

REPORT BY THE U.S.

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# General Accounting Office

## The Veterans Administration Can Reduce The Time Required To Process Veterans' And Survivors' Initial Claims For Benefits

Veterans and their survivors making their initial claims for compensation and pension generally wait months while VA processes their claims. Most of the waiting time occurs while VA obtains additional evidence necessary to properly adjudicate the claims. Some of the data needed is not within VA's control.

VA has acted to speed up the claims processing system by developing an advanced computer system to modernize the process. However, more needs to be done to improve processing time, and this report contains recommendations to accomplish this.



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES  
DIVISION

B-114859

The Honorable Jacob K. Javits  
United States Senate

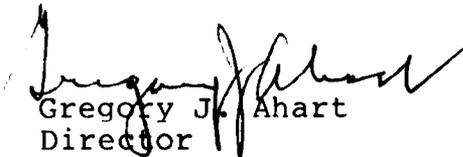
The Honorable John E. Moss  
House of Representatives

In reviewing the Veterans Administration's (VA's) processing of initial veterans' and survivors' benefits claims, we found that claimants generally wait months for their claims to be processed. Although VA has acted to speed up the claims processing system, more needs to be done to decrease processing time.

This report contains recommendations to the Administrator of Veterans Affairs on page 25. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

At your request, we did not obtain written agency comments. However, the matters covered in the report were discussed with officials of VA's Department of Veterans Benefits, and their comments were incorporated where appropriate.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time we will send copies to the Administrator and to other interested parties and make copies available upon request.

  
Gregory J. Ahart  
Director



GENERAL ACCOUNTING OFFICE REPORT  
TO SENATOR JACOB K. JAVITS AND  
CONGRESSMAN JOHN E. MOSS

THE VETERANS ADMINISTRATION  
CAN REDUCE THE TIME REQUIRED  
TO PROCESS VETERANS' AND  
SURVIVORS' INITIAL CLAIMS  
FOR BENEFITS

D I G E S T

Veterans or their survivors making initial claims for compensation and pension benefits generally wait months while VA processes their claims. The length of time taken varies according to the type of claim and the circumstances involved.

Claims cannot be processed until VA obtains all the necessary supporting evidence. Some of this data has to be obtained from outside sources not under VA's control. Once VA has the evidence, further delays may be encountered before a decision is made to award or deny the claim. Delays also occur in the payment process. (See ch. 2.)

During GAO's review, a VA task force studied a bottleneck in the claims process--VA medical facilities' untimely processing of physical examinations of claimants for disability benefits. In June 1978 the task force brought a number of weaknesses in that process to the attention of the heads of VA medical facilities.

VA also is developing the Target System--an advanced computer-based system intended to modernize claims processing. The system also affords VA regional offices the opportunity to better control the status of initial claims. In addition, the system should greatly increase VA's capability to respond to claimants' inquiries concerning the status of their claims. (See ch. 4.)

Although VA therefore expects improvements in its claims processing, it has no firm goals for timely processing of initial

claims for compensation and pension benefits. It has established tentative goals to be employed when the new system becomes operational. VA should give top priority to assessing these goals as it gains experience with Target so that the system's potential for speeding up the claims process can be fully realized. (See ch. 3.)

The quality of management and supervision of processing varies with VA regional offices and medical facilities. The success of the new system and the VA task force recommendations on medical examinations will depend upon aggressive management and supervision by these VA installations.

Claims processing delays can be held to a minimum if VA regional offices do the following where appropriate:

- Set goals for expeditiously requesting evidence required from other sources.
- Assess more thoroughly, early in the process, the income information submitted by pension claimants to minimize unnecessary delays resulting from piecemeal requests for evidence.
- Reassign claims processing workloads to balance the work and thereby alleviate backlogs.
- Follow up more aggressively on requests for medical information from VA medical facilities to preclude unduly long delays.

VA hospitals also can minimize delays in the claims process by initiating appropriate supervisory controls to ensure that medical summaries on claimants treated in those hospitals are furnished promptly to VA regional offices. (See ch. 3.)

## RECOMMENDATIONS

The Administrator of Veterans Affairs should direct the Chief Benefits Director to issue appropriate instructions to the VA regional offices to ensure that adequate supervisory controls are exercised so that (1) needed evidence for developing claims is requested promptly, (2) piecemeal requests for information are minimized, (3) backlogged work is reassigned when appropriate, and (4) aggressive followup is made on requests for information from VA medical facilities.

We also recommend that the Administrator direct the Chief Medical Director to issue appropriate instructions to the VA hospitals to ensure that medical summaries on claimants are furnished promptly to minimize claims processing delays.

We further recommend that the Administrator direct the Chief Benefits Director to assess the tentative claims processing goals for the Target System as VA acquires experience with it so that the system's potential for speeding up the claims process is fully realized. (See ch. 5.)

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ABBREVIATIONS

C&P      compensation and pension  
GAO      General Accounting Office  
VA      Veterans Administration

## CHAPTER 1

### INTRODUCTION

In a letter dated March 11, 1977, Congressman John E. Moss asked us to review a number of compensation programs of the Civil Service Commission, the Department of Labor, the Social Security Administration, and the Veterans Administration (VA).

