

Mr. Daniel Bertoni, Director of Education, Workforce, and Income Security Issues, Government Accountability Office

Testimony

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MILITARY AND VETERANS DISABILITY SYSTEM

Preliminary Observations on Evaluation and Planned Expansion of DOD/VA Pilot

Statement of Daniel Bertoni, Director

Education, Workforce, and Income Security Issues

United States Government Accountability Office

GAO

Mr. Chairman and Members of the Committee:

I am pleased to be here today to comment on the efforts by the Departments of Defense (DOD) and Veterans Affairs (VA) to integrate their disability evaluation systems. Over 40,000 servicemembers have been wounded in the wars in Iraq and Afghanistan, as of October 2010. Many of those who are unable to continue their military service must navigate complex disability evaluation systems in both DOD and VA, through which they are assessed for eligibility for disability compensation from the two agencies. GAO and others have found problems with these systems, including long delays, duplication in DOD and VA processes, confusion among servicemembers, and distrust of systems regarded as adversarial by servicemembers and veterans. To address these problems, DOD and VA have designed an integrated disability evaluation system (IDES), with the goal of expediting the delivery of VA benefits to servicemembers. DOD and VA have pilot tested the IDES at 27 military treatment facilities. They are now planning to expand the IDES worldwide, starting with 28 facilities by the end of 2010.

My testimony summarizes findings of a draft report that is currently with DOD and VA for their review and comment. It reflects work we performed under a mandate in the National Defense Authorization Act for Fiscal Year 2008, which required GAO to review DOD and VA's implementation of a comprehensive policy on improvements to the care, management, and transition of recovering servicemembers, including improvements to the agencies' disability evaluation systems. Consistent with this mandate, we examined: (1) the results of DOD and VA's evaluation of their pilot of the IDES, (2) challenges in implementing the piloted system to date, and (3) DOD and VA's plans to expand the piloted system and whether those plans adequately address potential challenges. With respect to the pilot evaluation, we reviewed evaluation reports and analysis plans and assessed the reliability of two types of data that DOD and VA used as the basis of their evaluation. To identify challenges in implementing the piloted system to date, we visited 10 of the 27 military treatment facilities participating in the pilot, selected to represent each military service branch, different geographical regions, and sites with

varying caseloads and organizational structures. For all of the research objectives, we conducted interviews with key officials involved in the pilot at DOD, VA, and each of the military services; analyzed case data; and reviewed pertinent reports, guidance, plans, other documents, and relevant federal laws and regulations. We are conducting this performance audit from November 2009 to December 2010, 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

Under the existing, or “legacy” system, the military’s disability evaluation process begins at a military treatment facility when a physician identifies a condition that may interfere with a servicemember’s ability to perform his or her duties. On the basis of medical examinations and the servicemember’s medical records, a medical evaluation board (MEB) identifies and documents any conditions that may limit a servicemember’s ability to serve in the military. The servicemember’s case is then evaluated by a physical evaluation board (PEB) to make a determination of fitness or unfitness for duty. If the servicemember is found to be unfit due to medical conditions incurred in the line of duty, the PEB assigns the servicemember a combined percentage rating for those unfit conditions, and the servicemember is discharged from duty. Depending on the overall disability rating and number of years of active duty or equivalent service, the servicemember found unfit with compensable conditions is entitled to either monthly disability retirement benefits or lump sum disability severance pay.

In addition to receiving disability benefits from DOD, veterans with service-connected disabilities may receive compensation from VA for lost earnings capacity. VA’s disability compensation claims process starts when a veteran submits a claim listing the medical conditions that he or she believes are service-connected. In contrast to DOD’s disability evaluation system, which evaluates only medical conditions affecting servicemembers’ fitness for duty, VA evaluates all medical conditions claimed by the veteran, whether or not they were previously evaluated in DOD’s disability evaluation process. For each claimed condition, VA must determine if there is credible evidence to support the veteran’s contention of a service connection. Such evidence may include the veteran’s military service records and treatment records from VA medical facilities and private medical service providers. Also, if necessary for reaching a decision on a claim, VA arranges for the veteran to receive a medical examination. Medical examiners are clinicians (including physicians, nurse practitioners, or physician assistants) certified to perform the exams under VA’s Compensation and Pension program. Once a claim has all of the necessary evidence, a VA rating specialist evaluates the claim and determines whether the claimant is eligible for benefits. If so, the rating specialist assigns a percentage rating. If VA finds that a veteran has one or more service-connected disabilities with a combined rating of at least 10 percent, the agency will pay monthly compensation.

