



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Unwarranted Medical
Reexaminations for
Disability Benefits

REVIEW

REPORT #17-04966-201

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Executive Summary

Why the OIG Did This Review

The OIG conducted this review to determine whether Veterans Benefits Administration (VBA) employees required disabled veterans to submit to unwarranted medical reexaminations.¹

VBA employees have authority to request reexaminations for veterans “whenever VA determines there is a need to verify either the continued existence or the current severity of a disability,” and when there is no exclusion from reexamination.² While reexaminations are important in the appropriate situation to ensure taxpayer dollars are appropriately spent, unwarranted reexaminations cause undue hardship for veterans. They also generate excessive work, resulting in significant costs and the diversion of VA personnel from veteran care and services.

What the Review Found

VBA employees did not consistently follow policy to request reexaminations only when necessary.³ The OIG team reviewed a statistical sample of 300 cases with reexaminations from March through August 2017 (review period) and found that employees requested unwarranted medical reexaminations in 111 cases. Based on this sample, the review team estimated that employees requested unwarranted reexaminations in 19,800 of the 53,500 cases during the review period (37 percent). VBA employees requested reexaminations for veterans whose cases qualified for exclusion from reexamination for one or more of the following reasons:

- Over 55 years old at the time of the examination, and not otherwise warranted by unusual circumstances or regulation
- Permanent disability and not likely to improve
- Disability without substantial improvement over five years
- Claims folders contained updated medical evidence sufficient to continue the current disability evaluation without additional examination
- Overall combined evaluation of multiple disabilities would not change irrespective of the outcome of reexamining the particular condition

¹ VBA also refers to medical reexaminations as routine future examinations.

² 38 CFR §3.327, *Reexaminations*.

³ The relevant policy is found in M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section B, Topic 2, Determining the Need for Review Examinations.

- Disability evaluation of 10 percent or less
- Disability evaluation at the minimum level for the condition⁴

The review team estimated that during the six-month review period, VBA spent \$10.1 million on unwarranted reexaminations—\$5.3 million involving Veterans Health Administration clinicians and \$4.8 million involving VBA contractors.⁵ The review team estimated that VBA would waste \$100.6 million on unwarranted reexaminations over the next five years unless it ensures that employees only request reexaminations when necessary.

In assessing the unnecessary burdens for veterans, the review team estimated that VBA required 19,800 veterans to report for unwarranted medical reexaminations during the review period. Reinforcing the needlessness of the reexaminations, approximately 14,200 veterans experienced no change to their disability evaluations because of their reexamination. The review team estimated that the reexaminations resulted in proposed benefit reductions for about 3,700 veterans.⁶ At the conclusion of the review period, these proposed reductions remained subject to a final decision and an appeal process; therefore, the OIG did not make a determination on whether the reductions were justified.⁷ Unwarranted reexaminations also created unnecessary work for VA employees, which reduced VBA's capacity to process benefits claims and the Veterans Health Administration's (VHA's) capacity to provide healthcare services.

Why This Occurred

Prior to requesting that a veteran appear for a medical reexamination, VBA policy requires a Rating Veterans Service Representative (RVSR) to review the veteran's claims folder and determine whether the reexamination is needed (pre-exam review).⁸ The pre-exam review serves as an internal control to prevent unwarranted reexaminations. The review team estimated,

⁴ VBA relies on these objective criteria to identify disabilities that are unlikely to improve and therefore do not merit the expense and burden of reexamination.

⁵ The review team estimated the cost of unwarranted reexaminations using the results of the team's statistical sample claims review. See Appendix C for more information on the statistical sampling methodology and results.

⁶ The review team did not project cost savings based on the 3,700 veterans with proposed reductions because the reductions were only proposals—not final reductions. When VBA makes a final decision, the proposed reduction amount may be changed, or there may be no reduction at all.

⁷ The review team estimated the number of veterans who had proposed benefits reductions using the results of the team's statistical sample. Some reexaminations resulted in increases to veterans' benefits, but the small sample size prevented the review team from making a statistical projection to estimate the value of all increases during the review period.

⁸ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section C, Topic 2, *Control of Future Examinations*. For this report, the OIG defines the required RVSR review prior to a reexamination request as the Pre-exam Review.

however, that 15,500 of 19,800 unwarranted reexaminations (78 percent) lacked a pre-exam review by an RVSR, indicating that VBA management routinely bypassed this internal control. Instead, VA Regional Office (VARO) managers routed these cases directly to a Veterans Service Representative (VSR) for scheduling the reexamination.

VARO managers explained that routing cases directly to VSRs was consistent with guidance from the Executive in Charge for VBA. The guidance recommends that tasks not directly related to making a disability rating decision should not be assigned to an RVSR. The Executive in Charge confirmed that the VARO managers' interpretation was consistent with his expectations. He explained to the review team that RVSR capacity is limited, and therefore an RVSR should not spend time on activities that do not directly relate to making rating determinations. Reinforcing the Executive in Charge's mandate, VBA redesigned its employee performance standards in 2017. This revision resulted in RVSRs earning work credit for rating decisions but not for other transactions, such as canceling an unwarranted reexamination.

Bypassing the pre-exam review caused unwarranted reexaminations. VARO managers routed the work to VSRs who lacked the training and experience necessary to make accurate determinations about whether a reexamination was warranted. Determining whether a reexamination is necessary is an RVSR responsibility; however, VSRs were tasked with making this determination. VBA employees and managers stated that determining the necessity of a reexamination requires specialized knowledge, including the ability to review medical evidence. Similarly, 14 of the 24 VSRs interviewed told the review team that they were unfamiliar with the criteria for determining whether a reexamination was necessary.