This, the fourth and final response to that request, deals with VA's procedures for processing initial claims for disability and death benefits. These benefits include (1) compensation to veterans for service-related disabilities and to survivors of veterans who died of service-connected causes and (2) pensions to needy wartime veterans for non-service-connected disabilities and to the surviving dependents of wartime veterans who died of non-service-connected causes.

In addition, Senator Jacob K. Javits asked us to make a random audit of VA's New York City regional office to determine the reason for delays experienced in processing benefits claims.

### COMPENSATION AND PENSION PROGRAMS

Title 38 of the United States Code provides for compensation and pension (C&P) benefits to veterans and their survivors. VA's Department of Veterans Benefits administers these benefits through 58 major field stations within and outside the United States and a records processing center. In fiscal year 1977, the Department employed an average of 3,692 people to administer the C&P programs, and the administrative costs related to those programs were about \$58 million. During this period VA paid \$5.7 billion in compensation benefits to 2.6 million veterans and survivors and \$3.1 billion in pension benefits to 2.3 million veterans and survivors.

The four major programs in VA's compensation and pension program are: disability compensation, dependency and indemnity compensation, disability pension, and death pension.

#### Disability compensation

The disability compensation program provides relief for disabled veterans with an impaired earning capacity resulting from their military service. The amount payable varies

according to the degree of disability. Additional compensation for dependents is payable to any veteran entitled to disability compensation rated at 50 percent or more.

#### Dependency and indemnity compensation

The dependency and indemnity compensation program is the major benefit program for surviving spouses, children, and dependent parents of veterans who die from service-connected causes. <sup>1/</sup> Payments under this program are in lieu of the veterans' earnings and are designed to protect their spouses and dependents from economic deprivation.

#### Disability pension

The disability pension program provides financial assistance to needy wartime veterans who, because of disabilities from non-service-connected causes, are precluded from gainful employment. Pension payments are made to veterans who are permanently and totally disabled or who are 65 years of age or older and meet specific income limitations.

#### Death pension

Death pension is payable to a surviving spouse and children of a veteran who died of non-service-connected causes, subject to specific income limitations.

#### CLAIMS PROCESSING

C&P claims are processed in the 58 VA regional offices, primarily in the adjudication divisions. These divisions are organized into processing teams consisting of authorization units and rating boards, bringing together the functional skills necessary to process a claim from its receipt to award or disallowance.

To receive C&P benefits, a claimant must submit an application with the necessary supporting evidence to a VA regional office. A claimant can obtain assistance in preparing his application from the VA regional office, veterans service organizations with representatives in the VA regional offices, or State agencies established for this purpose.

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<sup>1/</sup>VA also administers a death compensation program available only to survivors of veterans who died before January 1, 1957.

Upon receiving the application, VA generally processes the claim in six stages: (1) establishment, (2) development, (3) rating, (4) adjudication, (5) authorization or disallowance, and (6) payment, if applicable.

### Establishment

Claims establishment generally involves determining if a prior claim exists and, if so, locating appropriate records; assigning a claim number and creating a claim folder if one does not exist; establishing control over the claim for future reference in the process; and acknowledging to the claimant the receipt of the claim.

### Development

Claims development involves assembling the necessary supporting evidence for adjudicating the claim. Major processing steps at this stage include reviewing the application and supporting evidence for completeness of required material; screening the claim for possible ineligibility based on service data (dates and discharge) or other criteria associated with that particular claim; and requesting evidence from the service departments, the claimant, or other organizations when the necessary supporting evidence is not present.

### Rating

Compensation claims and certain disability pension claims 1/ require review by a rating board in the VA regional office adjudication division. The rating board reviews the medical evidence and other relevant data supporting the claim to judge the extent of the claimant's disability. The board generally consists of a medical doctor, an occupational specialist, and a legal specialist.

### Adjudication, authorization, and payment

Adjudication involves deciding whether a claim should be awarded or disallowed based on the evidence provided and determining the amount of the award. Authorization is the process by which the chief adjudicator approves the adjudicator's decisions. The authorization of the claim provides the basis for the payment. Regional office processing teams

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1/Claimants for disability pension who are 65 years of age or older are presumed to be totally and permanently disabled and their claims do not require rating board action.

prepare input documents and send them to the data processing center in Hines, Illinois, for the preparation of payment tapes, which are forwarded to a Department of the Treasury disbursing center in Austin, Texas.

In fiscal year 1977, VA's workload for C&P benefits was as follows:

<u>Type of claim</u>	<u>Claims pending beginning of year</u>	<u>Claims received</u>	<u>Claims completely processed</u>	<u>Claims pending end of year</u>
Disability compensation	41,492	143,049	146,306	38,235
Dependency and indemnity compensation	4,357	33,331	33,828	3,860
Disability pension	20,022	106,558	108,681	17,899
Death pension	9,260	118,230	118,918	8,572

VA is currently developing and implementing the Target System--an advanced computer-based system intended to modernize the claims process and improve service to veterans. (See p. 17.) Claims processing is now primarily manual; only the payment process is automated. A major objective of Target is to automate much of the claims process and reduce processing times.

However, greater improvements are expected from Target in the processing of adjustments to existing claims. Much of the required data will be readily accessible on automated files, thus reducing the often time-consuming effort required to locate and review veterans' claims folders to obtain the data necessary for the adjudicative process.

