

January 2010

VETERANS' DISABILITY BENEFITS

Further Evaluation of Ongoing Initiatives Could Help Identify Effective Approaches for Improving Claims Processing



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Highlights

Highlights of [GAO-10-213](#), a report to the Committee on Veterans' Affairs, U.S. Senate

Why GAO Did This Study

For years, the disability compensation claims process has been the subject of concern and attention by the Department of Veterans Affairs (VA), Congress, and veteran service organizations (VSO), due in part to long waits for decisions and the large number of claims pending a decision. As GAO and other organizations have reported over the last decade, VA has also faced challenges in improving the accuracy and consistency of disability decisions. GAO was asked to examine (1) trends in VA's disability compensation claims processing at the initial claims and appeals levels and (2) actions that VA has taken to improve its disability claims process. To do this, GAO reviewed and analyzed VA performance data, budget submissions, program documents, and external studies and interviewed VA officials and VSO representatives.

What GAO Recommends

GAO recommends that the Secretary of Veterans Affairs direct (1) VBA to collect data on redistributed claims to help assess the effect of workload redistribution, (2) VBA and the Board of Veterans' Appeals to establish a plan with criteria for assessing whether ECA should be widely implemented, and (3) VBA to develop a plan with criteria for assessing whether its pilot reorganization of claims processors should be expanded. VA agreed with the recommendations, and noted plans to address them.

View [GAO-10-213](#) or [key components](#). For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

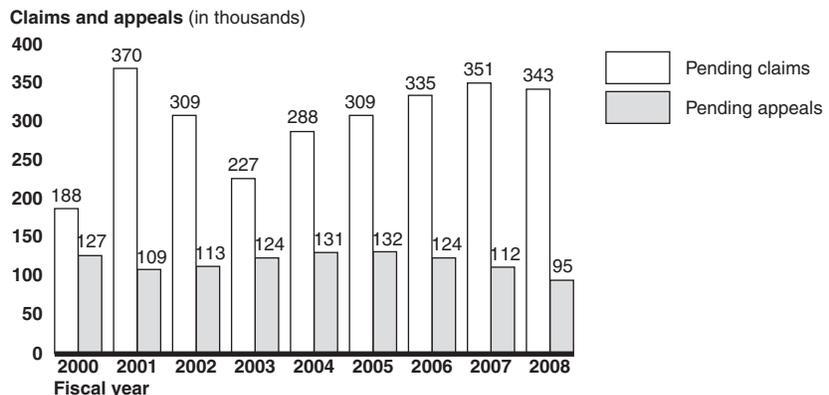
VETERANS' DISABILITY BENEFITS

Further Evaluation of Ongoing Initiatives Could Help Identify Effective Approaches for Improving Claims Processing

What GAO Found

VA's disability claims and appeals processing has improved in some aspects and worsened in others. In recent years, the number of claims completed annually by VA has increased but not by enough to keep pace with the increasing number of compensation claims received, resulting in more claims awaiting a decision. In addition, the average days that VA took to complete a claim—196 days in fiscal year 2008—has varied over time, but was about the same in fiscal years 2000 and 2008. Several factors have challenged claims processing improvements, such as the increase in the number and complexity of claims submitted to VA, laws, and regulatory changes. VA has reduced the number of pending appeals and improved the accuracy of some appellate work, but the time that it takes to resolve appeals has worsened in recent years. For example, in fiscal year 2008, VA took on average 776 days to process appeals; 78 days longer than in fiscal year 2004. One factor that has contributed to worsening appeals timeliness is the increase in the number of appeals received by VA.

Pending Claims and Appeals, End of Fiscal Years 2000-2008



Sources: VA data (claims) and GAO analysis of VA data (appeals).

VA has taken several steps to improve claims and appeals processing, but their impact is not yet known. VA has hired a significant number of disability claims staff to process disability workloads. VA's Veterans Benefits Administration (VBA) has also expanded its practice of workload redistribution, which could improve the timeliness and quality of its decisions. VA is also testing new claims processing approaches—such as shortening response periods for certain claims and appeals through Expedited Claims Adjudication (ECA) and reorganizing its claims processing units. However, VBA has not established plans to evaluate the effect of some initiatives. In addition, VA has taken other steps to improve claims and appeals processing, such as expanding its quality assurance program; upgrading claims processing software; and moving toward paperless processing, which remains elusive in part due to technical challenges.

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Abbreviations

ARRA	American Recovery and Reinvestment Act of 2009
DOD	Department of Defense
ECA	Expedited Claims Adjudication
STAR	Systematic Technical Accuracy Review
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration
VACOLS	Veterans Appeals Control and Locator System
VETSNET	Veterans Services Network
VSO	veteran service organization

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United States Government Accountability Office
Washington, DC 20548

January 29, 2010

The Honorable Daniel K. Akaka
Chairman
The Honorable Richard Burr
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Department of Veterans Affairs' (VA) disability compensation program provides monetary support to veterans with disabling conditions that were incurred or aggravated during military service. In fiscal year 2008, VA paid \$30.7 billion in benefits to nearly 3 million veterans through the compensation program. For years, the disability compensation claims process has been the subject of concern and attention by VA, Congress, and veteran service organizations (VSO), due in large part to long waits for decisions and the large number of claims pending a decision. The number of veterans awaiting decisions about their eligibility for disability compensation could grow as servicemembers returning from ongoing conflicts and aging veterans submit claims. As GAO and other organizations have reported over the last decade, VA has faced challenges not only in decreasing the time it takes to decide veterans' claims, but also with improving the accuracy and consistency of disability decisions.

At your request, we examined (1) trends in VA's disability compensation claims processing at the initial claims and appeals levels and (2) actions that VA has taken to improve its disability claims process. To identify trends in disability compensation claims processing, we examined workload and performance data from VA's Veterans Benefits Administration (VBA) and Board of Veterans' Appeals (Board). To identify VA's actions for improving the claims process, we analyzed staffing data; reviewed VA's budget submissions, VA's strategic plan, and other documents such as external studies and VA's Office of Inspector General reports; interviewed VA officials and VSO representatives; and examined ongoing initiatives and those initiatives that VA completed after fiscal year 2005. In addition, we visited four VBA regional offices and the Board to learn about ongoing initiatives. In selecting the regional offices—Chicago, Illinois; Seattle, Washington; Togus, Maine; and Winston-Salem, North Carolina—we considered regional offices that would provide (1) insights about ongoing initiatives, such as pilots; (2) a mix of offices located in different geographic settings (e.g., urban and rural); and (3) a mix of offices that were above and below VBA's averages for select claims

processing measures. We also reviewed relevant federal laws, regulations, and court decisions. Appendix I contains additional information about our scope and methodology.

We conducted this performance audit from November 2008 through January 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA pays monthly disability compensation to veterans with service-connected disabilities (i.e., injuries or diseases incurred or aggravated while on active military duty) according to the severity of the disability.¹ VA also pays additional compensation for some dependents—spouses, children, and parents—of veterans.² In addition, VA’s pension program pays benefits to low-income veterans who either are elderly or have disabilities unrelated to their military service.³ In fiscal year 2008, the disability compensation program represented 78 percent, or \$30.7 billion, of the cash benefits paid through VBA’s Compensation and Pension Service.

VA’s disability compensation claims process starts when a veteran submits a claim to VBA (see fig. 1). Upon reviewing the claim at 1 of VBA’s 57 regional offices, a service representative then assists the veteran in gathering the relevant evidence to evaluate the claim.⁴ Such evidence includes veterans’ military service records, medical examinations, and treatment records from VA medical facilities and private medical service

¹VA’s ratings are in 10 percent increments, from 0 to 100 percent. Generally, VA does not pay disability compensation for disabilities rated at 0 percent. As of November 2009, basic monthly payments ranged from \$123 for 10 percent disability to \$2,673 for 100 percent disability.

²Additional compensation is available to qualifying dependents of veterans whose disability is rated 30 percent or higher as provided by 38 U.S.C. § 1115.

