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VETERANS' DISABILITY BENEFITS

Challenges to Timely Processing Persist

Statement of Daniel Bertoni, Director
Education, Workforce, and Income Security Issues



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United States Government Accountability Office
Washington, DC 20548

Chairman Sanders, Ranking Member Burr, and Members of the Committee:

I am pleased to discuss the Department of Veterans Affairs' (VA) disability benefits program, which provides monetary support to veterans with disabling conditions that were incurred or aggravated during military service. In fiscal year 2013, VA estimates it will provide \$59.6 billion in compensation benefits to 3.98 million veterans and their families.¹ For years, the disability claims process has been the subject of concern and attention by VA, Congress, and Veterans Service Organizations (VSO), due in part to long waits for decisions and the large number of pending claims. For example, the average length of time to complete a claim increased from 161 days in fiscal year 2009 to 260 days in fiscal year 2012.² Moreover, VA's backlog of claims—defined as claims awaiting a decision for over 125 days—has more than tripled since September 2009. In August 2012, approximately two-thirds of the 568,043 compensation rating claims—which include pension and disability rating claims—were backlogged.³ In addition, timeliness of appeals processing at VA regional offices has also slowed by 56 percent over the last several years.

My remarks are based on a GAO report released on December 21, 2012, titled *Veterans' Disability Benefits: Timely Processing Remains a Daunting Challenge*, and, also include information updated to reflect the status of improvement efforts. My testimony focuses on (1) factors that contribute to lengthy disability claims and appeals processing times at VA regional offices and (2) status of the Veterans Benefits Administration's (VBA) recent improvement efforts. To conduct this work, we reviewed relevant federal laws and regulations, court decisions, VBA policy manuals, and training materials. We also reviewed past GAO and VA Office of Inspector General (OIG) reports and VBA studies, evaluations relevant to claims and appeals processing at VBA regional offices, and interviewed VBA central office officials and VSO representatives who assist veterans with their claims and appeals. We also met with staff from

¹Compensation benefits include disability benefits as well as other benefits, such as clothing allowance, and special allowance for dependents.

²From the beginning of fiscal year 2012 through August 2012, the average number of days it took VA to complete a claim was 260 days.

³VBA does not report out on disability rating compensation claims separately.

five VA regional offices—Atlanta, Georgia; Houston, Texas; Los Angeles, California; New York, New York; and Philadelphia, Pennsylvania. We selected offices based on size of metropolitan area, claims workload, and timeliness of claims and appeals processing. Our work was performed in accordance with generally accepted government auditing standards.

In summary, we found a number of factors—both external and internal to VBA—have contributed to the increase in processing times and subsequent growth in the backlog of veterans' disability compensation claims. For example, the number of claims received by VBA has increased as the population of new veterans has swelled in recent years. Moreover, due to new regulations that established eligibility for benefits for new diseases associated with Agent Orange exposure, VBA adjudicated 260,000 previously denied and new claims for related impairments. Beyond these external factors, issues with the design and implementation of the program have also contributed to timeliness challenges. For example, the law requires VA to assist veterans in obtaining records that support their claim. However, VBA officials said that delays in obtaining military records—particularly for members of the National Guard and Reserve—and Social Security Administration (SSA) medical records impact VA's duty to assist, possibly delaying a decision on a veteran's disability claim. Further, VBA's paper-based claims processing system involves multiple hand-offs, which can lead to misplaced and lost documents and cause unnecessary delays. Concerning timeliness of appeals, VBA regional offices have in recent years shifted resources away from appeals and towards claims, which has led to lengthy appeals timeframes.

VBA has a number of initiatives underway to improve the timeliness of claims and appeals processing. Such efforts include leveraging VBA staff and contractors to manage workload, modifying and streamlining procedures, improving records acquisition, and redesigning the claims and appeals processes. According to VBA officials, these efforts will help VA process all veterans' claims within VA's stated target goal of 125 days by 2015. However, the extent to which VA is positioned to meet its ambitious processing timeliness goal remains uncertain. VBA provided us with several planning documents, but, at the time of our review, could not provide us with a plan that met established criteria for sound planning, such as articulating performance measures for each initiative, including their intended impact on the claims backlog. We have recommended that VBA (1) partner with military officials to reduce timeframes to gather records from National Guard and Reserve sources, (2) work with SSA to reduce timeframes to gather SSA medical records, and (3) develop a

robust plan for its improvement initiatives that identifies performance goals that include the impact of individual initiatives on processing timeliness. VA generally agreed with our conclusions and concurred with our recommendations, and identified efforts that it has planned or underway to address them.

