

GAO

Report to the Committee on Veterans'
Affairs, House of Representatives

May 1990

VETERANS' BENEFITS

Improved Management Needed to Reduce Waiting Time for Appeal Decisions



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Human Resources Division

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The Honorable G.V. (Sonny) Montgomery
Chairman, Committee on Veterans' Affairs
House of Representatives

The Honorable Bob Stump
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

In response to your letter of April 5, 1989, and subsequent agreements with your offices, we reviewed the Department of Veterans Affairs (VA) procedures for processing veterans' appeals of denied benefits. This report cites improvements needed in VA's management of its appeals process and recommends actions to give better service to veterans and their survivors.

Unless you publicly release its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time we will send copies to appropriate congressional committees; the Secretary of Veterans Affairs; and the Director, Office of Management and Budget. We will make copies available to other interested parties on request.

This report was prepared under the direction of Franklin Frazier, Director, Income Security Issues (Disability and Welfare). He can be reached on (202) 275-1793 if you or your staffs have any questions about this report. Other major contributors are listed in appendix III.

A handwritten signature in cursive script that reads 'Lawrence H. Thompson'.

Lawrence H. Thompson
Assistant Comptroller General

Executive Summary

Purpose

During fiscal year 1989, the Department of Veterans Affairs (VA) paid about \$15 billion for disability benefits and processed about 700,000 initial or reopened claims for these benefits. About 60,000 veterans appealed the decisions on their claims. Within VA, the Board of Veterans Appeals is charged with ensuring that veterans who appeal are afforded due process of law and receive all the benefits to which they are entitled. In fiscal year 1989, veterans waited a reported 463 days on average for a Board decision—an increase of 44 days, or 11 percent, over 1988. Untimely appeals can delay financial, medical, and other benefits to which veterans are entitled.

In congressional hearings, veterans and their advocates alleged that the VA appeals process does not serve veterans well because it takes too long. Subsequently, the Chairman and Ranking Minority Member, House Committee on Veterans' Affairs, asked GAO to evaluate the appeals process, with emphasis on timeliness. GAO concentrated on appeals relating to disability claims because they represent about 82 percent of all veterans' appeals.

Background

A veteran can file a claim for benefits at any one of 58 VA regional offices. If not satisfied with a claim decision, the veteran submits a notice of disagreement with the regional office and begins the appeals process. Upon receipt of this notice, the regional office reviews the case to determine the validity of its original decision. The regional office either grants the benefits requested or upholds its original decision, in which case the veteran is allowed time to decide whether to pursue the appeal further. If the veteran decides to continue the appeal, the regional office must again review the case and, if it still believes its decision appropriate, send the case to the Board of Veterans Appeals for a decision. About 45 percent of the appeals are resolved at the regional office level either through granting the benefits or by the veteran withdrawing or abandoning the appeal. The remaining 55 percent are sent to the Board.

Until recently, Board decisions on veterans' appeals were final. Since September 1, 1989, however, veterans have been able to seek review of Board decisions through the new Court of Veterans Appeals.

Results in Brief

Improved management could reduce appeal processing time. In 1988, the average processing time for appeals decided by the Board was 419 days. Some of the processing time is out of VA's control, for example time

taken by veterans to respond to information requests. GAO, however, identified some avoidable delays. Further, significant variations in regional office processing times, combined with a variety of management weaknesses GAO found, indicate that VA could better manage the process and thus improve service to veterans.

VA has not identified the reasons for delays in the appeals process, nor the reasons for the wide variations in processing times among regional offices. It lacked data to identify systemic problems and to identify regional differences. Other management weaknesses that contribute to lengthy processing times included (1) a lack of time standards to measure performance, (2) ineffective guidance and oversight and, (3) a failure to correct known problems. Moreover, VA does not accurately report the time for the appeals process, resulting in a lack of accurate oversight data not only for VA but for the Congress as well. By improving management, VA can improve the time it takes to process appeals and the accuracy of reporting without adversely affecting the quality of decisions.

Principal Findings

Appeals Take Much Longer in Some Regional Offices Than Others

VA reports show that the average time spent by the regional offices and the Board of Veterans Appeals to process appeals decided by the Board was 419 days in fiscal year 1988. The regional offices spent an average of 283 of the 419 days. The average processing time ranged from 172 to 623 days among VA's 58 regional offices even though the process is the same for all offices. Thus, depending on where veterans file appeals, some wait much longer than others for decisions. VA has not determined the reasons for these wide variances. (See pp. 13 and 14.)

Delays Occur at Both the Regional and Board Levels

GAO reviewed appeals cases at six VA regional offices and identified delays that, regional officials agreed, were excessive and should have been avoided. Inadequate supervision and follow-up, and ineffective case review, they said, were probable reasons for the avoidable delays. The officials indicated that staffing reductions and turnover may also have had some effect. Some delays, such as veterans not showing up for hearings, were beyond VA's control.

Board of Veterans Appeals productivity declined and its processing time increased in fiscal year 1989 compared to 1988. The Board made 5 fewer

decisions per employee and took, on average, 31 days longer per decision. As a result, its appeal backlog increased by about 5,500 cases. The Board anticipates that the processing time increase will continue in 1990. The Board's inability to reduce its backlog and process cases as they are received from the regional offices could nullify any actions taken to speed up the regional offices' processing of appeals. (See pp. 15-19.)

VA Does Not Effectively Manage Appeals

VA needs to better manage the appeals process. Currently VA lacks (1) the necessary data on the regional offices' appeals processing to identify innovative practices or systemic problems to develop corrective action, (2) adequate time standards to provide incentives for regional offices to identify and avoid delays and to promote more uniformity in processing times, (3) effective guidance and oversight of the regional offices, thus some offices established procedures that lengthened the process and some circumvented VA requirements to reduce their reported processing times, and (4) a focal point to ensure that the units involved cooperate to effectively process appeals, so that processing and reporting problems can be resolved promptly. (See pp. 19-22.)

VA Does Not Accurately Report Appeals Processing Time

The time VA reported to process cases decided by the Board of Veterans Appeals was understated. VA did not include time spent by the regional offices on appeals the Board returned to them for additional development. The regional offices spent an average of 282 additional days on about 5,500 cases that they returned to the Board for a final decision in fiscal year 1988. If included, this time would have increased the fiscal year 1988 average processing time from 419 to 457 days. Thus, VA management, the Congress, and others who use the data have an inaccurate perception of how long veterans actually wait for decisions.

VA does not gather data nor report the time spent on appeals resolved in the regional offices—about 45 percent of all appeals. Thus, VA management has no basis for accurately determining how promptly such appeals are resolved. (See pp. 22-23.)

