

**PUTTING VETERANS FIRST: IS THE CURRENT  
VA DISABILITY SYSTEM KEEPING ITS PROMISE?**

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**HEARING**

BEFORE THE

**COMMITTEE ON VETERANS' AFFAIRS**

**UNITED STATES SENATE**

**ONE HUNDRED NINETEENTH CONGRESS**

**FIRST SESSION**

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**WEDNESDAY, OCTOBER 29, 2025**

U.S. SENATE,  
COMMITTEE ON VETERANS' AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 4 p.m., in Room SD-G50, Dirksen Senate Office Building, Hon. Jerry Moran, Chairman of the Committee, presiding.

Present: Senators Moran, Boozman, Cassidy, Blackburn, Tuberville, Banks, Sheehy, Blumenthal, Hirono, Hassan, King, and Duckworth.

**OPENING STATEMENT OF HON. JERRY MORAN,  
CHAIRMAN, U.S. SENATOR FROM KANSAS**

Chairman MORAN. The Committee will come to order. Good afternoon and welcome. It is nice to walk through the halls of Dirksen and see kids trick-or-treating, it made me smile, and then it made me sad that I wasn't home so I could be with my kids, now my grandkids, on this occasion. But we have important work here, and I am delighted to have the opportunity to bring our Committee together and take a look at disability issues, and I thank our witnesses for your presence here today.

Senator Blumenthal is on his way. We have a 5:00 vote. I am going to try to get us started, and that means I should stop doing intro and begin the hearing. But I want to say a few things first.

Again, I appreciate the witnesses that are here. We want your insight and perspective on this issue, and know it will benefit us as legislators, and it will be helpful to veterans and their families that we certainly aim to serve. Our nation owes those who have served in uniform not only gratitude but a steadfast commitment to provide health care, benefits, and support they have earned through their service. It is our collective duty to make certain we are doing everything possible to help veterans to lead successful and fulfilling lives after their military service. This obligation forms the foundation of this Committee's work and the focus of today's hearing.

The disability claims process is intended to make certain that those who have a lasting injury, visible or invisible, from their service, receive the care and compensation they deserve. Recent articles published by *The Washington Post* have raised concerns and frustration within the veteran community. I have heard from nu-

merous veterans and groups who are frustrated that these articles have left an impression that the veterans are engaging in widespread fraud in the disability claims space. The cases of fraud highlighted in these articles do not reflect the reality of who veterans are, the vast majority of veteran population, or the values veterans embody. Veterans put country before self, from their decision to serve, to the oath they swore.

The attention that these stories have received provides us with an opportunity to have an important discussion about whether this system we have built is serving the needs of veterans today and how we can reform it to better serve those who it is designed to help.

We have an obligation to the men and women who have injuries or illnesses connected with their service in uniform to make certain they are provided the tools and resources they need to succeed in life after the military. Our goal today is to examine the facts. Is the system ensuring timely, accurate, and fair outcomes? Is it empowering veterans to thrive or inadvertently creating barriers to their success and opportunities after service?

Today we will hear from the VA Inspector General, Cheryl Mason, whose office is responsible for helping to root out fraud and abuse in the VA system and who has extensive experience in the disability claims system as the former Chairwoman of the Board of Veterans Appeals; representatives from three of our Nation's largest, most active veterans service organizations, who represent various veteran constituencies day in and day out in the disability claims process; a representative from the Government Accountability Office, who has published numerous reports and made numerous recommendations on how to improve oversight and management of the disability claims process; and Daniel Gade, who is a service-connected disabled veteran and a vocal advocate for changing the current disability system to better serve veterans and support their long-term well-being.

This is not the first, and will not be the last, conversation we have in exploring how to better serve business and improve the disability system to compensate veterans for their service-connected conditions and help them live lives—strong, successful, fulfilling lives, after their military service.

I look forward to the constructive discussion that I anticipate will take place here, and we will give Chairman—Ranking Member Blumenthal, no promotion intended—Ranking Member Blumenthal the opportunity to offer his opening statement as soon as he sits down.

You must have heard me call you Chairman and you immediately arrived.

[Laughter.]

**OPENING STATEMENT OF HON. RICHARD BLUMENTHAL,  
RANKING MEMBER, U.S. SENATOR FROM CONNECTICUT**

Senator BLUMENTHAL. Thank you, Mr. Chairman, and thank you to all of our witnesses. We have more than the usual number, and we welcome you here. We appreciate your public service as veterans and afterwards as advocates of our veterans.

And today's hearing is really focused on our Nation's obligation to the men and women in uniform, and the system we use to compensate any of them who become ill or injured due to their service. We all know that the system inherited by Secretary Collins was not perfect, but it was providing historic levels of benefits to toxic-exposed veterans, thanks to the bipartisan PACT Act, which all of us on this Committee, I think, supported in a very bipartisan way.

That same system is being dismantled through a series of really reckless policies, in my view, that have pushed hard-working civil servants who process disability claims to the brink of what they can do. In fact, the Administration's draconian deferred resignation program, return-to-office policy, hiring freeze, arbitrary contract cancellation, and other morale-crushing initiatives have driven out more than 1,800 mission-critical VBA employees. The result has been a demoralized VBA workforce who is consistently pushed to sacrifice quality for the sake of quantity.

There simply are not enough people doing these jobs for the work to be performed capably at a level that our veterans deserve. It has created more work for claims processors, and today we are going to hear from our VSO witnesses on how this abdication in the name of modernization is impacting the veterans you represent. I also want to hear your response to those who believe that VA disability compensation is too generous—not my view. That is how the system has been portrayed by some opponents of the system in past years.

The articles fail to understand or capture the purpose of the benefit. Instead, they cherry-pick anecdotes to wrongly claim that disability benefits is fraught with widespread fraud. There is, in fact, some wrongdoing and fraud. We need to root it out, investigate, and prosecute it, but not abandon a system of compensation that is deserved and needed by veterans, our heroes who serve and sacrifice for our country.

I want to say finally that the current VA leadership has repeatedly violated the Hatch Act by blurring the lines between governance and political campaigning. That is unacceptable. And there used to be bipartisan pushback to such behavior, and I hope there will be again. Veterans deserve a VA that works for them, whether they are Democrats or Republicans, and avoids pushing partisan messages. I will continue to fight for the improvement and expansion of earned VA benefits, and I appreciate all of you here who are advocating for that cause. Thank you, Mr. Chairman.

Chairman MORAN. Senator Blumenthal, thank you.

Testifying on today's witness panel is Hon. Cheryl Mason, the VA's Inspector General; Mr. Jeremy Villanueva, Associate Legislative Director for Paralyzed Veterans of America; Mr. Jon Retzer, Deputy National Legislative Director for Disabled American Veterans; Ryan Gallucci, Executive Director for the Veterans of Foreign Wars, and I know each and every one of you; Retired Colonel Dr. Daniel Gade, who is a retired United States Army Lieutenant Colonel; Ms. Elizabeth Curda, who is the Director of Education, Whistleblower, and Income Security Issues at the Government Accountability Office.

Thank you all again for being here. Ms. Mason, you are now recognized for 5 minutes.

**STATEMENT OF HON. CHERYL MASON, INSPECTOR GENERAL,  
U.S. DEPARTMENT OF VETERANS AFFAIRS**

Ms. MASON. Thank you, Chairman Moran. Chairman Moran, Ranking Member Blumenthal, and Members of this Committee, I am pleased to be here today to discuss this important topic. Having been on the job as VA IG for just over three months, I am impressed by the dedication and significant oversight that my OIG team provides to combat fraud, waste, and abuse, and to improve the effectiveness and efficiencies of VA programs and operations in service to our veterans, their families, caregivers, and survivors.

The veterans who served this country have made sacrifices to do so, some with their lives, others through the challenges of their individual service. Members of this Committee have led efforts in passing legislation to expand benefits for veterans over many years, such as the PACT Act. You know how important it is for the government to keep its promise to our veterans and their families. Most deserve, and have earned, the benefits and services the VA provides to them.

As the daughter and spouse of veterans and someone who has made it her lifelong commitment to champion veterans, I find it reprehensible for any person or entity to suggest that many veterans are hustling or scamming to get benefits. Furthermore, using OIG investigative evidence collected over several years to make it appear like there is mass fraud by veterans, misleads the public and maligns veterans.

While, yes, there are some bad actor veterans who do commit fraud against VA in both benefits and health care, they are few in comparison to the 6.9 million veterans and beneficiaries who receive VA benefits. Our OIG's investigative metrics indicate that approximately 3.7 percent of our active fraud investigations are veterans suspected of fraud in VA's compensation benefits programs. My special agents' investigative portfolios include violent crimes, threats, ethics violations, and theft, as well as allegations of fraud schemes related to a wide variety of VA programs, comprised of education, fiduciary, compensation, loan guarantee, contracts, and health care, just to name a few.

The largest percentage of fraud in VA programs and operations is perpetrated against VA and veterans, and my team investigates these allegations to the full extent of the law, and prosecutes them to the full extent of the law with the help of DOJ.

But VA OIG is not one dimensional. We are here not just to stop fraud but also to prevent it. And one of the ways we do so is through the collaboration of our accomplished staff in our Disability Fraud Workgroup, sharing information and data across the organization to ensure that veterans who have earned their benefits receive them, and that people who defraud VA programs are held accountable. My Office of Audits and Evaluations conducts reviews of VA programs and operations, including all of VBA's business lines, and makes recommendations for improvement.

These recommendations include ensuring that claims raters consistently apply the correct laws and policies; the leaders strengthen contracts for better, more accurate medical disability exams; monitor and review fiduciaries' actions; establish guardrails and procedures for educational programs; and test existing automation meth-

ods and outcomes. Weakness in guidance, application of the law, implementation of policy, and lack of controls and oversight increase the probability of fraud against VA and our veterans.

Additionally, OIG provides fraud alerts about potential fraudulent actions, from pension poaching to entities offering fake documentation and promises and guarantees regarding outcomes in VA benefits. We provide training and information on how to recognize and report fraud to the OIG.

As the VA IG, I take my duty to be impartial and independent very seriously. Our work at OIG is based on the facts and circumstances and evidence of each situation, and as IG, I can assure you that VA OIG is committed to fighting fraud and recommending efficiencies in VA's management of programs and operations. In the past three months, we have increased our efforts to work across all directorates so that our subject matter experts can be force multipliers and share their knowledge to protect the benefits and services that our veterans have earned.

Mr. Chairman, this concludes my statement. I look forward to answering the questions the Committee may have and working with you, your staff, and this Committee to improve oversight of VA and the lives of veterans by ensuring they receive and retain the benefits they earned. Thank you.

[The prepared statement of Ms. Mason appears on page 37 of the Appendix.]

Chairman MORAN. Thank you very much. Mr. Villanueva.

**STATEMENT OF JEREMY VILLANUEVA, ASSOCIATE  
LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA**

Mr. VILLANUEVA. Thank you. Chairman Moran, Ranking Member Blumenthal, Members of the Committee, I appreciate the opportunity to speak with you today on behalf of Paralyzed Veterans of America about the importance of VA disability compensation to veterans with spinal cord injuries and disorders.

Due to the nature of their injuries and illnesses, our members require a wide range of services and benefits, including health care, specially adapted housing, adaptive equipment for their vehicles, and financial compensation that are tailored to their needs.

It is disgraceful when disabled veterans are portrayed as fraudsters and cheats simply for accessing earned benefits. To be fair, PVA acknowledges that there are some veterans who attempt to defraud the VA. However, these instances are few and far between.

It is a disservice to the sacrifices of the many men and women who have served this Nation to suggest that large sums of money are being wasted simply because veterans receive earned benefits for service-connected conditions. In truth, many veterans find it difficult to file even a basic claim for disability. This is why PVA has service officers throughout the country to help veterans navigate the VA's complex disability process.

We have gone on record numerous times to discuss ways to make the disability compensation system less vulnerable to fraud and waste while ensuring that veterans are fairly compensated for their

conditions. Today, I would like to focus on two of those ways: insurance C&P exams and reviewing DBQs for quality assurance.

First, VA must ensure proper C&P exams. When a veteran files a claim for disability compensation, a thorough examination is crucial to an accurate outcome. The alternative could mean years of appeals for the veterans to receive their earned benefits. We have heard from our service officers, they routinely see a lack of expertise in specific medical specialties among contracted C&P examiners, which delays the adjudication of veterans' claims.

PVA strongly believes medical examinations for complex service-related conditions such as SCI/D and TBI should be conducted by VA doctors. Regardless, the VA must ensure that any contracted C&P examiners are qualified to conduct necessary exams, and any legislative proposals supporting contract exams should include such provisions.

Equally important to the qualifications of the provider is an accessible, barrier-free facility to conduct C&P exams. Our members have seen exam rooms that are physically inaccessible and/or lack overhead patient ceiling lifts, causing members to pause and wonder why the VA is sending them to facilities that are ill-equipped to accommodate them.

Another barrier encountered by SCI/D veterans is getting to the contract facility. Several of our members have been expected to travel more than 100 miles to reach the contracted facility, even while the veteran is critically ill. VA and third-party vendors' policies regarding these situations need to be examined, and greater use of telehealth exams and traveling examiners should be made.

Second, VA must properly review DBQs for quality assurance. PVA believes that the VA could improve the quality control review of incoming DBQs to help ensure that exams are proper and any fraud is caught early in the claims process. Currently, VA claims processors have the authority to weigh the value of DBQs provided by the veteran if they believe there might be fraud. VA has roughly 20 quality analysts who review DBQs from VA contractors. However, these examiners only review a sample size for contractual compliance. Additionally, they only have access to these DBQs once they are uploaded to VBMS, so often they are reviewing them after a final decision. These examiners should be given greater oversight authority, be allowed to review all DBQs that are submitted, and have access to them prior to uploading them to VBMS.

In conclusion, PVA strongly believes that addressing areas where VA can be more efficient would benefit veterans and ensure the integrity of the benefits system.

Thank you once again for the opportunity to present our views on VA's disability claims process, and we look forward to continuing our work with you to ensure that veterans get timely access to all the benefits that they have earned and deserve. And I would be happy to answer any questions you may have.

[The prepared statement of Mr. Villanueva appears on page 46 of the Appendix.]

Chairman MORAN. Jeremy, thank you. Mr. Retzer.

**STATEMENT OF JON RETZER, DEPUTY NATIONAL  
LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS**

Mr. RETZER. Chairman Moran, Ranking Member Blumenthal, and Members of the Committee, thank you for inviting DAV to testify today on the VA disability compensation program, its vital role in supporting veterans, their families, caregivers, and their survivors, and the challenges VA faces in delivering timely and accurate decisions.

Last year alone, DAV assisted over 1.1 million veterans and survivors. We filed more than 560,000 claims and took over 3.1 million actions on their behalf, at no cost. These numbers are staggering, but they are not just statistics. They represent veterans living with life-altering injuries, chronic illnesses, and visible wounds such as PTSD. Many face barriers with employment, health care, and activities of daily living. Behind every claim is a personal sacrifice and a genuine need.

Before I turn to recommendations, I must address the recent article of *The Washington Post* that grossly misrepresented disabled veterans and the VA disability compensation system. *The Post* claimed veterans are swamping the VA with fraudulent or dubious claims. According to the VA Office of Inspector General, fewer than 200 fraud convictions occur each year. With nearly 3 million claims processed annually, that is a fraud rate of 1/100th of 1 percent. The article also labeled conditions such as tinnitus, eczema, chronic pain, hypertension, diabetes, depression, and even PTSD as dubious. These are conditions Congress and VA have long recognized as service-connectable conditions.

Furthermore, *The Post* mischaracterized the PACT Act—the Appeals Modernization Act is a loophole to abuse—when these laws exist to deliver long-overdue justice.

The VA disability adjudication process is legally binding, highly regulated, and evidence-based. Service-connection generally requires current diagnosed disability, an in-service event or exposure, and medical nexus linking the two. However, presumptive service-connection has an exception that allows VA to grant benefits when scientific and historical evidence shows veterans in certain places and locations were exposed. Claims undergo a multilayered review by rating specialists and compensation and pension examiners to ensure accuracy and compliance. Fraud is an exception. It is not systemic.

Now let me turn to our recommendations.

First, VA must have resources to maintain claims accuracy and timeliness. Backlogs surged from 150,000 in 2022 to over 400,000 in 2024, due to the PACT Act and also the outreach for veterans crisis. Thanks to the increasing staffing, the number is now about 135,000. Continued progress depends on sustaining VBA funding, strategic use of overtime, and close monitoring of staffing needs.

Second, we must simplify the claims process. Veterans should be able to file a claim by telephone. VA claims process is well recognized as non-adversarial, and claims processors should construe claims to maximize benefits. VA's requirements that veterans specify a single benefit on a VA Intent to File form can unfairly delay and reduce payments. If a veteran checks only one box but

later qualifies for another benefit, they lose retroactive entitlement. This rule should be removed.

Third, VBA must optimize technology. Artificial intelligence, document digitization, and data mining can transform claims processing. But accuracy, oversight, and staff support are essential. VBA and its contractors must develop IT systems that integrate with accredited veterans service organizations for filing claims and appeals. The new Accredited Representative Portal was developed without consulting DAV or other major accredited veterans service organizations. It is advisable that VBA and its contractors seek input and collaboration with DAV and other major accredited veterans service organizations on future enhancements and new system builds to ensure usable, accuracy, and alignment with veterans' needs.

Finally, improve the presumptive-making process for toxic-exposed veterans. Expanding research, creating independent scientific review processes, and establishing stakeholder oversight will help end decades-long wait for toxic-exposed veterans. Presumptive rules not only deliver justice, they allow VBA to adjudicate large cohorts efficiently, reducing delays and appeals.

Mr. Chairman, the veterans we represent are counting on this Committee to ensure the system works for them, not against them, to every veteran, so that every veteran has an opportunity to have success after their service.

Thank you, and I am happy to answer any questions.

[The prepared statement of Mr. Retzer appears on page 54 of the Appendix.]

Chairman MORAN. Mr. Gallucci.

**STATEMENT OF RYAN GALLUCCI, EXECUTIVE DIRECTOR,  
VETERANS OF FOREIGN WARS OF THE UNITED STATES**

Mr. GALLUCCI. Thank you. Chairman Moran, Ranking Member Blumenthal, Members of the Committee, thank you for the opportunity to testify on behalf of the VFW.

When Americans raise their right hand, they sign a binding contract to surrender freedoms, obey orders, and if called, march into combat. In return, our Nation promises care and benefits. That promise is not charity. It is a contract. For our enlistees, it is enshrined in DD Form 4.

Every veteran who served honorably has kept their end of that contract, yet lately headlines question whether our veterans really deserve it. *The Washington Post*, *The Economist*, and others have said that benefits are absurdly generous, that fraud is rampant, or suggest that a disability industrial complex of VSOs profits off the system.

We have heard it before. In 1930s, when the Economy Act slashed benefits at the recommendation of Archibald Roosevelt, and in the 1950s, when Omar Bradley chaired a commission that tried to strip benefits from the less disabled and questioned toxic exposure. We buried those bad ideas then, and it is our duty to bury those bad ideas today.

Fraud exists in large systems—Medicare, Social Security, and yes, VA. But it is rare and it is prosecuted when it is found. What



is not rare are the invisible wounds of war—PTSD, traumatic brain injury, chronic pain, or cancers caused by toxic exposure. To claim these wounds are embellished or fake is either ignorant or cruel. Invisible does not mean imaginary.

Reporting like *The Post*'s misrepresents key facts. They tell readers that more than half a million veterans are service-connected for seemingly minor skin conditions, failing to note that 76 percent of these veterans are rated at 0 percent. If you add in 10 percent ratings, which often do not affect compensation, that number jumps to nearly 94 percent. The dataset does not support rampant exaggeration and fraud. Plus *The Post* conveniently ignores the unique occupational hazards of military service and why skin and foot conditions are so common. There is a reason it is called "trench foot."

It is easier to claim benefits in 2025, but this is a feature, not a flaw. Reforms like the PACT Act leveled the playing field for those poisoned by burn pits and other toxins. We fought deliberately to improve access because past generations suffered in silence. PTSD claims have drastically risen in recent years, but it is naïve to think PTSD is new. Past conflicts labeled it "soldier's heart" or "shell shock," and it was a condition we tried to hide. Today, veterans talk about mental health because it is okay to have PTSD, and it is okay to claim your benefits. Because we talk about it, veterans are fighting stigma for all Americans.

The costs may seem jarring, but this is the sobering true cost of two wars many households could afford to overlook. Disability compensation is the settlement of a debt for the social and occupational losses associated with the real and persistent hazards of military service. A paycheck does not erase a missing limb, and a steady job does not cure a damaged lung.

The all-volunteer force understands that military service is dangerous. We choose to serve because service is authentic and necessary, and in our contracts the United States committed to make us whole when we were ordered to combat or other hazardous situations.

Unfortunately, perverse incentives exist, such as concurrent receipt kicking in at 50 percent disability, or family care that kicks in at 100 percent. Bad policy can drive bad behavior, but Congress should fix the policy and not blame the veteran.

On fraud, let's talk about claim sharks, who often promise benefit increases by submitting questionable evidence for a hefty and illegal cut of the action. The VFW has led the fight against this scourge, not to profit but to support veterans and protect the non-adversarial benefit process. The VFW has testified before Congress 15 times over the last three years raising this alarm. We have had countless conversations with the Committee seeking to stop the fleecing of veterans and taxpayers. But our calls have gone unheeded, and we are now targets of *The Washington Post*, accusing VSOs of embellishing.

Our accredited representatives are bound by strict ethics regulations in 38 CFR. We tell veterans what they need to know, not what they want to hear. And we invited the VA general counsel to audit our training in 2021, an offer that still stands four years later.

Its costs VFW and our partners tens of millions of dollars each year to provide this service because every veteran deserves an honest advocate, not a profiteer. Our veterans did not ask what was in the air they breathed or the water they drank, and unlike many other public servants, they cannot just walk away if they do not want to do it anymore. We serve in accordance with the contract we signed, and many now live with the illnesses that steal their sleep, breath, and ability to work. Suggesting they embellished their suffering for some money is insulting.

The VA system must work better. Simpler forms, improved access to exams, and reliable technology. But veterans and their VSOs are not the problem. We appear before Congress dozens of times every year, asking for some nuanced reforms that sometimes come to fruition, other times don't. And as we speak, the government shutdown disrupts our work as critical deadlines approach. Veterans cannot afford to wait. We must reopen the government to avoid unnecessary pain and hardship for our defenders.

Members of the Committee, the all-volunteer force has carried this Nation through the last quarter century of war. We kept our promise, now the Nation must keep its word. It is time for all of us to honor the contract.

Thank you, and I look forward to answering any questions the Committee may have.

[The prepared statement of Mr. Gallucci appears on page 61 of the Appendix.]

Chairman MORAN. Thank you. Dr. Gade.

**STATEMENT OF DANIEL M. GADE, PH.D.,  
LIEUTENANT COLONEL, U.S. ARMY (RETIRED)**

Colonel GADE. Ladies and gentlemen, thank you for the opportunity to testify on VA disability compensation system. My testimony will differ from most you have heard. I am a member of no veterans service organization and have no motive other than to help restore the lives and dignity of millions of veterans.

For too long you have been told that the best way to care for veterans is to shovel billions of taxpayer dollars into their pockets. This approach has resulted in a veteran class that is sicker, more marginally employed, and more suicidal than ever. By paying veterans to be sick, we create more sick veterans, separated from meaningful lives and purpose, and we deepen our suicide crisis.

I developed this perspective through hard experience and long study. I was wounded in combat twice, losing my right leg and spending a year at Walter Reed. After recovery, I earned a master's degree and joined the White House Domestic Policy Council, where my previously acquired user-level experience was bolstered by my work alongside both the Dole Shalala Commission and the Scott Commission.

I later completed a Ph.D. in public policy, focused on the VA claims process, and while teaching at West Point, co-led the Independence Project, a randomized control trial demonstrating the powerful link between employment and health. In 2021, I published, "Wounding Warriors: How Bad Policy is Making Veterans

Sicker and Poorer,” and recently served two years as Virginia’s Commissioner of Veterans Services.

The surge in disability claims is not due to combat injuries but to a culture that rewards illness. Last year alone, over 450,000 new compensation recipients entered the system, while total combat-wounded from the Global War on Terror (GWOT) numbered around 50,000. Last year, more than 270,000 veterans began receiving compensation for tinnitus, which is 100 times the number of GWOT amputees over a 20 year period. Blessedly high survival rates from combat wounds are not the cause of the growth. This lie allows advocates to tuck every veteran disability claim under the cloak of virtue.

Instead, the avalanche of claims is driven by non-profits and pay-to-play claims companies that encourage veterans to selectively exaggerate or falsify symptoms to “grab all they can.” Aging, genetic, and lifestyle conditions are increasingly labeled “service-connected,” resulting in tens or hundreds of thousands of veterans rated as 100 percent disabled who have no true incapacity, or whose incapacity would have eventuated regardless of service status.

I propose two principles of reform. One, meaningful employment is powerful medicine. A 2020 paper called “Employment is a critical mental health intervention.” Unfortunately, veteran participation in the labor market, especially among men in prime working years, is markedly lower than their civilian counterparts, and has been steadily declining over the past 20 years. Disability compensation discourages work by rewarding inactivity; some programs, like IU, create a direct barrier to work. Any separation from the labor force causes isolation, malaise, and reduced income coupled with a demand for ever-higher “disability” payments.

We should shift dollars from paying veterans to be sick toward meaningful incentives for gaining and maintaining productive employment. Early positive incentives can have a long-lasting positive effect, as demonstrated by the Independence Project.

Two, disability compensation is a destructive goal. “Disability” is a negative word. In Latin, “dis” means “not,” “opposite of” or “apart.” The disability compensation system pulls veterans into a destructive identity as “disabled veteran” rather than helping create a positive, forward-looking life and career. This system is anti-thriving, anti-productivity, and ultimately anti-veteran. Further, it discourages future generations serving by painting veterans as a troubled, problem class.

The compensation system traps veterans in a disability identity, teaching them to chase a 100 percent rating as proof of honor or source of validation. Nine of the top 10 conditions for newly rated veterans are easily exaggerated or totally unverifiable. We need a system that affirms veterans’ capacity to thrive, not their presumed fragility.

Here are several steps that would protect the integrity of the system. One, treat but do not compensate for non-disabling conditions and eliminate conditions caused by genetics, aging, or lifestyle from the compensation rolls. Sleep apnea is one obvious example; there are hundreds of others.

Two, require active treatment for compensated mental health conditions. If compensation is warranted, so is care.

Three, extend VA medical eligibility for all service-related conditions without tying it to disability ratings, removing incentives for false claims.

The current disability system robs veterans of purpose and dignity, trapping them in idleness and despair. Further, the isolation brought on by separation from the labor market can and does send many veterans into a morass of tragic consequences.

Reform will be difficult—entrenched interests protect the status quo—but it is essential. A close look at past changes shows that what survives the legislative and rulemaking process are usually additions to existing programs or the creation of new programs. The VA budget grows inexorably despite the system causing immense ongoing harm. Deep structural reform will save lives and restore what veterans truly need: meaning, work, and hope.

And to Senator Tuberville I say, “War Eagle.”

[The prepared statement of Lieutenant Colonel Gade appears on page 71 of the Appendix.]

Chairman MORAN. Ms. Curda.

**STATEMENT OF ELIZABETH H. CURDA, DIRECTOR, EDUCATION, WORKFORCE AND INCOME SECURITY, GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. CURDA. Good afternoon, Chairman Moran, Ranking Member Blumenthal, and Members of the Committee. I am pleased to discuss GAO’s work on VA’s management and modernization of its disability compensation program.

VA has taken various steps to improve this program. However, VA is a large, decentralized organization where efforts to bring about positive change can face strong headwinds.

As a result of this situation, we put VA’s disability compensation program on our High-Risk List. This is a list of programs GAO considers to be high risk because there is significant waste, mismanagement, or a need for broad-based transformation. In the case of disability compensation, VA has been trying to update and modernize the program for years, with limited success.

Underpinning many of these problems are VA leaders and managers not fully leveraging leading practices to manage the disability compensation program. These are practices like setting goals, developing plans to achieve the goals, collecting data, and assessing results. These practices set up organizations for success. Here, that means providing accurate and equitable decisions on compensation claims for veterans with service-connected disabilities.

To some, talk like this of management practices may seem quite dry and technical. However, effective management of the disability compensation program can help VA meet veterans’ needs by providing timely and accurate decisions. It can also save taxpayer dollars by reducing mistakes and costly rework.

My testimony today discusses, first, VA’s longstanding challenges with managing changes to the disability compensation program; second, challenges to ensuring the quality of disability compensation decisions; and third, policy approaches that disability commis-

sions and others have raised for modernizing VA's disability benefits structure.

For the first area, on managing changes to the program, one key example of a longstanding challenge is VA's efforts to update its rating schedule. VA continues to rely on outdated medical and earnings loss information in the rating schedule to determine whether veterans qualify for disability benefits. VA's updates of the medical information in the rating schedule have been slow. VA is 10 years behind its goal. While VA officials have updated many of the body system, several systems remain outdated.

Moreover, the rating schedule has not been comprehensively adjusted since its creation in 1945. Past studies found that given all the changes in the labor market, veterans were not being equitably compensated under this 1940s model.

For the second area on ensuring the quality of decisions, our prior work has identified challenges to VA providing high quality disability exams for veterans and training for claims processors. These exams and training are key for accurately processing veterans' claims and preventing fraud, costly delays, and rework.

For example, we recently made five recommendations to strengthen VA's oversight of contracted medical exam quality. Our recommendations generally focused on three areas: identifying and correcting the most frequent or complex problems with contracted exams; incorrect financial incentive payments to contractors; and third, a gap in feedback from those who perform disability medical exams.

VA generally agreed with these recommendations. As of today, none of the five have been fully implemented.

In addition, our 2021 report highlighted numerous shortfalls in VA's management of its training for new and experienced claims processors. To address these shortfalls, we made ten recommendations. As of today, four recommendations remain open, including ones to enhance VA's planning and evaluation of its training program.

For the final area on program modernization, our prior work has identified various policy options proposed by others for rethinking VA's existing disability benefits structure. For example, our 2012 report examined opportunities and challenges of several policy options. These options included things like integrating vocational services with cash assistance rather than focusing on compensation alone.

In summary, addressing the longstanding challenges we have identified requires sustained leadership over the use of leading management practices. Ultimately, this would help ensure veterans receive accurate and timely decisions on their disability compensation claims while also safeguarding taxpayer dollars.

This concludes my statement, and I am happy to address your questions.

[The prepared statement of Ms. Curda appears on page 93 of the Appendix.]

Chairman MORAN. Thank you very much. Senator Tuberville.

**HON. TOMMY TUBERVILLE,  
U.S. SENATOR FROM ALABAMA**

Senator TUBERVILLE. Thank you, Mr. Chairman. Thank you for your passion. This is a great panel. Thanks for doing this. We have spent a lot of time doing things to help our veterans. I come from a military family and it has been very passionate to me. Right benefits for the right veterans. I think that is what our title is here today.

I would like for anybody to answer this. I do not know who to ask this question to. Many will remember that under the Veterans Access Choice and Accountability Act of 2014, a commission on care was established to develop recommendations to improve the VHA. The call for this commission came after a scandal at the VHA. Don't each of you think that it is time a commission was established to develop recommendations to improve the VBA, and don't our veterans deserve a system like this with a commission?

Does anybody want to answer this? Push your button and have at it.

Ms. MASON. I guess I am going to jump in.

Senator TUBERVILLE. You are first. Go ahead.

Ms. MASON. Yes. I think a commission would be very well placed. I think it is needed to look at the VBA process, like it is supposed to do at VHA.

Senator TUBERVILLE. Anybody else? Go ahead, Ryan.

Mr. GALLUCCI. Thank you, Senator. I get nervous about the prospect of a commission, and there is a reason why.

Senator TUBERVILLE. Well, we all do. We all do.

Mr. GALLUCCI. I remember with the AIR Commission we, as an organization, were a bit of champions of that, and it could not make it past the first marker. And now we are seeing the repercussions of that. I know we are talking about the Benefits Administration, but now with Veterans Health Administration it has become glaringly obvious that the infrastructure is in the wrong place, and it has resulted in a higher cost for care.

I would argue that a forum like this is certainly a good start to have these discussions. I know that Dr. Gade and I do not agree on everything, but there are a few things that he said that I know are very—I think we would agree on, as far as how we reform the system and incentivizing the right behavior by veterans, who are only seeking the benefits that they have earned through their service contract.

Senator TUBERVILLE. Thank you. You know, with the passage and fast-tracked implementation of the PACT Act, it has put a strain on disability claim processes. How can we simplify that? How can we make sure they both work? A lot of money has been put into this. Anybody?

Colonel GADE. Senator, I would like to just briefly point out that there are several things in the PACT Act that are not only problematic from a sort of overloading the system point of view but also problematic from a moral point of view. So here is an example.

The PACT Act makes hypertension a presumptive condition for all Vietnam veterans who were exposed to Agent Orange. What is not mentioned in the PACT Act, or any of the discussion around that, is that when you norm for age, sex, and race, non-veterans

of those age groups have the same exact hypertension rates as veterans do in those age groups. So we are compensating for something that is—forgive the expression—old, fat people get hypertension. That is going to happen to sort of all of us at some point.

But what the PACT Act did was allowed people to shift the responsibility for those lifestyle conditions from themselves to the government and blame the government for problems that are not the fault of the government, and therefore taxpayers are taking a bath on that.

Senator TUBERVILLE. Thank you. So, anybody, what simple changes do we need to make to make sure disability claims go to the right people? Go ahead, Ryan.

Mr. GALLUCCI. Senator, I would say that we need to speed up the science. I think the issue that we see, for example, with Karshi-Khanabad in Uzbekistan, there is a stark difference between what servicemembers who developed rare cancers and rare health care conditions while they were still in active duty, gaining those benefits, and then those who, the uniform came off but the condition did not develop until 15 months after they came off of active duty, and they have been struggling ever since.

I think one of the greatest detriments that we have is the time it takes to identify when a toxic exposure has happened and then make that veteran whole. I think because of the framework set forth in the PACT Act, there needs to be some urgency, especially for people like those who served on K2.

Senator TUBERVILLE. Urgency does not work up here, in the Federal Government. I will tell you that. We wish it did.

Thank you, Mr. Chairman. My time is up.

Chairman MORAN. Senator Blumenthal.

Senator BLUMENTHAL. Thank you, Mr. Chairman. Thank you all for being here and for your testimony.

Let me ask you, Ms. Curda, as you know substantial numbers of VA employees have been cut, and as many as 30,000 will be cut. The original number was 83,000. The uproar and reaction to Secretary Collins' announcement caused it to be reduced. But doesn't that kind of cut in workforce have an impact on the quality of work in processing disability claims?

Ms. CURDA. Well, one of the issues on our High-Risk List is the ability of VA to process disability claims and manage the workloads. As we have been discussing, there have been many changes to what is eligible, and that has increased claims substantially, and over time VA has had extensive backlogs that they have not been able to keep up with. And so they have been in kind of a pattern of recently hiring more staff to be able to process those claims, and they have most recently been somewhat successful in bringing the backlogs down and improving timeliness.

I do not know how many of those people that you mentioned were actually processing disability claims. I would expect VA to conduct analysis, workforce planning analysis, to see what would the cuts to staff in the disability claims processing area, what effect would that have on productivity and on these backlogs. Because they were making progress, and I do not know that these particular cuts are affecting that or not.

Senator BLUMENTHAL. But basically, if you cut the number of people doing the work and the work increases, it is going to take longer and possibly be more error prone.

Ms. CURDA. That is a logical conclusion, yes.

Senator BLUMENTHAL. Thank you. Mr. Gallucci, I was struck by your comment that if there are problems in the programs we should fix the programs, not blame the veterans. The veterans are not the problem, and I am struck by statements from the Administration, including the top levels of the Office of Management and Budget, Russell Vought, that means testing maybe is a reform that should be adopted. He has suggested that the Administration should, quote, "target significant cost savings from revising disability rating awards." I have not heard the Secretary criticize or refute that potential course of action. What do you think of it?

Mr. GALLUCCI. Senator, the idea to restrict benefits payments to service-disabled veterans at a lower percentage, that dates back to the Bradley Commission in the 1950s. It was a recommendation that came out of there at the time, and there was nothing really to substantiate that at the time.

One of the things that we often talk about is that we are talking about social and occupational impairment here and loss average earnings potential. And it really should be a dead conversation on means testing for a service-connected disability. That is a very different rate. I mean, there is means testing for pension, but we are talking about service-incurred disability. It is a very different scenario. We see nothing in Title 38 that would allow for that without a change from Congress that we would vocally oppose.

There is a philosophy there that when you sign that contract, and it is the clause in the contract that says, "you will be ordered to deploy to combat or other hazardous situations." And I worry sometimes we lose the focus on that "other hazardous situations" point. *The Washington Post* did that in their article, talked about what they presumed to be non-service-related conditions or common conditions. And that could probably be a whole other hearing, to break down how those are service-related because of the unique nature of military service. And then when you are talking about those lower percentages, the occupational impairment that comes with that—time off for medical appointments, underemployment. Those are real issues for veterans that face chronic health conditions that require consistent care.

Senator BLUMENTHAL. We do not need a commission to tell us that we ought to sustain disability benefits for injured veterans, do we?

Mr. GALLUCCI. I think it is an obligation of our country to honor the enlistment contract, the contract that we all signed, and provide the care and benefits that we have earned.

Senator BLUMENTHAL. Exactly. Just one last question for Mr. Retzer. You told me that VSOs have been excluded from the space that they have at regional offices. Could you tell the Committee about that fact?

Mr. RETZER. Yes, thank you for that question. Yes, unfortunately our national service officers around the country who have been co-located within the VA Regional Offices are not allowed to conduct normal business to be able to assist the veterans. Even though the



VA Regional Offices are closed, we were only allowed 30 minutes. And an example is in North Carolina. We unfortunately went there one morning and we had over 180 pieces of mail. And when you look at that, those are time-sensitive issues, with the effective dates to file initial claims and evidence to support pending claims, and so on. And it makes it very difficult for us, even though our team is ready to provide services at home, doing telework. We have been ready because the pandemic prepared us to do that.

