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December 2012

VETERANS'
DISABILITY
BENEFITS

Timely Processing
Remains a Daunting
Challenge



G A O

Accountability * Integrity * Reliability



Highlights of [GAO-13-89](#), a report to congressional requesters

Why GAO Did This Study

For years, VA has struggled with an increasing workload of disability compensation claims. The average time to complete a claim was 188 days in fiscal year 2011, and VA expects an increase in claims received as 1 million servicemembers leave military service over the next 5 years. As GAO and other organizations have previously reported, VA has faced challenges in reducing the time it takes to decide veterans' claims. GAO was asked to review these issues. Specifically, this report examines (1) the factors that contribute to lengthy processing times for disability claims and appeals, and (2) the status of VBA's recent efforts to improve disability claims and appeals processing timeliness. To do this, GAO analyzed VBA performance data and program documents, reviewed relevant studies and evaluations, met with staff from five VA regional offices, and interviewed VBA officials and Veterans Service Organizations.

What GAO Recommends

GAO recommends that VBA (1) partner with military officials to reduce timeframes to gather records from National Guard and Reserve sources, (2) partner with SSA to reduce timeframes to gather SSA medical records, and (3) ensure the development of a robust plan for its initiatives that identifies performance goals that include the impact of individual initiatives on processing timeliness. In response to a draft of this report, VA officials generally agreed with GAO's conclusions and concurred with the recommendations, and summarized efforts that are planned or underway to address the recommendations.

View [GAO-13-89](#). For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov

December 2012

VETERANS' DISABILITY BENEFITS

Timely Processing Remains a Daunting Challenge

What GAO Found

A number of factors—both external and internal to the Veterans Benefits Administration (VBA)—have contributed to the increase in processing timeframes and subsequent growth in the backlog of veterans' disability compensation claims. As the population of new veterans has swelled in recent years, the annual number of claims received by VBA has gone up. Compared to the past, these claims have a higher number of disabling conditions, and some of these conditions, such as traumatic brain injuries, make their assessment complex. Moreover, due to new regulations that have established eligibility for benefits for new diseases associated with Agent Orange exposure, VBA adjudicated 260,000 previously denied and new claims. Beyond these external factors, issues with the design and implementation of the compensation program have contributed to timeliness challenges. For example, the law requires the Department of Veterans Affairs (VA) to assist veterans in obtaining records that support their claim. However, VBA officials said that lengthy timeframes in obtaining military records—particularly for members of the National Guard and Reserve—and Social Security Administration (SSA) medical records impact VA's duty to assist, possibly delaying a decision on a veteran's disability claim. As a result, the evidence gathering phase of the claims process took an average of 157 days in 2011. Further, VBA's paper-based claims processing system involves multiple hand-offs, which can lead to misplaced and lost documents and can cause unnecessary time delays. Concerning timeliness of appeals, VBA regional offices have shifted resources away from appeals and toward claims in recent years, which has led to lengthy appeals timeframes.

VBA is currently taking steps to improve the timeliness of claims and appeals processing; however, prospects for improvement remain uncertain because timely processing remains a daunting challenge. VBA is using contractors to handle some aspects of the claims process, and is also shifting some workload between regional offices. Also, VBA is modifying and streamlining certain claims and appeals processing procedures for veterans who opt to participate in these initiatives in exchange for an expedited decision. For example, veterans receive expedited processing when they submit a claim that is certified as having all required evidence. Not many veterans have elected this option, but VA is making adjustments to increase its attractiveness. In addition, VBA is trying to decrease the amount of time it takes to gather medical evidence. For example, VBA recently encouraged medical providers to use a standardized form when responding to VBA's request for information. However, results of this initiative have been mixed. VBA is also taking steps to streamline the claims process, including implementing initiatives to create (1) standardized language for decision letters sent to veterans, (2) specialized teams that process claims based on level of complexity, and (3) a paperless claims system. According to VBA officials, these efforts will help VA process veterans' claims within 125 days by 2015. However, the extent to which VA is positioned to meet this ambitious goal remains uncertain. Specifically, VBA's backlog reduction plan—its key planning document—does not articulate performance measures for each initiative, including their intended impact on the claims backlog. Furthermore, VA has not yet reported on how these efforts have affected processing times, a condition which raises concern given the mixed results that have emerged to date.

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Abbreviations

ACE	Acceptable Clinical Evidence
Board	Board of Veterans' Appeals
DBQ	Disability Benefits Questionnaire
DOD	Department of Defense
DRO	Decision Review Officer
FDC	Fully Developed Claim
FTE	full-time equivalent
IRIS	Inquiry Routing and Information System
MAP-D	Modern Award Processing-Development
MSA	Metropolitan Statistical Area
OIG	Office of Inspector General
QRT	Quality Review Team
RVSR	Rating Veterans Service Representative
SNL	Simplified Notification Letter
SOC	Statement of the Case
SSA	Social Security Administration
SSOC	Supplemental Statement of the Case
VA	Department of Veterans Affairs
VACOLS	Veterans Appeals Control and Locator System
VBA	Veterans Benefits Administration
VBMAP	Veterans Benefits Management Assistance Program
VBMS	Veterans Benefits Management System
VCAA	Veterans Claims Assistance Act of 2000
VETSNET	Veterans Services Network
VHA	Veterans Health Administration
VONAPP	Veterans On Line Application
VOR	VETSNET Operations Reports
VSO	Veterans Service Organization
VSR	Veterans Service Representative

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Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

December 21, 2012

Congressional Requesters

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 2011, the program provided \$39.4 billion in benefits to 3.35 million veterans. For years, the disability compensation claims process has been the subject of concern and attention by VA, Congress, and Veterans Service Organizations (VSO), due in large part to long waits for decisions and the large number of claims pending a decision. Moreover, VA's backlog of claims—defined as claims awaiting a decision for over 125 days—has more than tripled since September 2009. Against this backdrop, 1 million servicemembers are expected to become veterans in the next 5 years according to VA officials, with a significant number expected to apply for disability benefits. As we and other organizations have reported over the last decade, VA has faced challenges in reducing the time it takes to decide veterans' claims. For example, the average length of time to complete a claim has increased from 161 days in 2009 to 260 days in 2012.¹ Moreover, in August 2012, 568,043 claims—approximately two-thirds of all compensation rating claims—were backlogged.² In addition, timeliness of appeals processing at VA regional offices has also slowed by 56 percent over the last several years. The Veterans Benefits Administration (VBA) has a number of ongoing initiatives in place to help meet its stated timeliness goals. In this context, we were asked to examine issues VA regional offices face in processing disability claims and appeals in a timely fashion. Specifically, we addressed the following questions:

1. What factors contribute to lengthy processing times for disability claims and appeals?

¹ From the beginning of fiscal year 2012 through August 2012, which was the most recent data available at the time of publishing, the average number of days it took VA to complete a claim was 260 days.

² Compensation rating claims include pension rating and disability compensation rating claims. Workload and timeliness data provided to us by VBA include all compensation rating claims. Furthermore, VBA does not report out on disability rating compensation claims separately.

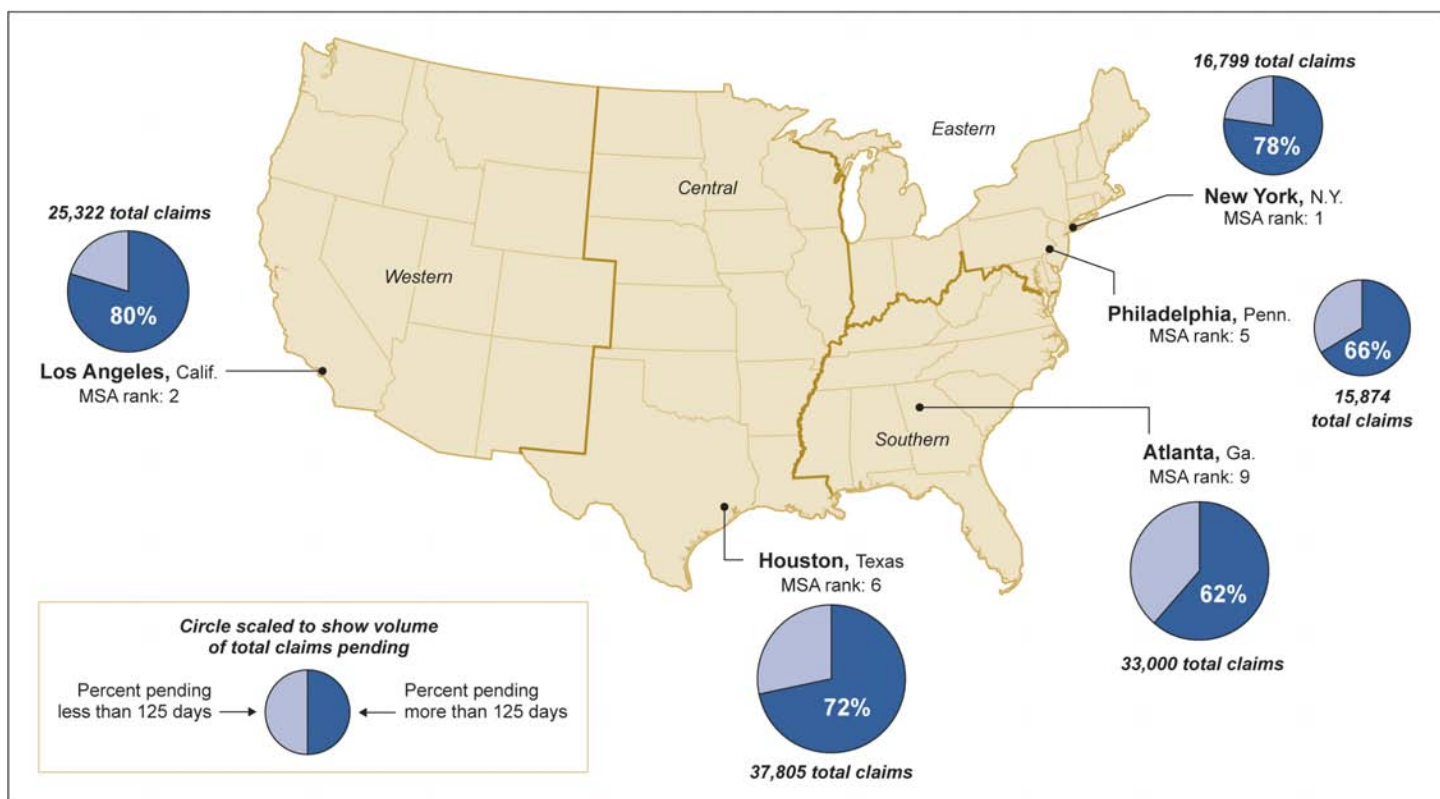
2. What is the status of VBA's recent efforts to improve disability claims and appeals processing timeliness?

To address our objectives, we collected and analyzed information through multiple methods. We reviewed relevant federal laws and regulations, court decisions, VBA policy manuals and documents, and training materials. We also reviewed past GAO and VA Office of Inspector General (OIG) reports, VBA studies and evaluations, and other documents relevant to claims and appeals processing at VBA regional offices. We collected data on claims and appeals processing workload and timeliness from VBA's internal dashboard.³ To assess the reliability of the data, we conducted interviews with VBA officials in charge of maintaining VBA's internal dashboard about their quality control procedures and practices used to extract timeliness and workload data from underlying data sources. We relied on past GAO data reliability assessments of the underlying data sources where enterprise-wide data on workload and timeliness of claims and appeals processing is stored and extracted into the internal dashboard tool. In addition, we collected data on claims processing resources from VBA's Personnel and Accounting Integrated Database. To assess the reliability of these data, we interviewed officials in VBA's Office of Human Resources about practices to record personnel actions, quality control procedures conducted within the Office of Human Resources to ensure the quality of the data, as well as potential limitations to the data. We reviewed the data and found it to be sufficiently reliable for the purpose of analyzing timeliness, workload, and resources assigned to claims processing. We interviewed VBA central office officials, including officials in VBA's Implementation Center (which was established as a project management office to manage improvement initiatives), and VSO representatives who assist veterans with their claims and appeals. We also met with staff from five VA regional offices—Atlanta, Georgia; Houston, Texas; Los Angeles, California; New York, New York; and Philadelphia, Pennsylvania. We selected offices based on size of metropolitan area, claims workload, and timeliness of claims and appeals processing. For each location, we interviewed regional office management and staff, analyzed workload management documents, and reviewed written notifications sent to

³ VBA's internal dashboard is a data report that aggregates key metrics that are used to assess performance from a variety of data sources into one integrated tool.

veterans (see fig. 1). For additional information on our scope and methodology, see appendix I.

Figure 1: Selected VA Regional Offices That GAO Reviewed



Source: GAO analysis of 2010 Census and April 2012 VBA data; National Atlas of the United States (base map).