Recommendations

GAO recommends that the Secretary of VA:

- as part of ongoing evaluations of VA operations, analyze the entire appeals process to (1) identify when and where delays occur and (2) take steps to reduce the waiting time for decisions;

-
- develop time standards and provide more effective guidance and oversight to help reduce processing time variations among regional offices, and to ensure they comply with required procedures;
 - designate a focal point to lead efforts to resolve problems and to obtain cooperation among the VA units involved in the appeals process so that needed changes can be made in a timely manner; and
 - account for all time spent on appeals. (See pp. 24-25.)

Agency Comments

VA agreed that improved overall management would enhance the timeliness of the Department's benefits appeals process without adversely affecting the quality of decisions. The Department concurred with all of GAO's recommendations and said it has initiated actions to implement them. (See pp. 25-26.)

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Abbreviations

BVA	Board of Veterans Appeals
GAO	General Accounting Office
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration

Introduction

The Department of Veterans Affairs (VA) provides benefits to disabled veterans through its compensation and pension programs. In fiscal year 1989, VA paid about \$15 billion in compensation and pension benefits to disabled veterans and survivors and processed about 700,000 initial and reopened applications for these benefits.¹ For each of these programs, administered by the VA Veterans Benefits Administration (VBA), a claim adjudication process is used to determine veterans' eligibility and benefit amounts.¹

To address veterans' disagreement with adjudication decisions made by the regional offices, VA has an appeals process that allows the VA Board of Veterans Appeals (BVA) to independently review the decisions. In fiscal year 1989, about 60,000 veterans appealed decisions on compensation and pension claims. In recent years, the regional offices resolved about 45 percent of the appeals and sent the remaining 55 percent to BVA. Of all the appeals, about 22 percent were decided in favor of the veterans. The remaining 78 percent of appeals were denied, withdrawn by the veterans, or closed because the veterans failed to respond to VA's requests for information.

In addition to VBA, the regional offices it oversees, and BVA, the appeals process involves the Veterans Health Services and Research Administration and regional medical facilities that provide medical examinations and reports.

VA Disability Compensation and Pension Programs

VA provides monthly cash benefits to disabled veterans under its compensation and pension programs. Veterans are eligible for disability compensation benefits if they are partially or totally disabled by injury or disease incurred or aggravated during military service; these benefits are paid irrespective of any income earned by the veterans. Effective December 1, 1989, monthly compensation benefits for veterans (without dependents) ranged from \$76 for a 10-percent disability to \$1,537 for a 100-percent disability. Also, needy veterans are eligible for disability pension benefits if they (1) are permanently and totally disabled by nonservice-connected impairments and (2) served during a wartime period. These veterans (without dependents) can receive monthly benefits of up to \$538. Veterans receiving either compensation or pension benefits may be eligible for medical, education, and vocational rehabilitation benefits. They may also receive additional benefits for dependents.

¹The term veteran is used in this report to include survivors.

How VA Processes Appeals

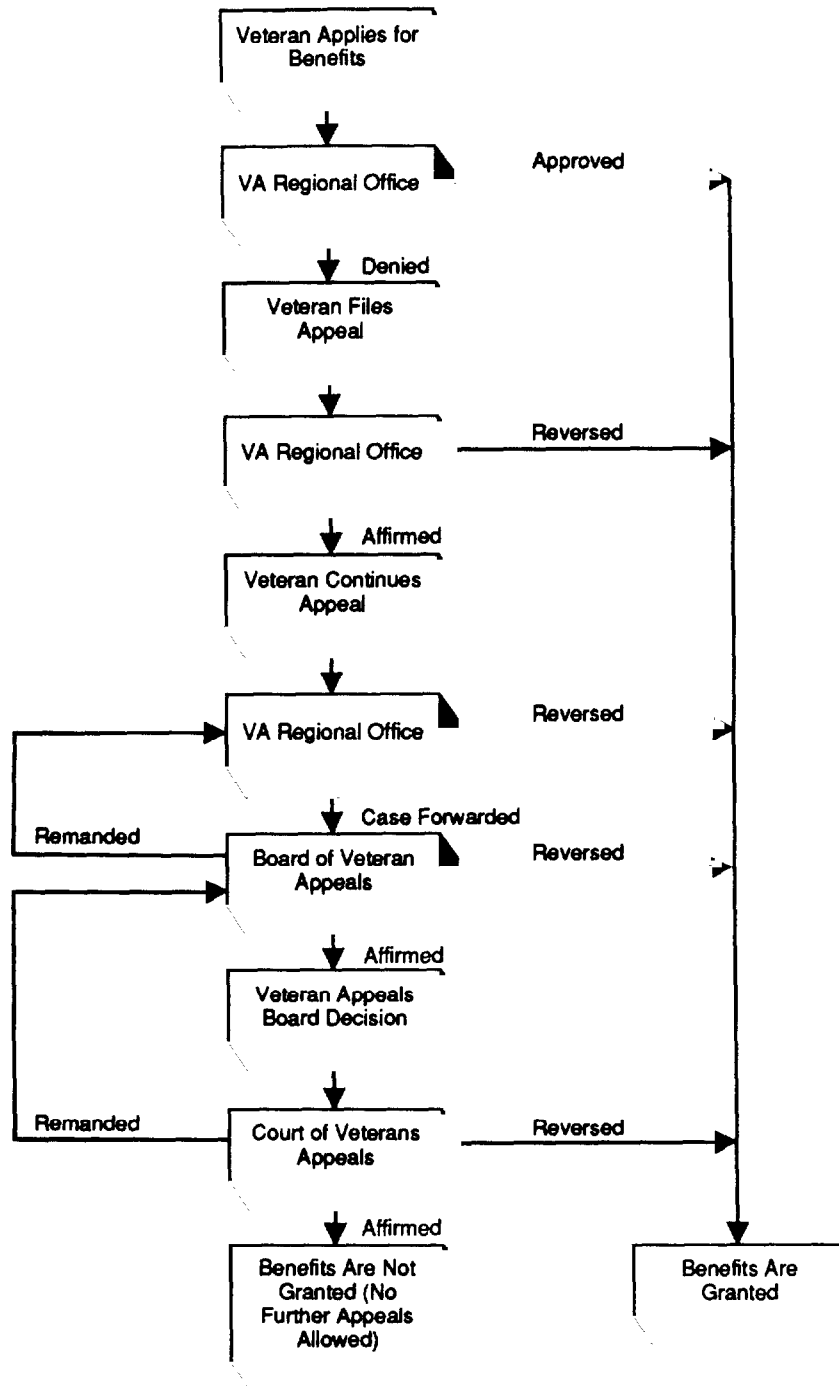
Veterans can apply for disability benefits at any of 58 VA regional offices. At each office, three-member rating boards, consisting of one physician and two nonmedical members, evaluate evidence relating to the claim and determine whether the veteran is eligible for the benefits requested. VA then sends the veteran a notice of the decision, which includes information on appeal rights. A veteran has the right to appeal a denial of requested benefits within 1 year of the date of the notice. (See fig. 1.1.)