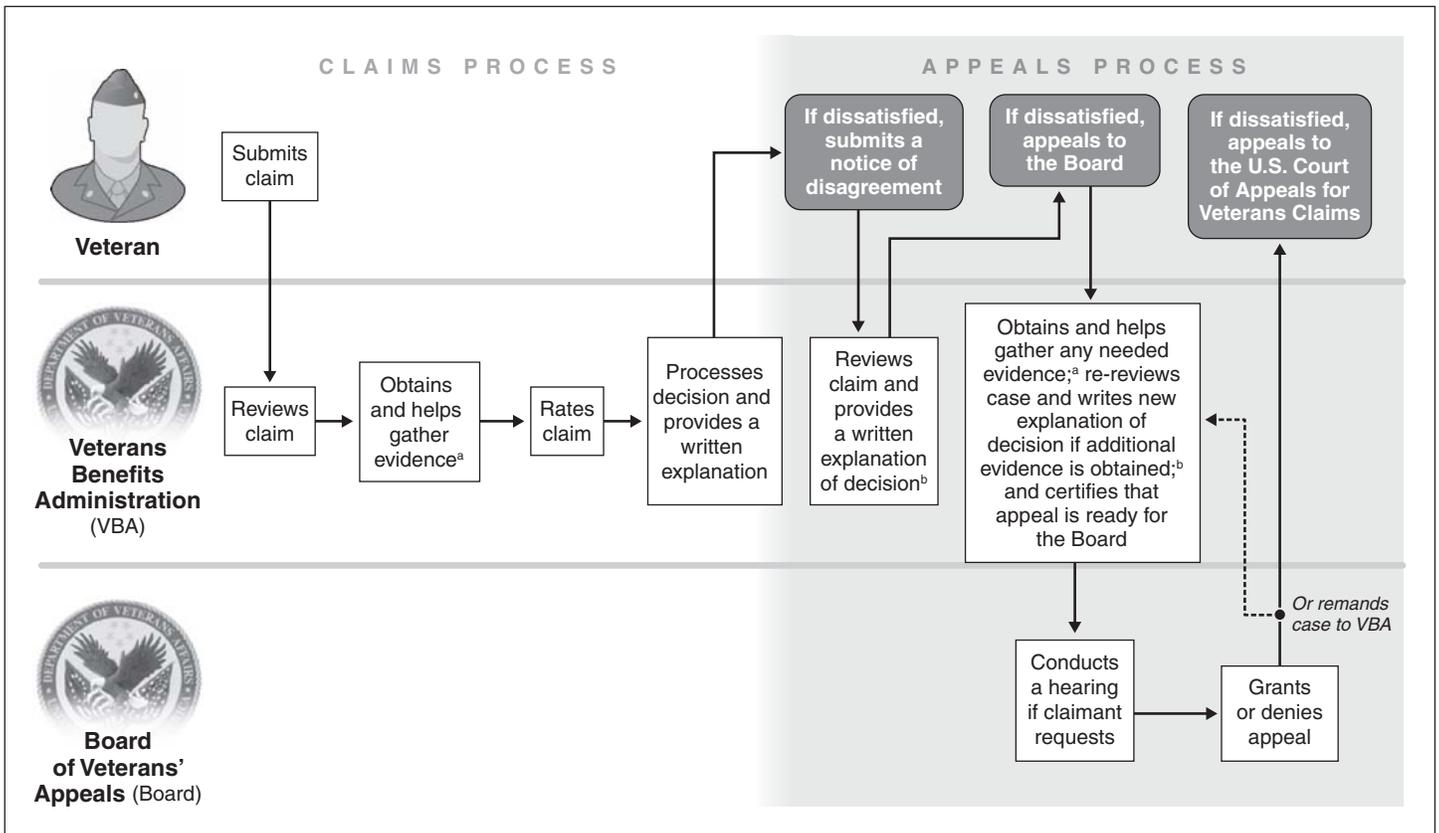
³VA also pays pensions to surviving spouses and unmarried children of deceased wartime veterans. In addition, VA pays dependency and indemnity compensation to some deceased veterans’ spouses, children, and parents.

⁴These representatives are known as “veteran service representatives,” or “VSRs.”

providers. Also, if necessary for reaching a decision on a claim, the regional office arranges for the veteran to receive a medical examination. Once a claim has all of the necessary evidence, a rating specialist evaluates the claim and determines whether the claimant is eligible for benefits.⁵ If so, the rating specialist assigns a percentage rating. Veterans with multiple disabilities receive a single composite rating. Veterans can reopen claims for additional benefits from VA if, for example, a service-connected disability worsens or arises in the future. If the veteran disagrees with the regional office's decision, he or she may submit a written notice of disagreement to the regional office. In response to such a notice, VBA reviews the case and provides the veteran with further written explanation of the decision if VBA does not grant all appealed issues. If the veteran still disagrees, he or she may appeal to the Board. Before transferring the appeal to the Board, VBA re-reviews the case and if any new information is obtained provides a new explanation of the decision to the veteran. The Board, whose members are attorneys experienced in veterans' law and in reviewing benefit claims, conducts a hearing if the veteran requests one, then grants or denies the appeal or returns the case to VBA to obtain additional evidence necessary to decide the veteran's claim. If the veteran is dissatisfied with the Board's decision, he or she may appeal to the U.S. Court of Appeals for Veterans Claims.

⁵These specialists are known as "rating veteran service representatives," or "RVSRs."

Figure 1: Overview of VA's Disability Claims and Appeals Processes



Source: GAO analysis of VA procedures.

^aVA must make reasonable efforts to help a claimant obtain evidence that is necessary to substantiate a claim.

^bThe explanation must include a summary of the evidence relating to the contested issue(s), a summary of the applicable laws and regulations, VBA's determination of each issue, and the rationale for such determinations. The process ends if VBA grants all appealed issues or if the veteran is satisfied with the explanation.

To improve workload controls and the timeliness and accuracy of its decisions, in fiscal year 2002, VBA organized its claims processing staff by teams that perform distinct phases of the claims and appeals processes (see table 1). In moving toward this organizational structure, VBA sought to reduce the number of tasks a veteran service representative was expected to perform and thereby improve its performance.

Table 1: VBA's Compensation and Pension Service's Disability Claims Processing Teams

Team	Summary of claims processing duties
Triage Team	Reviews claims and establishes the regional office's tracking procedures for all mail, as well as processes claims that only require a brief review to determine eligibility.
Pre-Determination Team	Obtains and helps gather evidence for disability ratings, and prepares administrative decisions.
Rating Team	Makes decisions on claims that require consideration of medical evidence.
Post-Determination Team	Develops evidence for nonrating issues, processes benefit awards, and notifies veterans of rating decisions.
Public Contact Team	Conducts personal interviews and handles telephone inquiries, including calls from veterans.
Appeals Team	Handles requests for reconsideration of claims in cases where veterans have submitted a notice of disagreement.

Source: VBA.

Note: The Rating Team is made up of rating specialists; the Post-Determination and Public Contact teams are made up of veteran service representatives; and the Pre-Determination, Triage, and Appeals teams are made up of both rating specialists and veteran service representatives.

VA measures its performance related to compensation claims and appeals processing in various ways and considers the timeliness and quality of its decisions as key indicators. One way that VBA and the Board assess the timeliness of their work is using a joint measure that considers the average time it takes appeals to be resolved, regardless of whether they are resolved by VBA or the Board. In fiscal year 2009, VA's timeliness goal for resolving appeals was 675 days.⁶ In terms of quality, VBA and the Board each assess the accuracy of their decisions by reviewing randomly selected cases to determine the proportion that contain errors that could affect the benefits paid to the veteran. In fiscal year 2009, VBA and the Board had an accuracy rate goal of 98 percent and 94 percent, respectively.⁷

⁶This strategic goal includes compensation- and pension-related appeals.

⁷These strategic goals are based on compensation- and pension-related decisions.

VA's Disability Claims and Appeals Processing Has Improved in Some Aspects and Worsened in Others

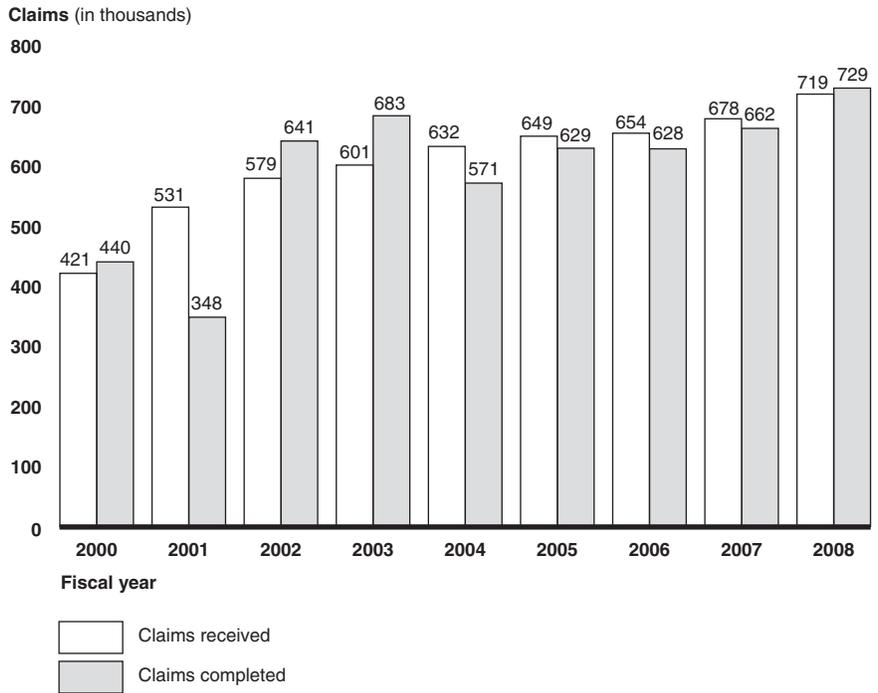
Over the past several years, the number of disability compensation claims has increased, and VA's performance in processing such claims has improved in some areas and worsened in others. During this time, VA has reduced the number of pending appeals and improved the accuracy of some appellate work, but in recent years, the time that it takes to resolve appeals has increased.

VA Has Increased Its Output of Claims Decisions but Continues to Experience Some Challenges with Timeliness and Accuracy

From fiscal years 2000 to 2008, the number of claims completed annually by VA has increased but not by enough to keep pace with the increasing number of compensation claims it has received, and, as a result, the number of pending claims has grown. VA has substantially increased the number of claims it completes annually in recent years. In fiscal year 2008, VA completed about 729,000 claims, which was nearly 66 percent more than it completed in fiscal year 2000 (see fig. 2).⁸ However, VA has also received significantly more claims in recent years. In fiscal year 2008, VA received about 719,000 compensation claims, which was about 71 percent more than it received in fiscal year 2000. By the end of fiscal year 2008, pending claims—those awaiting a decision—had increased 83 percent over fiscal year 2000 levels, from about 188,000 to about 343,000 (see fig. 3). Moreover, the number of claims awaiting a decision longer than 6 months increased about 50 percent, from about 52,000 to about 78,000.