In November 2007, DOD and VA began piloting the IDES, a joint disability evaluation system, to eliminate duplication in their separate systems and expedite receipt of VA benefits for wounded, ill, and injured servicemembers. The IDES merges DOD and VA processes, so that servicemembers begin their VA disability claim while they undergo their DOD disability

evaluation, rather than sequentially, making it possible for them to receive VA disability benefits shortly after leaving military service (see fig. 1). Specifically, the IDES

- merges DOD and VA's separate exam processes into a single exam process conducted to VA standards. This single exam (which may involve more than one medical examination, for example, by different specialists), in conjunction with the servicemembers' medical records, is used by military service PEBs to make a determination of servicemembers' fitness for continued military service, and by VA as evidence of service-connected disabilities. The exam may be performed by medical staff working for VA, DOD, or a private provider contracted with either agency.
- consolidates DOD and VA's separate rating phases into one VA rating phase. If the PEB has determined that a servicemember is unfit for duty, VA rating specialists prepare two ratings—one for the conditions that DOD determined made a servicemember unfit for duty, which DOD uses to provide military disability benefits, and the other for all service-connected disabilities, which VA uses to determine VA disability benefits.
- provides VA case managers to perform outreach and nonclinical case management and explain VA results and processes to servicemembers.

Figure 1: Overview of the Legacy and IDES Processes

Note: Under the legacy system, steps 1, 2, and 3 are not necessarily performed in this order. For example, a Navy official told us that under the legacy system, the servicemember is referred into the disability evaluation system when the MEB completes the documentation identifying the conditions that may make a member unfit for duty. With regard to step 7, servicemembers may file a claim with VA while still in the military, but they can only obtain disability compensation from VA as a veteran. With regard to step 8, the exams may be conducted by VA clinicians or by private-sector physicians contracted with VA.

aIn the IDES process, the medical exam performed to VA standards can be conducted by VA, DOD, or private-sector providers contracted with either agency.

Pilot Evaluation Results Are Promising, but the Degree of Improvement Achieved Is Unknown

In August 2010, DOD and VA officials issued an interim report to Congress summarizing the results of their evaluation of the IDES pilot as of early 2010. In that report, the agencies concluded that, as of February 2010, servicemembers who went through the IDES pilot were more satisfied than those who went through the legacy system, and that the IDES process met the agencies' goals of delivering VA benefits to active duty servicemembers within 295 days and to reserve component servicemembers within 305 days. Furthermore, they concluded that the IDES pilot has achieved a faster processing time than the legacy system, which they estimated to be 540 days.

While our review of DOD and VA's data and reports generally confirm DOD and VA's findings, as of early 2010, we also found that not all of the service branches were achieving the same results, case processing times have increased since February, and other agency goals have not been met.

- **Servicemember satisfaction:** Our reviews of the survey data indicate that, on average, servicemembers in the IDES pilot have had higher satisfaction levels than those who went

through the legacy process. However, Air Force members—who represented a small proportion (7 percent) of pilot cases—were less satisfied. We reviewed the agencies’ survey methodology and generally found their survey design and conclusions to be sound.

- Average case processing times: The agencies have been meeting their 295-day and 305-day timeliness goals for much of the past 2 years, but the average case processing time for active duty servicemembers has steadily increased from 274 days in February 2010 to 296 days, as of August 2010. While still an improvement over the 540-day estimate for the legacy system, the agencies missed their timeliness goal by 1 day. Among the military service branches, only the Army—which comprised about 60 percent of cases that had completed the pilot process—met the agencies’ timeliness goals in August, while average processing times for each of the other services exceeded 330 days. Across all military service branches, processing times for individual pilot sites have generally increased as their caseloads have increased. We reviewed the reliability of the case data upon which the agencies based their analyses and generally found these data to be sufficiently reliable for purposes of these analyses.