VBA also did not invest in developing alternative internal controls to compensate for the lack of a pre-exam review. VBA could add features to the Veterans Benefits Management System (VBMS) to prevent the scheduling of reexaminations in cases that meet the exemption criteria, such as information system automation. VBA has not implemented these features in VBMS due to reported competing technology priorities and a lack of funding. In September 2017, VBA took initial steps and implemented a technology strategy designed to reduce unnecessary work by identifying and canceling work items for veterans age 55 or older that would have resulted in unwarranted reexaminations. This effort resulted in the one-time elimination of approximately 45,000 reexaminations. VBA plans to implement additional one-time cancellations in the future, and VBMS automation is scheduled for FY 2019 or later.

Finally, VBA's quality assurance processes did not measure whether VBA employees requested reexaminations only when necessary, nor did these processes evaluate whether an RVSR conducted a pre-exam review as required by VBA policy.

What the OIG Recommended

The OIG made four recommendations to the Under Secretary for Benefits:

- Establish internal controls sufficient to ensure that a reexamination is necessary prior to employees ordering it, and modify VBA procedures as appropriate to reflect these improved business processes.
- Take steps to prioritize the design and implementation of system automation reasonably designed to minimize unwarranted reexaminations.
- Enhance VBA's quality assurance reviews to evaluate whether employees correctly requested reexaminations and to categorize unwarranted reexaminations as errors.
- Conduct a special focused quality improvement review of cases with unwarranted reexaminations to understand and redress the causes of any avoidable errors.

Management Comments

The Under Secretary for Benefits concurred with three of the four recommendations, and concurred in principle with the fourth recommendation. The Under Secretary for Benefits provided acceptable action plans for all four recommendations. The OIG will monitor VBA's progress and follow up on implementation of the recommendations until all proposed actions are completed.

The Under Secretary for Benefits also provided technical comments related to this report. The OIG considered those comments and made clarifications where applicable.



LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

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Abbreviations

FY	fiscal year
NWQ	National Work Queue
OBPI	Office of Business Process Integration
OIG	Office of Inspector General
QRT	Quality Review Team
RVSR	Rating Veterans Service Representative
STAR	Systematic Technical Accuracy Review
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VBMS	Veterans Benefits Management System
VHA	Veterans Health Administration
VSR	Veterans Service Representative



Introduction

Objective

This review sought to determine whether Veterans Benefits Administration (VBA) employees required disabled veterans to submit to unwarranted medical reexaminations.⁹

Why the OIG Did This Review

From March through August 2017 (review period), VBA employees requested about 51,800 medical reexaminations. Both contract and Veterans Health Administration (VHA) examinations have associated costs. If any reexaminations are unwarranted, they waste appropriated funds and generate excessive work, resulting in the diversion of VA personnel from veteran care and services.

VBA employees have authority to request reexaminations for veterans “whenever VA determines there is a need to verify either the continued existence or the current severity of a disability” and when there is no exclusion for reexamination.¹⁰ While reexaminations are important in the appropriate situation to ensure taxpayer dollars are spent appropriately, unwarranted reexaminations cause undue hardship for veterans.

Requesting VHA and Contract Examinations

Veterans Service Representatives (VSRs) are VBA employees whose duties include determining what evidence is necessary to decide a claim, undertaking development action to obtain necessary evidence, and determining when a claim is ready for decision.¹¹ Rating Veterans Service Representatives (RVSRs) are VBA employees who have the authority to make formal decisions on veterans’ claims.

When an RVSR determines a veteran requires a reexamination in the future, the RVSR inputs an approximate date for the examination into the electronic system. When this date comes due, employees are required to refer the veteran’s claims folder to an RVSR for review to determine whether the reexamination is still needed (pre-exam review).¹² A reexamination is only

⁹ VBA also refers to medical reexaminations as routine future examinations.

¹⁰ 38 CFR §3.327, *Reexaminations*.

¹¹ Development action includes requesting medical examinations.

¹² M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section C, Topic 2, *Control of Future Examinations*. For the purpose of this report, the OIG defines the required RVSR review prior to a reexamination request as the Pre-exam Review.

necessary when there is not sufficient evidence to make a decision on a claim.¹³ RVSRs will proceed with a reexamination when they need to verify continued existence or severity of a disability, improvement in the disability is likely, evidence indicates a measurable change in a disability, or the reexamination is a regulatory requirement for that disability.¹⁴ If an RVSR determines that a reexamination is required, a VSR or an RVSR requests the reexamination from a VHA medical facility or contract provider.

Compensation Service

Compensation Service oversees the delivery of disability compensation, a tax-free monetary benefit paid to veterans with disabilities that are the result of a disease or injury incurred or aggravated during active military service. Furthermore, Compensation Service is responsible for

- Issuing and administering procedural guidance and implementing initiatives and laws governing VBA benefits;
- Developing, facilitating, and overseeing training for VBA employees involved in processing veterans' compensation claims; and
- Controlling and overseeing VBA's national quality assurance reviews of compensation claims processing.

¹³ M21-1 Adjudication Procedures Manual, Part I, Chapter 1, Section C, Topic 3, *Assisting with Medical Opinion or Examination Requests*.

¹⁴ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section B, Topic 2, *Determining the Need for Review Examinations*.