But what we are seeing is that our service officers, unfortunately, now have to deal with the PII, taking the information out of the Regional Office and to do that work, and be responsible, and they are. But the thing is, it really drives a wedge in our process, because within the VA Regional Office, we have the capacity of technology and the resources to do secure work. And we are very disappointed, and we hope that the VA will open back up for all organizations that are accredited in there, because this is the first time in any shutdown that we are actually not allowed to stay in.

Senator BLUMENTHAL. Thank you. And I have spoken to others about it. I do not know whether that is the experience of other VSOs as well. Is that true of VFW, Mr. Gallucci? It is. Okay.

Mr. GALLUCCI. Yes. It is the common experience for those of us who utilize space in those federal facilities. And this morning we were also notified by general counsel that the processing of accreditations is not considered an excepted activity.

Senator BLUMENTHAL. I might ask, and I have mentioned it to Inspector General Mason, and perhaps she can look into it. Thank you all. Thanks Mr. Chairman.

Chairman MORAN. You're welcome. Senator Hirono.

**HON. MAZIE K. HIRONO,  
U.S. SENATOR FROM HAWAII**

Senator HIRONO. Thank you. I think when you read *The Washington Post's* article, recent article, it really gives the impression that the whole system of ratings and disability payments and all of that are fraught with peril and fraud. So as Mr. Gallucci said, a system as large as that, well, there will be fraud.

So what I would like to ask Inspector General Mason is, a system like this, a program like this system is going to have fraud, my concern would be that do we have the capacity within the VA to investigate fraud? And I am not sure who prosecutes the fraud, whether the VA has lawyers that do that, or whether that has to go to the Attorney General's Office? But really, I would like to know what kind of capacity is in the VA to investigate fraud, meaning that has the entity that would, I guess it would be your office, Ms. Mason, that would investigate fraud?

Ms. MASON. Yes.

Senator HIRONO. Have you seen reductions in the number of people in your office?

Ms. MASON. Senator Hirono, let me answer that question. It is our office that is charged with that duty, to investigate, and work with DOJ, primarily the Assistant U.S. Attorneys, as well as local law enforcement to go after the fraud, and we do that. To go after fraud there does have to be a threshold, though, of intent. So there has to be corroborating evidence and facts. So our office does that.

As far as the number of people we have, we do have that, my investigators are working.

Senator HIRONO. Excuse me. Why don't we go to—I would like to ask the question relating to pre-shutdown. The last IG had over 1,000 staff. Is that what you have? Do you have 1,000 staff people?

Ms. MASON. Currently we have approximately 1,000 staff prior to shutdown. OPM did authorize me, through exemptions, to hire 35 additional staff across the OIG, which included two investigators. And we were proceeding to do that but the shutdown got in the way.

Senator HIRONO. You know, we can end the shutdown if a certain party decides to restore health care to the American people, but we will not get into that right now.

So you have the same number of people then that your predecessor had, and you have authority to hire 35 more people. Do you consider that enough of a staff, enough capacity to deal with the millions and millions of veterans that you are dealing with? And I do not know how many hundreds of thousands of claims that you are being asked to review.

Ms. MASON. Well, let me clarify that real quick, Senator. At the beginning of FY 2025 we had 1,175 people. We lost about 175 people due to DRP and VERA and normal attrition. We are at about 1,000 right now. My budget, as presumed, we think, is going to be able to allow me to hire an additional 70 people. OPM is giving me authorization for 35. However, we do not process the claims. We do not adjudicate the claims. We investigate fraud, and we do oversight of VBA. That VBA does all the claims actions. But we have the people to do oversight.

Senator HIRONO. Okay. So there is another office within the VA that has oversight over the claimants, and you have all these people who have to determine ratings and the extent of disability, et cetera, that leads to certain amounts being paid. So let me ask you this, then. Do you think that you have enough capacity to investigate all of the fraud that you think is out there?

Ms. MASON. We do. The majority of our work, Senator, is in education and health care and fiduciary fraud, as well as some compensation. But as I testified earlier—

Senator HIRONO. So you—I am running out of time—so you would take issue with *The Washington Post's* article—

Ms. MASON. Absolutely.

Senator HIRONO [continuing]. That indicates there is massive fraud going on.

Ms. MASON. There is no massive fraud going on. I take issue, yes.

Senator HIRONO. I want to thank the other people who have testified from the VSOs, because you are right there, on the ground, and you are dealing with the veterans. And I know from the veterans that I hear from that there are delays in getting their ratings. There are any number of ways that the system can be improved. And we heard from Ms. Curda, from GAO, about a number of recommendations that could improve the system, and the indications seem to be that the VA has not made the kind of changes that were recommended.

Would those of you who represent VSOs, would you agree that these recommendations have not been complied with or met? Anybody want to weigh in, briefly, because my time is already up?

Mr. GALLUCCI. I would agree that oversight and quality controls need to be there. When we are talking about fraud or questionable claims, I point to one of the examples in *The Washington Post* story, where they talked about a veteran who received benefits for an accident related to a DUI. I believe that is a quality control thing. And there are things that are supposed to be considered willful misconduct that do not qualify for benefits. And when something like that is found, that VA has the quality controls in place to make sure that they are not awarding benefits in a situation that they should not.

Senator HIRONO. And do you think they do have those quality controls in place?

Mr. GALLUCCI. I think they need to improve on those quality controls, ma'am, yes.

Senator HIRONO. Thank you.

Chairman MORAN. Senator Blackburn.

**HON. MARSHA BLACKBURN,  
U.S. SENATOR FROM TENNESSEE**

Senator BLACKBURN. Thank you, Mr. Chairman. I have got just a couple of questions. But before I start, I do want to correct the record. Republicans are not denying health care to anyone. There is a discussion over the Biden bonus credits that were given during COVID. And our colleagues across the aisle could end the shutdown today by voting for a clean CR, which these are numbers they have voted for many times—

Senator HIRONO. Mr. Chairman, I was good enough not to get into it, and I would ask the same from my colleague.

Senator BLACKBURN. And then also I would note that the claims backlog that was referenced happened during the last administration, and we discussed this at length in hearing after hearing, with the fact that workers were working remotely, and of course, and Ms. Mason, I want to come to you on this. Because the PACT Act implementation caused a lot of confusion, and there was the warning of we had a \$3 billion shortfall, and it was going to require emergency spending. And then, of course, we found out later that this was just a budgeting boondoggle, and the implementation of the PACT Act, the VA systems could not handle it, and there was no shortfall, but this frightened a lot of our veterans and their families. And the good news is we have got some leadership at the VA now that is straightening this out, and we are grateful for that.

And what I would like to hear from you is what your sense of how well the VA leadership is following through on your recommendations to tighten oversight and prevent that kind of misstep from taking place again.

Ms. MASON. Senator Blackburn, to answer your question, we have done a series of reports in the OIG's office to point out the lack of controls and oversight within VBA around particularly PACT Act, especially with the fact that they have scattered guidance all over the place and their manual is not in compliance with the law.

Right now they tell us they have a plan. We have not seen anything. They are partially shut down. They are doing claims. We have not seen anything yet, but we are following up, and we have further evaluations to look at and audits to do once we get back in business.

Senator BLACKBURN. Okay. And Mr. Gade, thank you for your testimony. And I noted in there that you made a strong case that the disability system sometimes will trap veterans. So what is the first couple of things that you think Congress could change that would help clean this system up?

Colonel GADE. Yes, ma'am. Thank you for that question. The very first thing that I think ought to be changed is how we talk about the word "disability." So only in the VA system are flat feet a disability. Only in the VA system is tinnitus a disability. Because what we have is an over-broad definition of the word. If we went to the ACS, American Community Survey, definition, or we went to any other publicly available definition, like the Social Security disability definition, what we would have is the ability then to put more money to things that matter, things like employment, things like rehabilitation, things like medical care, and less money in transfer payments that we know are causing people to be sicker and to be trapped in this cycle of malaise. So that is the very first thing I would say.

Senator BLACKBURN. And Ms. Curda, would you agree with that, because you have weighed in some on this system.

Ms. CURDA. Yes. In our testimony we did work some years ago where we looked at all the commissions that have looked at reform options for the disability system, and summarized those positions, the advantages, the disadvantages. I do not know that there is a clear one right answer there. It is a policy call. There are no changes that do not come without some kind of a cost. You know, one way or another, there will be winners, there will be losers, there will be costs to administer more complex systems. I mean, it has to be looked at very carefully.

Senator BLACKBURN. But you had referenced the high-risk areas for mismanagement, and that being one of them.

Ms. CURDA. Well, for sure they have not updated the schedule for how they decide those compensation levels within existing law.

Senator BLACKBURN. Excellent. Thank you. Thank you, Mr. Chairman.

Chairman MORAN. Senator Boozman.

**HON. JOHN BOOZMAN,  
U.S. SENATOR FROM ARKANSAS**

Senator BOOZMAN. Thank you, Senator Moran and Senator Blumenthal, for really bringing kind of the who's who of experts on this issue. We appreciate you all being here, and again, on such an important topic.

While we have recently seen progress ensuring veterans are receiving claims decisions in a timely manner and provided adequate benefits that align with their service, there is still more work to do. As evidence, I have veterans in my state waiting on decisions for years and years, some perishing before they can get a final ruling after years of waiting. I am confident in the VA's disability system,

but that confidence comes not without the desire to continue pushing forward to best serve our Nation's heroes.

Mr. Gade, I am interested in the principle, "meaningful employment is a powerful medicine," you outlined in your testimony. Like you, I believe active participation in the workforce and larger society serves as a powerful remedy to some of the issues our veterans face.

What ideas do you have for this Committee and the VA on how we could support that principle through the compensation system without creating fear or hesitation among veterans about losing their benefits?

Colonel GADE. Thank you, sir. In my written testimony that I submitted for the Committee, there is a report of something called the Independence Project that I also referred to in my oral testimony. The Independence Project was a randomized control trial where we took two groups of veterans and we gave one certain benefits and we did not give anything to the other. We just monitored them. And the veterans who were given the incentives up-front to thrive were able to do so, and those gains in employment, not only in the percent of them who were employed but also in their salaries, and their gains in physical and mental health sustained far after the incentive payments ended.

So what you have is the ability right there, the scientific basis exists, to put incentives in place to get the kind of positive outcomes that we want and to not get the negative outcomes that we want.

Senator BOOZMAN. Very good. Ms. Curda, GAO has laid out the need for VA to follow leading management practices when it undertakes reforms of the disability compensation program. Would you elaborate on the downsides of having to do this?

Ms. CURDA. Sure. Thank you for that question. When we set out to look at how they manage reforms at VA, the first question we asked was how many initiatives do you have ongoing, and they could not tell us. We had to assemble that list. And these were significant initiatives. There were 23 of them over a three-year period that we looked at. We pulled a sample of five of those randomly and compared them to how are they being managed for success, and found lots of issues. We made a lot of recommendations to improve those initiatives, because they were not setting goals, they were not involving key stakeholders, they were not monitoring progress.

In particular, one of them was looking at creating specialized teams to evaluate military sexual trauma claims, which are very complex and very different from other kinds of claims. And we found that across the board they did not have clear goals with measurable outcomes. They did not have clear leadership oversight. There were recommendations from the IG that did not get implemented. They were making changes to how things got done, but it was never clear that anything was improved as a result of that.

So that is the kind of thing. It is important to have goals. It is important to know where you are headed before you start down the path, and that ability then to be able to tell the Congress and the public that this investment had a payoff.

Senator BOOZMAN. So is that a cultural thing or poor leadership? With it being so broad in the group that you studied, it is like it was a one-off——

Ms. CURDA. I think there is, perhaps, a culture. There are lots of fires to put out all the time at VA, and there is a culture of, oh, let's put together a tiger team and fix this right away and be in a hurry. And I think sometimes they do not have a good system in place to ensure that when they get started they have that kind of good plan in place. And that was one of our high priority recommendations for the Secretary is, put in place a policy that if you are going to start a major reform initiative, that it have these elements in place before you start so that you will know where they are headed.

Senator BOOZMAN. Thank you, Mr. Chairman.  
Chairman MORAN. Senator Sheehy.

**HON. TIM SHEEHY,  
U.S. SENATOR FROM MONTANA**

Senator SHEEHY. Thank you, Chairman. Thank you all for being here today. As a fellow combat veteran of multiple tours, married to a combat veteran, I take these issues very seriously. And I want to echo some comments made from our VFW partners about some poisonous and disgusting rhetoric from *The Washington Post* recently, that accused our veteran community and our broader veterans service organization community of fraud, of taking advantage of the American people. When this group of people, this body of veterans, raised their hands and swore an oath to defend this country, the system is not perfect. There is no question, the VA is not perfect, veterans are not perfect, and there is fraud, no doubt.

But the byline of that rhetoric should not be attacking the people that chose to defend this Nation. It should be an internal examination of how we do things better in this government and how we make the VA focused on veteran outcomes and patient outcomes and not process. We have been lost in the bureaucracy for too long in the VA, and it is about time we have a customer service-oriented organization that is focused on optimal outcomes for veterans.

Outcomes for veterans. "Veterans not victims" is my favorite saying. We are not victims. We do not come back sorry, asking for handouts. We come back wanting a new mission in life, and wanting to be empowered to continue to serve our country, in law enforcement, in government service, even as entrepreneurs. We want our veterans to come home and be empowered, not treated like victims. But sometimes they need that help to do so.

And I would welcome your thoughts, specifically, I think, Dr. Cade, related to, specifically, how does our incentive system within disability claims, how does our incentive system within the transition process, are we incentivizing veterans to succeed at the end of that process or instead are we driving them into a cul-de-sac of dependence? Because ultimately we want to help them as a bridge to another successful chapter in life. We do not want them to be professional veterans when they are done. We want them to be done and be proud of their service, but then open a new chapter for their life and succeed there.

Colonel GADE. Sir, thanks for that question. When I went through the Transition Assistance Program when I was leaving the military, we spent about half a day on employment stuff and about a day and a half on how to file disability claims. And the proverbial little old lady in tennis shoes stood up there and said, "Claim everything you can. It is free money. All you've got to do is go get it. And if you have these conditions you get this, but if you look at a DBQ carefully," and she like stomped on the floor and said, "If you look at the DBQ carefully, you can see that if you have these conditions you can get to 70 percent, and if you have these conditions you can get to 100 percent." And so it was right there in front of people that all you have to do is exaggerate and you can get paid more.

That is not actually my main problem. My main problem is what happens then. Because if a veteran is separated from the labor market, they do not work anymore, they are sitting at home, they are sitting on the couch, their wife is going to work, if it is a male veteran, the children are going to school, and what happens when those people come back home is the veteran is still sitting there. And that is a life of disempowerment, not empowerment. And men get so much identity from their work that we ought to be putting all of our effort into positive, meaningful, gainful employment and get away from saying to everybody, "Hey, get everything you can from the government. All you've got to do is fill out this little form and we'll give you disability payments." Thank you.

Senator SHEEHY. That is exactly right, and disability is too often times confused, that if you are able to work you do not deserve that disability. And the truth is that disability is a recognition that you are going to carry that injury, that condition for the rest of your life, and you can never heal from that because of what you did for this country.

What do we think about alternatives to how the disability system is currently structured? And this is open to anybody. How can we better structure this so that after our veterans leave, take the uniform off, we are incentivizing them to find new careers and succeed in those careers, but still recognizing they have conditions they have to live with?

Colonel GADE. Sir, if I may really quick, the way that we talk about disability is different than any other program talks about disability. The bar is much lower. The conditions are much broader. If—and I am not making this proposal necessarily—but if we were to take the people 60 percent and below in 2024 Annual Benefits Report, and we were to say, you know what, those are conditions that we are going to treat for, but we are not going to compensate for those because they are not a disability by any other definition of the word, what you would do is you would save \$20 billion a year that you could then put toward meaningful job programs. You could put it toward internships and externships and education and even higher benefits for the triple amputee and the person with a traumatic brain injury.

There is a way to do this that is smart and that incentivizes the right things, and that is what I am just begging folks to focus on.

Senator SHEEHY. We are at the end of my 5 minutes. I am sorry, but did you want to wrap up quick?

Mr. RETZER. Yes, Senator. I just wanted to say it is very important that we understand, yes, we know about the injuries and illnesses. But the thing is we have questions with regards to integration and to rehabilitation. And then there is compensation. We need to understand that it is complementary. And we need to ensure that when we look at the VA's ability of it, that VA's integrated care links the issues really, that is health care, vocational programs, and education. That is the struggle that we are having here, and so VA needs to continue to expand programs like the Veteran Readiness and Employment (VR&E) system while they ensure that the veterans are getting their compensation. As you said, they have earned these benefits. So we want to make sure that they strengthen the partnerships that are out there to employees and workforces to ensure that they are hiring and recruiting veterans, and really emphasize that there is a difference between the integration back into employment versus compensation.

Senator SHEEHY. Well, thank you for being here. We are at the end of our Nation's longest war, and we may potentially be seeing the start of another war soon. So the work you are doing is going to be absolutely critical. Veterans not victims. Outcomes over process. Patients over bureaucracy. Thank you.

Chairman MORAN. Senator Sheehy, thank you. Senator Duckworth.

**HON. TAMMY DUCKWORTH,  
U.S. SENATOR FROM ILLINOIS**

Senator DUCKWORTH. Thank you, Mr. Chairman. I have to say I must express disappointment in the decision to convene a legislative hearing that amplifies *The Washington Post* misleading and flawed attack against the VA disability benefits system, especially by inviting a witness who supports those sentiments. And adding insult to injury, this effort to falsely depict our Nation's disabled veterans as a group of dishonest fraudsters and cheaters originates from a paper that is owned by a multi-billionaire whose net worth exceed, by tens of billions of dollars, the total amount that the U.S. Government spends on disability compensation to over 6 million disabled veterans in any given year.

Look, nobody is denying the unfortunate reality that a small number of veterans exists who will dishonor their own service and that of their fellow veterans by defrauding the VA. These individuals can and should be prosecuted to the fullest extent of the law. If we want to enhance deterrence we should strengthen enforcement resources to increase the rates of criminal investigations, prosecutions, and convictions of these fraudsters.

The mistake we must avoid is allowing a minority of criminals to dictate the redesign of the VA disability benefits system into a bureaucratic black box that is more frustrating and less fair and will leave more veterans waiting and dying, waiting to get their benefits that they have earned.

Since we met many years ago at Walter Reed, I have been disappointed, Colonel Gade, in watching your journey. You and I were there together. We suffered together. We recovered together. But I have to say, I have been disappointed in watching your journey to becoming one of the leading critics of the entire concept of dis-



ability compensation for disabled veterans. And I do feel that you believe that you are simply offering our fellow disabled veterans some tough love that everyone else is too afraid to give, to inspire them to achieve the success that you have been so very fortunate to earn.

However, your rhetoric, particularly in downplaying the severity of the reality of the invisible wounds of war runs the real risk of doing more harm than good. Portraying disabled veterans as a group of takers who will happily never work again for \$3,100 per month is incredibly condescending and disrespectful to these heroic Americans.

Disabled veterans, like any American, want to work for more than just money. They are driven by a sense of mission, purpose, and meaning. And your characterization of disabled veterans who accept disability compensation as being moochers who are trapped by the system, advances a very damaging stereotype that shames many veterans into foregoing VA benefits at a cost to themselves and their loved ones.

So there is an irony that the VA is being accused of being too generous, too trusting, and too focused on enhancing efficiency for disabled veterans by a paper whose owner is famous for accumulating a vast fortune by adopting a core management principle, obsessive customer focus.

So my question for the VSO leaders on the panel is simple. Do our disabled veterans deserve worse treatment from the United States Government?

Mr. VILLANUEVA. No, they don't.

Mr. RETZER. No, they do not.

Senator DUCKWORTH. Should Congress require VA to presume that every disabled veteran applying for benefits is guilty of fraud?

Mr. VILLANUEVA. They should not because they are not.

Senator DUCKWORTH. Should VA force every disabled veteran to fight through copious amounts of paperwork and push through layer upon layer of cold, harsh bureaucracy to prove, beyond a reasonable doubt, to obtain what are often quite modest disability compensation benefits?

Mr. RETZER. Senator, no.

Senator DUCKWORTH. We must never forget that Congress and VA have worked hard for many decades to end an unacceptable status quo where the VA benefit system was hostile, combative, and stunningly inefficient. My larger fear is that our Committee, indulging in efforts to demonize the VA disability benefit system, will lead us to creating harmful guardrails that reduce improper payments, but at the cost of scores of eligible disabled veterans giving up and abandoning efforts to secure the benefits they earned when they served our country in uniform.

Would any of the witnesses testifying on behalf of VSOs like to elaborate on that threat and why criticism of VA trying to instill a culture that seeks "let's get to yes" is preferable to a culture that seeks to "get to no"?

Mr. GALLUCCI. Senator, I will happily take that question, if I may. As I said in my remarks and in our submission for the record, we have deliberately worked to make it easier for veterans to access the benefits that they have earned. Those of us who have worn

the uniform have seen it, where peers of our struggle for the care for the diseases or the health conditions that they are suffering with.

In addition to Karshi-Khanabad, our organization is advocating for air crews. Congress just passed a study to make sure that air crews, and signed into law, that we study their toxic exposures. There is a group of veterans, submariners, in the Veterans of Foreign Wars who are speaking very vocally about the unique challenges of submarine service and the exposures that they have.

Now make no mistake, we all knew that military service was dangerous, but as we have focused on, when we say "honor the contract," it was in our enlistment contracts. It is in there, required to order—ordered to serve in combat or other hazardous situations, and then entitled to receive pay allowances and other benefits as provided by law in regulation.

So to have a discussion where it is portraying veterans accessing that system as if we are somehow exploiting loopholes, and it is an honor system, look, it is trying to pit veterans against Americans, other Americans. And it is something that we should not tolerate, especially when such a small percentage of the population volunteered for that dangerous job that has occupational hazards that others can just walk away from.

Senator DUCKWORTH. The data is clear. It is not just data coming from the VA but from other not-for-profits that the vast majority of veterans' claims of benefits are truthful and accurate, not that they are fraudulent and false. And I think we need to keep that in mind.

Thank you, Mr. Chairman.

Chairman MORAN. Senator Duckworth, thank you. I thank all of our witnesses, and I would just highlight for the Committee, and perhaps for my own satisfaction, there is no doubt about the controversy that arises from this *Washington Post* article. But I have great faith in the witnesses that we have here, the veterans who have talked to us, the information that we received, to suggest that this Committee is capable of hearing from veterans and responding to the thought that is expressed in *The Washington Post* article. I also have sufficient faith in the colleagues here, many who have served, some who have served and earned disability, that we have the capability as Members of this Committee to sort out and have the opportunity also to hear from somebody who has a different point of view, so that we can come to a conclusion, probably more than one, conclusions over time about how we improve the system, and we make certain that veterans who served and those who are disabled by that service receive the compensation, as well as care, that they are entitled to.

So I am pleased we have had this hearing, are having this hearing, and I think it has value as we try to sort out how we make things sufficiently better for those who served our country.

I want to ask a couple of questions and then a vote has been called and we will bring this hearing to a conclusion. First of all, Ms. Mason, Senator Blackburn asked you about inspector general's report. Are there any particular reports that are pending on this topic of disability that you would like to highlight that would be

important for the VA to come into compliance or explain why they are not pursuing the inspector general's recommendations?

Ms. MASON. Well, we have about 30.

Chairman MORAN. All of them equal importance and all of them on this topic?

Ms. MASON. All of them equal importance. But I think we have two or three particularly that are pending on disability issues. But we have some audit work that we are getting ready to start, primarily around quality review, and around automation, particularly in concerns we have around whether the right information is in the automation system.

And then, again, to the reports we have already discussed today on PACT Act and a couple of the other areas in disability, our fraud teams and our audit teams work very closely together. So where they see gaps on either side they trade information, and the fraud teams goes and investigates and the audit team does their audit work.

So we do have some others teed up. We only have a couple of reports, though, that are pending, and they are primarily on the quality aspect as well as the application of overall disability review.

Chairman MORAN. In your previous life and previous work at the Department of Veterans Affairs, anything that you learned in that capacity that would be important for us to hear today?

Ms. MASON. Well, Chairman Moran, you know, in my current seat I look at everything through the eyes of the IG. But what I can tell you in looking at those through the eyes of IG, I can look back over the 30 years, from starting as a young attorney in 1990, going forward to my time as judge and chairman, where I can see many of the things that VA put in place, that the Congress has put in place, and I see the impacts and effects of that on our veterans. And what I see is the lack of controls and the lack of oversight within all of VA, but for this hearing, particularly in VBA, in areas from compensation to education to pension to fiduciary. We can go down the whole list.

Chairman MORAN. I want to highlight, at least from my view, a great level of respect for the role of the inspector general, the role of the Government Accountability Office, in this Committee and this Congress, being able to do its work. I am developing a good working relationship with you, Ms. Mason, and I had a really good working relationship with your predecessor. And my view is that the efforts by both of these agencies are hugely valuable to the well-being of veterans that we all try to serve.

Ms. MASON. And we do talk to each other often, Chairman Moran, both you and I and Ms. Curda and her team.

Chairman MORAN. Thank you both.

Mr. Gallucci, you did something just a moment ago that I was going to ask you to do. I wanted to know what a member of the service believes when they enlist, their contract is, with the United States Government, with the Department of Veterans Affairs, with the American people, with our country, with our government. When someone raises their hand and takes the oath and enters the service, what is it that they expect in return?

Mr. GALLUCCI. To put it in the simplest terms, that if we are going to live up to these other requirements to obey all lawful or-

ders, subject to the military justice system, serving in combat and other hazardous situations, that we will be taken care of if something goes wrong on the government's time and on the government's dime.

I point, in *The Washington Post* story, and we have talked about this a lot, about them talking about toenail fungus, right. That was in there designed to really bait people into thinking, well, that is common. That happens to a lot of Americans. You go to a gym, you get athlete's foot, you treat it with some Tinactin. I don't know.

But the issue is we are talking about military service, especially ground forces, Army, Marine Corps, that focus so heavily on foot health and hygiene. Because when I was deployed to Iraq, OIF-1, living out of a Humvee for the first couple of months, personal hygiene was sparse and difficult. And I talked to a veteran before coming into this hearing who has dealt with a systemic fungal infection since he served in the Marine Corps. This is very real. It is an occupational hazard. It may sound odd to someone who has never served, a reader of *The Washington Post* or a reporter who never raised their right hand. But this is why it is service-connected. A veteran who is on a medication that causes liver damage because it started out as a foot fungal infection—it started as toenail fungus—yes, that is service-connected. It is related to service, and it is a clear occupational hazard of military service.

Chairman MORAN. Thank you. And do those individuals, they recognize, know that at the moment they enlist and raise their right hand?

Mr. GALLUCCI. You do not know all of them, but I will tell you this—we know the military is dangerous, right. It is a job, as our Secretary of War says, is to destroy our enemies. I mean, we know it is dangerous going in, but we believe that with the contract that we signed, if something goes wrong that we will be taken care of.

Chairman MORAN. Dr. Gade raised this topic of work, and I certainly share a view that work is important to the well-being of every human being. It is the way we earn a living and get satisfaction, hopefully, from what we do. I always think it is something that is within us that gives us purpose in life, soul, a sense of meaning and value.

What is it that we can do? Dr. Gade indicates that there is seemingly a disincentive from the disability system to work. But aside from that suggestion, that connection, there are a lot of things that the Department of Veterans Affairs is entrusted to do and should be doing to help veterans find meaningful employment. And I know, I mean I saw, where a group of Fort Riley soldiers who were about to end their time in the military service spent time in Wichita, Kansas, at the aviation and aircraft companies, learning about opportunities for their future.

There is a significant demand for the skill set and integrity, the moral values of a soldier, of a member of our military. There is demand for that work. And yet we may not be taking sufficient advantage of the opportunity that a person who is leaving military service can provide value to a company. We have got a program in Kansas to interest soldiers as they depart in agriculture, to become farmers. There is a demand for those kinds of employment opportunities. What are we missing in trying to make certain that work

is honored, aside from the suggestions of Dr. Gade? Mr. Villanueva?

Mr. VILLANUEVA. Thank you, Mr. Chairman.

Chairman MORAN. I was worried you were being ignored until Senator Duckworth captured you.

Mr. VILLANUEVA. No, I appreciate it. There are a lot of good panelists here, and I definitely do not want to step on anybody's toes when it comes to how much we all agree with each other. But the one thing I think everybody on this panel can agree with is that every veteran who wants to work and is inhibited by a disability, that they have every incentive and opportunity to get to work.

And again, I guess I have to be 100 percent for all the hearings I ever testify at, to bring up VR&E, but VR&E should definitely be pushed, more so than most any other program that they have out there for veterans who want to get back out to work. And that includes doing things like removing delimiting dates. That goes for education by the VA to all veterans to say, hey, especially those who are being medically discharged or medically retired, to push that program, and to say if you want to get back out to work, it is available to you. And we have been on record about this.

So we would love to work with yourself, your office, the rest of the Members of the Committee to see how we can do that.

Chairman MORAN. Remind me. Are there opportunities that are presented to veterans who have a disability beyond the normal programs to provide education, workforce training to veterans generally?

Mr. VILLANUEVA. There are. But again, I mean, not a lot of the veterans who, when they leave the service, know that there is a disability with them. It comes up years and years later. Myself, I went out and, despite some of my disabilities, I decided to take up blue-collar work for the first five years post-service, and it caught up to me. Only after that time did I ever find out, or ever attempt to use my GI Bill, and never once, until many years later, did I even hear about VR&E. So again, this should be pushed by the VA.

Chairman MORAN. Thank you. I look forward to working with you and PVA. Senator Banks.

**HON. JIM BANKS,  
U.S. SENATOR FROM INDIANA**

Senator BANKS. Thank you, Mr. Chairman. Ms. Curda, the VA disability claims process is dysfunctional and antiquated, no doubt. An initial claim decision takes about 100 days, on average, but appeals stretch on for years. My office worked on one case, for example, a claim that took eight years to be decided.

How are VA's efforts to improve that process coming along?

Ms. CURDA. Well, as I mentioned earlier, one of our issues that places VA on the High-Risk List is their challenges with managing their workloads, and that includes appeals. You know, this has been going on for decades, where various surges come along on the initial claims side. Veterans who are denied appeal those claims. That creates additional pressure on the appeals side. And when veterans choose to go before a judge, that is the longest amount of time that a veteran will experience. There are other choices, but that one, in particular, can take a really long time. And currently,

VA is not meeting its timeliness goals for various appeals options, they are exceeding them.

I think what they are doing is, we have been engaging with them on this high-risk issue for a number of years now, and most recently they have developed a better ability to predict their workloads through more sophisticated modeling. That is certainly true on the initial claims side. I think they are trying to kind of do a little bit more on the appeals side, to be able to better predict what is coming in. And when you can predict, you can plan, and you can get the resources that you need to get the work done.

So they are moving along. They still are somewhat lacking in their, I think, capacity to really fix the problems. But we were close to moving up their rating in the high-risk issue last year, and then that budget issue came along and we had to kind of rethink that. But they have made progress in terms of just their ability to plan for workloads, so that when things change—and they will change—they are in a position to address them.

Senator BANKS. The key tool in the claims process, the VA rating schedule for disabilities, was created in the 1940s. Some elements of the schedule have never been updated. The VA has been trying to update it for years. Which conditions and body parts rating schedules are the most outdated, and what problems does that cause, Ms. Curda?

Ms. CURDA. Sure. I would say the issue is that they have not all been comprehensively updated. There have been small changes over the years, here and there, but they have not taken a comprehensive look at—there are 15 body systems. All the conditions are organized in different body systems. Of the 15, they have updated, comprehensively, 11 of them, and there are still four that remain, and they are in various states of regulatory development. The four that are remaining are mental disorders, respiratory illnesses, ear and auditory issues, and neurological conditions.

The problem that creates, and I think you can see a little bit of this in *The Washington Post* article, where you might see inequities, or there might appear to be an inequity in how different conditions are compensated. I think, in particular, when this was studied, mental conditions have been—because if you think about in the 1940s, people had not even heard of PTSD. So that may be compensated differently than, say, someone with an amputation. So it is thinking through what that level of compensation should be.

The other issue is earnings loss. That is the medical side I was talking about. The earnings part of it has never been comprehensively updated, so that is another component of this.

Senator BANKS. I want to move on. Colonel Gade, good to see you. I am glad the OIG investigates disability compensation fraud, but the examples in *The Washington Post* article are not subtle. They are glaring. A Vietnam veteran who pretended to be blind for 29 years while he continued to drive. A bodybuilder who pretended to walk with a cane and wore a diaper. A veteran who claimed paralyzing anxiety and an inability to work while he was running a bar in Costa Rica. A VA claims representative who claimed to be homebound and bilked the agency out of benefits for five years while he was working there.

These fraud cases should not take years to crack, and it makes me wonder how widespread that problem really is. How prevalent do you think outright disability compensation fraud really is?

Colonel GADE. Sir, I think outright disability fraud is actually quite rare, as Ms. Mason pointed out earlier. A bigger problem is the problem of lax oversight and easily exaggerated conditions and no follow-up.

I went on Reddit yesterday and I typed in, "How do I get a 100 percent disability? I only have 10 percent now," which is false. So here is what Reddit said: "Go to your C&P exam with a DBQ that you filled out yourself. Look up what you will qualify for, 100 percent, and check the boxes, and write the explanations that apply to you. Submit that to your examiner at the beginning of the appointment and have a copy in front of you. Throughout the exam, answer the questions based on the answers you gave on the DBQ."

So it is widespread that people know that the DBQ exists. They know that if they claim this severity, they get this disability. If they claim this severity, they get this. And if they claim this, then they get this. It is widespread knowledge. So that is a kind of quiet thing that *The Washington Post* article never even discussed.

Senator BANKS. Got it. Thank you. My time has expired.

Chairman MORAN. Let me see if anyone, before we conclude this hearing, does anybody have the sense that they wanted to say something that they did not get the chance to say, or correct anything that you said that you wish you had not have said?

Ms. MASON. Chairman, I would like to jump in here real quick. Chairman MORAN. Please.

Ms. MASON. The VA OIG looks at pretty much everything, from soup to nuts, from fraud as well as the oversight, as we have discussed today. But one particular area that I think Senator Banks just touched on, and Colonel Gade touched on, are the DBQs. And let me be clear, the DBQs are a problem both publicly and internally. Because of the lack of controls, and we have specific reports to this as to issues, that VBA is not following up on within their internal contracts and their DBQs, they are the pot calling the kettle black. So there are issues with public-facing DBQs. There have been since they were engaged and brought forward. And those continue, both internally and externally.

So our recommendation is that we look at and recommend that the Committee consider looking at all DBQs and setting some standards at your level. Thank you.

Chairman MORAN. Thank you. Anyone else? Mr. Gade?

Colonel GADE. And, Senator, just briefly, and I am sorry that she departed earlier, Senator Duckworth and I were in the hospital together. She was wounded two months before I was. And so I wish that we had been able to have that conversation that she directed to me in a two-way direction, but unfortunately I had to sit here.

What I believe about mental health reform is that the system should better address invisible wounds like PTSD, but without incentivizing long-term disability. PTSD is curable. PTSD is possible to recover from and lead a full and thriving life. But a veteran who is labeled 100 percent, permanent and total, before the efforts have been made to get better, is one whose life is made worse by that system. And that has been my argument for the last 20 years,

and will be my argument until my dying day. And I am sorry that Senator Duckworth missed that.

Chairman MORAN. Anyone else? I did not expect anyone to take advantage of my suggestion. You cannot allow me to miss my vote.

Mr. VILLANUEVA. I will make this quick, Mr. Chairman. The most worrying thing about *The Washington Post* article, and as a person, like many people who are on this panel today, we remember the history. And the history goes back a ways. But when you look at the Civil War pension program that these folks came back to, after a while the articles in the news and the public opinion shifted away from that it is the government's fault that is making it too hard and they put a glaring light on the veterans and the doctors and the lawyers, and they scrapped the program. And as we all know, it went from that to the Spanish-American War pension program, which preceded the bonus marches of the 1930s. And we are less than a half mile away from where thousands of veterans camped out for days, and some of them lost their lives for their benefits.

Now, as we move forward, and this discussion moves forward, we should always keep that in mind, so that it never, ever happens again. If there is a program that can be improved, that is here already, we should all work together to make those improvements.

Chairman MORAN. Thank you. It is a good place to end the hearing. Thank you.

I want to again thank you. Each member of the Committee now has 5 legislative days to submit any written statements or questions for the record. Any Senator who would like to submit a question for the record to today's—I did not say that quite right. Let's do it over.

Each member has 5 legislative days in which to submit statements or questions for the record. Any Senator who would like to submit a question for the record for today's witnesses, please do so in a timely manner. Likewise, I ask our witnesses to respond to any questions for the record following today's hearing in a timely manner as well.

And with that this hearing is adjourned.

[Whereupon, at 5:43 p.m., the hearing was adjourned.]



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## **A P P E N D I X**

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## **Prepared Statements**

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DEPARTMENT OF VETERANS AFFAIRS  
OFFICE OF INSPECTOR GENERAL

STATEMENT OF CHERYL L. MASON  
INSPECTOR GENERAL FOR THE  
US DEPARTMENT OF VETERANS AFFAIRS  
BEFORE THE  
COMMITTEE ON VETERANS' AFFAIRS  
US SENATE  
HEARING ON  
"PUTTING VETERANS FIRST:  
IS THE CURRENT VA DISABILITY SYSTEM KEEPING ITS PROMISE?"  
OCTOBER 29, 2025

Chairman Moran, Ranking Member Blumenthal, and members of the Committee, thank you for the opportunity to discuss the role of the Office of Inspector General (OIG) in combating fraud in the compensation and pension programs administered by the Veterans Benefits Administration (VBA). As the Inspector General, I am proud of the OIG's work conducting independent oversight of VBA's programs and operations and investigating allegations of fraud within its programs.

As of June 30, 2025, more than 6.9 million veterans and beneficiaries were receiving these benefits, as provided under the law pertaining to disability compensation.<sup>1</sup>

The OIG directorates provide information based on their work to ensure thorough oversight of VA's programs and operations.<sup>2</sup> This statement highlights the work of OIG staff across the Office of Investigations (OI) and the Office of Audit and Evaluations (OAE). Specifically, this statement discusses our investigative program, including information advising VA and the public of scams, and weaknesses identified in program operations.

