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VA DISABILITY BENEFITS

Some Progress, but Further Steps Needed to Improve Appeals Reform Planning

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GAO Highlights

Highlights of GAO-18-661T, a testimony before the House Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

VA's disability compensation program pays cash benefits to veterans with disabilities connected to their military service. In recent years, the time needed to complete appeals of VA's decisions on claims has increased. For appeals resolved in fiscal year 2017, veterans waited an average of 3 years. The subset of appeals resolved by the Board of Veterans Appeals—a separate VA agency that provides a higher level of appeals review—took on average 7 years to resolve.

The Veterans Appeals Improvement and Modernization Act of 2017 makes changes to VA's current (legacy) process, giving veterans options to have their claims further reviewed by VA or appeal directly to the Board. The Act requires VA to submit a plan to Congress and GAO for implementing a new appeals process (which VA submitted in November 2017) and periodic updates (which VA submitted in February and May 2018). The Act also includes a provision for GAO to assess VA's original plan.

In March 2018, GAO found that VA could help ensure successful implementation of appeals reform by addressing gaps in planning and made four recommendations, with which VA agreed. This testimony focuses on the steps VA has taken to address GAO's recommendations and what aspects remain unaddressed.

For this statement, GAO reviewed VA's May 2018 updated plan, and interviewed VA officials and reviewed information they provided about steps taken to implement GAO's recommendations.

View GAO-18-661T. For more information, contact Elizabeth H. Curda at (202) 512-7215 or curdae@gao.gov.

What GAO Found

In a March 2018 report, GAO assessed the Department of Veterans Affairs' (VA) November 2017 plan for changing how veterans appeal disability claim decisions and found that VA could do more to successfully implement these reforms. The March 2018 report made four recommendations to address planning gaps. Since then, VA has updated its plan and taken some steps to address aspects of these recommendations, but further steps are needed:

- **Address all legally required elements**. GAO reported that VA's plan did not address one and partially addressed four of 22 elements required by the Veterans Appeals Improvement and Modernization Act of 2017 (Act), and recommended VA fully address them all. In a May 2018 update to its plan, VA took steps to address the five elements, such as developing productivity projections and a model to forecast resource needs for processing appeals. These steps address one element related to projecting productivity, and partially address the four remaining elements.
- **Articulate performance measurement**. GAO also recommended VA clearly articulate how it will monitor and assess the new appeals process relative to the legacy process. This recommendation includes specifying timeliness goals for five new appeals options to be made available to veterans, and additional goals or measures of performance, such as accuracy in processing appeals. VA's updated plan states that the agency will develop goals and measures for all appeals options after fully implementing appeals reform. Contrary to sound planning practices, it does not articulate these performance goals and measures now, which would provide a vision for what successful implementation would look like. Lacking this vision, VA does not have an "end state" to guide its implementation and help establish accountability.
- **Augment project plan**. GAO recommended VA augment its master schedule for implementing appeals reform to include all key activities and reflect other sound practices for guiding implementation and establishing accountability. Although VA's May 2018 updated master schedule added activities, it omitted a pilot test of the new Board of Veterans' Appeals (Board) options. More generally, the plan does not reflect interdependencies among activities. Until all key activities are accounted for and the master schedule reflects sound practices, VA cannot provide reasonable assurance that it has the essential information needed to manage its appeals reform implementation.
- **Address risk fully**. GAO recommended that VA's appeals plan more fully address risks in implementing a new process by, for example, testing all appeals options prior to full implementation. In its updated plan, VA stated it will pilot all five new appeals options. By taking these steps, VA should be better positioned to assess implementation risks. However, the updated plan does not have well-defined, measurable criteria for assessing lessons learned from these pilots and does not articulate how well these lessons translate to a broader context. Taking these steps would improve VA's ability to assess and mitigate risks as it implements its reforms.