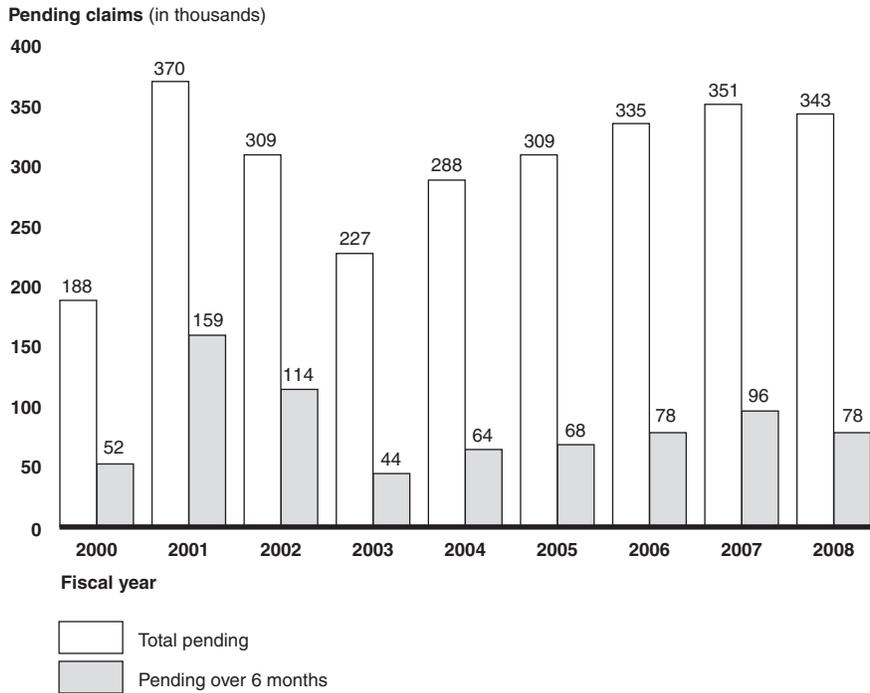
⁸These data exclude appellate work. The reported compensation claims data are comprised of the following three VBA categories: initial compensation claims with eight or more disabling conditions; initial compensation claims with seven or fewer disabling conditions; and reopened compensation claims, whereby a veteran submits a claim for additional benefits anytime after submitting the initial claim (e.g., if a new service-connected disability arises or a previously claimed disability worsens).

Figure 2: Compensation Claims Received and Completed, Fiscal Years 2000-2008



Source: VA data.

Figure 3: Pending Compensation Claims, End of Fiscal Years 2000-2008



Source: VA data.

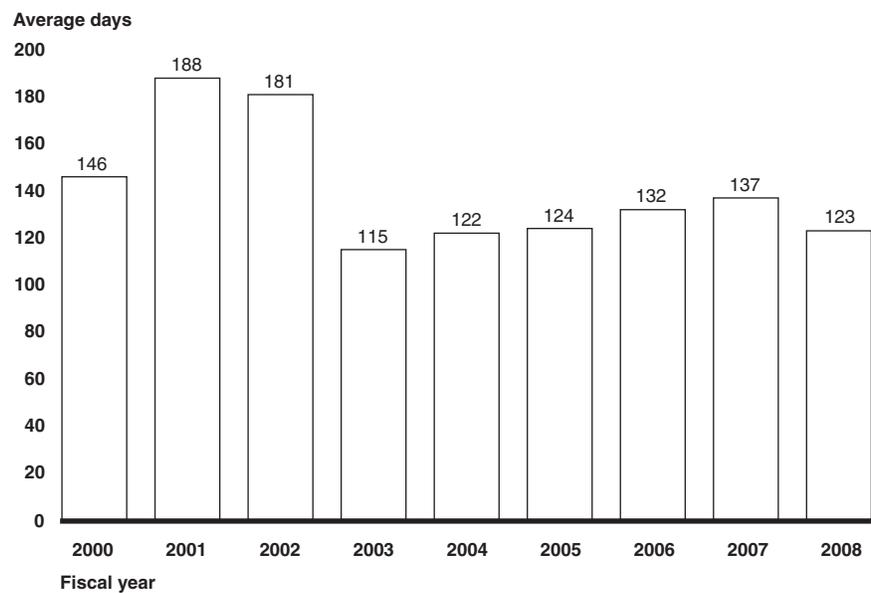
VA has also experienced mixed results in improving the timeliness of its claims decisions. Overall, the average days that claims were pending declined, but the average processing time needed to complete a claim did not improve.⁹ From fiscal years 2000 to 2008, the average number of days that claims were pending fluctuated. In fiscal year 2008, compensation claims were pending an average of 23 days less than the 146 days in fiscal year 2000 (see fig. 4).¹⁰ While fiscal year 2008's average number of days pending was slightly longer than the average 115 days experienced in fiscal year 2003, it is a marked improvement over the 188 days that claims were

⁹The average days pending is the average time that pending claims have been awaiting a decision at a point in time. VA calculates the average days pending for a fiscal year on the last day of the year. The average days to complete a claim is the average processing time of decisions reached during a specific period.

¹⁰VA's fiscal year 2008 average days pending goal for compensation claims was 120 days. VA does not have a comparable goal for average days to complete compensation claims. However, VA's fiscal year 2008 goal for average days to complete rating-related claims, including both compensation and pension claims, was 169 days.

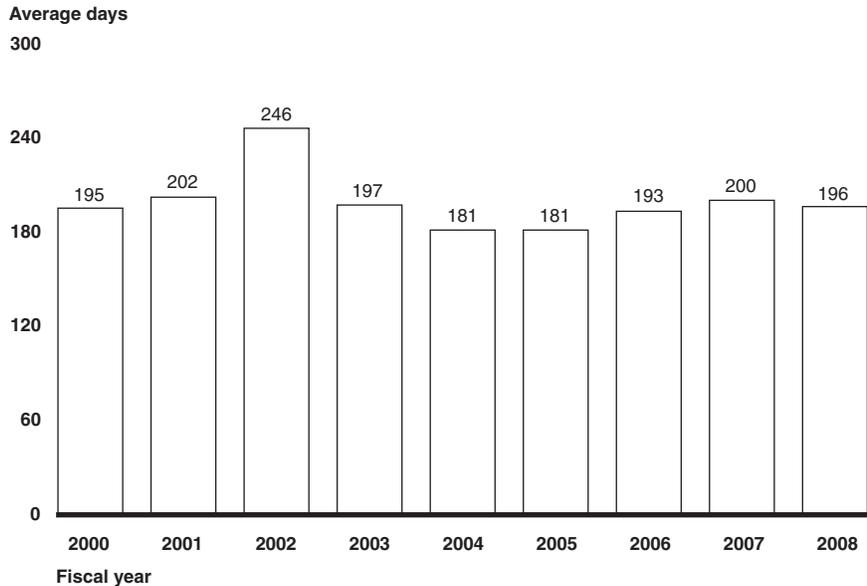
pending in fiscal year 2001. VA has also reduced the percentage of claims that took more than 1 year to complete, from 22 percent in fiscal year 2002 to 10 percent in fiscal year 2008. However, VA has made little progress in reducing average processing times. The average time that VA took to complete a claim fluctuated between fiscal years 2000 and 2008, from a high of 246 days in fiscal year 2002 to a low of 181 days in fiscal years 2004 and 2005 (see fig. 5). Since then, this average has increased, and in fiscal year 2008, VA took about the same amount of time—196 days—to complete a claim as it did in fiscal year 2000.

Figure 4: Average Days That Compensation Claims Were Pending, End of Fiscal Years 2000-2008



Source: VA data.

Figure 5: Average Days to Complete Compensation Claims, Fiscal Years 2000-2008

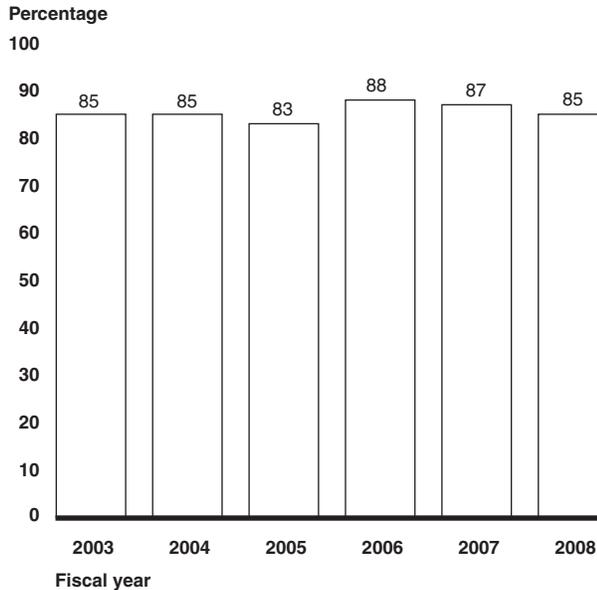


Source: VA data.

In terms of quality, according to VA's assessments, the accuracy of compensation claims processing remained about the same during fiscal years 2003 through 2008.¹¹ The percentage of compensation claims processed without errors that could affect benefits paid to veterans remained at 85 percent, varying slightly in the intervening years (see fig. 6).

¹¹VA changed how it calculates claims processing accuracy in fiscal year 2002. Therefore, to analyze and report consistent data, we considered accuracy data for compensation claims starting in fiscal year 2003.

