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VETERANS' DISABILITY BENEFITS

VA Has Improved Its Programs for Measuring Accuracy and Consistency, but Challenges Remain

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Highlights of [GAO-10-530T](#), a testimony before the Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

For years, in addition to experiencing challenges in making disability claims decisions more quickly and reducing its claims backlog, the Department of Veterans Affairs (VA) has faced challenges in improving the accuracy and consistency of its decisions.

GAO was asked to discuss issues surrounding VA's Systematic Technical Accuracy Review (STAR) program, a disability compensation and pension quality assurance program, and possible ways, if any, this program could be improved.

This statement focuses on actions VA has taken; including those in response to past GAO recommendations, to (1) address identified weaknesses with STAR and (2) improve efforts to monitor the consistency of claims decisions. This statement is based on GAO's prior work, which examined several aspects of STAR, as well as VA's consistency review activities, and on updated information GAO obtained from VA on quality assurance issues that GAO and VA's Office of Inspector General (OIG) have identified. GAO also reviewed VA's OIG March 2009 report on STAR.

GAO is not making any new recommendations.

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What GAO Found

Over the past several years, GAO has identified several deficiencies with the Veterans Benefit Administration's (VBA) STAR program, and although VBA has taken actions to address these issues, it continues to face challenges in improving claims accuracy. For example, GAO found that STAR reviewers lacked organizational independence, a basic internal control principle. In response to our finding, VA began utilizing organizationally independent reviewers that do not make claims decisions. GAO also found that sample sizes for pension claims were insufficient to provide assurance about decision accuracy. In response to GAO's recommendation, in fiscal year 2009, VA began increasing the number of pension claims decisions it reviews annually at each of its offices that process pension decisions. VA has also taken a number of other steps to address weaknesses that VA's OIG found in the STAR program, including (1) establishing minimum annual training requirements for reviewers and (2) requiring additional supervisory review of STAR reviewers' work. Although it has made or has started making these improvements, VBA remains challenged to improve its decision accuracy for disability compensation decisions, and it has not met its stated accuracy goal of 90 percent. VBA's performance has remained about the same over the past several fiscal years.

In addition, VA has taken steps to address deficiencies that GAO and the VA's OIG have identified with consistency reviews—assessments of the extent to which individual raters make consistent decisions on the same claims. For example, in prior work, GAO reported that VA did not conduct systematic studies of impairments that it had identified as having potentially inconsistent decisions. In response to GAO's recommendation, in fiscal year 2008, VBA's quality assurance staff began conducting studies to monitor the extent to which veterans with similar disabilities receive consistent ratings across regional offices and individual raters. However, last year, VA's OIG reported that VA had not followed through on its plans to conduct such reviews. In response to this and other OIG findings and recommendations, VA took a number of actions, including developing an annual consistency review schedule and hiring additional quality assurance staff. However, VBA has only recently begun these programs to improve consistency, and it is too early to assess the effectiveness of their actions.

Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity to comment on the Department of Veterans Affairs' (VA) efforts to improve the accuracy and consistency of its disability compensation and pension benefit decisions. As we and other organizations have reported over the last decade, VA's claims processing challenges are not limited to making decisions more quickly and reducing its claims backlog; but also includes improving the accuracy and consistency of its decisions. The number of veterans awaiting decisions could grow as service members returning from ongoing conflicts and aging veterans submit claims. According to VA, about 35 percent of veterans from ongoing hostilities file claims. It is important not only that decisions be timely, but also accurate. Accurate initial claims decisions can help ensure that VA is paying cash disability benefits to those entitled to such benefits and also help prevent lengthy appeals. Meanwhile, consistent decisions help ensure that comparable medical conditions of veterans are rated the same, regardless of which VA regional benefits office processes the claim.