Chairman Roe, Ranking Member Walz, and Members of the Committee:

I appreciate the opportunity today to provide an update on the Department of Veterans Affairs' (VA) plans for implementing a new disability appeals process while still attending to appeals under the current, or legacy, process.

VA provides cash benefits to veterans for disabling conditions incurred in or aggravated by military service, paying about $72 billion to about 4.5 million veterans in fiscal year 2017. If veterans are dissatisfied with VA's initial decision they can appeal—first to the Veterans Benefits Administration (VBA) and then, if not satisfied there, to the Board of Veterans' Appeals (Board), a separate agency within VA. For appeals resolved in fiscal year 2017, veterans waited an average of approximately 3 years from the date they initiated their appeal to resolution by either VBA or the Board—and an average of 7 years for appeals resolved by the Board. Due in part to the challenges VA faces managing large workloads and deciding disability claims and appeals in a timely manner, GAO in 2003 designated VA disability compensation, along with other federal disability programs, as one of the government's highest risk areas.[1]

The Veterans Appeals Improvement and Modernization Act of 2017 (Act) makes changes to VA's disability appeals process by replacing the current appeals process with one that gives veterans various options for further review by VBA or to bypass VBA and appeal directly to the Board.[2] The Act further requires VA to submit a comprehensive plan for implementing the new appeals process to the appropriate committees of Congress and GAO.[3] (VA submitted its plan to GAO on November 22, 2017.) The Act delineates 22 legally required elements of this plan. In addition, the Act requires VA to provide progress reports to the appropriate committees of Congress and GAO at least every 90 days, until the Act's changes to the appeals process generally go into effect and then at least every 180 days after this date for 7 years. VA submitted

[1]Disability programs are an area that we continue to monitor on our high-risk list. See GAO, *High-Risk Series: Progress on Many High Risk Areas, While Substantial Efforts Needed on Others*, GAO-17-317 (Washington, D.C.: Feb. 15, 2017).

[2]Pub. L. No. 115-55, § 2, 131 Stat. 1105, 1105.

[3]The Act defines "appropriate committees of Congress" as the Committee on Veterans' Affairs and the Committee on Appropriations of the Senate, and the Committee on Veterans' Affairs and the Committee on Appropriations in the House of Representatives.

progress reports in February and May 2018, and its next progress report is due in August 2018.

The Act also includes a provision for GAO to assess whether VA's appeals plan comports with sound planning practices and identify any gaps in the plan.[4] In our March 2018 report assessing VA's plan, we concluded that while VA's November 2017 plan reflected aspects of sound planning, improvements in planning are still needed to ensure successful appeals reform. We recommended VA's plan (1) address all legally required elements in the Act; (2) articulate how it will monitor and assess the performance of appeals processes; (3) augment its project plan for implementation; and (4) address risk more fully.[5] VA agreed with our recommendations. Subsequently, in April 2018 we designated two of our four recommendations—monitoring and assessing performance as well as addressing risks—as "priority recommendations" for VA to implement.[6]

My statement today addresses VA's progress in implementing the four recommendations. Specifically, it summarizes steps VA has taken to address GAO's recommendations identified in our March 2018 report, and what aspects of our recommendations that VA has yet to address.[7]

For this statement, we reviewed VA's May 2018 updated appeals reform plan and information we received from VA officials about any significant steps taken to implement our March 2018 recommendations. We also interviewed relevant VA officials and reviewed information related to VA's progress in addressing four related recommendations from work that we

[4]Pub. L. No. 115-55, § 3(c), 131 Stat. 1105, 1118.

[5]GAO, *VA Disability Benefits: Improved Planning Practices Would Better Ensure Successful Appeals Reform*, GAO-18-352 (Washington, D.C.: March 22, 2018). We also discussed our work and proposed recommendations in a January 2018 testimony. See GAO, *VA Disability Benefits: Opportunities Exist to Better Ensure Successful Appeals Reform*, GAO-18-349T (Washington, D.C.: Jan. 30, 2018).