Note: MSA rank refers to the rank order of the population of all Metropolitan Statistical Area (MSA) across the nation, according to the 2010 Census. An MSA is a geographic entity defined by the U.S. Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

We conducted this performance audit from March 2012 through December 2012 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

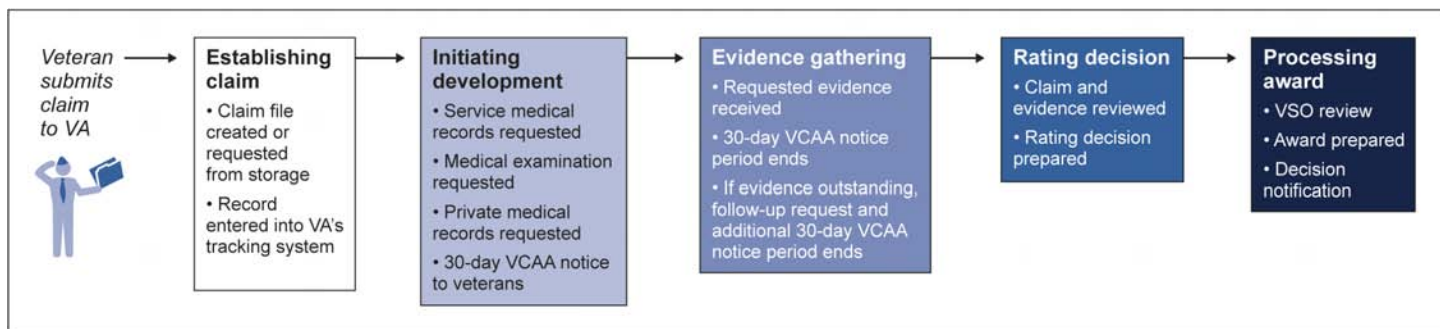
Disability Claims Process

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.⁴ VA also pays additional compensation for certain dependent spouses, children, and parents of veterans.⁵ VA's disability compensation claims process starts when a veteran submits a claim to VBA (see fig. 2). A claim folder is created at 1 of VA's 57 regional offices, and a Veterans Service Representative (VSR) then reviews the claim and helps the veteran gather the relevant evidence needed to evaluate the claim. Such evidence includes the veteran's military service records, medical examinations, and treatment records from Veterans Health Administration (VHA) medical facilities and private medical service providers. Also, if necessary to provide support to substantiate the claim, VA will provide a medical examination for the veteran. Once VBA has gathered the supporting evidence, a Rating Veterans Service Representative (RVSR)—who typically has more experience at VBA than a VSR—evaluates the claim and determines whether the veteran is eligible for benefits. If so, the RVSR assigns a percentage rating. Later, the veteran can reopen a claim to request an increase in disability compensation from VA if, for example, a service-connected disability has worsened or a new disability arises.

⁴ 38 U.S.C. §§ 1110, 1155. VA's ratings are awarded in 10 percent increments, from 0 to 100 percent. Generally, VA does not pay disability compensation for disabilities rated at 0 percent. As of December 2011, basic monthly payments ranged from \$127 for a veteran with 10 percent disability and no dependents to \$ 3,285 for a veteran with 100 percent disability and dependents.

⁵ 38 U.S.C. § 1115.

Figure 2: Overview of VA's Disability Claims Process



Source: GAO analysis of VBA procedures.

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

Appeals Process

If the veteran disagrees with VA's decision regarding a claim, he or she can submit a written Notice of Disagreement to the regional office handling the claim.⁶ In response to such a notice, VBA reviews the case and provides the veteran with a written explanation of the decision if VBA does not grant all appealed issues.⁷ Appendix II contains more information regarding VBA's notifications to veterans throughout the disability compensation claims and appeals processes. If additional evidence is provided, VBA reviews the case again and if this new evidence does not result in a grant of all appealed issues, VBA produces another written explanation of the decision. If the veteran further disagrees with the decision, he or she may appeal to the Board of Veterans' Appeals (the Board). Before transferring the appeal to the Board, VBA reviews the case again and then certifies that the appeal is ready for review by the Board. After the appeal has been certified, the Board conducts a hearing if the veteran requests one, then grants

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

⁷ If VBA grants some, but not all, of the issues in an appeal or if the grant is less than the maximum allowable benefit for the issues under appeal, VBA must send a written explanation of the reasons for the decision. VBA is also obligated to send a letter explaining the decision in cases where the veteran's appeal includes a request to be rated at a specific percentage, but VBA has decided to grant the appeal at less than that requested percentage.

benefits, denies the appeal, or returns the case to VBA to obtain additional evidence necessary to decide the claim. If the veteran is dissatisfied with the Board's decision, he or she may appeal, in succession, to the U.S. Court of Appeals for Veterans Claims, to the Court of Appeals for the Federal Circuit, and finally to the Supreme Court of the United States.⁸

VA's Duty to Assist Requirements

Congress clarified VA's duties with regard to assisting in the development of claims in the Veterans Claims Assistance Act of 2000 (VCAA).⁹ VCAA eliminated the requirement that a veteran submit a "well-grounded" claim before VA could assist in developing the claim and instead obligated the agency to assist a claimant in obtaining evidence that is necessary to establish eligibility for the benefit being sought. Specifically, VA must: (1) notify claimants of the information necessary to complete the application;¹⁰ (2) indicate what information not previously provided is needed to substantiate the claim;¹¹ (3) make reasonable efforts to assist claimants in obtaining evidence to substantiate claimants' eligibility for benefits, including relevant records;¹² and (4) notify claimants when VA is unable to obtain relevant records.¹³ According to VA regulations, VA efforts to obtain federal records should continue until the records are obtained or until VA has deemed it reasonably certain that such records do not exist or that further efforts to obtain those records would be futile.¹⁴

Timeliness of Claims and Appeals Processing

Timeliness of VA compensation rating claims and appeals processing has worsened in recent years. As a key indicator of VBA's performance in claims and appeals processing, timeliness is measured in various ways. To measure overall claims processing timeliness, VBA uses two

⁸ 38 U.S.C. §§ 7252 and 7292.

⁹ Pub. L. No. 106-475, 114 Stat. 2096, amending various provisions of Chapter 51 of title 38, U.S. Code.

¹⁰ 38 U.S.C. § 5102(b).

¹¹ 38 U.S.C. § 5103(a).

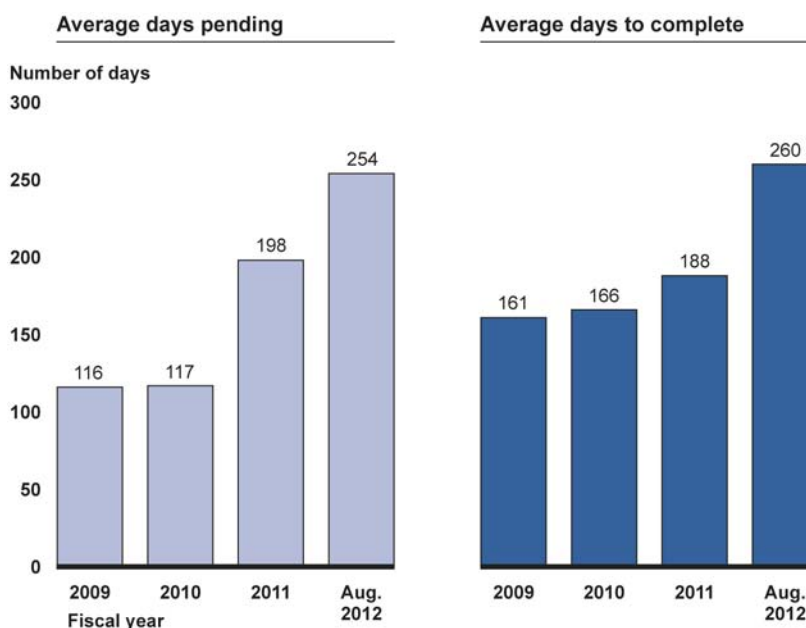
¹² 38 U.S.C. §§ 5103A(a)(1) and 5103A(b)(1).

¹³ 38 U.S.C. § 5103A(b)(2).

¹⁴ 38 C.F.R. § 3.159(c)(2).

measures: (1) the number of days the average pending claim has been awaiting a decision (Average Days Pending) and (2) the average number of days that VBA took to complete a claim where a decision has been reached (Average Days to Complete). Both measures of claims processing timeliness have worsened substantially over the last several years (see fig.3).¹⁵

Figure 3: Average Days VA Compensation Rating Claims Were Pending and Average Days It Took to Complete Claims, Fiscal Year 2009 to August 2012

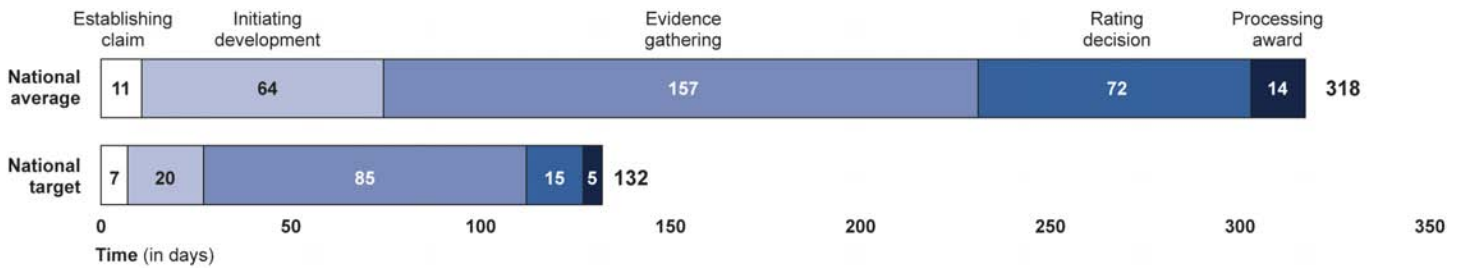


Source: GAO analysis of VBA data.

VBA also collects data on the timeliness of the different phases of the claims process, which is used to identify trends and bottlenecks throughout the process. In fiscal year 2011, each phase took longer on average than its stated agency timeliness target (see fig. 4). The evidence gathering phase is the most time-intensive phase, taking over 5 months (157 days) on average in fiscal year 2011 and continuing to grow throughout fiscal year 2012.

¹⁵VBA calculates the Average Days Pending for a fiscal year on the last day of the year and for the month on the last day of every month. The Average Days to Complete measures the average processing time for claims completed within a given time period.

Figure 4: Timeliness of Phases in VA's Claims Process for Fiscal Year 2011

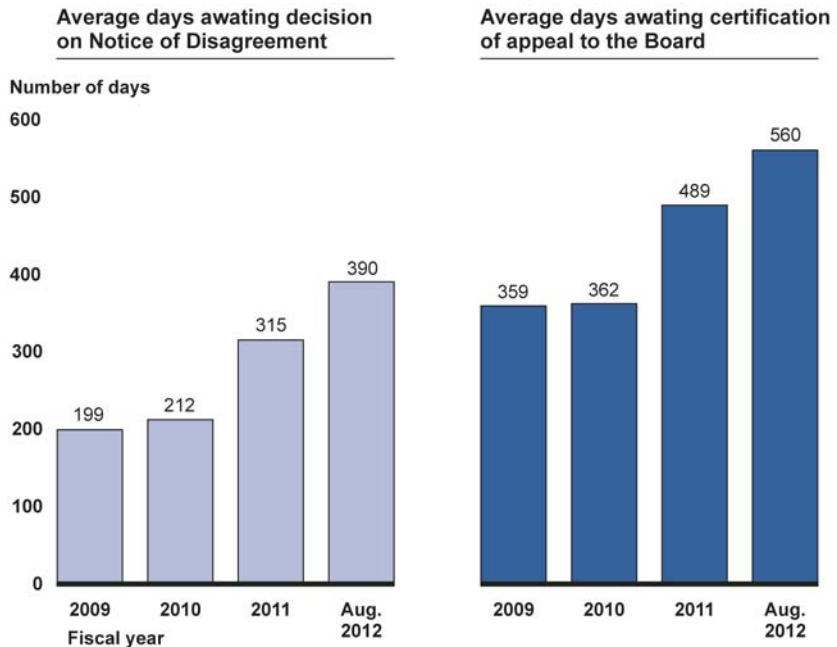


Source: GAO analysis of VBA data.

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

The timeliness of appeals processing at VA regional offices has worsened as well. The average timeframes in VBA's response to Notices of Disagreement and the certification of appeals to the Board have increased since fiscal year 2009 (see fig. 5).