You asked us to discuss issues surrounding VA's disability compensation and pension quality assurance programs; particularly, the Systematic Technical Accuracy Review (STAR) program. My statement focuses on STAR, which deals with accuracy, and two other VA quality assurance activities that focus on consistency.¹ More specifically, my remarks will focus on actions VA has taken to (1) address deficiencies identified with STAR and (2) improve efforts to monitor the consistency of claim decisions. This statement is based on our prior work, which examined several aspects of STAR, as well as VA's consistency review programs, and on updated information we obtained from VA on quality assurance vulnerabilities that we and VA's Office of Inspector General (OIG) have identified. We also reviewed VA OIG's March 2009 report on STAR and consistency reviews.² Our work was conducted in accordance with generally accepted government auditing standards. Those standards

¹These are (1) reviews of consistency of claims decisions across VA's Veterans Benefits Administration, which is responsible for administering VA's disability compensation and pension programs, by type of disabling condition; and (2) inter-rater reliability reviews, which examine the consistency of raters when evaluating the same condition based on a comparable body of evidence.

²Office of Inspector General, Department of Veterans Affairs, *Audit of Veterans Benefits Administration Compensation Accuracy and Consistency Reviews* (Washington, D.C.: Mar. 12, 2009).

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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Through its disability compensation program, VA pays monthly benefits to veterans with service-connected disabilities.³ Under its disability pension program, VA pays monthly benefits to low-income veterans who have disabilities not related to their military service or are age 65 or older. VA also pays compensation to the survivors of certain veterans who had service-connected disabilities and of servicemembers who died while on active duty.

Veterans and their survivors claim benefits at one of the Veterans Benefits Administration's (VBA) 57 regional offices. Once the claim is received, a service representative assists the veteran in gathering the relevant evidence to evaluate the claim. Such evidence includes the veteran's military service records, medical examinations, and treatment records from VA medical facilities and private medical service providers. Also, if necessary for reaching a decision on a claim, the regional office arranges for the veteran to receive a medical examination. Once all necessary evidence has been collected, a rating specialist evaluates the claim and determines whether the claimant is eligible for benefits. If so, the rating specialist assigns a percentage rating. Veterans with multiple disabilities receive a single composite rating. Since 2001, VBA has created 15 resource centers that are staffed exclusively to process claims or appeals from backlogged regional offices. Most of these centers focus either on making rating decisions, or on developing the information needed to evaluate claims.

In addition to the traditional claims process, any member of the armed forces who has seen active duty—including those in the National Guard or Reserves—is eligible to apply for VA disability benefits prior to leaving military service through VA's Benefits Delivery at Discharge (BDD)

³The amount of disability compensation depends largely on the severity of the disability, which VA measures in 10 percent increments on a scale of 0 percent to 100 percent. In 2010, basic monthly payments for veterans range from \$123 for 10 percent disability to \$2,673 for 100 percent disability.

program or the related Quick Start program.⁴ In 2006, VA completed its consolidation of BDD rating activity into its Salt Lake City, Utah, and Winston-Salem, North Carolina, regional offices, to increase the consistency of BDD claims decisions. Also, under the Department of Defense (DOD)–VA disability evaluation system pilot program, servicemembers undergoing disability evaluations, if found medically unfit for duty, receive VA disability ratings. This rating covers both the unfitting conditions identified by the military service and conditions identified by the servicemember during the process. The rating is used by both DOD and VA to determine entitlement for disability benefits.⁵

Enacted in October 2008, the Veterans' Benefits Improvement Act of 2008 required VA to contract for an independent, 3-year review of VBA's quality assurance program.⁶ This review is to include, among other items, assessments of the accuracy of disability ratings and their consistency across VA regional offices. VA contracted with the Institute for Defense Analyses (IDA) to conduct this study. According to VA, IDA will provide preliminary findings in the Summer of 2010, and VA is scheduled to report to the Congress in October 2011.