[6]Priority recommendations are open recommendations GAO believes warrant priority attention from heads of key departments and agencies.

[7]GAO-18-352.

conducted prior to enactment of the Act.[8] The work upon which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA's Current Disability Compensation Appeals Process

VA's process for deciding veterans' eligibility for disability compensation begins when a veteran submits a claim to VA.[9] Staff in one of VBA's 56 regional offices assist the veteran by gathering additional evidence, such as military and medical records, that is needed to evaluate the claim. Based on this evidence, VBA decides whether the veteran is entitled to compensation and, if so, how much. A veteran dissatisfied with the initial claim decision can generally appeal within 1 year from the date of the notification letter sent by VBA.

Under the current appeals process (now referred to by VA as the legacy process), an appeal begins with the veteran filing a Notice of Disagreement. VBA then re-examines the case and generally issues a Statement of the Case that represents its decision. A veteran dissatisfied with VBA's decision can file an appeal with the Board. In filing that appeal, the veteran can indicate whether a Board hearing is desired.

[8]We have been monitoring VA's progress in addressing a related set of five recommendations in our 2017 report on VA's appeals planning. See GAO, *VA Disability Benefits: Additional Planning Would Enhance Efforts to Improve the Timeliness of Appeals Decisions*, GAO-17-234 (Washington, D.C.: March 23, 2017). Specifically, we made five recommendations to improve VA's ability to implement its proposed reform to the appeals process while addressing a growing appeals workload, with which VA agreed in principle. In summary, we recommended that VA develop: (1) a detailed workforce plan, (2) a complete schedule of information technology (IT) updates, (3) better estimates of future workloads and timeliness, (4) a robust plan for monitoring appeals reform, and (5) a strategy for assessing whether the new process improves veterans' experiences over the current process. We also suggested that Congress require VA to pilot test appeals reform changes. As of July 2018, these five recommendations remained open. However, we plan to close the recommendation related to VA developing better estimates of future workloads and timeliness.

[9]For additional details about VA's current and new appeals processes and the Act, see GAO-18-352.

Before the Board reviews the appeal, VBA prepares the file and certifies it as ready for Board review. If the veteran requests a hearing to present new evidence or arguments, the Board will hold a hearing by videoconference or at a local VBA regional office. The Board reviews the evidence and either issues a decision to grant or deny the veteran's appeal or refers (or remands) the appeal back to VBA for further work.

VA's New Appeals Process

The Act made changes to VA's appeals process that will generally take effect no earlier than February 2019, which is approximately 18 months after enactment.[10] According to its appeals plan, VA intends to implement the Act by February 2019, by replacing the current appeals process with a process offering veterans who are dissatisfied with VBA's decision on their claim five options: two of those options afford the veteran an opportunity for an additional review of VBA's decision within VBA, and the other three options afford them the opportunity to bypass additional VBA review and appeal directly to the Board.

Under the new appeals process, the two VBA options will be:

1. *Request higher-level review:* The veteran asks VBA to review its initial decision based on the same evidence but with a higher-level official reviewing and issuing a new decision.
2. *File supplemental claim:* The veteran provides additional evidence and files a supplemental claim with VBA for a new decision on the claim. The veteran could also request a VBA hearing.

The three Board options will be:

3. *Request Board review of existing record:* The veteran appeals to the Board and asks it to review only the existing record without a hearing.
4. *Request Board review of additional evidence, without a hearing.*
5. *Request Board review of additional evidence, with a hearing.*

In November 2017, VA initiated a pilot test of the new VBA higher-level review and supplemental claim options. According to VA's appeals plan, a purpose of this pilot—the Rapid Appeals Modernization Program (RAMP)—is to reduce legacy appeals by providing veterans with a chance for early resolution of their claims within VBA's new process.

[10]Pub. L. No. 115-55, § 2, 131 Stat. 1105, 1105.