Background

VA's disability compensation claims process starts when a veteran submits a claim to VA (see fig. 1). A claim folder is created at 1 of VA's 57 regional offices, and a Veterans Service Representative (VSR) then reviews the claim and helps the veteran gather the relevant evidence needed to evaluate the claim. Such evidence includes the veteran's military service records, medical examinations, and treatment records from Veterans Health Administration (VHA) medical facilities and private medical service providers. Also, if necessary to provide support to substantiate the claim, VA will provide a medical examination for the veteran. Once VBA has gathered the supporting evidence, a Rating Veterans Service Representative (RVSR)—who typically has more experience at VBA than a VSR—evaluates the claim and determines whether the veteran is eligible for benefits. If so, the RVSR assigns a percentage rating.⁴ A veteran may subsequently reopen a claim to request an increase in disability compensation from VA if, for example, a service-connected disability worsens or a new disability arises.

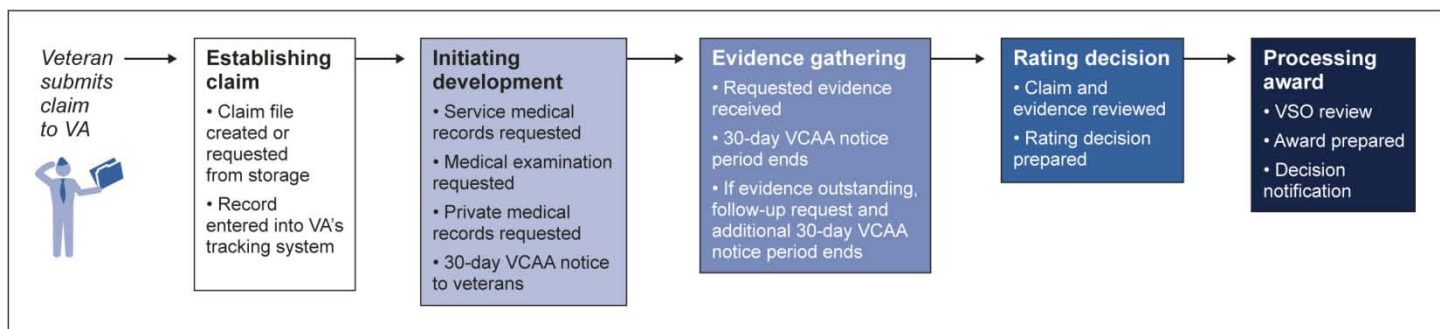
If the veteran disagrees with VA's decision regarding a claim, he or she can submit a written Notice of Disagreement to the regional office handling the claim.⁵ In response to such a notice, VBA reviews the case and provides the veteran with a written explanation of the decision—known as a Statement of the Case—if VBA does not grant all appealed

⁴VA's ratings are awarded in 10 percent increments, from 0 to 100 percent. 38 U.S.C. § 1155. Generally, VA does not pay disability compensation for disabilities rated at 0 percent. As of December 2012, basic monthly payments ranged from \$129 for a veteran with 10 percent disability and no dependents to \$3,340 for a veteran with 100 percent disability and a spouse, two parents, and a child.

⁵38 U.S.C. § 7105. A Notice of Disagreement is a written communication that a claimant uses to express disagreement with a decision.

issues.⁶ If the veteran further disagrees with the decision, he or she may appeal to the Board of Veterans' Appeals (the Board) which conducts a hearing at the veteran's request, then grants benefits, denies the appeal, or returns the case to VBA to obtain additional evidence necessary to decide the claim. If the veteran is dissatisfied with the Board's decision, he or she may appeal, in succession, to the U.S. Court of Appeals for Veterans Claims, to the Court of Appeals for the Federal Circuit, and finally to the Supreme Court of the United States.⁷

Figure 1: Overview of VA's Disability Claims Process



Source: GAO analysis of VBA procedures.

Note: The Veterans Claims Assistance Act of 2000 (VCAA) requires VA to notify veterans of the information necessary to evaluate a claim. If the veteran does not respond to this notice within 30 days, VA may make a decision on the claim based on the information and evidence in the file at that time.