#### OFFICE OF INVESTIGATIONS ACTIVITIES

OI is responsible for investigating potential criminal activity and civil violations of law including fraud related to VA benefits, construction, education, procurement, and health care, as well as drug offenses, crimes of violence, threats against VA employees or facilities, and cyberthreats to VA information systems. OI coordinates with other OIG directorates, external law enforcement partners, and the

<sup>1</sup> 38 U.S.C. § 1110; 38 U.S.C. § 1131; 38 C.F.R. § 3.303 (2024). VA, "VA Benefits & Health Care Utilization," <https://www.va.gov/VETDATA/docs/pocketcards/pocketcard.pdf>, accessed October 20, 2025.

<sup>2</sup> The OIG has five main directorates: Immediate Office of the Inspector General, Office of Investigations; Office of Audits and Evaluations; Office of Healthcare Inspections; and Office of Management and Administration.

Department of Justice on high-impact cases to ensure that veterans, VA employees, and VA assets are protected, and wrongdoers are held accountable. (See Appendix A for some examples of OIG cases.)

VBA implements a number of programs for eligible veterans and family members, including monetary benefits, education assistance, insurance, and VA-guaranteed home loans. Education investigations target fraudsters who do not deliver promised services to eligible veterans, service members, and their qualified family members. With respect to home loans, agents focus on loan origination fraud, equity skimming, and criminal conduct related to the management of foreclosed loans or properties. Personnel also investigate allegations of crimes committed by VA-appointed fiduciaries and caregivers.

In January 2022, the OIG began to publish fraud alerts regarding scams that are prevalent in OI's work. The most recent addresses—*Protect Veterans from Pension Poaching* (June 2025). (See Appendix B.)

In the last Congress, OIG staff assisted Congress in tightening VBA's public disability benefits questionnaires (DBQs) with the inclusion of a provision in the *Senator Elizabeth Dole 21<sup>st</sup> Century Veterans Healthcare and Benefits Improvement Act*, enacted on January 2, 2025, that requires the digitization of all disability benefits questionnaires (DBQs) submitted by non-VA healthcare providers.<sup>3</sup> The electronic capture of all future DBQ data will significantly enhance OI's anti-fraud oversight of this program.

#### OFFICE OF AUDITS AND EVALUATIONS REVIEWS OF VBA PROCESSES

The exchange of information between OIG directorates is critical to safeguarding VA's programs and operations. The OIG's OAE shares information with the Office of Investigations that is found during the course of their work and OI reports information on gaps discovered through their investigations. This allows the OIG to provide oversight of VBA operations and made recommendations related to legal and procedural review deficiencies, unclear guidance, and inconsistent application of quality assessments, issues that can make the disability benefit system susceptible to fraud.

When veterans file claims for disability benefits, medical evidence is usually needed to demonstrate a condition. Often VBA will schedule a veteran for a medical examination. Most exams are performed by VBA contract medical examiners, but veterans have the option of having their medical provider complete a public-facing DBQs which would be submitted with their claim.

#### Public-Facing Disability Benefits Questionnaires Can Increase Fraud Risk

In October 2010, VBA implemented the use of DBQ forms to help speed the processing of veterans' claims for disability compensation and pension benefits. The questionnaires cover a full range of medical conditions and relate to a specific type of disability or part of the body. Publicly available questionnaires are completed by non-VA medical providers selected by the veteran. As a result of OIG concerns related to the potential for fraud and VBA's modernization efforts and form revisions, on April 2, 2020, VBA removed the questionnaires from its website. Subsequently, Congress mandated

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<sup>3</sup> *Senator Elizabeth Dole 21<sup>st</sup> Century Veterans Healthcare and Benefits Improvement Act*, Pub. L. No. 118-210 (2025).

their return through *The Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020*, enacted on January 5, 2021.<sup>4</sup>

The OIG conducted two reviews as required by the law. In the March 2022 report, the OIG determined that VBA complied with the requirement to return DBQs to its public-facing website when it reinstated 69 questionnaires on its website on March 1, 2021.<sup>5</sup> However, the team found DBQ from non-VA medical providers that were incomplete, inaccurate, or of questionable authenticity were not always processed correctly by VBA when determining entitlement to benefits. Conversely, some questionnaires that were sufficient for determining benefits were not used.

The January 2024 report found VBA continues to publish updated questionnaires on its website and generally accepted and used them when submitted as part of a claim for benefits.<sup>6</sup> However, the OIG review team found that many submitted public questionnaires continue to present a significant risk of fraud. While VBA conducts validation reviews to detect and prevent fraud, these reviews are very limited in scope, lack robust methodology and follow-up, and do not safeguard against any physician-assisted fraud.

#### **Improvements Needed In VBA Claims Processing**

VBA's Medical Disability Examination Office administers VBA's contract medical exam program. VBA currently has 18 contracts with four vendors: OptumServe Health Services, Quality Timeliness and Customer Service Medical Services, Veterans Evaluations Services Inc., and Loyal Source Government Services, LLC. This office is responsible for overseeing vendor performance and contract medical disability exam quality as well as enforcing the technical terms of each contract. Over the last three years, OIG teams assessed this office on several occasions and found weaknesses in governance, accountability, and contractor accessibility compliance with Occupational Safety and Health Administration and Americans with Disabilities Act regulations, and safety and cleanliness issues.<sup>7</sup>

#### **Compensation Claims Processing Deficiencies**

The medical exam is just the first step in the process to determine a compensation rating. Claims processors are responsible for reviewing all available evidence when determining entitlement to benefits. OIG reports have identified scattered, unclear, and underdeveloped guidance—with little reliance on the law—as additional causes for incorrect payments to VBA beneficiaries.

The OIG substantiated a hotline allegation that a senior veterans service representative in Philadelphia approved hundreds of rating decisions for claims each day without conducting the required reviews. In

<sup>4</sup> *Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020*, Pub. L. No. 116–315 (2021).

<sup>5</sup> VA OIG, *Public Disability Benefits Questionnaires Reinstated but Controls Could Be Strengthened*, March 9, 2022.

<sup>6</sup> VA OIG, *Without Effective Controls, Public Disability Benefits Questionnaires Continue to Pose a Significant Risk of Fraud to VA*, January 4, 2024.

<sup>7</sup> VA OIG, *Contract Medical Exam Program Limitations Put Veterans at Risk for Inaccurate Claims Decisions*, June 8, 2022; VA OIG, *Better Oversight Needed of Accessibility, Safety, and Cleanliness at Contract Facilities Offering VA Disability Exams*, May 8, 2024.

fiscal years 2022 through 2024, this employee authorized about 85,300 claims—19 times the national average—and contributed more than 35 percent each year toward the regional office's claims completion goal.<sup>8</sup> The team estimated that about 13,200 of the rating decisions (84 percent) authorized by this employee from January through June 2024 had at least one error. These errors resulted in an estimated \$2.2 million in improper payments. VBA officials at the regional, district, and central offices knew about the employee's unusually high authorization rate. However, they did not effectively respond to the associated risks. VA concurred with the OIG's two recommendations to correct the errors and evaluate internal controls.<sup>9</sup>

Some recent reports related to PACT Act claims illustrate the importance of claims processors being trained properly and following procedures.<sup>10</sup>

In August 2022, the PACT Act was signed into law and significantly expanded access to VA health care and disability benefits for veterans exposed to burn pits and other toxic materials. It also expanded locations associated with radiation exposure, as well as presumptive conditions and locations associated with herbicide exposure. The day after the PACT Act was signed into law, veterans set a record for the number of online disability compensation claims filed.<sup>11</sup>

The OIG found that claims processors may not be assigning accurate effective dates for claims due to VBA not sufficiently preparing them for this undertaking.<sup>12</sup> The PACT Act complicated VBA's effective date determinations by adding locations, dates, and conditions presumed to be associated with certain types of exposures during military service, as well as lowering requirements for benefit eligibility for some veterans exposed to toxins.

In a September 2025 report, the OIG found VBA's oversight lagged in ensuring accurate processing of nonpresumptive conditions under the PACT Act.<sup>13</sup> While VBA took steps to improve PACT Act Claims processing, these efforts have not remedied the problem of various inaccuracies related to nonpresumptive conditions. The OIG found some errors showed that claims processors did not accurately identify toxic exposure claims, research and verify veterans' participation in a toxic exposure risk activity, request a medical exam and opinion regarding toxic exposure or appropriately include key information in decisions for nonpresumptive conditions. Furthermore, PACT Act guidance is difficult

<sup>8</sup> VA OIG, *Inadequate Oversight Allowed a Senior Benefits Representative to Inaccurately Authorize Thousands of Decisions*, September 29, 2025.

<sup>9</sup> At quarterly intervals commencing 90 calendar days from the date of the report's issuance, the OIG sends a follow-up request to the VA office overseeing corrective action asking for an implementation status report. The OIG will begin follow up on this report on December 29, 2025. Nothing precludes VA from providing interim progress reports.

<sup>10</sup> The PACT Act refers to the *Sergeant First Class Heath Robinson Honoring Our Promise to Address Comprehensive Toxics Act of 2022*, Pub. L. No. 117-168, 136 Stat. 1759.

<sup>11</sup> VBA, "Fact Sheet: How the PACT Act Is Already Helping Veterans", accessed October 20, 2023, <https://vbaw.vba.va.gov/bl/21/PACT%20Act%20General%20Fact%20Sheet.pdf>.

<sup>12</sup> VA OIG, *The PACT Act Has Complicated Determining When Veterans' Benefits Payments Should Take Effect*, April 15, 2025.

<sup>13</sup> VA OIG, *Better Controls Needed to Accurately Determine Decisions for Veterans' Nonpresumptive Conditions Involving Toxic Exposure Under the PACT Act*, September 30, 2025.



for staff to navigate because it is frequently updated and spread among several different sources. VBA needs to improve its oversight to mitigate and prevent inconsistencies and errors. VBA concurred with the OIG's three recommendations to correct processing errors, consolidate guidance, and evaluate controls.<sup>14</sup>

#### CONCLUSION

The VA OIG staff are astutely aware that taxpayer dollars were appropriated to VA for the purpose of providing benefits and services to our veterans. We have an accomplished team working collaboratively across the organization to ensure that veterans who have earned their benefits receive them and people who defraud VA programs are held accountable. If OIG staff discover, during the course of audit or inspection work, evidence of fraud, they immediately share with OIG investigators. Conversely, when OIG investigators identify weaknesses in the system through their investigations, they provide that information to the audit staff for further review. We, at the OIG, are dedicated to reviewing the operations and programs that provide these critical benefits and services in a timely and accurate manner to those who have served our nation. As the Inspector General, I am committed to ensuring VA programs and operations are efficient and effective in delivering benefits to veterans, their families, caregivers, and survivors.

Mr. Chairman, Ranking Members, and committee Members, this concludes my statement, and I would be happy to answer any questions that you may have.

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<sup>14</sup> At quarterly intervals commencing 90 calendar days from the date of the report's issuance, the OIG sends a follow-up request to the VA office overseeing corrective action asking for an implementation status report. The OIG will begin follow up on this report on December 30, 2025. Nothing precludes VA from providing interim progress reports.

## APPENDIX A SELECTED CASES FROM THE OIG'S OFFICE OF INVESTIGATIONS

## Veterans Benefits Administration Investigations

- Former VA Social Worker Claiming to Be A Purple Heart and Bronze Star Recipient Sentenced for Stolen Valor Scheme That Included Stealing a Veteran's Identity to Gain Benefits** – A former social worker at the Providence VA Medical Center in Rhode Island fraudulently claimed to be a wounded US Marine Corps veteran who was the recipient of a Purple Heart and a Bronze Star. The defendant collected more than \$250,000 in benefits from veteran-focused charities using the personally identifiable information of an actual Marine to falsely claim she served in the Marine Corps from 2009 to 2016, achieved the rank of corporal, was wounded in action, and was honorably discharged. The defendant also falsely claimed to have cancer due to her alleged military service after using her position to access the VA medical records of a veteran cancer patient. The former social worker was sentenced in the District of Rhode Island to 70 months' imprisonment, three years' supervised release, and full restitution of close to \$285,000 to the charities and individual victims. This investigation was conducted by the VA OIG, Federal Bureau of Investigations (FBI), NCIS, Defense Criminal Investigative Service, Internal Revenue Service Criminal Investigation, US Postal Inspection Service, and VA Police Service.
- School Owner Sentenced for Defrauding VA's Post-9/11 GI Bill Program** – A VA OIG investigation resulted in charges alleging the owner of a non-college-degree school and its certifying official conspired to submit fraudulent information to conceal the entity's noncompliance with the rules and regulations of the Post-9/11 GI Bill Program. In response to an inspector general subpoena, the owner and certifying official allegedly conspired to provide fraudulent information, including falsified contracts and rosters. Between September 2012 and August 2018, VA paid over \$17.8 million to the school. The owner was sentenced in the District of New Hampshire to 12 months' home detention and 36 months' probation and ordered to pay restitution of approximately \$200,000 after previously pleading guilty to conspiracy to make false statements. The certifying official was previously indicted on charges of conspiracy to submit false claims and conspiracy to make false statements.
- Two Real Estate Agents Sentenced to Prison for Defrauding Clients in Short Sale Fraud Scheme** – According to a multiagency investigation, two real estate agents conspired with others to defraud VA, the US Department of Housing and Urban Development, banks, and mortgage servicers through multiple fraud schemes, including acting as brokers in the sale of distressed residential real estate (bank-owned properties listed for sale by a real estate firm, through an agreement with a given financial institution) while secretly using straw buyers to purchase those properties, which they subsequently "flipped." The scheme involved over 100 properties, of which at least 10 were covered by VA's loan guaranty program. One of the real estate agents was sentenced in the District of Massachusetts to 42 months in prison, 36 months of supervised release, over \$2.5 million in restitution, and forfeiture of approximately \$612,000. Of the restitution, VA will receive over \$171,000. The other real estate agent had been previously sentenced to 12 months and one day in prison and 24 months of supervised release, and was

ordered to forfeit over \$277,000 and pay restitution that will be determined on a later date. This investigation was conducted by the VA OIG, Internal Revenue Service Criminal Investigation, and FBI.

- **Four Individuals Connected to a House of Prayer Affiliate Indicted in Connection With Education Benefits Fraud Scheme** – A multiagency investigation resulted in charges alleging that from at least 2011 through 2022, four leaders of Georgia affiliates of the House of Prayer Christian Churches of America conspired to defraud VA and veterans of millions of dollars in education benefits. According to the indictment, these leaders fraudulently obtained a religious exemption from state regulators in Georgia to operate two of five locations in Georgia as the affiliate called the House of Prayer Bible Seminary (HOPBS). This exemption required that Georgia seminaries not receive federal funds. Yet the four defendants applied for and accepted VA education benefits, making the seminary ineligible for the exemption. The defendants recruited military personnel to the church, directed them to enroll in HOPBS, and then used VA benefits for personal gain. HOPBS received more than \$3 million in education benefits for its two Georgia locations and more than \$23.5 million for all five locations. From 2013 through 2021, the four leaders fraudulently submitted false certifications to Georgia regulators that claimed the seminary did not receive federal funds. The scheme channeled funding from VA education benefits to seminary accounts, which the defendants in turn siphoned off for their own use. The impact was that some veterans' benefits were exhausted, often without completing their programs. The four defendants were indicted in the Southern District of Georgia on multiple criminal charges. Two of the four defendants, along with two additional individuals, were also indicted in connection with a long-running mortgage fraud conspiracy that was partially tied to VA home loans. In total, eight defendants were indicted for both the education and mortgage fraud schemes. This investigation was conducted by the VA OIG, FBI, Internal Revenue Service Criminal Investigation, Federal Housing Finance Authority OIG, Army Criminal Investigation Division, U.S. Citizenship and Immigration Services, and U.S. Postal Inspection Service.
- **Nonveteran Sentenced for Stealing More Than \$450,000 in VA Compensation Benefits from Disabled Veteran** - According to an investigation conducted by the VA OIG, Social Security Administration OIG, and US Postal Inspection Service, a nonveteran deposited into his personal bank account at least four stolen VA disability checks that were intended for a hospital-bound veteran who had been diagnosed with amyotrophic lateral sclerosis (ALS). After the bank refused to deposit the checks due to a name mismatch, the individual and a co-conspirator used stolen identity documents to open another bank account in the victim's name and then successfully made the deposits. Between 2015 and 2020, the individual and his coconspirator stole approximately \$460,000 in VA disability benefits checks intended for the veteran. The individual was sentenced in the District of Massachusetts to 23 months' imprisonment, 24 months' probation, and ordered to pay restitution of approximately \$460,000 after previously pleading guilty to theft of government benefits and conspiracy to steal government benefits.

#### **Veterans Health Administration Investigations**

OI conducts criminal investigations into allegations of patient abuse, drug diversion, theft of VA pharmaceuticals or medical equipment, false claims for healthcare benefits, and other fraud relating to the delivery of health care of millions of veterans. Here are some selected cases:

- **Four Defendants Plead Guilty to Roles in \$110 Million Healthcare Kickback Scheme** – The former owner of a home health company, a physician, a pharmacy marketer, and a registered nurse pleaded guilty in the Southern District of Texas to conspiracy to pay and receive healthcare kickbacks. A multiagency investigation revealed the defendants conspired to fraudulently bill federal and private healthcare insurance programs over \$110 million for expensive compounded medication in exchange for more than \$6 million in kickbacks. The loss to VA is over \$2.8 million. This investigation was conducted by the VA OIG, FBI, Defense Criminal Investigative Service, Department of Health and Human Services OIG, US Postal Service OIG, Department of Labor OIG, and Texas Health and Human Services Commission.
- **Former VA Inventory Management Specialist Admitted to Stealing Dental Equipment** – A VA OIG and VA Police Service investigation revealed that an inventory specialist at the Mountain Home VA Medical Center in Tennessee stole dental equipment from the facility and subsequently sold it online. The loss to VA for the stolen dental equipment, which was intended for a new clinic in Knoxville, is over \$353,000. The former VA employee pleaded guilty in the Eastern District of Tennessee to theft of government property.
- **Former VA Physician Sentenced For Sexually Assaulting A Patient** – A VA OIG investigation resulted in charges alleging that between September 2019 and January 2020, a former physician at the Atlanta VA Medical Center sexually assaulted four female patients during medical examinations involving improper touching. The former physician was found guilty by a jury in the Northern District of Georgia of deprivation of rights under color of law and abusive sexual contact after a two-week trial. The jury found the physician guilty of charges related to one victim and acquitted him of charges pertaining to the other three victims. He was sentenced in the Northern District of Georgia to 24 months' imprisonment and 15 years' supervised release and prohibited from practicing medicine while on supervised release.

## APPENDIX B – FRAUD ALERTS



### Protect Veterans from Pension Poaching

The VA Office of Inspector General (OIG) cautions veterans to be alert to a form of financial exploitation known as “pension poaching.” VA pension benefits are available to wartime veterans or their surviving spouses who meet certain age or disability requirements and have limited income and net worth. Veterans are targets of a wide range of pension-poaching schemes, all of which attempt to steal their assets. Frequently, scammers promote suspect legal or financial products or services that are designed to qualify otherwise ineligible individuals for a VA pension, either by falsifying financial information or restructuring assets to meet criteria. Others may charge large fees to represent unsuspecting veterans in pursuing pension benefits for which they may not qualify. Some may also try to sell in-home care to eligible pension recipients that may be overpriced or is never provided. Scams often start with a dishonest lawyer, financial planner, or insurance agent soliciting veterans through cold calls, mail campaigns, or in-person encounters at a senior center or assisted living facility.

#### Steer clear of and report to the OIG individuals and organizations that

- claim to *guarantee* eligibility for a particular benefit;
- encourage false reporting of income and expense information, reallocating assets to trusts, or purchasing annuities to qualify for a VA pension;
- charge upfront fees or a percentage of any awarded benefit to file VA claims or applications (free help is available from VA-accredited individuals and entities);
- apply pressure to provide sensitive financial information like credit card numbers; or
- attempt to redirect VA deposits to a bank account controlled by a caregiver, power of attorney, claim representative, or anyone other than the rightful beneficiary.



- Find [accredited representatives](#) authorized to help veterans and their dependents and survivors with VA benefits claims. **Note:** If someone isn't recognized by VA, they can't legally help with a VA benefit claim.
- Veterans can also receive assistance from their [state's veterans office](#) or the [Federal Trade Commission](#).
- [VA fact sheet on pension poaching prevention](#)



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**STATEMENT OF  
JEREMY VILLANUEVA  
ASSOCIATE LEGISLATIVE DIRECTOR  
PARALYZED VETERANS OF AMERICA  
BEFORE THE  
SENATE COMMITTEE ON VETERANS' AFFAIRS  
ON  
"PUTTING VETERANS FIRST: IS THE CURRENT VA DISABILITY SYSTEM KEEPING ITS PROMISE?"  
OCTOBER 29, 2025**

Chairman Moran, Ranking Member Blumenthal, and members of the committee, I appreciate the opportunity to speak with you today on behalf of Paralyzed Veterans of America (PVA) about the Department of Veterans Affairs' (VA) disability benefits system. For nearly 80 years, PVA has been the leading voice on issues that affect catastrophically disabled veterans. Veterans with spinal cord injuries and disorders (SCI/D) depend heavily on the care and benefits available through the VA for their long-term health and independence.

Paralyzed veterans generally require a range of services and benefits, including health care, specially adapted housing, adaptive equipment for their vehicles, insurance, and compensation that are tailored to their needs. Those with service-related medical conditions are entitled to compensation benefits under the law. The Veterans Benefits Administration (VBA) administers these tax-free compensation benefits through their Compensation Service, which determines the appropriate percentage rating, whether the veteran is entitled to dependency pay, and the date the veteran was entitled to start receiving this compensation. The percentage assigned to a veteran is designed to offset a veteran's loss of earning capacity that is caused or exacerbated by these conditions. Many veterans, especially those with catastrophic disabilities, like SCI/D, rely on these payments for a substantial portion of their income.



In extreme cases, where the profoundness of the condition goes beyond just earning potential, the VA uses Special Monthly Compensation (SMC) to cover costs that arise from the impacts on the veteran's quality of life. SMC is arguably the most important ancillary benefit for veterans with severe, service-connected disabilities. The benefit is unique in that it is dependent on noneconomic factors such as the profoundness of the disability, personal inconvenience, and social inadaptability. For example, a veteran who lost the use of their lower extremities in service to their country is compensated not just for the loss in their future earning potential, but also all future hardships and costs associated with having a disability. It is also unique in the fact that VA will consider entitlement to SMC based on the medical evidence while adjudicating a claim for service-connection or an increase in an evaluation. VA considers it an "inferred issue." To be clear, given the extreme nature of the disabilities incurred by most veterans in receipt of SMC, we do not believe that the impact on quality of life can be totally compensated for; however, SMC does at least offset some of their loss.

Some of the most seriously disabled veterans who, by reason of their disability, can no longer take care of themselves without aid, may be eligible for aid and attendance (A&A). There are three rates for A&A within SMC. There are specified rates in subsections R1 and R2. If the veteran has a single 100-percent schedular-evaluated disability and requires the aid of another person to perform the personal functions required in everyday living, the veteran would be considered for A&A under 38 U.S.C. § 1114 (r). If the veteran is entitled to the maximum rate under either 38 U.S.C. § 1114 (o) or (p) and needed regular A&A, the veteran would be considered for A&A under 38 U.S.C. § 1114 (r)(1) or SMC R1. If the veteran meets the requirements for R1 and then clearly establishes the need for supervised daily skilled health care on a continuing basis, the veteran would be considered for a higher A&A benefit under 38 U.S.C. § 1114 (r)(2) or SMC R2.<sup>1</sup> These veterans suffer from the most severely disabling conditions and might be bedridden due to a severe spinal cord injury or amyotrophic lateral sclerosis (ALS), for example. Currently, the SMC rates of R1 and R2 are \$9,559.22 and \$10,964.66, respectively. Meanwhile, SMC T is provided to veterans suffering from severe medical residuals related to service-connected traumatic brain injury (TBI). These veterans often need additional care, and SMC T is provided at the SMC R2 rate for additional financial support.

Even with additional financial support, many of our most severely disabled veterans are struggling. They often spend more on daily home-based care and other disability-related expenses than they receive in SMC benefits, which creates a tremendous financial strain on them. Eventually, some are forced to opt for care in an institutional setting, which is even more costly to the taxpayer. This problem is due in part to SMC's baseline rates, which haven't been adjusted in decades, so they are inadequate to offset the burden placed on veterans by their disabilities. While money alone is a poor substitute for the consequences of the injuries and disabilities incurred due to military service, these payments are essential to ease the types of burdens veterans often experience.

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<sup>1</sup> [Honoring the Call to Duty: Veterans' Disability Benefits in the 21st Century \(2007\), Veterans' Disability Benefits Commission.](#)

It's disgraceful when veterans with service-connected disabilities are portrayed as fraudsters and cheats simply for accessing earned benefits. Recent Washington Post articles have put veterans in the crosshairs while blaming Congress and the VA for making it easier for veterans to "cheat and take advantage of the system."<sup>2</sup> To be fair, PVA readily acknowledges that there are some veterans who attempt to defraud the VA, however, these instances are few and far between. It is our understanding that of the over 6.5 million recipients of compensation,<sup>3</sup> the VA's Office of the Inspector General (OIG) has pursued less than one percent for fraud. And to their credit, as individuals have been reported to the Inspector General, they, along with the Department of Justice, have fully investigated and pursued appropriate legal action. It is a disservice to the sacrifices of the many men and women who have served this nation to suggest that large sums of money are being wasted simply because veterans receive earned benefits for service-connected conditions.

In truth, many veterans find it difficult to file even a basic claim for disability, because the VA Application for Disability Compensation and Related Compensation Benefits (21-526EZ) is 16 pages long—8 of which are instructions—which makes the process confusing. This is why PVA has service officers staged throughout the country at VA's Regional Offices and the department's 25 SCI/D centers to help veterans, their families, and even VA employees navigate the department's complex disability process. Our service officers are trained, professional staff who are subject to internal accountability processes. PVA has a long history of filing fully developed claims, and the nature of our members' complex conditions requires them to work longer to do that. If a client asked us to file a fraudulent claim, we let them know PVA does not do that and inform them that filing fraudulent claims is a violation of 38 CFR § 14.633 (c)(4). Any such requests from a client would be recorded in our claims management system and we would stop representing them.

PVA believes that two basic benchmarks must be established when assessing the disability claims system. First and foremost, no current benefit or service for today's veterans should be diminished, including the reduction of resources for those benefits or services, in the interest of change. Second, and no less important, there should be no distinction made between combat and non-combat related disabilities or where the disabling event occurred. PVA views all veterans in the same light, and we believe that the current system reflects appropriate priorities. When considering the subject of fraud, waste, and abuse, the far greater concern is how much is lost through inefficient processes and procedures. We have gone on record numerous times to discuss ways to make the disability compensation system less vulnerable to fraud and waste, while ensuring that veterans are fairly compensated for their conditions.

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<sup>2</sup> [How Some Veterans Exploit \\$193 Billion VA Program, Due to Lax Controls, The Washington Post.](#)

<sup>3</sup> [Veterans Benefits Administration, Annual Benefits Report, Fiscal Year 2024.](#)



### Contract Claims Examiners

When a veteran files a claim for disability compensation, a medical examination is the keystone in the adjudication process. A good, thorough examination is crucial to an accurate outcome; however, a poor examination could lead to years of additional action, adding to the appeals backlog, and could end up being extremely costly to the VA in terms of funding and veterans' diminished trust in the system. PVA strongly believes medical examinations for complex, service-related conditions such as SCI/D and TBI, as well as those related to military sexual trauma (MST), should be conducted by a medical practitioner working directly for the Veterans Health Administration; however, contract exams may be appropriate for other types of claims. Regardless, the VA must ensure that any contracted compensation and pension (C&P) examiners are qualified to conduct necessary exams and any legislative proposals supporting contract exams should include such provisions.

VA's M21-1 Adjudication Procedures Manual states that there are only four types of examinations that are *routinely* performed by specialists (hearing, vision, dental, and psychiatric). It further states that a specialist examination *may be* requested only if there are conflicting opinions or diagnoses, in compliance with a Board of Veteran's Appeals remand, or the issue is deemed "unusually complex."<sup>4</sup> Immediately, this raises concerns. PVA represents veterans who have an array of disabilities that present themselves through a kaleidoscope of varying symptoms, indicators, and mobility ranges. Many of these conditions are not routinely associated with a neurological disorder, so without specialized diagnostic experience, they could be missed, complicating or even extending the veteran's claims process.

These conditions should be flagged as "unusually complex." However, we have heard from our service officers that they routinely see a lack of expertise in specific medical specialties, which delays the adjudication of veterans' claims. For instance, one office reported that there were multiple concerns with a C&P examiner who was conducting peripheral neuropathy examinations for veterans whose claims involved multiple sclerosis (MS). These errors would likely not have been committed had a specialist conducted the exams. If a situation like this involved a veteran suffering from ALS, this oversight would be especially egregious, as the life expectancy of those with ALS is so limited that any delay in processing their claim deprives them of critical resources during the little time they have left.

Equally important to the qualifications of the provider is an accessible, barrier-free facility to conduct exams. In May of 2024, the VA OIG found accessibility barriers at more than half of the 135 contractor facilities they visited.<sup>5</sup> PVA members have experienced similar barriers when accessing C&P exams, as well as community care appointments. Our members have seen exam rooms that are physically inaccessible and/or lack overhead patient ceiling lifts. Restrooms often have accessibility barriers, causing members to pause and wonder why the VA is sending them to facilities that are ill equipped to accommodate them.

<sup>4</sup> [M21-1 IV.i.2.A.6, Failure to Report and Rescheduling Examinations.](#)

<sup>5</sup> [VA OIG, Better Oversight Needed of Accessibility, Safety, and Cleanliness at Contract Facilities Offering VA Disability Exams, May 8, 2024.](#)

We also receive reports of inaccessible medical diagnostic equipment, such as medical examination tables, weight scales, dental chairs, x-ray machines, mammography, and other imaging equipment. An inability to access any one of these critical diagnostic devices diminishes providers' ability to accurately evaluate service-related medical conditions. These are just some of the examples that illustrate the significant number of barriers our members generally face when trying to obtain adequate medical exams.

Another barrier encountered by SCI/D veterans is getting to the contract facility. Several of our members have been expected to travel more than 100 miles to reach the contracted facility, and occasionally, even while the veteran is critically ill. Some of our veterans' injuries are so severe they may be unable to physically appear for an exam; so, our service officers request on VA Form 21-4138 (Statement in Support of Claim) a telehealth or in-person visit from a C&P examiner. Many times, these requests are not seen or are simply ignored. Some service officers write the request on the VA Form 21-526 (Application for Disability Compensation and Related Compensation Benefits) but the contractor insists the veteran must attend in person or they will claim the veteran was a "no-show," causing unnecessary delays to benefits and services the veteran may be eligible for, which forces service officers to file supplemental claims, further adding to the claims backlog. VA and third-party vendors' policies regarding these situations need to be examined, and greater use of telehealth exams and traveling examiners should be made.

#### **DBQ Quality Assurance**

PVA strongly believes that the VA could improve the quality control review of an incoming disability benefits questionnaire (DBQ) before it is input into a veteran's file, and further, can ensure that fraud can be investigated and prosecuted. Currently, VA claims processors have the authority "to evaluate and weigh all evidence of record, including privately completed DBQs. If it is determined that a privately completed DBQ contains indicator(s) of inauthenticity that are substantive enough to deem it potentially inauthentic or fraudulent, claims processors have the authority to assign low or no probative value to the privately completed DBQ."<sup>6</sup> But if a DBQ is completed by a contracted examiner, the claims processors "are not expected to routinely scrutinize or question the credentials of clinical personnel to determine the acceptability of their reports, unless there is contradictory evidence of record." However, according to the VA's Clinician's Guide, it informs contract providers, "It is important to remember that VBA Raters are not clinicians and therefore may not understand concepts that are considered basic or assumed by those educated in the field of medicine."<sup>7</sup> This leads to obvious questions of whether the claims processors are actually picking up on the adequacy of DBQs and the possibility of fraudulent/inconsistent findings being recorded by either outside providers or contracted examiners.

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<sup>6</sup> M21-1, Part IV, Subpart i, 3.A.1.g, *General Criteria for Sufficiency of Examination Reports*.

<sup>7</sup> Veterans Health Administration (VHA) Office of Disability and Medical Assessment (DMA) Compensation and Pension (C&P) Disability Examinations Clinician's Guide.

VA's Medical Disability Examiners Office (MDEO) presently employs approximately 20 quality analysts whose job it is to review DBQs that are received from contractors and determine whether or not they are "contractually compliant" by ensuring that the reports include all requested issues, reviewing for discrepancies, and whether or not the report described the condition(s) that have impacted the veteran's ability to work, among other requirements. However, these analysts only have access to the DBQs after they have been uploaded to the Veterans Benefits Management System (VBMS), which is the same time claims processors receive them. Often, this is too late as the processors are waiting to finalize a claim and only need the DBQ to finish the rating process. According to a Government Accountability Office (GAO) report from August 2025, "MDEO officials say many claims continue through processing and are decided before the office completes its checklist review. After MDEO identifies errors, claims processors determine if the errors affected their decisions on the claims."<sup>8</sup> In order to effectively do their jobs and to provide real oversight to the claims process, PVA believes that MDEO should provide two changes to the claims process. First, prior to them being downloaded to VBMS, *all* DBQs, regardless of whether they are provided by the veteran or a contractor, should go into a drop box that is only accessible by the quality analysts. Second, the quality analysts should be trained and required to review the forms for contractual compliance *and* for potential fraud/inconsistent findings. Only after this review has been done should the forms be uploaded to VBMS and the claims process be allowed to continue.

#### **Incorrect Effective Dates**

Once veterans are service-connected, issues such as overpayments continue to create waste and inefficiency in the benefits system and place further burdens on veterans and their families. For example, VBA too often has difficulty assigning correct effective dates for claims, both rating and non-rating.<sup>9</sup> An improper effective date could result in lost compensation or, more detrimentally, create a debt that the veteran must repay. For many veterans, losing a portion of their benefits toward repayment of a debt can lead them to dire financial straits. PVA believes that the most common causes for incorrect effective dates and unnecessary overpayments are easily remedied.

According to PVA's service officers, removal of dependents from a veteran's claim triggers the most problems with effective dates and improper payments. When veterans experience qualifying life events like divorce, marriage of a child, or death of a dependent, and seek to halt payments for that dependent, they must fill out VA Form 21-686c, a rather lengthy and complicated form, and submit it and the needed documentation to the VA. Even when veterans submit their request in a timely manner, many wait several months or even longer to have VA remove the additional monetary amount for their dependent from the veteran's monthly compensation.

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<sup>8</sup> [VA Disability Benefits: Additional Oversight and Information Could Improve Quality of Contracted Exams for Veterans.](#)

<sup>9</sup> VA OIG reports: Accuracy of Claims Involving Service-Connected Amyotrophic Lateral Sclerosis, Accuracy of Effective Dates for Reduced Evaluations Needs Improvement, Processing Inaccuracies Involving Veterans' Intent to File Submissions for Benefits.

Because of VA's inaction, the veteran accrues a debt totaling hundreds and sometimes thousands of dollars that the department will eventually be forced to try and recoup. The veteran has the option of asking for the debt to be waived, which is a process that PVA's service officers assist with regularly. To seek a waiver, a different form must be completed and taxpayer dollars spent for VA employees to consider the veteran's request.

When a veteran returns to active duty, either due to being recalled as a reservist or a voluntary reenlistment, their benefits are generally not affected. However, "[p]ension, compensation, or retirement pay on account of any person's own service shall not be paid to such person for any period for which such person receives active service pay."<sup>10</sup> The veteran is obligated to inform the VA either via phone or by filing a VA Form 21-4138 (Statement In Support of Claim) to inform the department of the veteran's intention to enter active duty and the need to pause any benefit payments. The issue then becomes how quickly the VA acts on the request. As with the removal of dependents off a veteran's award, it often takes the VA months to stop a veteran's compensation payment creating a debt totaling thousands of dollars that the veteran must repay. This debt can create a crippling financial situation for the veteran, especially if it occurs while the service member is deployed and there is little or no help on how to fight the decision. Any veteran who has chosen to return to duty to serve our country deserves better.

In conclusion, PVA strongly believes that addressing areas where VA can be more efficient would benefit both veterans and taxpayers. As we have discussed, by not taking simple measures to ensure that examinations are done by specialists for complex medical issues, or by not ensuring that every DBQ is scrutinized for quality assurance before a claim is allowed to move forward, the VA is allowing subpar medical findings to impact a veteran's claim for benefits. This, in turn, leads to bad rating decisions which inevitably leads to an appeal. Appeals delay the veteran's claim process sometimes for years and cost this nation untold amounts of taxpayer dollars. The need to waive unnecessary overpayments also leads to waste simply because the benefits process is inefficient.

Additionally, veterans who are seen in a clean and accessible facility, by a qualified and competent doctor, who provides an adequate examination with reasonable findings, usually are fairly happy with the decisions that are rendered. However, when a veteran is not able to access a facility and/or is seen by a medical provider who is not qualified to be giving the needed examination or provides the wrong examination, a veteran has every reason to no longer trust the system and can easily be tempted to seek less ethical routes to obtaining medical evidence or advice on how to get their earned benefits. Veterans should not be so disenchanted with the process that they fall prey to unethical actors just to receive earned benefits.

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<sup>10</sup> [38 USC 5304, Prohibition against duplication of benefits.](#)

Chairman Moran, Ranking Member Blumenthal, and members of the committee, I would like to thank you once again for the opportunity to present our views on VA's disability claims process. We look forward to continuing our work with you to ensure that veterans get timely access to high quality healthcare and all the benefits that they have earned and deserve. I would be happy to answer any questions.



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**STATEMENT OF  
JON RETZER  
DEPUTY NATIONAL LEGISLATIVE DIRECTOR  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES SENATE  
October 29, 2025**

Chairman Moran, Ranking Member Blumenthal and members of the Committee:

Thank you for inviting DAV (Disabled American Veterans) to testify today about the Department of Veterans Affairs (VA) disability compensation program, its vital role in supporting veterans, their families and survivors, as well as the challenges VA faces in providing timely and accurate decisions on veterans claims for these and other benefits.