Participation in RAMP is voluntary, but veterans must withdraw their pending legacy appeal to participate, according to VA's appeals plan.

VA Has Addressed Some Aspects of GAO's Recommendations on Appeals Reform Planning

In our March 2018 report, we found that VA could help ensure successful implementation of appeals reform by addressing gaps in its planning. We recommended four actions that VA should take: (1) address all legally required elements required by the Act; (2) articulate how it will monitor and assess the performance of the new appeals process compared to the legacy process, (3) augment its master schedule to manage the project, and (4) address risk more fully. VA has taken steps in response to all four, but has not fully addressed our recommendations.

VA Has Yet to Provide Complete Information on GAO's Recommendation to Address the Act's Required Elements

In our March 2018 report, we found that VA's November 2017 plan for implementing a new disability appeals process while attending to appeals under way in the current (legacy) process, addressed most, but not all, elements required by the Veterans Appeals Improvement and Modernization Act of 2017.[11] Specifically, we found that VA's appeals plan addressed 17 of 22 elements required by the Act. For the five remaining elements, it partially addressed 4 elements related to monitoring implementation, projecting productivity, and workforce planning, and did not address 1 element related to identifying total resources.[12] This element called for delineating the resources needed by VBA and the Board to implement the new appeals process and address legacy appeals.

We recommended in March 2018 that the Secretary of Veterans Affairs address all 22 required elements in the Act in VA's appeals plan to Congress. This included delineating resources required for all VBA and

[11]We identified 22 required elements for VA's comprehensive plan under section 3(a) and (b) of the Act. Specifically, subsection (a) contains 4 elements, and subsection (b) requires the appeals plan to address 18 elements.

[12]See GAO-18-352.

Board appeals options using sensitivity analyses and results from the RAMP test where appropriate and needed.[13]

Since our 2018 report, VA has taken some action on the five elements that were not fully addressed. For example, VA's updated plan added details related to projecting staff productivity, identifying total resources, as well as about personnel requirements and projections for processing legacy appeals. For identifying total resources, VA added FTE information for other offices that help implement the appeals process and prepared a model to project resource needs.

VA's updated plan, however, continues to only partially address 3 elements related to monitoring implementation and workforce planning, and now addresses the 1 element related to projecting productivity and partially addresses the 1 element related to delineating the total resources. For total resources, VA's updated plan does not delineate the total resources required by VBA and the Board. Until VA's appeals plan provides complete information on all required elements, Congress may not have the information needed to conduct oversight of the agency's efforts to implement and administer the new process while addressing legacy appeals.

VA Has Partially Addressed GAO's Recommendation to Measure, Monitor, and Assess Performance

In our 2018 report, we found that VA could improve its planning practices related to monitoring and assessing performance on a range of key dimensions of success. Specifically, the plan had not (1) established timeliness goals for two of the three Board options (i.e., Board review of additional evidence without a hearing and Board review of additional evidence with a hearing); (2) articulated additional aspects of performance important for managing appeals, such as accuracy of decisions, veteran satisfaction with the process, or cost; (3) provided important details about what aspects of the new appeals' performance would be compared to what aspects of the legacy process' performance; or (4) explained how the agency would monitor whether resources are

[13]Sensitivity analysis—used in scenario planning to, for example, determine the resources needed for implementing a new process—is an analysis to determine how sensitive outcomes are to changes in assumptions, such as those used to determine resource needs. The assumptions that deserve the most attention should depend on the dominant benefit and cost elements and the areas of greatest uncertainty of the program or process being analyzed. See GAO-09-3SP.

being appropriately devoted to both the new and legacy appeals processes and how it will track both sets of workloads.

To address these gaps, we recommended that the Secretary of Veterans Affairs clearly articulate in VA's appeals plan how VA will monitor and assess the new appeals process compared to the legacy process. These include specifying a balanced set of goals and measures with related baseline data, such as timeliness goals for all VBA appeals options and Board dockets, and measures of accuracy, veteran satisfaction, and cost.