In recent years, VA compensation claims processing timeframes have increased. Specifically, the average days pending increased from 116 days in fiscal year 2009 to 254 days in fiscal year 2012.⁸ During the same

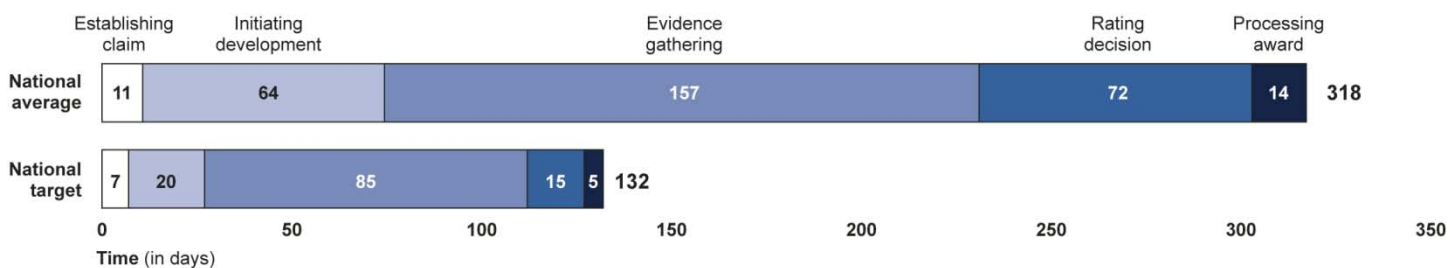
⁶If VBA grants some, but not all, of the issues in an appeal or if the grant is less than the maximum allowable benefit for the issues under appeal, VBA must send a written explanation of the reasons for the decision. VBA is also obligated to send a letter explaining the decision in cases where the veteran's appeal includes a request to be rated at a specific percentage, but VBA has decided to grant the appeal at less than that requested percentage.

⁷38 U.S.C. §§ 7252 and 7292.

⁸VA's average days pending metric is calculated fiscal year-to-date; therefore, it took 254 days on average to complete a claim once received through the first 11 months of fiscal year 2012—October 2011 through August 2012. VBA calculates the average days pending for a fiscal year on the last day of the year and for the month on the last day of every month.

time period, the average days to complete increased from 161 to 260 days.⁹ VBA also collects data on the timeliness of the different phases of the claims process, which is used to identify trends and bottlenecks throughout the process. In fiscal year 2011, each phase took longer on average than its stated agency timeliness target (see fig. 2). In fiscal year 2011, the national averages for the initiating development, gathering evidence, and rating decision phases were 44, 72, and 57 days, respectively, over their timeliness targets.

Figure 2: Timeliness of Phases in VA's Claims Process for Fiscal Year 2011



Source: GAO analysis of VBA data.

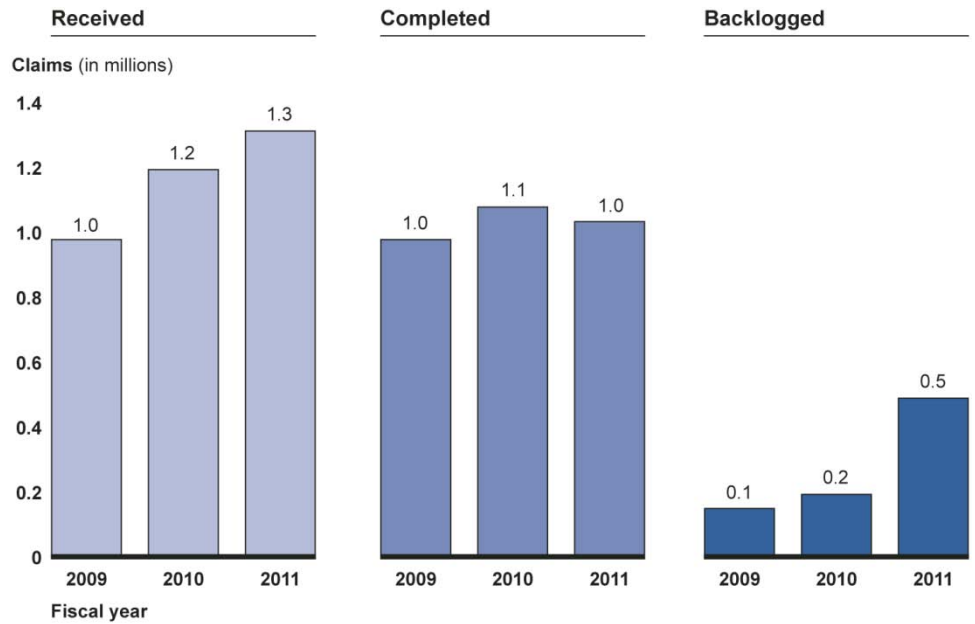
Note: While VBA's stated goals are to process all claims within 125 days by fiscal year 2015, VBA established targets for each phase in the claims process for fiscal year 2011 that collectively add up to 132 days.

Rising Workloads, along with Program Rules, Record Gathering, and Inefficient Processes, Contribute to Lengthy Processing Time Frames

In recent years, VA's claims processing production has not kept pace with the substantial increase in incoming claims. In fiscal year 2011, VA completed over 1 million compensation rating claims, a 6 percent increase from fiscal year 2009. However, the number of VA compensation rating claims received had grown 29 percent—from 1,013,712 in fiscal year 2009 to 1,311,091 in fiscal year 2011 (see fig. 3). As a result, the number of backlogged claims—defined as those claims awaiting a decision for more than 125 days—has increased substantially since 2009. As of August 2012, VA had 856,092 pending compensation rating claims, of which 568,043 (66 percent) were considered backlogged.