#### SCOPE OF REVIEW

We made our review at VA's central office in Washington, D.C.; at randomly selected regional offices in New York City, Buffalo, San Francisco, Los Angeles, San Diego, and Denver; and at VA medical facilities associated with those regional offices. We randomly sampled 521 initial claims processed between October 1, 1976, and September 30, 1977, for our analysis. (See app. I.) This sample enabled us to project processing times nationwide and for the New York City regional office.

We examined claims processing procedures and reviewed pertinent records and reports both at VA's central office and at selected regional offices, and we discussed policies, procedures, and management control matters with officials at all locations.

Although our review focused on the timeliness of VA's resolution of veterans' and survivors' initial claims for C&P benefits, the processing of original claims is only part of VA's claims processing workload. VA must also adjust existing awards as circumstances of claimants change and reopen claims as claimants supply additional information to support their cases or appeal decisions to disallow their claims.

## CHAPTER 2

### THE LENGTH OF THE CLAIMS PROCESS

#### AND WHAT IT ENTAILS

Veterans and their survivors making initial claims for compensation and pension benefits generally must wait a long time for VA to process their claims to disallowance or award and subsequent payment.

The length of time it takes to process a claim varies according to the type of claim and the circumstances involved. Claims cannot be processed until VA obtains all the supporting evidence necessary for proper adjudication. Some of this data has to be obtained from outside sources not under VA's control. Once VA has the evidence, further delays may be encountered before VA makes a decision to award or deny the claim. Delays also occur in the payment process.

#### AVERAGE ELAPSED TIMES TO PROCESS C&P CLAIMS

We took a statistical sample of 521 original claims processed in fiscal year 1977 in six randomly selected VA regional offices. (See app. I.) Based on this sample, our best estimate of the average elapsed time to process each of the four types of C&P claims both nationwide and for VA's New York regional office is as follows:

<u>Type of claim</u>	<u>Average elapsed time (calendar days)</u>	
	<u>Nationwide</u>	<u>New York</u>
Disability compensation	147	140
Dependency and indemnity compensation	80	88
Disability pension	129	111
Death pension	81	103

These figures represent the time elapsed between VA's receipt of the claim and the adjudicator's decision to award or disallow the claim. If benefits are awarded, we estimate that the average elapsed time between the adjudicator's decision and the first payment to the beneficiary is an additional 25 days.

NEED TO OBTAIN ADDITIONAL INFORMATION  
TO REACH DECISIONS ON CLAIMS

To make a decision on a claim, VA must have many different kinds of information, the nature and extent of which depend on the type of claim and the circumstances involved. In three of every four claims we analyzed, claimants did not initially submit all evidence required to support their claims. Some delays occurred while this information was obtained from VA records, the claimants, and the military service departments. Following are the various sources from which VA obtains additional information.

Veterans' claims folders

VA establishes and maintains claims folders for veterans and survivors who apply for the various benefits administered by the Department of Veterans Benefits. Accordingly, upon receiving a claim, VA's first step is to determine whether a claims folder already exists for the claimant and, if so, to retrieve it. Folders may be in other regional offices or in the VA records processing center in St. Louis. VA regional offices will not continue processing applications without claims folders because loose applications can get lost easily and information in the claimant folder may be important to the development and adjudication of the claims.

Folders for about one-fourth of our sample cases were at other locations when applications were received. From the date of request, it took regional offices adjudicating the claims an average of about 10 days to obtain these folders from other locations. Folders are sometimes difficult to locate and take a long time to retrieve. For example, in one case in our sample, 155 days elapsed from the time the regional office requested the claims folder to the time it received the folder from the records processing center.

Claimant evidence

VA often has to request additional information directly from the claimant because the application is incomplete or the information provided needs clarification. For example, claimants for pension benefits often do not provide information on their income and net worth, which VA needs to determine eligibility for the benefit. Also claimants may need to provide more detailed information on their disability for VA to consider the merits of the claims.

Claimants were asked to supply additional information in 34 percent of our sample cases. Average time for the claimants to respond to VA was 42 days from the date of request for information.

### Military records

Claimants for C&P benefits must submit veterans discharge papers with their applications. Because claimants sometimes lose their discharge papers or submit questionable documents, VA regional offices processing the claims must often verify the veterans' service records.

VA generally verifies and obtains service data from the General Services Administration's National Personnel Records Center in St. Louis. For veterans discharged from military service since 1968, VA verifies service dates from its own automated recordkeeping system. Delays are sometimes encountered in obtaining information from the Center because a fire destroyed some of its records in 1973. If pertinent records have been destroyed, the Center must research military historical records. This involves requesting VA to obtain more information from the claimant about the particulars of the veteran's service, such as service dates and military organization to which the veteran was assigned.

In 33 percent of our sampled cases, VA regional offices had to verify or obtain military service records. Average time for VA to obtain these verifications or records was 35 days. The response time ranged from 2 to 268 days.

### Medical evidence from private physicians and hospitals

VA often asks for supporting medical evidence from the veterans' personal physicians or hospitals in which they were treated. The regional offices use this information to determine whether a physical examination by a VA hospital facility is needed to rate or adjudicate the claimant's disability.

VA regional offices asked for supporting medical evidence from private physicians and hospitals in 22 percent of our sample disability C&P cases, and the average waiting time for a response was 46 days.

