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VA DISABILITY EXAMS

Actions Needed to Improve Program Management

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Chairman Tester, Ranking Member Moran, and Members of the Committee:

Thank you for the opportunity to discuss our recent review of the Department of Veterans Affairs' (VA) planning and oversight efforts regarding its disability medical exam workloads. In 2018, VA issued contracts worth up to \$6.8 billion over 10 years' duration to private disability medical exam providers, according to Veterans Benefits Administration (VBA) officials. These exams help VBA evaluate claims from veterans seeking disability benefits for service-connected and other disabilities.

In recent years, we have issued several reports on VBA's contract exam program as the program has expanded in size and scope. We reported in March 2021 that VA has increasingly relied on VBA contracted examiners to perform disability exams—instead of staff at Veterans Health Administration (VHA) medical centers—and that various restrictions have been eliminated regarding the types of exams that contractors may perform, according to VBA officials.¹ Accordingly, the number of exams performed by VBA contract examiners increased from roughly 180,000 in fiscal year 2012 to 1.1 million in fiscal year 2020. This total represented more than three-quarters of the 1.4 million exams performed in fiscal year 2020. GAO also reported in 2018 on issues with VBA's oversight of contract medical examiners, and VBA has not yet fully implemented the recommendations from our 2018 report.²

My statement today summarizes our findings related to (1) VBA's planning for allocating disability exam workloads among VBA contractors and VHA medical centers, and (2) how VBA assesses the quality of exam

¹For example, as discussed in more detail below, VBA now permits contractors to perform exams for complex claims such as those for Gulf War Illness. For our March 2021 report, see GAO, *VA Disability Exams: Better Planning Needed as Use of Contracted Examiners Continues to Grow*, [GAO-21-444T](#), (Washington, D.C.: March 23, 2021).

²For example, we reported that VBA did not have data to reliably verify whether contractors charged the correct amount for exams completed. See GAO, *VA Disability Exams: Improved Performance Analysis and Training Oversight Needed for Contracted Exams*, [GAO-19-13](#) (Washington, D.C.: Oct. 12, 2018).

reports for certain complex claims.³ My testimony is based primarily on our March 2021 report.

For our March 2021 report, we reviewed documents and guidance from VBA and VHA on their efforts to manage the disability exam workload after the contract exam program was expanded in fiscal year 2017. We also interviewed officials from VBA's Medical Disability Examination Office, VBA's three contract exam providers, VHA's Office of Disability and Medical Assessment, selected VHA medical centers, and associated Veterans Integrated Service Network oversight offices. We also assessed how VBA plans and coordinates with VHA and contractors regarding exam needs and capacity by comparing VBA's planning activities with GAO-identified sound planning practices. In particular, we focused on whether VBA had (1) identified goals and a strategy for achieving them, (2) developed activities and timelines, (3) coordinated and communicated with stakeholders, and (4) conducted a risk assessment.⁴ We also reviewed fiscal year 2019-2020 VBA data to compare the rates at which VBA claims processors returned exam reports for correction or clarification for different exam types, and we interviewed VHA medical examiners about challenges in performing exams for certain complex claims. More information on our scope and methodology is available in our March 2021 report. Our work was performed in accordance with generally accepted government auditing standards.

Background

VBA's Use of Contractors to Perform Disability Exams

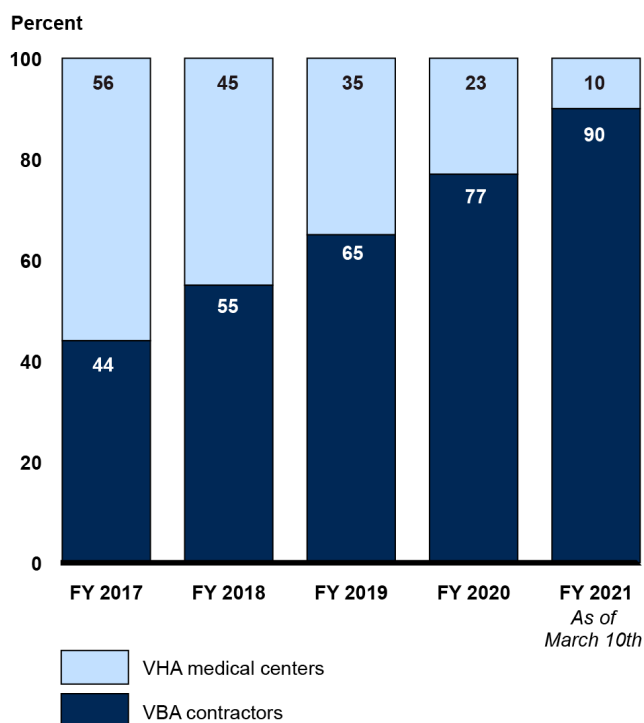
VBA has used contract medical examiners to perform disability exams in some capacity for more than 20 years. In 2014, federal law authorized VBA to expand its pilot program to use contractors for disability exams

³In this testimony, we use the term "exam reports" to refer to disability benefits questionnaires completed by medical examiners as part of their assessment of each medical condition claimed by the veteran.