⁹The average days to complete metric measures the average processing time for claims completed within a given time period.

Figure 3: VA Compensation Rating Claims Received, Completed, and Backlogged, Fiscal Years 2009 to 2011



Source: GAO analysis of VBA data.

One factor that contributed to the substantial increase in claims received was the commencement in October 2010 of VBA's adjudication of 260,000 previously denied and new claims when a presumptive service

connection was established for three additional Agent Orange diseases.¹⁰ VBA gave these claims a high priority and assigned experienced claims staff to process and track them. VBA officials said that 37 percent of its claims processing resources nationally were devoted to adjudicating Agent Orange claims from October 2010 to March 2012. VBA officials in one regional office we spoke to said that all claims processing staff were assigned solely to developing and rating Agent Orange claims for 4 months in 2011, and that no other new and pending claims in the regional office's inventory were processed during that time. Also during this time period, special VBA teams—known as brokering centers—which previously accepted claims and appeals from regional offices experiencing processing delays, were devoted exclusively to processing Agent Orange claims. According to VBA, other factors that contributed to the growing number of claims include an increase in the number of veterans from the military downsizing after 10 years of conflict in Iraq and Afghanistan, improved outreach activities and transition services to servicemembers and veterans, and difficult financial conditions for veterans during the economic downturn.

Similar to claims processing, VA regional office appeals processing has not kept pace with incoming appeals received. For example, in fiscal year 2012, VA received 121,786 Notices of Disagreement. However, the number of Statements of the Case that were processed by VBA was only 76,685. As a result, the number of Notice of Disagreements awaiting a

¹⁰VBA was required to adjudicate these claims as a result of requirements related to the *Nehmer* litigation. *Nehmer v. U.S. Department of Veterans Affairs*, Civ. Action No. 86-6160 (N.D. Cal.). In the preamble to a proposed rule amending its claim adjudication regulations (75 Fed. Reg. 14,391 (March 25, 2010)), VA summarized the *Nehmer* litigation generally as follows: this litigation was initiated in 1986 to challenge a VA regulation, which has since been rescinded, that limited the diseases shown to be associated with herbicide exposure. In an order issued May 3, 1989, the court invalidated the portion of the regulation that limits diseases associated with herbicide exposure and voided all VA decisions denying benefit claims under that portion of the regulation. *Nehmer v. United States Veterans' Administration*, 712 F. Supp. 1404 (N. D. Cal. 1989). Pursuant to a stipulation agreed to by the parties, VA must provide for readjudication of class members' claims and payment of retroactive benefits whenever VA identifies a new disease that is associated with herbicide exposure and adds a new disease to its regulatory list. In addition, pursuant to the Agent Orange Act of 1991, VA is required to issue new regulations establishing additional presumptions of service connection for diseases that the Secretary finds to be associated with exposure to an herbicide agent. 38 U.S.C. § 1116(b). Accordingly, VA amended its adjudication regulations in August 2010 to establish presumptive service connection for ischemic heart disease, Parkinson's disease, as well as hairy cell leukemia and other chronic B-cell leukemias. 75 Fed. Reg. 53,202 (August 31, 2010).

decision grew 76 percent from fiscal years 2009 to 2012 and, during that period, the time it took VA to process a Statement of the Case increased 57 percent—from 293 days to 460 days on average.

According to VBA officials, staff shortages represent a primary reason that appeals timeliness at VA regional offices has worsened. For example, VBA officials at each of the five regional offices we met with stated that over the last several years appeals staff have also had to train and mentor new staff, conduct quality reviews, as well as develop and rate disability claims to varying degrees. A 2012 VA OIG report noted that VA regional office managers did not assign enough staff to process appeals, diverted staff from processing appeals, and did not ensure that appeals staff acted on appeals promptly because, in part, they were assigned responsibilities to process initial claims, which were given higher priority.¹¹

According to VA officials, federal laws¹² and court decisions¹³ over the past decade have expanded veterans' entitlement to benefits but have also added requirements that can negatively affect claims processing times. For example, the Veterans Claims Assistance Act of 2000 (VCAA) added a requirement that VA assist a veteran who files a claim in obtaining evidence to substantiate the claim before making a decision.¹⁴ This requirement includes helping veterans obtain all relevant federal and

¹¹The VA OIG made several recommendations regarding appeals resources and processing steps to help VBA meet their appeals processing goals. VBA agreed with the VA OIG's findings and is conducting a pilot to assess the feasibility of addressing these recommendations. VA Office of Inspector General, *Veterans Benefits Administration: Audit of VA Regional Office's Appeals Management Processes*, (Washington D.C.: May 30, 2012).