As you know, DAV is a congressionally chartered, VA-accredited, nonprofit veterans service organization (VSO) with nearly a million members, all of whom are wartime service-disabled veterans. We are dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity. To fulfill our service mission assisting veterans, their families, caregivers and survivors seeking benefits earned as a result of their military service, DAV has over 4,200 chapter, department, transition and national service officers (NSO) nationwide; including DAV accredited county veterans service officers.

There are over 1.1 million veterans and their survivors who have chosen DAV to be their representative before the VA, more than any other organization. Last year, we helped veterans file over 560,000 claims for benefits to the Veterans Benefits Administration (VBA), taking over 3.1 million actions to support them. This assistance, like all of DAV's charitable services, was provided at no charge to veterans and their families, and DAV receives no compensation of any kind from the government for providing these services.

Drawing on the collective experience and expertise of our benefits experts, I am pleased to have the opportunity to share our observations and recommendations to improve the VA disability compensation processing system; however, we feel it necessary to first set the record straight on the outrageously misleading and highly inaccurate stories that *The Washington Post* recently published.

**Setting the Record Straight on *The Washington Post* Story**

Mr. Chairman, DAV was shocked and disgusted to read the *Post* article alleging that disabled veterans are "swamping" the VA with "false", "fraudulent" and "dubious" disability claims for injuries and illnesses that the *Post* considers illegitimate. Nothing could be farther from the truth, and the *Post* should be ashamed of publishing such an inaccurate and distorted piece.

For example, the *Post* argues that disabled veterans are, "...swamping the U.S. government with dubious disability claims..." when, in fact, according to the VA Office of

Inspector General, there have been fewer than 200 fraud convictions annually in recent years. With VBA processing almost 3 million claims in the most recent fiscal year, that equates to a fraud rate of less than 1/100th of 1%. We certainly acknowledge that there are other cases of fraud that have not yet or may never be caught, and we hope that every one of those individuals involved, many of whom are not veterans, are prosecuted to the fullest extent of the law.

However, in order to justify their conclusion that VA is “swamped” with illegitimate claims, the *Post* dishonestly combines cases of “*fraud*” with what they allege are “*exaggeration*” and “*dubious*” claims for disability compensation. By categorizing a number of disability claims as “*dubious*”, the *Post* seeks to delegitimize numerous conditions that can be quite serious, including eczema, tinnitus, pain, hypertension, diabetes, depression and other mental health conditions, each of which Congress and/or VA have determined can result from military service. The *Post* appears to have no understanding of what veterans with chronic and severe cases of tinnitus, eczema, pain and other so-called minor conditions have to overcome, not just to work, but to lead as normal a life as possible. Nor do they seem aware that hypertension and diabetes have been scientifically and medically linked to toxic hazards, such as Agent Orange, a chemical herbicide that millions of veterans were exposed to in Vietnam. Perhaps most shocking was the *Post*’s references to depression and other mental health conditions – even post-traumatic stress disorder (PTSD) – as among those they consider “*exaggeration*” and “*dubious*” conditions.

Without citing data or other objective evidence, the *Post* also asserts that “*Congress and VA have made it easier to cheat and take advantage of the system.*” The story points to the enactment of legislation such as the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022 (P.L. 117-168) and the Veterans Appeals Improvement and Modernization Act (AMA) (P.L. 115-55), two landmark laws purposely designed by Congress to make it easier for veterans to receive earned benefits that have too often been delayed or denied in the past. It is a gross mischaracterization to imply that these laws make it easier for criminals to steal taxpayer dollars, rather than recognize how they have fundamentally improved the ability of millions of veterans to receive justice and due process.

One of the most important but often overlooked strengths of the current VA disability compensation system is that disabled veterans are incentivized to continually improve their health and well-being in order to pursue meaningful employment and entrepreneurship. The *Post* apparently believes that even severely disabled veterans – those who have lost limbs, are blind or paralyzed – only merit disability compensation when they are unable to work. The *Post* fails to recognize all the time and effort it may take for these men and women to overcome such disabilities, the impact on the families and the other parts of their lives, including how it often shortens their lives.

The *Post* displays a stunning ignorance about how the VA benefits system actually works by referencing it as an “honor system” that they argue is ripe for fraud. Clearly, the *Post* does not understand what is required under current laws and regulations to establish direct service connection for a disability, a prerequisite for veterans to receive disability compensation. First, there must be verified evidence of a current VA-recognized disability, typically from a medical diagnosis. Second, there must be sufficient evidence of an in-service incident or exposure that could have caused or aggravated the disability, such as a toxic exposure, military accident or combat wound. Third, there must be authoritative evidence of a nexus between the current disability and the incident or exposure, usually established by a competent medical opinion. Contrary to what the *Post* implies, VA does not just “take the veterans word”; instead, in most circumstances, veterans must have sufficient evidence on all three points, which most of



the people here today have probably heard many times before, can be a complicated and time-consuming process.

However, in order to support its preordained conclusions, the *Post* ignores how VA normally adjudicates claims for direct service connection and instead focuses on certain exceptions that have different rules due to some unique circumstances that occur during military service. For example, veterans who have mental health issues arising from military sexual trauma (MST) often have great difficulty assembling evidence that such incidents occurred. This is particularly true for veterans who don't come to grips with the devastating impact of that trauma until many years later. Too often, MST survivors don't document what occurred while on active duty due to the stigma associated with sexual assault or sometimes out of fear of reprisal from the perpetrators or others in the military chain of command. For these reasons, MST claims recognize victim statements or contemporaneous markers in the veteran's medical records that are consistent with MST as sufficient evidence of the incident.

Another significant category of claims that sometimes have special rules are related to diseases and conditions caused by military toxic exposures and environmental hazards, an issue that Congress and successive Administrations have placed greater focus on in recent years, culminating with the passage of the PACT Act in 2022. Over the past three decades, radiation, Agent Orange, burn pits and other toxins and hazards have been increasingly linked by scientific and medical studies to a range of diseases and conditions, including diabetes, heart disease, hypertension, cancers and respiratory conditions. However, many of these harmful health impacts don't manifest until years or decades after veterans were exposed, making it exceedingly difficult for a veteran to produce proof that they were exposed to a specific toxin or chemical at a specific time and location, particularly for those deployed in combat zones.

To address these types of evidentiary challenges, Congress and VA created an alternate mechanism – known as presumptive service connection – to provide justice to groups of veterans injured by toxic exposures. For example, it would be virtually impossible to know exact locations and times where Agent Orange was used in Vietnam and other southeast Asia locations, much less exactly how wind patterns dispersed it, just as it would not be feasible to prove the exact location of every service member in country during those years. However, there is more than adequate proof that Agent Orange exposure was widespread enough to reasonably conclude that it makes sense to concede, or “presume,” that every veteran who served in Vietnam during those years Agent Orange was used was exposed to it.

For these reasons, Congress approved the Agent Orange Act of 1991 (P.L. 102-4), which created a presumption of service connection for diseases and conditions associated with Agent Orange exposure. This not an “honor system” but a fact-based policy determination that provides veterans with the benefit of the doubt. Furthermore, the *Post's* belief that diseases like diabetes and hypertension should never be linked to military because civilians also get those diseases discounts decades worth of studies documenting both statistical association and causal relationship.

Mr. Chairman, these are just some of the most outrageous misrepresentations put out by the *Post* in recent weeks, and we would be more than willing to address any other issues that the Committee or Senators would like us to address.

In our view, this story was neither investigative news reporting nor analysis – it was a longform editorial developed from a preconceived conclusion that they then tried to support with a series of misleading and conflated statistics, anecdotal quotes transformed into



generalizations, unsupported assertions and a near total misunderstanding about the history, purpose and functioning of the VA disability compensation system.

However, while we greatly appreciate this opportunity to set the record straight on the misrepresentation of reality published by *The Washington Post*, we are more interested in sharing our perspectives and recommendations on how to strengthen the VA claims process that millions of veterans, their families, caregivers and survivors rely on.

### **Improving VA's Claims Processing System for Disabled Veterans**

Almost two decades ago, after Congress created the Veterans Disability Benefits Commission to explore whether major changes were needed to VA's benefit programs, one of my DAV predecessors testified that the disability compensation system was:

*"...fundamentally sound and the most practical approach to the complex task of fairly compensating a large number of veterans for whom the effect of disability is as diverse as the demographic and socioeconomic characteristics of the members of the military force and the citizens of our nation from which those members come."*<sup>1</sup>

DAV continues to believe that is true in terms of the purpose and structure of VA disability compensation benefits; however, we also believe that Congress and VA must continue to reform and improve the processes used to adjudicate veterans' claims for benefits to ensure they receive the most accurate and timely decisions possible. Accordingly, we make the following recommendations.

### **Ensure VA has the resources to ensure accuracy and timeliness of claims**

Since the enactment of the PACT Act in August 2022, VBA has seen a tremendous influx of new claims for benefits related to toxic exposures. This increase comes on top of numerous efforts by VA to expand outreach to veterans over the past decade, often focused on connecting with veterans in crisis or at risk of suicide. As a result, the backlog of claims pending more than the standard of 125 days rose significantly in recent years. When the PACT Act was signed into law, the backlog was just over 150,000 claims. It steadily rose over the next year and a half to a peak of over 400,000 backlogged claims in January 2024, before it began to drop as VBA increased staffing and other resources significantly, falling to about 250,000 in January 2025, and it is now down to 135,000 as result of all the new employees being fully trained and more productive.

However, given the long history of VBA backlogs, we must never be complacent. Earlier this year, DAV and our partners in The Independent Budget (Paralyzed Veterans of America, Veterans of Foreign Wars) recommended that funding for VBA claims processing in FY 2026 be increased by at least \$300 million to support additional overtime and enhanced mail processing capabilities. We are aware that VBA has required mandatory overtime for claims processors to increase production this year; however, we are concerned if VBA's staffing levels end up being reduced by the attrition and voluntary retirements VA announced earlier this year, they could drop below the level needed to maintain the record levels of production in each of the past three years. The use of mandatory overtime is an important tool VBA can use to increase production for limited durations, but if overused it can lead to employee burnout and lower accuracy in

<sup>1</sup> Testimony of Rick Surratt, DAV Deputy National Legislative Director, before the Committee on Medical Evaluation of Veterans for Disability Compensation of the Institute of Medicine, July 7, 2006.

claims decisions. We urge the Committee to closely monitor staffing levels at VBA, particularly how they have been affected by VA's announced 30,000 FTE force reduction, to ensure there are adequate resources to process veterans claims quickly and accurately.

#### **Simplify procedures for veterans filing benefit claims**

Over the past decade, there have been a number of statutory and regulatory changes enacted to streamline various aspects of the VA claims processing and appeals systems, including the landmark Veterans Appeals Improvement and Modernization Act (AMA), which DAV and other VSOs worked closely with Congress and VA to develop and enact. We believe the AMA has largely been successful; however, there remain a number of implementation decisions by VBA that have made the claims filing process more difficult for veterans and sometimes threatens their ability to receive the benefits they are due. Below are several changes DAV recommends to improve the process for veterans.

#### **Veterans should be able to file claims by phone**

The AMA requires veterans to file claims only with specific VA forms, which includes the ability to file an Intent To File (ITF) form to guarantee the earliest effective date for a claim. VA allows a veteran to submit an ITF by phone, but not a formal claim, such as for an increased evaluation or secondary condition. Before enactment of AMA, nearly all claims for benefits could be filed by phone, with the exception of an initial claim, which required some version of the VA Form 21-526EZ.

We believe a veteran should be able to contact the VA by phone and file a claim for any condition at any time by verbalizing to the VA the necessary information, just as they can for an ITF. There is no substantive reason why VA cannot accept claims verbally over the phone.

#### **End VA's requirement that claims will only be accepted using specific forms**

Currently, the VA treats claims filed on an "incorrect form" merely as a request for a claims application. If and when the correct application is subsequently received at VA, the effective date of the claim and benefit payment ends up being later than the receipt of the previously submitted "incorrect form." If a favorable decision is ultimately rendered, the monetary amount is likely to be less as a result of the delayed effective date. Furthermore, in the current process, if an ITF is of record and if an "incorrect form" is later received, the ITF could be associated with the "incorrect form," and what might be a much earlier effective date could be lost.

To remedy this situation, VA should accept any filing made by a veteran for benefits as a clear statement of the veteran's "Intent To File" a claim and protect that effective date. Further, VBA should require that claims processors infer that the claimant intends to have filed the type of claim that provides the greatest benefit under the law using the concept of reasonable doubt in 38 C.F.R. §§ 3.102 and 4.3. Accordingly, whether a claim was submitted on a VA Form 21-526EZ or a VA Form 20-0995, claims processors should construe the claim in a manner that maximizes the veteran's benefits.

While we are aware of VA's interest in maximizing efficiency in its claims processing system, that should not come at the expense of veterans losing part of their earned benefits. As will be discussed below, we believe that the use of advance technologies and artificial

intelligence (AI) may ultimately be able to bridge this gap, but until such time, VA's rules should favor the interests of the veteran over bureaucratic efficiency.

#### **Claimants should not be required to identify benefit sought**

Another requirement that often delays benefits to veterans is the requirement that they must specifically identify the benefit (or benefits) sought. On Form 21-0966, Section III, block 19, requires the claimant to check a block for "all that apply," and then lists Compensation, Pension, Survivors Pension and/or Dependency and Indemnity Compensation (DIC) as options. This can become a problem in certain situations, such as when veteran applies for disability compensation, but only qualifies for nonservice-connected pension. In this situation, after they are denied disability compensation, they must reapply for pension benefits; however, due to the block 19 requirement, the VA will not protect the earliest effective date unless they checked both boxes. We believe that the requirement to identify the general benefit under 38 C.F.R. § 3.155(b)(2) should be removed.

#### **Optimize the use of technology, particularly AI technologies**

In order to efficiently improve both productivity and accuracy, VBA must continue to maximize and optimize the use of advanced technology, including artificial intelligence. In particular, VBA should invest in new document digitization and data mining systems that will allow it to receive benefit applications and evidence from veterans and can then transform that data so it can be used in any format necessary to process and adjudicate claims and appeals. When VA reaches this level of automation, many of the procedural barriers discussed above about VA forms and requirements will become moot in terms of administrative efficiency, making it easier for veterans to more quickly receive their full benefits.

However, we caution that VBA needs to prudently explore and utilize advanced AI to support rating decision-making and notifications to veterans. AI can play a significant role both increasing speed and reducing errors, but only if it is properly implemented and monitored. Therefore, it is critical that VBA develop procedures and guardrails, most importantly related to training and quality control programs that can systematically ensure that essential organizational knowledge and expertise is preserved. AI and other advanced information technologies must always serve the purpose and people inside VBA, not become a replacement for either.

Finally, VBA must continue to develop and prioritize new IT systems to support VSO partners to efficiently file claims and appeals online. Earlier this year in September, without consulting DAV or other major accredited VSOs, VBA announced the imminent launch of a new IT system for use by VSOs – the Accredited Representative Portal (ARP) – which would replace the Stakeholder Enterprise Portal (SEP) that many VSOs, including DAV, have successfully used for years. Unfortunately, once we became aware of the new ARP system, we quickly discovered that, as currently designed, it would not effectively integrate with our internal systems and operations that assist veterans in filing claims and appeals for VA benefits. We have had some initial conversations with VA IT staff about these problems but remain concerned that the planned phasing-out of SEP by the end of 2025 will negatively impact the ability of DAV and other accredited VSOs to support veterans, their families, caregivers and survivors we collectively represent.

**Continue to strengthen presumptive decision-making processes for toxic and environmental exposure claims**

Another way to improve the process and outcomes for veterans filing benefit claims, one that will also make VA more efficient, is to strengthen presumptive decision-making processes for claims arising from military toxic exposures and environmental hazards. Enactment of the PACT Act was truly a generational victory for veterans who have to wait for decades to receive benefits related to diseases and conditions caused by burn pits and other toxic exposures. Last September, together with the Military Officers Association of America (MOAA), we released a groundbreaking report: *Ending the Wait for Toxic-Exposed Veterans, A post-PACT Act blueprint for reforming the VA presumptive process*. Our research found that on average, it takes over 30 years from the first time a dangerous military toxic exposure is first encountered by service members until Congress or VA creates a presumptive condition to fully recognize and compensate veterans for illnesses and disabilities related to that exposure. Among the most well-known examples of presumptives are for Atomic Veterans exposed to ionizing radiation; Vietnam veterans exposed to Agent Orange; and Persian Gulf War, Iraq and Afghanistan veterans exposed to myriad toxins from burn pits.

The expanded use of presumptives to overcome evidentiary gaps associated with toxic exposures not only benefits veterans who have been forced to wait far too long for justice; it uses VBA resources more efficiently by consolidating certain evidentiary decisions for cohorts of veterans defined by the time and location of their service, as well as common toxic exposures that have been scientifically linked with certain diseases and illnesses. While the PACT Act was a historic victory for veterans, it did not include all toxic substances that veterans have been exposed to, nor does it cover all future exposures and hazards that service members may encounter. For those reasons, DAV and MOAA produced the *Ending the Wait* report, which includes a number of recommendations to create a more effective presumptive decision-making process. The report contains several other critical recommendations to ensure toxic-exposed veterans don't have to wait decades for justice, which include: expanding federal research on toxic exposures; creating an independent scientific review process for diseases caused by toxic exposures; and establishing a veterans' stakeholder advisory commission to strengthen oversight and transparency of the VA presumptive-making process.

Mr. Chairman, we are truly grateful for the work that you and others on the Committee did to pass the PACT Act; however, there is still more work to be done. Working together we can build upon the foundation created by the PACT Act by implementing the recommendations in our report, which we believe will not only help end the wait for toxic-exposed veterans but also make the VA claims processing system fairer, faster and more efficient.

This concludes my testimony, and I would be happy to answer any questions that you or members of the Committee may have.

STATEMENT OF  
RYAN GALLUCCI, EXECUTIVE DIRECTOR  
WASHINGTON OFFICE  
VETERANS OF FOREIGN WARS OF THE UNITED STATES  
BEFORE THE  
UNITED STATES SENATE  
COMMITTEE ON VETERANS' AFFAIRS  
WITH RESPECT TO

**"Putting Veterans First: Is the Current VA Disability System Keeping Its Promise?"**

Washington, D.C.

October 29, 2025

Chairman Moran, Ranking Member Blumenthal, members of the committee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, I would like to thank you for the opportunity to present our views on this important topic.

**False and Misleading Claims Made by *The Washington Post***

When a young American raises their right hand, swears an oath, and signs DD Form 4—the enlistment contract—they agree to surrender their personal freedoms, obey all lawful orders, risk life and limb, and if ordered, march into combat. In return, that contract entitles them to pay, health care, and benefits earned through service and sacrifice. That is not charity. That is a contract. And every man and woman who wore the uniform has already honored their end of it. The nation must honor that contract.

Yet lately, we have witnessed an appalling resurgence of old, poisonous rhetoric. Recently, *The Washington Post* has smeared America's veterans as freeloaders, insinuating that their hard-earned benefits are too generous and are part of a system plagued by fraud. They talk about the cost of veterans' health care as if it were some line item to be trimmed, rather than the moral obligation of a nation that has been at war for a quarter of a century. These attacks are beneath the dignity of the country our veterans defended.

We have seen this playbook before. In 1933, the National Economy League and the Economy Act gutted veterans' benefits, leaving many homeless and hopeless, and some dead by their own hand. In 1956, the so-called Bradley Commission tried to do it again, suggesting benefits be stripped from the "less disabled" and questioning the validity of conditions related to toxic exposure. Now, in 2025, we are watching the same poisonous ideas reemerge in slicker packaging. These bad ideas failed then and they should be put to rest yet again. Let's deal with the facts.

Fraud exists in every system that handles money—Medicare, Social Security, and yes, the Department of Veterans Affairs (VA). But it is rare, investigated, and prosecuted. It is not the identity of America's veterans. Those who claim that disability benefits are riddled with "fake" conditions like tinnitus, post-traumatic stress disorder, or chronic pain, are either ignorant or deliberately cruel. These are the signature wounds of modern warfare. Invisible does not mean imaginary.

And if someone thinks the passage of the historic PACT Act "lowered standards," I invite them to stand in the burn pits of Iraq or Afghanistan and breathe what our troops breathed. Congress did not lower the bar, it finally leveled the field.

We should also address the myth that working veterans should not receive compensation. VA disability is not welfare. It compensates for loss of earning capacity, for the daily toll of living with injuries and illness that never go away. A paycheck does not erase a traumatic brain injury. A job does not make a missing leg grow back.

What truly drives bad behavior is not veterans, it's bad policy. When you design a system that forces veterans to reach 50 percent disability just to collect both retirement and disability pay, or 100 percent just to afford health care for their families, do not be shocked when veterans seek those higher thresholds. Fix the system, and you fix the incentives. If you want to crack down on exploitation, start with the real predators—the claim sharks who charge illegal fees, falsify paperwork, and profit from veterans' confusion and pain.

And let's ask a harder question: Why now? Why are veterans being identified as the problem, while billionaires dodge taxes and corporations thrive on defense contracts? Maybe it is because it is easier to scapegoat those who cannot fight back politically, the same way it was in 1933.

The all-volunteer force is the backbone of our national defense. For 25 years, it has borne the burden of continuous war and global deployments. Those volunteers kept their promise. They served with honor. Now the country must keep its word.

The VFW calls on Congress, the Administration, and every American citizen to Honor the Contract. Do not balance the budget on the backs of veterans. Do not rewrite history to make our heroes into freeloaders. And do not forget that the benefits our veterans receive today built the American middle class after World War II. They made this country stronger.

#### **The Truth About VA Claims and Accredited VSOs**

*The Washington Post* claimed that Veterans Service Organizations (VSOs) encourage veterans to file as many claims as possible to exploit the system. VSOs have been labeled as the "disability industrial complex." These suppositions are insultingly false. For VSOs, the reality is that providing the human service of accredited VA claims assistance is a large financial liability, costing the VFW tens of millions of dollars across our enterprise every year. We take on this duty to ensure that new generations do not suffer the way previous generations did.

When we train our representatives, they are instructed to work with the veteran to file a claim for any condition that the veteran believes is related to or caused by service. When our accredited representatives meet with veterans, we discuss the regulations and always file an ethical claim. We never exaggerate or embellish a claim in any manner. In fact, we have even invited the VA Office of the General Counsel (OGC) to audit our training program to show our practices. If we were not confident that we are in full compliance with OGC requirements, why would we call attention to ourselves? That was more than four years ago. We are still waiting. Yet, the venerable *The Washington Post* chose instead to associate us with the bad actors who continue to take advantage of veterans, family members and their survivors. Sadly, the Post failed to mention that our organization has been the leading voice in the veteran community against fraud for years.

As an accredited organization authorized to prepare, present, and prosecute claims before VA, VFW accredited representatives are subject to the rules and regulations set forth by the Department of Veterans Affairs under 38 CFR Part 14. These regulations are very clear about conforming to ethical standards, which among other things states that *"all individuals providing representation are required to be truthful in their dealings with claimants and VA"* (38 CFR 14.632 (2)). This citation invalidates the point made by *The Washington Post* that VSOs encourage claimants to seek benefits to which they may not be entitled or otherwise misrepresent what the claimant is seeking. We are duty bound to tell the veteran the truth, not what they want to hear. To portray accredited representatives in the same light as unaccredited individuals, who in fact do take advantage of the system, is insulting to the thousands who have dedicated their life's work to assisting the most vulnerable in achieving the benefits that are provided by law.

The PACT Act was by and large the most significant veteran legislation passed since the Agent Orange Act. It righted the wrong and corrected the unjust perception that many of the illnesses or diseases suffered by those who had been deployed were imagined and not real. For the thousands who were told that their breathing issues and rare cancers were unrelated to their service, it was recognition not just of those types of maladies but of all the downstream effects as well. Rhinitis, sinusitis, irritable bowel syndrome, and other life-changing injuries were proven to be side effects of breathing bad air and particulates from the toxins created by burn pits. Since then, we know it was not burn pits alone that have been causing illnesses. There are many other sources of exposure such as chemical, airborne, and radiation to name a few. The law requires continued medical research and reporting because we now know that it takes months, even years for injuries to manifest. Veterans did not ask what was being burned, to which chemicals they were exposed, or how it would impact their lives after service. They did their jobs, upheld their oaths, and executed the mission. Sadly, it took the government far too long to do its job. For many veterans, relief and treatment came too late. Although it is easy for some to dismiss their suffering as too costly to the taxpayer, this is the cost of sending our young men and women to war.

Many of our colleagues would gladly trade places with those of us who can walk a flight of stairs without running out of breath. Some have not had a full night's sleep for decades because their bodies reflexively interrupt them, so they do not suffocate to death or die of cardiac arrest. Others would certainly give up the cocktail of medications they may have to take for the rest of their lives just to return their body systems to as normal as possible, not to mention the physical

or psychological side effects. I am sure that almost all would trade the potential weight gain, body aches, headaches or other side effects for normalcy.

Most veterans led full and active lifestyles during service, even after, until they began to experience medical issues that impact their lives. For some, they can no longer manage the activities of daily living. Others cannot function in what society would consider normal. They cannot be around people in social settings, they cannot leave their homes due to their fragile state, they cannot hold a job. Are we suggesting these issues are contrived just to bilk the government out of more money? That would be an awful way to live for a few dollars more. It is even worse to suggest that the government that sent them to multiple deployments should not help provide for their basic needs or provide post-deployment health care for their service-connected injuries or provide financial support when it was the government that sent them off in the first place. The duty to make them whole is written in statute and continues to be the obligation of the United States.

The legally authorized benefits that veterans have earned and deserve must never be politicized. The payments they receive offset lost wages due to their service-connected disabilities. To deny these in any form is shameful, especially when proposed by the 99 percent who have never worn the uniform of our great nation. Many espouse to be advocates for veterans. Often they shroud themselves in a cloak of nobility and purpose portraying themselves as champions for those who have given all. They take to the airwaves, social media, town hall meetings and election speeches decrying the lack of effort in stemming the tide of suicide. They point out with great vigor the lack of basic mental health care and wraparound services for those who have served their nation and are struggling to readjust. However, when the lights are off, the microphones are put away, and the crowds disperse, they are among the first to say the system is ripe with fraud. How hypocritical and disingenuous.

For the last several years, the Veterans Benefits Administration (VBA) has been processing more claims than ever. New legislation that provides enhanced benefits is one reason; strong marketing campaigns and promoting VA provided health care and benefits is another. Almost every month VA is touting another "record" in completing claims for benefits. Millions have been processed over the last few years. *The Washington Post* suggests that many claims are fraudulent. Yet the VA Office of Inspector General (OIG) has prosecuted very few persons because most claimants are not fraudsters. They are not seeking to steal unearned benefits. Like with every system (Social Security, Medicare, and others included), there are those who seek to enrich themselves and defraud the system. These are few compared to hundreds of thousands of claims that are not fraudulent. Most seek only that which was promised. To continue to press the tired, old narrative that veterans are hustlers has been disproven time and again. It is hard to think that those who have lost a limb or an eye in service did so just to defraud the government. What we find interesting is that there has been fraud and theft committed by employees of VA itself who are people in a position of public trust very much like accredited representatives. These occurrences have barely garnered attention. Several employees in a VA Regional Office were found to have been stealing identities and selling information on the black market. Others were recently found to have been processing fraudulent claims for VA benefits, then collecting large sums of money once the claims were approved. These instances made headlines for a brief moment then disappeared from front pages and newsfeeds. *The Washington Post* would have



been better served by looking more closely into the theft of taxpayer funds by those entrusted to guard it, rather than malign the honorable service of thousands of veterans, family members, and survivors just trying to make it to the next paycheck.

#### **Disabilities Benefits Questionnaires**

We consistently hear from our network of more than 2,300 accredited representatives that the Disability Benefits Questionnaire (DBQ) system needs an upgrade. Many VA medical providers refuse to provide medical opinions or complete DBQ's that are needed as part of a veteran's claim for benefits, often stating that they are prohibited or that it is a conflict of interest. When this issue has been raised with VA, it is met with little reaction. Several times the response has been that VA physicians do complete DBQs, but the reality is that most do not. We have consistently been told that the issue will be reviewed, but there has been no resolution to the problem. Often, veterans are told by their ever-changing roster of VA physicians that the provider is not fully familiar with the patient's history and will refuse, or they suggest that the veteran use their private provider. We have been told many times that private providers most often do not understand the request or do not understand how to complete the form. This leads many veterans to become discouraged and choose not to file a claim, or worse, visit a Claim Shark for a potentially fraudulent medical opinion. The medical opinions provided by these private companies are often exaggerated and sometimes even outright fabrications. However, when submitted to VA, it must still be considered as valid medical evidence as it is written by a licensed medical provider unless the provider is known to VA as providing fraudulent medical evidence. This leads to inaccurate ratings, most times without the veteran even being aware of the wrongdoing but then subject to prosecution should the claim be deemed to be fraudulent. A potential way to combat this would be to require VA medical providers to complete a DBQ when requested by a veteran and update all DBQ forms to include a medical opinion section, rather than having the medical opinion on a separate form. This would allow qualified and ethical VA medical professionals to provide accurate medical opinions, leading to more accurate and legal decisions. This solution would also reduce the number of Compensation and Pension (C&P) examinations needed and speed up the claims process, as more claims could be rated based on the evidence of record rather than scheduling an examination. We also welcome additional oversight of this program, and ask that the VFW continue to be involved in any program updates.

The VFW has consistently reported issues with DBQs in congressional testimony:

July 13, 2017, HVAC, "Examining VA's Processing of Gulf War Illness Claims",  
November 15, 2018, HVAC DAMA, "Exploring VA's Oversight of Contract Disability Examinations",

March 2021, HVAC DAMA, "VA Compensation and Pension Exams During the COVID-19 Pandemic: A Path Forward",

July 12, 2023, HVAC, "Modernizing VA Disability Benefits Questionnaires (DBQs) and Electronic Transmission Systems",

September 18, 2024 , HVAC DAMA, "Examining VA's Challenges with Ensuring Quality Contracted Disability Compensation Examinations",

January 23, 2025, HVAC, "Correcting VA's Violations of Veterans' Due Process and Fiduciary Protections".

#### **Combatting Unaccredited "Claim Sharks"**

The VFW has called on Congress to address the fraudulent behaviors of predatory, unaccredited claims consultants, or Claim Sharks, since early 2022. In fact, we have mentioned this problem in testimony before the House and Senate Committees on Veterans' Affairs FIFTEEN TIMES. We warned that inaction would allow these companies to grow and take millions of dollars of the federal benefits that should have been fully directed to the disabled veterans who earned them. We also warned both publicly and in conversations with Committee members and staff that the failure to address these predatory practices would threaten the viability of the non-adversarial benefits administration process. It is again insulting and shameful that the VFW's years of warnings went unheeded, only now to see that some are trying to include non-profit service providers like the VFW as if we are part of the problem. The VFW brought these issues to the Veterans Affairs' committees in testimony for the following hearings:

February 8, 2022, HVAC DAMA, "Honoring Our Promise: Reviewing the Effectiveness of Services for Dependents and Survivors",

March 2, 2022, Joint SVAC/HVAC, "Congressional Statement of VFW National Commander Matthew "Fritz" Mihelcic",

April 27, 2022, HVAC DAMA, "At What Cost? - Ensuring Quality Representation in the Veteran Benefit Claims Process",

November 16, 2022, SVAC, "The Department of Veterans Affairs Implementation of the SFC Heath Robinson Honoring our PACT Act",

December 7, 2022, "Fulfilling our Pact: Ensuring Effective Implementation of Toxic Exposure Legislation",

March 8, 2023, Joint SVAC/HVAC, "Congressional Statement of VFW National Commander Timothy M. Borland",

March 29, 2023, HVAC DAMA, "Pending Legislation",

April 26, 2023, SVAC, "Pending Legislation",

May 16, 2023, HVAC DAMA, "Reviewing VA's Implementation of the PACT Act",

October 18, 2023, SVAC, "Military to Civilian Transition: Ensuring Success After Service",

March 6, 2024, Joint SVAC/HVAC, "Congressional Statement of VFW National Commander Duane Sarmiento",

March 4, 2025, "Joint SVAC/HVAC Congressional Statement of VFW National Commander Alfred J. "Al" Lipphardt",

March 5, 2025, SVAC, "Pending Legislation",

March 11, 2025, SVAC, "Pending Legislation",

March 26, 2025, HVAC DAMA, "Pending Legislation".

The VFW continues to lead efforts to combat Claim Sharks who charge illegal or predatory fees to assist veterans with disability claims. There should be strict VA and congressional oversight into the fraud that these bad actors commit and accountability for promising veterans easy access to 100 percent disability benefits. The VFW urges Congress to reinstate criminal penalties for unaccredited representatives who charge unauthorized fees. Additionally, the VFW urges VA to create a reporting system to the VA OIG so veterans can easily identify and report fraudulent actors, and to continue to provide public warnings about violators. The VFW insists that any changes to VA accreditation that would allow charging fees for initial claims follow the currently established structure that applies to appeals, based solely on retroactive benefits. No veteran should ever go into debt to access their earned benefits.

In the next sections of my testimony, I will address additional aspects of the VA claims and appeals process that need improvement to better serve veterans. I urge this committee to support legislation that streamlines claims processing, updates the DBQ process, and strengthens accountability measures within VA. We have repeatedly brought these issues to the attention of VA and Congress, and we stand ready to work together to make them happen.

#### **Transparency and Communication**

The VFW notes that veterans often find VA communications confusing, filled with legal and medical jargon that makes it difficult to understand claim statuses or appeal outcomes. This lack of clarity undermines trust and delays veterans' ability to respond effectively to VA correspondence. To address these problems, the VFW supports legislative reforms such as H.R. 1741, *Veteran Appeals Transparency Act of 2025*; H.R. 1286, *Simplifying Forms for Veterans Claims Act*; and H.R. 1039, *Clear Communication for Veterans Claims Act*. These measures would simplify VA forms, make decision letters more readable, and provide veterans with regular, understandable updates about their place in the appeals docket. The VFW also

urges VA to collaborate with Veterans Service Organizations and federally funded research centers to test and refine communications so that they are clear, concise, and veteran-focused.

#### **Digital Systems and Automation Problems**

While VA has expanded its use of digital systems to streamline claims and appeals, the VFW remains concerned that technical delays and automation errors continue to harm veterans. VA-accredited service officers have reported that claims submissions sit idling in VA's digital mail portal for 40–60 days, resulting in missed deadlines and even wrongful dismissals. The VFW recommends that VA invest in modern, reliable technology infrastructure and implement robust oversight mechanisms to identify and correct processing delays early. We also urge VA to create clear accountability and reporting structures for digital system performance and to ensure that automation complements, not replaces, human review where accuracy is critical. We believe that better designed digital systems will reduce delays, prevent data loss, and protect veterans from avoidable denials.

#### **Appeals Modernization and Persistent Delays**

The VFW continues to support the intent and framework of Public Law 115-55, the *Appeals Modernization Act* (AMA) that simplified and accelerated the VA appeals process. We remain concerned that the system continues to fall short of its promise. Despite progress since the Legacy system, the Board of Veterans' Appeals (BVA) continues to face excess workloads, inefficient case management, and poor coordination with VBA and accredited representatives. The VFW reports that VA's electronic management tool, CASEFLOW, remains unreliable, often failing to update case statuses accurately or provide full transparency to advocates. To resolve these issues, the VFW recommends that VA overhaul or replace CASEFLOW with a modernized, user-friendly system that provides real-time access and status tracking for veterans and representatives. This system should work in conjunction with the available record in the Veterans Benefits Management System instead of a separate standalone platform. BVA needs to streamline internal communication, dedicate resources to clearing AMA backlogs, and ensure all appeals are processed efficiently and fairly without sacrificing accuracy.

#### **Remands and Quality of Decisions**

When BVA identifies deficiencies or gaps in the evidence presented during the appeals process, or in providing the appellant due process, it has the authority to remand the case back to VBA for further action or development. This step is intended to reflect VA's commitment to ensuring a fair and comprehensive review of veterans' claims. The VFW has often found that despite the intention of this step in the process, if the record was fully associated with all the evidence or a complete and thorough review had been completed prior to a decision being rendered, a remand can be duplicative or completely unnecessary.

The VFW has consistently been concerned with the high rate of remands at BVA, particularly under the Legacy system where about 40 percent of appeals were remanded, often multiple times. We view this as evidence of incomplete case reviews and poor decision quality. Many remands could be avoided if claims were fully developed or reviewed before adjudication. To

address this, the VFW calls for improved training and oversight of both Veterans Law Judges (VLJs) and staff attorneys to ensure thorough record reviews before issuing decisions. We suggest enhancing collaboration between BVA, VBA, and accredited representatives so that veterans receive clear guidance on the evidence needed to prevail on appeal. We also encourage VA to analyze remand data to identify recurring errors and implement targeted training programs to reduce unnecessary rework and delays.

#### **Staffing and Retention Challenges**

The VFW identifies high staff turnover, especially among attorneys and hearing coordinators, as a key factor in the delays and inconsistencies within the appeals process. Frequent personnel changes disrupt communication and force veterans and their advocates to repeatedly rebuild working relationships. To strengthen continuity and expertise, the VFW recommends increasing pay flexibility for BVA attorneys, supporting legislation such as H.R.2303, *Board of Veterans' Appeals Attorney Retention and Backlog Reduction Act*, to raise the pay ceiling for experienced attorneys to GS-15. We also urge VA to fill open senior management positions promptly, maintain a stable leadership structure, and invest in long-term workforce development to reduce burnout and turnover that contribute to backlogs.

#### **Training and Quality Assurance**

The VFW emphasizes that inadequate training across the VA system, especially among claims processors, raters, and VLJs, continues to cause errors, delays, and remands. The VFW urges VA to adopt a continuous, data-driven training model that uses insights from BVA remands and United States Court of Appeals for Veterans Claims reversals to pinpoint systemic weaknesses. The VFW also recommends periodic quality audits of BVA and VBA decision making to ensure consistent application of law and proper evidence evaluation. To improve accuracy and fairness, the VFW calls for enhanced communication between judges and their legal staff, as well as expanded collaboration with VSOs to refine training standards and ensure veterans' representatives are kept informed of procedural changes. The VFW believes strengthening quality assurance programs will reduce remands, shorten appeals timelines, and restore confidence in VA decision making.