### Medical evidence from VA hospital facilities

If a veteran applying for C&P benefits has been a patient at a VA hospital, the regional office processing the claim generally requests a medical summary from the hospital in which the veteran was treated. The regional offices use the summaries in the rating and adjudication process or may decide that the veteran needs a physical examination at a VA hospital facility.

VA regional offices requested medical summaries in 23 percent of our sample disability compensation and pension cases. The average waiting time for responses was 43 days, ranging from 4 to 288 days.

### Reports of physical examinations by VA hospitals

The regional offices often request VA hospitals to arrange for physical examinations of claimants for disability benefits because medical evidence provided by the military services, VA hospitals, or the claimants' personal physicians is not sufficient to conclusively rate the claimants' disabilities.

VA regional offices requested physical examinations for 51 percent of the C&P disability benefit claimants in our sample. The average time for the regional offices to obtain the results of the physical examinations from the VA hospitals was 77 days from the date of request.

### OTHER TIME LAGS IN THE CLAIMS PROCESS

Although most of the wait time by claimants for C&P benefits results from VA's need to obtain additional information, delays also take place in the decision and payment processes.

### The decision process

When all the necessary supporting evidence is acquired, the VA regional office rating boards and adjudicators decide the merits of the claims. Rating boards (1) assess the medical evidence and other relevant information to evaluate the merits of the disability under applicable laws and (2) establish whether the disability or death was service connected, when applicable. Adjudicators (1) decide whether to allow or disallow the claim and (2) determine the amount of the

benefit based on the decisions of the rating board, if applicable, and pertinent laws and VA regulations.

Our sample showed that average elapsed times for claims in the decision process stage was 40 days for claims that required decisions by both the rating board and the adjudicator and 25 days for claims that did not require decisions by rating boards.

The main reason for the length of the process is VA's workload; the adjudication divisions of the regional offices process not only original claims but also reopened claims and adjustments to previously approved claims. Claims are generally processed by the first-in, first-out method, according to the date of the claim or the date requested additional information was received by the adjudication division.

#### The payment process

After the decision to award benefits, information relevant to the award is recorded on devices for computer input and mailed to the data processing center in Hines, Illinois. At Hines, pertinent master records are established for payees, and payment notices are sent to a Treasury Department disbursing center in Austin, Texas, which prints and mails checks to claimants.

On the basis of our sample, we estimate that in fiscal year 1977 the payment process described above took 25 days once the adjudicator made the decision to award benefits.

### CHAPTER 3

#### ACTIONS HAVE BEEN TAKEN TO SPEED UP THE CLAIMS PROCESS BUT MORE NEEDS TO BE DONE

During our review a VA task force studied a major bottleneck in the claims process--the untimely completion of physical examinations of claimants by VA medical facilities. The task force identified a number of problems in the process, and VA's Department of Medicine and Surgery issued instructions to VA medical facilities to address these problems. Also VA's new Target System should give the regional offices a better reporting capability to assess timeliness of processing as a basis for appropriate action. However, improvements are needed in management and supervisory practices in VA regional offices and medical facilities to ensure that the system's potential is fully realized.

#### VA TASK FORCE ON TIMELY PROCESSING OF CLAIMANT MEDICAL EXAMINATIONS

A joint task force composed of officials from the Departments of Veterans Benefits and Medicine and Surgery examined the process of VA's giving claimants for compensation and pension disability benefits medical examinations for rating their disabilities. In a March 1978 report, the task force identified a number of problems hampering the timely processing of physical examinations, some of which we had observed.

Based on our sample of cases, completion and reporting of physical examinations by VA medical facilities appeared to be the major cause of delay in processing C&P claims. However, some facilities we observed did take aggressive management action to complete and report on examinations in a timely manner. The Department of Medicine and Surgery had established criteria for completing examinations. The criteria call for performing and reporting results to VA regional offices on 65 percent of the examinations within 1 month or less of the receipt of the request from the regional offices and performing and reporting on 90 percent within 2 months or less.

Our sample showed that, in claims where examinations were required, only 15 percent met the 1-month criterion and 65 percent met the 2-month criterion. Average time in our sample for medical facilities to perform examinations and prepare reports on results was 64 days. Performing the examinations took an average of 37 days, but it took the medical

facilities an average of 27 days to complete and mail the reports on the examinations to the VA regional offices. The Department of Medicine and Surgery criterion says that reports should leave the medical facilities 7 workdays after the examination.

In addition, it took, on the average, another 13 days to transmit the requests between the VA regional offices and medical facilities. One regional office in our sample was slower than the others because it batched the requests and sent them periodically.

According to hospital officials, there are various reasons for delays in the process. Veterans needed time to schedule examinations; upon examining patients, physicians sometimes decided that another examination was needed; VA regional office personnel described disabilities vaguely, resulting in unnecessary specialty exams which are more difficult to schedule; and examining doctors are available on a part-time basis and cannot promptly review X-rays and laboratory tests and sign examination reports.

The report by VA's task force corroborated many of these observations. The task force noted: (1) excessive use of specialized examinations and diagnostic tests, (2) weaknesses in medical facilities' procedures for scheduling examinations, (3) delays in dictation and professional review of reports, (4) physician reports not in compliance with the VA's physicians' guide for disability examinations, which make the reports inadequate for rating purposes, (5) lack of interest on the part of management and professional personnel in timely performance of these examinations, and (6) lack of rapport with fee-basis physicians, 1/ who in many instances could be used to perform C&P examinations when this approach would be more economical.