¹²Veterans' Benefits Improvement Act of 2008, Pub. L. No. 110-389; Veterans' Benefits Improvement Act of 2004, Pub. L. No. 108-454; Veterans Benefits Act of 2003, Pub. L. No. 108-183; and Veterans Claims Assistance Act of 2000, Pub. L. No. 106-475.

¹³See, for example, *Haas v. Nicholson*, 20 Vet. App. 257 (2006); *Moody v. Principi*, 360 F.3d 1306 (Fed. Cir. 2004); *Szemraj v. Principi*, 357 F.3d 1370 (Fed. Cir. 2004); and *Disabled American Veterans v. Secretary of Veterans Affairs*, 327 F.3d 1339 (Fed. Cir. 2003).

¹⁴38 U.S.C. § 5103A(a)(1).

non-federal records.¹⁵ VA is required to continue trying to obtain federal records, such as VA medical records, military service records, and Social Security records, until they are either obtained or the associated federal entity indicates the records do not exist. VA may continue to process the claim and provide partial benefits to the veteran, but the claim cannot be completed until all relevant federal evidence is obtained.

Because VA must consider all evidence submitted throughout the claims and appeals process, if a veteran submits additional evidence or adds a condition to a claim late in the process it can require rework and may subsequently delay a decision, according to VBA central office officials. VBA officials at regional offices we spoke to said that submitting additional evidence may add months to the claims process. New evidence must first be reviewed to determine what additional action, if any, is required. Next, another notification letter must be sent to the veteran detailing the new evidence necessary to redevelop the claim. VA may also have to obtain additional records or order another medical examination before the claim can be rated and a decision made. Furthermore, while VA may continue to process the claim and provide partial benefits to the veteran, a claim is not considered “complete” until a decision is made on all submitted conditions. Moreover, a veteran has up to 1 year, from the notification of VA’s decision, to submit additional evidence in support of the claim before the decision is considered final. Similarly, for an appeal, veterans may submit additional evidence at any time during the process. If the veteran submits additional evidence late in the process after VA completes a Statement of the Case, VA must review the new evidence, reconsider the appeal, and provide another written explanation of its decision—known as a Supplemental Statement of the

¹⁵VA will make reasonable efforts to obtain relevant records that are not in the custody of a federal department or agency, which can include records from state or local governments, private medical-care providers, current or former employers, and other non-federal governmental sources. Reasonable efforts generally consist of an initial request for the records, and, if the records are not received, at least one follow-up request 15 days later. A follow-up request is not required if a response to the initial request indicates that the records sought do not exist or that a follow-up request for the records would be futile. 38 C.F.R. § 3.159.

Case.¹⁶ Congress recently passed a law allowing VA to waive review of additional evidence submitted after the veteran has filed a substantive appeal and instead have the new evidence reviewed by the Board to expedite VA's process of certifying appeals to the Board.¹⁷

According to VBA officials, delays in obtaining military service and medical treatment records, particularly for National Guard and Reserve members, have significantly lengthened the evidence gathering phase. According to VBA officials, 43 percent of Global War on Terror veterans are National Guard and Reserve members. Department of Defense (DOD) guidance requires military staff to respond to VA requests for National Guard and Reserve records in support of VA disability compensation claims.¹⁸ However, VBA area directors and officials at all five regional offices we met with acknowledged that delays in obtaining these records are system-wide. Military records of National Guard or Reserve members can often be difficult to obtain, in particular, because these servicemembers typically have multiple, non-consecutive deployments with different units and their records may not always be held with their reserve units and may exist in multiple places. Moreover, according to VBA officials, National Guard and Reserve members may be treated by private providers between tours of active duty and VA may have to contact multiple military personnel and private medical providers

¹⁶A Supplemental Statement of the Case presents the appellant with changes or additions to the Statement of the Case. These changes and additions are usually based on additional evidence received after the issuance of the Statement of the Case, before or after receipt of a substantive appeal, or after a remand. VBA will issue a Supplemental Statement of the Case to the appellant when (1) the Statement of the Case or Supplemental Statement of the Case was prepared before receipt of additional evidence unless the evidence is duplicate or unrelated to the issue under appeal; (2) the new evidence does not result in a total grant of the issue under appeal; (3) the appellant appeared for a personal hearing; (4) an amended decision has been made, or (5) a material error is discovered in the Statement of the Case.