In its May 2018 updated plan, VA addressed some but not all aspects of this recommendation. Specifically:

Timeliness goals and balanced measures. VA's updated plan states that the agency is collecting data to inform its development of a complete and balanced set of measures for all new appeals options (e.g., timely and accurate processing of appeals while ensuring veteran satisfaction). VA's original plan had outlined timeliness goals for the two VBA options and for the Board option that does not include new evidence or a hearing. However, VA does not intend to establish timeliness goals or balanced measures for all options until after fully implementing the new appeals process. Further, VA officials told us they are working to produce metrics required under the Act, but have yet to fully articulate a plan for monitoring. For example, there is not a specific plan to monitor the accuracy of decisions under or veteran satisfaction with the new process.[14] Until VA identifies a complete set of timeliness goals and balanced measures, the agency will not have a way to determine how well the new process is performing.[15]

Comparison of new and legacy processes. VA's updated plan states that VA is working toward capturing the metrics listed in section 5 of the Act, which could help VA measure relative performance of the new and

[14]Section 5 of the Act requires VA to periodically publish on its website various metrics on the new and legacy processes, which could help VA measure performance. Pub. L. No. 115-55, § 5, 131 Stat. 1105, 1123.

[15]The absence of goals and measures falls short sound planning practices that call for articulating an "end state" or vision for what successful implementation process change would look like. See GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations,* GAO-03-669 (Washington, D.C.: July 2, 2003).

legacy processes.[16] However, VA's updated plan does not state how VA will assess whether the new process addresses problems in the legacy process.[17] For example, according to VA's updated plan and agency officials we interviewed, VA believes it cannot measure the timeliness of legacy appeals processing from when an appeal is filed to its resolution. According to VA, developing this measure is not feasible because the legacy process has no defined endpoint. Submission of additional evidence by veterans can, at any point, cause additional cycles of re-adjudication. However, VA has not articulated other options for comparing the timeliness of the new and legacy processes in its May 2018 update to its plan. Without this assessment, VA cannot determine the extent to which the new process, which also allows for multiple appeal opportunities, will achieve final resolution of veterans' appeals sooner, on average, than the legacy process. Moreover, VA's updated plan does not fully explain how the agency will use the Act's metrics to assess relative performance of the new and legacy appeals processes on issues like accuracy, veteran satisfaction, or cost.

Monitoring processing of legacy versus new appeals. VA's updated plan articulates VA's intention to use sensitivity and other analyses to monitor and address workload changes in its legacy and new appeals processes.[18] These analyses could better position VA to manage the two parallel processes.

Nevertheless, VA has not established complete and balanced goals and measures or developed a plan for comparing the new and legacy processes. In recent communications on the status of implementing our recommendations, VA officials indicated they plan to address some of these monitoring and performance issues in the next update. Until VA

[16] For example, VA is required to report average duration of each segment of the legacy appeals process as well as for appeals under the new process, such as the average duration for processing claims and supplemental claims for the new VBA options.

[17]As we previously reported, VA's business case for reform in some instances relied on unproven assumptions and limited analyses of its legacy process to identify root causes of performance problems. See GAO-17-234 and GAO-18-352. In addition, in March 2017 we recommended that VA develop a strategy for assessing process reform—relative to the legacy process—that ensures transparency on the extent to which VA is improving veterans' experiences with its disability appeals process. GAO-17-234.

[18]We had previously recommended VA conduct additional sensitivity analyses to inform projections of future appeals inventories. See GAO-17-234. In its plan, VA refers to this as its forecast model.

does so, the agency risks not fully understanding whether the new process is an improvement, or whether veterans with appeals in the legacy process are experiencing poor results.[19]

VA Has Made Little Progress in Addressing GAO's Recommendation to Augment Its Master Schedule for Implementation

Our March 2018 report also identified elements of a high-quality and reliable implementation schedule that were missing from VA's master schedule for appeals reform. Specifically, we reported that VA's master schedule—which the agency included with its November 2017 plan—did not (1) include all key activities; (2) show which activities must finish prior to the start of other activities, or the amount of time an activity could be delayed before the delay affects VA's estimated implementation date; (3) reflect interim goals and milestones for monitoring implementation; or (4) assign resources for activities.