Figure 6: Accuracy Rate of VBA Compensation Claims Decisions, Fiscal Years 2003-2008



Source: VA data.

One factor that has contributed to VA's lack of significant improvement in claims processing performance is the substantial increase in VA's disability workloads. VA attributes the increase in compensation claims to several sources, including the conflicts in Iraq and Afghanistan. According to VA, about 35 percent of veterans from ongoing hostilities file claims. In addition, VA cites the growing number of reopened claims from current disability benefit recipients—many of whom suffer from chronic progressive disabilities, such as diabetes—who submit claims for increased benefits as their conditions worsen or new conditions arise as they age. In fiscal year 2008, VA received about 488,000 reopened claims for disability benefits, up 58 percent from about 309,000 in fiscal year 2000. In addition, VA attributes increased claims receipt to its enhanced outreach to servicemembers and veterans. VA reported that in fiscal year 2007, it provided benefits briefings to about 297,000 separating servicemembers, which was up from about 210,000 in fiscal year 2003.

According to VA officials, federal laws, VA regulations, and court decisions have also adversely affected claims processing timeliness. These changes enable veterans to get the benefits they deserve. However, the changes expand benefit entitlement and add processing requirements that increase VA's workloads. In recent years, court decisions related to a 1991 law have

created new presumptions of service-connected disabilities for many Vietnam veterans.¹² In October 2009, VA announced that it was expanding the list of presumptive service-connected disabilities to include Parkinson's disease and two other conditions for Vietnam veterans.¹³ VA also anticipates an increase in claims stemming from an October 2008 regulation change that affects how VA rates traumatic brain injuries.¹⁴ According to a VA official, a letter was sent to approximately 32,000 veterans notifying them that their rating for traumatic brain injury could potentially increase, even though their symptoms may not have changed. In addition to expanded benefit entitlement, a number of laws¹⁵ and court decisions¹⁶ related to VA's disability claims process have had implications for timely claims processing. For example, according to VA officials, the Veterans Claims Assistance Act of 2000 added more steps to the claims process, lengthening the time that it takes to develop and decide a claim.¹⁷

Another factor impacting VA's claims processing timeliness is the complexity of claims received. VA notes that it is receiving more claims for complex disabilities related to combat and deployments overseas, including those based on environmental and infectious disease risks and traumatic brain injuries. In addition, veterans cited more disabilities in their claims in recent years than they had in the past. The number of compensation claims VA decided with eight or more disabilities increased from 11 to 16 percent from fiscal years 2006 to 2008. These claims can take longer to complete because each disability must be evaluated separately.

¹²See, for example, *Haas v. Nicholson*, 20 Vet. App. 257 (2006). The Agent Orange Act of 1991, Pub. L. No. 102-4, broadens the presumption of exposure to herbicides in Vietnam. See also, 38 C.F.R. § 3.309 (diseases subject to a presumptive service connection).

¹³The other conditions are B cell leukemias and ischemic heart disease.

¹⁴38 C.F.R. § 4.124a (73 Fed. Reg. 54693, Sept. 23, 2008).

¹⁵Veterans 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.

¹⁶See, 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).

¹⁷Pub. L. No. 104-475.

VA Has Reduced the Number of Pending Appeals and Improved the Accuracy of Some Appellate Work, but Appeals Processing Timeliness Has Worsened in Recent Years

Since fiscal year 2000, the number of pending appeals has declined, and the accuracy of appeals processing has improved in some areas. VA has reduced the number of pending appeals by 25 percent, from about 127,000 in fiscal year 2000 to about 95,000 in fiscal year 2008 (see fig. 7).¹⁸ Over the same period, agency accuracy reviews indicate that 95 percent of the Board's decisions in fiscal year 2008 were processed accurately compared with 86 percent in fiscal year 2000 (see fig. 8). Another indicator of the accuracy of appeals processing is the percentage of appeals that are remanded to VBA by the Board due to errors that could have been avoided.¹⁹ Examples of avoidable remands include VBA's failure to obtain identified private treatment records or to send letters to claimants indicating what evidence is necessary to substantiate the claim. One of VA's goals is to eliminate avoidable remands.²⁰ Although VBA recently expanded accuracy reviews and the Board has provided training to VBA staff based on remand reason trends, the percentage of appeals with avoidable remands remained about 25 percent from fiscal years 2006 to 2008.²¹

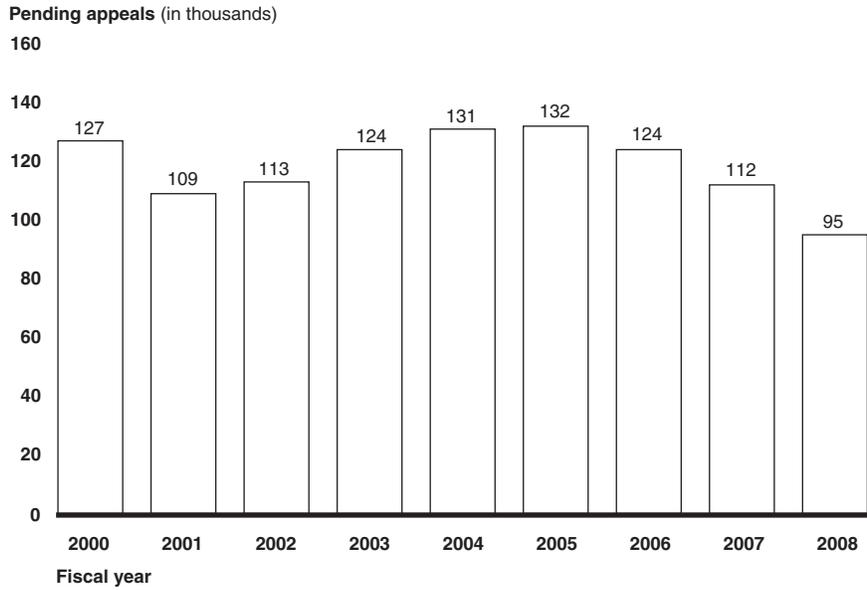
¹⁸We analyzed rating-related compensation appeals to the Board from VA's appeals database.

¹⁹VBA includes appellate work in its accuracy assessments. However, because appellate work comprises a relatively small portion of the decisions assessed, we cannot reliably identify accuracy rates for appellate work from these assessments.

²⁰VA categorizes remands as "avoidable" when the reason for the remand occurred before VBA certified transferring the appeal to the Board.

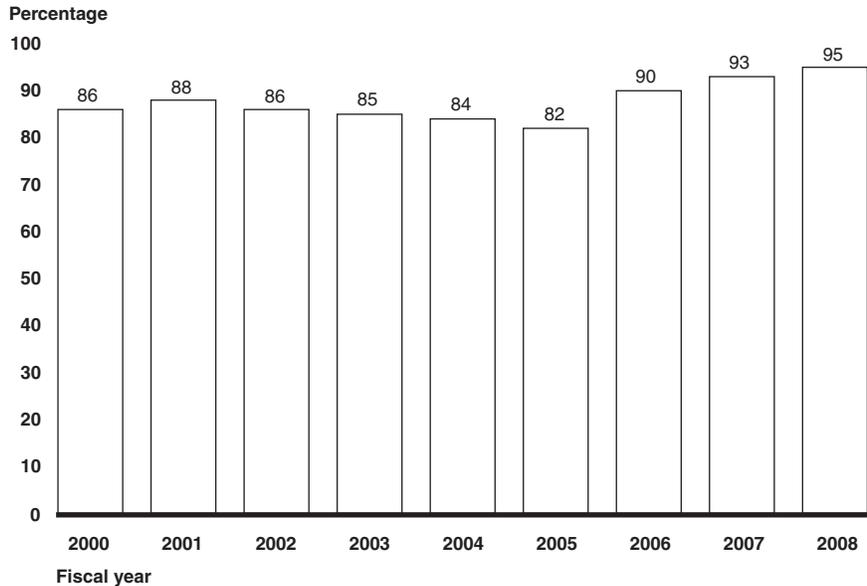
²¹We analyzed avoidable remand data from fiscal years 2006 to 2008 because complete, reliable data were previously not available in VA's appeals database. See appendix I for information about avoidable remand calculations.

Figure 7: Number of Pending Compensation Appeals, End of Fiscal Years 2000-2008



Source: GAO analysis of VA data.

Figure 8: Accuracy Rate of the Board's Compensation Appeals Decisions, Fiscal Years 2000-2008

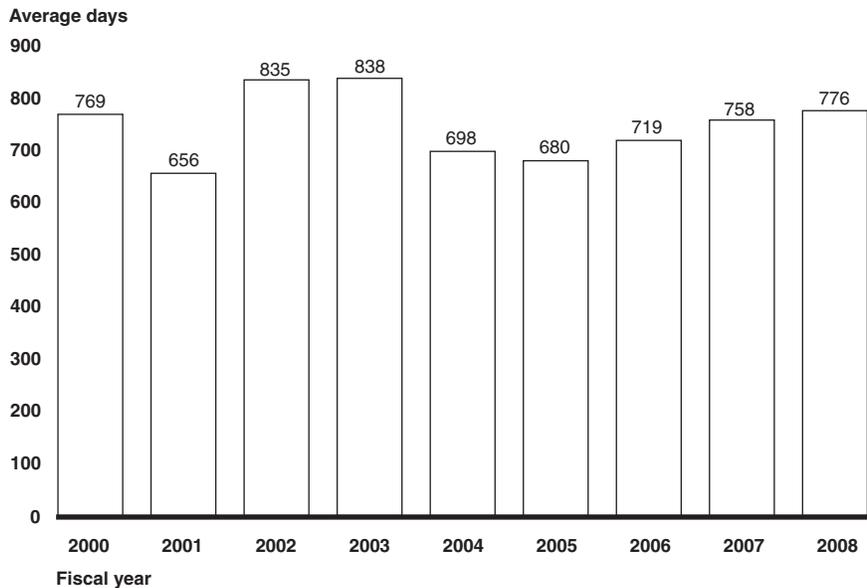


Source: GAO analysis of VA data.