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1/VA hospital facilities use private physicians to augment their medical staff in performing C&P examinations. Such use varies widely by geographical area. Fee-basis doctors are paid according to the customary and reasonable charges for a geographic area. When these physicians use VA facilities, their earnings are generally limited to \$12,500 per year, although exceptions may be granted for certain scarce specialists. These physicians are paid after they complete the examinations and their reports are approved by VA medical personnel.

The results of our statistical sample were inconclusive as to timeliness of responses by fee-basis doctors to whom VA refers medical examinations.

In June 1978 VA's Acting Deputy Chief Medical Director pointed out these weaknesses in a circular to the heads of VA medical facilities and directed appropriate corrective action.

VA REGIONAL OFFICES AND HOSPITALS  
CAN IMPROVE MANAGEMENT AND  
SUPERVISORY PRACTICES

Some causes of long time lags in obtaining information for further development of claims are not under VA regional office control. We could not assess the specific reasons for delays in the claims process in each individual case in our sample because of the time elapsed between when the delay occurred and when we reviewed the case. However, we believe that delays in claims processing can be minimized by improvements in management and supervisory practices in several areas.

Screening applications

In the claims process it is essential to screen applications and other relevant information received from claimants to ensure that the long process of development to support the claims (described in ch. 2) is started expeditiously. In five of the six VA regional offices we examined, goals were not set as to how soon after receipt of the claim screening should be accomplished, nor did supervisors review the timeliness with which this step was accomplished. As a result, a lot of time sometimes elapsed before additional information was requested. For example, one region often took at least 3 weeks, and in some cases over 40 days, to request service data from the National Personnel Records Center on disability compensation claims. Another region often took over 30 days, and in some cases took over 60 days, to request additional information on death pension cases.

One region required all applications to be screened and necessary additional information requested within 14 days. Unit supervisors spot checked the claims each month to ensure that this 14-day goal was being met. In 80 percent of the cases we reviewed the goal was met. VA reports show that this regional office, in terms of overall processing timeliness, is one of the better offices in the VA system.

VA adjudicators should prescreen  
pension claim applications to  
minimize piecemeal development

VA development clerks examine claimants' applications and supporting evidence early in the claims process for completeness so that additional information needed can be expeditiously requested. On pension claims, however, analysis of certain income information is generally beyond the expertise of the development clerks; instead, it is done by adjudicators in one of the last stages of the claims process. This sometimes results in VA's asking the claimant for information a second time, thereby adding to delays in processing the claim. This piecemeal development could be minimized if adjudicators screened the claimant's income information early in the claims process.

The award of pension benefits is subject to stringent income and net worth limitations. The adjudicator must analyze the income and net worth information provided by the claimant to ensure that all the conditions relevant to each case are met. The claimant may sometimes be required to clarify information so that the adjudicator can make the appropriate decision. Development clerks who screen applications early in the process merely ascertain whether the claimant has completed all the necessary income blocks on the application.

On 10 percent of the pension claims in our sample, the adjudicators asked for additional information from claimants after other information had been requested earlier, thereby delaying the processing of the claims.

For example, one VA regional office received a veteran disability pension claim in June 1976. The development clerk screened the application and requested medical evidence from the veteran's physician in August 1976. The rating board determined the degree of disability on December 13, 1976. At this point the adjudicator questioned the veteran's net worth and requested verification from the claimant. VA received this verification within 23 days, but because of the adjudicator's workload, the decision to award benefits was not made for 3 more weeks. Thus, the claim was delayed unnecessarily a month and a half because the information was not requested earlier.

VA central office should monitor regional offices to ensure balancing of backlogged work

The decision process actually takes several days, primarily because of the workload and backlog of the regional office adjudication divisions. Dealing with the backlog is the responsibility of regional directors, and procedures vary by regional office. While five of the regional offices we observed alleviated backlogs by shifting workloads, the sixth, a large region, did not, resulting in an imbalance of backlogged work. To the extent that other VA regions do not balance the work of processing teams, the central office should impress upon them the value of this practice in alleviating backlogs.

Generally the adjudication divisions in VA regional offices are organized in sections, which in turn are composed of units. Sections are assigned cases by claim number. There is usually little correlation between the assignment of claim numbers and the workflow. Therefore, some sections may have a backlog of claims while others have none.

Claims backlogs are a problem in the VA regional offices and appear to be a problem at the section level. In most regions we reviewed, the backlog was shifted by assigning the overloads of some sections to others. In one region, however, regional office management was reluctant to shift overload work to other sections because it gave the appearance that some sections were not keeping up with the work. The region tried other methods, such as cross-training adjudicators in rating board procedures to rate simple cases and thereby alleviate rating board backlogs.

We examined the claims backlog in this region in March 1978. VA regions have a criterion of 21 days for completion of the rating and adjudicating of claims. One section in this region had no claims pending in its rating board more than 21 days, while another section had over 200 such claims.

VA hospitals should monitor timeliness of completion of hospital summaries

The expeditious forwarding by VA hospitals of medical summaries on claimants for disability benefits is important because the regional offices rely on these summaries in rating and adjudicating claims. Further, upon receiving the summaries, regional offices may decide that they are inconclusive and may schedule physical examinations. Late summaries therefore compound delays in overall claims processing.

