and medical.

The National Capital Region Defense Military Pay Office, the office responsible for
operations at Walter Reed, was no exception to the new policy. Despite the influx of
close to 3,000 patients from the conflicts in Iraq and Afghanistan flowing into the
medical facility and repeated requests from the finance officer responsible for the
National Capital Region, there remains only three finance soldiers to provide finance
support to the patients and 3,900 members of the medical staff at Walter Reed.11

In most cases, positions previously manned by soldiers were replaced with civilian
positions in the grade of GS-5. A GS-5 Step 1 earns a base pay of $24,677. Employees
in the Washington D.C area receive a locality pay of 15.98% bringing the starting salary
to $28,620.12 The finance officer in charge of the National Capital Region reported
considerable problems in finding employees willing to work in such a high-cost area for

10 Testimony of Dr. Dow Zakheim, Undersecretary of Defense (Comptroller) to the Senate Appropriations
Committee – Subcommittee on Defense, 1 March 2004. Available Online at
12 Pay information for 2005 was obtained from the Office of Personnel Management web site. Available
the given wages, further hindering his ability to provide timely and accurate military pay service to the patients at Walter Reed.

Recommendations

To the Department of the Army:

- Grant debt relief to all wounded or injured enlisted members who incurred debts in military pay due to government error.
- Establish finance support teams at each Regional Medical Facility manned with trained finance specialists.
- Conduct a review of current procedures at the Medical Hold Company at Walter Reed and institute necessary reforms.

To the Defense Finance and Accounting Service:

- Conduct a complete military pay audit of all service members wounded or injured as part of operations in Iraq and Afghanistan.
- Grant debt relief to all wounded or injured officers who incurred debts in military pay due to government error.
- Establish an organization with the specific responsibility of providing oversight and guidance on wounded soldier pay, including a continual audit process of wounded soldier pay accounts.

To the Department of Defense:

- Take immediate steps to accelerate the development and deployment of the Defense Integrated Military Human Resource System.

To Congress:

- After a thorough review, pass a comprehensive piece of legislation that simplifies the laws governing military pay and allowances.