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VETERANS’ DISABILITY BENEFITS

Preliminary Findings on Claims Processing Trends and Improvement Efforts

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

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VETERANS’ DISABILITY BENEFITS

Preliminary Findings on Claims Processing Trends and Improvement Efforts

What GAO Found

Over the past several years, VA disability claims workloads at both the initial and appellate levels have improved in some areas and worsened in others. For example, the number of disability claims VA completes annually at the initial level increased about 60 percent—from about 458,000 in fiscal year 1999 to about 729,000 in fiscal year 2008. However, during this same period, the number of claims pending at year-end increased 65 percent to about 343,000. Several factors affect these and other disability claims workloads, including increases in disability claims received, growing complexity of claims, court decisions and changes in regulation. Disability claims workloads at the appellate level have also improved in some areas and worsened in others. For example, over the past several years, the number of appeals resolved increased 22 percent, from more than 72,000 cases in fiscal year 2003 to almost 88,000 cases in fiscal year 2008. However, it took on average 96 days longer in fiscal year 2008 to resolve appeals than in fiscal year 2003. One factor that affects workloads at the appellate level is the submission of new evidence or claims that must be evaluated.

Pending Compensation Claims, End of Fiscal Years 1999-2008

VA has taken several steps to improve claims processing, but the effect of some of these actions is not yet known. For example, VA increased claims processing staff about 58 percent from fiscal years 2005 to 2009, which has helped to increase the total number of decisions VA issues annually. However, VA expects individual staff productivity to decline in the short-term in part because of the challenge of training and integrating new staff. In addition, VA has established 15 resource centers to which it redistributes claims and appeals for processing from backlogged regional offices. Although VA has not collected data to evaluate the effect of its workload redistribution efforts, these efforts may ultimately increase the timeliness and consistency of VA’s decisions. VA is also implementing a pilot with the Department of Defense (DOD) to perform joint disability evaluations that has the potential to streamline the disability process for prospective veterans. Finally, VA has begun other initiatives, which we are in the process of reviewing, such as targeting certain claims for fast-track processing and leveraging technology.
Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to comment on the Department of Veterans Affairs’ (VA) disability compensation claims process. In fiscal year 2008, VA paid $30.7 billion in benefits to nearly 3 million veterans through its disability compensation program. For years, the claims process has been the subject of concern and attention by VA, Congress, and veterans service organizations, due in large part to long waits for decisions and large numbers of claims pending a decision. Further, we and VA’s Inspector General have identified concerns about the consistency of decisions across regional offices.

You asked us to discuss preliminary findings of our ongoing work for this Committee examining VA’s disability compensation claims process. Specifically, my statement today addresses (1) trends in VA compensation claims and appeals workloads and (2) steps VA is taking to improve its claims processing. To identify trends in VA’s disability claims and appeals workloads, we analyzed compensation claims processing data from VA’s Veterans Benefits Administration (VBA) and Board of Veterans’ Appeals (Board). To identify steps VA is taking to improve its claims process, we reviewed VA’s budget submissions, strategic plans, and other documents such as external studies and VA’s Office of Inspector General reports; interviewed VA officials and veterans service organization representatives; and examined ongoing initiatives or those that VA completed within the last 3 fiscal years. In addition, we visited four VBA regional offices and the Board to learn more about these initiatives. In selecting the regional offices—Chicago, Illinois; Seattle, Washington; Togus, Maine; and Winston-Salem, North Carolina—we considered regional offices that would provide: (1) insights about ongoing initiatives such as pilots; (2) a mix of offices located in different geographic settings (e.g., urban and rural); and (3) a mix of offices that are above and below VBA’s averages for select case-processing measures. Our work, which began in November 2008, is being conducted in accordance with generally accepted government auditing standards. Given testimony timelines we have not yet completed our assessment of the reliability of VA data. We plan to issue a final report at a later date.