#### **Impact of the Government Shutdown**

The current government shutdown has severely impacted the VFW's ability to provide critical in-person benefits assistance. Since the first of October, our representatives that are housed in VA facilities or contracted federal buildings are unable to access their offices. This forced them to find alternate work locations, with many working from home or other locations to continue to provide services. While not optimal, we have become experts at this task due to having to change our posture during the COVID-19 pandemic. Though we can perform most tasks remotely, receiving and processing mail is not one of them. For nearly three weeks, our representatives could not receive the mail addressed to our offices, potentially leaving thousands of veterans without timely support. These disruptions not only create uncertainty but also compound the challenges veterans face in accessing benefits and health care should a critical date be missed.

Although we have now been allowed a very short window to collect any correspondence, VSOs must not linger within the space. This is certain to cause completely avoidable delays in claims processing and greatly increases the risk of a claim being unnecessarily denied. This potentially leaves the veteran with no alternative but to file an appeal to ensure the correct benefit is received. The VFW has advocated for the Secretary to use his authority to extend filing dates covering the shutdown period to ensure that benefits claims are at the very least accurate, but to no avail. This is not the first time we have been faced with the challenge of a government shutdown. There is nothing new or surprising about it. VA must establish better contingencies, like mail collection and processing, and potential access hours for accredited representatives to continue to assist claimants, and clearly communicate prior to these events exactly what will be open or closed.

Chairman Moran and Ranking Member Blumenthal, this concludes my statement. Again, thank you for the opportunity to offer our comments on these issues.

**Statement of**

**Daniel M. Gade, PhD**

**Lieutenant Colonel, US Army (Retired)**

**Author: *Wounding Warriors: How Bad Policy is Making Veterans Sicker and Poorer***

**Before The**

**United States Senate**

**Committee on Veterans' Affairs**

**Committee on Armed Services**

**With Respect To**

**Disability Compensation Reform**

Ladies and Gentlemen:

Thank you for the opportunity to testify on the VA disability compensation system. My testimony will differ from most you've heard. I am a member of no veterans service organization and have no motive other than to help restore the lives and dignity of millions of veterans.

For too long, you've been told that the best way to care for veterans is to shovel billions of taxpayer dollars into their pockets<sup>1</sup>; this approach has resulted in a veteran class that is sicker<sup>2</sup>, more marginally employed, and more suicidal<sup>3</sup> than ever. By paying veterans to be sick, we create more sick veterans<sup>4</sup>, separated from meaningful lives of purpose—and we deepen our suicide crisis.

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<sup>1</sup> [https://www.independentbudget.org/wp-content/uploads/2024/02/Independent-Budget-2024\\_FINAL-DIGITAL.pdf](https://www.independentbudget.org/wp-content/uploads/2024/02/Independent-Budget-2024_FINAL-DIGITAL.pdf)

<sup>2</sup> <http://armedforcesjournal.com/medicine-and-the-gwot/#:~:text=GWOT%20returnees%20are%20using%20veterans,attempt%20and/or%20substance%20abuse.>

<sup>3</sup> [https://www.mentalhealth.va.gov/docs/data-sheets/2024/2024-Annual-Report-Part-2-of-2\\_508.pdf](https://www.mentalhealth.va.gov/docs/data-sheets/2024/2024-Annual-Report-Part-2-of-2_508.pdf)

<sup>4</sup> The proportion of "disabled veterans" has grown from about 1:10 in 2000 to 1:3 now, despite better care and community support.

I developed this perspective through hard experience and long study. I was wounded in combat twice, losing my right leg and spending a year at Walter Reed. After recovery, I earned a master's degree and joined the White House Domestic Policy Council, where my previously acquired "user level" experience was bolstered by my work alongside both the Dole Shalala Commission<sup>5</sup> and the Scott Commission<sup>6</sup>.

I later completed a PhD in public policy, focused on the VA claims process, and while teaching at West Point co-led the *Independence Project*, a randomized control trial demonstrating the powerful link between employment and health. In 2021, I published *Wounding Warriors: How Bad Policy Is Making Veterans Sicker and Poorer*<sup>7</sup> and recently served two years as Virginia's Commissioner of Veterans Services.

Exec summary:

The surge in disability claims is not due to combat injuries but to a culture that rewards illness. Last year alone, over 450,000 new compensation recipients entered the system—while total combat-wounded from the Global War on Terror number around 50,000. Last year, more than 270,000 veterans began receiving compensation for tinnitus, which is 100 times the number of GWOT amputees over a 20 year period. Blessedly high survival rates from combat wounds are not the cause of the growth: this lie allows advocates to tuck every veteran disability claim under the cloak of combat wounds.

Instead, the avalanche of claims is driven by non-profits and pay-to-play claims companies<sup>8</sup> that encourage veterans to selectively exaggerate or falsify symptoms to "grab all they can". Aging, genetic, and lifestyle conditions are increasingly labeled "service connected"<sup>9</sup>, resulting in tens or hundreds of thousands of veterans rated as "100% disabled" who have no true incapacity<sup>10</sup>, or whose incapacity would have eventuated regardless of service status. I propose two principles of reform.

Principle #1: Meaningful employment is powerful medicine

<sup>5</sup> <https://www.govinfo.gov/content/pkg/CHRG-110hhrg39452/html/CHRG-110hhrg39452.htm>

<sup>6</sup> <https://www.veterans.senate.gov/services/files/8A93EC51-9569-41FB-A7E6-4E9EBF359EFA>

<sup>7</sup> [www.woundingwarriors.com](http://www.woundingwarriors.com)

<sup>8</sup> Some of these companies have physicians on staff who will provide pre-formatted DBQs without ever examining the veteran. These falsified reports are then submitted to the VA, causing millions in unjustified disability payments.

<sup>9</sup> The PACT Act was shockingly complicit in this regard. For example, veteran hypertension rates are exactly the same as their age and sex adjusted peers, but the PACT Act makes hypertension presumptive for Vietnam veterans. This burdens the taxpayer and diverts VA resources from true service caused disabilities.

<sup>10</sup> <https://www.census.gov/content/dam/Census/library/working-papers/2016/demo/Holder-2016-01.pdf>



A 2020 paper called employment a “Critical mental health intervention”<sup>11</sup>. Unfortunately, veteran participation in the labor market, especially among men in prime working years, is markedly lower than their civilian counterparts<sup>12</sup>, and has been steadily declining over the past 20 years<sup>13</sup>.

Disability compensation discourages work by rewarding inactivity; some programs create a direct barrier to work<sup>14</sup>. Any separation from the labor force causes isolation, malaise<sup>15</sup>, and reduced income coupled with a demand for ever-higher “disability” payments.

We should shift dollars from paying veterans to be sick toward meaningful incentives for gaining and maintaining productive employment. Early positive incentives can have a long-lasting positive effect, as demonstrated by the Independence Project.

Principle #2: Disability compensation is a destructive goal

“Disability” is a negative word. In Latin, “dis” means “not”, “opposite of” or “apart”. The disability compensation system pulls veterans into a destructive identity as “disabled veteran” rather than helping create a positive, forward-looking life and career. This system is anti-thriving, anti-productivity, and ultimately anti-veteran. Further, it discourages future generations serving by painting veterans as a troubled, problem class.

The compensation system traps veterans in a disability identity<sup>16</sup>, teaching them to chase a 100% rating as proof of honor or source of validation. 9 of the top 10 conditions for newly rated veterans are easily exaggerated or totally unverifiable<sup>17</sup>. We need a system that affirms veterans’ capacity to thrive, not their presumed fragility.

Here are several steps that would protect the integrity of the system:

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<sup>11</sup> Drake RE, Wallach MA. Employment is a critical mental health intervention. *Epidemiol Psychiatr Sci*. 2020 Nov 5;29:e178. doi: 10.1017/S2045796020000906. PMID: 33148366; PMCID: PMC7681163.

<sup>12</sup> <https://www.bls.gov/web/empsit/cpseaa40.htm>

<sup>13</sup> <https://fred.stlouisfed.org/series/LNU01349526>

<sup>14</sup> The Individual Unemployability program is particularly destructive in this regard- by paying veterans only if they do not achieve meaningful employment, IU blocks veterans from the beneficial effects of the labor market.

<sup>15</sup> Milner A, Page A, LaMontagne AD. Cause and effect in studies on unemployment, mental health and suicide: a meta-analytic and conceptual review. *Psychological Medicine*. 2014;44(5):909-917. doi:10.1017/S0033291713001621

<sup>16</sup> <https://psycnet.apa.org/manuscript/2022-94770-001.pdf>

<sup>17</sup> The top ten conditions for new recipients in 2024 were tinnitus, limited knee flexion, back strain, limited motion of the arm, hearing loss, scars or burns, sciatica, limited ankle motion, migraine, and PTSD. Of those only scars or burns are readily identifiable and not subject to feigning or exaggeration.

- 1) Treat but do not compensate for non-disabling conditions<sup>18,19</sup> and eliminate conditions caused by genetics, aging, or lifestyle from the compensation rolls. Sleep apnea is one obvious example; there are hundreds of others<sup>20</sup>.
- 2) Require active treatment for compensated mental health conditions. If compensation is warranted, so is care.
- 3) Extend VA medical eligibility for all service-related conditions without tying it to disability ratings, removing incentives for false claims.

Conclusion:

The current disability system robs veterans of purpose and dignity, trapping them in idleness and despair. Further, the isolation brought on by separation from the labor market can and does send many veterans into a morass of tragic consequences.

Reform will be difficult—entrenched interests protect the status quo—but it is essential. A close look at past changes shows that what survives the legislative and rule-making process are usually additions to existing programs or the creation of new programs; the VA budget grows inexorably despite the system causing immense ongoing harm. Deep structural reform will save lives and restore what veterans truly need: meaning, work, and hope.

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<sup>18</sup> Examples of VA-rated “disabilities” that result in no functional incapacity are legion:

<sup>19</sup> <https://www.census.gov/content/dam/Census/library/working-papers/2016/demo/Holder-2016-01.pdf>

<sup>20</sup> For example, vitiligo, sinusitis, unspecified knee pain, erectile dysfunction, female arousal disorder, and many more conditions, including eczema, hay fever, acne, and tinnitus (as reported by *The Washington Post*) are good targets for treatment or therapy or treatment, not compensation.

**Independence Project**

**Sixth Interim Report  
for period ending 12/31/23**

Gary Bond, Monirah Al-Abdulmunem, Daniel Ressler, and Robert Drake

February 2024

**Prepared for:**

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### Executive Summary

This report is the sixth report on Independence Project, the last year of the six-year contract with Arnold Ventures. This report summarizes the findings for all data analyses completed as of 12/31/23, including the main analyses for the three-year outcomes, as previously reported in last year's fifth interim report. During 2023 we produced two additional peer-reviewed journal articles (Al-Abdulmunem et al., 2023; Bond et al., 2023) and drafted two further manuscripts nearing completion, which we will submit to peer-reviewed scientific journals. To date, Independence Project has resulted in five peer-reviewed journal articles, all of which have been published open access, as required by the contract with Arnold Ventures (Al-Abdulmunem et al., 2023; Bond, Al-Abdulmunem, Drake, et al., 2022; Bond et al., 2023; Bond, Al-Abdulmunem, Ressler, Drake, Davis, et al., 2022; Bond, Al-Abdulmunem, Ressler, Drake, & Gade, 2022).

Independence Project involved a randomized controlled trial comparing an intensive employment model (*National Career Coach Program [NCCP]*) to standard community employment services (*Local Community Resources [LCR]*) over a three-year follow-up period. Study participants were unemployed veterans with service-connected disabilities recently separated from active duty. The primary outcome domains were paid employment and disability ratings, as determined by the Veterans Benefits Administration (VBA). Secondary outcomes included life satisfaction, depression, mental and physical health, financial security, and substance use.

Data collection for this project was completed as of 3/4/22, but we have continued to examine further questions related to the overall project goals using data collected for Independence Project. This executive summary adheres to the format of milestones as prescribed in the reporting requirements. In a supplementary report we describe progress on secondary analyses.

#### A. Basic Descriptive Data on Study Sample and Follow-Up Outcomes

##### Study Sample

The study sample consisted of 229 participants, 115 randomized to NCCP and 114 to LCR. The two groups were similar on baseline characteristics. The mean age of the sample was 30.3; 80% were men; 85% had some college or other postsecondary education; 46% were White, 36% were Black, and 19% were of Latinx ethnicity.

A total of 208 participants (105 NCCP participants and 103 LCR participants) completed at least one follow-up interview and constituted the intent-to-treat sample for the study. We excluded the 21 early dropouts from the outcome analyses, because their outcomes were unknown. We conducted separate analyses for the one-year, two-year, and three-year employment outcomes for the intent-to-treat sample and standardized health and well-being measures for the interview sample.

##### One-Year Outcomes

At one-year follow-up, NCCP participants were significantly more likely to work, had significantly greater earnings, and reported significantly greater improvements in physical and mental health compared to LCR participants. Both groups increased in VBA disability ratings over 12 months, with no difference between groups.

### Two-Year Outcomes

*Employment.* At two-year follow-up, NCCP participants continued to have significantly better employment outcomes than LCR participants. NCCP participants averaged \$2,568 in monthly earnings, compared to \$1,865 for LCR participants, a significant difference of \$703 per month, or \$16,872 more earnings per participant during the two-year follow-up. Significantly more NCCP participants worked in paid employment (95% vs. 83%). Employment outcomes significantly improved between Year 1 and Year 2.

*Change in health and well-being.* At two-year follow-up, NCCP participants reported significantly greater improvement in both physical and mental health than LCR participants, who reported a worsening of health on both measures. Both groups reported a significant improvement in financial well-being. Both groups showed dramatic reduction in opioid use (29% reduction for NCCP and 35% for LCR). The NCCP group also reported a significant reduction in the percentage who used tobacco and in the number of alcohol drinks per week.

### Three-Year Outcomes

*Employment.* At three-year follow-up, NCCP participants continued to have significantly better employment outcomes than LCR participants. Over the three-year period, 102 (97.1%) of NCCP participants versus 89 (86.4%) of LCR participants held a paid job, a statistically significant difference of 10.7%. In the intent-to-treat sample, NCCP participants averaged \$2,875 in monthly earnings, compared to \$2,175 for LCR participants, a significant difference of \$700 more earning per month during the three-year follow-up. Within the completer sample (N=43), the NCCP group averaged more earnings over the 3-year period than the LCR group (\$101,985 versus \$87,100), but this difference was not statistically different.

*Change in health and well-being.* At three-year follow-up, we found no significant changes between baseline and follow-up for either group on any of the health and well-being measures in the interview sample (N=43), nor did the two groups differ on changes over time in these measures. We also found no differences over time or between groups in substance use with a single exception: NCCP participants reported significant reduction in prescribed opioids.

### B. Attrition (and reasons why insofar as can be identified)

We obtained information about attrition from participants in follow-up interviews (based on questions about use of and satisfaction with services) and data collected by Hire Heroes USA coaches, who recorded provision of NCCP services and resources. During follow-up, most NCCP participants took full advantage of the four program components: 68% attended the in-person training, 98% made contact with their career coach, 72% used the human capital fund, and 78% of eligible participants received wage bonuses.

Most NCCP participants were in contact with the NCCP in both the first and second year after enrollment (92% and 90%, respectively of those interviewed). By the third year, however, only 35% of those interviewed were still in contact with the NCCP. Satisfaction with NCCP services exceeded 95% in all three years. The two most common reasons for discontinuing participation in the NCCP program were that participants who gained employment decided that they no longer needed NCCP services and that participants were no longer eligible for cash payments from the Human Capital Fund or the earnings bonus.

By contrast to NCCP, only 48% LCR participants had contact with any of the recommended local community resources in the first year after enrollment, declining to 18% in the second year, and 12% in the third year, according to participant interviews. During the first four months after enrollment, the most frequently contacted agency was the American Job Center

(34% of LCR participants), followed by Department of Veterans Affairs (VA) vocational rehabilitation services (20%) and the state vocational rehabilitation agency (13%). The most common reasons LCR participants gave for discontinuing were that the program was not responsive to their requests or that the program was not helping them gain employment.

#### **C. Distribution Of Disability Ratings**

We obtained initial and follow-up disability ratings from 176 (85%) participants – 96 (91%) NCCP and 80 (78%) LCR participants. The two groups did not differ in disability ratings either initially or at follow-up. Disability ratings increased significantly from initial ratings to follow-up within both groups. The mean initial disability rating was 73%, increasing significantly to 80% by the final follow-up.

#### **D. Accessing the Wage Bonus in the National Career Coach Program**

A total of 61 (78%) of 78 eligible NCCP participants received wage bonuses. During the project period, the group receiving bonuses averaged a cumulative bonus of \$8,402.

#### **E. Percentage Of Participants Who Completed Interviews**

We randomized 229 participants to the study over a 13-month period in 2018-2019, conducting follow-up interviews every 4 months for three years after baseline interviews. We completed data collection in March 2022. The intent-to-treat sample consisted of 208 (91%) participants who completed at least one follow-up interview. The number and percentage of annual follow-up interviews were: 180 (87%) of participants at one year, 119 (57%) at two years, and 43 (21%) at three years. Interview completion rates were 9% to 16% higher for the NCCP group than the LCR group up until the third year when the completion rates were similarly low for both groups (22% for NCCP and 19% for LCR).

#### **Summary**

This study's findings suggest that the National Career Coach Program is effective in increasing employment earnings and improving physical and mental health in veterans with significant mental health conditions over a two-year period after program enrollment. Low interview completion rates during the third year follow-up period suggest caution in drawing conclusions from this time period. The program had no measurable impact on disability ratings, which increased by 7% in both groups during follow-up. Participants offered the National Career Coach Program used all four components of the program, and most participants were satisfied by the help they received. While findings from this study are encouraging, replications are needed to determine the generalizability of these findings.

### **Sixth Interim Report of Independence Project: Supplemental Findings Overview**

In previous interim reports we have included detailed findings addressing the two primary study hypotheses, that the NCCP participants would have significantly better employment outcomes and significantly less increase in VBA disability ratings than LCR participants. We provided detailed findings in last year's interim report and in prior publications (Bond, Al-Abdulmunem, Drake, et al., 2022; Bond, Al-Abdulmunem, Ressler, Drake, Davis, et al., 2022; Bond, Al-Abdulmunem, Ressler, Drake, & Gade, 2022) and do not repeat these detailed findings here. In this section we summarize progress on spin-off projects over the past year and plans for the current year.

As outlined in last year's fifth interim report, we identified six secondary subprojects using the Independence Project data. Of these six planned projects, we have completed one, are nearing completion on two more, and plan to complete two others in 2024. We have discontinued one of the six planned projects:

- (1) **Disruptions caused by COVID?** As planned, we completed a substudy examining the impact of the COVID pandemic on the mental health and well-being of Independence Project participants. We completed this report and it is now published (Bond et al., 2023). To summarize the findings:

The COVID pandemic led to a sharp increase in psychological distress in the general U.S. population, as well as among U.S. veterans. This prospective observational study examined changes in symptoms of depression in a sample of 109 young veterans with service-connected disabilities who had recently transitioned from the military. A standardized self-reported depression scale was used to examine changes in rates of moderate depression from pre-pandemic (2018-2019) to during the pandemic (2020-2021). Pre-pandemic, 33% of the sample screened positive for moderate depression, an elevated rate compared to a national veteran survey. During the pandemic, the rate of moderate depression declined slightly to 28%, contrary to trends in the general population. We concluded that the high rates of pre-existing depressive symptoms in the sample may explain the absence of a measurable impact of the pandemic on depressive symptoms.

- (2) **Critical ingredients of National Career Coach Program.** The main findings from Independence Project indicate that NCCP is an effective employment model, improving employment as well as mental health outcomes. When a program model has been shown effective, one next step is to identify the features of the program model that account for its success. To address this question, we proposed to use a mixed methods approach, drawing on three sources: (1) qualitative interviews with career coaches who have provided mentoring in the National Career Coach program, (2) qualitative interviews with participants, and (3) quantitative data from Hire Heroes regarding attendance at in-person training, frequency and type of career coach contacts, and use of human capital fund.

During 2023, we completed both the quantitative and qualitative analyses, but the plan for a report reflecting mixed methods approach proved impractical, because the

quantitative and qualitative findings differed sharply and could not be readily synthesized into a single report. Thus we split the project into two separate studies.

As planned, we conducted a detailed quantitative analysis of NCCP data prepared a written report of these findings. We examined 6 predictor variables (attendance at the in-person training, total number of contacts reported by National Career Coaches, total expenditures from the Human Capital Fund, and participant-reported use of NCCP at the 4-, 8-, and 12-month interviews) and 4 employment outcomes (months worked, monthly earnings, highest hourly wage, and job satisfaction) at 12-month and 24-month follow-up. Three of the 48 correlations were statistically significant at  $p < .05$  before correcting for multiple statistical comparisons, which is what we would expect by chance, so the analyses do not support the hypothesis that one or more components of the NCCP are associated with better employment outcomes. We also tested whether expenditures in nine specific Human Capital Fund domains were associated with employment outcomes, but found less than chance number of significant correlations. We concluded that our hypothesis of a linear positive relationship between number of contacts with career coaches and employment outcome was naïve; in fact, the more plausible interpretation was that the number of contacts with a career coach was often minimal for veterans who were successful at employment, whereas career coaches had extensive contact with veterans who were less successful, suggesting a *negative*, rather than positive, correlation between number of contacts and outcome. Regarding the use of human capital fund, we concluded that the benefits were individualized and not directly associated with the dollar amount of the funds used.

The qualitative component of this substudy was more informative. The qualitative study included interviews with 18 veterans enrolled in NCCP and 6 career coaches. The interview included questions about the most beneficial components of the NCCP model. The themes emerging from the qualitative analyses indicated that the most beneficial aspect of NCCP was the role of the career coach. Participants noted the benefits of both practical and emotional support and also the career development framework used by career coaches. Career coaches also noted that the human capital fund was used to great advantage by a small number of veterans. While relatively few participants indicated that the most important component was access to the human capital fund, those who did typically noted that these funds met a specific urgent need. Examples included tuition for certificate programs that qualified veterans for positions that matched their preferences, child care, and clothes for interviews.

We are nearing completion on a manuscript describing these qualitative findings. This report may be useful to veteran organizations seeking to develop more effective employment services for transitioning veterans, such as the US Department of Labor's Veterans Employment and Training Service, which is part of the Homeless Veterans' Reintegration Program. The Department of Labor has recently issued a request for proposals "...to propose strategies to achieve economic prosperity, address historical inequities, and provide equitable access and outcomes to marginalized groups."

- (3) Who benefits from the National Career Coach Program.** The main findings from Independence Project are that the National Career Coach Project is effective in improving employment outcomes for men and women transitioning from the military with service-connected disabilities. One next step is to determine how broadly the study findings



generalize. For example, is the National Career Coach Program effective for different subgroups defined by gender, race, education, and military experience? The two-year outcome paper, reporting the main findings regarding the effectiveness of NCCP (Bond, Al-Abdulmunem, Ressler, Drake, & Gade, 2022), did not examine whether any veteran background characteristics were associated with better employment outcomes. In this secondary analysis we examined two questions: (1) whether any veteran background characteristics were associated with better employment outcomes, and (2) whether veterans with any specific background characteristics especially benefited from NCCP compared to LCR.

To answer the first question, we examined correlations between 18 background characteristics and two-year employment outcomes (mean monthly earnings from employment). Twelve background measures were significantly correlated with outcome, including four demographic measures, three military service measures, and five standardized measures of health and well-being. Regarding demographics, veterans who were older, married, and better educated, and male accumulated higher earnings over the two-year period. Regarding military service, veterans with more years in service, who were on active duty at time of programs entry, and who served in a combat zone had better employment outcomes. Regarding health and wellness, three measures of psychiatric symptoms were modestly correlated with poorer employment outcomes.

To answer the second question, we conducted a series of 2-factor regression analyses pairing each background characteristic with employment program assignment (NCCP versus LCR) and including the interaction term. None of the 18 analyses yielded a significant interaction effect. These analyses suggest that regardless of background characteristics, transitioning veterans generally benefit more from receiving the National Career Coach Program than accessing local community resources.

We have completed the planned analyses and are close to completing a manuscript suitable for submission. We expect to submit to a peer-reviewed journal in the next two months.

- (4) Education outcomes.** We have not yet examined education outcomes but plan to do so in 2024. In each of the annual follow-up interviews, approximately two-thirds of participants indicated that they were enrolled in education, including both degree-awarding formal academic programs and career-oriented certificate programs. In retrospect, these findings are not surprising, but the original research design did not include education as a primary outcome. Nevertheless, the findings for education may have important implications for the design of transition services for veterans. Further questions include understanding concurrent and long-term outcomes for those who enroll in educational programs. Roughly two-thirds of those enrolled in education were also working. How did this group fare, compared to those who did not enroll in any education program and those who were in education only? Longitudinal analyses are most suitable, on the assumption that the economic benefits of education are long-term. Another factor is the type of education program. Was a veteran's education a brief certificate program or a four-year bachelor's program? The study design involved a three-year follow-up period, which may not be adequate to identify the full benefits of education, but we may be able to see some trends.

- (5) **Veterans' recommendations for the design of employment services.** In our qualitative interviews we asked both NCCP and LCR participants to describe how they would design employment services for future transitioning veterans like themselves. Veterans made a variety of suggestions that might be incorporated in future programs. We have coded these data but have not yet synthesized the findings but plan to do so in 2024.
- (6) **Costs of National Career Coach Program.** Another proposed project was conduct a rudimentary cost analysis of NCCP, estimating the per-participant costs of each of its four primary components. Previously we concluded that a comprehensive cost-effectiveness analysis was not feasible because of the difficulty estimating the costs for the control group (Local Community Resources). We have abandoned this project because of challenges estimating some of the key costs, especially those based on data of uncertain reliability, such as number of career coach contacts.

#### Budget

The Westat contract office is submitting the required financial information by February 29, 2024. The final financial report is not yet ready, but we estimate that Independence Project's cash on hand is approximately \$200,000 as of 12/31/23. Given that we have a number of supplementary substudies that are underway, Westat requests a one-year no-cost extension and permission to carry over these unexpended funds to complete the unfinished work.

#### Independence Project Publications

- Al-Abdulmunem, M., Carpenter-Song, E., Bond, G. R., Drake, R. E., & Ressler, D. R. (2023). Transitioning veterans with service-connected disabilities seeking employment: A qualitative study of barriers and strategies. *Austin Journal of Psychiatry and Behavioral Sciences*, 9(2), 1095.
- Bond, G. R., Al-Abdulmunem, M., Drake, R. E., Davis, L. L., Meyer, T., Gade, D. M., Frueh, B. C., Dickman, R. B., & Ressler, D. R. (2022). Transition from military service: Mental health and well-being among service members and veterans with service-connected disabilities. *Journal of Behavioral Health Services and Research*, 49, 282-298. <https://doi.org/10.1007/s11414-021-09778-w>
- Bond, G. R., Al-Abdulmunem, M., Ressler, D. R., & Drake, R. E. (2023). Mental health impact of COVID pandemic on veterans transitioning from military. *Journal of Behavioral Health Services and Research*, online. <https://doi.org/10.1007/s11414-023-09869-w>
- Bond, G. R., Al-Abdulmunem, M., Ressler, D. R., Drake, R. E., Davis, L. L., Meyer, T., Gade, D. M., Frueh, B. C., & Dickman, R. B. (2022). Evaluation of an employment intervention for veterans transitioning from the military: A randomized controlled trial. *Journal of Nervous and Mental Disease*, 210, 321-329. <https://doi.org/10.1097/NMD.0000000000001472>
- Bond, G. R., Al-Abdulmunem, M., Ressler, D. R., Drake, R. E., & Gade, D. M. (2022). Randomized controlled trial of an employment program for veterans transitioning from the military: Two-year outcomes. *Administration and Policy in Mental Health and Mental Health Services Research*, 49, 1072-1083. <https://doi.org/10.1007/s10488-022-01208-z>

## Introduction

VETERANS DISABILITY COMPENSATION was conceived in a phrase tucked into the closing of Abraham Lincoln's second inaugural address in 1865. Speaking before thousands on a muddy spring day, the president expressed his gratitude to the grieving families and those who had sacrificed life and limb to keep the nation whole. It was the nation's obligation, he believed, "to care for him who shall have borne the battle." Today, his words are honored by a plaque at the entrance of the Department of Veterans Affairs headquarters in Washington, D.C., which has assumed the charge of helping make former soldiers, and their families, whole.

To this day, the nation stands overwhelmingly behind the sentiment Lincoln conveyed. When men and women are maimed by battle, they deserve the best care we the people can muster to return them to health and compensate them for whatever cannot be restored. Unfortunately, the path of care and compensation leads into a quagmire of despair and dysfunction.

America has allowed itself to grow apart from its service members. The military is respected, honored, even revered in our culture, yet too often the engagements are shallow and extractive. Companies advertise their support for soldiers to boost business. Politicians pay tribute to the troops for an applause line. Most damaging of all, the public's perception of its veterans has become a convoluted caricature, saddled with battle wounds—those that can be seen, and those that can't. Too frequently the picture zooms in to focus on their disabilities. And, on paper, the nation's veterans are sicker today than ever.

- Between 2000 and 2020, the number of veterans receiving disability benefits nearly doubled, even as the overall veteran population fell by about a third, from 26.4 million to 18 million.<sup>1</sup>
- 36 percent of veterans from the post-9/11 service era are disability recipients, compared to 11 percent after World War II.<sup>2</sup>
- They are assessed to be more disabled, on average receiving compensation for 7.96 conditions, compared to the World War II cohort's 2.4.<sup>3</sup>
- Since 2000, the number of veterans rated at 70 to 100 percent disability, the most severe category of impairment, has increased nearly *seven-fold*.<sup>4</sup>
- As a percentage, more veterans today are compensated for disabilities than ever before in the VA's history.

These numbers paint a bleak outlook, but the picture is a distortion. The reality is that the VA disability apparatus has strayed from its purpose and lost sight of its mission. Military physicians balk at the stream of patients who arrive with no desire to improve, wishing only to log their ailments for compensation. VA doctors cringe when they see vets "performing symptoms" and internalizing ailments in response to the incentives offered for being disabled but fear the backlash they will face if they speak out. "There's a great many veterans pretending to have fictitious conditions," said one VA examiner. "And a great many doctors pretending to treat them."

Millions of veterans have been folded into a VA disability model that reflects a flawed understanding of human nature, an outdated view of current medical capabilities, and an antiquated assessment of the labor market. It operates like a misguided assembly line churning out diagnoses of disability and applying bandages of cash in lieu of the rehabilitative care veterans deserve.

The impact of a disability diagnosis can be serious and lasting; it can disrupt a person's identity, limit their opportunities, and constrict their vision for the future. But far too often, disability is both a symptom and a disease among veterans. Disability has become a way to reinforce destructive stereotypes and resist proven methods of recovery. It has become a means of cloaking a grab at entitlements and a back door out of the civilian workforce in a robe of virtue. It has become a story the country is too eager to believe and retell, before even checking to see if it is right.

As more vets are approved for disability, economists rue the shrinking of America's labor supply. Military service members come from the best and the brightest of our nation's youth. They are physically and mentally capable individuals with the proven tenacity to endure challenges, and they possess valuable skills gained through military training and experience. The significance of their actual and potential contribution to the workforce is hard to overstate, yet an alarming number are taking a seat on the sidelines of society, as if they have nothing to offer and nothing to gain.

Psychologists and medical experts have been sounding alarm bells for years, warning anyone who will listen that the disabling conditions that get the most attention don't have to be disabling at all, and they certainly don't have to be permanent. Good science gets shouted down when it conflicts with the overarching narrative that veterans are impaired and broken and cannot hope to be anything more than what is captured in their disability rating.

Meanwhile, inside service halls and online chat rooms, vets advise and congratulate one another on raising their disability levels and achieving the ultimate prize: 100 percent disability. Years into dependency, some, in moments shaken from stupor, wonder where their livelihoods have gone. Said one veteran, "I feel like discarded government waste."

Since 2000, VA spending on disability compensation has more than tripled and become the organization's largest expenditure. In 2021, the VA is projected to spend more than \$105 billion on disability benefits—twice the combined value of Delta and American Airlines.<sup>5</sup> It is spending more on veterans disability today than it is spending on rehabilitation programs, than it is spending on education and re-training, than it is spending on all the services covered under veterans health care. In fact, the VA spends more on veterans staying sick than veterans getting better.

Service members returning to civilian life deserve a better system, and so does the country.

Policymakers recall the flashes when reform seemed possible, when a fix appeared within reach and they could have done more, but the path to reform has always been a political minefield, strewn with failed efforts and professional blowback. Powerful interests suppress even the mention of new ideas, and many with the duty to lead have learned to stay away. When a senior VA official was asked about pushing for a more recovery-oriented disability department, she responded, “Oh no, I will not touch that. I am simply focused on making the system run.” Anything more, she insisted, “is too hard to do.”

Inside the chambers of D.C. politics, the most controversial issues earn the moniker “third rail.” Nobody wants to touch them because no one wants to get shocked. Nothing produces quite the same charge as trying to grapple with the growth of veterans entitlements. The purpose of this book is to shake loose the paralysis and diagnose the problem for what it is. The aim of this book is to seize the third rail of the veterans disability assessment system with both hands.

### Epilogue – by Daniel M. Gade

AS DEMONSTRATED in these pages, reform to the VA's disability compensation system is crucial to ensuring that veterans can lead lives of meaning, purpose, and value. The current system disempowers veterans and treats them as a victim class rather than placing them in the driver's seat of their own transitions from active service to civilian life. For some veterans, this transition is accompanied by significant physical or mental health challenges, making successful transition simultaneously more difficult and more important. For each of the veterans profiled in this book, the transition was different: Molly is not Marco, who is not Tyson. Treating them as if they were all the same is the first of many points of failure, and systems should be scalable and adaptable to the individual needs of each veteran.

Serious government reform is difficult. Reform of the VA might be the most difficult of all, and attempts at it are typically destroyed in short order. Rethinking the approach threatens the lifeblood of entrenched interest groups and politicians who serve them in order to be re-elected. A close look at almost any change shows that what survives the legislative and rule-making process are usually additions to existing programs or the creation of new programs; in effect, the VA grows like a coral reef, adding a little bit here and a little bit there. VA programs are almost never eliminated or significantly reformed. These accretions over time have created a VA system that is huge, unwieldy, and illogical, as well as being politically protected and exceptionally expensive.

Before examining a few of the failed attempts to reform the VA, it will be useful to review the reasons behind those failures. First, the VA is beset by possibly the most powerful, organized, and motivated interest groups in Washington. Those interest groups are able to claim a kind of moral superiority because of their military service (signified by special hats, pins, and other regalia). Unlike other interest groups with social power (say, the NRA or Planned Parenthood), veteran-related interest groups are explicitly "chartered" by the VA and thus are a quasi-official part of the structure of the VA itself. The economist Randall Holcombe, quoted in *Paid Patriotism*, calls veterans "the first organized interest group that was able to use the political process to systematically transfer large sums of money to themselves through the political system..."<sup>1</sup>

Second, non-veteran citizens generally view the military and veterans with a deference that translates into additional political power. The military is consistently one of the most respected sectors of American life, ranking just behind doctors, scientists, and firefighters in the public eye.<sup>2</sup> With respect comes deference, and groups translate that deference into action on their own behalf.

Third, the military and veteran spheres have their own culture and language which is famously incomprehensible and opaque. This makes reform difficult because the groups who are against reform are in charge of the language. The term "service-connected disabled veteran" is used to describe not just those seriously maimed in a training accident or combat situation, but also for those with minor conditions, like

tinnitus, that were diagnosed during service and thus attributed to service. In the mind of the uninformed observer, the “disabled veteran” license plate is a signifier of meaning well beyond tinnitus or sore knees. Some organizations capitalize on this further by displaying photos of multiple amputees on their posters, obfuscating the fact that combat amputees make up a vanishingly small percentage of the overall population of veterans.

Finally, the political parties themselves are complicit in the beatification of veterans and the desire to bend to their wishes, but for opposite reasons. The political right, tied as it is to ‘patriotism’ and its highest expression in military service, never opposes any veteran-related spending or expansion. The political left views the veterans class as misguided yet basically innocent victims of a repressive system, and is deeply invested in the VA’s system of “enlistment-to-grave” care as a prototype of their desired single-payer health system.

The growth of the VA and associated programs, benefits, and services for veterans has been ongoing for more than 200 years.<sup>3</sup> In 1818, Congress passed a pension bill that provided monthly benefits for Continental Army veterans, amidst some controversy driven by opposition based on fear of a standing army and the now-quiet idea that every man should live “by the sweat of his own brow.” The flood of pension applications overwhelmed the country, and caused the share of the federal budget that went to veterans to shoot to 16 percent. After the Civil War, Union veterans were granted benefits for injury, of course, and benefits to the families of the fallen soon followed. But what followed after that was the same as what we see today: a focused effort by lobbyists and organizations to get “their fair share,” resulting in expansion of veterans programs of all types. By 1893, pensions accounted for over 40 percent of federal spending.<sup>4</sup> In Washington, consensus between the left and right is rare. However, on this issue, both sides agree that veterans “deserve” whatever they demand.

The most famous feature of the veterans disability system did not become law until 1864, when compensation rates became dependent on the severity of the disability. Loss of sight in both eyes, loss of both feet, and loss of both hands were all compensable; new disabilities soon followed. Policy makers quickly realized that they had created a colossus that was doomed to failure, and even recognized the perverse incentives that these systems create. In 1871, Pension Commissioner Baker observed that “Many disabilities... are disappearing by recuperative energies, and the pensioner, reluctant to lose his gratuity, oftentimes tries to fortify himself by evidence, which only consumes the time and labor of the office to no purpose.”<sup>5</sup> Based in part on these concerns, Congress in 1872 tried to publish a list of all pensioners as a disincentive to fraudulent claims—an early and blunt attempt at reform that died in the Senate.