We recommended that the Secretary of Veterans Affairs augment the master schedule for VA's appeals plan to reflect all activities—such as modifications to IT systems—as well as assigned responsibilities, interdependencies, start and end dates for key activities for each workgroup, and resources. These steps establish accountability and reduce overall risk of implementation failures.

In its updated plans, VA took steps to develop interim goals and milestones for monitoring implementation, among other positive actions, but the master schedule still included gaps in sound practices for project management. Specifically:

Key activities and their duration. The updated master schedule VA provided in its May 2018 plan added activities, but VA continues to exclude some major activities—including those beyond the planned February 2019 implementation date—and their duration. For example:

- The updated master schedule does not include a small-scale pilot of the new Board options, even though this pilot is occurring at the same time VA is preparing for full implementation. In response to our questions about this issue, as of July 2018, VA officials said they are adding related pilot test activities to the master schedule.

[19]In our March 2017 report, we had recommended VA develop a robust plan for closely monitoring implementation of process reform that includes metrics and interim goals to help track progress, evaluate efficiency and effectiveness, and identify trouble spots. GAO-17-234.

- Many activities in the master schedule have the same label or description, such as “communications,” “change management,” “implementation,” “training,” and “hosting,” that do not clearly identify their associated end product without the need to review high-level summary or predecessor activity names.
- The updated master schedule lacks details and transparency regarding Caseflow, the new information technology system for VA’s appeals process.[20] While VA identified the overall functionality and general timing needed for Caseflow, the steps to accomplish them lack specificity. Further, VA’s updated plan indicates Caseflow will be “minimally ready” by the end of calendar year 2018. At a June 2018 meeting with VA, we asked officials to define the term “minimally ready” and what additional activities or functionality, if any, they planned after reaching this milestone. In response, VA officials pointed us to another source that they said outlined the remaining functionality to complete Caseflow. However, when we consulted this source, we could not determine what functionality listed was to be implemented before or after October 2018.
- The updated master schedule also lacks start and finish dates as well as status information (e.g., not started, in planning, in progress, complete, etc.) for many of the activities.

Sequencing and linkages among activities. VA’s updated plan provided new details about some sub-activities related to processing legacy appeals, monitoring implementation, drafting Board policies, and training. Moreover, the May 2018 updated master schedule was reorganized to improve its flow and alignment, according to VA officials. However, the overall updated master schedule generally does not indicate logical relationships regarding the sequence in which activities should occur, and whether any delays in one activity will dynamically affect other activities linked to it.[21] This type of logic is necessary to define both when an activity may start and finish and when an activity *must* start and finish for meeting a specified program completion date. These are known as early and late dates, respectively. For example, the plan does not indicate the latest date regulations can fall behind schedule before the

[20]In March 2017, we recommended that VA develop a schedule for information technology updates that explicitly addresses when and how any process reform will be integrated into new systems and when Caseflow will be ready to support a potential streamlined appeals process at its onset. See GAO-17-234.

[21]See GAO, *GAO Schedule Assessment Guide: Best Practices for Project Schedules*, GAO-16-89G (Washington, D.C.: December 2015).

planned February 2019 implementation date is impacted, or related activities such as training. This sound planning practice is especially important because VA officials said the agency is concurrently executing many of the activities. Without logical relationships, the master schedule is less effective for modeling the impact of delayed or accelerated activities on related activities, and ultimately for estimating the final implementation date.