STAR Program

Under the STAR program, which was implemented in fiscal year 1999, VBA selects a random sample of completed claims decisions each month from each of its regional offices to review for accuracy. STAR reviewers assess decision accuracy using a standard checklist. For decisions affecting benefit entitlement, this review includes an assessment of whether (1) all issues in the claim were addressed; (2) assistance was provided to the claimant, as required by the Veterans Claims Assistance Act of 2000; and (3) the benefit entitlement decision was correct. If a claim has any error, VBA counts the entire claim as incorrect for accuracy rate computation

⁴In order to be eligible for the BDD program, servicemembers must meet several requirements, which include filing a VA claim 60 to 180 days prior to an honorable discharge and completing a medical examination. Under BDD, the examination also serves as Department of Defense's separation physical examination. Quick Start is for those servicemembers—primarily members of the National Guard and Reserve—who cannot meet the BDD timeframe.

⁵For our review of the DOD-VA disability evaluation system pilot program, 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).

⁶Pub. L. No. 110-389, §224; 38 U.S.C. §7731(c).

purposes. The STAR reviewer then returns the case file and the results of the review to the regional office that made the decision. If an error was found, the regional office is required to either correct it or request reconsideration of the error determination. VBA uses the national accuracy rate from STAR reviews of compensation entitlement decisions as one of its key claims processing performance measures. VA also uses STAR data to estimate improper compensation and pension benefit payments.

Consistency Review Activities

One VA consistency review activity involves conducting studies of regional offices' decisions on specific conditions such as post-traumatic stress disorder where VBA found differences, such as in benefit grant rates, across regional offices through comparative statistical analysis. VBA uses the results of these reviews to identify root causes of inconsistencies and to target training. Under another VA consistency review activity, called inter-rater reliability reviews, VBA provides rating specialists a sample case file to assess how well raters from various regional offices agree on an eligibility determination when reviewing the same body of evidence. These reviews allow VBA officials to target a single rating issue and take remedial action to ensure the consistent application of policies and procedures nationally.

VA Has Implemented Procedures to Address Deficiencies Identified with the STAR Program, but Continues to Face Challenges in Improving Accuracy

Over the past decade, VBA has taken several actions to improve its STAR program and to address deficiencies identified by both GAO and VA's OIG. For example, in March 1999, we found that STAR review staff lacked sufficient organizational independence because they were also responsible for making claims decisions and reported to regional office managers responsible for claims processing.⁷ In response to our findings, VBA took steps to address this by utilizing reviewers who do not process claims and who do not report to managers responsible for claims processing. More recently, in February 2008, we found that STAR was not sampling enough initial pension claims to ensure the accuracy of pension claims decisions.⁸ Because initial pension claims constituted only about 11 percent of the combined compensation and pension caseload subject to accuracy review, few were likely to be included in the STAR review sample. We

⁷GAO, *Veterans' Benefits Claims: Further Improvements Needed in Claims-Processing Accuracy*, [GAO/HEHS-99-35](#) (Washington, D.C.: Mar. 1, 1999).

⁸GAO, *Veterans' Benefits: Improved Management Would Enhance VA's Pension Program*, [GAO-08-112](#) (Washington, D.C.: Feb. 14, 2008).

recommended that VBA take steps to improve its quality assurance review of initial claims, which could include reviewing a larger sample of pension claims. According to VBA, it has addressed this issue by consolidating pension claims processing in its three Pension Management Centers⁹ and establishing a separate STAR sample for pension claims. During fiscal year 2009, VBA began reviewing more pension claim decisions and reported that, for fiscal year 2009, its pension entitlement accuracy was 95 percent, exceeding its goal.