¹⁷The Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, Pub. L. No. 112-154, § 501, 126 Stat. 1165, 1190. A claimant may request in writing that the VA regional office initially review the evidence.

¹⁸DOD Instruction 6040.45 states "In the case of the Reserve Component member who does not separate from Service, but applies or plans to apply for VA benefits, a copy of the STR [Service Treatment Record] shall be sent to the VARO [VA regional office] of jurisdiction in relation to the member's residence. The original service treatment record shall be maintained at their Permanent Duty Station, Reserve, or Guard unit as applicable."

to obtain all relevant records, potentially causing delays in the evidence gathering process.

Difficulties obtaining SSA medical records can also lengthen the evidence gathering phase. Although VBA regional office staff have direct access to SSA benefits payment histories, they do not have similar access to medical records held by SSA. If a veteran submits a disability claim and reports receiving SSA disability benefits, VA is required to help the veteran obtain relevant federal records, including certain SSA medical records, to process the claim. VBA's policy manual instructs claims staff to fax a request for medical information to SSA and if no reply is received, to wait 60 working days before sending a follow-up request. If a response is not received after 30 days, claims staff are instructed to send an email request to an SSA liaison. VBA officials at four of the five regional offices we reviewed told us that when following this protocol, they have had difficulty obtaining SSA medical records in a timely fashion. Moreover, they reported having no contact information for SSA, beyond the fax number, to help process their requests. In complying with VA's duty to assist requirement, VBA staff told us they continue trying to retrieve SSA records by sending follow-up fax requests until they receive the records or receive a response that the records do not exist. VBA area directors said some regional offices have established relationships with local SSA offices and have better results, but obtaining necessary SSA information has been an ongoing issue nationally. For example, officials at one regional office said a response from SSA regarding a medical records request can sometimes take more than a year to receive.

VBA's work processes, stemming mainly from its reliance on a paper-based claims system, can lead to misplaced or lost documents, and contribute to lengthy processing times. VBA officials at three of the five regional offices we met with noted that errors and delays in handling, reviewing, and routing incoming mail to the correct claim folder can delay the processing of a claim or cause rework. For example, VBA officials at one regional office said that claims may be stalled in the evidence gathering phase if mail that contains outstanding evidence is misplaced or lost. In addition, claims staff may rate a claim without knowledge of the additional evidence submitted and then, once the mail is routed to the claim folder, have to rerate the claim in light of the new evidence received. Furthermore, VBA officials told us that processing can also be delayed if mail staff are slow to record new claims or appeals into IT systems. As of August 2012, VBA took 43 days on average to record Notices of Disagreement in the appeals system—36 days longer than VBA's national target. VBA area directors said that mail processing

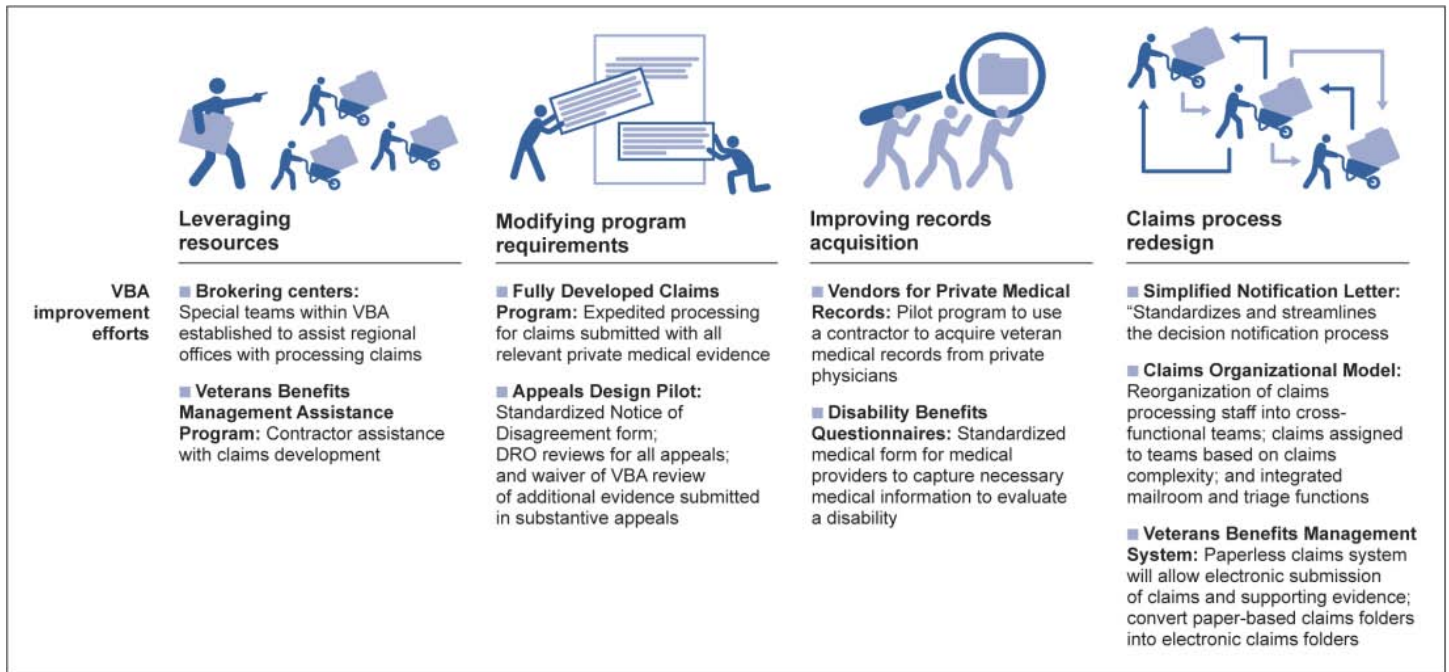
timeliness varies by regional office and that the more efficient offices in general do a better job of associating mail with the correct claims folder. VBA officials also said that moving physical claims folders among regional offices and medical providers contributes to lengthy processing times. According to a 2011 VA OIG report, processing delays occurred following medical examinations because staff could not match claims-related mail with the appropriate claim folders until the folders were returned from the VA Medical Center.¹⁹ In addition, processing halts while a claim folder is sent to another regional office or brokering center.