In summary, over the past several fiscal years, VA disability compensation claims workloads at both the initial and appellate levels have improved in some areas and worsened in others. For example, at the initial level, the number of claims VA completes annually increased about 60 percent from fiscal year 1999 to fiscal year 2008. However, the number of claims pending during this period increased by more than 65 percent to about
343,000, and the average time VA took to complete a claim increased about 9 days. A number of factors contribute to these results, including an approximately 53 percent increase in VA’s claims workload, more complex claims, and court decisions that have expanded benefit entitlement. Workloads at the appellate level have also improved in some areas and worsened in others. For example, for the past several fiscal years, the number of appeals resolved increased 21 percent from more than 72,000 in fiscal year 2003 to almost 88,000 in fiscal year 2008. On the other hand, it took VA 96 days longer in fiscal 2008 to resolve appeals than it did in fiscal year 2003. One factor that contributes to the challenge in further improving workloads at the appellate level is the submission of new evidence or claims that must be evaluated.

VA has taken several steps in an effort to improve claims processing, such as increasing staffing, redistributing workloads, implementing a joint pilot with the Department of Defense (DOD) to perform disability evaluations and other initiatives, but the effect of some of these actions is not yet known. For example, VA increased claims processing staff an estimated 58 percent from fiscal years 2005 to 2009, which has helped to increase the total number of decision VA issues annually. However, VA expects individual staff productivity to decline before it ultimately improves in part because of the challenge of training and integrating new staff. In addition, VA also established 15 resource centers to which it redistributes claims and appeals workloads from backlogged regional offices. These centers currently process thousands of cases annually. Such efforts may ultimately increase the timeliness and consistency of VA’s decisions; however, VA has not collected data to evaluate the effect of its workload redistribution efforts. Another step VA has taken is partnering with DOD in piloting a joint process for performing disability evaluations for servicemembers who are going through the military’s disability evaluation system. According to VA, preliminary pilot results suggest that the new process expedites delivery of VA benefits to servicemembers upon discharge from the military. This pilot represents a positive step toward streamlining the disability process and expediting benefits for servicemembers upon discharge from the military. However, we have noted that critical implementation challenges will need to be addressed prior to worldwide implementation. Moreover, given the relatively small number of cases in the military’s disability evaluation system compared to the number of claims processed under VA’s disability compensation program, the pilot will have a limited impact on VA’s claims backlog. Finally, VA is taking other steps that could improve the claims process, such as targeting other claims for fast-track processing and leveraging technology.
Background

VA pays monthly disability compensation to veterans with service-connected disabilities (injuries or diseases incurred or aggravated while on active military duty) according to the severity of the disability.\(^1\) VA also pays additional compensation for some dependents—spouses, children, and parents—of veterans.\(^2\) In fiscal year 2008, the disability compensation program represented 78 percent, or $30.7 billion, of the cash benefits paid through VBA’s Compensation and Pension Service. In addition, VA’s pension program pays monthly benefits to wartime veterans who have low incomes and are permanently and totally disabled for reasons that are not service-connected.\(^3\)

VA’s disability compensation claims process starts when a veteran submits a claim to one of VBA’s 57 regional offices. A service representative is then responsible for assisting the veteran in obtaining the relevant evidence to evaluate the claim. Such evidence includes veterans’ military service records, medical examinations, and treatment records from VA medical facilities and private medical service providers. Also, if necessary for reaching a decision on a claim, the regional office arranges for the veteran to receive a medical examination or opinion. Once a claim has all the necessary evidence, a rating specialist evaluates the claim and determines whether the claimant is eligible for benefits. If the veteran is eligible for disability compensation, the rating specialist assigns a percentage rating. Veterans with multiple disabilities receive a single composite rating. In addition, veterans can reopen claims for additional benefits over time from VA, for example, if a service-connected disability worsens or arises in the future. If the veteran disagrees with the regional office’s decision, he or she may begin the appeals process by submitting a written notice of disagreement to the regional office. In response to such a notice, VBA provides further written explanation of the decision, and if the veteran still disagrees, the veteran may appeal to the Board. The Board, whose members are attorneys experienced in veterans’ law and in reviewing

\(^1\)VA’s ratings are in 10-percent increments, from 0 to 100 percent. Generally, VA does not pay disability compensation for disabilities rated at 0 percent. Since December 2008, basic monthly payments have ranged from $123 for 10 percent disability to $2,673 for 100 percent disability.