- Goals to process 80 percent of cases in targeted time frames: DOD and VA had indicated in their planning documents that they had goals to deliver VA benefits to 80 percent of servicemembers within the 295-day and 305-day targets. As of February 2010, these goals were not met. For both active duty and reserve cases, about 60 percent (rather than 80 percent) of cases were meeting the targeted time frames. By service branch, the Army had the highest rate of active duty cases (66 percent) meeting the goal, and the Air Force had the lowest (42 percent).

Although DOD and VA’s evaluation results indicate promise for the IDES, the extent to which the IDES is an improvement over the legacy system cannot be known because of limitations in the legacy data. DOD and VA’s estimate of 540 days for the legacy system was based on a small, nonrepresentative sample of cases. DOD officials told us that they planned to use a broader sample of legacy cases to compare against pilot cases with respect to processing times and appeal rates. However, significant gaps in the legacy case data precluded such comparisons. Specifically, DOD compiled the legacy case data from each of the military services and the VA, but the military services did not track the same information. In addition, VA was not able to provide data on the date VA benefits were delivered for legacy cases, which are needed to determine the full processing time from referral to final delivery of VA benefits.

Limited comparisons of pilot and legacy timeliness are possible with Army data, which appears to be reliable on some key processing dates. Our analysis of Army legacy data suggests that active duty cases took on average 369 days to complete the DOD legacy process and reach the VA rating phase—which does not include time to complete the VA rating and deliver the VA benefits to servicemembers. In comparison, it took on average 266 days to deliver VA benefits to soldiers in the pilot, according to the agencies’ August data. However, Army comparisons cannot be generalized to the other services.

Pilot Sites Experienced Several Challenges

As DOD and VA tested the IDES at different facilities and added cases to the pilot, they encountered several challenges that led to delays in certain phases of the process.

- **Staffing:** Most significantly, most of the 10 sites we visited reported experiencing staffing shortages and related delays to some extent, in part due to workloads exceeding the agencies' initial estimates. The IDES involves several different types of staff across several different DOD and VA offices, some of which have specific caseload ratios set by the agencies, and we learned about insufficient staff in many key positions. With regard to VA positions, officials cited shortages in examiners for the single exam, rating staff, and case managers. With regard to DOD positions, officials cited shortages of physicians who serve on the MEBs, PEB adjudicators, and DOD case managers. In addition to shortages cited at pilot sites, DOD data indicate that 19 of the 27 pilot sites did not meet DOD's caseload target of 30 cases per manager. Local DOD and VA officials attributed staffing shortages to higher than anticipated caseloads and difficulty finding qualified staff, particularly physicians, in rural areas. These staffing shortages contributed to delays in the IDES process.

Two of the sites we visited—Fort Carson and Fort Stewart—were particularly challenged to provide staff in response to surges in caseload, which occurred when Army units were preparing to deploy to combat zones. Through the Army's predeployment medical assessment process, large numbers of servicemembers were determined to be unable to deploy due to a medical condition and were referred to the IDES within a short period of time, overwhelming the staff. These two sites were unable to quickly increase staffing levels, particularly of examiners. As a result, at Fort Carson, it took 140 days on average to complete the single exam for active duty servicemembers, as of August 2010, far exceeding the agencies' goal to complete the exams in 45 days.

- **Exam summaries:** Issues related to the completeness and clarity of single exam summaries were an additional cause of delays in the VA rating phase of the IDES process. Officials from VA rating offices said that some exam summaries did not contain information necessary to determine a rating. As a result, VA rating office staff must ask the examiner to clarify these summaries and, in some cases, redo the exam. VA officials attributed the problems with exam summaries to several factors, including the complexity of IDES pilot cases, the volume of exams, and examiners not receiving records of servicemembers' medical history in time. The extent to which insufficient exam summaries caused delays in the IDES process is unknown because DOD and VA's case tracking system for the IDES does not track whether an exam summary has to be returned to the examiner or whether it has been resolved.