⁴For information on these GAO-identified sound planning practices, see, for example, GAO, *VA Disability Compensation: Actions Needed to Address Hurdles Facing Program Modernization*, [GAO-12-846](#), (Washington, D.C.: Sept. 10, 2012) and GAO, *VA Disability Benefits: Improved Planning Practices Would Better Ensure Successful Appeals Reform*, [GAO-18-352](#) (Washington, D.C.: Mar. 22, 2018).

across all of its regional offices starting in fiscal year 2017.⁵ Since then, VBA contractors' share of the disability exam workload increased each year from about 44 percent in fiscal year 2017 to about 90 percent in fiscal year 2021 (see fig. 1).⁶

Figure 1: Shares of Disability Exam Workload Performed by VBA Contractors and VHA Medical Centers, Fiscal Years 2017-2021



Source: GAO analysis of Veterans Benefits Administration (VBA) and Veterans Health Administration (VHA) data. | GAO-21-543T

Note: Contractors performed a small number of VHA exams in fiscal year 2017 under VHA-managed contracts, according to VHA data.

VA also removed restrictions that previously excluded contract examiners from performing some types of disability exams, such as those related to claims for exposures to environmental hazards and some exams related

⁵Pub. L. No. 113-235, div. I, tit. II, § 241, 128 Stat. 2130, 2568. Prior to this authorization under federal law, VBA's contract exam pilot program allowed 10 VBA claims processing offices to order exams from contractors.

⁶Contractors performed a small number of VHA exams in fiscal year 2017 under VHA-managed contracts, according to VHA data.

to Gulf War Illness, according to VBA officials. In addition, 62 of VHA's 140 medical centers received provisional approval to transfer some of their disability exam workloads to VBA contractors between the start of fiscal year 2017 and March 2021, according to VHA.⁷

2018 GAO Report on VBA's Oversight of the Contract Exam Program

In 2018, we made four recommendations related to VBA's contract exam program, which VBA has not yet fully implemented as of May 2021.⁸

For example, we reported that VBA had limited information on whether contractors who perform disability exams were meeting the agency's quality and timeliness targets and recommended that VBA:

- Develop and implement a plan for using data from its new medical exam management system to (1) assess contractor timeliness, (2) monitor time spent correcting exams, and (3) verify proper exam invoicing.
- Regularly monitor and assess aggregate performance data and trends over time to identify higher-level trends and program-wide challenges.

We reported in 2019 that VBA had hired additional staff to get up-to-date on completing quality reviews that VBA uses to help assess whether contractors are meeting quality and timeliness targets.⁹ Further, in late April 2021, VBA stated that it had implemented its plans for using performance data by developing a team that monitors trends in contractor performance and produces daily snapshots of a variety of performance indicators. VBA also stated that it has implemented a financial audit process that allows it to validate monthly contractor invoices. We requested additional documentation from VBA on its newly established data monitoring efforts and financial audit process to assess whether its efforts to implement our recommendations are sufficient.

To improve its oversight of contractor training, we also recommended in 2018 that VBA:

⁷According to VHA officials, VHA requires medical centers to maintain at least some capacity to conduct disability exams, including for exams that are excluded from the contracts or that VHA is required to conduct.

⁸GAO-19-13.

⁹GAO, *VA Disability Exams: Opportunities Remain to Improve Oversight of Contracted Examiners*, GAO-19-715T, (Washington, D.C.: Sept. 19, 2019).

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- Document and implement a plan to verify that contract examiners have completed required training.
 - Collect information from contractors or examiners on training and use this information to assess training and make improvements as needed.

VBA has taken some steps to address issues GAO identified with VBA's oversight of contract examiner training requirements, but has not yet fully implemented our recommendations. VBA reported that it signed a contract in February 2021 with a public health organization to develop an online training system to enhance its verification of all examiner training, and will use the new system to obtain feedback and enhance training content. VBA officials said the agency expects to implement the training system this year. In the meantime, they said the agency will continue to periodically audit a sample of examiner training records.

