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PREPARED STATEMENT

OF

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ACTING UNDER SECRETARY OF DEFENSE

PERSONNEL & READINESS

BEFORE THE

SENATE COMMITTEE ON VETERANS AFFAIRS

HEARING ON

SEAMLESS TRANSITION: REVIEW OF THE INTEGRATED DISABILITY EVALUATION SYSTEM

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Chairman Murray, Ranking Member Burr, and members of the Committee, thank you for inviting me to testify before you on the current status of the Integrated Disability Evaluation System (IDES) and current efforts to improve it.

The 2007 revelations regarding suboptimum conditions for wounded warriors at Walter Reed Army Medical Center made for a stark wakeup call. In the nearly five years since, the Department of Defense (DoD) has worked in tandem with our Department of Veterans Affairs (VA) colleagues to improve policies, procedures, and conditions that impact care of our wounded warriors. Today, we meet at a time of historic cooperation between the Departments of Defense and Veterans Affairs. Thanks to President Obama's commitment to Veterans and delivering the care they have earned, we have established a program of support between our Departments that is more responsive and comprehensive in scope than ever before. More so than at any time in our nation's history, those who separate from military service are greeted by more comprehensive mental and physical care; by greater opportunity for education and jobs, and by a deeper societal commitment to ensuring their welfare. When you compare the experience of our troops today to the generation of heroes who returned from Vietnam, the progress made toward a single system of lifetime care is significant, yet we must continue to make improvements.

BACKGROUND

After the Career Compensation Act of 1949 created the basic structure of the Department's Disability Evaluation System (DES), it remained relatively unchanged until November 2007. In

response to public and Congressional concern after reports of inadequate conditions for wounded warriors at Walter Reed, the joint DoD and VA Senior Oversight Committee (SOC) chartered a pilot designed to create a more Service Member-centric, seamless, and transparent disability program. The DES Pilot implemented many of the changes recommended by groups like the Veterans' Disability Benefits Commission and the President's Commission on Care for America's Returning Wounded Warriors to the degree allowed within law.

The pilot was launched at three major military medical treatment facilities in the National Capital Region on November 21, 2007 - Walter Reed Army Medical Center, National Naval Medical Center, Bethesda, and Malcolm Grow Air Force Medical Center. It successfully created an integrated process that delivers Departments of Defense and Veterans Affairs benefits as soon as possible following release from active duty and significantly reduced the gap in benefits that existed in the previous system. DoD found the DES Pilot to be faster, more equitable, and more efficient than previous approaches. In a representative survey of over 1,000 Service members, those in the DES Pilot were more satisfied with their experience than those in the legacy process. As a result, in July 2010, the Deputy Secretaries of Defense and Veterans Affairs directed worldwide implementation to begin in October 2010, and to be completed by September 2011. On December 31, 2010, the DES Pilot officially ended and the first Integrated Disability Evaluation System (IDES) site became fully operational.

The IDES, similar to the DES Pilot, streamlines the disability process so Service Members receive a single set of physical disability examinations conducted according to VA examination protocols and disability ratings prepared by VA. The Departments of Defense and Veterans Affairs share the examination results and ratings to relieve Service Members of the burden of redundant examination requirements and divergent ratings for the same disability. Under Title 10 authority, the Department determines fitness for duty and compensates for unfitting conditions incurred in the line of duty, while under Title 38 authority VA compensates for all disabilities resulting from disease or injury incurred or aggravated in line of duty during active military, naval, or air service for which a disability rating of 10 percent or higher is awarded. It also determines eligibility for other VA benefits and services. The IDES permits both Departments to provide disability benefits at the earliest point allowed under their respective U.S.C. Titles. In March 2012, the post-separation wait for VA disability benefits was 79% shorter than in 2007 under the separate DoD-VA processes.

The National Defense Authorization Act (NDAA) for FY 2008, Public Law 110-181, required DoD to utilize the VA Schedule for Rating Disabilities (VASRD). The Departments of Defense and Veterans Affairs are currently developing a memorandum of understanding that will allow DoD to become a member of the working groups updating the VASRD and give DoD the opportunity to make recommendations prior to the publication of proposed changes in the Federal Register. The Department's ability to provide this input is critical given the direct connection between VASRD ratings and the decision to place Service Members on the medical retirement list with annuities, benefits, and healthcare. This issue is being evaluated by the Benefits Executive Council, which is a joint DoD-VA forum, and anticipates completion over the next several months.