Results and Recommendations

Finding 1: VBA Spent About \$10 Million on Unwarranted Medical Reexaminations

VBA employees did not consistently follow policy to only request reexaminations when necessary.¹⁵ The OIG team reviewed a statistical sample of 300 reexamination cases from March through August 2017 and found that employees requested unwarranted medical reexaminations in 111 cases.¹⁶ Based on this sample, the review team estimated that employees requested unwarranted reexaminations in 19,800 of the 53,500 cases (37 percent) during the review period. The review team determined that multiple causes—including a lack of pre-exam reviews, lack of system automation, and inadequate quality assurance reviews—contributed to VBA employees requesting unwarranted reexaminations. The review team estimated that VBA spent \$10.1 million on unwarranted reexaminations during the six-month review period—\$5.3 million involving VHA clinicians¹⁷ and \$4.8 million involving VBA contractors.¹⁸ The review team estimated that VBA would waste \$100.6 million on unwarranted reexaminations over the next five years without instituting procedures to ensure employees only request necessary reexaminations.

This finding provides details of errors related to unwarranted reexaminations during the review period, as well as the primary causes and overall impact of the unwarranted reexaminations. It also includes three examples of cases where veterans had to attend unwarranted reexaminations.

VBA Criteria for Not Requesting Reexaminations

VBA policy requires employees to exercise prudent judgment in determining the need for reexaminations by requesting them only when necessary, and making every effort to limit those requests.¹⁹ A reexamination is not necessary if a veteran meets any of these criteria:

- Over 55 years old at the time of the examination, except under unusual circumstances or as required by regulation²⁰

¹⁵ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section B, Topic 2, *Determining the Need for Review Examinations*

¹⁶ VBA reviewed the 111 cases and agreed with the OIG's assessments.

¹⁷ Estimated costs based on VHA Allocation Resource Center data of the cost for each sampled VHA examination.

¹⁸ The OIG estimated the cost of unwarranted reexaminations using the results of the team's statistical sample claims review. See Appendix C for more information on the OIG's statistical sampling methodology and results.

¹⁹ M21-1 Adjudication Procedures Manual, *Determining the Need for Review Examinations*.

- Permanent disability and not likely to improve
- Disability without substantial improvement over five years
- Claims folders contained updated medical evidence sufficient to continue the current disability evaluation without additional examination
- Overall combined evaluation of multiple disabilities would not change, regardless of the outcome of reexamining the particular condition
- Disability evaluation of 10 percent or less
- Disability evaluation at the minimum level for the condition

Details of Unwarranted Reexaminations

Table 1 summarizes estimated errors the review team identified, organized by the reasons the reexaminations were not warranted. The OIG estimated that 13,200 reexaminations (67 percent) were unwarranted for two or more reasons listed. Individual reexaminations can contain errors in multiple categories, resulting in numbers and percentages that do not sum

Table 1. Estimated Unwarranted Reexamination Errors

Reason Reexamination Unwarranted	Estimated Number of Errors	Estimated Percentage of Errors
Disability without substantial improvement over five year	10,900 cases	55%
Over 55 years old at the time of the examination absent unusual circumstances	8,500 cases	53%
Permanent disability and not likely to improve	5,900 cases	30%
Medical evidence sufficient to uphold current disability evaluation	5,700 cases	29%
No change to overall combined disability evaluation	4,800 cases	24%
Disability evaluation of 10 percent or less	3,600 cases	18%
Disability evaluation at the minimum level for the condition	3,200 cases	16%
Total	19,800 cases	37%

Source: VA OIG analysis of statistically sampled reexaminations completed during the review period.

²⁰ M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section B, Topic 2, *When Not to Schedule Review Examinations*. For Example: Regulations require reexamination for certain cancers six months following cessation of treatment, irrespective of age. VBA has not provided examples of unusual circumstance, but has described this as a rare exception.

Examples of Unwarranted Reexaminations

The following examples provide details on cases where veterans had to attend unwarranted reexaminations due to one or more reasons listed in Table 1, as identified from the OIG reviews.

Example 1

In October 2015, a veteran received a zero percent evaluation for hearing loss, which is the minimum level for the condition.²¹ The RVSR who evaluated the claim incorrectly coded the veteran's claim for reexamination 13 months in the future. Because of this error, a VSR requested that this 62-year-old veteran report for a reexamination of her hearing loss in March 2017. The VSR scheduled the reexamination without a pre-exam review. The review team determined this reexamination was unwarranted for the following reasons:

- *The veteran was over age 55 at the time of the examination*
- *The veteran's disability evaluation was 10 percent or less*
- *The veteran's disability evaluation was at the minimum level for the condition*

The veteran still had to attend the reexamination, which cost VA \$321.38. After completion of the reexamination, an RVSR issued a decision confirming the evaluation at zero percent. The veteran's overall benefits did not change, which reinforced the needlessness of this reexamination.

Example 2

In July 2010, a veteran received a 10 percent evaluation for his back condition and 10 percent evaluation for a right leg nerve condition, which was the minimum level for the latter. VBA confirmed these evaluations in February 2015. At that time, the RVSR who evaluated the claim incorrectly coded the veteran's claim for reexamination 18 months in the future for both conditions. Because of this error, a VSR requested a reexamination in March 2017 without a pre-exam review. The review team determined these reexaminations were unwarranted for the following reasons:

²¹ The percentage ratings represent—as far as can practicably be determined—the average impairment in earning capacity resulting from such diseases and injuries and their residual conditions in civil occupations. Generally, the degrees of disability specified are considered adequate to compensate for considerable loss of working time from exacerbations or illnesses proportionate to the severity of the several grades of disability. A zero percent rating does not indicate that the veteran is free from disability, but rather that the veteran's condition is not impairing the veteran's earning capacity.