The appeals process starts when the veteran sends the VA regional office a written notice of disagreement. The regional office then reviews the case in light of the veteran's disagreement. If the office believes its decision appropriate, it must send the veteran a statement of the case, summarizing the facts, citing the applicable laws and regulations, and stating the reason(s) for its decision. After receiving the statement, the veteran may submit a "substantive appeal"—a form showing continued disagreement with the decision and requesting that the regional office send the appeal to BVA. The veteran has 60 days after the statement of the case is mailed or 1 year from the date of the original decision notice, whichever is longer, to complete and file a substantive appeal. The regional office must again review the case and, if it still thinks its decision appropriate, send the case to BVA for a decision.

BVA consists of 21 individual units, called board sections. Each section is composed of two senior attorneys, one physician, six or seven staff attorneys, and a secretary. BVA is directly responsible to the Secretary of VA and is charged with ensuring that veterans are afforded due process of law and receive all the benefits to which they and their survivors are entitled. BVA independently reviews all evidence on record relating to each appeal, such as reports by physicians and hospitals, as well as records of employment and military service. After the review, BVA will either (1) reverse the regional office decision and grant the benefits, (2) affirm the regional office decision to deny benefits, or (3) remand the case to the regional office for further development.

Until recently, BVA decisions on veterans' appeals were final and not subject to review by a higher authority; veterans were precluded from seeking judicial review of their claims. A new review authority was created by Public Law 100-687 (1988), however, which established the U.S. Court of Veterans Appeals. Effective September 1, 1989, the court has exclusive jurisdiction to review appeals of BVA decisions, and the court may affirm, modify, reverse, or remand them.

Figure 1.1: VA Compensation and Pension Benefit Appeals Process



Veterans' Hearing Rights

BVA provides veterans the opportunity for three types of hearings during the appeals process: (1) regional offices hold local hearings on behalf of BVA, (2) BVA staff visit most regional offices for about 2 to 5 days every year to hold hearings, or (3) veterans can have a hearing before BVA in Washington, D.C.

Veterans' Representation

Veterans can designate a veterans' service organization (for example, The American Legion, Disabled American Veterans, or Veterans of Foreign Wars) or a private attorney/agent to represent them during the appeals process. A designated representative has authority to review all VA actions concerning the appeal and assist the veteran during hearings. For fiscal year 1988, VA reported that 88 percent of veterans were represented by service organizations, 2 percent were represented by attorneys/agents, and 10 percent pursued appeals without representatives.

Objective, Scope, and Methodology

During congressional hearings in 1988, veterans, veteran service organizations, and others criticized VA's appeals process for not serving veterans well because it takes too long. Subsequently, the Chairman and Ranking Minority Member of the House Veterans' Affairs Committee asked us to evaluate the process, with emphasis on timeliness. Our objective was to determine whether VA can improve the timeliness of its appeals process without detriment to the quality of decisions.

We concentrated on appeals of disability compensation and pension decisions, which represent about 82 percent of veteran appeals. In addition, we concentrated on the regional offices because they (1) do most of the appeals processing work and (2) account for about 70 percent of the processing time spent on appeals sent to BVA.

Audit work was conducted at the VA Central Office, Washington, D.C., and at six regional offices in Atlanta (Ga.), Louisville (Ky.), Montgomery (Ala.), San Francisco (Cal.), St. Petersburg (Fla.) and Washington, D.C. We selected offices representing the range of (1) number of appeals and (2) appeal processing times.

At the Central Office, we interviewed Veterans Benefits Administration and BVA officials and reviewed

- laws, regulations, and recent congressional hearings on VA's appeals process;

- policies and procedures for appeals processing, as well as data used for management and reporting;
- the communication and coordination between the various units participating in the appeals process;
- earlier VA and external studies of the appeals process;
- guidance, oversight, and evaluations of regional offices; and
- staffing and work load data for regional offices.

At the six regional offices, our audit work consisted of three phases. First, we interviewed regional staff to obtain basic information on procedures for appeals processing and on staffing considerations, and to identify problems they were aware of. Second, we reviewed 257 appeal cases to identify examples of appeals the regional offices should have processed in less time. (Further details on our case selection methodology are discussed in app. I.) Third, we interviewed regional office supervisors and managers to get their assessment as to whether delays identified in our cases were excessive and should have been avoided; when possible, we obtained their explanations of the reasons for the delays. Our methodology does not permit us to estimate the percentage of appeals experiencing avoidable delays by type of case, by individual regional offices, or within VA as a whole.

We conducted our review between September 1988 and October 1989 in accordance with generally accepted government auditing standards.

VA Can Reduce the Time Taken to Process Appeals

VA's appeals process was established to ensure that veterans are afforded protection of their right to due process of law and receive all the benefits to which they are entitled. If VA's appeals process takes too long, veterans wait unnecessarily for what could be a key decision in their lives. For example, whether they receive VA benefits could affect their need to pursue alternative sources of income. The Congress, VA, veterans, and service organizations have all expressed concern about the time the VA appeals process takes. For veterans whose appeals are upheld (about 22 percent), long waiting times for decisions can result in (1) delays in receiving financial assistance to which they are entitled, (2) a lower priority for VA medical care while waiting because priorities are based, in part, on the eligibility for compensation and pension benefits, and (3) delays in receiving vocational rehabilitation and dependent benefits.

Specifically, our review showed that:

- Despite the appeals process being the same for all regions, the average time varied widely among VA regional offices.
- Significant processing delays occurred in the regional offices and at BVA. The overall processing time increased from fiscal year 1988 to fiscal year 1989.
- VA does not effectively manage appeals; for example, it lacks adequate data to identify systemic problems, lacks adequate time standards, and has not provided adequate guidance and oversight for its regional offices.
- VA does not accurately report on the time it takes for the appeals process.