\(^2\)38 U.S.C. § 1115 provides for payment of additional benefits for qualifying dependents of veterans whose disability is rated not less than 30 percent.

\(^3\)VA also pays pensions to surviving spouses and unmarried children of deceased wartime veterans. In addition, VA pays dependency and indemnity compensation to some deceased veterans’ spouses, children, and parents.
benefit claims, may grant or deny the appeal or return the case to VBA to obtain additional evidence necessary to decide the veteran’s claim.

In addition to receiving disability benefits from VA, veterans may receive disability benefits from the Department of Defense (DOD). If the military determines that a servicemember is unfit for duty because of conditions incurred in the line of duty, the military assigns a combined percentage rating for those unfit conditions using VA’s rating system as a guideline. This one-time rating, along with years of service and other factors, determines subsequent disability benefits from DOD. Unlike through VA, veterans cannot reopen claims for additional benefits over time through DOD’s disability determination process.

Over the past 10 fiscal years, the total number of compensation claims decisions completed annually by VA and the average days compensation claims were pending improved, while the total number of claims pending at year end and the average days to complete a claim worsened.\textsuperscript{4} From fiscal year 1999 to fiscal year 2008, VA increased the number of initial compensation claims processed annually by nearly 60 percent from about 458,000 to about 729,000\textsuperscript{5} (see fig. 1). Moreover, VA experienced substantial year-to-year increases in the number of claims completed between 2006 and 2008.

In fiscal year 2008, compensation claims were pending an average of 123 days compared to 152 days in fiscal year 1999 (see fig. 2). While slightly higher than the average 115 days claims were pending in fiscal year 2003, this represents a marked improvement over the average 188 days claims were pending in fiscal year 2001. VA’s fiscal year 2009 average days pending goal for rating-related actions is 116 days.

\textsuperscript{4}The average days to complete a claim is the average processing time of decisions reached during a specific time period. The average days pending is the average time that pending claims at a point in time have been awaiting a decision. For example, the average days pending for a fiscal year is calculated on the last day of the year.

\textsuperscript{5}The reported compensation claims data are comprised of three VBA categories: initial compensation claims with eight or more issues, initial compensation claims with seven or less issues, and reopened compensation claims.
Figure 1: Compensation Claims Completed, Fiscal Years 1999-2008

Claims (in thousands)

Source: VA data.

Figure 2: Average Days Compensation Claims were Pending, End of Fiscal Years 1999-2008

Claims (in thousands)

Source: VA data.

VA’s inventory of pending compensation claims has varied over time, but on whole has increased significantly over the last decade. From the end of fiscal year 1999 to the end of fiscal year 2008, pending claims increased by
more than 65 percent from about 207,000 to about 343,000 (see fig. 3). During the same time period, the number of claims awaiting a decision longer than 6 months increased by 20 percent from about 65,000 to about 78,000. However, more recent data show that pending claims declined slightly from the end of fiscal year 2007 to 2008, and those pending more than 6 months declined almost 20 percent.