Interim goals and milestones for monitoring implementation. VA has taken steps to address this aspect of the recommendation. In addition to reiterating the use of an agency-wide governance structure to coordinate implementation of its new appeals process, VA in its updated May 2018 plan added indicators to monitor and assess its readiness for full implementation. Indicators include monitoring the status of implementing regulations and information technology as well as considering any lessons learned through its piloting of the new process. These "readiness indicators" could help VA better identify potential issues related to implementation of the new appeals process. However, the master schedule does not show sequencing and linkages for these indicators.

Establishing resources. VA's updated plan states the agency will use existing resources to implement the new appeals process. Moreover, the master schedule identifies the "owners" or parts of the organization that are playing a role in appeals reform, such as the Veterans Health Administration (VHA). However, other than identifying the "owners" for the activities, resources needed are not identified for the groups of related activities identified in the master schedule or for processing legacy and new appeals processes once implemented in February 2019. By not estimating these resources, VA's plan does not illuminate resource constraints and indicate whether other parts of the organization or workgroups are dedicated full-time to the tasks or activities for which they are responsible, or whether other constraints exist on funding or time. In general, neither the plan nor the master schedule refers to underlying budget or cost documents or information.

In recent discussions on the status of implementing our recommendations, VA officials indicated they plan to address some of these issues in the August 2018 update. Until all necessary activities are accounted for, VA cannot be certain whether key activities are scheduled in the correct order, resources are properly allocated, and key risks have been identified, among other sound practices for guiding implementation and accountability. Furthermore, to the extent that the master schedule is

used for internal coordination, the absence of necessary elements could hinder coordination, increasing the likelihood of disruption or delay.

VA Has Addressed Many, but Not All Aspects of GAO's Recommendation to More Fully Assess Risk

In our 2018 report, we found that VA's November 2017 appeals plan could more fully assess key risks related to implementing the new appeals process. In particular, we found that VA's plan did not include testing of new Board options or clearly define how it would assess the RAMP pilot test of the VBA-only options before implementing the process more broadly.[22] Further, we reported that VA's plan had not comprehensively reflected key risks because the agency had not established a complete and balanced set of goals and measures, which are a necessary pre-condition to effectively assessing risk.[23]

We recommended the Secretary of Veterans Affairs ensure that the appeals plan more fully addresses risk associated with appeals reform by, for example, assessing risks against a balanced set of goals and measures, articulating an assessment plan for RAMP, and testing or conducting sensitivity analyses of all appeals options—prior to fully implementing the new appeals process.

In its updated May 2018 plan, VA took many steps to address our recommendation, although opportunities exist to better assess risks associated with implementing appeals reform and managing appeals workloads in the legacy process. Specifically:

Testing all aspects of the new appeals process. Since our March 2018 report, VA has taken steps to pilot test the three new Board appeals options. In its May 2018 updated plan, VA describes a small-scale test program—the Board's Early Applicability of Appeals Modernization (BEAAM)—to collect information about what options veterans choose and their experiences using the new appeals options. For BEAAM, the Board is partnering with veterans service organizations to identify 50 veterans

[22]We previously reported on the benefits of testing appeals reform and the risks of not doing so, and recommended that Congress require VA to develop options for testing appeal reform prior to implementation. See GAO-17-234. The Act authorizes VA to carry out programs to test any assumptions relied upon in developing its comprehensive plan and test the feasibility and advisability of any facet of the new appeals process.

[23]See GAO-18-352. A risk assessment is the identification and analysis of risks related to achieving the defined objectives. This assessment provides the basis for developing appropriate risk responses. See GAO-14-704G.

who are dissatisfied with a recent claim decision, and allowing these veterans to appeal directly to the Board. Participating veterans have begun opting in, and VA plans to collect information on adjudication of these appeals. In addition, for veterans dissatisfied with their RAMP decisions, as of October 2018 the Board will begin adjudicating their appeals to further test new Board processes and technology.