With the formation and increasing power of the veterans lobby in late-1800s came a flood of attempts to loot the treasury. Some of these attempts passed and some failed; in 1887 President Cleveland vetoed a bill that would have given \$12 per month to all veterans of any war (Confederacy excluded) who had become disabled *by any cause for any reason*. This brief pause in expansion was quickly overcome when a similar bill passed and was signed by President Harrison in 1890. There was some public outcry: in

those days it was expected that able-bodied men were to provide for themselves, but those who opposed unchecked expansion were shouted down as ingrates or worse.<sup>6</sup>

The Spanish-American War and the Indian Wars of the late-1800s continued this pattern, but the floodgates did not truly open until after the Great War, with US involvement from 1917-1918.<sup>7</sup> After that war, the American Legion and other groups agitated for a large bonus for their lost wages during the war. Amid some back-and-forth, the bill became law in May 1924, and offered a bonus to be payable in 1944. The Great Depression, however, intervened and the starving and impoverished men (and a few women and families) descended on Washington, D.C. in several infamous “Bonus Marches” which were eventually broken up by force of arms. Nevertheless, the political gauntlet had been thrown: veterans were officially a force to be reckoned with, and were unapologetic about demanding their due.

The first of two major reform efforts over the past sixty years was the Bradley Commission, launched in 1956 and chaired by Omar Bradley, the five-star general of World War II fame. General Bradley’s commission was unsparing in its critique of the disability system, its perverse incentive structure, and fundamental incoherence: “[Changing conditions of national defense force] us to reshape our traditional concepts of military service as the basis for special privileges and benefits.”<sup>8</sup> The report went on: “Our present structure of veterans programs is not a ‘system.’ It is an accretion of laws based largely on precedents built up over 150 years of piecemeal development. The public at large has taken little interest and the laws have been enacted in response to minority pressures.”<sup>9</sup> Perhaps the most damning sentence in the entire report is one that flies in the face of modern sensibilities and certainly was controversial even then: “...it cannot justifiably be contended that all sacrifices, however small and transient, by those in the Nation’s military service should establish entitlement to monetary claims and special privileges.”<sup>10</sup>

The Bradley Commission’s doomed report recommended several fundamental reforms. First, it rightly pointed out that disability reforms had never reached the “core of the problem” and that rating standards, presumptions, and follow-ups were insufficient to bring the program to internal consistency. The Bradley Commission argued that the goal of this and all disability programs should be to return the disabled person to functionality in society. Another major reform, to which we will return shortly, would have synchronized the compensation that veterans receive based on their non-combat service with regular Social Security payments. In other words, it would cease the practice of privileging military service above any other kind of jobs for long-term pension purposes. In any case, these reform ideas went nowhere.

The next major reform effort was sparked by a *Washington Post* exposé of conditions at Walter Reed Army Medical Center in 2007 (ironically, not a VA facility at all). The President’s Commission on Care for Returning Wounded Warriors—co-chaired by former Senator Bob Dole and former Secretary of HHS Donna Shalala, and called the Dole-Shalala Commission) proposed additional major reforms. First, it proposed that disability pay be separated into two parts: loss of earnings and quality-of-life. Given the



agency's legal purpose to compensate for average loss of earnings, this proposal recognized the absurdity of some parts of the disability "system." That it currently compensates for quality of life issues like the loss of a penis or mere minor facial scarring stretches the legal justification. The Dole-Shalala recommendation would have given a substantial payment for the veteran whose penis was a casualty of war and returned the program to its legal foundation.

Only the quality-of-life payment would continue after the veteran began to receive Social Security, reducing the double-dipping that some veterans do. (Some veterans even "triple dip" by getting Social Security disability, military retirement, and VA compensation—sometimes for the same disability.) Other reforms were more modest but essentially in line with the spirit of the earlier Bradley Report. Despite the bipartisan credibility and Washington clout of the co-chairs, the Dole-Shalala report went nowhere (except for one small recommendation to assign recovery coordinators for the most seriously injured).

Reforms since the late-2000s have been spotty and anemic. After leaving the White House and returning to graduate school for my PhD, I worked as a "Special Government Employee" on the VA's Advisory Committee on Disability Compensation (ACDC) from late-2008 to around 2013. The ACDC's mandate, springing out of federal law, is "To provide advice to the Secretary of Veterans Affairs on establishing and supervising a schedule to conduct periodic reviews of the VA Schedule for Rating Disabilities (VASRD)." In reality, it soon became clear, the ACDC was largely focused on supervising a revision of the VASRD that would simply clear out a few obsolete diagnoses—diseases which no longer occur or have been folded into other diseases from a diagnostic perspective—while rubber-stamping increases in a variety of other disability diagnoses and ensuring that claims were processed accurately and quickly. In the whispered back-room conversations to which I was personally privy, the disability system was acknowledged as a one-way ratchet. Only higher payments and increased ratings were to be recommended.

In this context, "accurate" simply meant that the veteran was awarded compensation in accordance with the way the schedule was written, not that his condition was, in fact, as severe as the claims he made. The word "quickly," in this context, meant precisely that: the VA soon adopted an informal policy of approving claims with limited oversight. Allison Hickey, former VA Undersecretary for Benefits, was clear about this definition, once telling the department's Advisory Committee that the "backlog" was the primary concern, not whether there were a few (or many) undeserving veterans in the queue.<sup>11</sup> For that reason, claims processors were pressured to put as many claims through the system as they could.

That brings us to the present day, which looks similar to each and every day of the past hundred years. The VA has made some marginal changes to the system, such as allowing veterans with denied claims to choose their route of appeal, but the basics of the system remain the same: veterans are paid to be sick, and paid more the sicker or more disabled they can show themselves to be.<sup>12</sup> As I hope we have shown, this is a powerfully

negative force in the lives of many veterans. To say it bluntly: the VA system robs veterans of vitality and then looks everywhere else for reasons for the current suicide crisis except in the halls of Congress and the VA itself.

THE FACT that this system has remained largely unchanged for so long shows that it is quite durable. This is a testament to its political viability and strength rather than to its moral value. In political science, such durability is attributed to so-called “iron triangles”—alliances between politicians, the bureaucracy, and interest groups. Nevertheless, there are some valuable counterarguments available to the critic.

First is the critique that we favor physical wounds over damage to mental health. Mental health injuries are certainly complex and multi-faceted; among their many characteristics is that they are uniquely variable—from individual to individual, certainly, but also *within a particular patient*. Someone with PTSD, for instance, might be functional on one day and then completely incapacitated for the remainder of the week or month. Certain other conditions—especially things like back pain—are also remarkably variable in their manifestation and can range from minor and inconsequential to seriously disabling. What is to be done about such conditions? The current system, outlined in detail in these pages, simply views someone with such a variable condition as if that condition were present and powerful at all times. Further, the current system does little to encourage each veteran to live up to his or her own maximum potential, instead treating such variable conditions as if they were uniformly and permanently incapacitating. The system privileges lifetime disability and malaise over recovery in mental *and* physical health, creating ever-increasing proportions of veterans who seek disability compensation.

Second, critics typically employ the “deservingness” argument. This argument basically runs like this: because veterans have at some point accepted the possibility of grave physical and emotional harm, they are therefore deserving of whatever our country can provide. In that way, past service becomes a kind of ‘shield of invulnerability’ that provides permanent and irreducible moral certitude to the bearer. And it is, in part, true: our country does owe a debt of gratitude to those who have both worn the uniform and borne a significant and life-altering physical or mental injury. This is particularly true for those who were involuntarily plucked out of civilian life and conscripted into military service. Although that burden is surely an ‘obligation of citizenship,’ the burden of conscription often fell in past years on those without other meaningful options. For the young man who already lacks the wherewithal to attend college, the draft became a kind of double jeopardy that disproportionately affected the poor and people of color. That there are some knaves hidden among the knights is not in question, but the proportions of each are difficult or impossible to discern.

Third, those of us who are Constitutional absolutists would argue that any benefit given to one citizen or a class of them by the general agreement of the representative body is legitimate on its face, and, clearly, these benefits are given under the color of law. But a representative body requires full knowledge of the situation at hand so that, at least

in theory, the preferences of the people can be aggregated through their representatives and formed into coherent policy. That, in fact, is the aim of this book: not to destroy current systems but to shine a light on their inner workings in hopes of finding solutions that are morally for the taxpayer, the citizen, and the veteran. Our own opinions about the range of options for reform is largely irrelevant. We are simply two citizens who seek to inform our fellow citizens.

Some variation or combination of each of the above criticisms will likely be hurled, but we stand by our propositions. First, our current system is well intentioned but has been distorted by political pressure into something that is absurdly expensive in implementation and immoral in effect. Second, real veterans—men and women with families to support and dreams to sustain—are held in thrall to a promise of ever-increasing benefits for their otherwise proud service. This promise of benefits distorts their vision of the future and causes them to rely on benefits in a way that is deeply unhealthy. Third, this distorted vision of the future causes veterans to make suboptimal life choices and to embrace their worst, sickest selves instead of their most positive future selves. Finally, the veterans thus afflicted are far too likely to lead lives of purposelessness, lack of balance, and ultimately to suffer far more than their injuries warrant, including being one spark in the conflagration of veterans suicide that currently rages. In the end, any reform that's implemented will be, like the current system, subject to political pressure. For that reason, we offer not concrete policy proposals, but instead a series of principles that should guide the resulting policy.

First, the goal of any system of veterans benefits and care should be to return the veteran as closely as possible to the life situation in which he would have found himself but for the service rendered. This requires not a 'one size fits all' approach, but instead an approach customized to the individual veteran. Since employment is a social good, we believe that employment should be the goal of any system of benefits—hopefully to a level that results in the veteran being weaned off of whatever temporary assistance might be required. This is true even in cases where the injuries are quite severe: even in cases of high-level spinal cord injury, multiple amputations, or devastating mental illness, there are treatments that can and will result in a more positive life course than the course that would be available in their absence. Our system must reject the idea that any veteran is unemployable or permanently and “totally” disabled. The only veterans for whom employment is not a reasonable goal are those few whose brain injuries are truly devastating and impossible to overcome. For them, virtually any amount of benefits is morally sustainable.

Second, the system should incentivize desired outcomes by linking treatment for an illness with the compensation associated with it. If you don't get treatment for your PTSD, certainly you have no right to expect the taxpayer to fund its effects. This kind of approach has a dual benefit: those who are “faking bad” to get paid would begin to drop out of the system, freeing up mental health providers to see those who are truly ill. The second benefit is that those who are being compensated and are in treatment are more likely to eventually become better and graduate from treatment to a lower level of need. Critically, *they will be better off* with their health restored than if it were not intact. There

might be physical incentives too: perhaps a “BMI Bonus,” i.e. if the veteran keeps his body mass index within a certain range, he gets a cash bonus that is some portion of the calculated financial cost of obesity. The possibilities are endless, but the basic idea is the same: if you want more of something, then you should incentivize it.

Third, the system needs total reform in the nature and types of disabilities compensated. Those injuries not *directly caused by* military service might be good targets for treatment rather than compensation. If, for instance, someone is diagnosed with Parkinson’s Disease in military service under the current regime, then he will be compensated as if that disease were the fault of the taxpayer or the military. This is wrong. Instead, that person should be treated by the VA but not compensated. This would actually allow the VA, under a budget-neutral proposal, to spend far more on the veteran whose brain is damaged due to a gunshot wound and less on the (many) veterans who present, say, adult-onset diabetes. The entire VASRD could then be written in a few dozen pages rather than the hundreds or thousands of pages of regulations, statutory interpretations, and other bureaucratic dross.

All in all, our nation’s nineteen million veterans do deserve something: they deserve lives they can be proud of, just as they are proud of their service. What they don’t need and don’t deserve is to be trapped in a system that is well intentioned but demonstrably harmful. We can do better as a country.

And we should.

ENDIT

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United States Government Accountability Office

Testimony  
Before the Committee on Veterans'  
Affairs, U.S. Senate

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For Release on Delivery  
Expected at 4:00 p.m. ET  
Wednesday, October 29, 2025

## VA DISABILITY BENEFITS

### Agency Has Taken Steps, but Challenges Remain with Managing and Modernizing Its Program

Statement of Elizabeth H. Curda, Director, Education,  
Workforce and Income Security



## VA DISABILITY BENEFITS

### Agency Has Taken Steps, but Challenges Remain with Managing and Modernizing Its Program

GAO-26-108789

October 2025

A testimony before the Committee on Veterans' Affairs, U.S. Senate.

For more information, contact: Elizabeth H. Curda at [curdae@gao.gov](mailto:curdae@gao.gov)

#### What GAO Found

Over the past 2 decades, the Department of Veterans Affairs (VA) has taken various steps to improve and address challenges related to its disability compensation program, such as reforming its appeals process. However, GAO's prior work has shown that VA's efforts to reform its disability compensation program have not consistently achieved the desired improvements. Underpinning many of the challenges are VA leaders and managers not fully using leading management practices. For example:

**Reform initiatives.** GAO's 2022 report found VA undertook 23 initiatives to reform the disability program from fiscal years 2017 through 2020. GAO's closer look at five of them found VA did not consistently follow leading practices for effective reforms, such as establishing goals and involving key stakeholders. To address these shortfalls, GAO made eight recommendations (VA agreed or agreed in principle).

As of October 2025, VA has addressed six recommendations and partially addressed the remaining two. One of these recommendations, which GAO deems a high priority for implementation, is for VA to develop and implement a policy describing the leading practices that VA officials should follow when undertaking initiatives to reform the program.

**Disability exams and training.** High-quality disability exams and claims processor training play key roles in accurately determining eligibility and preventing fraud, costly rework, and processing delays. However, GAO's prior work has identified challenges VA faces in these areas.

Specifically, GAO's 2024 and 2025 reports identified opportunities to strengthen VA's oversight of the quality of exams provided by contracted medical providers (called examiners). For example, GAO found incorrect financial incentive payments to contractors. To address this and other shortfalls, GAO made five recommendations. All five remain open as of October 2025. VA has partially addressed one and described plans to address the others.

GAO's 2021 report highlighted shortfalls in VA's management of training for claims processors, such as whether VA assessed training results. To address these shortfalls, GAO made 10 recommendations, with four remaining open as of October 2025.

**Program modernization.** GAO's prior work has identified various policy options proposed by others for modernizing VA's existing disability benefits structure to reflect changing views about disability. For example, in 2012 GAO examined the opportunities and challenges of several policy options, such as providing integrated vocational services with transitional cash assistance. VA's disability compensation program's parameters are set forth in federal law. This statutory framework restricts the extent to which VA can reform its disability program, as there are certain actions VA cannot take without Congress amending the relevant laws.

Addressing each of these longstanding challenges requires sustained leadership and would help ensure veterans receive accurate decisions and timely access to disability compensation.

#### Why GAO Did This Study

Veterans with injuries or illnesses incurred during their military service may receive monthly disability payments from VA. Veterans found eligible for disability compensation are entitled to cash benefits regardless of employment status or amount of income earned. In fiscal year 2024, VA provided over \$163 billion in compensation to over 6.5 million veterans and their families.

GAO's prior work has highlighted longstanding challenges VA has faced, ranging from grappling with large numbers of claims and appeals to reexamining the existing disability benefits structure.

These challenges can affect VA's current efforts to provide veterans with accurate decisions and timely access to disability compensation. They can also affect its capacity to modernize disability compensation to best meet the needs of veterans with disabilities in the 21st century. As a result of these and other challenges, VA's management of disability compensation claims has remained on GAO's High-Risk List since 2003.

This statement focuses on (1) VA's longstanding challenges with managing changes to the disability compensation program, (2) challenges to ensuring the quality of decisions in the existing disability compensation program, and (3) policy approaches that disability commissions and others have raised for modernizing VA's disability benefits structure.

It is based on findings from prior reports from 2012 to 2025.

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October 29, 2025

Chairman Moran, Ranking Member Blumenthal, and Members of the Committee:

I am pleased to be here today to discuss our work on the challenges and opportunities the Department of Veterans Affairs (VA) faces in managing and modernizing its disability benefits program.

VA administers one of the largest federal disability benefit programs in the nation. It provided over \$163 billion in compensation to over 6.5 million veterans and their families in fiscal year 2024, according to VA. Veterans with service-connected disabilities (i.e., injuries or illnesses incurred or aggravated during military service) may receive monthly VA disability compensation payments according to the severity of their disability.<sup>1</sup>

Our prior work has highlighted longstanding challenges VA has faced, ranging from grappling with large numbers of claims and appeals to reexamining the existing disability benefits structure. These challenges can affect VA's current efforts to provide veterans with accurate decisions and timely access to disability compensation. They can also affect VA's capacity to modernize disability compensation to best meet the needs of veterans with disabilities in the 21st century. As a result of these and other challenges, VA's management of disability compensation claims has remained on GAO's High-Risk List since 2003.<sup>2</sup>

VA has made some progress in addressing these high-risk issues, such as identifying deficiency root causes and establishing action plans to address them. However, additional steps and long-term commitment will be required to achieve the needed change.

My statement today focuses on (1) VA's longstanding challenges with managing changes to the disability compensation program, (2) challenges to ensuring the quality of decisions in the existing disability compensation

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<sup>1</sup>See generally 38 U.S.C. Ch. 11.

<sup>2</sup>GAO's High-Risk List focuses attention on government operations that are vulnerable to fraud, waste, abuse, or mismanagement, or are in need of transformation to address economy, efficiency, or effectiveness challenges. Our 2025 High-Risk Report provides VA a road map for better managing its disability workloads and updating its disability benefit eligibility criteria. See GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025).

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program, and (3) policy approaches that disability commissions and others have raised for modernizing VA's disability benefits structure.

This statement is based on our body of work that spans more than a decade. We note these reports from 2012 to 2025 below. More detailed information on the scope and methodology of our prior work can be found within the specific reports on which this statement is based. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

**VA Disability Compensation Program and related services.** VA provides disability compensation to veterans with service-connected injuries or illnesses. Veterans determined eligible for disability compensation are generally entitled to cash payments regardless of employment status or the amount of income earned.

Under statute, compensation levels are generally based on the disability rating that represents the average percentage loss in earning capacity associated with the severity of physical and mental conditions.<sup>3</sup> VA uses the Veterans Affairs Schedule for Rating Disabilities to determine a disability rating percentage from 0 to 100 percent. If dissatisfied with VA's decision on their initial claim, veterans may appeal.

Besides financial compensation, VA provides health care, housing, vocational rehabilitation, and other employment-related services to eligible veterans. These services are provided through multiple administrations and programs within VA, such as the Veterans Health Administration and Veteran Readiness and Employment program. In many instances, a veteran first receives a disability rating from VA and then applies for these services.

**Trends in disability compensation workloads.** During the first quarter of the 21st century, VA has faced periods of growing claims and appeals workloads. While VA has recently made progress in managing its

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<sup>3</sup>38 U.S.C. § 1155 provides that the "ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations."



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workloads and reducing its backlog of disability claims, the number of backlogged disability claims has fluctuated.

During this period, VA has faced surges in workloads, such as those related to changes in the eligibility determination process for certain claims. For example, VA adjudicated 260,000 previously denied and new claims when a presumptive service connection was established for additional Agent Orange-related diseases in August 2010. More recently, VA data show that the increase in claims driven partly by the Honoring our PACT Act of 2022 (PACT Act) had added to VA's already considerable workload.<sup>4</sup> Moreover, VA continues assessing potential additional presumptions for other potentially service-connected conditions that could produce a surge in claims and appeals.<sup>5</sup>

**GAO's High-Risk List designation.** GAO's High-Risk List identifies government operations with serious vulnerabilities to fraud, waste, abuse, and mismanagement, or in need of transformation. GAO uses five criteria to assess progress in addressing high-risk areas: (1) leadership commitment, (2) agency capacity, (3) an action plan, (4) monitoring efforts, and (5) demonstrated progress. VA's disability compensation program has been on GAO's High-Risk List since 2003 for continuing challenges with managing its claims workloads and modernizing eligibility criteria.

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<sup>4</sup>See Pub. L. No. 117-168, 136 Stat. 1759.

<sup>5</sup>For example, VA is exploring the relationship between exposure to Per- and polyfluoroalkyl substances (PFAS) and kidney cancer. See 89 Fed. Reg. 78986 (Sept. 26, 2024).

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**VA Has Not Fully  
Used Leading  
Practices to Manage  
Changes to Its  
Disability  
Compensation  
Program**

Over the past 2 decades, VA has taken various steps to improve and address challenges related to its disability compensation program. For example, these steps include reforming the appeals process,<sup>6</sup> enhancing training for adjudicators, and establishing programs to manage and oversee contracted medical exams.

However, our prior work has shown that despite VA's efforts to reform its disability compensation program, VA did not consistently achieve its goals for improvement. Underpinning many of the challenges, VA leaders and managers are not fully using leading management practices to manage the disability compensation program. Specifically, VA has not consistently applied leading management practices, such as leading practices for effective reforms and key practices that align with the five criteria we use to assess the areas on our High-Risk List. Our prior work found opportunities for these leading practices to help VA improve disability claims processing and update its eligibility criteria.

**Improvements to disability claims processing.** Our work on VA's reform efforts surfaced management and oversight challenges in how VA approaches reforms to its disability compensation program. Specifically, in July 2022 we reported that VA undertook 23 initiatives from fiscal years 2017 through 2020 to improve its disability compensation program.<sup>7</sup> Our closer look at five initiatives found VA did not consistently apply leading practices for effective reforms, such as establishing goals for the reforms and involving key stakeholders, to achieve intended results.<sup>8</sup>

For example, VA has undertaken wide-ranging initiatives to improve its processing of military sexual trauma claims, including office consolidations and changes to trainings and policies. In planning these changes, VA did not fully incorporate input from external stakeholders—

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<sup>6</sup>See, for example, GAO, *VA Disability Benefits: Actions Needed to Better Manage Appeals Workload Risks, Performance, and Information Technology*, [GAO-21-105305](#) (Washington, D.C.: July 13, 2021).

<sup>7</sup>GAO, *VA Disability Benefits: Compensation Program Could Be Strengthened by Consistently Following Leading Reform Practices*, [GAO-22-104488](#) (Washington, D.C.: July 18, 2022).

<sup>8</sup>We have found that effective reform efforts require a combination of people, processes, technologies, and other critical success factors to achieve results. Our prior work describes 12 leading practices that federal agencies can use in agency reform efforts, including efforts to streamline and improve the efficiency and effectiveness of operations. See GAO, *Government Reorganization: Key Questions to Assess Agency Reform Efforts*, [GAO-18-427](#) (Washington, D.C.: June 13, 2018).

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including veterans with disabilities related to military sexual trauma or their representatives—to account for how the changes would affect these stakeholders. Overall, VA had no way to prioritize and oversee these initiatives.

We made eight recommendations to improve how VA plans and implements disability benefit reforms (and VA agreed or agreed in principle).

- As of October 2025, VA has addressed the six recommendations related to using leading practices for effective reforms where needed for initiatives we reviewed.
- VA has partially addressed the remaining two recommendations. One recommendation is for VA to designate a centralized leadership team to oversee its many reforms. The other recommendation, which we deemed a high priority for implementation,<sup>9</sup> is for VA to develop and implement a policy describing the leading practices that VA officials should follow when undertaking reforms.

Fully implementing these recommendations will help VA consistently follow leading practices for reform and determine how much progress has been made in achieving its reform goals and what work remains.

**Updating eligibility criteria.** VA continues to rely on outdated medical and earnings loss information in the rating schedule to determine whether veterans qualify for disability benefits. Specifically, according to VA, the rating schedule is currently undergoing its first comprehensive update since its creation in 1945, which is intended to reflect labor market changes and medical and technological advances and their impact on medical conditions that affect potential earnings. Past studies evaluated veterans' with service-connected disabilities average loss of earnings and found that not all veterans were being equitably compensated.<sup>10</sup>

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<sup>9</sup>GAO, *Priority Open Recommendations: Department of Veterans Affairs*, [GAO-25-108071](#) (May 5, 2025). Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or duplication issue.

<sup>10</sup>For example, two studies, conducted by CNA and Economic Systems Inc., respectively, suggested that veterans with mental health impairments were being undercompensated.

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For many years, VA had not demonstrated it had the capacity or robust plans to address the root causes of the challenges related to updating eligibility criteria. Since 2019, we have been assisting VA on how to improve its disability compensation program's high-risk designation, such as by providing information on effective action planning.

In 2020, VA took important steps to demonstrate progress on this high-risk area. Specifically, it issued an action plan that identified root causes of the challenges, but lacked other key elements, such as clear metrics intended to track progress. VA has continued to update their action plan, most recently in 2024, and monitor the effectiveness of corrective actions. These steps have resulted in VA fully meeting three of the five criteria needed for this area to be removed from GAO's High-Risk List (i.e., leadership commitment, action plan, and monitoring) in 2025.

To fully meet all five criteria for this high-risk area, VA needs to continue building capacity and demonstrating results. For example, VA continued to face delays in fully completing its comprehensive update of the criteria. VA's 2024 action plan stated that the department had updated the medical information covering 11 of the 15 body systems and made progress in studying earnings loss as a potential source for future updates.

However, in January 2025, VA officials also stated the remaining four body systems are still being updated, in part due to VA's lengthy internal and external review period. VA has extended the timeline to complete its comprehensive updates to fiscal year 2026, which is more than 10 years beyond VA's initial goal. VA also continues to test the efficacy of procedures for producing earnings loss information but has not updated the criteria with this information. Without a rating schedule that reflects advances in medicine and changes in the labor market since 1945, VA may overcompensate some veterans while undercompensating others.

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## Oversight of Disability Exams and Claims Processor Training Are Key Challenges to Ensuring Quality Disability Compensation Decisions

In VA's current system, high-quality disability exams and claim processor training play key roles related to accurate eligibility decisions and preventing fraud, costly rework, and processing delays.

**High-quality exams.** VA may require disability exams for veterans filing disability claims to help determine their eligibility. VA has increasingly relied on contractors to provide the medical professionals, called examiners, to conduct most disability exams. In fiscal year 2024, examiners conducted over 3 million disability exams—representing 93 percent of all disability exams—at a cost of over \$5 billion, according to VA officials.

In our September 2024 and August 2025 reports, we made five recommendations to strengthen VA's oversight of contracted medical exam quality.<sup>11</sup> Our five recommendations generally focused on three areas: (1) breakdowns in procedures for identifying and correcting the most frequent or complex problems with contracted exams, (2) incorrect financial incentive payments to contractors, and (3) a gap in feedback from examiners—a key stakeholder group.

All five recommendations remain open as of October 2025. VA agreed or agreed in principle with the recommendations. VA has partially addressed one recommendation and described plans to address the others. Fully implementing our five recommendations would help VA improve exam quality and help veterans receive benefits they are entitled to without delay.

**Claims processor training.** VA's claims processors are responsible for making numerous decisions on disability claims, which is often a complex undertaking. Training and quality have a clear connection because training helps prevent errors from occurring in the first place.

Our June 2021 report examined wide-ranging aspects of VBA's training program for new and experienced claims processors against a framework

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<sup>11</sup>See GAO, *VA Disability Exams: Improvements Needed to Strengthen Oversight of Contractors' Corrective Actions*, [GAO-24-107730](#) (Washington, D.C.: Sept. 18, 2024); and *VA Disability Benefits: Additional Oversight and Information Could Improve Quality of Contracted Exams for Veterans*, [GAO-25-107483](#) (Washington, D.C.: Aug. 18, 2025).

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of leading practices for training.<sup>12</sup> Overall, our report highlighted shortfalls in VBA's management of its training, such as directing and coordinating training across VBA, monitoring whether claims processors completed required training, and assessing training results. To remedy these shortfalls in how VA planned, designed, implemented, and evaluated its training for claims processors, we made 10 recommendations.

For example, our prior work indicated that evaluation has been a consistent gap in VA's management of training. And we found that VA had not completed a plan to evaluate training for experienced claims processors. We recommended that VA complete and implement a plan to evaluate training of disability claims processors that aligns with leading practices. VA agreed or agreed in principle with the recommendations. As of October 2025, VA addressed six of our 10 recommendations and partially implemented four.

Effective management of VA's training program can help claims processors meet veterans' needs by providing timely and accurate decisions. It can also save taxpayer dollars by reducing mistakes and rework of the same claim if that claim is appealed.

Overall, our recommendations related to disability exams and claims processor training underscore the importance of VA needing sustained leadership with a commitment to oversight and accountability. This includes a commitment to making sure that contracted exams are high quality, and that VA takes steps to (1) improve contracted exam quality, (2) train claims processors, (3) identify when contractors or claims processors fall short, and (4) correct the identified problems and prevent reoccurrences.

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<sup>12</sup>GAO, *VA Disability Benefits: Veterans Benefits Administration Could Enhance Management of Claims Processor Training*, [GAO-21-348](#) (Washington, D.C.: June 7, 2021). See also *VA Disability Benefits: Training for Claims Processors Needs to Be Enhanced*, [GAO-24-107510](#) (Washington, D.C.: July 23, 2024).

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### Options Exist for Modernizing VA's Disability Benefits Structure but Some May Require Statutory Changes

Various commissions, expert panels, and others have suggested policy options to modernize VA's existing disability benefits structure to reflect current thinking about disability. Often, these forums have focused on answering the following questions:

- Does VA focus too singularly on compensation without adequate focus on rehabilitation to maximize a veteran's recovery and reintegration?
- Could VA's various disability benefits and services be better integrated to serve individual veterans?
- Should VA distinguish work participation from other consequences of injuries or diseases that have a broader impact on a person's quality of life, such as difficulty interacting with family and friends?

Our prior work has identified various policy approaches or options proposed by others for modernizing VA's disability benefits structure.<sup>13</sup> Specifically, in 2012 we examined the opportunities and challenges of three key policy approaches proposed by commissions and others for modernizing VA's disability benefits structure. The three approaches included providing quality of life payments, providing integrated vocational services with transitional cash assistance, and systematically factoring the effects of assistive technology and medical interventions into rating decisions.

Similarly, in 2015 we identified seven options proposed by others for revising VA's Total Disability Individual Unemployability (TDIU) benefit. TDIU is provided to veterans, irrespective of age, who are deemed to be unable to obtain or maintain gainful employment due to their service-connected disability. One of the seven options we reported on was to discontinue the TDIU payment when the veteran reaches Social Security's full retirement age (65 to 67, depending on birth year). This

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<sup>13</sup>In those reports, we did not recommend or endorse the adoption of any particular policy option or package of options. Rather, we identified them from literature reviews as potential options that could be considered. For more information about how we identified these options, including the reports or other materials that present these options, see GAO, *VA Disability Compensation: Actions Needed to Address Hurdles Facing Program Modernization*, [GAO-12-846](#) (Washington, D.C.: Sept. 10, 2012); and GAO, *Veterans' Disability Benefits: VA Can Better Ensure Unemployability Decisions Are Well Supported*, [GAO-15-464](#) (Washington, D.C.: June 2, 2015).

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option was proposed by the Congressional Budget Office (CBO) in 2013.<sup>14</sup>

VA's disability compensation program's parameters are set forth in federal law. This statutory framework restricts the extent to which VA can reform its disability program, as there are certain actions VA cannot take without Congress amending the relevant laws. For example, under 38 U.S.C. § 1155, VA is required, as far as is practicable, to base its disability ratings on the average impairments of earning capacity resulting from various types of injuries in civil occupations. This provision essentially prohibits VA from basing disability ratings (or a portion of the ratings) on a loss of quality of life without a statutory change.

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Chairman Moran, Ranking Member Blumenthal, and Members of the Committee, this completes my prepared statement. I would be pleased to respond to any questions that you may have.

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## GAO Contact and Staff Acknowledgments

If you or your staff members have any questions concerning this statement for the record, please contact Elizabeth H. Curda at [curdae@gao.gov](mailto:curdae@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement.

James Whitcomb (Assistant Director) made key contributions to this testimony. Also contributing to this testimony were Alex Galuten, Erin Godtland, Gina Hoover, Lorin Obler, Zachary Sivo, and Joy Solmonson. Other staff who made contributions to the reports cited in this testimony are identified in the source reports.

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<sup>14</sup>Congressional Budget Office, *Options for Reducing the Deficit: 2014 to 2023* (Washington, D.C.: Nov. 2013), 48. Since 2013, CBO has updated these options. See Congressional Budget Office, *Options for Reducing the Deficit: 2025 to 2034* (Washington, D.C.: Dec. 2024), 49.





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## **Questions for the Record**

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.  
Washington, DC 20548

December 4, 2025

The Honorable Jerry Moran  
Chairman  
Committee on Veterans' Affairs  
United States Senate

Thank you for the opportunity for GAO to testify before the U.S. Senate Committee on Veterans' Affairs on October 29, 2025, during the hearing on "Putting Veterans First: Is the Current VA Disability System Keeping Its Promise?". The following is GAO's response to written questions for the record from Senator Cassidy. If you have any questions, please contact me at [curdae@gao.gov](mailto:curdae@gao.gov) or (202) 512-7215.

Although we have not specifically reviewed the Department of Veterans Affairs' (VA) use of Artificial Intelligence (AI) for processing disability benefits, we can provide a few observations. These observations are based on our prior work on AI's promise and risks.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth H. Curda".

Elizabeth H. Curda  
Director  
Education, Workforce, and  
Income Security

Enclosure

cc: Barry C. Walker

Enclosure

Post-Hearing Questions for the Record Submitted to Elizabeth Curda  
Director, Education, Workforce, and Income Security  
U.S. Government Accountability Office

Committee on Veterans' Affairs, United States Senate  
October 29, 2025 hearing entitled  
"Putting Veterans First: Is the Current VA Disability System Keeping Its Promise?"

**1. Do you agree that AI capabilities, such as generative AI and Large Language Models (LLMs) could be employed by the VBA to improve veteran benefit claim review processing?**

Developments in generative AI—which can create text, images, audio, video, and other content when prompted by a user—have revolutionized how the technology can be used in many industries, including the healthcare industry, and at federal agencies including VA. For example, VA has reported that AI will be capable of further automating claims processing tasks such as document intake, classification, and preliminary adjudication.<sup>1</sup>

However, as we previously reported, AI can increase risk for agencies.<sup>2</sup> Moreover, it poses unique oversight challenges because the source of information used by AI is not always clear or accurate. Given the fast pace at which AI is evolving, the government must be proactive in understanding its complexities, risks, and societal consequences.

VA has experienced longstanding challenges in managing many key programs and IT projects, raising questions about the efficiency and effectiveness of its operations and its ability to deliver intended capabilities. For example, after three unsuccessful attempts to modernize its health information system, VA is trying again. In addition:

- We added VA health care; VA acquisition management; federal disability programs, including VA disability compensation; and government-wide cybersecurity to GAO's High-Risk List.<sup>3</sup>
- We also recently testified at the October 29, 2025 hearing on challenges VA faces in managing reforms and ensuring quality decisions in its disability compensation

<sup>1</sup>Department of Veterans Affairs (VA), "Building the Future: VA's Strategy for Adopting High-Impact Artificial Intelligence to Improve Services for Veterans" (Washington, D.C.: September 2025), <https://department.va.gov/ai/building-the-future-vas-strategy-for-adopting-high-impact-artificial-intelligence-to-improve-services-for-veterans/>.

<sup>2</sup>GAO, *Veterans Affairs: Key AI Practices Could Help Address Challenges*, [GAO-25-108739](#) (Washington, D.C.: Sept. 15, 2025).

<sup>3</sup>GAO's High-Risk List focuses attention on government operations that are vulnerable to fraud, waste, abuse, or mismanagement, or are in need of transformation to address economy, efficiency, or effectiveness challenges. See GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025).

program.<sup>4</sup> Our prior work has shown that many of these challenges are underpinned by VA leaders and managers not fully using leading management practices.

VA has also experienced challenges in using and managing generative AI. In July 2025, we found that federal agencies, including VA, reported that they face several challenges in using and managing generative AI.<sup>5</sup> For instance:

**Complying with existing federal policies and guidance.** Agencies—including VA—are required to adhere to federal policy and guidance when using generative AI. However, VA officials shared that existing federal AI policy may not account for or could present obstacles to the adoption of generative AI including in the areas of cybersecurity, data privacy, and IT acquisitions. VA officials also noted that existing privacy policy can prohibit information sharing with other agencies, which can prevent effective collaboration on generative AI risks and advancements.

**Having sufficient technical resources and budget.** Generative AI can require infrastructure with significant computational and technical resources. Agencies—including VA—reported challenges in obtaining or accessing the needed technical resources. In addition, agencies—including VA—reported challenges related to having the funding needed to establish these resources and support desired generative AI initiatives.

**Hiring and developing an AI workforce.** Agencies—including VA—reported challenges in attracting and developing individuals with expertise in generative AI. These agencies can also be affected by competition with the private sector for similarly skilled professionals. Furthermore, these agencies reported difficulties in establishing and providing ongoing education and technical skill development for their current workforce.

To help address generative AI challenges, VA is establishing policies and practices. Specifically, officials at VA told us they are working toward implementing the new AI requirements in OMB's April 2025 memorandum, M-25-21.<sup>6</sup> Doing so will provide opportunities to develop and publicly release AI strategies for identifying and removing barriers and addressing challenges previously cited. These strategies are to include, among other things, plans to address infrastructure and workforce needs, processes to facilitate AI investment or procurement, and plans to ensure access to quality data for AI and data traceability. In addition, the memorandum (1) encourages agencies to promote the trust of AI systems and (2) directs agencies to develop a generative AI policy that establishes safeguards and oversight mechanisms.

To realize the promise of AI, VA will need to consistently implement key practices for managing and overseeing its use of AI, along with ensuring AI applications comply with relevant laws, regulations, and guidance. GAO has developed a framework of key practices to help ensure accountability and responsible AI use by federal agencies in the design,

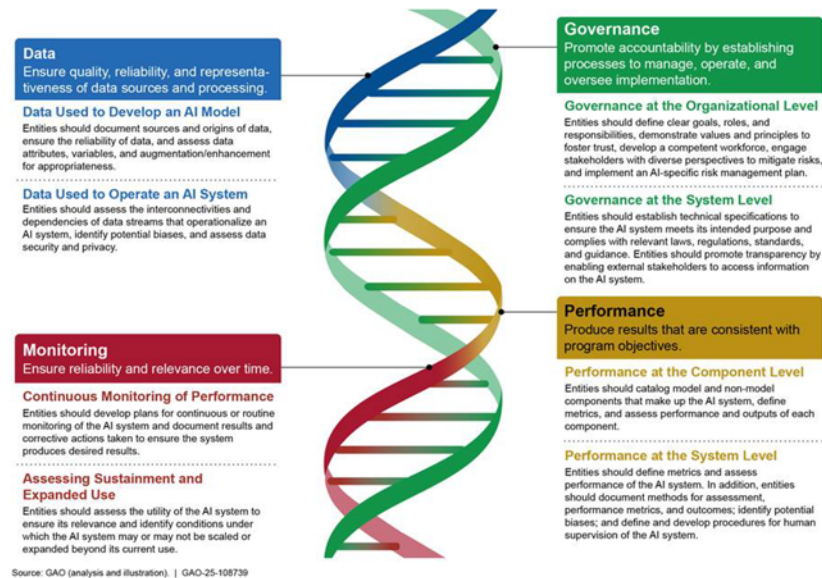
<sup>4</sup>GAO, *VA Disability Benefits: Agency Has Taken Steps, but Challenges Remain with Managing and Modernizing Its Program*, [GAO-26-108789](#) (Washington, D.C.: Oct. 29, 2025).