- *The veteran's disability evaluation for the back and nerve conditions were both 10 percent or less.*
- *The veteran's disability evaluation was at the minimum level for the nerve condition.*
- *The veteran's back and nerve conditions did not show substantial improvement over five years.*
- *The veteran's disabilities were permanent and not likely to improve.*
- *The veteran's claim file contained updated medical evidence sufficient to continue both disability evaluations without additional examinations.*

The veteran still had to attend both reexaminations, which cost VA \$889.50. After completion of the examinations, an RVSR issued a decision confirming the current 10 percent evaluation for both conditions. The veteran's overall benefits did not change, which reinforced the needlessness of the reexaminations.

Example 3

In July 2016, a veteran's bladder cancer was confirmed at 100 percent disabling. The RVSR who evaluated the claim correctly coded the veteran's claim for reexamination six months in the future. In April 2017, a VSR requested the veteran report for a reexamination of his bladder cancer. The VSR scheduled the reexamination without a pre-exam review. Medical evidence available at the time of the reexamination request was sufficient to continue the 100 percent evaluation without reexamination. The review team determined this reexamination was unwarranted because the veteran's claims file contained updated medical evidence sufficient to continue the current disability evaluation without additional examination. The veteran still had to attend the reexamination, which cost VA \$312.28. After completion of the reexamination, an RVSR issued a decision confirming the 100 percent evaluation, which reinforced the needlessness of the reexamination.

The review team provided VBA with the details on the 111 cases involving unwarranted reexaminations, including the three example cases. VBA reviewed the cases and agreed with the review team's assessments.

Reasons for Unwarranted Reexaminations

The OIG determined that multiple causes—including a lack of pre-exam reviews, lack of system automation, and inadequate quality assurance reviews—contributed to VBA employees requesting unwarranted reexaminations.

Lack of Pre-Exam Reviews

VBA policy requires a pre-exam review of the veteran's claims folder prior to requesting that a veteran appear for a medical reexamination to determine whether the reexamination is needed. The pre-exam review serves as an internal control to prevent unwarranted reexaminations. The review team estimated, however, that 15,500 of 19,800 unwarranted reexaminations (78 percent) lacked a pre-exam review, indicating that VBA management routinely bypassed this internal control. Instead, VA Regional Office (VARO) managers told the review team that it was their practice to route these cases directly to a VSR for scheduling the reexamination.²²

The Executive in Charge for VBA confirmed that the VARO managers' practice was consistent with his expectations. He explained to the review team that RVSR capacity is limited, and therefore an RVSR should not spend time on activities that do not directly relate to making rating determinations. Reinforcing the Executive in Charge's mandate, VBA redesigned its employee performance standards in 2017. This revision resulted in RVSRs earning work credit for rating decisions but not for other transactions, such as canceling an unwarranted reexamination.

Determining the necessity of a reexamination is an RVSR responsibility. However, VSRs were tasked with making this determination. VBA employees and managers stated that determining the necessity of a reexamination requires specialized knowledge including the ability to review medical evidence. Bypassing the pre-exam review caused unwarranted reexaminations because VSRs lacked the training and experience needed to determine whether a reexamination is warranted.²³ Similarly, 14 of the 24 VSRs interviewed told the review team that they were unfamiliar with the criteria for determining whether a reexamination was necessary. In addition, managers with Compensation Service's Quality Assurance Program indicated there would be fewer unwarranted reexaminations if RVSRs reviewed cases before VSRs request reexaminations. Recommendation 1 addresses the need for VBA to ensure that a reexamination is necessary prior to employees ordering it.

Lack of System Automation

VBA also did not invest in developing alternative internal controls to make up for the lack of a pre-exam review, such as information system automation. For example, VBA could add features

²² VBA's National Work Queue (NWQ) distributes claims daily to each VARO based on factors such as VARO workload capacity, national claims processing priorities, and special missions. A Deputy Director with NWQ explained that the NWQ routed cases with reexaminations to VAROs for distribution. Once VARO managers received these cases, VBA's electronic claims processing system, VBMS, allowed the managers to determine which employees processed the cases, without regard to whether the employee was a VSR or RVSR.

²³ Management and employees interviewed included Veterans Service Center Managers, Assistant Veterans Service Center Managers, Supervisory VSRs, VSRs, RVSRs, Rating Quality Review Specialists, Management Analysts, Decision Review Officers, Claims Assistants, and Legal Administrative Specialists. The four VAROs visited were Buffalo, New York; Houston, Texas; Louisville, Kentucky; and Nashville, Tennessee.

to the Veterans Benefits Management System (VBMS) to prevent scheduling reexaminations in cases that meet the exemption criteria. A consultant with VBA's Compensation Service Policy staff stated that in September 2017, VBA took initial steps by implementing a technology strategy designed to reduce unnecessary work. The strategy identified and canceled work items for veterans age 55 or older that would have caused unwarranted reexaminations and resulted in the one-time elimination of approximately 45,000 reexaminations.²⁴ VBA plans to implement additional one-time cancellations in the future, and VBMS automation is scheduled for FY 2019 or later.

However, VBA did not maximize electronic system automation to help prevent employees from requesting unnecessary reexaminations. For example, VBMS could issue an alert if an employee requests a reexamination for a veteran that meets exception criteria. Implementing this strategy would help prevent errors and reinforce training by providing immediate feedback to employees. The Veterans Service Center managers at two of the four VAROs the review team visited agreed that system automation would help ensure employees only requested necessary reexaminations.

The Deputy Under Secretary for Field Operations acknowledged that VBMS automated tools to prevent unwarranted reexaminations have been considered, but not implemented. The Director of Compensation Service stated that VBA could improve automation to make the reexamination process "run more smoothly." The Director stated that this implementation did not occur due to a combination of system changes that all VBA business lines requested at the same time.