Figure 5: VA Timeliness Measures of Notices of Disagreement and Appeals Certification, Fiscal Year 2009 to August 2012



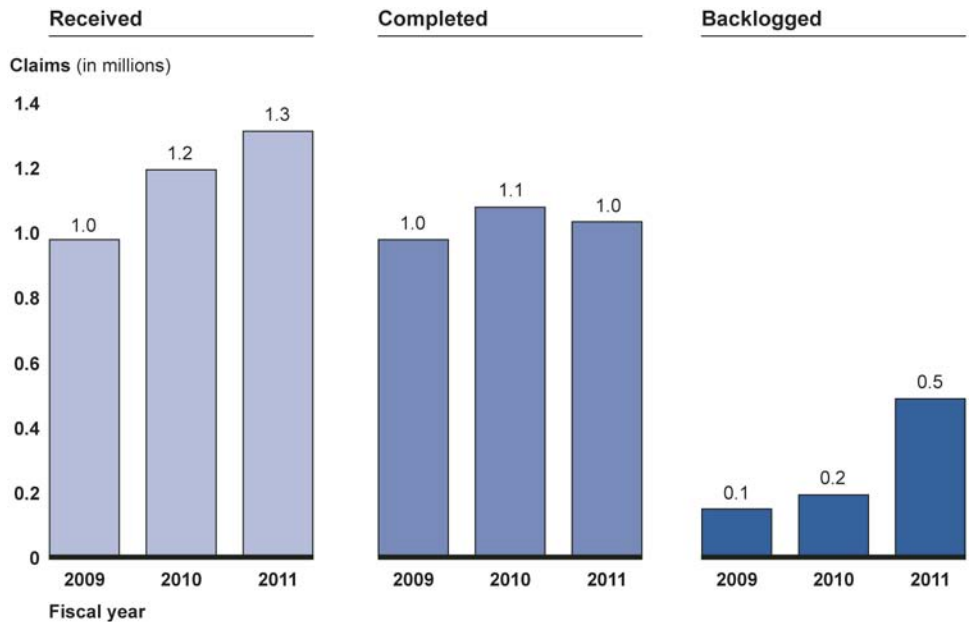
Source: GAO analysis of VBA data.

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

Rise in Claims Submitted Is Outpacing Claims Production

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

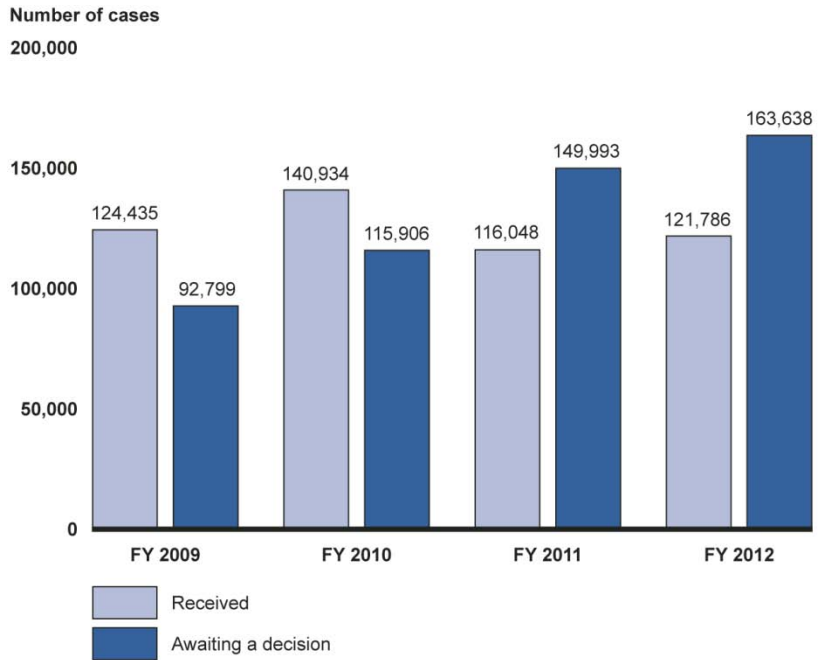
Figure 6: VA Compensation Rating Claims Received, Completed, and Backlogged, Fiscal Years 2009 to 2011



Source: GAO analysis of VBA data.

Similar to claims processing, VA regional office appeals processing has not kept pace with incoming appeals received. The number of Notices of Disagreement—the first step in the appeals process when the veteran provides a written communication to VBA that he or she wants to contest the claims decision—received by VBA fluctuated over the last 4 years, yet those awaiting a decision grew 76 percent over that time period (see fig. 7). Moreover, the number of Statements of the Case—an explanation of VBA’s decision on the appellant’s case—that were mailed by VBA decreased 24 percent over the last 4 years—from 100,291 in 2009 to 76,685 in 2012. In addition, the time it took to mail a Statement of the Case increased 57 percent over that time period—from 293 days to 460 days on average.

Figure 7: Notices of Disagreement Received by VA and Awaiting a Decision, Fiscal Years 2009 to 2012



Source: GAO analysis of VBA data.

A number of factors have contributed to the substantial increase in claims received. One factor was the commencement in October 2010 of VBA's adjudication of 260,000 previously denied and new claims when a presumptive service connection was established for three additional

Agent Orange-related diseases.¹⁶ VBA gave these claims a high priority and assigned experienced claims staff to process and track them. VBA officials said that 37 percent of its claims processing resources nationally were devoted to adjudicating Agent Orange claims from October 2010 to March 2012. VBA officials in one regional office we spoke to said that all claims processing staff were assigned solely to developing and rating Agent Orange claims for 4 months in 2011, and that no other new and pending claims in the regional office's inventory were processed during that time. Also during this time period, special VBA teams—known as brokering centers—which previously accepted claims and appeals from regional offices experiencing processing delays, were devoted to processing Agent Orange claims exclusively. According to VBA, other factors that contributed to the growing number of claims include an increase in the number of veterans from the military downsizing after 10 years of conflict in Iraq and Afghanistan, improved outreach activities and transition services to servicemembers and veterans, and difficult financial conditions for veterans during the economic downturn. In conjunction with an increase in claims received, VBA officials said that claims today are more complex than in the past. As we reported in 2010, VBA said it is receiving more claims for complex disabilities related to combat and deployments overseas, including those based on environmental and

¹⁶ VBA was required to adjudicate these claims as a result of requirements related to the *Nehmer* litigation. *Nehmer v. U.S. Department of Veterans Affairs*, Civ. Action No. 86-6160 (N.D. Cal.). In the preamble to a proposed rule amending its claim adjudication regulations (75 Fed. Reg. 14,391 (March 25, 2010)), VA summarized the *Nehmer* litigation generally as follows: this litigation was initiated in 1986 to challenge a VA regulation, which has since been rescinded, that limited the diseases shown to be associated with herbicide exposure. In an order issued May 3, 1989, the court invalidated the portion of the regulation that limits diseases associated with herbicide exposure and voided all VA decisions denying benefit claims under that portion of the regulation. *Nehmer v. United States Veterans' Administration*, 712 F. Supp. 1404 (N. D. Cal. 1989). Pursuant to a stipulation agreed to by the parties, VA must provide for readjudication of class members' claims and payment of retroactive benefits whenever VA identifies a new disease that is associated with herbicide exposure and adds a new disease to its regulatory list. In addition, pursuant to the Agent Orange Act of 1991, VA is required to issue new regulations establishing additional presumptions of service connection for diseases that the Secretary finds to be associated with exposure to an herbicide agent. 38 U.S.C. § 1116(b). Accordingly, VA amended its adjudication regulations in August 2010 to establish presumptive service connection for ischemic heart disease, Parkinson's disease, as well as hairy cell leukemia and other chronic B-cell leukemias. 75 Fed. Reg. 53,202 (August 31, 2010).

infectious disease risks and traumatic brain injuries.¹⁷ Claims with many conditions can take longer to complete because each condition must be evaluated separately and then combined into a single percentage rating. According to VA, in 2011, the number of medical conditions claimed by veterans who served in Iraq and Afghanistan averaged 8.5, an increase from 3-4 conditions per claim for Vietnam veterans.

Some claims processing staff have been assigned additional responsibilities that can impede their ability to process claims or appeals in a timely fashion. According to VBA officials, because of a large influx of newly hired and promoted claims processing staff—1,973 new staff were hired since 2009 and approximately 50 percent of claims processing staff have been in their current role for less than 2 years—many staff have not yet become fully proficient in their new roles and experienced staff have been diverted from their claims processing responsibilities to conduct training, mentor new hires, and review others' work.¹⁸ In addition to training and mentoring, some claims processing staff at each of the five regional offices we met with had been assigned to exclusively conduct quality reviews instead of processing claims as part of the Quality Review Team initiative.¹⁹ At one regional office, 17 of 277 claims processing staff were assigned to this team. Regional office officials said that while this initiative has increased the quality of the ratings produced, it has negatively affected the overall timeliness of claims processing. Furthermore, officials at several regional offices we met with noted that they diverted staff away from processing the oldest claims to respond to inquiries from Congress, the administration, and veterans. Moreover, VBA

¹⁷ GAO, *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).

¹⁸ As we reported in 2010, VBA's goal is for newly hired VSRs to be proficient within 18 months and new RVSRs to be proficient within 2 years. See [GAO-10-213](#). However, becoming proficient often takes longer—about 3 to 5 years for RVSRs. While VBA hired additional temporary staff using American Recovery and Reinvestment Act of 2009 funds, they were given limited training and less complex claims processing tasks. According to VBA officials, in 2011, VA received authority to convert temporary employees into permanent staff, which required additional training and mentoring.

¹⁹ The Quality Review Team (QRT) initiative was implemented nationally in March 2012 and consists of specially trained teams at regional offices that review claims files in the development and rating phases to provide immediate feedback to employees and catch adjudicative errors, as well as provide immediate feedback to claims processing staff before their claims are finalized.

officials at one regional office said the number of claims processing staff assigned to outreach activities has increased. Specifically, at the time of our review, 37 out of 302 claims processing staff were conducting outreach activities to servicemembers and veterans, such as giving briefings and distributing materials at military bases about pre-discharge and transition assistance programs.²⁰

According to VBA officials, a primary reason that appeals timeliness at VA regional offices has worsened is a lack of staff focused on processing these appeals. VBA officials at each of the five regional offices we met with stated that over the last several years appeals staff have also had to train and mentor new staff, conduct quality reviews, as well as develop and rate disability claims to varying degrees. For example, at one regional office, all staff on the appeals team focused exclusively on rating disability claims for a 9-month period in 2010 instead of processing appeals. Officials at another regional office stated that until 2012, their appeals staff spent up to 2 weeks per month on non-appeals tasks. In addition, we reported in 2011 that regional office managers estimated that Decision Review Officers (DRO) spent on average 36 percent of their time on non-appeals processing tasks.²¹ A 2012 VA OIG report noted that VA regional office managers did not assign enough staff to process appeals, diverted staff from processing appeals, and did not ensure that appeals staff acted

²⁰ The pre-discharge program is a joint VA and Department of Defense (DOD) program that affords service members the opportunity to file claims for disability compensation up to 180 days prior to separation or retirement from active duty or full-time National Guard or Reserve duty. There are four components of the pre-discharge program: Benefits Delivery at Discharge, Quick Start, Disability Evaluation System, and Seriously Injured/Very Seriously Injured. The Transition Assistance Program consists of comprehensive 3-day workshops that are designed to help servicemembers as they transition from military to civilian life. The program includes job search, employment and training information, as well as VA benefits information for servicemembers who are within 12 months of separation or 24 months of retirement. A companion workshop, the Disabled Transition Assistance Program, provides information on VA's Vocational Rehabilitation and Employment Program, as well as other programs for the disabled.

²¹ In 2001, VA established the Decision Review Officer (DRO) review—an alternative review process at the regional level. If a veteran chooses the DRO review, a DRO conducts a de novo review of the claim, meaning a new and complete review without deference to the original decision, and can revise that decision without new evidence or a clear and unmistakable error—in other words, based on a difference of opinion. A DRO also may make a new decision based on new evidence or clear and unmistakable error. See GAO, *Veterans Disability Benefits: Clearer Information for Veterans and Additional Performance Measures Could Improve Appeal Process*, [GAO-11-812](#) (Washington, D.C.: September 29, 2011).

on appeals promptly because, in part, they were assigned responsibilities to process initial claims, which were given higher priority.²² The VA OIG recommended that VBA identify staffing resources needed to meet their appeals processing goals, conduct DRO reviews on all appeals, and revise productivity standards and procedures to emphasize processing appeals in a timely manner, such as implementing criteria requiring appeals staff to initiate a review or develop for Notices of Disagreement and certified appeals within 60 days of receipt. VBA agreed with the VA OIG's findings and is conducting a pilot to assess the feasibility of addressing these recommendations.