VBA Is Taking Steps to Improve Claims and Appeals Processing, but Future Impact Is Uncertain

Based on a review of VA documents and interviews with VBA officials, we identified 15 efforts with a stated goal of improving claims and appeals timeliness. We selected 9 for further review—primarily based on interviews with VBA officials and a review of recent VA testimonies—that have the purpose of reducing disability claims and appeals processing times.

¹⁹VA Office of Inspector General, Systemic Issues Reported During Inspections at VA Regional Offices, (Washington D.C.: May 18, 2011).

Figure 4: Selected VBA Improvement Efforts



Source: GAO summary of VBA efforts.

VBA has several ongoing efforts to leverage internal and external resources to better manage its workload (see fig. 4). For example, VBA began the Veterans Benefits Management Assistance Program (VBMAP) in late fiscal year 2011 to obtain contractor support for evidence gathering for approximately 279,000 disability claims.²⁰ Under VBMAP, the contractor gathers evidence in support of a claim and then sends the claim file back to the originating regional office, which reviews the claim for completeness and quality and then assigns a rating. Contractor staff are required to complete their work within 135 days of receiving the file and provide VBA with status reports that include several measures of timeliness, including the time it took to receive medical evidence from providers and to return a claim to VBA for rating.²¹ As of June 2012, VBA

²⁰To implement VBMAP, VBA has contracted with ACS Federal Solutions to conduct evidence gathering for VBA claims, among other tasks, through a one-time, 12-month professional services contract using funds from the fiscal year 2011 VA budget.

²¹The contractor is required to complete all claims requesting an increase in existing disability benefits within 120 days of receipt.

regional offices we spoke with were awaiting the first batch of claims that were to be sent to the contractors.

To help speed up the claims and appeals processes, VBA also has several efforts that modify program requirements or change procedures (see fig. 4). The Fully Developed Claims (FDC) program began as a pilot in December 2008 and was implemented nationwide in June 2010. Normally, once a veteran submits a claim, VBA will review the claim and then send the veteran a letter detailing additional evidence required to support it. The FDC program eliminates this step because the required notification is provided to the veteran directly on the FDC form, thus reducing the time VBA would normally spend gathering evidence for the veteran. In exchange for expedited processing, veterans participating in the FDC program send VBA any relevant private medical evidence with the claim and certify that they have no additional evidence to provide. According to VBA officials, in the first 2 years of the program, VBA processed 33,001 FDC claims, taking an average of about 98 days to complete—8 days longer than the goal of 90 days for these claims. However, as of July 2012, veteran participation in the FDC program had been low—only 4 percent of all compensation rating claims submitted in 2012.

The Claims Organizational Model initiative is aimed at streamlining the overall claims process (see fig. 4).²² For this initiative, VBA created specialized teams that process claims based on their complexity. Specifically, an “express team” processes claims with a limited number of conditions or issues; a “special operations” team processes highly complex claims, such as former prisoners of war or traumatic brain injury cases; and a core team works all other claims. Each of these teams is staffed with both development and ratings staff, which VBA believes will lead to better coordination and knowledge-sharing. Under this model, VBA also redesigned the procedures that mailrooms use to sort and process incoming claims. As of December 2012, VBA had implemented the initiative at 51 regional offices.²³ According to VA, the remaining

²²We use “the Claims Organization Model” to refer to VBA’s organization model which reorganizes claims processing staff into cross-functional teams using segmented processing lanes.