The Department of Medicine and Surgery requires VA hospitals to forward medical summaries within 10 working days of a regional office request. Our sample indicated that this criterion was rarely met. Response times averaged 43 days, and some medical officials were not even aware of the 10-day criterion.

According to some VA hospital officials, these delays were caused by VA physicians' failure to dictate medical summaries promptly. For example, one medical facility we observed had over 400 outstanding undictated summaries as of April 1978.

VA regional offices should follow up more aggressively when VA medical facilities do not respond promptly to requests for information

When the regional offices request medical information from VA medical facilities and the facilities do not respond, supervisory personnel should see to it that prompt followup action is taken. Such action would remind the medical facilities of the urgency of the information and promote corrective measures in cases where requests or information are lost. Although VA regional offices have procedures for followup, they generally are not followed.

The Department of Veterans Benefits has established procedures for VA regional offices to follow up with VA medical facilities 60 days after requests for reports on physical examinations and 30 days after requests for hospital summaries.

In our sample, nearly 50 percent of the requests for physical examinations required followup action by VA regional offices; in more than two-thirds of these cases, such action was not taken. Also in our sample, 40 percent of the requests for hospital reports from VA facilities required followup action; in more than half of these cases, such action was not taken.

Lack of prompt followup action can cause long delays for claimants, particularly if documentation is lost. For example, in one case in our sample, a VA region processing a disability claim requested an examination in April 1976. The region did not receive the report of the examination from the medical facility until May 1977--13 months later--because the medical facility lost the request. The region had not followed up on the request until October 1976--6 months after the request.

VA'S TARGET SYSTEM AND ITS POTENTIAL FOR  
IMPROVING TIMELINESS OF PROCESSING CLAIMS

VA is currently developing the Target System--an advanced computer-based system intended to modernize its benefit claims processing and improve services to veterans. The system provides a reporting potential that can enhance the timeliness of claims processing if VA management takes appropriate followup action.

The present claims processing system is primarily a manual system; only the claims payment process is automated. VA characterizes the present claims processing system as technically limited, labor intensive, and paperwork bound. The agency looks to the Target System to improve efficiency and take advantage of new automatic data processing technology.

Target will use computers in three regional computer centers to provide data entry and automated claims processing capabilities to the VA regional offices. The system will have a central computer facility--Target Central System--for maintaining master records, handling centralized reporting and accounting functions, and generating payment notices to the Department of the Treasury, which prints the benefit checks. The stated key operational features of the Target System are:

- Computerized processing and control of claims in the regional offices, including automatic calculation of benefit awards, control of pending claims, and workload reporting.
- Immediate response to veteran inquiries concerning (1) status of claims in process, (2) status and amounts of award checks, and (3) information in the master record.
- Automated printing of awards, acknowledgments, and other routine letters.
- Ready access to information for reporting.

Terminals, installed in 56 of the 58 regional offices and the records processing center, will be connected to the three regional computers by telecommunications lines. Input data will be transmitted from the regional offices to the regional computers, each of which will maintain on-line work-in-process control files on pending claims within its region. These files will be updated automatically as a byproduct of claims processing. The regional offices will

be able to obtain (1) information concerning pending claims from the regional computer files and (2) information from the master files at the central computer facility through the regional computers. In addition, the regional computers will link the regional offices to an automated claimant locator system at Austin, Texas.

The Target System gives VA regional offices the opportunity to obtain timely information from the system to take appropriate actions to resolve bottlenecks in the processing of original claims. However, more significant improvements are expected from Target in the processing of adjustments to previously approved claims.

One of the system's most valuable management tools is an automated "pending issue file," in which the status of a claim will be recorded and kept up to date. This file will monitor the movement of the claims through the various processing stages. Likewise, it will monitor outstanding requests for development information and the movement of claims folders among various processing stations. This information will be readily accessible by regional office personnel from the visual display terminals in these offices.

Target will also be capable of scanning the pending issue file and producing various reports to monitor the flow of work through the regional offices. These reports will indicate claims outstanding for long periods that should be investigated.

VA is currently developing requirements for management reports in this system. The value of this reporting system will depend on management emphasis on resolving potential problem areas and aggressive supervisory and management actions to correct them.

VA MUST REASSESS ITS CLAIMS PROCESSING  
GOALS TO FULLY REALIZE TARGET'S POTENTIAL

VA does not use firm goals for timely completion of processing of original claims. VA recognizes that it must establish firmer claims processing goals. It has established tentative goals to be used in its Target System; these are expected to change as VA acquires experience with the new processing concepts. As stated previously, Target has the potential to provide a reporting capability to better assess timeliness and pinpoint causes of delay. To fully realize Target's potential for reducing the overall time for processing initial claims, VA should carefully fine-tune these tentative goals.

## 1972 goals

In 1972 VA set timeliness goals for processing claims from their receipt to the adjudicators' decisions on them. The goals for each type of disability and death claim were expressed in terms of percentage of completion. That is, certain percentages of disability compensation claims, for example, should be completed in 30-day, 60-day, 90-day, and 180-day time frames. VA officials told us that they rely on other indicators of timeliness.