The average time VA took to complete a claim has also varied over time, although the agency experienced significant increases from fiscal years 2004 to 2007. In fact, the average number of days VA took to complete claims increased from a low of 181 days in fiscal year 2004 to 200 days in fiscal year 2007. However, recent data show that VA took on average 4 days less to complete a claim in fiscal year 2008 than in fiscal year 2007 (see fig. 4).
Several factors have contributed to the trends in VA’s disability workloads. First, there has been a steady increase in the number of claims filed—including those filed by veterans of the Iraq and Afghanistan conflicts. The number of compensation claims VA received annually increased about 53 percent, from about 468,000 in fiscal year 1999 to about 719,000 in fiscal year 2008. In part, VA attributes increased claims receipts to its enhanced outreach to veterans and servicemembers. VA reported that in fiscal year 2007, it provided benefits briefings to about 297,000 separating servicemembers, up from about 210,000 in fiscal year 2003. Ongoing hostilities also contribute to increased claims. For example, according to VA, the claim rate of veterans from ongoing hostilities is 35 percent. In addition, claims filed by veterans currently receiving compensation whose conditions have worsened contribute to increased claims. VA anticipates that the number of reopened claims will increase as current disability benefit recipients—many of whom suffer from chronic progressive disabilities such as diabetes, mental illness, and cardiovascular disabilities—submit claims for increased benefits as they age and their conditions worsen. In fiscal year 2008, VA received about 488,000 reopened claims for disability benefits, up 42 percent from about 345,000 in fiscal year 1999. Finally, according to VA officials, prior legislation and VA regulations have also expanded benefit entitlement, adding to the volume of claims received. In recent years, court decisions related to a 1991 law have created new presumptions of service-connected disabilities.
for many Vietnam veterans and prisoners of war. In addition, VA anticipates an increase in claims stemming from an October 2008 regulation change that affects how VA rates traumatic brain injuries (TBI). According to a VA official, a letter was sent to approximately 32,000 veterans notifying them that their TBI rating could potentially increase even if their symptoms had not changed.

Another factor impacting VA's claims workloads—particularly the average time to complete a claim—is the complexity of claims received. VA notes that it is receiving claims for more complex disabilities related to combat and deployments overseas, including those based on environmental and infectious disease risks and TBI. In addition, according to VA officials, veterans cited more disabilities in their claims in recent years than in the past, and these claims can take longer to complete because each disability must be evaluated separately. The number of compensation claims VA decided with 8 or more disabilities increased from 11 to 16 percent from fiscal years 2006 to 2008. Further, a number of statutes and court decisions related to VA’s disability claims process may have affected VA’s ability to improve claims processing timeliness. For example, according to VA officials, the Veterans Claims Assistance Act of 2000 added more steps to the claims process, lengthening the time it takes to develop and decide a claim.

Similarly, VA has experienced workload improvements and challenges in the area of disability appeals. For example, over the past 6 fiscal years, the number of appeals resolved increased about 22 percent from over 72,000 in fiscal year 2003 to almost 88,000 in fiscal year 2008 (see fig. 5). Between fiscal years 2003 and 2008, VA also reduced the number of

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9We analyzed rating-related compensation appeals from VA’s appeals database. In meeting testimony deadlines, we were unable to fully explore reasons for some low record counts in this database prior to fiscal year 2003, and therefore are limiting our reporting of appeals trends to fiscal years 2003 through 2008.
pending appeals by 24 percent from about 126,000 to about 95,000 (see fig. 6).

Figure 5: Number of Compensation Appeals Resolved, Fiscal Years 2003-2008

Source: GAO analysis of VA data.
Figure 6: Number of Pending Compensation Appeals, End of Fiscal Years 2003-2008

 Appeals (in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Appeals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>126</td>
</tr>
<tr>
<td>2004</td>
<td>132</td>
</tr>
<tr>
<td>2005</td>
<td>134</td>
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<td>2006</td>
<td>126</td>
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<td>2007</td>
<td>113</td>
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<tr>
<td>2008</td>
<td>95</td>
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</table>

Source: GAO analysis of VA data.