Program Requirements Contribute to Long Processing Times

According to VA officials, federal laws²³ and court decisions²⁴ over the past decade have expanded veterans' entitlement to benefits but have also added requirements that can negatively affect claims processing times. For example, the VCAA requires VA to assist a veteran who files a claim in obtaining evidence to substantiate the claim before making a decision.²⁵ This requirement includes helping veterans obtain all relevant federal records and non-federal records.²⁶ VA is required to continue trying to obtain federal records, such as VA medical records, military service records, and Social Security records, until they are either obtained or the associated federal entity indicates the records do not exist. VA may continue to process the claim and provide partial benefits to the veteran,

²² VA Office of Inspector General, *Veterans Benefits Administration: Audit of VA Regional Office's Appeals Management Processes*, (Washington D.C.: May 30, 2012).

²³ Veterans' 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.

²⁴ See, 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).

²⁵ 38 U.S.C. § 5103A(a)(1).

²⁶ VA will make reasonable efforts to obtain relevant records that are not in the custody of a federal department or agency, which can include records from state or local governments, private medical-care providers, current or former employers, and other non-federal governmental sources. Reasonable efforts generally consist of an initial request for the records, and, if the records are not received, at least one follow-up request 15 days later. A follow-up request is not required if a response to the initial request indicates that the records sought do not exist or that a follow-up request for the records would be futile. 38 C.F.R. § 3.159.

but the claim cannot be completed until all relevant federal evidence is obtained.

While VA must consider all evidence submitted throughout the claims and appeals processes, if a veteran submits additional evidence or adds a condition to a claim late in the claims process it can require rework and may subsequently delay a decision, according to VBA central office officials. VBA officials at regional offices we spoke to said that submitting additional evidence may add months to the claims process. New evidence must first be reviewed to determine what additional action, if any, is required. Next, another notification letter must be sent to the veteran detailing the new evidence necessary to redevelop the claim and additional steps VA will take in light of the new evidence. Then, VA may have to obtain additional records or order another medical examination before the claim can be rated and a decision can be made. Furthermore, while VA may continue to process the claim and provide partial benefits to the veteran, a claim is not considered “complete” until a decision is made on all conditions submitted by the veteran. Moreover, a veteran has up to 1 year, from the notification of VA’s decision, to submit additional evidence in support of the claim before the decision is considered final. In addition, a veteran may submit additional evidence in support of their appeal at any time during the process. If the veteran submits additional evidence after VA completes a Statement of the Case, VA must review the new evidence, reconsider the appeal, and provide another written explanation of its decision—known as a Supplemental Statement of the Case. Congress recently passed a law allowing VA to waive review of additional evidence submitted after the veteran has filed a substantive appeal and instead have the new evidence reviewed by the Board to expedite VA’s process of certifying appeals to the Board.²⁷

While federal law requires veterans to use an application form prescribed by VA when submitting a claim for original disability compensation benefits, VBA central office officials said they accept reopened claims or claims requesting an increase in disability compensation benefits in any

²⁷ The Honoring America’s Veterans and Caring for Camp Lejeune Families Act of 2012, (Pub. L. No. 112-154, § 501, 126 Stat. 1165, 1190). A claimant may request in writing that the VA regional office initially review the evidence.

format, which can contribute to lengthy processing times.²⁸ VBA will accept an original disability claim informally if it is submitted in a non-standard format, but within 1 year the veteran must submit a VA Form 21-526, Veteran's Application for Compensation and/or Pension.²⁹ VBA does not track the number of claims submitted in non-standard formats; however, officials at three regional offices we met with said they receive claims submitted in various formats, including hand-written letters. Officials at these three regional offices said that when such claims are submitted, there is a risk that claims staff may not be able to identify all the conditions the veteran would like to claim during initial development. For example, officials at one regional office stated that if these conditions are discovered later in the process, then VA must redevelop the claim—which could include sending another letter to the veteran, obtaining additional records, and conducting another medical exam—before the claim can be rated and a benefit amount determined and disbursed. VBA officials said they expect the number of non-standard applications for disability claims to decrease as more veterans file claims electronically through the Veterans On Line Application (VONAPP), which is available at VA's eBenefits website.³⁰

Similar to processing for reopened claims, VA's procedures allowing veterans to submit appeals in any format can negatively affect appeals processing times, according to VBA officials. For example, a veteran's intention to appeal a prior decision may be overlooked initially by staff because there is no standard appeals submission form and a veteran's statement to appeal a prior decision may be included along with other written correspondence for other purposes, such as submitting a new claim, according to VBA officials. When appeals are overlooked and later

²⁸ 38 U.S.C. § 5101(a). VA defines an original claim as an initial formal application on the form prescribed by VA under the statute, and a reopened claim to include any application for a benefit received after final disallowance of an earlier claim, or any application based on additional evidence. 38 C.F.R. § 3.160(b) and (e).

²⁹ Under VA regulations, an informal claim is generally defined as any communication or action indicating an intent to apply for one or more VA benefits, but which must identify the benefit being sought. 38 C.F.R. § 3.155(a).

³⁰ The VONAPP website, created by VA in 2008, enables servicemembers, veterans, and their beneficiaries, as well as other designated individuals, to apply for benefits, including VA disability compensation, using the Internet. VA and DOD launched the eBenefits website in 2009 to help servicemembers and veterans manage their benefits and personal information.

found, it can delay recording Notices of Disagreement in appeals data systems and result in longer processing times, according to VBA officials.

Gathering Records from Federal Agencies and Others Can Take Months

According to VBA officials, delays in obtaining military service and medical treatment records, particularly for National Guard and Reserve members, is a significant factor lengthening the evidence gathering phase. According to VBA officials, 43 percent of Global War on Terror veterans are National Guard and Reserve members. According to a VA official, Department of Defense (DOD) Instruction 6040.45 requires military staff to respond to VA requests for National Guard and Reserve records in support of VA disability compensation claims. However, VBA area directors and officials at all five regional offices we met with acknowledged that delays in obtaining these records are a system-wide challenge. Military records of National Guard or Reserve members can often be difficult to obtain, in particular, because these servicemembers typically have multiple, non-consecutive deployments with different units and their records may not always be held with their reserve units and may exist in multiple places. Moreover, according to VBA officials, National Guard and Reserve members may be treated by private providers between tours of active duty and VA may have to contact multiple military personnel and private medical providers to obtain all relevant records, potentially causing delays in the evidence gathering process.

Difficulties in obtaining timely and complete medical information, especially from private medical providers, can also contribute to a lengthy evidence gathering phase. For example, officials at one regional office said the process may be delayed if veterans are slow to return their consent forms that allow VA to pursue private medical records. Also, according to VBA officials, private medical providers may not respond to VA records requests in a timely fashion. In addition, officials at one regional office we met with mentioned that time frames can also be affected if veterans fail to show up for scheduled examinations. Officials at two regional offices we met with said that even when medical records are obtained, medical exams and opinions may include erroneous information or be missing necessary evidence, which then requires VA officials to follow-up with medical providers to clarify information. In some cases, another examination must be ordered before a decision can be made on the claim, which can add months to the process. VBA area directors acknowledged that obtaining complete and sufficient medical information is a system-wide challenge.

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

Some Work Processes Are Inefficient

VBA's work processes, stemming mainly from its reliance on a paper-based claims system, can lead to misplaced or lost documents, which can contribute to lengthy processing times. VBA officials at three of the five regional offices we met with mentioned that errors and delays in handling, reviewing, and routing incoming mail to the correct claim folder can delay the processing of a claim or cause rework. For example, VBA officials at one regional office said that a claim may be stalled in the evidence gathering phase if a piece of mail that contains outstanding evidence is misplaced or lost. In addition, claims staff may rate a claim without knowledge of the additional evidence submitted and then, once the mail is routed to the claim folder, have to rerate the claim in light of the new evidence received. Furthermore, VBA officials at one regional office we met with said that processing can also be delayed if mail staff are slow to

record new claims or appeals into IT systems. As of August 2012, VBA took 43 days on average to record Notices of Disagreement in the appeals system—36 days longer than VBA’s national target. In May 2011, the VA OIG reported that VA regional office mailroom operations needed strengthening to ensure that staff process mail in an accurate and timely manner. Specifically, the VA OIG found that staff did not always record incoming mail into IT systems within 7 days of receipt and that they did not properly process and route mail to existing claims folders in a timely fashion in 10 of the 16 VA regional offices they reviewed.³¹ VBA area directors said that mail processing timeliness varies by regional office and that the more efficient offices in general do a better job of associating mail with the correct claims folder. In addition, VBA area directors said that standardizing the mail handling and sorting process in an integrated mail processing center—a component of the Claims Organizational Model implemented in 18 regional offices in fiscal year 2012—is intended to improve mail processing by involving more senior staff in the process. VBA officials also said that moving claims folders among regional offices and medical providers contributes to lengthy processing times. According to a 2011 VA OIG report, processing delays occurred following medical examinations because staff could not match claims-related mail with the appropriate claim folders until the folders were returned from the VA Medical Center.³² In addition, processing halts while a claim folder is sent to another regional office or brokering center.

Lastly, according to VBA officials, the lack of an integrated IT system that provides all necessary information and functionality to track and process claims and appeals can decrease the productivity of claims processing staff. For example, according to staff at one VA regional office we spoke with, currently, they must use different systems to track claims folders, order medical exams, record claim processing actions taken by VBA staff and evidence received on a claim, rate claims, process awards, and record the status of appeals to the Board. The lack of an integrated system requires staff to enter claim information multiple times, search through multiple systems for claim information, and maintain processing notes on the status of the claim or appeal in multiple systems. For

³¹ VA Office of Inspector General, *Systemic Issues Reported During Inspections at VA Regional Offices*, (Washington D.C.: May 18, 2011).

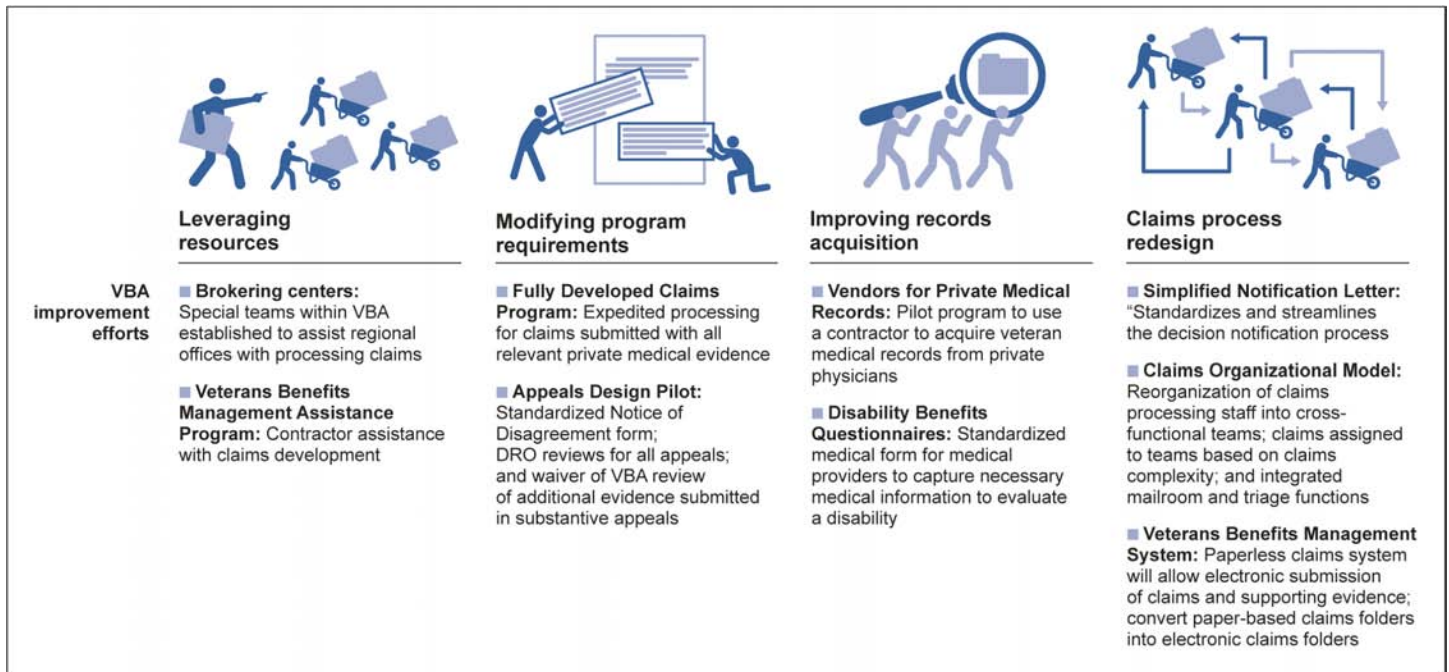
³² VA Office of Inspector General, *Systemic Issues Reported During Inspections at VA Regional Offices*.

example, officials at two regional offices we met with said RVSRs must enter information into the Rating Board Automation system that was already entered in the Modern Award Processing-Development (Map-D) system. In addition, appeals staff must maintain claim processing notes and information on the status of appeals in two different systems—one maintained by the Board (Veterans Appeals Control and Locator System) and one maintained by VBA (MAP-D). According to regional office staff, the redundant data entry takes extra time that could have been spent working on other cases. Moreover, staff at one regional office said they did not always keep their claim processing notes up-to-date in both systems.