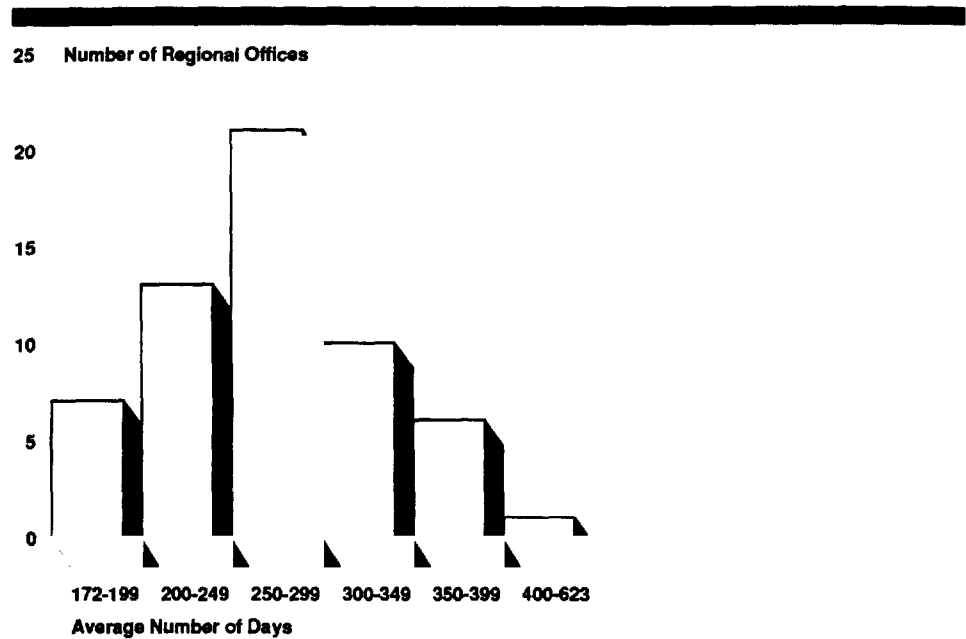
Although we recognize that appeals are only a part of VA's overall claims processing, delays can have a significant effect on veterans. Certain steps can and should be taken, therefore, to improve the timeliness of the appeals process and reduce variations among regional offices.

Appeals Take Much Longer in Some Regional Offices Than Others

Although the appeals process is the same for all regions, VA reported that the average processing times in some regional offices were much longer than in others. Thus, veterans are not treated consistently. The length of time they wait for decisions depends on where they file their appeals. VA reported that the average time spent by the 58 regional offices and BVA to process appeals decided by BVA was 419 days in fiscal year 1988. The regional offices spent on average 283 of the 419 days. As

shown in figure 2.1, the average regional processing time during fiscal year 1988 ranged from 172 to 623 days.

Figure 2.1: Time Taken by VA Regional Offices to Process Cases Veterans Pursue to BVA (Fiscal Year 1988)



Note: These times only included cases that were appealed by veterans through each step until they reached BVA. They did not include cases that may have been settled by the regional offices or cases veterans chose not to pursue.

We analyzed selected staff and work load data for the 58 regional offices to determine how they relate to processing times. We could not identify any one factor that was a primary reason for variations in processing time. In addition, VA has not attempted to determine why some offices take much longer than others to process appeals. VA officials said, however, that changes such as unexpected turnover of staff and shifts in work load (for example, an unanticipated increase in claims) throughout the year are likely to contribute to the variations. They also believed that staff cuts have reduced the timeliness of VA's overall claims processing.

Delays Occur at Both the Regional and Board Levels

VA reported that the average time spent by the regional offices and BVA to process appeals increased from 419 days in fiscal year 1988 to 463 days in fiscal year 1989—an increase of 44 days, or 11 percent. BVA's average time increased 31 days and the regional offices' average time increased 13 days. VA expects the processing time to continue to increase in 1990. We found delays in appeals processing at both regional offices and BVA. VA can avoid some of these delays; others are caused by veterans or their representatives. Regional officials agreed that the avoidable delays at the regional offices were due primarily to poor management or claims processing deficiencies. BVA officials attributed those at BVA mainly to an increased emphasis on the quality of decisions and a decline in productivity.

Delays in Regional Offices

To determine whether there were processing delays that should have been avoided, and the reasons for any delays, we reviewed 257 appeal cases at six VA regional offices. (See app. I for a description of cases selected for review.) In identifying delays, we did not include several steps over which the regional offices have little control, such as (1) awaiting requested medical examination and hospital reports, (2) holding hearings, (3) responding to congressional inquiries, and (4) awaiting comments from veterans representatives. We identified delays in three areas: processing statements of the case that explain to veterans the basis for VA's decisions, requesting or using medical information, and forwarding appeals to BVA, as shown in table 2.1.

Table 2.1: Comparison of the Types of Delays Identified at the Six VA Regional Offices

Type of delays	Regional offices					
	A	B	C	D	E	F
Processing a statement of the case	X	X		X	X	X
Requesting or using medical information		X	X	X		X
Forwarding appeal to BVA	X	X		X		X

We discussed the delays with regional officials; they agreed that the delays were excessive and should have been avoided. Examples of delays are discussed below.

The first area of avoidable delay involved sending the veteran a statement of the case. This step, regional officials said, should not take more than 60 days from (1) the date the veteran's notice of disagreement is received if no additional development is required or (2) the date any development is completed. We identified 36 cases, involving five of the

six regional offices, in which the offices took more than 60 days for this process. The processing time for 35 of these cases ranged from 61 to 256 days, and 1 case took 343 days.

For example, one regional office received a veteran's notice of disagreement on January 13, 1987, but it did not send the statement of the case until July 15, 1987, 183 days later. Regional officials attributed this delay to ineffective case control and inadequate follow-up by the supervisor on a pending case. In another case, a regional office received a medical report, needed to complete the statement, on October 5, 1988, but the statement was not sent until December 22, 1988, 78 days later. Regional officials could not explain the reason for this delay.

The second area of avoidable delay involved requesting and using medical information. After receiving a veteran's notice to continue the appeal, in response to a statement of the case (a substantive appeal), or a BVA remand, regional offices sometimes need additional medical information about the veteran. Regional offices often delayed (1) requesting medical information and (2) using the information, once it was received, to make decisions. Regional officials said that there are no time standards for these steps, but there should be little delay in completing them. Lacking definitive criteria, we allowed 30 days for each of these steps.

We identified 28 cases, involving 4 of the 6 regional offices, in which the offices took more than 30 days either to request medical data or to use the data once it was received. The processing times for 25 of these cases ranged from 40 to 155 days, and 3 took 225 days or more. In one example, BVA returned a case to a regional office on June 5, 1986, for a special medical examination at a VA medical center. The regional office waited, however, until April 7, 1987, about 306 days, to request the examination. In another example, on November 17, 1986, a regional office determined from a veteran's medical records that the veteran needed a physical examination, but it was not requested until January 28, 1987, 72 days later. Regional officials said these examinations should have been requested much sooner, but they could not explain the reasons for the delays.