## VA's timeliness indicators

VA currently uses two indicators to assess potential trouble spots in the claims process--the timeliness of awards processed and a pending workload index. The VA central office uses these indicators to semiannually evaluate each regional office's need to examine its claims processing operations. VA regional office managers also use these indicators to compare their claims processing timeliness to that of other regional offices.

## Award processing timeliness

In 1973, VA instituted a reporting system to measure its timeliness in paying a claimant's first check for his entitled compensation and pension benefit. The system measures the elapsed time from the date of the claim to the date of payment of the award.

We found that only about 57 percent of the awards measured by this reporting system represent the claimant's first claim with VA for the particular benefit he was awarded. Forty-three percent of the awards measured represent reopened claims or awards to additional payees; such claims can be processed faster than original claims because a certain amount of development work has already been done. Thus, VA reports on these types of claims would show shorter elapsed time than the elapsed times for the types of claims in our sample.

## Pending workload index

In conjunction with reports on award processing timeliness, VA also uses as an indicator of timeliness a pending workload index--a ratio of claims pending at the end of a month to claims received over the past 3 months. Tolerances have been established for the indexes for each of the four types of claims described in this report. Indexes exceeding

the established tolerances indicate that claims are backlogged. VA's central office brings such backlogs to the attention of regional offices during its semiannual review for appropriate corrective action.

Assessment of VA's current indicators of claims processing timeliness

The indicators described above provide some measure of timeliness to which VA management can react, but they do not provide a complete picture of timeliness.

Timeliness reports on award processing do not measure the timeliness of processing for claims that do not result in awards. In our sample only about half of the original claims resulted in awards.

We recognized that a major test of service to the veteran is whether or not he received his entitled benefits in a reasonable time frame. However, we believe that the measure of service should also focus on prompt resolution of the claim whether it be awarded or disallowed. Such emphasis on prompt resolution of claims enhances service to the veterans by minimizing delays in taking the necessary action, if appropriate, to provide additional evidence, appeal the VA decision, or seek assistance from other Government programs.

Timeliness goals for Target

By August 1978 VA had established definitive goals and standards for measuring achievements in its Target System. One of these goals is reducing overall time for processing original claims. Standards set for initial claims in the four programs are as follows:

Type of claim	Percent processed in			
	<u>30 days or less</u>	<u>60 days or less</u>	<u>90 days or less</u>	<u>120 days or less</u>
Disability compensation	15	30	50	75
Dependency and indemnity compensation	35	50	75	90
Disability pension	30	50	75	95
Death pension	50	80	90	95

Target will be capable of measuring performance against these goals, and to fully realize the system's potential for reducing timeliness of awards processing, VA should give top priority to assessing these goals as it gains experience with the system.

## CHAPTER 4

### HANDLING OF VETERANS' COMPLAINTS AND INQUIRIES

Claimants depend on their benefit checks to relieve their financial hardships. The length of the claims process and the decisions reached by VA, particularly regarding disallowance of claims, are bound to create claimant concern. The claimants will often inquire or complain about the status of claims and occasionally ask their congressmen to inquire in their behalf. It is important, therefore, that VA be sensitive in dealing with complaints and inquiries from claimants.

VA has established procedures directed at resolving complaints and telephone inquiries promptly. In addition, the Target System will greatly enhance VA's capability to respond to inquiries promptly.

#### VA ACCORDS PRIORITY TO VETERANS' COMPLAINTS

A veteran's inquiry is considered a complaint when he makes a serious allegation regarding the handling of his claim. Veterans' complaints and congressional inquiries are given priority treatment by VA.

#### Congressional inquiries

According to VA regional office officials, VA's goal is to respond to congressional inquiries within 7 days of receipt. If the issue cannot be resolved that quickly, VA sends an interim response to the congressman explaining the delay. VA personnel say that claims about which congressmen inquire are given the highest priority in processing. Some regions have established special groups to process these claims. We examined 56 congressional inquiries for timeliness of response. The time to answer these inquiries averaged 7 days and ranged from 1 to 14 days.

#### Veterans' complaints

VA also has a goal to respond to veterans' complaint mail within 7 days. Mailroom personnel in VA regional offices screen all correspondence from veterans and determine if the correspondence constitutes a complaint. We examined 28 complaint letters for timeliness of response. The average time to answer these complaints was 7 days from receipt of the complaint. Timeliness of responses ranged 1 to 16 days.

## Veteran's inquiries

VA regional offices receive veterans' inquiries by mail or telephone. Telephone calls are logged and responded to by personnel of the Veterans Services Division, whose primary function is to assist veterans. The six VA regions we examined set response goals ranging from 7 to 14 days. In testing responsiveness to telephone inquiries in two VA regional offices, we found that response time averaged 12 days.

Responses to veterans' inquiry letters in regional offices are generally handled by the adjudication divisions. These divisions' primary function is to process claims; therefore, responding to letters was not given priority attention. We found that average time to respond to written inquiries in three VA regions was 28 days.

VA generally responds to inquiries by return telephone calls, personalized letters, or form letters, depending on the circumstances. In March 1978, the Administrator of Veterans Affairs started a campaign seeking to improve letter writing to veterans. He wanted to ensure that VA personnel wrote in common sense language that was both responsive and sensitive.

