



Highlights of [GAO-06-207T](#), a testimony before the Committee on Veterans' Affairs, U.S. Senate

## Why GAO Did This Study

The Department of Veterans Affairs (VA) provides disability compensation to veterans disabled by injuries or diseases that were incurred or aggravated while on active military duty. Under Individual Unemployability (IU) benefit regulations, a veteran can receive increased compensation at the total disability compensation rate if VA determines that the veteran is unemployable because of service-connected disabilities. GAO has reported that numerous technological and medical advances, combined with changes in society and the nature of work, have increased the potential for people with disabilities to work. Yet, VA has seen substantial growth of IU benefit awards to veterans over the last five years.

In 2001 GAO reported that a growing number of private insurance companies in the United States have focused their programs on developing and implementing strategies to enable people with disabilities to return to work. Our testimony will describe how U.S. private insurers facilitate return to work in three key areas: (1) the eligibility assessment process, (2) work incentives, and (3) staffing practices. It will also compare these practices with those of VA's IU eligibility assessment process.

[www.gao.gov/cgi-bin/getrpt?GAO-06-207T](http://www.gao.gov/cgi-bin/getrpt?GAO-06-207T).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia Bascetta at (202) 512-7215 or [bascettac@gao.gov](mailto:bascettac@gao.gov).

## VA BENEFITS

# Other Programs May Provide Lessons for Improving Individual Unemployability Assessments

## What GAO Found

The disability programs of the three private insurers we reported on in 2001 included the following common return-to-work practices in their disability assessment process:

*Incorporate return-to-work considerations from the beginning of the assessment process:* Private insurers integrated return-to-work considerations early and throughout the eligibility assessment process. Their assessment process both evaluated a person's potential to work and assisted those with work potential to return to the labor force.

*Provide incentives for claimants and employers to encourage and facilitate return to work:* These incentives included requirements for obtaining appropriate medical treatment and participating in a return-to-work program, if such a program would benefit the individual. In addition, they provided financial incentives to employers to encourage them to provide work opportunities for claimants.

*Strive to use appropriate staff to achieve accurate disability decisions and successful return-to-work outcomes:* Private insurers have access to staff with a wide range of expertise not only in making eligibility decisions, but also in providing return-to-work assistance. The three private disability insurers told us that they selected the appropriate type and intensity of staff resources to assess and return individuals with work capacity to employment cost-effectively.

In comparison, VA's Individual Unemployability decision-making practices lag behind those used in the private sector. As we have reported in the past, a key weakness in VA's decision-making process is that the agency has not routinely included a vocational specialist in the evaluation to fully evaluate the applicant's ability to work. Preliminary findings from our ongoing work indicate that VA still does not have procedures in place to fully assess veterans' work potential. In addition, the IU decision-making process lacks sufficient incentives to encourage return to work. In considering whether to grant IU benefits, VA does not have procedures to include vocational specialists from its Vocational Rehabilitation and Education (VR&E) services to help evaluate a veteran's work potential. By not using these specialists, VA also misses an opportunity to have the specialist develop a return-to-work plan, in collaboration with the veteran, and identify and provide needed accommodations or services for those who can work. Instead, VA's IU assessment is focused on the veterans' inabilities and providing cash benefits to those labeled as "unemployable," rather than providing opportunities to help them return to work. Incorporating return-to-work practices could help VA modernize its disability program to enable veterans to realize their full productive potential without jeopardizing the availability of benefits for people who cannot work.