Despite improvements in some aspects of appeals processing, the average time needed to resolve appeals has worsened in recent years, reversing prior improvements. In fiscal year 2008, the average processing time for compensation appeals was 776 days, or approximately 25 months, despite reaching lows of 656 days in fiscal year 2001 and 680 days in fiscal year 2005 (see fig. 9). The majority of appeal processing time is spent developing the appeal prior to consideration by the Board. For example, appeals resolved in fiscal year 2008 remained at VBA for 502 days before being transferred to the Board.²²

²²This average is based on appeals that VBA certified as being ready for the Board. All appeals do not reach this stage because appellants may resolve their appeals beforehand.

Figure 9: Average Processing Time for Compensation Appeals, Fiscal Years 2000-2008



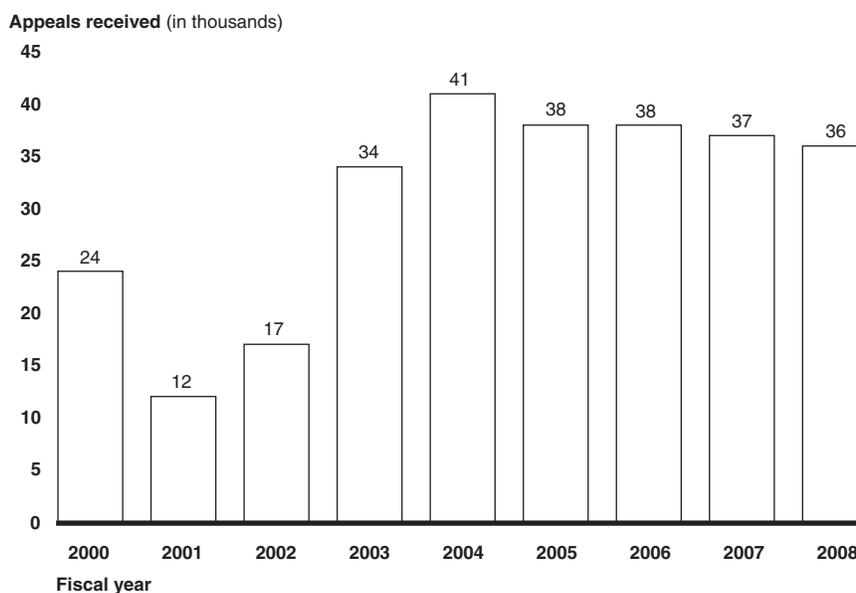
Source: GAO analysis of VA data.

Several factors have contributed to the worsening trend in appeals timeliness. First, the number of appeals that VA has received increased about 50 percent from approximately 24,000 in fiscal year 2000 to about 36,000 in fiscal year 2008 (see fig. 10). In addition, according to VA officials, each time appellants submit new evidence, VA must review and summarize the case for the appellant again, adding to the time that it takes to resolve the appeal. Furthermore, a veteran may submit multiple claims, and VBA does not forward an appeal to the Board until all of a veteran's pending claims are resolved, regardless of whether they relate to the appeal. This practice follows VBA's interpretation of a court decision to prevent delays in processing undecided claims.²³ Therefore, a veteran's unrelated, pending claim could forestall final resolution of the appeal. Finally, according to VA officials, processing time is lengthened when appeals are remanded back to VBA by the Board. While some appeals are remanded due to procedural errors by VBA, many other appeals are remanded because of requirements often driven by recent court decisions or regulatory changes that occur after the appeal is sent to the Board. For

²³*Ebert v. Brown*, 4 Vet. App. 434 (1993).

example, a court decision in January 2008 required VA to notify veterans seeking increased compensation for worsened conditions of the rating criteria that pertain to the claim.²⁴ Until this decision was overturned in September 2009, it required the Board to remand—or VBA to hold back—any appeals until the claimants were notified.²⁵

Figure 10: Number of Compensation Appeals Received, Fiscal Years 2000-2008



Source: GAO analysis of VA data.

VA Has Taken Some Actions That Have the Potential to Improve Claims Processing, but Their Impact Is Not Yet Known

VA has taken several steps to improve claims processing, including increasing claims processing staff, redistributing certain workloads, piloting alternative approaches to processing certain claims, and increasingly leveraging information technology to process claims. VA expects these actions to improve decision timeliness, quality, or both. However, the effects of these actions are not yet known, and VA lacks plans to assess certain actions.

²⁴*Vazquez-Flores v. Peake*, 22 Vet. App. 37 (2008), vacated *Vazquez-Flores v. Shinseki*, 580 F.3d 1270 (Fed. Cir. 2009).

²⁵See footnote 24.

VA Has Increased Staffing, Redistributed Workloads, and Is Piloting New Approaches for Processing Certain Claims to Improve Timeliness, but Lacks Plans to Evaluate Some of These Actions

VA has taken several actions to improve decision timeliness at both the claim and appellate levels. For example, over the past few years, VA has hired a significant number of disability claims staff to process disability workloads. From fiscal years 2005 to 2009, VA increased VBA's claims processing staff by 57 percent, from 7,550 to 11,868.²⁶ This increase includes 417 staff that VBA hired in fiscal year 2009 using funds from the American Recovery and Reinvestment Act of 2009 (ARRA).²⁷ Of the people hired using ARRA funds, about three-fourths are temporary employees who assist in developing disability claims and perform other administrative tasks to free experienced staff to complete more complex claims processing tasks. During the same period, VA increased the Board's staff by 20 percent, from 433 to 519, without using ARRA funds.

We have reported that adding staff has the potential to improve VA's capacity to complete more claims, but an infusion of a large number of new staff will also likely pose human capital challenges for VA in the near term.²⁸ VA has processed more claims and appeals decisions annually since hiring the additional staff; however, as it has acknowledged, individual staff productivity has decreased. Specifically, the number of rating-related claims processed per staff person declined from 101 in fiscal year 2005 to 88 in fiscal year 2008. According to VA, this decline in productivity is attributable primarily to new staff who have not yet become fully proficient at processing claims and to the loss of experienced staff due to retirements. VA expects individual productivity to decline further before it improves, in part because of the challenge of training and integrating new staff.²⁹ According to a VA official in charge of training, VA's goal is for newly hired veteran service representatives to be proficient in 18 months, and for newly hired rating specialists to be proficient in 2 years. However, according to VA officials, particularly for

²⁶These and other data in this paragraph are based on full-time-equivalent staffing.

²⁷Pub. L. No. 111-5.

²⁸GAO, *Veterans' Disability Benefits: Claims Processing Challenges Persist, while VA Continues to Take Steps to Address Them*, [GAO-08-473T](#) (Washington, D.C.: Feb. 14, 2008).

²⁹As required under section 225 of the Veterans' Benefits Improvement Act of 2008 (Pub. L. No. 110-389), GAO is in the process of evaluating VA's training programs for claims processors. This evaluation builds on prior work in which we found that increased focus on evaluation and accountability would enhance training and performance management for claims processors. See GAO, *Veterans' Benefits: Increased Focus on Evaluation and Accountability Would Enhance Training and Performance Management for Claims Processors*, [GAO-08-561](#) (Washington, D.C.: May 27, 2008).

rating specialists, becoming proficient often takes longer—about 3 to 5 years—because of the complexity of the job, in part given the variety of cases and rating issues. Training new staff also reduces productivity in the near term because experienced staff must take time to train and mentor them and, therefore, may have less time to process their own claim workloads. According to a VBA training official, VBA has developed curricula that use practical application of key concepts to accelerate the learning curve for new staff. VA expects that the staff hired with ARRA funding will help increase the number of claims processed and reduce average processing times in 2010. However, even though their responsibilities are expected to be limited to less complex claims processing tasks, these additional staff could also pose human capital challenges in the near term while they are being trained and deployed.

VBA has also expanded its practice of redistributing regional offices' disability workloads. Although this expansion could improve the timeliness of its decisions, VBA has not collected data to evaluate the effect of this practice. Since 2001, VBA has created 15 resource centers that are staffed exclusively to process claims or appeals from backlogged regional offices at distinct phases in the claims process.³⁰ From 2001 to 2002, VBA created 9 resource centers to exclusively rate claims (rating centers) from other offices. Since 2007, VBA has created 4 additional resource centers to exclusively develop claims (development centers) for rating. In 2009, VBA created 2 more resource centers that focus exclusively on processing appealed claims (appeals centers) before they are sent to the Board. The development resource centers obtain information necessary for rating claims, while the appeals resource centers review appeals and provide written summaries of cases for the veterans. VBA determines the number of claims redistributed to each of the resource centers on the basis of the regional offices' and resource centers' changing workloads and capacities.³¹ Claims initially had to meet specific criteria to be eligible for redistribution, such as having seven or fewer disabilities. However, VBA relaxed these criteria in May 2008 to allow more claims to be redistributed. The number of claims redistributed

³⁰VA also redistributes workloads from backlogged regional offices to regional offices without resource centers but with more capacity to handle such workloads. VA refers to moving workloads—to either a resource center or another regional office—for processing as “brokering.”