The review team spoke with the Deputy Director of Office of Business Process Integration (OBPI), which determines how effective and difficult it would be to implement proposed system changes. The Deputy Director noted OBPI recommended the modification for automation of reexaminations to the Office of Information Technology in April 2017 and again in August 2017. She stated the Office of Information and Technology accepted the recommendation, but the implementation date for the system modification was FY 2019 or later because of funding cuts and the urgency of other priorities such as replacing older systems.

Recommendation 2 addressed the need for VBA to take steps to prioritize the design and implementation of system automation that will help ensure VBA employees request reexaminations only when necessary.

Inadequate Quality Assurance Reviews

Effective quality reviews require positive action to improve quality levels for all compensation claims. VBA's quality assurance program measures claims processing accuracy for each VARO

²⁴ Unwarranted reexaminations are not always readily identifiable by database queries. For example, in cases where the medical record already contains sufficiently reliable current evidence, VBA employees must review the material and exercise judgment.

and for individual employees, and provides feedback and training. The program consists of the Systematic Technical Accuracy Review (STAR)²⁵ office and the Quality Review Teams (QRT).²⁶

Neither the STAR office nor the QRT measured whether VBA employees requested reexaminations only when necessary or whether they conducted pre-exam reviews. The Assistant Director of Quality Assurance for Compensation Service acknowledged that the STAR office did not cover these areas. Furthermore, Supervisory VSRs and QRT employees interviewed at three of the four VAROs visited confirmed that the QRT process did not cover reexaminations and pre-exam reviews. However, since both STAR and QRT employees conducted reviews of cases after reexaminations were already completed, the quality review process would not prevent unwarranted reexaminations.

The STAR office also completes special focused quality improvement reviews designed to correct deficiencies identified during the claims process. However, the Assistant Director of Quality Assurance for Compensation Service stated his division had not conducted any trend analysis or special focused quality improvement review of the reexamination process.

The Deputy Under Secretary for Field Operations and the Director of Compensation Service both agreed with the need for modifying VBA's quality review processes to include a review of reexaminations, and with conducting a special focused quality improvement review in this area.

Recommendation 3 addressed the need for VBA to improve the quality assurance program to evaluate whether employees correctly requested reexaminations.

Recommendation 4 addressed the need for VBA to conduct a special focused quality improvement review of cases with unwarranted reexaminations.

Impact of Unwarranted Reexaminations

The review team estimated that during the six-month review period, VBA spent \$10.1 million on unwarranted reexaminations.²⁷ It also estimated that VBA would waste \$100.6 million on unwarranted reexaminations over the next five years unless it ensures employees only request reexaminations when necessary.

In assessing the unnecessary burdens for veterans, the review team estimated that VBA required 19,800 veterans to report for unwarranted medical reexaminations during the review period. Reinforcing the needlessness of the reexaminations, approximately 14,200 veterans experienced

²⁵ M21-4 Manual, Chapter 3.01(b), *STAR*.

²⁶ M21-4 Manual, Chapter 6.01(a), *Purpose of the QRT*.

²⁷ The OIG estimated the cost of unwarranted reexaminations using the results of the team's statistical sample claims review. See Appendix C for more information on the OIG's statistical sampling methodology and results.

no change to their disability evaluations. The reexaminations resulted in proposed benefit reductions for about 3,700 veterans. After the review period, these proposed reductions remained subject to a final decision and an appeal process; therefore, the review team did not make a determination on whether these reductions were justified.²⁸ Unwarranted reexaminations also created unnecessary work for VA employees, which reduced VBA's capacity to process benefits claims and VHA's capacity to provide healthcare services.

Conclusion

VBA employees need to only request reexaminations when necessary, to lessen the burden on veterans and minimize the waste of appropriated funds. VBA could decrease unwarranted reexaminations by ensuring that a reexamination is necessary prior to employees ordering it, implementing system automation, improving quality assurance processes, and conducting a special focused quality improvement review in this area.

Recommendations 1–4

1. The Under Secretary for Benefits establishes internal controls sufficient to ensure that a reexamination is necessary prior to employees ordering it, and modifies VBA procedures as appropriate to reflect these improved business processes.
2. The Under Secretary for Benefits takes steps to prioritize the design and implementation of system automation reasonably designed to minimize unwarranted reexaminations.
3. The Under Secretary for Benefits enhances VBA's quality assurance reviews to evaluate whether employees correctly requested reexaminations and categorize unwarranted reexaminations as errors.
4. The Under Secretary for Benefits conducts a special focused quality improvement review of cases with unwarranted reexaminations to develop data sufficient to understand and redress the causes of any avoidable errors.

Management Comments and OIG Response

The Under Secretary for Benefits concurred with Recommendations 1–3, and concurred in principle with Recommendation 4. The Under Secretary provided acceptable action plans for all four recommendations.

To address recommendation 1, VBA is developing a recurring report that will identify unnecessary future controls regarding reexaminations prior to the creation of a work product.

²⁸ The OIG estimated the number of veterans who had proposed benefits reductions using the results of the team's statistical sample. Some reexaminations resulted in increases to veterans' benefits, but small sample size prevented the OIG from making a statistical projection to estimate the value of all increases during the review period.

Any unnecessary future controls that are identified will be subsequently cancelled according to defined rules. VBA will collaborate with internal stakeholders to determine the additional training and procedural changes needed based on the trends identified in the recurring report. To address Recommendation 2, VBA and the Office of Information and Technology are in the process of developing automated examination request requirements and anticipate full functionality in fiscal year 2019, pending prioritization and approval of new development efforts. To address Recommendation 3, VBA will enhance the National Compensation Rating Quality Reviews checklist to include a question to determine if the routine future examination was necessary when requested. The unwarranted reexaminations will be categorized as non-benefit entitlement errors. To address Recommendation 4, in lieu of a special focused review, VBA is developing a recurring report that will identify unnecessary future controls regarding reexaminations prior to the creation of a work product.