The third area of avoidable delay involved finalizing documents and forwarding an appeal to BVA after receipt of a substantive appeal from the veteran. This process, regional officials said, should be completed shortly after the veteran's substantive appeal is received if no further development is required. Again, VA had no time standards for this step,

so we allowed 30 days. We found 14 such cases, involving 4 of the 6 regional offices, in which the offices took more than 30 days to complete this process. The processing times for 12 of these cases ranged from 42 to 134 days, and 2 took 171 days or more.

For example, a regional office received one veteran's substantive appeal on October 14, 1987, but the office waited 85 days to request comments from the veteran's service organization, which were required before the office sent the case to BVA. In another case, after the veteran's substantive appeal was received, the office took 77 days to request that the veteran's service organization review the case. Regional officials could not explain the reasons for these delays.

In general, regional officials could not explain why many of the delays occurred. They frequently concluded, however, that the primary reasons for delays were inadequate supervision and follow-up, ineffective case control, and backlogs of claims processing work. In addition, typing backlogs that affected completion of appeals documents were cited as a reason for delays in four of the six regional offices we visited. Finally, regional officials indicated that lack of experienced staff because of turnover may also have had some effect.

VA is less able to control delays in other areas. For example, about 38 percent of the veterans requesting hearings either cancel the hearing or fail to show; many of these hearings have to be rescheduled. In addition, about 90 percent of veterans who appeal have a representative to assist them, usually a service organization, such as The American Legion, Disabled American Veterans, or Veterans of Foreign Wars. A regional office cannot send cases to BVA without giving the veterans' representative an opportunity to review the case. Although they had no data to support their view, some regional officials indicated that such reviews cause substantial delays.

Appeals Taking Longer at BVA

BVA average processing time increased from 136 days in 1988 to 167 days in 1989, although timely action on appeals is a major objective of BVA. BVA, however, has no standards to measure how well this objective is being met. VA requires only that BVA maintain "a high level of promptness in deciding appeals, consistent with the quality of decisions expected of an appellant agency of last resort."

During fiscal years 1988 and 1989, the number of appeals the regional offices submitted to BVA remained fairly constant but its appeals backlog

increased. This occurred because the number of BVA decisions declined, average processing time increased, and the number of decisions for each full-time equivalent employee declined—showing a significant decline in BVA productivity. (See table 2.2.)

Table 2.2: Comparison of BVA Productivity (Fiscal Years 1988 and 1989)

Fiscal year	BVA decisions	Average processing time	Full-time equivalent positions	Decisions per full-time equivalent employee	Appeals backlog
1988	41,607	136	423	98.4	16,642
1989	38,673	167	414	93.4	22,198

The decline of nearly 3,000 decisions, BVA officials believe, was due primarily to an increased emphasis by BVA on quality. This emphasis was in response to criticisms by service organizations and others that BVA was placing too much emphasis on productivity and too little on the quality of its decisions. The anticipation of judicial review, the officials added, has also resulted in more thorough reviews by BVA board sections, increasing the time spent on each case. Finally, the officials estimated that the loss of nine employees accounted for about 700 of the 3,000 fewer decisions.

BVA processing time had increased to about 190 days as of November 1989. BVA officials expect the increase to continue unless additional staff are provided to reduce the current backlog of cases. To eliminate the backlog, the officials believe, BVA would have to process at least 45,000 decisions in each of the next 2 years, after processing fewer than 39,000 in fiscal year 1989.

The effect of any actions taken by the regional offices to speed up their processing on cases going to BVA could be reduced or nullified by the inability of BVA to reduce its backlog and process cases as received from the regional offices. For example, the benefits of more timely regional processing as a result of corrective action in response to the avoidable delays identified by our review could be nullified if BVA is unable to process appeals as they are submitted by the offices.

During 1989, BVA analyzed its appeals process. One of its major conclusions related to the length of time service organizations take to review cases before BVA assigns them to a board section for action. The time spent by the service organizations is beyond BVA's control. BVA reported that service organizations took an average of 64 days to review cases;

the average time for all service organizations ranged from 34 to 133 days. We concluded, and BVA officials agreed, that the time for this review does not now have an impact on BVA processing time because the board sections have more cases than they can handle and backlogs are growing. For future considerations, however, if BVA eliminates its backlog, the time the service organization reviews take could have a significant impact.

VA Does Not Effectively Manage Appeals

Management weaknesses exist at the VA Central Office that contribute to lengthy and widely varying processing times and allow problems to go undetected or unresolved. VA has not accumulated adequate data to identify systemic problems and develop corrective action, provided adequate guidance and oversight for the regional offices, and ensured timely resolution of processing and reporting problems, which often involved multiple organizational units. VA either was unaware of the problems or had failed to resolve them.

More Analyses of Appeals Process Needed

The wide variation in regional office processing time is one major indication that greater management attention is needed. As part of its oversight, the Veterans Benefit Administration reviews each regional office's overall claims processing every 2-1/2 to 3 years, but does not separately review the appeals process. VBA also does occasional special studies and special reviews of regions that report time or quality problems. VBA does not routinely accumulate data on appeals to identify systemic problems and to develop corrective action. It attempts to correct problems primarily for each regional office individually. Occasionally, VBA sends training letters to all the regional offices discussing problems identified in one or several offices that all should avoid.

More detailed analyses of the regions' appeals processing could help VBA to identify (1) systemic processing problems, (2) innovative or improved practices that warrant implementation in all the regions, and (3) the reasons that some regional offices take longer than others to process appeals.

Better Guidance and Oversight Needed for Regional Offices

VBA has only one time standard that specifically relates to appeals processing in regional offices. The standard includes sending statements of the case to veterans—at least 84 percent should be sent within 90 days of receipt of the veterans' notice of disagreement. Anytime a regional office falls below 80 percent, it must explain why and propose

corrective action to VBA. This standard appears too liberal because, on average, all the regional offices completed this step in about 60 days. VA has no time standards for other steps in the appeals process.

Some VA appeal procedures and requirements lack specificity and contribute to increasing overall processing time and variations between regional offices. First, regional staff arbitrarily decide how current a medical examination should be before sending a veteran's appeal case to BVA. This decision is based on the regional staff's opinion on how recent an exam should be to be acceptable to BVA. Some offices will not send a case to BVA with a medical examination over 6 months old; others submit their cases as long as the latest medical examination is not over 1 year old. As a result, some regional offices delay cases to get a more current examination before sending them to BVA, and BVA returns some to update the examinations.