³¹VBA determines the number of claims redistributed to rating and appeal resource centers on a monthly basis, and it determines the number of claims redistributed to development resource centers on a quarterly basis.

for rating has increased from about 88,000 in fiscal year 2006 to about 140,000 in fiscal year 2008.

While redistributing workloads is helpful, this practice can pose operational challenges. According to several VSO representatives, redistributing claims reduces VSOs' and VA's ability to monitor claims processing. Also, according to some resource center staff we interviewed, workload redistribution sometimes creates inefficiencies. For example, one rating resource center returned about 20 percent of the claims that it received during the first half of fiscal year 2009 to the originating regional offices because the claims required further development before they could be rated. The resource centers provide written explanations for returned claims, so that regional offices can correct the errors and avoid them in the future. Despite such challenges, according to VBA officials, redistributing backlogged claims to resource centers improves average processing times because VBA can better leverage the ever-changing capacities of its offices. Although VBA tracks the number of claims processed—and recently started monitoring accuracy—by resource center, it does not track the average processing times of redistributed workloads. Therefore, VA cannot (1) compare the average processing times of redistributed versus nonredistributed claims and (2) assess the resource centers relative to key performance goals or the overall effect of expanded workload redistribution on claims processing.

In addition to increasing staffing and redistributing workloads, VA is piloting several new approaches for processing certain claims to improve timeliness. For example, VA is implementing a pilot with the Department of Defense (DOD) to perform disability evaluations. Begun in November 2007, the joint DOD-VA pilot process applies to servicemembers navigating the military's disability evaluation system, which determines whether servicemembers are fit for duty or should be released from the military.³² In the pilot, VA completes disability ratings for servicemembers found to be unfit for duty. Key features of the pilot include a single physical examination conducted to VA standards, disability ratings prepared by VA for use by both DOD and VA in determining disability benefits, and additional outreach and case management provided by VA staff at DOD pilot locations to explain VA results and processes to servicemembers.

³²The military's disability evaluation system involves determining whether a servicemember "is unable to reasonably perform the duties of his or her office, grade, rank, or rating," taking into consideration the requirements of a servicemember's current specialty.

The goals of the pilot are to increase transparency and reduce confusion about the disability evaluations conducted and, if military separation or retirement is necessary, to expedite VA disability compensation benefits upon discharge. If implemented widely, the pilot process could change the way in which many veterans first receive disability benefits from VA.³³ According to DOD, preliminary pilot results suggest that the new process expedites delivery of VA benefits to servicemembers following discharge from the military. However, the number of claims affected by widespread implementation of the DOD-VA pilot process would probably be small compared with the total number of compensation claims processed by VA. In fiscal year 2008, the military's disability evaluation system caseload was approximately 20,000, while VA processed about 729,000 compensation claims that year.³⁴

VA is also piloting another new approach to process certain compensation claims and appeals, but it has not yet established a plan to determine whether the pilot process is worthy of widespread implementation. In February 2009, VA launched a 2-year pilot called Expedited Claims Adjudication (ECA) in 4 regional offices. This pilot, a joint effort between VBA and the Board, is intended to accelerate the processing time of claims and appeals. Claimants who opt into the ECA pilot agree to respond to VA within time frames that are shorter than generally required. For example, participating claimants agree to submit any notice of disagreement with VBA's decision within 60 days as opposed to within 365 days under VA's normal requirements.³⁵ In return, the expectation is that claimants will receive decisions from VBA—and from the Board if the claimant appeals the decision—more quickly. VA is collecting data on the timeliness of ECA

³³In September 2008, we reported that while DOD and VA had established measures for the disability evaluation system pilot's performance and a mechanism for tracking performances, they had not established criteria for determining whether the pilot was successful and should be expanded on a large scale. See GAO, *Military Disability System: Increased Supports for Servicemembers and Better Pilot Planning Could Improve the Disability Evaluation Process*, [GAO-08-1137](#) (Washington, D.C.: Sept. 24, 2008).

³⁴DOD conducts fewer disability evaluations than VA, in part, because there are fewer servicemembers than veterans. Currently, there are about 10 times more veterans than servicemembers. In addition, DOD only conducts disability evaluations for referred servicemembers whose medical conditions may prevent them from performing their military duties. VA conducts disability evaluations for veterans as claimed conditions arise or worsen.

³⁵Participating claimants may submit information after the abbreviated response periods, but in doing so their participation in ECA is canceled. VA would then process their claims or appeals using its normal procedures.

processing compared with that of non-ECA processing, but complete data are not yet available. VA officials said they intend to evaluate ECA before expanding the expedited process within the agency. However, it is unclear when and how VA will conduct such an evaluation because it has not yet established an evaluation plan with specific criteria and methods to help assess ECA's impact on non-ECA claims and appeals processing and on whether ECA is worthy of expansion. For example, it is unclear which timeliness metrics VA will use to help assess ECA, and the performance goals the new process must meet before being expanded.

As required under the Veterans' Benefits Improvement Act of 2008,³⁶ VA is also piloting an expedited claims process for claimants who submit "fully developed claims"³⁷ and affirm that they do not intend to submit additional information to support their claims.³⁸ In return, VA's goal is to process such claims within 90 days of receipt of the claim. VA is piloting this alternative process at 10 regional offices for at least 1 year, and the agency has hired a contractor to help assess the feasibility and advisability of continuing the pilot, and possibly deploying the process nationwide. Because certain types of claims—such as those from newer veterans—may naturally lend themselves to being fully developed and therefore may not be representative of all claims, the contractor will not merely compare the average processing times for fully developed claims with those of other claims. Instead, the contractor is working with VA to identify a sound and feasible methodology for evaluating this alternative claims process and is scheduled to provide VA with an evaluation of the pilot at the end of May 2010.

³⁶Pub. L. No. 110-389.

³⁷Fully developed claims are claims that do not require additional development by or assistance from VA other than scheduling a VA examination or obtaining records held by the federal government.

³⁸As with ECA, participating claimants may subsequently submit additional information; however, in doing so, their participation in the pilot is canceled. VA would then process their claims or appeals using its normal procedures.

VA Is Piloting a Reorganization and Has Implemented Quality Assurance and Technology-Related Initiatives That Could Improve Decision Quality and Timeliness in the Future

VA has taken several additional steps that could improve the quality and timeliness of its decisions for compensation claims. For example, in July 2009, VA began piloting at one regional office a reorganization of its claims processors into groups that are collectively responsible for gathering the evidence for a claim, rating the claim, and processing the decision. This structure is different from the current organization, which has distinct teams for each phase of the claims process. This reorganization is based on a recent recommendation from a consulting firm that studied VA's rating-related claim development process.³⁹ In addition to reducing claim folder movement and thus potentially reducing the average processing time, the reorganization is intended to increase claims processing staff's appreciation for how their work quality impacts other aspects of the process. Although some VA officials expressed skepticism that this reorganization would significantly improve the agency's performance in processing compensation claims, they also acknowledged its potential benefits. According to VA officials, VA plans to evaluate the pilot in May 2010, but it has not yet established specific criteria for expanding the reorganization to other locations. Similar to the ECA pilot, VA has not yet specified which metrics it will use to help assess the pilot, and the goals that the new process must meet before being expanded.

VA has also expanded its capacity to measure claims and appeals processing quality, which it uses to help monitor performance and identify training opportunities for staff. For example, in fiscal year 2008, VA doubled the number of staff working in VBA's quality measurement group from about 10 to 20 staff to improve its ability to assess the accuracy of claim decisions and appellate work. In fiscal year 2008, this group more than doubled the number of claims it reviews for accuracy from 10 to 21 cases per month, per regional office. In addition, in fiscal year 2009, based in part on a VA inspector general recommendation, VBA began monitoring the accuracy of claims decided by rating resource centers as it does for regional offices.⁴⁰ Moreover, starting in fiscal year 2008, based in part on our prior recommendation,⁴¹ VBA's quality measurement group

³⁹Booz Allen Hamilton, *Veterans Benefits Administration Compensation and Pension Claims Development Cycle Study*, a report prepared for the Department of Veterans Affairs, Veterans Benefits Administration (June 5, 2009).

⁴⁰Department of Veterans Affairs, Office of Inspector General, *Audit of Veterans Benefits Administration Compensation Rating Accuracy and Consistency Reviews* (Washington, D.C.: Mar. 12, 2009).

⁴¹GAO, *Veterans' Benefits: Quality Assurance for Disability Claims and Appeals Processing Can Be Further Improved*, [GAO-02-806](#) (Washington, D.C.: Aug. 16, 2002).

began conducting studies to monitor the extent to which veterans with a similar disability receive consistent ratings across regional offices. According to VA officials, VBA's quality measurement group conducted four consistency studies in fiscal year 2008. VBA used these studies to identify training needs—such as how to verify a stressor for post-traumatic stress disorder—at specific regional offices. The group had planned to conduct additional consistency studies the following year, but because it doubled the number of case reviews and conducted ad hoc, focused reviews (e.g., of appellate work), it was not able to conduct further consistency studies. However, in fiscal year 2008, VBA's quality measurement group began testing the consistency of decisions made by claims processing staff at different locations on a hypothetical claim.⁴² The group conducted two of these consistency tests during fiscal years 2008 and six tests in fiscal year 2009. VBA has used the results of these tests to help identify training needs related to rating certain disabilities, such as cardiovascular conditions.