VBA Has Not Applied Sound Planning Practices in Transferring VHA Exams to Contractors

To help ensure that VBA is effectively managing its significant shift from VHA examiners to VBA contractors and that the agency is well-positioned to respond to potential disruptions to exam capacity in the future, we made a recommendation in our March 2021 report that VBA use GAO-identified sound planning practices to develop and document plans for allocating disability exam workloads. Applying these practices could help resolve uncertainty about future disability exam workload allocations (discussed below) and help ensure that VBA is prepared to manage risks related to its increased reliance on contract examiners as well as potential future disruptions to disability exam operations.¹⁰

We reported on the following four planning areas that VBA could improve.

Goals and strategy. VBA officials said that the agency's intention, as of March 2021, was to continue using contractors to meet most of its disability exam needs, while also maintaining some level of exam capacity at VHA medical centers. However, VBA had not documented a strategy to achieve this balance. Additionally, VBA had not yet

¹⁰More broadly, we have also identified the need for VA to improve planning related to its disability claims and appeals processing, and VA has taken some steps to improve. For example, we reported in our 2021 High-Risk Report that VA had identified six root causes contributing to lengthy appeals processing time frames and had addressed one root cause by redesigning its appeals process. See GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: March 2, 2021).

determined the extent to which it will be able to rely on existing VBA contractors to meet future capacity needs.

Further, it is unclear the extent to which VBA's exam allocation decisions take into account VHA medical center capacity to perform exams. For example, VBA contract exam program officials and VBA contractor officials told us they allocate exam workloads based on individual medical center capacity indicated in the exam routing system. However, staff at two VHA medical centers told us that VBA had been sending them fewer exam requests than they had the capacity to handle. Having a clear, documented strategy could help address such uncertainty and ensure that entities across VA share a common goal.

Activities and timelines. In 2016, VBA and VHA developed a transition plan that outlined a month-to-month timeline and a target date of July 2017 for transferring VHA exam workloads to VBA contractors. Though this transition is still ongoing, officials said they were not aware of any reassessment of the plan to establish new planned activities and timelines, which could help inform agency and disability exam provider actions going forward. A VBA official said that developing a timeline during the pandemic is challenging, but that they could consider it following the pandemic. Without a timeline, it may be challenging for VBA to ensure that all disability exam providers are operating with the same expectations regarding the allocation of disability exam workloads.

Coordination and communication. VBA and VHA officials meet weekly to discuss disability exam workloads, according to officials. Although VBA and VHA officials indicated in January 2021 that they had been working together since 2016 to transfer the bulk of VHA exam workloads to contractors, most officials we interviewed from VHA medical centers and VBA regional claims processing offices stated that they were not aware of an official plan.

VBA officials also said they meet monthly with contractors to discuss ongoing operations and performance. Contractor officials acknowledged that these meetings are helpful, but also said that having longer-term projections from VBA regarding workload needs would be beneficial.

Though officials from all three VBA contractors said they could continue to expand their exam capacity, better coordination and communication—including providing contractors with more information about future workload expectations—could help ensure that contractors can meet VBA's needs and performance targets.

Risk assessment. VBA has not assessed the risk of its increased use of contract examiners. VBA officials said the agency has managed potential risks by pursuing a slow transition and that following the pandemic it will assess the risk of transferring more VHA workloads to contractors.

However, VBA's current lack of a risk assessment is concerning because we identified issues in 2018 with its contract exam program oversight, and because VBA previously identified contractor performance issues that resulted in the termination of two of its five contractors. Moreover, with nearly half of VHA medical centers shifting disability exam workloads to VBA contractors, it may be challenging for them to ramp back up in the future should the need arise. The pandemic has also placed unexpected demands on the capacity of current VBA contract and VHA disability examiners to perform exams, according to officials.¹¹ VBA has also faced a surge in workloads related to changes in eligibility for certain claims, such as Blue Water Navy claims from veterans who served in the offshore waters of the Republic of Vietnam for illnesses linked to Agent Orange exposure.¹² A risk assessment could help VBA identify and manage potential risks before they cause disruptions to disability exam operations.

Exams for Complex Claims Need Further Assessment

Historically, VBA has had challenges in processing certain complex claims due, in part, to problems with the disability exam reports for these claims. In particular, prior GAO and VA Office of Inspector General reports identified issues with VBA's handling of claims for traumatic brain

¹¹In our January 2021 report on the CARES Act, we reported on how the Coronavirus Disease 2019 affected VBA contract exam workloads. See GAO, *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, [GAO-21-265](#), (Washington, D.C.: Jan. 28, 2021).