The OIG will monitor VBA's progress and follow up on implementation of the recommendations until all proposed actions are completed. The Under Secretary also provided technical comments related to this report. The OIG considered those comments and made clarifications where applicable.

Appendix A: Background

VHA and Contract Examinations

VAROs have the flexibility to request examinations from VHA facilities or designated contract providers closest to where the veteran lives or receives medical treatment. Employees must use VA resources to the fullest extent possible for performing examinations, but VA authorizes the use of contract providers whenever a VA examination facility has reached or exceeded its maximum capacity. VBA employees use the Examination Request Routing Assistant tool to identify VA examination facilities and contract providers nearest the veteran's zip code. The tool identifies whether a VHA facility has the capacity to complete examinations timely and suggests a contract provider conduct the examination if necessary.

Workload Transactions

VBA employees take various actions, known as transactions, when processing claims. VBA considers a transaction to be a user or system action recorded in its electronic claims processing database. Information recorded in this system includes the date of the user action, the VARO of the user recording the transaction, the type of claim, and the action taken. VAROs receive credit for these user transactions. VBA categorizes these transactions into four groups: total, distinct, countable, and work credits. Table 2 describes the transaction groups.

Table 2. VBA Performance Transaction Groups

Name	Description
Total Transactions	Claims processing system transactions available in VBA data systems
Distinct Transactions	A single count by claim, employee, day, and category of transaction
Countable Transactions	Distinct transactions with additional business rules applied to promote efficient and accurate claims processing, and to support VSR and RVSR performance standards
Work Credits	Countable, weighted actions completed by VSRs or RVSRs

Source: VA OIG analysis and presentation of VBA's Transaction Summary Dashboard

VBA redesigned its employee performance standards in 2017. This revision resulted in RVSRs earning work credit for rating decisions but not for other transactions, such as canceling an unwarranted reexamination.

Appendix B: Scope and Methodology

Scope

The review team conducted its work from September 2017 through May 2018. The review covered a population of approximately 53,700 veterans' cases with reexaminations from March 1, 2017, through August 31, 2017.

Methodology

To accomplish its objective, the review team identified and reviewed applicable laws, regulations, VA policies, operating procedures, and guidelines related to VBA's reexamination process. The review team interviewed management and employees at all four VAROs visited, as well as VBA's Central Office, and gathered information about work processes for reexaminations. Office visits included Compensation Service and its Quality Assurance staff and Contract Exam staff; Office of Performance Analysis and Integrity; Office of Field Operations; and Office of Business Process Integration. The review team also interviewed management and employees from VHA's Office of Disability and Medical Assessment to verify costs associated with VHA exams. The OIG performed site visits at the Nashville, Tennessee; Houston, Texas; Louisville, Kentucky; and Buffalo, New York VAROs from October through December 2017.

In coordination with VA OIG statisticians, the review team reviewed a random sample of 300 veterans' cases that had reexaminations for compensation benefits from March 1, 2017, through August 31, 2017, and determined whether VBA requested unwarranted reexaminations. Appendix C provides more information on the review team's statistical sampling methodology and results.

The OIG team used VBA's electronic systems, including VBMS, to review the sample veteran claims folders and relevant documentation required to assess whether reexaminations were unwarranted. The review team projected and reported the costs for unwarranted reexaminations based on the results of the review. The team discussed the findings with VBA officials and included their comments where appropriate.

Fraud Assessment

The review team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur during this review. It exercised due diligence in staying alert to any fraud indicators by taking actions such as:

- Soliciting the OIG's Office of Investigations for indicators
- OIG hotline complaints and concerns for indicators

The review team did not identify any instances of fraud or potential fraud during this review.

Data Reliability

The review team used computer-processed data from VBA's Corporate Database, VHA's Corporate Data Warehouse (CDW), and VA's Invoice Payment Processing System (IPPS). To test for reliability, it determined whether any data were missing from key fields, included any calculation errors, or were outside the timeframe requested. The review team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the review team compared veterans' names, file numbers, Social Security numbers, VARO numbers, date of claims, and decision dates as provided in the data received in the 300 claims folders reviewed.

Testing of the data disclosed that they were sufficiently reliable for the review objectives. Comparison of the data with information contained in the veterans' claims folders reviewed did not disclose any problems with data reliability.

Government Standards

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix C: Statistical Sampling Methodology

Approach

To accomplish the objective, the OIG team reviewed a statistical sample of veterans' cases with reexaminations. The review team used statistical sampling to quantify the extent of cases where VBA employees requested unwarranted reexaminations.

Population

The review population included 53,708 veterans' cases with reexaminations from March 1, 2017 through August 31, 2017 (review period). For the purposes of the review, the review team estimated the population to about 53,500 veterans. This occurred because the review team had to exclude one case from the statistical sample that did not have a completed reexamination and was determined to be outside the scope of review. Since this sample case represents others in the original review population that may be out of scope, we estimate that the population eligible for this review is about 53,500.

Sampling Design

The review team selected a statistical sample of 300 cases from the population of cases with reexaminations. The population was stratified by VARO size and age, and categorized into six strata:

Table 3: Stratified Categories by VARO Size and Age

VARO Size	Age 55 and Older	Under Age 55
Large	62	100
Medium	31	38
Small	30	39
Total	123	177

Source: VA OIG statistician's stratified population. Data were obtained from VBA's Corporate Database.

Weights

The review team calculated estimates in this report using weighted sample data. Sampling weights are computed by taking the product of the inverse of the probabilities of selection at each stage of sampling.