Second, although VA procedures require that adjudication staff determine whether a veteran's correspondence constitutes a notice of disagreement and, if so, initiate the appeals process, the procedures do not specify which staff should carry out this task. Some offices we visited allowed a clerk to make the determination, which was then reviewed during processing; this determination took only a few days. Others required supervisors to make the determination before processing was begun; in many cases, this delayed the start of the appeals process a week or longer because supervisors did not have time to review the cases promptly.

We noted two areas in which VBA did not ensure regional office compliance with procedures. First, two of the regional offices we visited circumvented VBA policies in order to meet the time standard for sending statements of the case to veterans. VBA requires that the date a notice of disagreement is received be recorded as the start of the appeal, but one office was using later dates to reduce the time reported as taken to send out the statements. VBA also requires that development work be completed before statements of the case are sent out, but another office sent out statements before completing development to reduce the reported time.

Second, the offices we visited were not taking action on BVA remands as instructed by VBA. As a result of a special study in 1988, VBA instructed each regional office to (1) maintain a log showing the reasons for all remands, (2) note trends in the reasons for the remands, and (3) undertake remedial action and training to avoid future remands as quickly as

possible. The offices were maintaining the logs and using them to track remands, but said they did not have the time to develop trends that would be used for corrective action and training.

Improved Leadership Needed to Resolve Problems in the Appeals Process

VA has not assigned a single unit the responsibility for managing the entire appeals process, ensuring that processing and reporting problems are resolved promptly. We identified four unresolved problems in the appeals process. A focal point with the responsibility to lead efforts to improve the process could facilitate the resolution of these problems.

First, in 1985, VA developed an automated Veterans Appeals Records Management System to provide BVA with appeals data for reporting and control purposes. The system requires regional staff time to operate, but according to BVA it has never provided accurate data. VBA estimates that regional offices spend the equivalent of about 14 full-time staff to maintain this system. Regional staff said that recording, updating, and monitoring data for this system is time-consuming, burdensome, and without benefits to their offices. In 1986, a VBA task force proposed redesigning the system to reduce the reporting burden on regional offices, but still provide essential management data to BVA. Merging this system with VA's claims processing system, the task force concluded, would be a way to manage appeals more timely and accurately. As of December 1989, this change had not been put into effect. We believe that the proposed change could result in more efficient use of regional staff time without jeopardizing BVA control of appeals. In response to our discussion of this problem, VBA officials concluded that they should reconsider the priority placed on redesigning the system as suggested by the task force.

The second problem is that for several years BVA and the regional offices have used different criteria to decide eligibility for benefits because of hearing loss. BVA makes its decisions based on its interpretation of the law, VA regulations, instructions issued by the Secretary of VA, and opinions of VA's Office of General Counsel. VBA's guidance to the regions, however, includes more stringent criteria. The criteria are based on VBA's interpretation of the law and regulations. As a result, regional offices often deny claims that BVA later grants. If the regional offices and BVA were following the same criteria, there would probably be fewer appeals related to hearing loss claims. In an attempt to resolve this problem, VBA drafted regulations in August 1988, designed to make its guidance to the regional offices mandatory for BVA. The regulations were approved by VA's Office of General Counsel in November 1989 and are being finalized.

A third problem is the inability of the regional offices to obtain timely medical examination reports from regional medical facilities managed by VA's Veterans Health Services and Research Administration. In June 1987, VBA conducted a study to ascertain how long it takes different VA medical facilities to respond to requests from regional offices for examinations. The processing time averaged about 66 days. VBA officials said they provided the results of the study to VA's Health Service officials and asked that they try to reduce the time it takes to obtain medical examinations. A 1989 study found that the average processing time dropped to about 59 days, but ranged from 24 to 176 days among the medical facilities. Thus, some medical facilities are still causing significant delays, which affect the time for the appeals process. VBA officials said they are exploring several possibilities to resolve this problem, including automated data exchange between the regional offices and medical facilities.

We also noted that some available data on appeals are not shared among units. Presently, BVA prepares a report that identifies comparative regional office processing times for appeals that result in a BVA decision. This report is used for BVA reporting, but it is not shared with VBA to enhance its regional office oversight. VA regional officials said that this report would help them manage their appeals process. BVA officials agreed that they should consider routinely sharing their data with VBA and the regional offices.

VA Does Not Accurately Report Appeals Processing Time

Unless VA management has accurate and complete data on the appeals process, it can neither (1) assess how well the process serves veterans nor (2) systematically identify improvements needed. Currently, management lacks such data because VA does not account for all the time spent processing appeals.

VA computes the average processing time to reach a BVA decision and includes the information in its annual reports to the Congress. VA cites these statistics during congressional hearings on the appeals process. The reported average processing time does not accurately reflect the time VA takes to provide final decisions on appeals.

The time is understated because of two VA practices in recording the time for cases BVA remands to regional offices for further development. First, VA does not account for the regional office time spent in responding to remands. The regional offices worked on about 5,500 remanded cases, which they returned to BVA for final decisions in fiscal year 1988.

At our request, VA computed the average time the regional offices spent on such cases—282 days. If this time had been included, the reported average processing time would have increased by 38 days from 419 to 457. Second, in computing the average time per case VA double counts the remanded cases returned to BVA—once when the case is originally submitted, and again when the regional office returns the case after responding to the remand. This practice increases the case count, thereby lowering the reported average processing time. Consequently, the average time for a veteran to obtain a final approval or denial decision on an appeal is longer than the time reported by VA. Thus, VA management, the Congress, and others do not have a complete picture of how long veterans wait for appeal decisions.

In addition, VA does not accumulate and report the time spent on appeals resolved in the regional offices and not sent to BVA, which represent about 45 percent of all appeals. In these cases the regions grant the benefits requested or close the appeal because the veteran either withdraws the appeal or fails to respond to VA's statement of the case. The processing time for these cases is not maintained by the regional offices. Thus, VA management has no basis for determining how timely veterans are served when their appeals are not sent to BVA.

The processing and management problems we noted during this review are not unique to VA's appeals process. In two other reports we issued—Veterans' Benefits: Improvements Needed to Measure the Extent of Errors in VA Claims Processing (GAO/HRD-89-9, Apr. 13, 1989) and Veterans' Benefits: Improvements Needed in Processing Disability Claims (GAO/HRD-89-24, June 22, 1989), we noted similar problems.