¹²The Blue Water Navy Vietnam Veterans Act of 2019 extended the presumptions of herbicide exposure and service connection for certain veterans who served on vessels off the coast of Vietnam. Pub. L. No. 116-23, § 2(a), 133 Stat. 966, 966-967. The William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 added three conditions (bladder cancer, hypothyroidism, and Parkinsonism) to the list of those presumed to be service connected for certain veterans who served in Vietnam. Pub. L. No. 116-283, § 9109, 134 Stat. 3388, 4785 (2021).

injury, military sexual trauma,¹³ and Gulf War Illness.¹⁴ Mistakes with these claims—either by claims processors or due to inconsistency in exam reports—could have led to incorrect decisions on veterans’ claims. Over the years, both GAO and VA’s Office of Inspector General have recommended that VBA improve its training or guidance to ensure that these claims are processed properly. VBA has implemented many of these recommendations and currently requires specialized training for claims processors and medical examiners.¹⁵

Nevertheless, in March 2021, we reported that VBA could do more. Specifically, we recommended that VBA develop a process to assess the quality of exam reports completed by contractors for complex claims. For example, VBA could periodically conduct special focus reviews of completed reports for claims that involve traumatic brain injury, military sexual trauma, and Gulf War Illness.

Based on available VBA data on the frequency with which claims processors returned exam reports to examiners for correction or clarification, we found that exam reports for traumatic brain injury, military sexual trauma, and Gulf War Illness were returned at—or close to—twice

¹³We previously reported that while military sexual trauma is not itself a condition eligible for disability benefits, VA provides disability benefits for physical or mental health disabilities, such as post-traumatic stress disorder or depression, caused or aggravated by military sexual trauma. See GAO, *Military Sexual Trauma: Improvements Made, but VA Can Do More to Track and Improve the Consistency of Disability Claim Decisions*, [GAO-14-477](#), (Washington, D.C.: June 9, 2014). Though we did not focus, as part of our review, on claims for post-traumatic stress related to stressors besides military sexual trauma, VA’s Office of Inspector General examined VBA’s processing of post-traumatic stress disorder claims and estimated that claims processors did not follow VA regulations and procedures when processing 18,300 of 118,000 post-traumatic stress disorder claims (16 percent) in fiscal year 2019. See VA Office of Inspector General, *Posttraumatic Stress Disorder Claims Processing Training and Guidance Need Improvement*, Report No. 20-00608-29, (Washington, D.C.: December 9, 2020).

¹⁴For example, on Gulf War Illness claims, we reported in 2017 that medical examiners did not always complete medical exam reports properly and sometimes offered a medical opinion when one was not necessary, according to VBA claims processors. See GAO, *Gulf War Illness: Improvements Needed for VA to Better Understand, Process, and Communicate Decisions on Claims*, [GAO-17-511](#), (Washington, D.C.: June 29, 2017).

¹⁵However, VBA continues to work to fully implement our 2018 recommendation to document and implement a plan to verify that contract examiners have completed required training before they perform exams.

the rate as exam reports overall.¹⁶ More specifically, claims processors returned around 10 percent of exam reports for traumatic brain injury and military sexual trauma claims, compared to about 5 percent of all exam reports in fiscal year 2020. Similarly, claims processors returned about 9 percent of exam reports for Gulf War Illness claims.¹⁷

Some VHA medical examiners we interviewed described several challenges examiners can face in performing exams for traumatic brain injury, military sexual trauma, and Gulf War Illness, which may cause claims processors to return the reports or lead to inaccurate claims decisions. For example, identifying military sexual trauma can be challenging because examiners may have difficulty identifying supporting evidence in veterans' records. VHA examiners also said that having experience serving veterans is important, particularly when performing military sexual trauma exams because of their sensitive nature.¹⁸

By implementing the recommendations from our October 2018 and March 2021 reports, VBA can help ensure that contractor officials and agency officials are working toward a common goal, and can better position those performing exams to effectively plan for and manage their workloads. VA could also identify potential training needs to help contract examiners provide high quality exams that result in more timely and accurate decisions on veterans' claims for disability benefits. We will continue to monitor VBA's progress implementing our recommendations.

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

¹⁶VBA officials noted that exam reports may be sent back for clarification because claims processors find rating the claims challenging and not necessarily because the examiner did something wrong.

¹⁷We have also reported on challenges that claims processors and medical examiners face due to poor military records, including health and exposure records, which are critical to making claims' decisions. See [GAO-17-511](#).

¹⁸See our March 2021 report for more information on challenges VHA examiners said they may experience in performing exams for selected complex claims.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Elizabeth Curda, Director, Education, Workforce, and Income Security, 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 statement. GAO staff who made key contributions to this testimony are Nyree Ryder Tee (Assistant Director), Justin Gordinas (Analyst-in-Charge), and David Reed, as well as Justine Augeri, Holly Dye, Alex Galuten, Melissa Jaynes, Monica Savoy, Almeta Spencer, Curtia Taylor, and Kate van Gelder.

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