In summary, IDES delivers a more Service Member-centric design, a simpler process, more consistent evaluations and compensation, easier transition to Veteran status, case management advocacy, and an established relationship between the Service Member and VA prior to separation. It also provides increased transparency through better information flow to Service Members and their families and a reduced gap between separation or retirement from service to receipt of VA benefits.

CASELOAD

The Department evaluated 18,393 Service Members for disability during 2011, 22% more than in 2001. More than 50% of the Service Members evaluated for disability in 2011 completed the legacy DES process. Today, fewer than 2,000 Service Members remain in that legacy process. The Department is rapidly completing the evaluation of these legacy cases and will be complete with a small number of exceptions by September 2012.

As the number of Service Members in the independent legacy process has declined, the number of Service Members in IDES has grown. Since November 2007, 49,478 Service Members have entered and 19,518 have completed the IDES, 2,589 members did not complete the IDES process due to a host of reasons including death, disenrollment, or return to active duty. As of early this month, 27,371 Service Members were in the IDES (67 percent Army, 12 percent Marines, 9 percent Navy, and 12 percent Air Force). Two decades of war has contributed to the Department's disability case load and many of these ill and injured suffer from complex conditions which take time to properly diagnose and evaluate. We anticipate the number of Service Members in the IDES will continue to grow as members return from Afghanistan and the Services reduce their end strength.

We are concerned about the IDES performance, both in terms of the quality of service provided and time it takes to complete the process, the Department is mindful that disability evaluation has a dual purpose. The first purpose is to ensure our nation maintains a fit fighting force. The second is to compensate disabled Service Members and recognize their honorable service. The Department also understands that before we evaluate a Service Member for possible separation from service, we must also ensure we provide them the best medical treatment and consider them for other duties that allow continued service to their country. Both of these factors affect the time required to complete the IDES process to ensure we provide due diligence and process to every Service Member. It is the Department's strong conviction that we must not simply expedite the process at the expense of eroding these basic tenets. However, we must ensure the process is as efficient as possible. The Department is committed to ensuring the disability evaluation and compensation of injured, ill, and wounded Service Members is thorough, fair, and accurate. We are continually reviewing the process and the requirements to adequately staff, and when necessary, surge the IDES so it remains responsive to the needs of recovering Service Members and the Services as they draw-down and reset their forces.

CURRENT PERFORMANCE

Prior to the IDES, the Departments of Defense and Veterans Affairs used separate disability evaluation processes which resulted in long wait times within each department. In addition, in 2007, the Departments of Defense and Veterans Affairs estimated disabled Veterans faced a 240-

day gap between exiting military service and receiving full VA benefits. By March 2012, the IDES enabled the Departments of Defense and Veterans Affairs reduce the post-separation benefits gap from an average of 240 days in 2007 to 50 days, which means disabled Veterans received their VA benefits 79% faster under the IDES than before.

Active component Service Members averaged 395 days in the IDES in March 2012. Approximately 80 days of this time consisted of Service Members in transition - clearing their installation and taking voluntary earned leave prior to separating from military service. Voluntary leave and clearing the barracks are distinct efforts from disability processing and vary significantly by individual. Therefore, the Department is evaluating whether this transition time should be excluded as part of the IDES time measurement metric. The Department is committed to constant evaluation of all our processes and will continue to seek long-term innovative solutions focused on improving the experience of our wounded warriors. Although the Department is not currently meeting the IDES processing time goal, we are focusing on the following action areas to close the 100-day gap.

Staffing. The Services are applying surge manpower where needed. The Army has hired 1,218 out of 1,400 additional civilians (87% complete) to staff the IDES in anticipation of current caseload and future spikes in the IDES utilization. The Department of the Navy added staff at Camp Lejeune and reduced cases experiencing time delays by 21% in one month. The Department of the Navy also increased its Informal Physical Evaluation Board (IPEB) staffing by 47%, which reduced IPEB processing time from 50 days in January to 11 days in March 2012, well within the goal of 15 days. The Department of the Air Force is currently reviewing staffing requirements for their physical evaluation board.