VA has taken some action on our recommendations in these reports and is planning other initiatives related to its organizational structure, automation, and staff quality. While we recognize that, if implemented, these actions should help improve the appeals process, we believe that VA should also address the problems noted in this report, to further improve the timeliness of appeal decisions.

Conclusions

To avoid unnecessary delays, VA needs to better manage its appeals process. Both the timeliness and quality of the process are important to ensure adequate service to veterans. It may not be possible to prevent all delays with better management, because of staffing shortages and factors outside of VA's control. Nonetheless, our analyses showed that

avoidable delays occur, at least in part, because of management weaknesses.

Without time standards, a system to track the entire appeals process, and adequate information to identify systemic problems, VA cannot effectively manage the appeals process. VA lacks all of these. VA's data showed significant differences in the timeliness of appeals processing among the regions, indicating the need for further study by VA to identify both delays and causes. Better data and analyses would help VA (1) determine where the most serious problems are and which delays are avoidable in order to focus corrective action on those areas, (2) determine the extent to which staffing problems cause delays and whether additional resources or better resource management are needed, (3) establish meaningful time standards, and (4) improve the effectiveness of guidance and oversight of the regional offices. Steps should be taken now, before this additional study, to solve the specific management issues we identified.

VA needs to find ways to increase the timeliness of BVA processing of appeals and to reduce the BVA backlog. If this is not done, any improvements made in the regional offices will only increase BVA's backlog and probably not result in any better service to veterans on cases forwarded to BVA.

VA also needs to more promptly resolve processing and reporting problems that arise among the units involved in the appeals process. We believe VA needs a focal point to lead efforts to resolve processing and reporting problems and to ensure cooperation among the units involved in processing appeals.

Finally, VA does not accurately report the length of time veterans wait for appeals decisions because it does not account for all the time spent on appeals. We believe VA should.

Recommendations

To improve the processing of veterans' appeals, GAO recommends that the Secretary of VA:

- Analyze the regional and BVA appeals process in detail to identify when and where delays occur and take steps to reduce the time for the appeals process.
- Improve the guidance and oversight of the regional offices. At a minimum, VA should (1) develop time standards for processing appeals. (2)

provide the regional offices more definitive criteria on how recent medical examinations need to be for cases sent to BVA and which staff should accept veterans' notices of disagreement, and (3) enforce regional office compliance with VA procedures.

- Designate a focal point with the responsibility to lead efforts to improve the management and timeliness of the appeals process. Initially, emphasis should be placed on resolving the problems related to (1) redesigning the Veterans Appeals Records Management System, (2) the eligibility criteria for hearing loss, and (3) obtaining timely medical examinations from VA medical facilities.
- Modify data collection methods to account for all the time spent on appeals, thereby providing more complete data for management and the Congress.

Agency Comments and Our Evaluation

VA commented on a draft of this report and stated that it concurred with our recommendations. The agency's comments are summarized below and are presented in full in appendix II.

Regarding our recommendation to perform detailed analyses of the appeals process, VA stated that it is reviewing a proposed redesign of the Veterans Appeals Records Management System. When this review is completed, VA plans to promptly implement a redesigned system. VA believes that the improved tracking system will allow it to identify when and where delays occur and take steps to improve timeliness.

To improve guidance and oversight of the regional offices, VA plans to (1) develop timeliness standards for the appeals process, (2) enforce regional office compliance with required procedures, and (3) develop more definitive criteria for deciding how recent medical examinations should be for an appeal case. VA did not, however, address who should accept veterans' notices of disagreement. VA said that it will emphasize to the regional offices that the date of receipt of the notice of disagreement is the official date to start the veteran's appeal. Improved guidance is still needed on who should accept the notices so that delays, such as those found during our review, are avoided.

Concerning our recommendation to designate a focal point to coordinate appeal processing improvements, VA stated it has established a task force that will recommend an appropriate focal point to address our concern. VA also noted that it has taken steps to resolve problems associated with (1) eligibility criteria for hearing loss and (2) obtaining timely medical examinations from VA medical facilities.

Chapter 2
VA Can Reduce the Time Taken to
Process Appeals

VA agreed with our recommendation to modify data collection methods to account for all the time spent on appeals. VA noted, however, that data collection may be more complicated than our report indicated, because cases routinely have multiple issues that are decided in different ways, for example, one closed, one remanded. In discussions after we received VA's written comments, VA officials assured us that the agency plans to account for and report all time spent on appeals, including the time spent by the regional offices on remanded cases.

Selection of Appeals Cases

The objective of our work in the VA regional offices was to (1) identify VA disability compensation and pension cases that had recent decisions on appeals and (2) determine whether delays occurred at the offices that should have been avoided. The cases we selected consisted of two independent groups of appeals that either BVA or regional offices decided. We cannot project our results to the universe of appeals or to specific regional offices because our sample was limited.

For appealed cases that BVA resolved, we randomly selected fiscal year 1988 decisions — 10 approved and 10 denied. For cases that regional offices resolved, VA identified three categories of decisions: (1) appeals withdrawn by the veterans, (2) appeals administratively closed because the veterans failed to respond to a statement of the case, and (3) appeals that the regional office approved. We manually computed universes for the three categories of appealed cases for the period December 1988 to June 1989. We then attempted to randomly select 10 cases in each category for our review.

Our case selection technique was the same for the six regional offices that we visited. In one office, however, we could identify only seven cases that VA had approved. We reduced the number of cases in the last two offices by eliminating cases for which the appeals had been withdrawn or administratively closed. We eliminated these cases because our review in the other four offices showed that these cases had gone through very little of the appeals process when they were withdrawn or closed; thus, there were few delays. Therefore, to better utilize our resources, we limited our effort to the other types of cases in these two offices. In total, we reviewed 257 appeals cases — 120 BVA decisions and 137 regional office decisions, as shown in table I.1.

Table I.1: Types of Appeals Cases GAO Reviewed at Six VA Regional Offices

Type of appeals case	Regional offices						Total
	A	B	C	D	E	F	
BVA approval	10	10	10	10	10	10	60
BVA denial	10	10	10	10	10	10	60
Region granted benefit	10	10	10	7	10	10	57
Appeal withdrawn	10	10	10	10	0	0	40
Appeal closed	10	10	10	10	0	0	40
Total	50	50	50	47	30	30	257

Comments From the Department of Veterans Affairs



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

MAR 30 1990

Mr. Franklin Frazier
Director, Income Security Issues
(Disability and Welfare)
Human Resources Division
U. S. General Accounting Office
Washington, DC 20548

Dear Mr. Frazier:

Thank you for the opportunity to comment on your February 15, 1990, draft report, VETERANS' BENEFITS: IMPROVED MANAGEMENT NEEDED TO REDUCE WAITING TIME FOR APPEAL DECISIONS (GAO/HRD-90-62). I agree with your conclusion that improved overall management would enhance the timeliness of the Department's benefits appeals process without adversely affecting the quality of decisions.