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

VBA is currently taking steps to improve the timeliness of claims and appeals processing. Based on a review of VA documents and interviews with VBA officials, we identified 15 efforts with a stated goal of improving claims and appeals timeliness. We selected 9 for further review—primarily based on interviews with VBA officials and a review of recent VA testimonies. VBA's improvement efforts include using existing VBA staff and contractors to manage workload, modifying and streamlining procedures, improving records acquisition, and redesigning the claims and appeals processes (see fig. 8). Although VBA is monitoring these efforts, the planning documents provided to us lack key aspects of sound planning, such as performance measures for each effort.

Figure 8: Selected VBA Improvement Efforts



Source: GAO summary of VBA efforts.

VBA Is Using Existing VBA Staff and Contractors to Manage Its Growing Workloads

VBA has several ongoing efforts to leverage internal and external resources to help manage its workload (see fig. 8).³³ One ongoing effort that began in 2001 is the use of brokering centers—which are 13 special teams that process claims transferred from regional offices experiencing a large backlog of claims. As we reported in 2010, these teams are staffed separately from other regional office teams.³⁴ According to VA officials, brokering centers gather evidence for the claim, make a decision, process awards payments, and work on appeals. Brokering center teams processed nearly 171,000 claims in fiscal year 2009, according to the VA OIG. VA central office officials told us that in fiscal years 2010 and 2011, all brokering centers focused exclusively on the re-adjudication of Agent Orange claims. Through the first 11 months of fiscal

³³ For more information on all VBA initiatives to reduce claims and appeals processing times, see appendix III.

³⁴ See [GAO-10-213](#).

year 2012, brokering centers processed approximately 24,000 claims. VBA officials at several regional offices told us that brokering, over the past year, has helped to manage their overall claims workload.

VBA also began the Veterans Benefits Management Assistance Program (VBMAP) in late fiscal year 2011 to obtain contractor support for evidence gathering for approximately 279,000 disability claims.³⁵ Under VBMAP, regional offices send cases to a contractor to gather evidence. After evidence has been gathered for an individual claim, the contractor sends the file back to the originating regional office, which reviews the claim for completeness and quality and then assigns a rating. Contractor staff are required to complete their work within 135 days of receiving the file.³⁶ As of June 2012, VBA regional offices we spoke with were awaiting the first batch of claims that were to be sent to the contractors, so it remains to be seen if VBMAP reduces processing times. Contractors are required to provide VBA with status reports that include several measures of timeliness, including the time it took to receive medical evidence from providers and the time it took to return a claim to VBA for rating.

VBA Is Changing Procedures and Modifying Requirements to Expedite Claims and Appeals Processing

With the intent of speeding up the claims and appeals processes, VBA has several efforts that modify program requirements or relieve VA of certain duties (see fig. 8). One effort is the Fully Developed Claims (FDC) program, which began as a pilot in December 2008 and was implemented nationwide in June 2010. The FDC program was implemented in response to a congressional mandate that required VBA to conduct a pilot program to expedite processing of fully developed claims in 90 days or less.³⁷ Normally, once a veteran submits a claim, VBA will review the

³⁵ To implement VBMAP, VBA has contracted with ACS Federal Solutions to conduct evidence gathering for VBA claims, among other tasks, through a one-time, 12-month professional services contract using funds from the fiscal year 2011 VA budget. ACS employs contract staff at its London, Kentucky site to gather supporting evidence. Once the evidence gathering is complete, the ACS contractor returns the evidence package to VBA. ACS receives a fixed price for each completed evidence package.

³⁶ The contractor is required to complete all claims requesting an increase in existing disability benefits within 120 days of receipt.

³⁷ Veterans' Benefits Improvement Act of 2008, Pub. L. No. 110-389, § 221, 122 Stat. 4145, 4154. A fully developed claim is one where the veteran indicates that he or she received appropriate assistance or does not intend to submit any additional information and certifies that no additional information or evidence is available or needs to be submitted.

claim and then send the veteran a letter detailing additional evidence required to support the claim. The FDC program eliminates this step and saves time because the required notification is provided to the veteran directly on the FDC form. The program also attempts to reduce the time VBA would normally spend gathering evidence for the veteran. In exchange for expedited processing, veterans participating in the FDC program send VBA any relevant private medical evidence with the claim and certify that they have no additional evidence to provide. While VBA officials and VSOs expect the program to reduce processing delays for veterans, claims submitted without the required evidence are considered incomplete. Furthermore, claims submitted under the FDC program with incomplete evidence sometimes lose their priority status and are processed with VBA's non-expedited workload, which can result in additional processing time. According to VBA officials, in the first 2 years of the program, VBA has processed 33,001 FDC claims, taking an average of about 98 days to complete—8 days longer than the goal of 90 days for these claims. VBA officials attribute not meeting FDC processing time goals to the increased workload resulting from processing Agent Orange claims. As of July 2012, veteran participation in the FDC program has been low—only 4 percent of all compensation rating claims submitted in 2012. A VBA official told us that in response to VSO input, they have made the FDC form easier to use. Moreover, the VBA official we spoke with expects more FDC claims once veterans are able to electronically file claims. While FDC claims are currently submitted by paper, the proposed electronic system will guide veterans through the steps to gather the necessary evidence in support of their claim and draw information needed on the form from VBA electronic databases.

VBA also began the Appeals Design Pilot—implemented at a single regional office—in spring 2012 to expedite appeals processing. The pilot modifies several program procedures with the goal of decreasing appeals processing times, according to management at the regional office conducting the pilot. For example, veterans participating in the pilot do not file appeals in non-traditional formats. Instead, they use a standardized Notice of Disagreement form. The pilot also forgoes the election of a traditional versus a DRO review of an appeal—providing DRO reviews for

all appeals from veterans participating in the pilot.³⁸ This change eliminates the need for VBA to wait up to 60 days for a veteran to make an election on the type of regional office review in an appeal. In addition, veterans submitting new evidence during the appeal can opt to have their case expedited directly to the Board without having the regional office review the additional evidence submitted. In addition to those mentioned above, the Appeals Design Pilot also has several other elements. For example, expedited processing is provided to appeals that are filed with only one or two disabling conditions. Under the pilot, some VSOs are also waiving the right to a local review of the appeal, but preserving the current practice of permitting VSOs to review the appeal once it goes before the Board.³⁹ From March through June 2012, 2,300 veterans participated in the pilot. According to VBA, pilot changes have, based on early results, significantly improved processing times.

Efforts to Improve Records Acquisition Have Produced Mixed Results

VBA has established efforts to standardize and expedite the process for acquiring medical records of veterans (see fig. 8). According to a VBA official, in September 2010, in seven regional offices, VBA began the Vendors for Private Medical Records initiative, which uses a contractor to obtain veterans' medical records from private physicians.⁴⁰ According to VBA, as of July 2012, the contractor had obtained 39,662 treatment records from private medical providers. VBA officials at one site told us that the contractor is frequently able to communicate with doctors more quickly because unlike claims staff who are tasked with multiple duties, the contractor focuses solely on obtaining medical records.

³⁸ As we reported in 2011, a veteran can appeal to the VA regional office that made the initial decision. And if the veteran remains dissatisfied, he or she can appeal to the Board. Appealing to the Board, however, can add more than 2 years, on average, to the wait time for a decision. To resolve more appeals at the regional level and avoid waits at the Board, VA established the DRO review as an alternative to the traditional regional office appeal review. A DRO is given authority to grant additional benefits after reviewing an appeal based on a difference of opinion with the original decision, without new evidence or a clear and unmistakable error, as required in a traditional review (see [GAO-11-812](#)). Under this process, veterans who submit a Notice of Disagreement are sent an election letter asking them to decide between a traditional or DRO review of their appeal (veterans would typically be given up to 60 days to make this selection).

³⁹ VBA's procedures allow a veteran's representative, often a VSO, an opportunity to review an appeal and submit a statement regarding the appeal.

⁴⁰ VBA's claims staff remain responsible for gathering evidence from VHA records.

VBA has another effort intended to reduce the amount of time spent processing medical documentation. Specifically, physicians are asked to complete Disability Benefits Questionnaires (DBQ), which are standardized medical forms—downloaded from VA’s website—that are designed to speed up the evidence gathering process by using check boxes and standardized language that are intended to more accurately capture information needed from providers.⁴¹ The DBQ forms have been available since March 2012, and VBA claims staff at the sites we visited reported mixed results. For instance, the forms have helped to standardize the medical evidence gathering process, but regional office claims staff in four of the regional offices we met with said that some DBQ forms are quite lengthy, requiring them to scan through multiple pages to find certain information, which can be time-consuming. Claims staff also reported that some of the medical terminology used in the forms is not current, which may make it difficult for providers to complete. VBA officials said that improvements will be made to the forms when the agency converts to a paperless claims system, which might make it easier for claims staff to locate information contained in them. VBA has begun to track through their performance reporting system the number of DBQs completed and the completeness of those submitted by physicians, but is not measuring the initiative’s impact on timeliness.

Efforts to Redesign Key Aspects of the Process Are Under Way without a Comprehensive Plan

In March 2012, VBA implemented a nationwide initiative that requires staff to use the Simplified Notification Letter (SNL), a process to communicate ratings decisions to veterans.⁴² According to VBA officials, the goal of the SNL is to reduce the time it takes claims staff to provide veterans with claims decisions that are more consistent and easier to understand. The SNL aims to reduce the time that VA staff spend composing rating decisions for claims by providing staff with codes that are associated with template language for rating decisions instead of the previous practice of composing a free-form narrative for each claims decision. According to claims staff at each of the regional offices we

⁴¹ There are more than 70 DBQs that cover a full range of medical conditions. While some DBQs are specific to a single condition—such as hypertension, arthritis, or prostate cancer—most forms can be used for several related conditions.

⁴² According to one VBA central office official, claims staff are not required to use the SNL in all circumstances. For example, claims staff may opt to use a traditional decision letter for decisions involving complex issues that require more information to explain the rationale for the decision.

visited, SNL has decreased the time it takes to rate claims, but claims staff in three regional offices told us it created additional steps in preparing the decision letter sent to the veteran, adding time to the processing awards phase. Claims staff we interviewed in one regional office estimated that the time needed to authorize a claim had increased from 3 minutes to 15 minutes. VBA officials said they have provided additional guidance to staff experiencing challenges with the SNL. In spite of these challenges, VBA reports an increase in production in two regional offices that piloted the SNL initiative.

The Claims Organizational Model initiative is aimed at streamlining the overall claims process (see fig. 8). For this initiative, VBA created specialized teams that process claims based on their complexity. Specifically, an “express team” processes claims with a limited number of conditions or issues; a “special operations” team processes highly complex claims, such as former prisoners of war or traumatic brain injury cases; and a core team works all other claims. Each of these teams is staffed with both development and ratings staff, which VBA believes will lead to better coordination and knowledge-sharing. As of August 2012, VBA had implemented the initiative at 18 regional offices.⁴³ Under this model, VBA also redesigned the procedures that mailrooms use to sort and process incoming claims. According to VBA central office staff, these changes entail incorporating more experienced claims staff to improve the process of routing incoming mail to the appropriate team and claims folder. This change aims to reduce the time it takes for claims-related mail to be entered into the claims processing systems. VBA tracks the impact of the claims process model using existing timeliness metrics and regional office performance measures.

In 2010, VBA began to develop the Veterans Benefits Management System (VBMS), a paperless claims processing system that is intended to help streamline the claims process and reduce processing times. According to VBA officials, VBMS is intended to convert existing paper-based claims folders into electronic claims folders that will allow VBA employees electronic access to claims and evidence. Once completed, VBMS will allow veterans, physicians, and other external parties to submit claims and supporting evidence electronically. VBMS is currently being

⁴³ Before the initiative is rolled out to 18 of VA's regional offices, VA commenced a pilot in three regional offices in March 2012.

piloted in four VA regional offices. Although the most recent VBMS operating plan calls for national deployment of VBMS to start in 2012, VBA officials told us that VBMS is not yet ready for national deployment, citing delays in scanning claims folders into VBMS as well as other software performance issues. According to VBA officials, the Claims Organizational Model and VBMS will work together to reduce processing times and help VA process veterans' claims within 125 days by 2015. Although VBMS began its pilot in 2010, VBA has not yet reported on how VBMS has affected processing times.