<sup>5</sup>[GAO-25-108739](#).

<sup>6</sup>OMB, *Accelerating Federal Use of AI through Innovation, Governance, and Public Trust*, M-25-21 (Washington, D.C.: Apr. 3, 2025).

development, deployment, and continuous monitoring of AI systems.<sup>7</sup> VA and other agencies can use this framework as they consider, select, and implement systems. See figure 1.

Figure 1: GAO's Artificial Intelligence (AI) Accountability Framework



In summary, AI is a transformative technology for government functions and healthcare operations. However, it also poses unique IT oversight challenges for agencies, including VA, because the data used by AI are not always visible. Our prior recommendations on IT management are critical as VA continues to transform its oversight of IT across the department. If VA implements these recommendations effectively, it will be better positioned to overcome its longstanding challenges in managing its IT resources and will improve its ability to address the rapidly changing AI landscape. Federal guidance has focused on ensuring that AI is responsible, equitable, traceable, reliable, and governable. Consideration

<sup>7</sup>GAO, *Artificial Intelligence: An Accountability Framework for Federal Agencies and Other Entities*, GAO-21-519SP (Washington, D.C.: June 30, 2021). We developed the AI framework based on the following sources: (1) literature on accountability, governance frameworks, and principles on the use of AI; (2) presentations by and comments made by forum experts during a Comptroller General's forum; (3) interviews with subject matter experts including federal auditors and program managers, a state auditor, civil liberties advocates, industry representatives and legal counsel, developers, privacy experts, and data scientists; (4) GAO auditing standards and federal internal controls; (5) technical review of the framework and an outline of the forum findings by forum participants, including officials from three federal agencies and two Offices of Inspectors General; and (6) internal review by GAO subject matter experts.



of the elements in the key practices described above can help VA guide its implementation and use of AI.

**2. Do you believe that AI could be used by the VBA to help identify potentially fraudulent or improper activity?**

VA has pointed to examples of AI's impact in identifying potentially fraudulent direct deposit changes. Specifically, VA states that most direct deposit changes at VA are safe, but 1-2 out of 1,000 are fraudulent changes to steal veterans' benefit payments. VA reports that its Payment Redirect Fraud model is using AI to identify which changes are likely to be fraudulent and refer those incidents to team investigators for review and remediation.<sup>8</sup> However, as we note in our answers to the question above, there are promises and risks with using AI.

**3. How could the VBA otherwise use AI to modernize its operations?**

We have not been asked to review VA's use of AI for processing disability benefits. We would be happy to discuss with Senator Cassidy or his staff ideas for GAO work on VA's plans for or use of AI for processing disability compensation claims.

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<sup>8</sup>Department of Veterans Affairs (VA), "AI Use Case Inventory" (Washington, D.C.: Oct. 2025), <https://department.va.gov/ai/ai-use-case-inventory/>.



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## **Statements for the Record**

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# CONGRESSIONAL TESTIMONY

*STATEMENT FOR THE RECORD*

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

PROVIDED TO THE

SENATE COMMITTEE ON VETERANS' AFFAIRS

HEARING ON

"PUTTING VETERANS FIRST: IS THE CURRENT VA DISABILITY SYSTEM KEEPING ITS PROMISE?"

OCTOBER 29, 2025

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO  
80 F Street, N.W., Washington, D.C. 20001 (202) 737-8700 [www.afge.org](http://www.afge.org)

Chairman Moran, Ranking Member Blumenthal, and Members of the Senate Committee on Veterans' Affairs:

The American Federation of Government Employees, AFL-CIO (AFGE) and its National Veterans Affairs Council (NVAC) appreciate the opportunity to submit a statement for the record for today's hearing titled "Putting Veterans First: Is the Current VA Disability System Keeping Its Promise?" On behalf of the 320,000 Department of Veterans Affairs (VA) employees AFGE represents, approximately a third of whom are veterans themselves, including approximately 50 percent of frontline workers at the Veterans Benefits Administration (VBA), it is a privilege to offer AFGE's view on the current state of the claims process and its ability to meet veterans' needs. In its examination, AFGE will focus on the logistics of the claims process, the internal metrics VBA uses to measure its own success, as well as how VBA trains its employees. In each of these categories, AFGE will highlight current problems and offer commonsense solutions that would better enable claims processors to better serve veterans, as well as demonstrate the vital role employees and AFGE play in ensuring veterans receive their benefits in an accurate and effective manner.

#### **Logistics of the Claims Process**

The National Work Queue (NWQ) was created in part to maximize VBA's claims processing capacity between Regional Offices (RO). One justification for the NWQ is that if one RO has a backlog of claims and another RO has capacity, VBA can use the NWQ to easily transfer claims to a different RO for processing. The NWQ certainly has helped achieve this original goal of moving claims to where there is more capacity. However, VBA management has

utilized the NWQ beyond this basic transferring of claims, which has caused numerous unintended consequences that must be highlighted to this committee and addressed by VBA.

### **Specialization of Claims**

Prior to the implementation of the NWQ, each regional office operated in the “Segmented Lanes model” with three separate lanes, including an efficiency lane for claims with few contentions or issues, a regular lane for a moderate number of contentions, and a special operations lane for certain complex claims or veterans with a significant number of contentions. This model better enabled claims processors including Veteran Service Representatives (VSRs) and Rating Veteran Service Representatives (RVSRs) to work on claims. AFGE agrees with the Inspector General’s (IG) 2018 conclusion that VBA’s decision to eliminate specialization of claims processing has had a detrimental impact on veterans whose claims are more complex and sensitive in nature. As the IG report explains, prior to the implementation of the NWQ:

The Segmented Lanes model required VSRs and RVSRs on Special Operations teams to process all claims VBA designated as requiring special handling, which included MST [(military sexual trauma)]-related claims. By implementing the NWQ, VBA no longer required Special Operations teams to review MST-related claims. Under the NWQ, VSRs and RVSRs are responsible for processing a wide variety of claims, including MST-related claims. However, many VSRs and RVSRs do not have the experience or expertise to process MST-related claims.<sup>1</sup>

Because of the level of difficulty in processing these claims, AFGE strongly supported returning to a “Special Operations” model for as many complex claims as the system will support. Over the intervening seven years since this report, VBA has heeded some of this advice as it tries to reestablish what it did for specialty claims. Now certain ROs have Special Operations centers within them where certain claims are processed, including MST claims at the San Juan, PR RO and the Roanoke, VA RO, Camp Lejeune water contamination claims in the Louisville, KY RO,

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<sup>1</sup> VA OIG 17-05248-241 | Page iii | August 21, 2018

and radiation claims in the Jackson, MS RO. This allows VBA to have its highly skilled claims processors work on particular claims, with veterans benefiting from these employees' expertise. As VBA continues to build out these Special Operations centers, AFGE encourages VBA to identify additional complex areas suitable for a Special Operations center where specialization would benefit additional veterans. AFGE also notes that while this specialization is critical, to ensure that claims processors can transition to other claims in the future and do not burn out from issues like "compassion fatigue" by exclusively developing MST claims, claims processors on specialty missions also work on other claims while serving in these special missions.

Beyond the Special Operations Centers, AFGE also recommends that VBA use the NWQ to sort and distribute claims in a manner similar to the efficiency and moderate lanes that existed as part of the "Segmented Lanes model" prior to the NWQ. This would serve two specific purposes to help both veterans and claims processors. First, by putting a veteran whose claim has a minimal number of contentions in the express lane, the veteran will not have to wait as long in line behind more complex claims and could receive benefits sooner. Much like a shopper who goes to the grocery store for a gallon of milk and wants to use an express checkout lane instead of waiting behind a family doing their grocery shopping for the week, veterans who have simpler claims should not be held up by VBA's preoccupation with meeting its own internal metrics.

Second, the original "Segmented Lanes model" created the opportunity to help new claims processors by assigning them to the efficiency lane and allowed them to hone their skills on relatively less complex claims, with more seasoned and experienced claims processors in the moderate and special operations lanes. This provided claims processors with on-the-job training, which also benefited future veterans, as well as current veterans with pending claims by having more tenured claims processors focus on claims that required their experience. AFGE urges



VBA to leverage the NWQ to best maximize claims processors' expertise while efficiently serving veterans.

#### **Keeping Claims in One Regional Office for their Duration**

There is a cliché in the VA that if you have been to one VA Medical Center, then you have been to one VA Medical Center. This holds true for VBA ROs. For this reason, AFGE also encourages VBA to modify the NWQ so that claims remain within the same RO for the duration of the claims process. Every RO, despite uniform production standards and training, often has its own way of conducting specific tasks. These small but critical differences between ROs can cause claims processors from different ROs to misunderstand each other's work, and result in a correct claim being unnecessarily deferred, delaying veterans from receiving their benefits. Having a claim stay within one RO for a claim's duration would avoid these inconsistencies and delays. This is also true for secondary claims arising out of the original claim. Keeping those secondary claims in the same RO would help with efficiency, as claims processors are already familiar with the original claim.

Additionally, keeping the claim within the same RO improves communication and collaboration. For example, an RVSR, having a working relationship with VSRs in the same RO, could easily ask a VSR who worked on the claim a clarifying question, receive a quick response, and address a small problem with the claim, instead of requiring the claim to be deferred and reworked, causing delays. This would be significantly less likely to work for claims processors in different offices, who might be slower to respond to an email from an unknown colleague or might be working in a different time zone.

To take this a step further, by keeping claims in one RO for the duration of their processing, managers who assign work would be more in control to send claims where a RVSR

caught an error or required a deferral back to the original VSR. This would allow the VSR to learn from the error and avoid repeating the mistake. This would also let the VSR and RVSR who are already familiar with the claim quickly address follow-up work, instead of having different claims processors taking significant time and energy to understand an entirely new claim. Under the current rules of the NWQ, this scenario is extremely unlikely.

As you know, VBA has implemented a return to the office, despite well-documented improvements in claims processor production since telework and remote work became necessary during the COVID-19 Pandemic. If VBA does not also require that claims stay in the same RO for the duration of their processing to allow for collaboration and efficiency, what is the merit of requiring claims processors to work anonymously with one another from across the country?

#### **Unlocking the NWQ**

Despite a claims backlog that has significantly grown following the enactment of the PACT Act, one of the most shocking yet consistent complaints from claims processors is that they are not assigned enough work to meet their performance metrics and must frequently ask their “coaches” for more claims to work on. The reason for this problem is the internal controls VBA has placed on the NWQ. Generally speaking, VBA assigns each RO a certain number of claims each day, which are then passed down to teams, and then individuals.

First, the NWQ should automatically provide claims to an individual claims processor’s work queue when they are out of cases to develop or rate. This would greatly improve efficiency.

Second, claims processors should have the limited ability to hold onto a claim for a longer time period than what is allotted before it is retracted by the NWQ. Each individual claims processor works slightly differently, notably in the order in which they work on their assigned claims. These different preferences for working through claims can result in claims

being taken away from processors before they have had the opportunity to work on that claim later that day or the following day. Allowing each claims processor to ask the system for an extension on a limited number of claims would be helpful to claims processors planning their daily work. Similarly, claims processors would benefit from NWQ notifying them how much longer they may work on a claim before the NWQ will retract a claim into the system. This would help the processor appropriately budget their workday. Currently, claims processors know on which day a claim is assigned, but not how much time they have left to work on the claim.

Third, the NWQ must address “automatically ready to rate” claims. These claims are sent to a RVSR after they have not been worked on for a certain amount of time. While no claim should fall through the cracks, RVSRs must spend time determining why the claim has not advanced, often discovering after a considerable amount of time that the claim is still waiting on medical evidence or other information. VBA should better filter “automatically ready to rate” claims so those waiting on additional detail are not automatically sent to a RVSR, harming efficiency.

Fourth, as was mentioned previously, VBA should program the NWQ to allow VSRs and RVSRs who have previously worked on a claim to have claims return to them if available. This would allow claims processors to learn from any mistakes that were previously made and allow them to use time efficiently and prevent a different claims processor from having to spend time familiarizing themselves with an entirely new claim unnecessarily.

#### **Examining Internal VBA Regional Office Performance Metrics**

AFGE notes that, in addition to individual claims processor performance standards, each RO must meet VBA-imposed performance metrics. These metrics drive the priorities and

behavior of Regional Office executives and greatly influence the claims process. While VBA has a responsibility to measure the success of individual claims processors and ROs, AFGE believes that at least three RO-level metrics do not serve veterans' best interest: "Time in Queue," VBA's lack of credit for partial rating of claims, and mandatory overtime.

**"Time in Queue"**

"Time in Queue" is a term describing how long a claim has not only been in the claims process, but also how long it has been at certain steps within the claims process. Each step has its own countdown of days that a claim can be in a particular step before it is considered late. For example, if a claim has 10 steps with five days allocated for each step, a claim can spend five days in each of the ten steps and be considered on time. Because of this, when prioritizing which claims to assign when, VBA management looks at how much time a claim has left in its current step before it is considered late for advancement. This can lead to VBA slow-walking claims that are ready to advance even though claims processors may be waiting for work.

Additionally, if a claim is late in any one of the 10 steps, the entire claim is deemed late. Because of this metric and how VBA reports claims, using the previous 10-step, five-day example, VBA would prefer a claim to spend the full 50 days with five days in each of the ten steps and be considered on time, instead of a claim being completed in 36 days, where a claim spent three days each in nine of the 10 steps, and six days in one of the 10 steps as it would be deemed late, despite being completed two weeks earlier. It is not hard to imagine that veterans would rather have their claims deemed "late" and completed two weeks earlier than having them be considered "on time" by a VBA internal metric.

**Lack of Credit for Rating of Partial Claims**

Each veteran's claim can have as few as one contention or as many as dozens of contentions, not all of which are necessarily connected to each other. Because of this, it is common that some parts of a veteran's claim are developed and ready to rate prior to other parts. Unfortunately, VBA has an internal metric that awards credit to ROs only on the claims that are fully rated and promulgated on all of their contentions; as a result, a single outstanding contention can hold up a veteran's entire claim. For example, if a veteran's claim has 10 contentions, and nine are developed by a VSR, and the remaining contention requires additional medical records or an additional compensation and pension exam, VBA discourages ROs from rating the 90% of the claim that is ready to rate by not awarding credit until later. This has the doubly negative effect of delaying a veteran from receiving a significant part of his or her benefits and delays ROs from assigning work to claims processors who need claims to work on. While not all ROs follow this practice and some do rate partial claims, on balance, the metric creates perverse incentives that slows down the claims process. Veterans deserve to be treated like warriors and not widgets. AFGE therefore calls on VBA to eliminate these counterproductive metrics and instead create metrics that facilitate and expedite the accurate delivery of benefits to qualifying veterans.

**Mandatory Overtime**

For years, VBA has used and relied upon mandatory overtime to achieve its own internal production metrics. The problem with its use is, as its name suggests, that it is mandatory. Not all VBA claims processors desire to work extra hours and would prefer to spend additional time with their family and friends. While not denying those who choose to work overtime, giving

employees an option would help avoid burnout, improve claims quality, and prevent extra attrition, all in the best interests of veterans.

### **Training for Quality**

VBA faces many challenges in effectively training its workforce to process veterans' claims accurately and efficiently. AFGE would like to highlight several of these issues and offer specific changes that would better enable VBA employees to serve veterans.

#### **In-Person vs. Virtual Training**

For decades, VBA had in-person “challenge training” for VBA claims processors in Baltimore, Denver, and other locations as needed to train VSRs and RVSRs. This training lasted several weeks and was intensive and interactive, allowing employees to immerse themselves in their new positions and prepare them to effectively process veterans' claims. Specifically, trainees benefited from having certified instructors whose sole job was to train and mentor employees. Additionally, employees had the opportunity to work with the actual technology they were going to use as claims processors and ask questions of the people best equipped to answer them. Furthermore, by having claims processors from all over the country go to one of the challenge training locations, VBA was able to build consistency throughout the different regional offices.

Unfortunately, since the COVID-19 Pandemic, in-person challenge training has been replaced by inferior training, which has led to worse results and excessive employee turnover.

#### **Virtual In-Person (VIP) and Classroom Training**

In place of in-person Challenge Training, VBA has utilized Virtual In-Person (VIP) and Classroom Training to train claims processors. The Instructor-led Web Training (IWT) and

classroom training, specifically for RVSRs, are structured to provide too much information too soon and only require the trainee to listen. This training does not test how well these trainees have grasped what was taught. As a result, when trainees complete this new training, they are unable to apply learned concepts correctly.

This new training utilizes three phases: Instructor-led Web Training (IWT), Classroom Training, and Informal Assessment. AFGE would like to identify challenges to IWT and Classroom Training and propose changes that will improve this training to enable claims processors to better serve veterans.

#### **Challenges with IWT**

##### **Failure to Teach the Basics**

The primary problem with IWT is that new employees undergoing the training are not yet prepared for the IWT training as they have not mastered—or in some cases been introduced to—the basics of VBA. External trainees completing IWT do not understand the VA claims process or VA language, which is an alphabet soup unto itself but is critical to understand for claims processors to do their job.

Beyond basic conversancy, external trainees are not trained on what End Products (EPs) are, and as a result, they do not know what a completed, accurate claim is supposed to look like nor if they are complete or incomplete. Similarly, another gap in training that new employees in VBA have no exposure to is how to work with an Intent to File (ITF) and the rules related to duplicate ITFs, expired ITFs, or incomplete ITFs. Inadequate training on these basic principles is setting up trainees to fail and is harmful to the veterans they serve.

##### **Lack of Hands-on Experience**

One of the most critical flaws of IWT is its lack of hands-on experience with the actual tools that claims processors will use in their jobs to process claims. In particular, trainees who

are not already working for VBA do not have access to the Veterans Benefits Management System (VBMS) VBMS-Core until after IWT. Even in training, there is no VBMS Core Demo for them to practice reviewing claims in IWT. Instead, IWT only provides e-cases in PDF format. Only after weeks of IWT are new claims processors allowed to see what the e-folder looks like in the interface they will have to use.

IWT also fails to teach claims processors how to perform basic critical functions, such as uploading VA Medical Center records that are either identified by a veteran on the application or found through Capri Enterprise Search. These records, if relevant to a decision, must be uploaded into VBMS. This is a common everyday function for RVSRs.

External and internal trainees coming out of IWT do not know if they can grant or deny service connection. This is because trainees are not trained on all the pathways of service connection and the elements of service connection needed for each pathway to grant service connection. Employees are also not pre-trained on the elements required to grant on a direct basis, secondary basis, aggravated basis, or on a presumptive basis, with each failure being a critical error on a performance evaluation.

Trainees coming out of IWT also do not know how to analyze a claim and review evidence, as there is no training class for this. One of the most time-consuming parts of the RVSR position is reviewing evidence and understanding what the evidence says about each element to see if the VA can grant or deny under each pathway for service connection. Trainees are not taught in the system that they need to review any exams, VAMC records, private DBQ/records, and what this evidence says about having a current diagnosis. They have only seen PDF examples in IWT.



In addition to this education gap, trainees have only seen PDF examples on several other essential functions, but they have not been shown how claims processors must go to the service treatment records to look for a qualifying event, injury, or disease that had its onset during a veteran's service. This is also true for reviewing a personnel file to see what location the veteran served in or what type of job they did in service, and to see what evidence shows about a qualifying event, injury, or disease. There is also a gap on how to review available medical opinions and causation to establish a link between the claimed issue and an in-service event or injury.

#### **Recommendations to Improve IWT**

To improve IWT and make it more useful and comprehensive for new employees, employees in IWT training must have access to VBMS-Core and review claims in the system instead of looking at PDFs. Additionally, IWT or a class preceding IWT must prepare trainees to do the following: (1) Master the basics of VBA, including learning the claims process, VA terminology, EPs, complete/incomplete claims, ITF rules, and proper claims forms; (2) Review claims in VBMS-Core for more hands-on experience. The purpose is to get these trainees into VBMS-Core to review the information in the e-folder.

AFGE recommends that the current class size of 100 be lowered to no more than 35. Smaller groups allow for a more interactive environment and more questions to be addressed during presentations. After the presentation, it is recommended that a "case application" or fact pattern be given to help students understand the concept, particularly for routine claims that VSRs and RVSRs will commonly encounter.

#### **Classroom Training**

Following IWT, trainees shift into several weeks of classroom training to further refine their skills. AFGE urges VBA to be more strategic and reorder its curriculum to allow trainees to

better retain the information. Currently, classes are taught in a haphazard order, instead of sequenced to enhance the building of concepts. For example, vision is taught on the first day of the classroom sessions. The slides include questions on higher levels of Special Monthly Compensation (SMC), which trainees have not been taught yet. Higher level SMC is taught later in the classroom but is supposed to be taught before peripheral nerves and diabetes. Higher level SMC is often granted based on multi-body system conditions like diabetes, Parkinson's, and MS that attack multiple systems of the body. Nerve evaluations are often involved in SMC and higher-level SMC decisions. Teaching higher-level SMC before teaching peripheral nerves or introducing the concept of a multi-body system condition makes little sense and confuses trainees. Instead, VBA should reorder the classes, so that trainees are taught nerves, diabetes, and then higher-level SMC, which allows trainers to reference the classes that were just taught, reinforce the concepts from the previous days, and teach them more complex applications of higher-level SMC concepts.

**Conclusion**

AFGE thanks the Senate Committee on Veterans' Affairs for the opportunity to submit a statement for the record for today's hearing. AFGE stands ready to work with the committee and VBA to address problems and better allow VBA employees to perform their duties and serve veterans.



**TESTIMONY  
OF  
MARTIN CALLAGHAN  
VETERANS DISABILITY CLAIMS SPECIALIST  
VETERANS' AFFAIRS AND REHABILITATION DIVISION  
THE AMERICAN LEGION  
BEFORE THE  
SENATE COMMITTEE ON VETERANS' AFFAIRS HEARING  
ON  
"PUTTING VETERANS FIRST: IS THE CURRENT VA DISABILITY  
SYSTEM KEEPING ITS PROMISE?"**

**OCTOBER 29, 2025**

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October 29, 2025

Chairman Moran, Ranking Member Blumenthal, and distinguished members of the Committee, on behalf of National Commander Daniel Wiley and more than 1.5 million dues-paying members of The American Legion, we thank you for the opportunity to offer our written testimony regarding the VA disability benefits process.

The American Legion is guided by active Legionnaires who dedicate their time and resources to serve veterans, service members, their families, and caregivers. As a resolutions-based organization, our positions are directed by more than 106 years of advocacy and resolutions that originate at the post level of our organization. Every time The American Legion testifies, we offer a direct voice from the veteran community to Congress.

**The Disability Benefits Claims Process**

In fiscal year 2024, The American Legion's VA-accredited service officers assisted veterans with filing over one million new VA benefits claims, resulting in a combined award amount of \$21 billion. We outpaced that amount in fiscal year 2025 by August. Our Board of Veterans' Appeals Unit worked on more than 10,000 appeals from veterans whose original claims had been denied by VA; that effort brought in over \$57 million in retroactive benefits for veterans and their families.

From this work and our over 100 years of serving veterans, we know the claims and appeals process intimately, and we say with confidence that the cornerstone of this process – the Compensation and Pension Examination (C&P exam) – is failing veterans. The system is in urgent need of reform, not because veterans are gaming the claims process, but rather because government has allowed its complexity to increase unnecessarily.

Before addressing the process and needed reforms in greater detail, The American Legion must correct the record regarding a recent *Washington Post* article that accuses veterans of exploiting the VA service-connected disability claims process.<sup>1</sup> This reporting is lazy, inaccurate, and extremely harmful. The American Legion highlights the irony of these journalists painting veterans

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<sup>1</sup> Whitlock, Craig, Lisa Rain, and Caitlin Gilbert. "How some veterans exploit \$193 billion VA program, due to lax controls." *The Washington Post*. October 6, 2025.  
<https://www.washingtonpost.com/investigations/interactive/2025/veterans-affairs-disability-claims-fraud/>

as fraudsters at a time when private companies are operating outside the law to profit from veterans' disabilities. These law-breaking companies should be taken to task, not the disabled veterans seeking their earned benefits.

The authors erroneously suggest that veterans are taking advantage of a \$193 billion "bonanza" in disability benefits. Their article reduces legitimate claims for injuries, trauma, and illnesses in uniform and creates a mocking narrative that jock itch, toenail fungus, tinnitus, and erectile dysfunction claims are the root of the growing expenditures in VA disability compensation. Their assertion ignores the fact Congress intentionally required VA to enhance outreach and increase online resources, and it disregards the fact that the veteran population today has far more information than at any point in our nation's history.

Perhaps the most laughably tone-deaf analysis by *The Washington Post* is comparing veterans receiving compensation for tinnitus, migraines, and other common disabilities today to the numbers of veterans similarly situated in 2001. The authors did not bother to include the fact that between 1.9 and 3 million Americans served in the Global War on Terror (GWOT), with roughly half of them deploying more than once.<sup>2</sup> The authors did not bother to go beyond a surface-level analysis of the *Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022* and discuss the long history behind military toxic exposure advocacy.<sup>3</sup> If they had, the public would have been educated that the law's deferential approach towards veterans was borne out of the decades of failure by the federal government to recognize Agent Orange as harmful for the Vietnam generation. This failure cost tens of thousands of lives, and the PACT Act provided relief to many veterans and families affected by toxic exposures. The authors did not bother to discuss how quickly the Vietnam generation has aged and how their comorbid conditions have grown increasingly complex, or how modern medicine has allowed GWOT veterans to survive previously un-survivable wounds, making healthcare and disability claims all the more complex. And finally, the authors did not bother to discuss how the VA's "duty to assist" requirement is borne from the federal government's history of, as far back as the Revolutionary War, failing to award benefits until there is a miniscule number of affected veterans left alive to receive the benefit.

*The Washington Post's* dangerous narrative is wrong, and we stand firmly behind preserving these veterans' earned benefits, even against lazy reporting. We cannot ignore the overwhelming evidence that the vast majority of veterans file in good faith and that VA's failings lie in inconsistent examinations, inadequate oversight of vendors, and continued unnecessary delays.

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<sup>2</sup> Bilmes, Linda J. Current and Projected Future Costs of caring for Veterans of the Iraq and Afghanistan Wars. Watson Institute for International and Public Affairs, Brown University, June 13, 2011 <https://costsofwar.watson.brown.edu/sites/default/files/papers/Bilmes-Costs-of-Caring-for-Iraq-and-Afghanistan-Vets.pdf>

<sup>3</sup> Office of Science and Technology Policy. Toxic Exposure Research Working Group: Five-Year Interagency Strategic Plan to understand Adverse Health Outcomes from Military Toxic Exposures. Washington DC: Executive Office of the President, August 8, 2024 <https://bidenwhitehouse.archives.gov/wp-content/uploads/2024/08/2024-OSTP-TERWG-Report.pdf>

**Difficulty Navigating the Increasingly Complex Claims Process**

The VA claims process has grown in complexity over the years, becoming a labyrinth designed for administrative convenience, rather than serving veterans. VA made bureaucratic decisions, such as eliminating the informal claims process and instituting a more complicated “intent to file” process, even though both processes provide the exact same purpose of establishing an effective date. VA determined it was easier for staff to process a standardized form, rather than easier for a veteran to use less formal methods of notification such as a handwritten letter or an email that contains the exact same necessary information.

VA’s Disability Benefits Questionnaires (DBQs) must be filled out by VA-contracted examiners. VA’s lack of oversight of these contracted examiners focuses too narrowly on timeliness and form completion, and not on the quality and adequacy of exams. The American Legion has found the number one reason for the Board of Veterans’ Appeals remanding cases is inadequate medical examination of the claimed disability. It is no wonder the quality and adequacy are called to question by the Board when DBQs for skin diseases is 12 pages long; the one for back conditions is 14 pages long; for foot conditions it is a whopping 16 pages long. The examiners are looking for responses to the form, not for their assessment of the disability.

Yet the problems with VA forms pale next to the much larger difficulty our veterans face with the C&P exam itself, which is a requirement for granting a claim for disability benefits. Without an adequate C&P exam, a veteran’s claim will be denied, setting into motion unnecessary reviews or appeals, or examinations being reordered. In fact, a great deal of time is wasted in the claims adjudication process because so many C&P exams are not adequate and require repeat exams.

In American Legion’s ROAR visit to VA Regional Office San Juan, Puerto Rico, it was reported to us that incomplete or inaccurate DBQs are among the leading causes of delayed claims, especially in post-traumatic stress disorder claims due to military sexual trauma.

*“The cumbersome structure of DBQs also presents systemic challenges. These forms are often excessively long and include questions that are irrelevant to the specific claim. For example, the DBQ for migraines can extend to four pages but could be condensed to one or two. Moreover, vendors lack the capability to ‘bookmark’ specific sections of the DBQs, which could help RVSRs quickly locate key evidence. This inefficiency only hampers productivity and increases risk of errors or oversight during adjudication.”<sup>4</sup>*

Many DBQs are not being fully completed, forcing VARO staff to return C&P exams to vendors for clarification. Examiners for one vendor consistently demonstrate inaccuracies, poor exam quality and a lack of attention to detail – particularly due to “the overly lengthy and repetitive DBQ format.”<sup>5</sup>

The San Juan VARO suggested that the Medical Disability Examination Office, or MDEO, consider providing a direct contact line for elderly veterans who often miss important phone calls from VA vendors due to their caller ID labels such as “SPAM” or “Unknown.” This communication

<sup>4</sup> The American Legion Regional Office Action Review – San Juan, PR March 9, 2025.  
<https://www.legion.org/getmedia/bde5d749-2dc8-4310-b290-3ffe54791217/San-Juan-Oversight-Report-Final.pdf>

<sup>5</sup> Ibid

barrier causes missed appointments and delays, especially in an environment where the scamming of veterans has become a nationwide issue.

We respectfully offer three recommendations to make VA's complex claims process more veteran-friendly:

- 1) Simplify the instructions on VA forms.
- 2) Amend DBQs to streamline processing and allow for additional details as needed.
- 3) All VA vendors should use a single, easily recognizable caller ID when contacting veterans. For example: "VA examiner's office."

#### **Lack of Transparency When Claims are Adjudicated by VA**

On November 14, 2024, The American Legion and other Veterans Service Organizations received a briefing from the executive director of the Medical Disability Examination Office. He explained his office's quality review process for VA-contracted examiners and repeatedly referred to quality "targets", and not "standards" as is typical for federal contracts. This casual language reflects VA is satisfied with approximation to quality - as opposed to standards - when overseeing multiple billions of dollars in contracted examinations.

The American Legion is unaware of any instance in which VA has canceled or substantially modified a contractor's contract for poor performance, despite repeated deficiencies identified and reported by Government Accountability Office (GAO) and the VA Office of Inspector General (OIG).

The executive director's presentation last year, speaking about targets for vendors as if they were optional, was eye-opening for attendees. He said nothing about the process of renewing contracts for the companies that now perform the vast majority of C&P exams. If a robust quality review process were in place, we would expect VA to cancel or modify some contracts over time. However, we have no information about that process because MDEO offers little transparency for operations that affect veterans filing disability claims with VA.

MDEO was directed by GAO to produce a quality improvement plan for claims processing by January 31, 2025.<sup>6</sup> That deadline has passed with no plan having been presented to The American Legion or, to our knowledge, Congress. This plan was to be in response to a report issued by the Government Accountability Office in September 2024.

From intake to development and adjudication, we must address the lack of transparency in the claims adjudication process itself, and the continuous pressure being put on VA staff to meet high production quotas. The public knows very little about the internal struggle between quality and quantity that VBA employees experience at any VA regional office. Rushing to an incorrect decision costs veterans trust, time, and money. This burden of rushing to errors then requires American Legion or any other accredited service officer to spend more time writing reviews and appeals.

Rating Veterans Service Representatives (RVSR) have reported to The American Legion that deferred ratings do not provide the RVSR any production points toward their tasked production

<sup>6</sup> United States Government Accountability Office. VA Disability Exams: Improvements Needed to Strengthen Oversight of Contractors' Corrective Action, September 18, 2024. <https://www.gao.gov/assets/gao-24-107730.pdf>



goal, despite deferrals taking longer for the RVSR to order examinations upon identifying an error. The reasons for these deferrals can be due to an inadequate examination, no exam, or wrong examinations report provided. This practice is frustrating because adjudicating a claim, based on a bad C&P exam, locks in an error that may never be corrected and, in some cases, results in needless appeals.

Veteran service representatives should never be pressured to take any action that is not in the veteran's best interest. Regional office leadership should focus on making sure that inadequate exams are being sent back to vendors for validation as part of the quality review process. Errors should be called on any rating decision that is based on an exam that is insufficient, incomplete, or inadequate. Adjudicators who correctly return C&P exams as insufficient for rating purposes should be rewarded, and not penalized.

At the San Juan VARO, the most pressing issue identified in the claims process involved widespread problems with requesting and completing C&P exams. Staff members reported that many contracted clinicians refuse to provide additional information needed to complete DBQs.<sup>7</sup> Due to the form's length and complexity, vendors will often omit critical sections or fail to review the complete medical examination request. Compounding this issue is the lack of verification from some raters to ensure that these exams are fully completed before adjudication.

We respectfully offer three recommendations to improve transparency in the adjudication process:

- 1) Hold a hearing on MDEO's operations to determine timeliness, quality, fairness, and cost effectiveness among VA vendors and their C&P examiners.
- 2) Standardized production quotas for VBA Veterans service representatives and ensure that reasonable work credit is given to them for deferred claims.
- 3) Impose statutory penalties on vendors whose examiners fail to complete examinations to VA standards.

#### **Long Wait Times for Claim Decisions**

From our interviews with VBA leadership and staff at several VA regional offices, two issues were brought up repeatedly that delay rating decisions on disability claims. First, new raters, when faced with a complex claim, will request another C&P examination. This moves the case out of the rater's queue and reissues it to another adjudicator via the national work queue when the exam is complete. Second, when raters are not satisfied with the adequacy of an exam, they will request a re-examination. However, the VA-contracted providers reportedly convince the adjudicators (especially the less experienced ones) they need an entirely new C&P exam. The reason for this is simple: contractors are paid for new exams, not for re-examinations or clarifications. As a result, unnecessary "new" exams are ordered, costing taxpayers more and delaying a decision for the veteran. Oftentimes, raters will relent and order a new exam just to get the veteran's claim back on track.

The ordering of unnecessary C&P exams has been identified as a major source of delay in the claims process by the Government Accountability Office and VA's Office of Inspector General.

<sup>7</sup> The American Legion Regional Office Action Review – San Juan, PR March 9, 2025.  
<https://www.legion.org/getmedia/bde5d749-2dc8-4310-b290-3ffe54791217/San-Juan-Oversight-Report-Final.pdf>



VBA's Deputy Under Secretary for Office of Procedure and Oversight Ron Burke briefed The American Legion and other VSOs on the Overdevelopment Reduction Task Force in 2024, offering solutions to other VBA entities that would reduce unnecessary examinations, increase accountability, and simplify the claims process. That program and effort have seemingly disappeared.

Failure to carefully consider the quality of C&P exams often results in appeals of denied claims. Veterans usually know when they are not being examined properly for a disability and, in most cases, inform Legion service officers about it. As expected, the number of reviews and appeals are rising, adding more delay and frustration to the process. Based on TAL's tracking of appeal dispositions at the Board of Veterans' Appeals, we know that, excluding remands, approximately twice as many decisions are favorable to the veteran as are unfavorable.

During calendar year 2024, about 30.4 percent of American Legion-represented appeals were granted while 15.4 percent were denied. In other words, the Veterans Law Judges at BVA are consistently finding incorrect decisions made at VA regional offices.

During a presentation last November, MDEO explained how doctors are assigned to perform various types of specialty C&P exams such as orthopedics, cardiology, etc. which may cause further errors. Based on exam results we frequently see in Veterans' claim files, we suggest that VBA may be allowing examiners to conduct C&P exams for which their credentials are obviously inappropriate. Thus, the appeals get remanded for another exam from an appropriate medical professional and more of the veteran's time gets wasted.

For example, last January a TAL service officer in New York reported to us that a veteran's private neurologist provided him with a nexus medical opinion for the condition being claimed. The VA-contracted vendor requested a medical opinion from a physician's assistant who provided one, but cited as evidence a website written by a nutritionist. This is an uncomfortable mismatch of requirements and qualifications. Assigning appropriate medical professionals to conduct C&P exams would result in improved quality and a reduction in unnecessary claim appeals.

Quality issues with VA-contracted C&P exams were also reported by staff and leadership at the Louisville VA Regional Office. The most significant reported problems included inconclusive results and "diametrically conflicting conclusions" from exams that had to be revised – undermining confidence in the examination process. "These defects are not only procedural but systemic," demonstrating a breakdown in the training of examiners and the monitoring of vendors' adherence to VA standards.<sup>8</sup>

At the Chicago VARO, two major issues have created significant delays in the adjudication of claims. First, veteran service representatives often order redundant Toxic Exposure Risk Activity (TERA) memos or medical opinions instead of relying on records already associated with claim files, leading to procedural inconsistencies. Second, C&P exam quality has been flagged as a "major bottleneck." Exam results from vendors are inconsistent and sometimes contradictory. Vendors have complained about what they refer to as "excessive clarifications."