Leadership. The Services and VA leaders meet regularly (both inter-agency and intra-agency) to ensure they oversee and drive progress within their organizations. There are several examples of this coordination. The first is the bi-monthly Joint Executive Council (JEC) chaired by the Deputy Secretary of Veterans Affairs and Under Secretary of Defense for Personnel & Readiness. The second includes monthly reports of the IDES performance provided to the Secretaries of Defense and Veterans Affairs and reviewed at each JEC. The third is the ability of the Services to provide examinations of each installation including the performance of individual cohorts and identify under-performing situations. The fourth is the focus Deputy of Defense Management Action Group (DMAG) meeting, attended by senior military and civilian leaders from across DoD. The DMAG agenda for the summer of 2012 includes a detailed review of the IDES program. The Department is in the beginning stages of exploring strategic reforms to the process. The Department appreciates the Committee's support, and looks forward to working with the Congress as we continue to improve IDES.

A LOOK TOWARDS THE FUTURE

In past wars, particularly with a conscripted force, it was expected that seriously injured or ill Service Members would transition to veteran status and receive long-term care through VA. This concept was generally accepted by all stake holders including lawmakers, military leadership, Service Members, and society.

After two decades of war with an all-volunteer force that has seen marked improvements in survival of previously un-survivable combat injuries, the expectations of what happens after a Service Member becomes ill or injured are fundamentally different. The Department is now focused on taking advantage of all the advances in medical care, restorative therapies, and rehabilitation to allow a Service Member to achieve his or her greatest potential. This includes retention in military service when possible. This concept of being made "whole" reflects a commitment to the Service Member to restore the highest level of function possible - physically, mentally, spiritually, and financially – and providing all benefits that are justified. We now have many Service Members, some of whom are blind, have spinal cord injuries, or have lost limbs serving proudly on active duty.

This strong commitment to rehabilitation and continued productive service in the military by ill and injured Service Members, many with more complex visible and invisible wounds then previously seen, has lengthened treatment and rehabilitation strategies and the time retained on active duty while recovering. It has also created a new mind-set for the injured Service Member. Today there is a focus on attaining maximum functional ability before a decision is made to remain in or separate from active duty. Lawmakers and senior military leaders have endorsed this philosophy and Service Members embrace this change, driven by the desire to remain in active service because it is their chosen career.

The target of 295 days to complete the IDES process was originally identified to address the concerns and frustrations of Service Members who did not believe they were being cared for properly and felt they were languishing in an uncoordinated, insensitive system. Since these issues surfaced, many resources have been brought to bear to improve the coordination of care and the adjudication of benefits. Specifically, Wounded Warrior Regiments and Wounded Warrior Battalions have been established along with other efforts to group, coordinate and focus optimized care and recovery for the Service Members and provide for families. In addition, much attention and unprecedented resources have focused on addressing the invisible wounds of war - PTSD, TBI and Behavioral Health issues - largely ignored in previous conflicts; illnesses which often complicate recovery from other injuries. The complexity of injuries, sophisticated treatment strategies, coordination of care and change in the philosophical approach to the goals of patient centric vs. military department centric care has redefined the timelines for completion of the disability evaluation system. In fact, it has become more of a "system" centered on improving and defining "ability" rather than singularly focused on transition of the Service Member to veteran status and is often individualized in its application to achieve this goal. The current philosophical commitment to make the Service Member "whole" and give them opportunities to remain in service is now coming in conflict with rigid timelines and legacy policies and procedures. As we look to long-term strategic reform being satisfied that we have achieved maximum efficiencies in the current IDES, it may be appropriate to focus on developing metrics which consider the number of days along with desired outcomes that measure how the system serves the overall needs of wounded warriors and the contemporary military.

CONCLUSION

While the Department supports the level of effort and progress made, we fully acknowledge there is much more to do. The Department has positioned itself to implement improvements and

continue progress in providing support to our Service Members, veterans, and their families while supporting recovery, rehabilitation, and re-integration. Our dedicated Service Members, veterans, and their families deserve the very best. We pledge to give our best efforts to supporting their recovery, rehabilitation, and return to their communities.