These ongoing efforts should be driven by a robust, comprehensive plan; however when we reviewed VBA's backlog reduction plan, we found that it fell short of established criteria for sound planning.⁴⁴ Specifically, VBA provided us with several documents, including a PowerPoint presentation and a matrix that provided a high-level overview of over 40 initiatives, but could not provide us with a robust plan that tied together the group of initiatives, their inter-relationships, and subsequent impact on claims and appeals processing times. Although there is no established set of requirements for all plans, components of sound planning are important because they define what organizations seek to accomplish, identify specific activities to obtain desired results, and provide tools to help ensure accountability and mitigate risks. Some of VBA's planning documents identify problems, summarize the overall purpose and goals of the redesign effort, and include some general estimates of project completion dates for some of the initiatives, as well as identify resources for managing the overall implementation efforts. However, the planning documents lack key elements of results-oriented planning. For example, they do not identify implementation risks or strategies to address them. In addition, the planning documents do not include performance goals, measures to assess the effectiveness of each initiative, or their impact on claims and appeals processing timeliness. VBA officials pointed out to us the challenges in isolating the impact of any one initiative on processing

⁴⁴ Past GAO reports have identified best practices in planning. A results-oriented plan to achieve established goals should include (1) purpose, scope, and methodology; (2) problem definition and risk assessment; (3) goals, subordinate objectives, activities, and performance measures; (4) resources, investments, and risk management; (5) organizational roles, responsibilities, and coordination; and (6) integration. See GAO, *Social Security Disability: Additional Performance Measures and Better Cost Estimates Could Help Improve SSA's Efforts to Eliminate Its Hearings Backlog*, [GAO-09-398](#) (Washington, D.C.: September 9, 2009).

times. Nonetheless, sound practices require assessing the effectiveness of each initiative.

Conclusions

VA provides a critical benefit to veterans who have incurred disabilities as a result of their military service. For years, VA's disability claims and appeals processes have received considerable attention as VA has struggled to process disability compensation claims in a timely fashion. Despite this attention, VA continues to wrestle with several ongoing challenges—some of which VA has little or no control over—that contribute to lengthy processing timeframes. For instance, the number and complexity of VA claims received has increased. And that number is projected to continue to increase as 1 million servicemembers become veterans over the next 5 years due to the drawdown of troops from a decade of conflict in Afghanistan and Iraq. Moreover, the evidence gathering phase in fiscal year 2011, which took over 5 months (157 days) on average, continues to worsen in 2012, partly due to difficulties in obtaining records for National Guard and Reserve and SSA medical records, according to VBA officials. While recent process and technology improvements hold some promise, without improved evidence gathering, VBA may struggle to meet its goal of processing all compensation claims within its 125 day goal by 2015. Although VBA is attempting to address processing challenges through various improvement initiatives, without a comprehensive plan to strategically manage resources and evaluate the effectiveness of these efforts, the agency risks spending limited resources on initiatives that may not speed up disability claims and appeals processes. This may, in turn, result in forcing veterans to continue to wait months and even years to receive compensation for injuries incurred during their service to the country.

Recommendations for Executive Action

We recommend the Secretary of Veterans Affairs direct the Veterans Benefits Administration to:

1. Develop improvements for partnering with relevant federal and state military officials to reduce the time it takes to gather military service records from National Guard and Reserve sources.
2. Develop improvements for partnering with Social Security Administration officials to reduce the time it takes to gather medical records.
3. Ensure the development of a robust backlog reduction plan for VBA's initiatives that, among other best practice elements, identifies implementation risks and strategies to address them and performance

goals that incorporate the impact of individual initiatives on processing timeliness.

Agency Comments and Our Evaluation

VA provided us with comments on a draft of this report, which are reprinted in appendix IV. In its comments, VA stated it generally agreed with our conclusions and concurred with our recommendations, and summarized efforts that are planned or underway to address the recommendations. Specifically, VA agreed with our recommendation to partner with relevant federal and state military officials to develop improvements to reduce the time it takes to gather military service records for National Guard and Reservists. VA stated it has recently initiated several interagency efforts to improve receipt of military service records. According to VA, on December 3, 2012, the joint VBA and DOD Disability Claims Reduction Task Force met to begin to evaluate the process to request records, among other issues, with the aim of improving the timeliness of record exchanges between the two agencies. In addition, VA stated that the joint VA-DOD Virtual Lifetime Electronic Record initiative is focused on developing a complete electronic health record for each servicemember that will be transmitted to VA upon the service member's military discharge, including National Guard and Reservists. VA identified a targeted completion date of November 2013. We believe these initiatives are heading in the right direction in order to improve the timeliness of meeting VA requests for National Guard and Reservists records.

VA agreed with our recommendation to work with SSA officials to develop improvements to reduce the time it takes to gather SSA medical records. VA stated that it is working with SSA to pilot a web-based tool to provide VA staff a secure, direct communication with SSA staff and to automate VA's requests for SSA medical records. VA officials did not mention this pilot during the course of our data collection and it was not included on the agency's list of efforts to improve claims and appeals processing initiatives provided to us. VA identified a targeted completion date of November 2013.

VA agreed with our recommendation to develop a robust backlog plan for VBA's initiatives that, among other elements, identifies implementation risks and strategies as well as performance goals that incorporate the impact of individual initiatives on processing timeliness. VA describes a number of approaches it has taken to address our recommendation. Most relevant are the Transformation Plan, which was provided to us during the data collection phase and which we determined fell short of established

criteria for sound planning, and the Operating Plan, which was not mentioned during the course of our data collection. According to VA, the operating plan, currently under development, will focus on: (1) integration of people, process, and technology initiatives, (2) identification of new ways to improve efficiency and reengineer the claims process, (3) efforts to automate the current paper-based claims process, and (4) the measurement process. However, it is unclear at this time how the key elements of the operating plan will better position VA to address our recommendation. Moreover, without further information on how the operating plan will focus on the measurement process, it is difficult for us to determine at this time if VA will sufficiently address our recommendation to include performance goals that incorporate measuring the impact of individual initiatives to processing timeliness.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 28 days from its issue date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Veterans Affairs, and other interested parties. In addition, the report will be made available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions about 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. GAO staff who made key contributions to this report are listed in appendix V.



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

List of Requesters

The Honorable Jeff Miller
Chairman
Committee on Veterans' Affairs
House of Representatives

The Honorable Karen Bass
House of Representatives

The Honorable Shelley Berkley
House of Representatives

The Honorable Howard L. Berman
House of Representatives

The Honorable Brian P. Bilbray
House of Representatives

The Honorable Mary Bono Mack
House of Representatives

The Honorable Ken S. Calvert
House of Representatives

The Honorable John Campbell
House of Representatives

The Honorable Lois Capps
House of Representatives

The Honorable Judy Chu
House of Representatives

The Honorable Jim Costa
House of Representatives

The Honorable Susan Davis
House of Representatives

The Honorable David Dreier
House of Representatives

The Honorable Elton Gallegly
House of Representatives

The Honorable Joe Heck
House of Representatives

The Honorable Duncan D. Hunter
House of Representatives

The Honorable Darrell Issa
House of Representatives

The Honorable Jerry Lewis
House of Representatives

The Honorable Kevin McCarthy
House of Representatives

The Honorable Howard P. McKeon
House of Representatives

The Honorable Gary Miller
House of Representatives

The Honorable Grace Napolitano
House of Representatives

The Honorable Laura Richardson
House of Representatives

The Honorable Dana Rohrabacher
House of Representatives

The Honorable Lucille Roybal-Allard
House of Representatives

The Honorable Ed Royce
House of Representatives

The Honorable Loretta Sanchez
House of Representatives

The Honorable Adam Schiff
House of Representatives

The Honorable Brad Sherman
House of Representatives

The Honorable Henry A. Waxman
House of Representatives

Appendix I: Objectives, Scope, and Methodology

This report examines the (1) factors that contribute to lengthy processing times for disability claims and appeals at the Department of Veterans Affairs (VA) and (2) status of the Veteran Benefits Administration's (VBA) recent efforts to improve disability claims and appeals processing timeliness.

To examine factors that contribute to lengthy processing times for disability claims and appeals, we reviewed past GAO and VA Office of Inspector General (OIG) reports and other relevant studies on VA's claims and appeals processing, such as the Veterans' Disability Benefits Commission's 2007 report, *Honoring the Call to Duty: Veterans' Disability Benefits in the 21st Century*.¹ We reviewed congressional testimonies, federal statutes, relevant court decisions, and policy manuals and documents, including VA's Web Automated Reference Manual System to understand the program rules and procedures that govern the claims and appeals processes. We also analyzed disability compensation and pension rating claims processing data from VBA's internal dashboard and data on claims processing resources from VBA's Personnel and Accounting Integrated Database. Moreover, we interviewed VBA officials, including VBA area directors, the Office of Field Operations, Compensation Service, and the Office of Performance Analysis and Integrity to gain a national perspective on factors affecting the timeliness of claims and appeals processing. To identify factors within VA regional offices that contribute to lengthy processing times, we conducted reviews of five VA regional offices—Atlanta, Georgia; Houston, Texas; Los Angeles, California; New York, New York; and Philadelphia, Pennsylvania. These reviews consisted of interviewing regional office management and claims processing staff and supervisors, reviewing workload management and performance documents, and reviewing written notifications sent to veterans. We did not conduct case file reviews in these regional offices. We also spoke with representatives of Veterans Service Organizations (VSO) in Los Angeles and in Washington, D.C. to gather perspectives of veterans' representatives on challenges in the claims and appeals processes.

To examine the status of VBA's recent efforts to improve disability claims and appeals processing timeliness, we reviewed past GAO and VA OIG

¹ Veterans' Disability Benefits Commission, *Honoring the Call to Duty: Veterans' Disability Benefits in the 21st Century* (Washington, D.C.: October 2007).

reports and congressional testimonies. We conducted interviews with officials from the VBA Implementation Center, Office of Strategic Planning and Office of Field Operations. Also, during our review of five VA regional offices, we interviewed claims and appeals processing staff about their experiences with VBA's initiatives. To identify which VBA efforts were designed to improve timeliness, we reviewed documents providing an overview of the efforts, which included documentation identifying the purpose of each effort. We requested additional information for those initiatives that VBA identified as having the purpose of reducing disability claims and appeals processing times. Furthermore, we selected a sample of nine of VBA's efforts identified as having the purpose of reducing disability claims and appeals processing times for further review primarily based on interviews with VBA officials and a review of recent VA testimonies. In addition, we spoke with representatives of national VSOs to gather their perspectives on the impact on the veterans they represent of recent and ongoing efforts. (For more information on VBA's improvement efforts, see appendix III).

Analysis of VBA Claims and Appeals Processing Timeliness and Resource Data

To assess VBA disability claims workload and processing timeliness, we obtained monthly regional office and national data from VBA's internal dashboard, which aggregates key metrics used to assess performance from a variety of data sources into one integrated tool. We limited our analysis to timeliness and workload metrics used to measure the performance of the disability compensation and pension rating claims and appeals processing. We analyzed data from fiscal year 2009 through August 2012. To verify the reliability of VBA's internal dashboard, we conducted interviews with officials from VBA's Office of Performance Analysis and Integrity about quality control procedures of VBA's internal dashboard and practices used to extract timeliness and workload data from underlying data sources. We relied on past GAO data reliability assessments on the Veterans Services Network (VETSNET) system and accompanying VETSNET Operations Reports (VOR), and the Veterans Appeals Control and Locator System (VACOLS), where enterprise-wide workload and timeliness of claims and appeals processing data, respectively, are stored and extracted into the internal dashboard tool. We found the dashboard data to be reliable for reporting regional office and national workload and timeliness trends.

To analyze VBA's claims and appeals processing resources, we obtained data from VA's Personnel and Accounting Integrated Database and accompanying ProClarity system. We limited our analysis to data on VBA job titles that typically include claims or appeals processing

responsibilities—Veterans Service Representatives (VSR), Rating Veterans Service Representatives (RVSR), and Decision Review Officers (DRO)—from fiscal years 2009 through 2012. We reviewed data on full-time equivalents (FTE), number of employees, and personnel actions. To assess the reliability of these data, we interviewed officials in VBA’s Office of Human Resources about practices to record personnel actions, quality control procedures conducted within the Office of Human Resources to ensure the quality of the data, as well as potential limitations to the data. We found the data provided to us by the Office of Human Resources reliable for reporting on claims and appeals processing resources.

Selection of VA Regional Offices for Review

We selected five VA regional offices for review to gather information on the challenges these selected regional offices face in not only processing disability claims and appeals in a timely fashion, but also in implementing initiatives designed to address processing timeliness. Our five selected sites, which account for 15 percent of all disability compensation and pension rating claims, were Atlanta, Georgia; Houston, Texas; Los Angeles, California; New York, New York; and Philadelphia, Pennsylvania. We conducted site visits with the Los Angeles, Philadelphia, and Atlanta regional offices and teleconferences with the New York and Houston regional offices.