## Target should significantly improve responses to veteran inquiries

A major problem in timely response to veteran inquiries is obtaining the veterans' claim folder, since the movement of these folders within VA regional offices is difficult to control. The Target System will place most of the information on veterans' claims on automated files, which will be accessible almost immediately from visual display terminals. This should reduce substantially the time involved in answering inquiries.

## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

#### CONCLUSIONS

Veterans and their survivors making initial claims for compensation and pension benefits generally wait months while VA processes their claims. The length of time it takes to process a claim varies according to the type of claim and the circumstances involved. Claims cannot be processed until VA obtains all the necessary supporting evidence. Some of this data has to be obtained from outside sources not under VA's control. Once VA has the evidence, further delays may be encountered before the decision is made to award or deny the claim. Delays also occur in the payment process.

VA has acted to speed up the claims process in areas within its control. During our review a VA task force studied a major bottleneck in the claims process--the VA medical facilities' untimely processing of physical examinations of claimants for disability benefits. In June 1978 the task force brought a number of weaknesses in the examination process to the attention of the heads of VA medical facilities for their corrective action.

VA is also developing the Target System--an advanced computer-based system intended to modernize claims processing. Significant improvements are expected from Target in processing adjustments to previously approved awards. In addition, the system affords VA regional offices the opportunity to better control the status of initial claims. Target should also greatly enhance VA's capability to respond to claimants' inquiries about the status of their claims.

Although VA expects improvements in its claim processing from Target, it has no firm goals for timely processing of initial claims for compensation and pension benefits. VA has established tentative goals to be used when the system is operational. VA should give top priority to assessing these goals as it gains experience with Target, so that the system's potential for speeding up the claims process can be fully realized.

The quality of management and supervision of processing varies with VA regional offices and medical facilities. The success of Target and the VA task force recommendations on

medical examinations will depend upon aggressive management and supervision by these installations.

Claims processing delays can be minimized if VA regional offices ensure that, where appropriate, they:

- Set goals for expeditiously requesting evidence required from other sources.
- Assess more thoroughly, early in the process, the income information submitted by pension claimants to minimize unnecessary delays resulting from piecemeal requests for evidence.
- Reassign claims processing workloads to balance the work and thereby alleviate backlogs.
- Follow up more aggressively on requests for medical information from VA medical facilities to preclude unduly long delays.

VA hospitals can also minimize delays in the claims process by initiating appropriate supervisory controls to ensure that medical summaries on claimants treated in those hospitals are furnished promptly to VA regional offices.

#### RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

We recommend that the Administrator direct the Chief Benefits Director to issue appropriate instructions to the VA regional offices to ensure that adequate supervisory controls are exercised so that (1) needed evidence for developing claims is requested promptly, (2) piecemeal requests for information are minimized, (3) backlogged work is reassigned when appropriate, and (4) aggressive followup is made on requests for information from VA medical facilities.

We also recommend that the Administrator direct the Chief Medical Director to issue appropriate instructions to the VA hospitals to ensure that medical summaries on claimants are furnished promptly to minimize claims processing delays.

We further recommend that the Administrator direct the Chief Benefits Director to assess the tentative claims processing goals for the Target System as VA acquires experience with the system to ensure that Target's potential for speeding up the claims process is fully realized.

DESCRIPTION OF STATISTICAL SAMPLESELECTION OF REGIONS

We selected six regional offices, which allowed us to project VA processing time for original compensation and pension claims nationwide. In selecting our sample, we assigned numerical values to 56 of 58 regions in accordance with their percentage of the total VA projected workload expected under the Target System. Two regions, Juneau, Alaska, and Manila, Republic of the Philippines, were excluded because they will not be under that system. As a result, workload statistics for these regions were not available.

Once we assigned numerical values, we picked the following regional offices using random numbers:

San Francisco  
 Los Angeles  
 New York  
 Buffalo  
 Denver  
 San Diego

SELECTION OF SAMPLE SIZE

We selected 521 original compensation and pension claims processed during fiscal year 1977. A breakdown of the sample is as follows:

<u>Type of claim</u>	<u>Sample size</u>
Disability compensation	145
Dependency and indemnity compensation	126
Disability pension	130
Death pension	<u>120</u>
Total	<u>521</u>

This sample allowed us to project timeliness for each of the four claims nationwide and in the New York regional office and to maintain an overall confidence level of 95 percent.

We selected our claims from VA's statistical quality control sample--a random sample of claims used by VA to assess quality. Once we identified the statistical quality control universe for each of the four original claims, we selected our sample using random numbers.

Universe and Sample Size for Fiscal Year 1977

<u>VA region</u>	<u>Disability compensation</u>		<u>Dependency and indemnity compensation</u>		<u>Disability pension</u>		<u>Death pension</u>	
	<u>Universe</u>	<u>Sample size</u>	<u>Universe</u>	<u>Sample size</u>	<u>Universe</u>	<u>Sample size</u>	<u>Universe</u>	<u>Sample size</u>
San Francisco	6,793	30	1,366	20	4,051	20	3,575	20
Los Angeles	6,575	25	1,762	25	5,718	30	4,217	25
New York (note a)	5,872	50	1,727	41	5,956	50	5,861	40
Buffalo	2,683	15	766	15	1,948	10	2,359	15
Denver	2,417	10	492	10	846	10	1,066	10
San Diego	3,035	15	931	15	1,304	10	821	10

a/This size sample allowed us to project New York's processing time.



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