However, the average time it took VA to process appeals of compensation claims—from when a veteran files a notice of disagreement to when the appeal is resolved—has trended upward from 543 days in fiscal year 2003 to 639 days—or approximately 21 months—in fiscal year 2008 (see fig. 7). Several factors contribute to the time it takes VA to resolve appeals. According to VA officials, each time appellants submit new evidence, VA must review and summarize the case for the appellant again, adding to the time it takes to resolve the appeal. Furthermore, appeals cannot be forwarded to the Board for a decision until all of a veteran’s pending claims are resolved, regardless of whether they relate to the appeal. Therefore, cases that are pending resolution of other issues can forestall final resolution for the appellant. Also, according to VA officials, processing time is further lengthened when appeals are remanded back to VBA by the Board for further work, such as correcting procedural errors and obtaining additional evidence. According to VA, in fiscal year 2008, about 18 percent of the Board’s decisions were remanded because of VBA errors that were avoidable. Many other appeals are remanded because requirements—such as the legal requirements discussed previously—change after the appeal is sent to the Board.
VA Continues to Take Steps to Improve Claims Processing

VA has taken several steps to improve claims processing, including increasing claims processing staff, redistributing certain workloads, implementing a joint pilot with DOD to perform disability evaluations, and developing a number of other initiatives to expedite benefits to veterans. VA expects these efforts to yield improvements, but their effects are not yet known and we have identified challenges with some of these efforts. For example, over the past 4 years, VA has hired a significant number of disability claims staff, who are expected to improve the timeliness of initial claims and appeals processing. From fiscal year 2005 to fiscal year 2009, VA expects VBA’s claims processing staff to increase by 58 percent from about 7,550 to an estimated 11,948. During the same period, VA expects the Board’s staff to increase by 20 percent, from 433 to an estimated 519. In addition, VA plans to use funds from the American Recovery and Reinvestment Act of 2009 (ARRA) to hire and train about 1,000 temporary employees and about 500 permanent employees, who will replace staffing losses that VBA experiences through normal attrition. The temporary employees will assist in developing disability claims and perform other administrative tasks to free decision-makers to complete more complex claims processing tasks.
We have reported that an infusion of a large number of staff has the potential to improve VA's capacity. However, quickly absorbing these staff will likely pose human capital challenges for VA, such as how to train and deploy them. The additional staff has helped VA process more claims and appeals overall, but as VA has acknowledged, it has also reduced individual staff productivity. For example, while VA has issued more claims decisions annually since hiring the additional staff, the number of rating-related claims processed per staff person declined from 101 in fiscal year 2005 to 88 in fiscal year 2008. According to VA, this decline in productivity is attributable primarily to new staff who have not yet become fully proficient at processing claims and to the loss of experienced staff due to retirements. VA expects its productivity to decline further before it improves, in part because of the challenge of training and integrating new staff. According to VA officials, it takes about 3 to 5 years for newly hired rating specialists to become proficient given the complexity of the job. Training new staff also reduces productivity in the near-term because experienced staff must take time to train and mentor them, and therefore may have less time to process their own claim workloads. According to the VBA official in charge of training, VBA has developed curricula that use practical application of key concepts to accelerate the learning curve for new staff.

VA expects that the staff hired with ARRA funding will increase the number of claims processed and reduce average processing times in 2010. However, even though their responsibilities are expected to be limited to less complex claims processing tasks, these additional staff could also pose human capital challenges in the near-term while they are being trained and integrated into the process.