In a September 2008 report, we noted that VA lacked sufficient and specific performance measures for assessing the accuracy of decisions on BDD claims and recommended that VA consider options for separately estimating the accuracy of such claims decisions.¹⁰ VA conducted an analysis of the costs of sampling pre-discharge claims as part of STAR and concluded that the costs would outweigh possible, unquantifiable benefits. VA also noted that the two sites that rate BDD claims surpassed the national average in accuracy for claims overall.¹¹ While generally responsive to our recommendation, VA's analysis did not specifically review the accuracy of BDD claims relative to traditional claims. Moreover, because BDD claims do not comprise all claims reviewed at the two rating sites, we continue to believe VA's analysis was not sufficient to estimate the relative accuracy of BDD claims at these sites. While we agree that the benefits of reviewing accuracy are difficult to measure, if VA had better information on the accuracy of BDD claims, VA could use such information to inform training and focus its monitoring efforts. In contrast, VA currently performs STAR reviews that target rating decisions made by its Baltimore and Seattle offices under the DOD-VA disability evaluation system pilot program. Such a targeted review could also be conducted for BDD claims.

In its March 2009 report, VA's OIG also identified several deficiencies in the STAR program and recommended corrective actions. The OIG found that (1) regional offices did not always submit all requested sample cases for review, (2) reviewers did not evaluate all documentation in sample

⁹The Pension Management Centers are located in St. Paul, Minnesota; Philadelphia, Pennsylvania; and Milwaukee, Wisconsin.

¹⁰GAO, *Veterans' Disability Benefits: Better Accountability and Access Would Improve the Benefits Delivery at Discharge Program*, [GAO-08-901](#) (Washington, D.C.: Sept. 9, 2008).

¹¹BDD claims are rated at the regional offices in Winston-Salem, North Carolina, and Salt Lake City, Utah.

files, and (3) reviewers were not properly recording some errors. The OIG also found that VBA was not conducting STAR reviews of redistributed cases (for example, claims assigned to resource centers for rating). The OIG reviewed a sample of redistributed claims and found that 69 percent had accurate entitlement decisions, well below VBA's reported rate of 87 percent for the 12-month period ending in February 2008. Further, the OIG found that VBA did not have minimum training requirements for STAR reviewers.

As of March 2010, VBA had taken actions to respond to all of the OIG's recommendations related to STAR, including (1) implementing procedures to follow up on cases not submitted by regional offices; (2) adding a mechanism to the STAR database to remind reviewers of key decision points; (3) requiring a second-level review of STAR reviewers' work; and (4) establishing a requirement that STAR reviewers receive 80 hours of training per year. In addition, during fiscal year 2009, based in part on the OIG's recommendation, VBA also began monitoring the accuracy of claims decided by rating resource centers as it does for regional offices. As we noted in our January 2010 report, VBA has significantly expanded its practice of redistributing regional offices' disability claims workloads in recent years,¹² and gathering timeliness and accuracy data on redistributed claims could help VBA assess the effectiveness of workload redistribution.

In addition, as the Congress has provided more resources to VBA to increase compensation and pension staffing, VBA has devoted more resources to quality review. In fiscal year 2008, VBA more than doubled the size of the quality assurance staff, allowing it to increase the scope of quality assurance reviews. VA states that in the 12-month period ending in May 2009, STAR staff reviewed over 14,000 compensation and pension benefit entitlement decisions.

Although VBA has taken steps to address deficiencies in the STAR program, the accuracy of its benefit entitlement decisions has not improved. The accuracy rate was 86 percent in fiscal year 2008 and 84 percent in fiscal year 2009, well short of VBA's fiscal year 2009 goal of 90 percent.¹³ VA attributed this performance to the relatively large number of

¹²VBA refers to the practice of redistributing claims as "brokering."

¹³This rating-related accuracy measure includes original and reopened claims for disability compensation and dependency and indemnity (survivor) compensation benefits. Reopened claims include cases where a veteran seeks a higher rating for a disability or seeks compensation for an additional condition.

newly hired personnel conducting claims development work and a general lack of training and experience. Human capital challenges associated with providing the needed training and acquiring the experience these new claims processors need to become proficient at their jobs will likely continue in the near future. According to VBA officials, it can take 3 to 5 years for rating specialists to become proficient.