VA has also leveraged technology in recent years to improve claims processing. For example, VA has upgraded its claims processing software in phases to enhance its ability to track information about claims and reduce the need for duplicative data entry that could introduce errors. According to VA, a software upgrade in October 2007 improved staff's ability to manage their workloads and more easily identify priority cases, such as those for veterans returning from the current conflicts in Iraq and Afghanistan, by electronically filtering and sorting pending claims. Other claims processing software upgrades have allowed VA to capture management information that is essential to conducting more robust analyses on claims processing performance. For example, the prior software system did not allow VA to electronically capture more than six conditions per claim. With its current claims processing software, VA captures information on the actual number of claimed conditions, which in turn allows VA to analyze claim development time by condition.

Finally, VA has also begun processing certain compensation claims with less reliance on paper claim files, but widespread paperless processing remains elusive, in part because of technical challenges. As of October 2008, claims processing staff at two regional offices review scanned versions of all compensation claims filed by servicemembers 60 to 180 days before leaving the military, known as Benefits Delivery at

⁴²VA calls these tests "inter-rater reliability" studies.

Discharge claims.⁴³ According to VA officials, this process is currently as efficient as paper-based processing, but may eventually be more efficient and enable further redistribution of case processing as regional offices' changing capacities and workloads require. In addition, in the spring of 2009, VA designated one of its regional offices to test emerging technologies and processes in a real setting to gauge their potential impact on the agency and its employees. For example, VA recently used this office to test the impact of claims processing staff using only electronic information as opposed to hard-copy reference materials to process claims. VA hopes to further test paperless claims processing. However, officials said that the current system's infrastructure cannot sustain the high volume of data needed to process paperless claims on a widespread basis. Even in processing Benefits Delivery at Discharge claims—which comprise a small fraction of total compensation claims—the system infrastructure used to process such claims occasionally malfunctions. Although VA has taken some steps to strengthen its claims processing system's infrastructure, technical challenges persist, especially given the volume of evidence generally received for claims and the piecemeal, paper-based fashion in which VA often receives the information. These factors challenge VA as it works toward having a fully paperless claims processing system by the end of 2012.

Conclusions

For years, VA's disability claims and appeals processes have received considerable attention as VA has struggled to process an increasing number of claims from both veterans of recent conflicts as well as aging veterans from prior conflicts. Although VA workload and performance data indicate that VA has made progress in improving some aspects of its disability claims and appeals processing over the past decade, VA continues to wrestle with ongoing challenges that may not be resolved in the near future. Specifically, significant increases in claims workloads, complicated by more conditions per claim and human capital challenges associated with training and integrating VA's large influx of new staff continue to contribute to lengthy processing times and a large pending claims inventory.

⁴³In fiscal year 2009, VA received and began processing about 25,000 Benefits Delivery at Discharge claims.

VA has little or no control over some contributors to its increasing workload, but it has taken steps to address some internal inefficiencies and challenges that persist within its disability claims and appeals processes. Some of VA's key actions, including its expansion of workload redistribution to resource centers and separate pilots aimed at reducing processing times, have the potential to improve the claims and appeals processes. However, without fully evaluating these actions, VA will not have the necessary information to determine their effectiveness and whether VA should continue to invest its limited resources in them. For example, workload redistribution to resource centers has the potential to improve services to veterans, but without tracking the timeliness and accuracy of the decisions processed by these centers, VA will not be able to fully monitor the centers' performance and will lack key inputs for determining whether they yield positive returns on investment. As a result, VA could miss out on opportunities to either increase efficiencies by adding more resource centers, or to scale back workload redistribution if it is not having the desired effect. In addition, absent an evaluation plan or specific criteria for measuring the effect of its ECA and reorganization pilots, VA may not be able to determine whether they are successful or to make well-informed decisions about expanding them. Considering the challenges VA faces and will likely face in the future, it is important that VA make effective long-term decisions based on solid data to improve benefit delivery for veterans.

Recommendations for Executive Action

We recommend that the Secretary of Veterans Affairs direct:

1. VBA to collect data on redistributed claims for development, rating, and appellate work to help assess the timeliness and accuracy of resource centers' output and the effectiveness of workload redistribution.
2. VBA and the Board to establish an evaluation plan for assessing the ECA pilot process and guiding any expansion decisions. Such a plan should include criteria for determining how much improvement should be achieved under the pilot on specific performance measures—such as average VBA and Board processing times—and include methods for how VBA and the Board will consider ECA's impact on non-ECA claims and appeals processing before implementing the process widely.

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3. VBA to establish a plan to evaluate its claims processing reorganization pilot and guide any expansion decisions. Such a plan should include criteria for determining how much improvement should be achieved in the pilot on specific performance measures—such as decision timeliness and accuracy—before the process is implemented throughout VBA.

Agency Comments and Our Evaluation

We provided a draft of this report to VA for review and comment. VA generally agreed with our conclusions and concurred with our recommendations. Its written comments are reproduced in appendix II.

VA agreed with our recommendation that VBA collect data on redistributed claims and appellate work to help assess the timeliness and accuracy of resource centers' output and the effectiveness of workload redistribution. VA stated that, by March 2010, VBA plans to change a primary workload management tool to help collect timeliness data of redistributed work. Analyzing such timeliness data along with other factors, such as quality and cost, will be helpful in evaluating the effectiveness of workload redistribution.

VA also agreed with our recommendation that VBA and the Board establish an evaluation plan for assessing the ECA pilot process, and stated that the Board will work with VBA to establish evaluation criteria and explore the potential impact of ECA on non-ECA claims and appeals processing. VA stated that the Board hopes to complete an evaluation of ECA and make recommendations regarding potentially expanding the pilot process or permanently incorporating successful aspects of it by the end of fiscal year 2010. We applaud VA's intent to evaluate the pilot and encourage VA to take steps to ensure that the evaluation design and criteria yield valid information for making decisions regarding expansion.

Finally, VA agreed with our recommendation that VBA establish a plan to evaluate its claims processing reorganization pilot, and provided critical factors that VBA and a private consulting firm established to help assess and report on the pilot. Identifying these factors is an important start; however, we believe that VBA should also establish the minimum levels of performance improvement by factor that should be achieved before the pilot process is considered successful and worthy of expansion.

We are sending copies of this report to the relevant congressional committees, the Secretary of Veterans Affairs, and other interested parties. The report is also available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staffs have any questions concerning this report, please contact me at (202) 512-7215 or bertonid@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Staff members who made key contributions to this report are listed in appendix III.



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

Appendix I: Objectives, Scope, and Methodology

The objectives of our review were to examine (1) trends in the Department of Veterans Affairs' (VA) disability compensation claims processing at the claims and appellate levels and (2) actions that VA has taken to improve its disability claims process. For both objectives, we focused our analysis on VA's processing of disability compensation for veterans as opposed to other types of benefits, such as pensions.

To examine workload and performance trends, we analyzed compensation claims processing data from VA's Veterans Benefits Administration (VBA) and Board of Veterans' Appeals (Board). In addition, we interviewed VA officials familiar with the claims process and reviewed VA annual performance reports and other documents to understand data trends and related VA challenges and to corroborate our findings. Further information about our analysis of VA workload and performance data is provided in the following text.

To identify actions that VA has taken to improve its disability compensation claims and appeals processing, we reviewed relevant VA testimony and key documents, such as VA strategic plans, and interviewed VA officials responsible for compensation claims and appeals processing. We focused on VA actions that are ongoing or those that VA completed after fiscal year 2005. To examine these actions, we analyzed VBA and Board staffing data; reviewed VA's budget submissions, internal processing guidance, and other documents such as external studies and VA's Office of Inspector General reports; and interviewed VA officials and veteran service organization representatives. In addition, we visited four VBA regional offices and the Board to learn about ongoing initiatives. In selecting the regional offices—Chicago, Illinois; Seattle, Washington; Togus, Maine; and Winston-Salem, North Carolina—we considered regional offices that would provide (1) insights about ongoing initiatives, such as pilots; (2) a mix of offices located in different geographic settings (e.g., urban and rural); and (3) a mix of offices that are above and below VBA's averages for select claims processing measures. We also reviewed relevant federal laws, regulations, and court decisions.

We conducted this review from November 2008 to January 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Analysis of VA Claims Workload and Performance Data

To analyze VA disability compensation claim workloads and processing timeliness, we obtained nationwide, summary-level workload and performance data by fiscal year from VA's Benefits Delivery Network and accompanying Distribution of Operational Resources (known as "DOOR") reports, and Veterans Services Network (VETSNET) system and accompanying VETSNET Operations Reports (known as "VOR"), and spoke with VA officials about these data and sources. We limited our analysis to the following three types of disability claims: (1) initial compensation claims with fewer than or equal to seven disabilities, (2) initial compensation claims with eight or more disabilities, and (3) reopened compensation claims. We analyzed data for fiscal years 2000 to 2008. To analyze pending claims trends, we considered the number of claims that were awaiting a decision on the last day of each fiscal year. To analyze and report other claim processing trends besides those for receipts—which are designated by fiscal year according to when VA received the claim—VA designated claims by fiscal year according to when the decisions occurred. To verify the reliability of summary-level workload and timeliness data from these systems, we obtained and analyzed record-level data from VA and spoke with VA officials about how the data are input.