In addition to increasing staffing, VA has also expanded its practice of redistributing disability workloads, which is intended to improve the timeliness and consistency of decisions. Since 2001, VA has created 15 resource centers that are staffed exclusively to process claims or appeals from backlogged regional offices at distinct phases in the claims process. The number and types of claims redistributed from backlogged offices are determined on a monthly basis based on changing workloads. For example, from 2001 to 2002, VA created nine resource centers to

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10VA also redistributes workload from backlogged regional offices to regional offices without resource centers but with more capacity than the backlogged office. VA refers to moving workloads—to either a resource center or another regional office—for processing as “brokering.”
exclusively rate claims from other offices. The number of claims redistributed for rating has increased from about 88,000 in fiscal year 2006 to about 140,000 in fiscal year 2008. Claims initially had to meet specific criteria to be eligible for redistribution, such as having seven or fewer disabilities. However, VA relaxed these criteria in May 2008, which has allowed more claims to be redistributed. In addition, since 2007, VA has created four additional resource centers to exclusively develop claims for rating, and in 2009 it created two more resource centers focusing exclusively on reconsidering appealed claims before they are sent to the Board. The claims development resource centers work on obtaining information necessary for rating claims, while the appeals resource centers work on reviewing appeals and providing written summaries of cases for the veteran. According to VA officials, redistributing backlogged claims to resource centers improves average processing times because VA can better leverage its ever-changing capacity across its offices. Although such efforts could improve the timeliness as well as the consistency of its decisions, VA has not collected data to evaluate the effect of its workload redistribution efforts.

VA has also expanded its efforts to assist servicemembers filing claims prior to leaving military service and has consolidated the processing of such claims at specific regional offices. For example, since 2006, disability compensation claims filed by some servicemembers before they leave the military and become veterans—known as Benefits Delivery at Discharge (BDD) claims—are rated at two regional offices instead of at each of the 57 regional offices. In addition, in February 2008, we reported that VA had increased the number of military locations where servicemembers could file BDD claims. VA received about 32,000 BDD claims in fiscal year 2008. According to VA officials, the goal of BDD is to expedite delivery of benefits to new veterans as soon as possible after leaving the military. Consolidating certain tasks, such as rating BDD claims at a limited number of regional offices, could improve consistency because of greater control in communicating procedures and conducting training, but VA officials

\[\text{In September 2008, we reported that DOD and VA have relied on local memoranda of understanding at 130 military bases to execute the BDD program. However, some bases faced difficulties executing the program due to changes in base command and lack of communication between the agencies or resource constraints, which negatively affected the efficiency of access to the BDD program. As such, we recommended that VA and DOD take additional steps to ensure best practices about the BDD program are disseminated across locations. GAO, Veterans’ Disability Benefits: Better Accountability and Access Would Improve the Benefits Delivery at Discharge Program, GAO-08-901, Washington, D.C., Sept. 9, 2008.}\]
said the agency lacks data to measure the impact of consolidating BDD claims rating because VA did not consistently track BDD claims prior to the consolidation. We have identified the need for VA to systematically address concerns about the consistency of its decisions. VA’s Inspector General has studied one indicator of possible inconsistency, which is a wide variation in average payments per veteran from state to state. In May 2005, the Inspector General reported that variation in rating decisions was more likely to occur for some disabilities like post-traumatic stress disorder (PTSD) than for others, where much of the information needed to make a determination is susceptible to interpretation and judgment. VA took several steps to improve decision consistency, including conducting a pilot project to monitor consistency of rating-related claims decisions, reviewing the consistency of decisions on PTSD claims, and developing a schedule for reviews of other disabilities. Given the increasing numbers of veterans from the hostilities in Iraq and Afghanistan with PTSD claims, the BDD program may offer opportunities to enhance consistency in rating such impairments.

In addition to increasing staffing and redistributing and consolidating certain workloads, VA is also implementing a joint pilot with DOD to perform disability evaluations. Begun in November 2007, the pilot process applies to servicemembers navigating the military’s disability evaluation system, which determines whether servicemembers are fit for duty or should be released from the military. In the pilot, VA completes disability ratings for servicemembers found unfit for duty. Key features of the pilot include a single physical examination conducted to VA standards, disability ratings prepared by VA for use by both DOD and VA in determining disability benefits, and additional outreach and case management provided by VA staff at DOD pilot locations to explain VA results and processes to servicemembers. The goals of the pilot are to increase transparency and to reduce confusion about the disability evaluations conducted, and if military separation or retirement is necessary, to expedite VA disability compensation benefits upon discharge. If deemed successful at pilot locations, DOD and VA intend to implement the process worldwide.