- **Medical diagnoses:** While the single exam in the IDES eliminates duplicative exams performed by DOD and VA in the legacy system, it raises the potential for there to be disagreements about diagnoses of servicemembers' conditions. For example, officials at Army pilot sites informed us about cases in which a DOD physician had treated members for mental disorders, such as major depression. However, when the members went to see the VA examiners for their single exam, the examiners diagnosed them with posttraumatic stress disorder (PTSD). Officials told us that attempting to resolve such differences added time to the process and sometimes led to disagreements between DOD's PEBs and VA's rating offices about what the rating should be for purposes of determining DOD disability benefits. Although the Army developed guidance to help resolve diagnostic differences, other services have not. Moreover, PEB officials we spoke with noted that there is no guidance on how disagreements about servicemembers' ratings between DOD and VA should be resolved beyond the PEBs informally requesting that the VA rating office

reconsider the case. While DOD and VA officials cited several potential causes for diagnostic disagreements, the number of cases with disagreements about diagnoses and the extent to which they have increased processing time are unknown because the agencies' case tracking system does not track when a case has had such disagreements.

- Logistical challenges integrating VA staff at military treatment facilities: DOD and VA officials at some pilot sites we visited said that they experienced logistical challenges integrating VA staff at the military facilities. At a few sites, it took time for VA staff to receive common access cards needed to access the military facilities and to use the facilities' computer systems, and for VA physicians to be credentialed. DOD and VA staff also noted several difficulties using the agencies' multiple information technology (IT) systems to process cases, including redundant data entry and a lack of integration between systems.

- Housing and other challenges posed by extended time in the military disability evaluation process: Although many DOD and VA officials we interviewed at central offices and pilot sites felt that the IDES process expedited the delivery of VA benefits to servicemembers, several also indicated that it may increase the amount of time servicemembers are in the military's disability evaluation process. Therefore, some DOD officials noted that servicemembers must be cared for, managed, and housed for a longer period. The military services may move some servicemembers to temporary medical units or to special medical units such as Warrior Transition Units in the Army or Wounded Warrior Regiments in the Marine Corps, but at a few pilot sites we visited, these units were either full or members in the IDES did not meet their admission criteria. Where servicemembers remain with their units while going through the IDES, the units cannot replace them with able-bodied members. In addition, officials at two sites said that members are not gainfully employed by their units and, left idle, are more likely to be discharged due to misconduct and forfeit their disability benefits. However, DOD officials also noted that servicemembers benefit from continuing to receive their salaries and benefits while their case undergoes scrutiny by two agencies, though some also acknowledged that these additional salaries and benefits create costs for DOD.

DOD and VA Expansion Plans Incorporate Many Lessons Learned but Do Not Address All Challenges

DOD and VA plan to expand the IDES to military facilities worldwide on an ambitious timetable—to 113 sites during fiscal year 2011, a pace of about 1 site every 3 days. Expansion is scheduled to occur in four stages, beginning with 28 sites in the southeastern and western United States by the end of December 2010.

In preparing for IDES expansion military-wide, DOD and VA have many efforts under way to address challenges experienced to date, though their efforts have yet to be implemented or tested. For example, the agencies have completed a significant revision of their site assessment matrix—a checklist used by local DOD and VA officials to ascertain their readiness to begin the pilot—to address areas where prior IDES sites had experienced challenges. In addition, local senior-level DOD and VA officials will be expected to sign the site assessment matrix to certify that a site is ready for IDES implementation. This differs from the pilot phase where, according to DOD and VA officials, some sites implemented the IDES without having been fully prepared. Through the new site assessment matrix and other initiatives, DOD and VA are addressing

several of the challenges identified in the pilot phase.

- Ensuring sufficient staff: With regard to VA staff, VA plans to increase the number of examiners by awarding a new contract through which sites can acquire additional examiners. To increase rating staff, VA has filled vacant rating specialist positions and anticipates hiring a small number of additional staff. With regard to DOD staff, Air Force and Navy officials told us they have added adjudicators for their PEBs or are planning to do so. Both DOD and VA indicated they plan to increase their numbers of case managers. Meanwhile, sites are being asked in the assessment matrix to provide longer and more detailed histories of their caseloads, as opposed to the 1-year history that DOD and VA had based their staffing decisions on during the pilot phase. The matrix also asks sites to anticipate any surges in caseloads and to provide a written contingency plan for dealing with them.