²³VA first commenced a pilot in three regional offices in March 2012.

regional offices will be transitioned to the Claims Organizational Model by the second quarter of fiscal year 2013.

In 2010, VBA began to develop the Veterans Benefits Management System (VBMS), a paperless claims processing system that is intended to help streamline the claims process and reduce processing times (see fig. 4). According to VBA officials, VBMS is intended to convert existing paper-based claims folders into electronic claims folders and allow VBA employees electronic access to claims and evidence. Once completed, VBMS is also expected to allow veterans, physicians, and other external parties to submit claims and supporting evidence electronically. In August 2012, VA officials told us that VBMS was still not ready for national deployment, citing delays in scanning claims folders into VBMS as well as other software performance issues. A recent VA OIG report also concluded that VBMS has experienced some performance issues and the scanning and digitization of claims lacked a detailed plan.²⁴ However, according to VA, as of December 2012, 18 regional offices were piloting VBMS and all regional offices are expected to implement VBMS by the end of calendar year 2013.

We have noted that VA's ongoing efforts should be driven by a robust, comprehensive plan; however when we reviewed VBA's plan documents, we found that they fell short of established criteria for sound planning.²⁵ Specifically, VBA provided us with several documents, including a PowerPoint presentation and a matrix that provided a high-level overview of over 40 initiatives, but, at the time of our review, could not provide us with a robust plan that tied together the group of initiatives, their inter-relationships, and subsequent impact on claims and appeals processing times. Although there is no established set of requirements for all plans, components of sound planning are important because they define what

²⁴VA Office of Inspector General, Office of Audits and Evaluations, Veterans Benefits Administration Review of Transition to a Paperless Claims Processing Environment, (Washington D.C.: February 4, 2013).

²⁵Past GAO reports have identified best practices in planning. A results-oriented plan to achieve established goals should include (1) purpose, scope, and methodology; (2) problem definition and risk assessment; (3) goals, subordinate objectives, activities, and performance measures; (4) resources, investments, and risk management; (5) organizational roles, responsibilities, and coordination; and (6) integration. See GAO, *Social Security Disability: Additional Performance Measures and Better Cost Estimates Could Help Improve SSA's Efforts to Eliminate Its Hearings Backlog*, [GAO-09-398](#) (Washington, D.C.: September 9, 2009).

organizations seek to accomplish, identify specific activities to obtain desired results, and provide tools to help ensure accountability and mitigate risks.

Implementation of Recommendations Could Help Improve Evidence Gathering and Ensure Better Strategic Management of Improvement Initiatives

In our December 2012 report, we recommended that VBA seek improvements for partnering with relevant federal and state military officials to reduce the time it takes to gather military service records from National Guard and Reserve sources. We also recommended that VBA develop improvements for partnering with Social Security Administration officials to reduce the time it takes to gather medical records. Lastly, we recommended that VBA develop a robust backlog reduction plan for its initiatives that, among other best practice elements, identifies implementation risks and strategies to address them and performance goals that incorporate the impact of individual initiatives on processing timeliness.

VA generally agreed with our conclusions and concurred with our recommendations, and summarized efforts that are planned or underway to address them. For example, VA stated it has recently initiated several interagency efforts to the timeliness of record exchanges between VBA and DOD. In addition, VA stated that it is working with SSA to pilot a web-based tool to provide VA staff a secure, direct communication with SSA and to automate VA's requests for SSA medical records. VA also agreed with our recommendation to develop a robust backlog plan for VBA's initiatives and, subsequent to our report, published the *Department of Veterans Affairs (VA) Strategic Plan to Eliminate the Compensation Claims Backlog*. This plan includes implementation risks and performance metrics used to track the cumulative effect of its initiatives on processing times but still lacks individual performance goals and metrics for all initiatives.

In conclusion, for years, VA's disability claims and appeals processes have received considerable attention as VA has struggled to process disability compensation claims in a timely fashion. Despite this attention, VA continues to wrestle with several ongoing challenges—some of which VA has little or no control over—that contribute to lengthy processing timeframes. For instance, the number and complexity of VA claims received has increased. VBA is currently taking steps to improve the timeliness of claims and appeals processing; however, prospects for improvement remain uncertain because timely processing remains a daunting challenge.

Chairman Sanders, Ranking Member Burr, and Members of the Committee, this concludes my prepared statement. I am pleased to answer any questions you may have.

Contacts and Staff Acknowledgments

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