Your comments came at an appropriate time for VA, as we are currently examining our system for the processing and resolution of veterans' claims. We intend to make certain that Department elements such as the Veterans Benefits Administration and the Board of Veterans Appeals initiate joint efforts to coordinate their activities better.

The VBA and the BVA have independently initiated actions to implement the recommendations in your report. The enclosure describes those actions in detail.

I appreciate the opportunity to comment on your draft report.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Edward J. Derwinski".

Edward J. Derwinski

Enclosure
EJD/jev

Enclosure

DEPARTMENT OF VETERANS AFFAIRS COMMENTS ON THE
FEBRUARY 16, 1990 GAO DRAFT REPORT
VETERANS' BENEFITS: IMPROVED MANAGEMENT NEEDED TO REDUCE
WAITING TIME FOR APPEAL DECISIONS

To improve the processing of veterans' appeals, GAO recommends that I:

- Analyze the regional and BVA appeals process in detail to identify when and where delays occur and take steps to reduce the time for the appeals process.

I concur with the recommendation. As of the end of the first quarter Fiscal Year 1990, the BVA is sharing data that compare appellate processing time among the various VBA regional offices with the VBA. In addition, we have recognized the deficiencies of the current Veterans Appeals Records Management System (VARMS) tracking system. To make VARMS a better management tool, the VBA developed ideas for an improved system. This system will allow VBA officials to identify when and where delays occur and take steps to improve timeliness both nationally and within individual regional offices. These ideas had met with BVA approval, but were delayed due to programming priorities. Now, we are reviewing this proposed redesign of VARMS in light of the GAO report. We will make additional changes that would address any report findings not already included. Once we have completed this review, we will adjust programming priorities as necessary to implement promptly the VARMS redesign.

- Improve the guidance and oversight of the regional offices. At a minimum, VA should (1) develop time standards for processing appeals, (2) provide the regional offices more definitive criteria on how recent medical examinations need to be for cases sent to BVA and which staff should accept veterans' notices of disagreement, and (3) enforce regional office compliance with VA procedures.

I concur with the recommendation. The VBA has assigned the Adjudication Officers Advisory Committee the task of developing proposed timeliness standards for the significant increments of appeals processing. Once appropriate standards have been assigned and a redesigned VARMS system is in place, VA will have the means to capture timeliness statistics. Until that time, the VBA will attach the BVA's data on timeliness and appeals processing to regional office quarterly training letters. VBA management officials will require regional management to address any deficiencies noted in this report.

Appendix II
Comments From the Department of
Veterans Affairs

2.

The VBA and the BVA will coordinate the development of criteria on how recent medical information needs to be for cases reviewed in regional offices as well as those sent to the BVA. Although supervisory review may be required to identify a veteran's letter as a Notice of Disagreement (NOD), the date of receipt in the regional office remains the official NOD date. In its next training letter to regional offices, the Compensation and Pension Service will underscore VA policy on establishing NOD dates.

The VBA's Field Operations Staff in the Compensation and Pension Service regularly monitors these areas through semiannual staff analyses and on-site surveys. When the VARMS redesign is in place, this staff will be better able to monitor appeals processing in the manner recommended by GAO.

- Designate a focal point with the responsibility to lead efforts to improve the management and timeliness of the appeals process. Initially, emphasis should be placed on resolving the problems related to (1) redesigning the Veterans Appeals Records Management System, (2) the eligibility criteria for hearing loss, and (3) obtaining timely medical examinations from VA medical facilities.

I concur with the recommendation. The Deputy Secretary has established a Functional and Staffing Analysis Task Force to oversee and review systematic analyses of all VA Central Office administration and staff office organizations. This task force will recommend a focal point for improving appeals processing. Improvements for consideration will include the VARMS redesign. Additionally, the Deputy Secretary has already approved a final regulatory change to the definition of normal hearing that should resolve this issue. Currently, the change is at the Office of Management and Budget for final approval before its publication in the Federal Register. I believe recent processing improvements, in the form of automated exchange of information between VBA and the Veterans Health Services and Research Administration will enhance the timeliness and quality of medical exam information necessary for rating determinations. This conclusion was shared by GAO auditors in a recent exit conference on another GAO review (Development of Claims for Disability Compensation - GAO Code 105703).

Appendix II
Comments From the Department of
Veterans Affairs

3.

- **Modify data collection methods to account for all the time spent on appeals, thereby providing more complete data for management and the Congress.**

I concur with the recommendation. We anticipate that the newly redesigned VARMS will provide management with the necessary tools to account for all time segments of the appeals process. However, we feel that the usefulness of the GAO's recommended "time accounting" methodology is questionable. The BVA has routinely maintained data that allow it to look backward at decided appeals and compute the average time that has elapsed between dates pertinent to each of the critical appellate processing steps applicable to all of these appeals as a group. The critical steps and associated dates are: Notice of Disagreement date, Statement of the Case date, Substantive Appeal date, BVA appeal receipt date, and BVA decision date. All appeals decided by the BVA must progress through each of these sequential steps before they are completed.

We are concerned by the report's rather simplistic approach to the BVA's system of timeliness data collection. Appeals coming before the BVA routinely entail more than a single issue. These multiple issues may be disposed of differently in a single BVA decision. The Board's record keeping system for tracking completed appeals has been set up to accommodate only a single disposition of each appeal. Where different dispositions are involved in a multiple issue decision (e.g., one issue denied and one issue remanded, or one issue allowed and one issue remanded), the BVA has always had to employ a hierarchical scheme to facilitate disposition record keeping. If any one issue in an appeal is allowed, the appeal will be treated as an allowance for historical tracking purposes. If there are no issues allowed and any one issue is remanded, the appeal will be treated as a remand. GAO's recommended approach to this matter (i.e., keeping the clock running on remanded appeals) does not recognize the fact that half or more of the issues entailed in an appeal may have been finalized, even though the BVA record keeping system shows that appeal to have been remanded.

Our concerns also include those times in which the veterans records are under service organization control as well. The representational reviews and preparations of briefs performed by service organizations are an integral component of the current VA appellate process. The time entailed in these work actions accounts for about 40 percent of the BVA time required for an average decision. We feel that the report's silence on this important element of the appeal process does a disservice to the Department's overall efforts to improve timeliness.

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