- Ensuring the sufficiency of single exams: VA has begun the process of revising its exam templates to better ensure that examiners include the information needed for a VA disability rating decision and to enable them to complete their exam reports in less time. VA is also examining whether it can add capabilities to the IDES case tracking system that would enable staff to identify where problems with exams have occurred and track the progress of their resolution.

- Ensuring adequate logistics at IDES sites: The site assessment matrix asks sites whether they have the logistical arrangements needed to implement the IDES. In terms of information technology, DOD and VA are developing a general memorandum of agreement intended to enable DOD and VA staff access to each other's IT systems. DOD officials also said that they are developing two new IT solutions—one currently being tested is intended to help military treatment facilities better manage their cases, while another still at a preliminary stage of development would reduce multiple data entry.

However, in some areas, DOD and VA's efforts to prepare for IDES expansion do not fully address some challenges or are not yet complete.

- Ensuring sufficient DOD MEB physician staffing: DOD does not yet have strategies or plans to address potential shortages of physicians to serve on MEBs. For example, the site assessment matrix does not include a question about the sufficiency of military providers to handle expected numbers of MEB cases at the site, or ask sites to identify strategies for ensuring sufficient MEB physicians if there is a caseload surge or staff turnover.

- Ensuring sufficient housing and organizational oversight for IDES participants: Although the site assessment matrix asks sites whether they will have sufficient temporary housing available for servicemembers going through the IDES, the matrix requires only a yes or no response and does not ensure that sites will have conducted a thorough review of their housing capacity. In addition, the site assessment matrix does not address plans for ensuring that IDES participants are gainfully employed or sufficiently supported by their organizational units.

- Addressing differences in diagnoses: According to agency officials, DOD is currently developing guidance on how staff should address differences in diagnoses. However, since the new guidance and procedures are still being developed, we cannot determine whether they will aid in resolving discrepancies or disagreements. Significantly, DOD and VA do not have a mechanism for tracking when and where disagreements about diagnoses and ratings occur and, consequently, may not be able to determine whether the guidance sufficiently addresses the discrepancies.

As DOD and VA move to implement the IDES worldwide, they have some mechanisms in place to monitor challenges that may arise in the IDES, such as regular reporting of data on caseloads, processing times, and servicemember satisfaction, and preparation of an annual report on challenges in the IDES. However, DOD and VA do not have a system-wide monitoring mechanism to help ensure that steps they took to address challenges are sufficient and to identify problems in a more timely basis. For example, they do not collect data centrally on staffing levels at each site relative to caseload. As a result, DOD and VA may be delayed in taking corrective action, since it takes time to assess what types of staff are needed at a site and to hire or reassign staff. DOD and VA also lack mechanisms or forums for systematically sharing information on challenges, as well as best practices between and among sites. For example, DOD and VA have not established a process for local sites to systematically report challenges to DOD and VA management and for lessons learned to be systematically shared system-wide. During the pilot phase, VA surveyed pilot sites on a monthly basis about challenges they faced in completing single exams. Such a practice has the potential to provide useful feedback if extended to other IDES challenges.

Concluding Observations

By merging two duplicative disability evaluation systems, the IDES shows promise for expediting the delivery of VA benefits to servicemembers leaving the military due to a disability. However, piloting of the system has revealed several significant challenges that require careful management attention and oversight. DOD and VA are currently taking steps to address many of these challenges. However, given the agencies' ambitious implementation schedule—more than 100 sites in a year—it is unclear whether these steps will be completed before DOD and VA deploy the IDES to additional military facilities. Ultimately, the success or failure of the IDES will depend on DOD and VA's ability to sufficiently staff the various offices involved in the IDES and to resolve challenges not only at the initiation of the transition to IDES, but also on an ongoing, long-term basis. Because they do not have a mechanism for routinely monitoring staffing and other risk factors, DOD and VA may not be able to know whether their efforts to address these factors are sufficient or to identify new problems as they emerge, so that they may take immediate steps to address them before they become major problems.

We have draft recommendations aimed at helping DOD and VA further address challenges surfaced during the pilot, which we plan to finalize in our forthcoming report after fully considering agency comments.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to any questions that you or other Members of the Committee may have at this time.