Implementing the pilot process worldwide may be challenging. VA and DOD are using local agreements to establish the pilot process as it expands to new locations. These agreements reflect local collaboration on pilot implementation, notably to ensure that participants receive timely examinations especially when there is no VA facility located nearby. While local agreements may be an effective tool for implementing change involving many parties, we found in our review of the BDD program that their effectiveness may diminish over time due to changes in base command, lack of communication between agencies, and resource constraints. In addition, in September 2008, we reported that while DOD and VA had established measures for the disability evaluation system pilot’s performance and a mechanism for tracking performance, they had not established criteria for determining whether the pilot was successful and should be expanded on a large scale. For example, DOD and VA did not establish how much improvement in timeliness or other indicators would be needed before deciding that the pilot was successful. The agencies plan to issue their final report to the Congress in August 2009; however, it is unclear whether they will have identified criteria or collected sufficient performance data on key indicators in order to move forward with large-scale implementation.

If implemented widely, the pilot process could change the way many veterans first receive disability benefits from VA. According to recent testimony from a DOD official, preliminary pilot results suggest that the new process expedites delivery of VA benefits to servicemembers following discharge from the military. Moreover, implementing the pilot process widely could reduce VA’s reported average processing times because VA begins tracking the timeliness of these claims from the date a servicemember is discharged. However, the number of claims affected by widespread implementation of the pilot process would probably be small compared to the total number of compensation claims processed by VA. VA processes many compensation claims from veterans who are no longer in the military. In fiscal year 2005, the military’s disability evaluation system caseload was approximately 23,000 compared to the nearly 650,000 compensation claims received by VA that year.

\[\text{GAO-08-901.}\]

VA has also begun other initiatives such as testing other ways to process claims and leveraging technology. For example, in February 2009, VA launched a pilot called Expedited Claims Adjudication in four regional offices. This pilot, a joint effort between the VBA and the Board, is intended to help accelerate the processing time of claims and appeals. Claimants who opt into the pilot agree to respond to VA within timeframes that are shorter than generally required. In return, the expectation is that claimants will receive decisions from VA more quickly. Because this pilot began only recently, little data are available about its effectiveness. In addition, VA is leveraging technology to improve claims processing. For example, in recent years, VA has upgraded its claims processing software in phases. Such upgrades are intended to improve processing timeliness and to improve data quality by minimizing the need for data entry. Further, as of October 2008, claims processing staff review scanned versions of all BDD claims. According to VA officials, this process is currently as efficient as paper-based processing, but may eventually be more efficient and enable further distribution of workloads as changing capacities and demands require. VA is working to overcome technical challenges that inhibit widespread implementation of paperless processing. We are in the process of reviewing these initiatives as part of our ongoing study.

In conclusion, workload data indicate that VA has made progress in some areas of its disability claims and appeals process, but it continues to experience challenges in reducing the time it takes to process claims and appeals and in reducing the number of claims awaiting decisions. VA has taken a number of steps to improve its disability claims process, but significant increases in claims workloads combined with multiple conditions per claim continue to pose challenges to VA's progress. Productivity will be key to addressing the growing number of veterans awaiting a decision on VA claims and appeals, underscoring the need to address human capital challenges associated with training and integrating VA's new staff—a growing and significant portion of all its claims processors—and the need to track and monitor performance data for major initiatives in order to ensure that they are functioning as designed and achieving optimal returns on investment.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions that you or other members of the committee may have.
For further information, please contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov. Also contributing to this statement were Shelia Drake, Cynthia Grant, Joel Green, Lisa McMillen, Jessica Orr, Bryan Rogowski, Christine San, and Walter Vance.
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