We selected regional offices for review based on the following criteria:

- **Geography:** We selected at least one VA regional office in each of VBA’s four areas. The New York and Philadelphia regional offices are in the Eastern Area, Atlanta is in the Southern Area, Houston is in the Central Area, and Los Angeles is in the Western Area.
- **Size of metropolitan area:** We limited our selection process to regional offices in the Top 15 Metropolitan Statistical Areas (MSA) according to 2010 Census data, due to concerns about the ability of these offices to recruit and retain staff and upper management.
- **Workload:** We selected VA regional offices with medium or high disability compensation and pension rating claims workloads. All regional offices in the top 15 MSAs had more than 10,000 disability compensation and pension rating claims pending. According to VBA’s internal dashboard, the median regional office had 8,850 disability compensation and pension rating claims pending as of April 2012. The sites we selected had workloads ranging from 15,874 to 37,805 pending disability compensation and pension rating claims in April 2012.

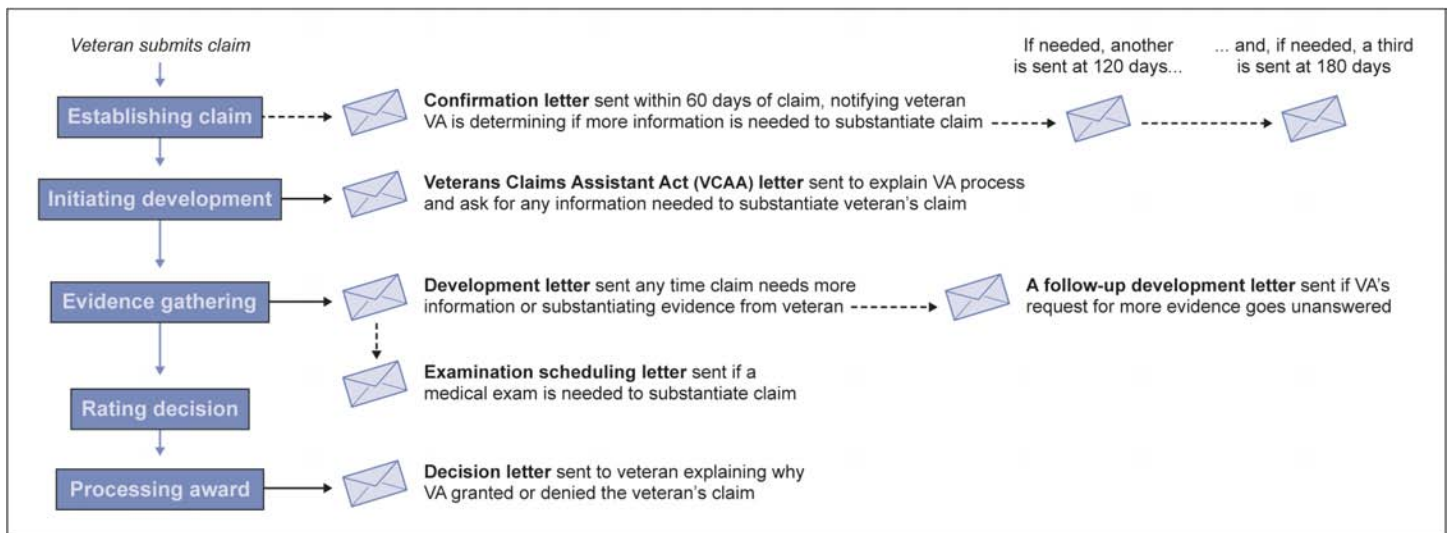
- **Timeliness:** To examine the timeliness of claims processing at VA regional offices, we examined two metrics: the percentage of backlogged disability compensation and pension rating claims—defined as claims pending over 125 days—and the average number of days a disability compensation and pension rating claim was pending. According to VBA’s internal dashboard, 65.6 percent of disability compensation claims nationally were pending over 125 days in April 2012. For the regional offices we selected, the percent of backlogged claims ranged from 61.6 percent to 79.9 percent. Claims were pending an average 243.2 days nationally. For the regional offices we selected, the average days pending ranged from 219.6 days to 325.3 days.

We conducted this performance audit from March 2012 through December 2012 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.

Appendix II: Veteran Notification during the Claims and Appeals Processes

After VBA receives a disability claim, it generally sends notifications to veterans to either help gather evidence or to let them know that a decision has been made (see fig. 9). Throughout the claims process, VBA sends a standard form letter at the 60-, 120-, and 180-day marks, as applicable, to inform the veteran that VBA has received the claim and that the claim is still pending. During the initiating development phase, VBA sends the Veteran Claims Assistance Act (VCAA) letter acknowledging receipt of the claim, explaining the claims process, and outlining what additional information is needed and what steps VBA will take to substantiate the claim. Much of the notification to veterans occurs during the evidence gathering phase. During this phase, VBA sends the veteran a notification every time VBA makes an attempt to obtain additional evidence or when attempts to obtain evidence have been unsuccessful. Finally, at the end of the award processing phase, a decision letter is sent to the veteran.

Figure 9: VBA Notifications to Veterans throughout the Claims Process



Source: GAO analysis of VA procedures.

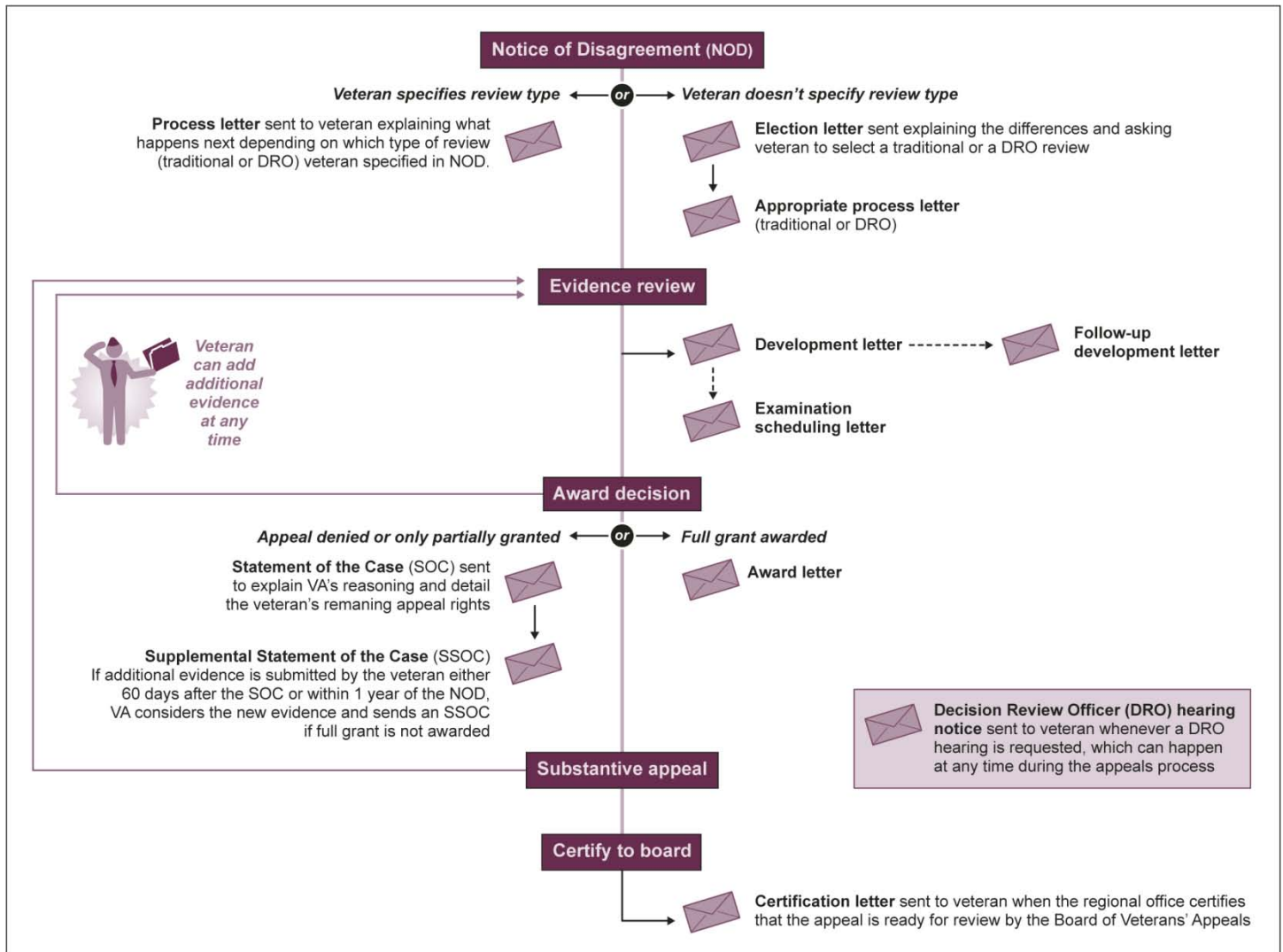
During the appeals process, VBA generally reaches out to veterans when additional evidence or the veteran's input is needed, or to announce and explain a decision. The appeals process generally begins when a veteran disagrees with VA's decision on their disability claim, and files a Notice of Disagreement (see fig. 10). If the veteran does not specify the type of review in the Notice of Disagreement, VBA sends an election letter that details the differences between a traditional and DRO review and asks the veteran to choose a review process. Once a veteran indicates the

type of review desired, VBA sends a process letter that explains the review process chosen and details the veteran's rights throughout the appeals process.¹ Then, if additional evidence is needed to make a decision, such as ordering another Veterans Health Administration (VHA) examination, VBA sends notifications to the veteran throughout the evidence gathering process, similar to the initial claims process. Once all additional evidence is gathered, VBA will review the case. If VBA grants the appeal in full, a decision letter is sent. If VBA denies the appeal or does not grant the appeal in full, it sends a Statement of the Case (SOC) explaining the decision. At this point, the veteran has the option to send in additional evidence, which VBA must consider, and if this evidence does not lead to a full grant, then VBA must send a Supplemental Statement of the Case (SSOC) explaining their decision.

¹ If the veteran does not reply to the election letter within 60 days, the appeal proceeds as a traditional review.

Appendix II: Veteran Notification during the Claims and Appeals Processes

Figure 10: VBA Notifications to Veterans throughout the Appeals Process



Source: GAO analysis of VA procedures.

Note: If the veteran chooses the traditional review, the reviewer, who may be a RVSR or DRO, examines the claim file and any new evidence that the veteran submits and may hold a formal, transcribed hearing with the veteran. The reviewer may overturn the original decision based only on (1) new evidence or (2) a clear and unmistakable error made in the original decision. However, if a veteran chooses the DRO review, a DRO conducts a de novo review of the claim, meaning a new and complete review without deference to the original decision, and can revise that decision without new evidence or a clear and unmistakable error—in other words, based on a difference of opinion. 38 C.F.R. §3.2600

In addition to receiving written notifications during the claims and appeals processes, veterans can proactively learn about the status of their claims

in several ways. For example, veterans can use eBenefits, a website that VA and the Department of Defense launched in 2009 to help servicemembers and veterans manage their benefits and personal information. Veterans can also speak with staff in VA's national call center or can contact VA through VA's web-based Inquiry Routing and Information System (IRIS). Veterans can also visit a VA regional office to speak with VA public contact staff.

Appendix III: Selected VBA Efforts to Improve Claims and Appeals Timeliness

According to VBA, there are currently over 40 ongoing improvement efforts that are tracked by VBA's Implementation Center. Below is a list of 15 improvement efforts we identified as having a stated purpose of improving timeliness of claims or appeals processing, based on a review of VA documents and interviews with VBA officials.