Projections and Margins of Error

The review team used WesVar software to calculate the weighted universe estimates and associated sampling errors. WesVar employs replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design. The margins of error and confidence intervals are indicators of the precision of the estimates. If the review team repeated this review with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time. The following tables detail the analysis and projected results.

Table 4 shows the projections of the estimated adjusted universe for veterans' cases with reexaminations during the review period.

Table 4: Summary of Projections and Confidence Intervals for Estimated Adjusted Universe for Veterans' Cases with Reexaminations

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Universe of Cases with Reexaminations	53,537	283	53,254	53,819	300

Source: VA OIG statistician's projection of estimated population. Data were obtained from VBA's Corporate Database.

Table 5 shows the projections of the estimated errors by the reason the reexaminations were unwarranted. Individual reexaminations can reflect errors in multiple categories.

Table 5: Summary of Projections and Confidence Intervals for Errors by Reason for Unwarranted Reexaminations

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Cases where the disability did not have substantial improvement over five years	10,871 (55.0%)	2,026 (7.9%)	8,845 (47.1%)	12,897 (62.9%)	61
Cases where the veteran was over 55 years old at the time of the examination	8,511 (53.0%)	1,594 (7.3%)	6,918 (45.6%)	10,105 (60.3%)	48
Cases where the disability was permanent and not likely to improve	5,869 (29.7%)	1,570 (7.2%)	4,299 (22.5%)	7,439 (36.9%)	33
Cases where medical evidence was sufficient to continue the current disability evaluation	5,691 (28.8%)	1,549 (7.1%)	4,142 (21.6%)	7,240 (35.9%)	32

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Cases where there was no change to the overall combined disability evaluation	4,812 (24.3%)	1,463 (6.6%)	3,349 (17.7%)	6,275 (31.0%)	27
Cases where the disability evaluation was 10 percent or less	3,580 (18.1%)	1,272 (6.0%)	2,308 (12.1%)	4,852 (24.1%)	20
Cases where the disability evaluation was at the minimum level for the condition	3,229 (16.3%)	1,209 (5.7%)	2,020 (10.6%)	4,439 (22.0%)	18
Total Cases with Errors	19,775 (36.9%)	2,343 (4.4%)	17,432 (32.6%)	22,117 (41.3%)	111

Source: VA OIG statistician's projection of estimated cases with errors. Data were obtained from VBA's Corporate Database.

Table 6 shows the projections of the estimated errors and percentages with unwarranted reexaminations for two or more reasons.

Table 6: Summary of Projections and Confidence Intervals for Estimated Errors and Percentages of the Errors with Unwarranted Reexaminations for Two or More Reasons

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Errors with unwarranted reexaminations for two or more reasons	13,166	2,070	11,096	15,236	74
Percentage of errors with unwarranted reexaminations for two or more reasons	66.6%	7.4%	59.2%	74.0%	74

Source: VA OIG statistician's projection of estimated errors and error rates for unwarranted reexaminations for two or more reasons. Data were obtained from VBA's Corporate Database.

Table 7 shows the projections of the estimated errors and percentages without pre-exam review by an RVSR.

Table 7: Summary of Projections and Confidence Intervals for Estimated Errors and Percentages Without Pre-Exam Review by an RVSR

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Errors without pre-exam review by an RVSR	15,489	2,211	13,278	17,700	87
Percentage of errors without pre-exam review by an RVSR	78.3%	6.5%	71.8%	84.8%	87

Source: VA OIG statistician's projection of estimated errors and error rates without pre-exam review by an RVSR. Data were obtained from VBA's Corporate Database.

Table 8 shows the projections of the estimated cases where veterans' disability evaluations did not change after completion of unwarranted reexaminations, as well as cases where proposed benefits reductions resulted from unwarranted reexaminations.

Table 8: Summary of Projections and Confidence Intervals for Estimated Cases with No Change in Disability Evaluations and Cases with Proposed Benefits Reductions Resulting from Unwarranted Reexaminations

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Cases with no change in disability evaluation after completion of unwarranted reexamination	14,246	2,205	12,041	16,451	80
Cases with proposed benefits reductions resulting from unwarranted reexaminations	3,740	1,289	2,452	5,029	21

Source: VA OIG statistician's projection of estimated cases where veterans' disability evaluations did not change after completion of unwarranted reexaminations, and cases where unwarranted reexaminations resulted in proposed benefits reductions. Data were obtained from VBA's Corporate Database.

Table 9 shows the projections of the estimated number of requested medical reexaminations.

Table 9: Summary of Projections and Confidence Intervals for the Estimated Number of Requested Medical Reexaminations

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Requested Medical Reexaminations	51,788	911	50,876	52,699	290

Source: VA OIG statistician's projection of the estimated number of requested medical reexaminations. Data were obtained from VBA's Corporate Database.

Table 10 shows the projections for estimated costs of unwarranted reexaminations.

Table 10: Summary of Projections and Confidence Intervals for Estimated Costs of Unwarranted Reexaminations

Result	Projection	Margin of Error	Lower Limit 90% Confidence Interval	Upper Limit 90% Confidence Interval	Sample Size
Estimated VHA Clinician Cost ²⁹	\$5,284,226	\$1,388,723	\$3,895,954	\$6,672,499	61
Estimated VBA Contractor Cost from unwarranted reexaminations	\$4,774,760	\$1,454,618	\$3,320,142	\$6,229,378	50
Total Estimated Cost from unwarranted reexaminations	\$10,058,986	\$1,890,978	\$8,168,008	\$11,949,964	111

Source: VA OIG statistician's projections of VHA and VBA contractor examination costs. Data were obtained from CDW and the IPPS.