We were able to replicate all of the summary-level workload and timeliness data that VA provided. However, we questioned VA's method for calculating claim receipts. Therefore, we attempted to replicate claim receipt data using VA's method and our method. VA calculates monthly claim receipts by counting the total number of pending claim records at the end of a month; subtracting the number of pending claim records from the end of the previous month; and adding the number of completed claims during the month, regardless of when they originated. To calculate the annual number of claims received, VA then adds the monthly claim receipt counts. Our method for calculating annual claim receipts was to count the number of claims whose claim date was in a given year. We compared the results and found that the annual claim receipts data using our method were about 2 to 3 percent lower than the data replicated using VA's method. Ultimately, we decided to use the summary-level receipts data that VA provided because they were materially close to our counts and because we were able to replicate VA's summary-level data using its method.

To analyze the quality of VA's disability compensation claims processing, we obtained annual, nationwide data from its Systematic Technical Accuracy Review (STAR) program and verified the reliability of the data. The STAR program audits a randomly selected sample of VBA's completed

claims for accuracy. We limited our analysis to the following three types of disability claims: (1) initial compensation claims with fewer than or equal to seven disabilities, (2) initial compensation claims with eight or more disabilities, and (3) reopened compensation claims. To report consistent data, we analyzed fiscal years 2003 to 2008 because the STAR program changed its audit methodology in fiscal year 2002. To verify the reliability of STAR data, we spoke with VA officials responsible for overseeing the STAR system. We also relied on prior verification of STAR data.¹ Consistent with this prior verification, we found that the STAR data were reliable for reporting nationwide trends.

Analysis of VA Appellate Workload and Performance Data

To analyze VA's disability compensation appellate workloads and processing performance, we obtained record-level appeals data extracted on April 2, 2009, from the Veterans Appeals Control and Locator System (VACOLS). We limited our analysis to rating-related disability compensation appeals, which we identified by speaking with Board officials about how rating-related disability compensation appeals are classified in VACOLS, then limiting the data accordingly. We further limited our analysis to original appeals as opposed to appeals that, for example, had been previously remanded by the Board. Using the record-level appeals data, we generated nationwide annual data for fiscal years 2000 to 2008.² To analyze pending appeals trends, we considered the number of appeals that were awaiting a decision on the last day of each fiscal year. To analyze other appeals processing trends besides those for receipts—which we designated by fiscal year according to when VA received the appeal—we designated appeals by fiscal year according to when their resolution occurred.

Our reporting of avoidable remands—which are appeals that the Board does not consider because of claims processing errors that occurred before VBA certified transferring the appeal to the Board—varies from calculations we received from VBA. For fiscal years 2006 to 2008, we calculated avoidable remand rates of 24.3 percent, 25.4 percent, and 24.7 percent, respectively; whereas VBA reported avoidable remand rates of 23.7 percent, 17.9 percent, and 17.7 percent, respectively. Our analysis

¹GAO, *Veterans' Benefits: Further Changes in VBA's Field Office Structure Could Help Improve Disability Claims Processing*, [GAO-06-149](#) (Washington, D.C.: Dec. 9, 2005).

²We analyzed avoidable remand data from fiscal years 2006 to 2008 because complete, reliable data were previously not available in VACOLS.

was limited to compensation appeals, whereas VBA included noncompensation-related appeals. In addition, the calculation methods differed. We calculated the avoidable remand rate as the number of avoidable remands on original appeals—which excludes appeals that were previously remanded by the Board—divided by the number of original appeals decided by the Board. VBA calculated the rate as the number of avoidable remands on original appeals, divided by the total number of appeals decided by the Board. We believe that VBA’s method is misleading because appeals in the denominator are not restricted as they are in the numerator.

To assess the reliability of record-level appeals data, we (1) interviewed Board officials about program and technical operations and (2) performed electronic testing to identify missing and potentially invalid data and to identify internal inconsistencies. We found that the data were reliable for our reporting purposes.

Appendix II: Comments from the Department of Veterans Affairs



Department of Veterans Affairs
Office of the Secretary

December 29, 2009

Daniel Bertoni
Director
Education, Workforce, and
Income Security Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Bertoni:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, **VETERANS DISABILITY BENEFITS: Further Evaluation of Ongoing Initiatives Could Help Identify Effective Approaches for Improving Claims Processing** (GAO-10-213) and generally agrees with GAO's conclusions and concurs with GAO's recommendations to the Department. The enclosure specifically addresses each of GAO's recommendations.

VA appreciates the opportunity to comment on your draft report.

Sincerely,

A handwritten signature in black ink that reads "John R. Gingrich".

John R. Gingrich
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***VETERANS DISABILITY BENEFITS: Further Evaluation of Ongoing
Initiatives Could Help Identify Effective Approaches for
Improving Claims Processing***
(GAO-10-213)

GAO Recommendations: We recommend that the Secretary for Veterans Affairs direct:

Recommendation 1: VBA to collect data on redistributed claims for development, rating, and appellate work to help assess the timeliness and accuracy of resource centers' output and the effectiveness of workload distribution.

VA Response: Concur. VBA's Systematic Technical Accuracy Review staff began collecting accuracy data on redistributed rating work in April 2009. Additionally, VBA uses the VETSNET Operations Reports (VOR) as a primary tool for workload management. VBA is making changes to VOR to allow for improved tracking of brokered (redistributed) claims. VBA expects these changes to be available in VOR in March 2010. When these changes are made, VBA will have data to assess the timeliness of redistributed rating, development, and appellate work. VBA will then be able to conduct additional analyses regarding the effectiveness of workload redistribution. Target Completion Date: March 2010.

Recommendation 2: VBA and the Board to establish an evaluation plan for assessing the Expedited Claims Adjudication (ECA) pilot process and guiding any expansion decisions. Such a plan should include criteria for determining how much improvement should be achieved under the pilot on specific performance measures—such as average VBA and Board processing times—and methods for how VBA and the Board will consider ECA's impact on non-ECA claims and appeals processing before implementing the process widely.

VA Response: Concur. The Board will initiate a meeting with VBA in early 2010 to finalize a plan to evaluate the relative timeliness of ECA claims and appeals processing. The specific criteria for the success or failure of the pilot will be addressed at the initial evaluation meeting. The Board will work with VBA to establish evaluation criteria, actions, and responsibilities, and also to explore ECA's impact on non-ECA claims and appeals processing, if any. In identifying specific benchmarks for success, special attention will be paid to weighing the processing time saved for claimants with any potential administrative burdens on VA. Based on data obtained from the evaluation, the Board will make recommendations to the Secretary regarding the potential expansion of the pilot, or to permanently incorporate successful aspects of the pilot. The Board's goal

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Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***VETERANS DISABILITY BENEFITS: Further Evaluation of Ongoing
Initiatives Could Help Identify Effective Approaches for
Improving Claims Processing***
(GAO-10-213)

is to have a formal evaluation complete, and recommendations to the Secretary, before the conclusion of fiscal year 2010.

Recommendation 3: VBA to establish a plan to evaluate its claims processing reorganization pilot and guide any expansion decisions. Such a plan should include criteria for determining how much improvement should be achieved in the pilot on specific performance measures—such as decision timeliness and accuracy—before the process is implemented throughout VBA.

VA Response: Concur. The VBA Compensation Claims Pilot in Little Rock, Arkansas began in July 2009, and is scheduled to run through May 2010. Using Lean Six Sigma principles and organizational behavioral changes, VBA is working with a private consulting firm to reengineer the paper-based claims process. As part of the contract, the private consulting firm will report periodically on mutually agreed upon critical success factors, which were determined at the beginning of the pilot (Attachment A). In addition, VBA will receive a final report at the completion of the pilot, which will include an evaluation of the pilot, with clearly defined criteria to assess the pilot. This information will educate decisions for further implementation. In the meantime, periodic updates on the pilot are provided to VBA leadership so that gains achieved through the pilot can be exported to other regional offices.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Daniel Bertoni, (202) 512-7215 or bertonid@gao.gov

Staff Acknowledgments

Shelia Drake, Assistant Director; Joel Green; Lisa McMillen; and Bryan Rogowski made significant contributions to this report. In addition, Walter Vance provided guidance on research methodology; Cynthia Grant and Christine San provided assistance with data analysis; Roger Thomas provided legal counsel; Jessica Orr helped with report preparation; and James Bennett provided assistance with graphics.

Related GAO Products

Veterans' Disability Benefits: Preliminary Findings on Claims Processing Trends and Improvement Efforts. [GAO-09-910T](#). Washington, D.C.: July 29, 2009.

Military Disability System: Increased Supports for Servicemembers and Better Pilot Planning Could Improve the Disability Evaluation Process. [GAO-08-1137](#). Washington, D.C.: September 24, 2008.

Veterans' Benefits: Increased Focus on Evaluation and Accountability Would Enhance Training and Performance Management for Claims Processors. [GAO-08-561](#). Washington, D.C.: May 27, 2008.

Veterans Benefits Administration: Progress Made in Long-Term Effort to Replace Benefits Payment System, but Challenges Persist. [GAO-07-614](#). Washington, D.C.: April 27, 2007.

Veterans' Disability Benefits: VA Can Improve Its Procedures for Obtaining Military Service Records. [GAO-07-98](#). Washington, D.C.: December 12, 2006.

Veterans' Benefits: Further Changes in VBA's Field Office Structure Could Help Improve Disability Claims Processing. [GAO-06-149](#). Washington, D.C.: December 9, 2005.

Veterans' Disability Benefits: Claims Processing Challenges and Opportunities for Improvements. [GAO-06-283T](#). Washington, D.C.: December 7, 2005.

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