VA officials also reported progress with developing new sensitivity analyses that will allow the agency to change assumptions related to key variables—both individually and in conjunction with one another.[24] VA anticipates these analyses will allow the agency to project potential budget needs and staffing requirements and more accurately predict resolution of legacy appeals given certain assumptions. Further, VA anticipates using the analyses to determine distribution of resources, and quickly react to changes in its pending legacy and new appeals processes, and other trends. By taking these steps, VA may be better positioned to estimate future disability appeals inventories, timeliness, and resource needs as well as assess risks associated with implementing a new appeals process.

Defining success criteria and articulating how to assess RAMP and BEAAM. In its updated plan, VA broadly defines what it hopes to achieve with the RAMP and BEAAM pilots, such as providing information on veterans' choices in the new process, testing new technology and procedures, and estimating workloads. It also states that VA will use the results to inform the assumptions in its sensitivity analyses. In addition, the updated plan states that VBA is refining the methods to evaluate RAMP.

The applicability of BEAAM results to a fully implemented appeals process may be limited. For example, the BEAAM pilot and the Board's implementation of RAMP provide limited time in which to conduct and assess the results. Moreover, because VA's test is very small in scale (up to 50 veterans), it will be important for VA to consider, for example, whether these appeals reflect the complexity of cases and the range of circumstances expected in a fully implemented new appeals process. In a mid-May 2018 meeting with VA officials, we raised these and similar concerns. VA officials said they would consider these concerns.

[24]This step is also consistent with our 2017 recommendation that VA conducts additional sensitivity analyses to better project future workloads and hiring needs to help mitigate potential risks. See GAO-17-234.

Finally, although VA's updated plan includes a timeline for testing and assessing the new processes, VA's updated schedule indicates that VA is planning to assess RAMP results between February 15, 2019 and May 10, 2019. These dates occur after VA intends to fully implement its new process. Our recommendation specifies that testing and assessment of pilot results should occur prior to full implementation.

Comprehensively assess risks. Within VA's updated plan, VA has added to its "risk register," which describes risks associated with many elements of its plan and related mitigation strategies. However, VA's updated plan has not established a complete and balanced set of goals and measures as discussed above, which are a necessary pre-condition to effectively assessing risk. Having a complete set of goals and measures would allow VA to better identify and target risks associated with reaching these goals while concurrently managing two processes. Thus, VA may not have comprehensively reflected key risks in its updated plan.

In conclusion, although VA intends to fully implement the new disability appeals process in about 6 months (February 2019), VA still has an opportunity to create a stronger foundation of sound planning practices. To its credit, VA has taken a number of positive steps toward implementing our prior recommendations to improve its planning for disability appeals reform while it attends to legacy appeals. Efforts such as testing Board appeals options and resuming sensitivity analysis will provide useful information to guide VA through the uncertainty often associated with process change. However, VA needs to fully address our four recommendations to reasonably assure smooth implementation of appeals reform. As we noted in our prior work, VA is undertaking a complex endeavor that involves updating and creating new processes while on-boarding hundreds of new staff and implementing new technology—an endeavor that will affect the lives of hundreds of thousands of veterans with disabilities. Such an undertaking requires an appropriate level of planning to improve VA's chance of success. VA's continued efforts to address our recommendations will better position the agency in its implementation of new appeals processes.

Chairman Roe, Ranking Member Walz, and Members of the Committee, this concludes my prepared statement. I would be pleased to respond to any questions you may have at this time.

GAO Contact and Staff Acknowledgments

For further information about this testimony, please contact Elizabeth H. Curda at (202) 512-7215 or curdae@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. Other key contributors to this testimony include James Whitcomb (Assistant Director), Daniel Concepcion (Analyst in Charge), and Michele Grgich. In addition, key support was provided by Susan Aschoff, Mark Bird, Grace Cho, Alex Galuten, Joel Green, Sheila R. McCoy, Karen Richey, Almeta Spencer, and Walter Vance.

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