Table 1: Selected VBA Efforts to Improve Claims and Appeals Timeliness

VBA effort	Description	Purpose	Status	Selected for review by GAO
Acceptable Clinical Evidence (ACE) Pilot	The ACE process allows a VHA clinician to complete a Disability Benefit Questionnaire in lieu of conducting a medical exam if a veteran's existing medical record contains sufficient evidence.	To improve the timeliness of obtaining medical examinations	Piloted in one regional office	No
Agent Orange Development Assistance ("Fast Track")	The Fast Track Claims Processing System is an accelerated claims process dedicated to Vietnam veterans who are diagnosed with an Agent Orange presumptive condition, such as ischemic heart disease, hairy cell and other B-cell leukemias, and Parkinson's disease.	To reduce average days to complete Agent Orange claims	Implemented nationally in October 2010	No
Appeals Design Pilot	The Appeals Design Pilot has made several changes to the appeals process during the pilot including: <ul style="list-style-type: none"> • Creating an express lane for appeals with one or two issues; • Developing a standard Notice of Disagreement form; • Obtaining waivers from veterans to allow VBA to expedite their substantive appeal directly to the Board of Veterans' Appeals without having the regional office review new evidence submitted; • Conducting Decision Review Officer (DRO) reviews for all appeals; • Proactive phone outreach to veterans to reduce the need for formal DRO hearings; and • Obtaining waivers of local VSO review period prior to certifying the appeal to the Board of Veterans' Appeals. 	To improve appeals processing timeliness	Pilot stage began in March 2012	Yes
Brokering centers	The brokering process is used to manage workload across regional offices by permitting a regional office to shift claims either to another regional office or to a specialized brokering center for processing.	To reduce workload at regional offices experiencing processing delays	Implemented nationally in 2001	Yes

**Appendix III: Selected VBA Efforts to Improve
Claims and Appeals Timeliness**

VBA effort	Description	Purpose	Status	Selected for review by GAO
Claims Organizational Model	The Claims Organizational Model streamlines the claims process by organizing claims staff into cross-functional teams, creating segmented lanes based on type and complexity of claims, and standardizing the mail triage and sorting process in an integrated mail processing center.	To reduce the average days to complete claims by 40 days	Implemented at selected regional offices; national implementation scheduled for completion by end of fiscal year 2013	Yes
Disability Benefits Questionnaire (DBQ)	DBQs are standard checklists that VA asks physicians to fill out instead of preparing a narrative report of an examination.	To increase the use of standard evaluation forms to speed up claims determination	Implemented nationally in March 2012	Yes
Fully Developed Claims (FDC)	The FDC initiative expedites processing of claims submitted by veterans who submit all relevant private medical evidence.	To reduce the average days to complete a decision by 140 days	Implemented nationally in May 2010	Yes
Immersion Teams	Management teams from high performing offices observe low performing offices and help codify best practices to help the low performing offices improve.	To improve regional office performance management	Implemented in four regional offices in October 2011	No
National Level Challenge Training	Challenge training is a course designed for newly-assigned claims processing staff. In 2011, the curriculum was redesigned to lengthen the training period and incorporate the hands-on instruction previously conducted within regional offices into training at centralized sites. Additionally, challenge training is sometimes used to retrain experienced staff as well.	To increase the number and accuracy of completed claims per claims processing staff full-time equivalents (FTE)	Implemented nationally in fiscal year 2011	No
Proactive Phone Development	In place of writing letters to gather evidence, VBA will use phone calls to speed the development process and clarify veteran information/requests.	To decrease average days to completion of a claim	Implemented nationally in May 2010; revised in March 2012	No
Simplified Notification Letter (SNL)	SNL is a standardized process that integrates decision information into one simplified letter for veterans.	To increase the number of claims rated per year by 250,000	Implemented nationally in March 2012	Yes
Timeliness Performance Standards	One VA regional office has an effort to improve timeliness by changing individual performance goals for claims staff by incorporating timeliness goals into their performance goals.	To improve timeliness of claims processing	Implemented at one regional office in March 2012	No
Vendors for Private Medical Records	Vendors for Private Medical Records is an initiative in which a contractor collects medical records from private physicians.	To reduce average record collection time from 40 days to 7-10 days and substantially increase physician response rate	Piloted at seven regional offices since September 2010	Yes

**Appendix III: Selected VBA Efforts to Improve
Claims and Appeals Timeliness**

VBA effort	Description	Purpose	Status	Selected for review by GAO
Veterans Benefits Management Assistance Program (VBMAP)	VBMAP is an effort to manage workload by permitting a regional office to shift a pre-determined number of claims to a contractor for evidence gathering.	To reduce evidence gathering workload at regional offices	Implemented nationally; contract began in September 2011	Yes
Veterans Benefit Management System (VBMS)	VBMS is an effort to design a paperless claims system that will allow electronic submission of claims and supporting evidence and convert paper-based claims folders into electronic claims folders.	To decrease the average days to complete a claim	Partially implemented; plans to implement nationally in 2013	Yes

Source: GAO analysis of VBA documentation and interviews with VBA officials.

Note: Primarily based on a review of VA documents and interviews with VBA officials, we selected for review a sample of 9 VBA efforts (out of 15) that have the purpose of reducing disability claims and appeals processing times.

Appendix IV: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
Washington DC 20420

December 10, 2012

Mr. 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: Timely Processing Remains a Daunting Challenge**" (GAO-13-89). VA generally agrees with GAO's conclusions and concurs with GAO's recommendations to the Department.

The enclosure specifically addresses GAO's recommendations and provides technical comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,


John R. Gingrich
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***"VETERANS' DISABILITY BENEFITS: Timely Processing
Remains a Daunting Challenge"***
(GAO-13-89)

Recommendation 1: Develop improvements for partnering with relevant federal and state military officials to reduce the time it takes to gather military service records for National Guard and Reserve sources.

VA Response: Concur. VA has initiated several interagency efforts to improve its receipt of military service records. First, VA will include separating Reserve and National Guard members in its implementation of the Seamless Transition provisions of "VOW (Veterans Opportunity to Work) to Hire Heroes Act of 2011." VA's Transition Assistance Program already covers these members, and allows them to start the claims process before leaving service. Veterans and their survivors are also eligible to participate in the Veterans Benefits Administration's (VBA) fully developed claims program, under which VBA may expedite claims that are submitted with all the necessary evidence to support a claim.

Furthermore, on December 3, 2012, a joint VBA and Department of Defense (DoD) Disability Claims Reduction Task Force began examining VBA's oldest claims awaiting responses to military service records requests. The group will coordinate with Federal records storage facilities and the military services to expedite receipt of the requested records. In addition, the group will evaluate current requests and exchange processes and develop strategies for improved records exchanges.

An additional joint VA-DoD Virtual Lifetime Electronic Record (VLER) initiative is specifically tasked with improving information sharing amongst Federal partners, to include the National Guard and Reserve components. The effort is focusing on enabling DoD to generate a complete electronic health record for each Servicemember and transmitting it to VA upon discharge. Recently, VA successfully tested the VLER components designed to enable DoD to send medical records to VA. Additionally, the two agencies are working together to implement solutions specifically focused on the Guard and Reserve components. Targeted Completion Date: November 30, 2013

Recommendation 2: Develop improvements for partnering with SSA officials to reduce the time it takes to gather Social Security Administration (SSA) medical records.

VA Response: Concur. VA is currently working closely with SSA in several different ways as part of its ongoing efforts to streamline the claims adjudication process. VA and SSA have partnered via the SSA Government Services Online initiative to pilot a Web-based tool that will allow VA personnel to communicate directly with SSA personnel regarding records requests. This will further VA's goal of establishing a paperless environment by automating VA requests for SSA medical records through a secure, electronic messaging system. In addition, SSA has agreed to eliminate VA-

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report:
***“VETERANS’ DISABILITY BENEFITS: Timely Processing
Remains a Daunting Challenge”***
(GAO-13-89)

provided records from the materials it sends to VA, thereby reducing the amount of duplicate records that VA adjudicators must review when deciding a claim.

Finally, on October 4, 2012, senior SSA officials traveled to VBA headquarters in Washington, DC, to learn about VBA’s programs and transformation plan. On November 16, 2012, senior VBA officials traveled to SSA headquarters in Baltimore to hear about lessons learned in SSA’s transformation. The agencies plan to expand these meetings to address specific transformation or program-related issues that will facilitate VBA’s efforts to eliminate the backlog of compensation claims. Targeted Completion Date: November 30, 2013

Recommendation 3: Ensure the development of a robust backlog reduction plan for VBA’s initiatives that, among other best elements, identifies implementation risks and strategies to address them and performance goals that incorporate the impact of individual initiatives on processing timeliness.

VA Response: Concur. VBA has drafted a plan that is in coordination for transforming the processing of disability claims.

1. Background – Transformation Ideas Identified

Starting in 2009, when the Secretary of VA approved the initial strategic plan for the Department, VBA encouraged its employees and stakeholders to identify and evaluate opportunities to achieve the Department’s strategic goals. Hundreds of ideas were identified, including many from the employees in the Regional Offices (RO) who had first-hand, field-based experience and solutions to the challenges and opportunities posed in transforming the claims process. From hundreds of people, process, and technology ideas, VBA selected those with the highest transformative impact in supporting VA’s priority goal to eliminate the backlog in 2015, and process all disability claims in 125 days or less at a 98-percent accuracy level.

2. VBA Transformation Plan

- a. In 2011, VBA created a Transformation Plan that included people, process, and technology transformation initiatives designed to improve claims production and enhance quality to achieve VA’s claims processing goal. The Transformation Plan was an illustrative presentation including charts, graphs, and briefing slides describing our transformation efforts. This Transformation Plan was provided to GAO in support of this report.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report:
***“VETERANS’ DISABILITY BENEFITS: Timely Processing
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(GAO-13-89)

- b. This Transformation Plan presents the “To Be” compensation claims model and contrasts it to the “As Is” model; improves capacity to support access, outreach, and services; and addresses the integration of people, process, and technology initiatives and expected performance and quality improvement.

3. VBA Common Operating Picture

- a. In 2012, as requested by external stakeholders, VA and VBA transformation continued to evolve, including the creation of an operating plan (the common operating picture) with the goal of eliminating the compensation claims backlog in 2015. The plan is awaiting official release. The plan focuses on:

- (1) Integration of people, process, and technology initiatives to address the way we are organized and trained to do claims work;
- (2) New ways to improve efficiency, and reengineer the claims process;
- (3) Automation to speed the largely manual paperbound claims process of today; and
- (4) Measurement process.

- b. The complicating factors and risks that could impact the plan’s new production capacity include potential growth in demand caused by the VOW Act/Veterans Employment Initiative, and the impact of Camp Lejeune environmental exposure on Veterans and their families.

- c. Key performance measures for the Transformation Plan include quality, number of claims received, number of claims completed (nationally and individually), productivity, claims pending over 125 days (number and percent), average days to complete, and average days pending, as well as performance modeled against expected gains by initiatives within the plan.

4. VBA Governance Process

The identification of these initiatives required VBA to further evolve transformation and change-management activities by establishing a VBA Transformation Governance Board and process. Our governance process is designed to ensure that changes to VBA operations and services from these initiatives are implemented in a standardized, structured, and sustainable manner to improve accuracy and reduce the amount of time it takes to process Veterans’ disability benefit claims, increase access to services and benefits, and end Veteran homelessness in 2015.

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report:
***"VETERANS' DISABILITY BENEFITS: Timely Processing
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(GAO-13-89)

5. VBA's Implementation Center (IC)

In August 2011, VBA established the IC as a program management office streamlining the process of transformation by ensuring new ideas are approved through the governance process, and implementation and training are carefully planned and executed utilizing a comprehensive change management approach. This allows us to focus on implementing initiatives that will achieve the greatest gains in a standardized manner without impacting current performance.

6. Moving Forward

Moving forward in 2013 and beyond, VBA transformation will continue to evolve and change the manner in which VBA delivers benefits. VBA's transformation is a people-centric, results-driven, and forward-looking integration of solutions that will ensure total lifelong engagement with Servicemembers, Veterans, their families, and survivors.

Targeted Completion Date: VBA transformation actively continues. The release of the updated common operating picture is pending completion of the coordination process.

Appendix V: GAO Contact and Staff Acknowledgments

GAO contact

Daniel Bertoni, Director, Education Workforce and Income Security, bertonid@gao.gov, 202-512-7215

Staff Acknowledgments

In addition to the contact named above, Brett Fallavollita (Assistant Director); Lucas Alvarez; Michelle Bracy; and Ryan Siegel made key contributions to this report. In addition, key support was provided by James Bennett, Robert Campbell, Susan Chin, James Rebbe, Almeta Spencer, Kathleen van Gelder, and Walter Vance.

Related GAO Products

VA Disability Compensation: Actions Needed to Address Hurdles Facing Program Modernization. [GAO-12-846](#). Washington, D.C.: September 10, 2012.

VA Enhanced Monthly Benefits: Recipient Population Is Changing, and Awareness Could Be Improved. [GAO-12-153](#). Washington, D.C.: December 14, 2011.

Veterans Disability Benefits: Clearer Information for Veterans and Additional Performance Measures Could Improve Appeal Process. [GAO-11-812](#). Washington, D.C.: September 29, 2011.

Information Technology: Department of Veterans Affairs Faces Ongoing Management Challenges. [GAO-11-663T](#). Washington, D.C.: May 11, 2011.

GAO's 2011 High-Risk Series: An Update. [GAO-11-394T](#). Washington, D.C.: February 17, 2011.

Veterans' Disability Benefits: Expanded Oversight Would Improve Training for Experienced Claims Processors. [GAO-10-445](#). Washington, D.C.: April 30, 2010.

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.

Social Security Disability: Additional Outreach and Collaboration on Sharing Medical Records Would Improve Wounded Warriors' Access to Benefits. [GAO-09-762](#). Washington, D.C.: September 16, 2009.

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

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