The review team projected that if VBA continues to request unwarranted reexaminations on a six-month basis as estimated in Table 10, it could waste an estimated \$100.6 million within the next five years based upon current examination costs.

²⁹ The VHA Allocation Resource Center provided the OIG with the total cost for each sampled VHA examination. The OIG's estimated costs for VHA examinations were based on the data provided.

Appendix D: Monetary Benefits in Accordance with Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
1-4	The OIG estimated that over the next five years VBA would waste \$100.6 million on unwarranted reexaminations, unless VBA institutes procedures designed to ensure employees request reexaminations only when necessary.	\$0	\$100.6 million
	Total	\$0	\$100.6 million

Appendix E: Management Comments

Department of Veterans Affairs Memorandum

Date: June 8, 2018

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report – Review of VBA Unwarranted Medical Reexaminations for Disability Benefits
[Project No. 2017-04966-DI-0176]

To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached is VBA's response to the OIG Draft Report: Review of VBA Unwarranted Medical Reexaminations for Disability Benefits.
2. Questions may be referred to Christine Ras, Program Analyst, at (202) 461-9057.

Paul R. Lawrence, Ph.D.

Attachment

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Review of VBA Unwarranted Medical Reexaminations for Disability Benefits**

VBA provides the following technical comments:

Page 4:

“Table 1 summarizes estimated errors the OIG identified by the reasons the reexaminations were not warranted. The OIG estimated that 13,200 reexaminations (67 percent) were unwarranted for two or more reasons listed in the table. Therefore, the numbers and percentages do not sum.”

VBA Comment: This paragraph does not make it clear that multiple errors were called on the same case. Therefore, VBA suggests the last sentence in the paragraph be replaced with the following:

“Therefore, the numbers and percentages do not sum because one sample case may be reflected in several categories skewing the estimated percentage of errors reflected at the end of each row.”

Page 4, table 1, row 2:

“Over 55 years old at the time of the examination”

VBA Comment: This “Reason Reexamination Unwarranted” error is categorized inaccurately. An examination may be requested for a veteran over age 55 if required by regulation or based on an unusual circumstance. Therefore, VBA suggests this error be categorized as follows:

“Over 55 years old at the time of the examination with no unusual circumstance found”

Page 15:

“The review population included 53,708 veterans’ cases with reexaminations from March 1, 2017 through August 31, 2017 (review period). For the purposes of the review, the OIG adjusted the population to an estimated 53,537 veterans, after excluding one sample case determined to be outside the scope of review.”

VBA Comment: Please clarify in the report if OIG excluded one sample case or one sample group since the difference between the two numbers is 171 veterans.

Page 16:

“Table 5 shows the projections of the estimated errors by the reason the reexaminations were unwarranted.”

VBA Comment: This sentence does not make it clear that multiple errors were called on the same case. Therefore, VBA suggests the sentence be replaced with the following:

“Table 5 shows the estimated projected errors based on the reason the reexaminations were unwarranted. As a result, one sample case may be reflected in several categories skewing the sample size reflected at the end of each row.”

The following comments are submitted in response to the recommendations in the OIG draft report:

Recommendation 1: The OIG recommended the Under Secretary for Benefits establish internal controls sufficient to ensure that a reexamination is necessary prior to employees ordering it, and modify VBA procedures as appropriate to reflect these improved business processes.

VBA Response: Concur. VBA is developing a recurring report that will identify unnecessary future controls regarding reexaminations prior to the creation of a work product. Any unnecessary future controls that are identified will be subsequently cancelled according to defined rules. VBA will collaborate with internal stakeholders to determine the additional training and procedural changes needed based on the trends identified in the recurring report.

Target Completion Date: October 31, 2018

Recommendation 2: The OIG recommended the Under Secretary for Benefits take steps to prioritize the design and implementation of technology enhancements reasonably designed to minimize unwarranted reexaminations.

VBA Response: Concur. VBA and the Office of Information and Technology are in the process of developing automated examination request requirements. We anticipate fully delivering the functionality in fiscal year 2019, pending prioritization and approval of new development efforts; however, we are unable to provide a target completion date at this time.

Recommendation 3: The OIG recommended the Under Secretary for Benefits enhance VBA's quality assurance reviews to evaluate whether employees correctly requested reexaminations and categorize unwarranted reexaminations as errors.

VBA Response: Concur. VBA will enhance the National Compensation Rating Quality Reviews checklist to include a question to determine if the routine future examination was necessary when requested. The unwarranted reexaminations will be categorized as non-benefit entitlement errors.

Target Completion Date: October 31, 2018

Recommendation 4: The OIG recommended the Under Secretary for Benefits conduct a special focused quality improvement review of cases with unwarranted reexaminations to develop data sufficient to understand and redress the causes of any avoidable errors.

VBA Response: Concur in principle. VBA agrees with the recommendation to develop data regarding the causes of unwarranted reexaminations. However, as discussed in Recommendation 1, in lieu of a special focused review, VBA is developing a recurring report that will identify unnecessary future controls regarding reexaminations prior to the creation of a work product. Any unnecessary future controls that are identified will be subsequently cancelled according to defined rules. VBA will collaborate with internal stakeholders to determine the additional training and procedural changes needed based on the trends identified in the recurring report.

Target Completion Date: October 31, 2018

For accessibility, the original format of this appendix has been modified to comply with Section 508 of the Rehabilitation Act of 1973, as amended.

OIG Contact and Staff Acknowledgments

Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Review Team	Steve Bracci, Director Kathryn Adams Orlan Braman Lauralee Cook Nakeshia Dent Robert Grooms Stephen House R. James Mitchell Pauline Valdez Schmitt Todd Wagnild Megan Wood
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