

Agency Has Taken Steps, but Challenges Remain with Managing and Modernizing Its Program

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Over the past 2 decades, the Department of Veterans Affairs (VA) has taken various steps to improve and address challenges related to its disability compensation program, such as reforming its appeals process. However, GAO's prior work has shown that VA's efforts to reform its disability compensation program have not consistently achieved the desired improvements. Underpinning many of the challenges are VA leaders and managers not fully using leading management practices. For example:

Reform initiatives. GAO's 2022 report found VA undertook 23 initiatives to reform the disability program from fiscal years 2017 through 2020. GAO's closer look at five of them found VA did not consistently follow leading practices for effective reforms, such as establishing goals and involving key stakeholders. To address these shortfalls, GAO made eight recommendations (VA agreed or agreed in principle).

As of October 2025, VA has addressed six recommendations and partially addressed the remaining two. One of these recommendations, which GAO deems a high priority for implementation, is for VA to develop and implement a policy describing the leading practices that VA officials should follow when undertaking initiatives to reform the program.

Disability exams and training. High-quality disability exams and claims processor training play key roles in accurately determining eligibility and preventing fraud, costly rework, and processing delays. However, GAO's prior work has identified challenges VA faces in these areas.

Specifically, GAO's 2024 and 2025 reports identified opportunities to strengthen VA's oversight of the quality of exams provided by contracted medical providers (called examiners). For example, GAO found incorrect financial incentive payments to contractors. To address this and other shortfalls, GAO made five recommendations. All five remain open as of October 2025. VA has partially addressed one and described plans to address the others.

GAO's 2021 report highlighted shortfalls in VA's management of training for claims processors, such as whether VA assessed training results. To address these shortfalls, GAO made 10 recommendations, with four remaining open as of October 2025.

Program modernization. GAO's prior work has identified various policy options proposed by others for modernizing VA's existing disability benefits structure to reflect changing views about disability. For example, in 2012 GAO examined the opportunities and challenges of several policy options, such as providing integrated vocational services with transitional cash assistance. VA's disability compensation program's parameters are set forth in federal law. This statutory framework restricts the extent to which VA can reform its disability program, as there are certain actions VA cannot take without Congress amending the relevant laws.

Addressing each of these longstanding challenges requires sustained leadership and would help ensure veterans receive accurate decisions and timely access to disability compensation.

Why GAO Did This Study

Veterans with injuries or illnesses incurred during their military service may receive monthly disability payments from VA. Veterans found eligible for disability compensation are entitled to cash benefits regardless of employment status or amount of income earned. In fiscal year 2024, VA provided over \$163 billion in compensation to over 6.5 million veterans and their families.

GAO's prior work has highlighted longstanding challenges VA has faced, ranging from grappling with large numbers of claims and appeals to reexamining the existing disability benefits structure.

These challenges can affect VA's current efforts to provide veterans with accurate decisions and timely access to disability compensation. They can also affect its capacity to modernize disability compensation to best meet the needs of veterans with disabilities in the 21st century. As a result of these and other challenges, VA's management of disability compensation claims has remained on GAO's High-Risk List since 2003.

This statement focuses on (1) VA's longstanding challenges with managing changes to the disability compensation program, (2) challenges to ensuring the quality of decisions in the existing disability compensation program, and (3) policy approaches that disability commissions and others have raised for modernizing VA's disability benefits structure.

It is based on findings from prior reports from 2012 to 2025.