VA Has Taken Actions to Strengthen Efforts to Monitor Consistency of Claims Decisions

VA has taken actions to address deficiencies identified with its consistency review programs, but it is still too early to determine whether these actions will be effective. In prior work, we reported that VBA did not systematically assess the consistency of decision making for any specific impairments included in veterans' disability claims. We noted that if rating data identified indications of decision inconsistency, VA should systematically study and determine the extent and causes of such inconsistencies and identify ways to reduce unacceptable levels of variations among regional offices. Based on our recommendation, VBA's quality assurance staff began conducting studies to monitor the extent to which veterans with similar disabilities receive consistent ratings across regional offices and individual raters.¹⁴ VBA began these studies in fiscal year 2008. VBA identified 61 types of impairments for consistency review and conducted at least two inter-rater reliability reviews, which found significant error rates.

In its March 2009 report, the OIG noted that, while VBA had developed an adequate rating consistency review plan, including metrics to monitor rating consistency and a method to identify variances in compensation claim ratings, it had not performed these reviews as scheduled. In fact, VBA had initiated only 2 of 22 planned consistency reviews in fiscal year 2008. The OIG reported that VBA had not conducted these reviews because STAR staffing resources were not sufficient to perform all of their assigned responsibilities and noted that VBA's quality review office had not staffed all of its authorized positions. In addition, the OIG found that inter-rater reliability reviews were not included in VBA's quality assurance plan. The OIG recommended that VBA (1) develop an annual rating consistency review schedule and complete all planned reviews as scheduled; (2) dedicate sufficient staff to conduct consistency reviews in order to complete planned workload and reviews; and (3) include inter-

¹⁴GAO, *Veterans' Benefits: Quality Assurance for Disability Claims and Appeals Processing Can Be Further Improved*, [GAO-02-806](#) (Washington, D.C.: Aug. 16, 2002).

rater reliability reviews as a permanent component of its consistency review program.

VBA reported that it has developed an annual consistency review schedule and is in the process of conducting scheduled fiscal year 2010 reviews. As of January 2010, VBA also added six staff members to perform quality assurance reviews. Further, VBA incorporated inter-rater reliability reviews into its fiscal year 2009 quality assurance plan. Because VBA has only recently implemented these initiatives, it is too early to determine their impact on the consistency of claims decisions.

Conclusion

Over the years, VA has been challenged in its efforts to ensure that veterans get the correct decisions on disability claims the first time they apply for them, regardless of where the claims are decided. Making accurate, consistent, and timely disability decisions is not easy, but it is important. Our veterans deserve timely service and accurate decisions regardless of where their claims for disability benefits are processed. To fulfill its commitment to quality service, it is imperative that VA continue to be vigilant in its quality assurance efforts, as this challenge will likely become even more difficult as aging veterans and veterans returning from ongoing conflicts add to VA's workload.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions you or Members of the Subcommittee may have at this time.

GAO Contact and Staff Acknowledgments

For further information about this testimony, please contact Daniel Bertoni 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 testimony. In addition to the contact named above, key contributors to this statement include Shelia Drake, Jessica Orr, Martin Scire, and Greg Whitney.

Related GAO Products

Veterans' Disability Benefits: Further Evaluation of Ongoing Initiatives Could Help Identify Effective Approaches for Improving Claims Processing. [GAO-10-213](#). Washington, D.C.: January 29, 2010.

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' Disability Benefits: Better Accountability and Access Would Improve the Benefits Delivery at Discharge Program. [GAO-08-901](#). Washington, D.C.: September 9, 2008.

Veterans' Benefits: Improved Management Would Enhance VA's Pension Program. [GAO-08-112](#). Washington, D.C.: February 14, 2008.

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.

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Veterans' Benefits: Improvements Needed in the Reporting and Use of Data on the Accuracy of Disability Claims Decisions. [GAO-03-1045](#). Washington, D.C.: September 30, 2003.

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Veterans' Benefits Claims: Further Improvements Needed in Claims-Processing Accuracy. [GAO/HEHS-99-35](#). Washington, D.C.: March 1, 1999.

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