In recent years, several VA regional offices have reported to The American Legion on inconsistencies found in VA-contracted C&P exams that contribute to delays and errors in claims

<sup>8</sup> The American Legion Regional Office Action Review – Louisville, KY May 19-21, 2025.  
<https://www.legion.org/getmedia/ffe55402-8c05-47c4-a4dd-6c2d1bcfe0a5/2025-Louisville-ROAR-Final-Copy.pdf>

adjudication. Inadequate medical opinions from contracted examiners are a primary concern, as they often fail to meet required DBQ standards -- resulting in additional requests for clarification and multiple, burdensome appointment scheduling for veterans. This underscores the need to check the quality of exam requests and contract examiner compliance to those requests.

Compounding the issue are incorrect examination requests that result in the wrong DBQs being completed. During several interviews, veteran service representatives noted that exam requests are often inaccurate or redundant, leading to unnecessary appointments and prolonged waiting times for Veterans.

We respectfully offer four recommendations to alleviate delays in deciding claims:

- 1) Assign senior adjudicators the responsibility of requesting new C&P exams/re-examinations.
- 2) Penalize VA vendors for assigning inappropriate medical professionals to perform C&P exams, e.g., a podiatrist conducting an exam for a heart condition.
- 3) Modernize the exam-request process to prevent redundant or erroneous testing.
- 4) Codify the contract examination process to eliminate the ambiguity of VBA "pilot" program. We request Congress direct current VBA leadership to report on the Overdevelopment Reduction Task Force findings.

**Whether the current disability rating system is serving veterans adequately**

In considering whether the current disability rating system is serving American veterans adequately, we'd like to begin with an excerpt from one veteran's correspondence to VA, received on Nov 25, 2024:

*"I am respectfully requesting that if the medical examinations are going to be evaluated on face value during this appeal process, I would like it noted and acknowledged that, at no time during any of the examinations, was I asked to perform physical activity that would have revealed that I experience loss of sensation, numbness, and loss of movement of my right foot due to the injury sustained during military service."*

Writing to The American Legion DC office, a Vietnam War veteran recently highlighted his personal experience with a VA contractor...

*"did not inspire confidence. I came away with the clear impression the contractor puts his well-being and convenience ahead of the veteran's. For two claimed conditions, I wound up having to appear for four exams on separate days, including one where I appeared only to learn a necessary medical device was inoperative."*

*"For a relatively straightforward claim, I received several FedEx packages with redundant material. I am certain the cost of these wasteful FedEx packages was passed along to taxpayers."*

Finally, one of our service officers in South Dakota reported that a VA-contracted examiner would fly into an area of the state and conduct C&P exams from the back of a van. Veterans have reported being examined in parking lots at malls, hotels, or even Dollar General stores. The service officer

said, “The veterans always ask if this is a ‘real deal.’” For exams that require an X-ray, veterans are sent to locations sometimes two hours away for a 15-minute X-ray or additional test. “Not only does this delay the claim but the Veteran has to take more time off work,” the service officer continued.

In answering the question of whether the current VA disability rating system is serving veterans adequately, The American Legion’s answer is a resounding “no.”

We respectfully offer one recommendation to improve VA’s disability rating system:

- Conduct an oversight hearing to evaluate VA contracts with third-party vendors, specifically on how to increase transparency with veteran service organizations like The American Legion and reduce costs to VA while upholding their duty to assist requirement.

**Whether or Not There are Adequate Protections Against Fraud and Ensuring Resources are for Those Most in Need**

Much attention has been given to the claims of veterans “defrauding” the system. *The Washington Post* amplified that notion with the publication of provocative articles, but evidence tells a different story. Based on evidence collected by The American Legion, we ask this Committee to consider whether some C&P examiners employed by VA vendors are committing fraud against the Department of Veterans Affairs. When contract examinations were first introduced in 1996, the pilot program had an estimated cost of \$1 billion over six years. Today, the program costs VA roughly \$6 billion per year.<sup>9</sup>

Upon analysis of our records, we found a case in which a veteran received 60 VA-contracted C&P examinations from October 2020 to June 2025 – this is an average of slightly more than one per month. Another veteran has received 56 C&P exams since April 2017. The most egregious case is a veteran who, over the last decade, has had 104 C&P exams ordered by VA. If we presume that vendors make an average of \$1,000 or more per exam, then it is a small wonder these companies are making billions of dollars from VA contracts.

Some of C&P examiners appear to pack a lot of examinations into their work week. We came across a case where the same examiner signed off on seven DBQs in one day. It is unreasonable to conclude that a single 12, 14, or 16-page DBQ can be accurately completed in one hour – presuming this examiner took an hour off for lunch.

According to an October 2024 report from the Congressional Research Service, 93 percent of C&P exams were performed by contractors rather than VA providers as of July 2024 -- up from 44 percent in fiscal year 2017.<sup>10</sup> VBA has spent more than \$10.4 billion on these contracts from FY 2017 to FY 2023.

<sup>9</sup> “FY 2025 Budget Submission: Budget in Brief” U.S. Department of Veterans Affairs. March 2024.

<https://department.va.gov/wp-content/uploads/2024/03/fy-2025-va-budget-in-brief.pdf>

<sup>10</sup> Sears, T. Lynn. “Veteran Disability Compensation and Pension Exams” Congressional Research Service. Oct 30, 2024.

[https://www.everycrsreport.com/files/2024-10-30\\_IF12799\\_ae4788623bea828c69f5f06b02f1cd1a97521fb4.pdf](https://www.everycrsreport.com/files/2024-10-30_IF12799_ae4788623bea828c69f5f06b02f1cd1a97521fb4.pdf)

Despite this spending, VA's Office of Inspector General reported in 2022 that VES, QTC, and other vendors "failed to consistently provide [VA] with the accurate exams required by the contracts."<sup>11</sup> The OIG further reported senior agency officials discouraged the relay of private exam issues to the regional office level and faulted VA leaders for not using accountability tools at their disposal.

Given this information, it would seem the Veterans Benefits Administration might be paying companies whose contracted employees could be willfully submitting inadequate C&P exams for the purpose of financial gain.

We respectfully offer a single recommendation to help ensure VA's disability claim system is adequately protected against fraud:

- Hold an oversight hearing on fraud, waste, and abuse by contracted employees of VA C&P vendors.

### CONCLUSION

Chairman Moran, Ranking Member Blumenthal, and distinguished members of the Committee, The American Legion thanks you for your leadership and for allowing us to explain the position of our 1.5 million members on the issue of the VA disability rating system and claims adjudication.

The recent reporting by *The Washington Post* and other independent journalists which cherry-picks fraudulent behavior by some veterans to obtain VA disability benefits is lazy and dangerous. The U.S. Department of Veterans Affairs is the largest integrated healthcare and benefits system in the world and, as with any large organization, there will be necessary reforms to combat fraud, waste, and/or abuse. Congress should give VA's Office of Inspector General the tools they need to go after bad actors and, where there is sufficient evidence, federal law enforcement should prosecute and convict by due process. But VA's rating schedule does not make a veteran fraudulent, as *The Washington Post* insidiously implies. This schedule adheres to laws and regulations that permit veterans to apply for, and be granted, legitimate disability compensation. And in what may be the most egregious example of lazy reporting, *The Washington Post* conveniently omits that VA is already in the process of working on a final interim rule to address some of the very disparities in disability compensation (i.e. sleep apnea vs. limb loss) they point to as evidence of a broken system.

This is not a new narrative in our nation's history. But we cannot afford to revert to a time when veterans' injuries, illness, and diseases are questioned simply because of how much it costs. In support of an All-Volunteer Force, where a shrinking minority of American families now shoulder the burden of service and its consequences, America cannot afford to break the social contract made with those who raised their right hand to volunteer.

The American Legion looks forward to continuing this work with the Committee and providing the feedback we receive from our membership and from all veterans we assist with their disability claims. Questions concerning this testimony can be directed to Bailey Bishop, Senior Legislative Associate, at [b.bishop@legion.org](mailto:b.bishop@legion.org).

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<sup>11</sup> U.S. Department of Veterans Affairs, Office of Inspector General. Contract Medical Exam Program Limitations Put Veterans at Risk for Inaccurate Claims Decisions (21-01237-127). Washington, DC June 8, 2022 [http://www.veteranslawlibrary.com/files/VA\\_OIG\\_Reports/2022/VAOIG-21-01237-127.pdf](http://www.veteranslawlibrary.com/files/VA_OIG_Reports/2022/VAOIG-21-01237-127.pdf)



**STATEMENT FOR THE RECORD  
JOHN KAMIN, DEPUTY DIRECTOR FOR GOVERNMENT RELATIONS  
COMMON DEFENSE  
TO THE SENATE COMMITTEE ON VETERANS' AFFAIRS  
ON  
"PUTTING VETERANS FIRST: IS THE CURRENT VA DISABILITY SYSTEM KEEPING ITS  
PROMISE?"**

**OCTOBER 29, 2025**

Chairman Moran, Ranking Member Blumenthal, and distinguished Members of the Committee, Common Defense appreciates the opportunity to offer a statement on the state of the current Department of Veterans Affairs (VA) disability system. Common Defense is the nation's largest veteran-led progressive grassroots organization dedicated to engaging, training, and mobilizing veterans to elect accountable leaders and defend the American values now endangered by polarization and inequality. Our advocacy continues a long American tradition of ensuring that those who bear the burdens of war are not forgotten when they return home.

In 1636, the pilgrims at New Plymouth resolved that *"any man shalbe[sic] sent forth as a souldier and shall returned maimed he shalbe maintained competently by the Collonie during his life."*<sup>1</sup> From that simple act of collective responsibility grew a principle that endures nearly four centuries later. Disability benefits have established a bedrock promise between our homeland and those who serve – a recognition that military service carries lasting obligations beyond the battlefield. Ensuring that this promise is honored has never been automatic; it has required generations of advocacy and legislative champions to adapt to the evolving needs of servicemembers returning from war. That commitment must now take the form of sound policy and sustained oversight to ensure the promise remains real for those who serve today.

Common Defense submits this statement to address two interrelated issues – one shaping public perception of the veterans' disability system, and one bearing directly on its integrity and long-term sustainability. The first concerns the Washington Post article of October 6, 2026, which presented a misleading portrait of veterans as abusers of the very system created to serve them. The second examines the growing exploitation by unaccredited, for-

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<sup>1</sup> "Pulsifer, D. (Ed.). (1861). Records of the colony of New Plymouth in New England: Laws, 1623–1682 (Vol. 11, p. 106). William White.



profit “claims-shark” companies that charge veterans excessive fees for benefits assistance, and warns that, absent decisive congressional action – specifically passage of the **Guard VA Benefits Act**<sup>2</sup> – then continue the volume and veracity of disability claims will continue to test the limits of the system at an unsustainable rate, threatening both the fiscal stability of the program and the public trust on which it depends.

## How We Forget Why Veterans’ Benefits Exist

The shaping activity that preceded this hearing was the Washington Post (*Post*) article “How some veterans exploit \$193 billion VA program, due to lax controls” which sets its tone in its opening line with “*military veterans are swamping the U.S. government with dubious claims.*”<sup>3</sup> The article recasts obligation as opportunism – portraying veterans not as those owed a debt, but as those seeking to exploit it. In doing so, it fails to account for the decades of continuous military operations that created today’s generation of disabled veterans and the deliberate, bipartisan decisions Congress has made to ensure they are properly cared for.

The *Post* narrative conjures an ever-giving America undone by its generosity, preyed upon by scammers with flimsy credentials of prior military employment – an imagined population that could only be redeemed by the rectitude of austerity and self-reliance. This must be set right to uphold the country’s “sacred commitment to compensate those harmed in the line of duty.”

It is also no accident that this storyline aligns with current proposals to narrow veterans’ benefits through administrative rewrites and, in some quarters, outright means-testing. The Project 2025 blueprint urges accelerating revisions to the VA’s Schedule for Rating Disabilities – arguing some conditions are “tenuously related or wholly unrelated to military service.”<sup>4</sup> Meanwhile, leading figures associated with that agenda have publicly entertained means-testing veterans’ disability compensation, a prospect that has already drawn scrutiny in the Senate;<sup>5</sup> and separate federal budget options have outlined concrete means-testing designs for VA compensation.<sup>6</sup> Taken together, these efforts would shift a public obligation

<sup>2</sup> U.S. Congress. (2025). *H.R. 1732 — Guard VA Benefits Act* (119th Congress). Congress.gov. <https://www.congress.gov/bills/119th-congress/house-bill/1732>

<sup>3</sup> Horton, A., & Rein, L. (2025, October 6). How some veterans exploit \$193 billion VA program, due to lax controls. The Washington Post. <https://www.washingtonpost.com/investigations/interactive/2025/veterans-affairs-disability-claims-fraud>

<sup>4</sup> 2025 Presidential Transition Project. (2022). *Mandate for Leadership: The Conservative Promise* (p. 649). The Heritage Foundation. [https://static.heritage.org/project2025/2025\\_MandateForLeadership\\_FULL.pdf](https://static.heritage.org/project2025/2025_MandateForLeadership_FULL.pdf)

<sup>5</sup> U.S. Senate Committee on Veterans’ Affairs. (2025, January 17). *Blumenthal presses Vought on dangerous proposals to means-test veterans’ disability benefits* [Video]. <https://www.veterans.senate.gov/2025/1/video-icymi>

<sup>6</sup> Congressional Budget Office. (2024, October). *Budget options, 2025–2034: Introduce means testing for eligibility for VA’s disability compensation*. U.S. Government Publishing Office. <https://www.cbo.gov/budget-options/60915>

toward a gatekept, budget-first model – precisely the move the article’s narrative primes the public to accept.

It would be nice to imagine an America as simple as this, where those wounded in combat are promptly provided and everyone else is afforded, scot-free, the opportunity for peace and prosperity. Yet that vision cannot withstand the reality of two decades of sustained wars across the Middle East and Central Asia, thousands of casualties, millions of combat tours, and countless exposure to trauma and poison. Those wars produced complex, cumulative injuries – physical, psychological, and environmental – that often manifest years later. Congress responded with successive reforms to modernize the VA’s responsibilities, from regulatory maneuvers that eased evidentiary requirements for PTSD claims<sup>7</sup> to the passage of the PACT Act, each recognizing that the cost of war does not end when the fighting stops. Any serious discussion of disability trends must begin with that reality.

Instead, the article equates the entire compensation system with a handful of sensational fraud cases and cherry-picked anecdotes about “minor” conditions such as eczema or tinnitus. These examples, though rhetorically powerful, mislead the reader. Low-severity claims typically result in 0 to 10 percent ratings worth little more than a few hundred dollars per month, and they frequently accompany more serious service-connected injuries. To cite them as evidence of waste is to misunderstand how VA measures overall functional loss and how secondary conditions interact with primary wounds. Fraudulent claims do occur, but they represent a statistically insignificant fraction of the millions of applications processed annually – far less than one-hundredth of one percent according to the VA Inspector General.

The *Post* further seems to imply that the growth in disability expenditures reflects moral decay rather than the arithmetic of war. In 2001, fewer than six million total disabilities were compensated; by 2024 that number exceeded 40 million, even as the veteran population declined. That increase is not a scandal – it is the predictable result of two decades of combat, and legislative presumptions established by Congress and supported by the nation to ensure those veterans are not forgotten.

Finally, by treating modern reforms such as the PACT Act as evidence of laxity, the article discounts the hard-won progress that this Committee and its House counterpart helped to achieve – and the vigilant oversight they have exercised to ensure those laws are faithfully implemented. To portray that success as excess is to misunderstand the purpose of oversight itself: to hold the system accountable, not to undermine the progress that accountability produced.

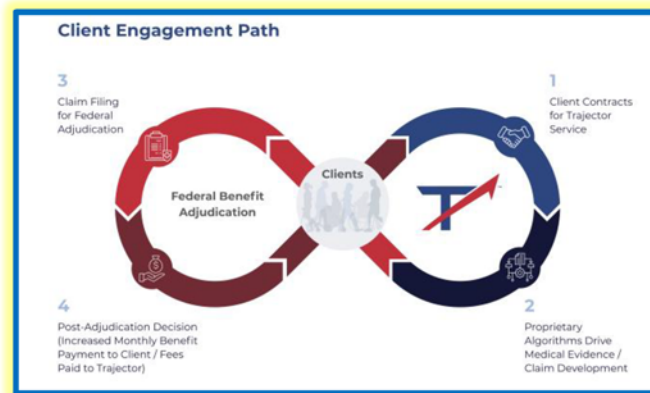
It is true that any system as vast as VA’s disability program will attract opportunists. Abuses do exist, and if left unchecked they will multiply. But the real danger lies not with the veterans

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<sup>7</sup> Department of Veterans Affairs. (2010, July 13). *Revision of proof of service connection for post-traumatic stress disorder (PTSD) (Final rule)*, 75 Fed. Reg. 39843-39854. <https://www.govinfo.gov/app/details/FR-2010-07-13/2010-16885>

who seek help in good faith - it lies with the growing industry of unaccredited companies and consultants who charge veterans illegal or excessive fees for claims assistance. These “claims sharks” exploit both veterans’ trust and the system’s duty to give veterans the benefit of the doubt.

## From Public Trust to Private Market: The Rising Commodification of Veterans’ Benefits



From Trajector, Inc.'s 2021 S-1 filing<sup>8</sup>: an 'infinite engagement loop' that transforms the claims process into a recurring profit engine boosting benefit payouts.

While the *Post* was misguided to cast veterans themselves as the source of systemic abuse, it is right about one thing: if exploitation is left unaddressed, it will grow. The real threat lies not with veterans acting in bad faith, but with the emergence of a commercial ecosystem that treats veterans’ disabilities as revenue opportunities. That is the future of the disability system if Congress does not act – one where for-profit firms, not public institutions or accredited service officers, determine how veterans engage with their own government.

The effort to prevent this kind of profiteering is not new. Congress first recognized the need to protect veterans from predatory middlemen during the Civil War. In 1862, the first comprehensive pension law limited the fees that agents or attorneys could charge to \$10, a safeguard strengthened two years later when Congress made it a criminal offense to exceed

<sup>8</sup> Trajector, Inc. (2021, October 18). Registration statement on Form S-1 (Registration No. 333- ) [Prospectus]. U.S. Securities and Exchange Commission. <https://www.sec.gov/Archives/edgar/data/1875772/000119312521300749/d180168ds1.htm>



that amount.<sup>9</sup> Those provisions were born from a wave of “claims agents” who swarmed newly wounded Union soldiers, demanding a portion of their pensions in exchange for help completing government forms. The principle established then - that guiding a veteran through the claims process is a public trust, not a private market - has endured ever since, reaffirmed in the accreditation requirements of 38 U.S.C. §§ 5901 through 5905. For more than a century and a half, Congress has recognized that no one should profit from helping a veteran obtain the benefits they earned.

That longstanding principle has eroded in recent years as new financial incentives and technological tools have reshaped how veterans access benefits. What began as isolated violations of VA accreditation rules has evolved into a sprawling, loosely regulated industry that markets itself as a faster, easier alternative to traditional veterans service organizations (VSOs). Through aggressive online advertising and social-media outreach, these firms promise to “maximize” a veteran’s benefits for a percentage of the award, often in contracts that lock clients into years of recurring payments.

These companies thrive in the gray space between statutory intent and enforcement capacity. Most are not accredited by VA and therefore operate outside the legal framework Congress designed to safeguard veterans from exploitation. Some claim to provide “coaching” or “consulting” rather than claims assistance to evade oversight. Others partner with law firms or financial institutions to create the appearance of legitimacy while shifting profits through complex service agreements. The result is an ecosystem that monetizes every stage of the disability process: intake, medical-evidence collection, appeals, and even post-approval benefit management.

This commercialization of veterans’ benefits distorts incentives at every level. Veterans who might otherwise rely on accredited service officers are targeted with fear-based marketing that implies they will be denied benefits without professional help. Some are encouraged to file expansive or duplicative claims, flooding the system with paperwork and worsening the very backlog that critics use to question VA’s competence. Others are persuaded to exaggerate the severity of symptoms or to reopen settled claims unnecessarily, undermining both the accuracy of the ratings system and the credibility of veterans as a whole.

The scale of this market is difficult to measure precisely, but its trajectory is unmistakable. Unaccredited claims firms now reach veterans in every state through digital platforms, paid referrals, and online influencers. Their collective revenues run into the hundreds of millions of dollars annually – money drawn directly from the compensation that Congress intended for veterans themselves. Each transaction weakens the boundary between public service and private enterprise, replacing trust in the VA with dependence on a commercial intermediary.

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<sup>9</sup> United States Congress. (1862 & 1864). *Acts to grant pensions and to amend the pension laws* (12 Stat. 566 [1862]; 13 Stat. 387 [1864]). U.S. Government Printing Office. <https://www.loc.gov/law/help/statutes-at-large>

This trend coincides with a record-breaking surge in disability claims across the VA system. More than 2.3 million claims were filed in FY 2024, with a backlog exceeding 400,000.<sup>10</sup> This surge is not evidence of failure – it reflects the success of congressional outreach programs such as the PACT Act and Solid Start, which are doing exactly what they were designed to do: bring long-neglected veterans into the fold. Yet what policymakers did not anticipate was how quickly this visibility would attract commercial exploitation. As outreach expanded, unaccredited companies capitalized on the influx, converting a public promise into a private marketplace. Anecdotal reports now suggest that as many as one in four new beneficiaries used a fee-based third party.

If left unchecked this convergence of rising claims, limited enforcement, and private profiteering risks pushing the system past its sustainable limits. The more the process is monetized, the greater the incentive to drive volume rather than accuracy. Each algorithmically developed claim will cast doubts upon the process for every other veteran, while public narratives of “runaway spending” erode the bipartisan support essential to maintaining VA’s mandate. The danger is not just fiscal – it is moral. What has always been a non-adversarial system of earned benefits, without decisive action, become a marketplace of manufactured demand.

The solution to this crisis is neither complex nor partisan. Congress has already defined the ethical boundary between public service and private exploitation – it simply must be enforced. The **Guard VA Benefits Act** reaffirms this commitment by restoring criminal penalties for unaccredited individuals and firms that charge veterans for claims assistance. It would close the enforcement gap that has allowed a new generation of claims profiteers to operate with impunity and ensure that accredited service officers, VSOs, and VA staff remain the legitimate stewards of this process.

This legislation is not about limiting access or punishing entrepreneurship; it is about preserving the integrity of a system that depends on trust. Every dollar siphoned from a veteran’s compensation in unlawful fees represents a breach of that trust. Every misleading advertisement that convinces a veteran they must pay to be heard by their government diminishes the promise made to them at enlistment. The **Guard VA Benefits Act** is Congress’s opportunity to restate that this promise is not for sale.

Protecting veterans from financial exploitation also protects the legitimacy of VA itself. The disability system cannot survive as both a public entitlement and a private marketplace. By passing this legislation, Congress would not only curb an emerging industry of exploitation. It would restore faith in the idea that service to one’s country should never be a business transaction.

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<sup>10</sup> U.S. Department of Veterans Affairs, Veterans Benefits Administration. (2024). *Detailed claims data*. [https://www.benefits.va.gov/reports/detailed\\_claims\\_data.asp](https://www.benefits.va.gov/reports/detailed_claims_data.asp)

## Conclusion

For nearly four centuries, from the pilgrims at New Plymouth to the present day, this nation has recognized a duty to care for those who bear the burdens of its defense. That duty is not a matter of convenience or charity – it is the foundation of the public trust that binds a democracy to its defenders. Today, that trust is being tested on two fronts: by narratives that cast veterans as undeserving of the benefits they have earned, and by an emerging marketplace eager to profit from veterans' efforts to acquire them. Both, if left unanswered, will erode the very legitimacy of the VA system that generations of Americans have fought to build.

Congress now faces the same choice it confronted after every major war: whether to retreat from that responsibility or to reaffirm it. By rejecting stigmatizing portrayals of veterans, enforcing the ethical boundaries of the claims process, and passing the **Guard VA Benefits Act**, this Committee can restore confidence in a system worthy of those it was created to serve. The disability program is not a loophole to be closed or a business opportunity to be seized – it is a solemn promise, written in the blood and sacrifice of war, that the nation will stand by its veterans for life.

Common Defense is ready to provide the Committee members with more data and information related to the ongoing threat of the VA claims industry. Chairman Moran, Ranking Member Blumenthal and distinguished members of the Committee, thank you for your leadership and for allowing us the opportunity to provide feedback on the VA's disability system. Questions concerning this statement can be directed to John Kamin, Deputy Director for Government Relations, at [john@commondefense.us](mailto:john@commondefense.us).



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**Statement of Devin Wozniak**  
**Zach McIlwain Leadership Fellow**  
*at*  
**Iraq and Afghanistan Veterans Of America**  
*before the*  
**Senate Committee on Veterans Affairs**  
**October 29, 2025**

Chairman Moran, Ranking Member Blumenthal, and Members of the Committee, on behalf of Iraq and Afghanistan Veterans of America's (IAVA) more than 425,000 members, thank you for the opportunity to share our views, data, and experiences on the disability compensation process and how well it serves eligible Veterans, dependents, and survivors.

The opportunity to present my testimony is especially important to me, not only as a Veteran receiving disability compensation and other related benefits from the Department of Veterans Affairs, but also as a VA employee who processes those same benefits for other Veterans. This testimony comes at a particularly crucial time in the wake of the recent Washington Post<sup>1</sup> article regarding Veterans benefits, which does not at all accurately reflect my experience in any of my aforementioned capacities. I would first like to touch on the Post article, then discuss the overall disability process, and end with some lasting issues that must be addressed.

First, as the Washington Post article points out, the number of claims submitted, along with the number of conditions submitted per claim, have indeed increased since 2001. However, the implication that the main cause of this is, at best, abuse, and at worst, widespread outright fraud, is unfair to many Veterans submitting these claims.

Allow me to be clear: a nation cannot engage in more than two decades of sustained combat operations, to include the preparation for, support of, and recovery from those operations, and expect there be no physical or mental toll upon the all-volunteer force that conducts those operations. We have failed to heed this lesson before; we must not again. The costs of caring for our nation's Veterans must be built into any future military conflict.

My generation of Veterans learned the hard lessons of those who came before us. One of the lasting memories that I have from my earliest days of military service, as we were standing in line being issued uniforms and getting vaccinations, were the senior enlisted drill sergeants and instructors, and even military retirees working on base, many of them members of the late Vietnam-era, hammering home the need to "document everything", even if it seemed little at the time. These men and women, some of whom were still fighting the disability system for issues they incurred during their service in preceding conflicts, didn't want my generation of warriors to have its own decades-long fight to prove connection to their service.

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<sup>1</sup> <https://www.washingtonpost.com/investigations/interactive/2025/veterans-affairs-disability-claims-fraud/>





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As a medic, I took that lesson to heart, trying to document not only my own issues, but those of the men and women I treated, something that advances in computerized medical and service records made significantly easier. The end result is that, for instance, the 2005 injury to my shoulder that seemed like it would be nothing when I was twenty-two and invincible but twelve or fifteen years later required surgery and wouldn't allow me to sleep through the night, let alone lift my daughter or throw a ball without worrying about a recurrent dislocation was documented, and therefore, easier to claim.

Furthermore, as a combat medic in an infantry unit that served in one of the longest combat deployments of any unit in decades, from late July of 2005 through December of 2006 with the 172nd Stryker Brigade Combat Team, I bristled at each implication the article made that a condition caused by direct combat was more deserving of potential compensation than one incurred in support of those operations. While there are, indeed, often unspoken 'hierarchies' within the broader Veteran community, participation in combat among them, in a practical sense post-service, a knee dislocated while loading pallets of medical supplies on a C-17 cargo plane in Missouri bound for Fallujah has the same lasting effect on the Veteran as a knee dislocated jumping off the back ramp of a Stryker or Bradley combat vehicle during a firefight in Fallujah, and that pallet of medical supplies was every bit as important to the broader mission as the doors kicked in or insurgents detained in that city in Anbar province.

The final takeaway from the article that continued to stab at me was the frequent linkage of the VA's disability compensation system as being associated solely with a Veteran's employability and participation in the broader economy after service, as if it were equivalent to Social Security Disability Insurance. This ignores an important distinction; as opposed to disability insurance that acts as a general safety net, employability is but one factor of many in a Veteran's disability compensation for injuries, illness, or other conditions directly linked to our service to our nation. We are more than simply workers, or potential workers; cogs in a system of someone else's design. We are human beings who sacrificed a piece of ourselves, and our futures, when our nation called. VA disability compensation is more than just a replacement for potential income; it's an acknowledgment of the lasting negative effects upon our quality of life.

Many "disabled" Veterans are, indeed, able to hold down jobs, myself included. This has not been easy for me, as conditions like TBI-related migraines and PTSD-associated depression and anxiety at times make it nearly impossible to get out of bed, leading to struggles with consistent attendance at work. An outsider looking at me may see nothing at all wrong; little do they know that some days, I am barely able to function.

However, there are other lasting effects of our service that cannot only make maintaining that work more difficult, but which bled into other aspects of our lives. These include chronic pain, mental health issues, our ability to be the active husbands, wives, and parents that our families deserve (something that, unfortunately, my amazing ex-wife could attest to), and to participate in the activities we love. I'm a lover of the outdoors. Hiking, kayaking, just being in the woods; they're all not only important aspects of my life, but crucial to my mental health and ability to heal. There are some related activities I'm simply no longer able to perform, like multi-day



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backcountry packing, but I still day hike as often as I can. However, I have to accept that each step I take on a trail comes with a cost that must be weighed and paid; a cost in pain, a cost in wear and tear on my already overtaxed joints, a cost in recovery, a cost in my ability to perform the next day (or even multiple days). There's a balance that I must constantly find between my day-to-day actions, my happiness, my long-term health, and my responsibilities to my family and work. I nevertheless count myself fortunate that I am even able to weigh that balance when others can't. That balance is made harder because of conditions incurred during my service, and that remains a crucial aspect of the VA disability process.

Are there some claims I come across as a Senior VSR that make me raise an eyebrow of incredulity? Certainly. Are there some that I may even have strong personal opinions about? I'd be lying if I said there were not. But they reflect an incredibly small percentage of the multiple thousands of claims that I touch in some way every single year.

All of that said, there are several aspects of the disability claims process that continue to be underwhelming in their ability to serve the needs of our Veterans, dependents, and survivors:

#### I. Overall Processing

##### A. Training and quality

1. Initial training, especially at VBA, continues to be not only an ongoing issue, but a worsening one. Even prior to COVID, VBA had begun to shift the way it trained new employees. I was part of the final group of VSRs to undergo residential training at the academy in Baltimore. The shift to a 100% web-based system has resulted in a continuous decrease in quality and an increase in re-work and time spent per claim.

As an example, as a Senior VSR, I am responsible for reviewing and authorizing the work of junior VSRs for quality and clarity. The overall work of each new group of VSRs has decreased year to year. In Fiscal Year 2023, I deferred approximately 7-9% of claims back to VSRs for correction; in FY 2024, I deferred back 10.1% of claims. In FY 2025, that number rose to 12.5%. So far in FY 2026, that rate has jumped to 16.2%.<sup>2</sup> While that final number does represent a limited sample size and may also reflect the current state of a strained staff during furlough and shutdown, the overall year-to-year numbers nevertheless show a consistent trend.

For reference, in my capacity as a VSR, I never had more than 0.3% of the claims I worked deferred back to me by a Senior VSR for correction. Accounting for individual differences is one thing; orders of magnitude are altogether different.

Although I am unable to see the specific numbers of other Senior VSRs,

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<sup>2</sup> Author's Performance Data, as reflected in WATRS, FY24-Present



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our discussions and collaboration have reflected that they are seeing a similar decline.

2. Mandated continuation training is also minimally effective. The online Talent Management System (TMS), which we use to perform and track training, is simply not effective in providing guidance or instruction when it comes to the processing of claims. While it is, in my opinion, effective in providing an annual certification in government ethics, HIPAA, privacy regulations, and the Hatch Act, it is not interactive, does not allow for collaborative discussions or questions, and does not provide an effective demonstration of actual claims in a workspace environment. Much of the extensive PACT Act training was done in TMS, and I do not feel it was effective at all, particularly on a team that doesn't work many PACT claims, and therefore doesn't have the opportunity to see that process play out in real world scenarios.
3. Local training, therefore, has been left to bridge the gap. We have a Coach (supervisor) in charge of our local Quality Team that has made significant inroads in trying to shore up the deficiencies left by other lacking training with monthly team meetings, an interactive Sharepoint containing job aids and recordings, and a quality-specific Microsoft Teams channels. However, we are only able to devote so many resources to training, and the gap, in my estimation, is widening, not closing.

Additionally, with a limited number of Authorization Quality Review Specialists (AQRS), whose job description does include training and mentoring, but also includes national claims reviews, my station historically relied upon the Senior VSRs (GS-11s, GS-12s, and even some high performing GS-10s), to provide mentoring of the newer or junior VSRs. However, recent guidance from VA Central Office has been to focus all attention on claims processing, and that we are not to devote any time to mentoring or providing assistance to junior VSRs, even with complex claims, leaving them on their own to simply "figure it out" with the manual, or the limited guidance an AQRS may be able to provide.

#### B. The Manual

1. The M21-1 Manual and its associated attachments and appendices continue to be an issue. While condensing various laws, regulations, policies, and medical information into a clear and concise document is a monumental task, the Manual desperately needs improvements.

For instance, there are some claims in which multiple sections are potentially applicable, and a VSR is left to determine which section of the manual is "most applicable", often causing them to spin in circles (a





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scenario worsened by their inability to request assistance from a Senior VSR, per VACO guidance). In other instances, some sections of the manual directly contradict others, while others references dead end into sections deleted by previous updates.

The process for requesting clarification, guidance, or a manual update from the national team is slow and cumbersome, and also delays the processing of claims, while the responses often come in the form of an e-mail, one of dozens received during the day, which must be saved for future reference until the manual is updated; again, a process that may take months or even years.

#### C. Recruitment and Retention

1. The job of Veterans Service Representative is not for everyone. A candidate must be able to interpret various federal laws, possess a knowledge of medical terminology and conditions, make appropriate legal or medical decisions, and communicate those decisions to a Veteran or their beneficiaries in a way that is easy to understand to a layman.

The pool of candidates capable of performing this job who also want to do so is dwindling. As with other agencies across the federal government, the hiring process at VA is complex, and can take an extensive amount of time.

Even when we are cleared to post positions from the local director, VACO, and HR, I've been told that each subsequent "CERT list" of candidates has been decreasingly impressive, despite the occasional exceptional candidate. This has caused a situation in which, as opposed to simply not hiring a candidate and re-posting an opening later, management may bring someone on board with the rationale that we will do the best to train them to a standard, and that a filled Full-Time Employee (FTE) slot, even one performing at a fraction of how the agency may prefer it to, is preferable to an FTE slot that remains unfilled for months or even years, and when filled, may take additional months of training to perform at a desired level.

This scenario is undoubtedly exacerbated by financial compensation that lags behind the private sector, and recent instability caused by potential RIFs and government shutdowns, which I have been told by candidates has actively discouraged them from pursuing VBA employment.

This scenario similarly exacerbates the previously mentioned deficiencies in training.





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#### D. Automation and AI

1. The implementation of additional automated systems has not resulted in a significant increase in production, and I believe it has resulted in a decrease in quality.

For instance, some claims, particularly those not involving rating decisions (such as the addition of a dependent or the recoupment of Drill Pay) can be processed by our Rules Based Processing System (RBPS). Too often, these claims end up being incorrectly processed and once discovered (if discovered), must be reworked to ensure that the Veteran is receiving the appropriate benefits.

Even when these claims are processed correctly, the notification letter sent to the Veteran by the automated system almost always lacks information in it that the M21-1 requires of a manually processed claim, like the rationale for the effective dates granted, the evidence considered, the applicable laws and regulations, or the appeal rights and procedures. Had a VSR worked on this claim, they would have received a quality error, and a new letter would need to be sent. Even worse, this has a net negative effect on our Veterans and decreases faith in our agency.

2. A system recently introduced to automatically scan Military Personnel Records and Service Treatment Records for key words or phrases is largely unreliable.

For instance, in working a claim involving a request for a Character of Discharge reconsideration, the entirety of a personnel or treatment record must be read for relevant evidence; this can be an extensive process, made more difficult by the poor scanning quality or illegible handwriting on older documents. The system is designed to automatically detect relevant evidence, but it is not reliable at all. Notably, the instructions for that system do, indeed, instruct a VSR to consider it as a tool and not magic solution, but the fact that the VSR must still scan the entire file manually drastically decreases the efficacy of the program; if they have to read it regardless, the VSR should find that evidence with or without the system.

3. Though I rarely touch claims from the pre-rating teams, I often hear from my colleagues on those teams that the automated systems they use to establish exam requests from VA facilities or third-party vendors are incorrect. If not caught prior to being sent to a facility, we have now potentially requested, scheduled, and paid for a contract exam that is useless to the Veteran's claim, while also inconveniencing the Veteran and decreasing their faith in the agency.



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#### E. The National Work Queue

1. The Veterans Benefit Management System (VBMS) National Work Queue is inconsistent at best in ensuring that claims are assigned to be worked by a VSR in a timely manner.

A major factor that delays claims processing is the need for VBA to develop additional information by sending a request to either a Veteran or a third party. The appropriate action in this case is to set a “tracked item” with a suspense date in the future that will flag a claim for review when the suspense expires, or a response is received. The “tracked item” is rarely, if ever, closed when a response is received, meaning that actionable claims are still left pending until at least the original date of suspense, and often for months afterwards if the National Work Queue does not assign the claim to a processor in a timely fashion. This significantly delays claims processing.

#### II. Outreach and Communication

##### A. Call Centers and Public Contact

1. The first point of contact for many Veterans in regard to benefits or the status of their claims is the VA National Call Center (NCC), the 1-800-827-1000 telephone number. While I do not question the dedication or customer service skills of many of the employees that man the VA Call Centers, the fact of the matter is that they don’t have the training or experience to answer even moderately complex claims-related questions, or to provide the specificity that most Veterans desire when they call. This is a disservice to not only the end-user Veteran calling, who may not get the answer that they want, but to the VA employee answering the phone, who is now dealing with a dissatisfied Veteran and taking the brunt of that dissatisfaction. We must do better by both parties.
2. The systems used by the NCC do not easily interface with the VBMS system used by VBA. This creates situations in which VBA is routinely not notified that a Veteran has called about a pending claim, or when a generic and erroneous End Product (EP) 290 Eligibility Determination claim is opened instead of action being taken on a pending claim. This has now added an additional claim, more often than not an erroneous one, which must be addressed, and contributes to the claim backlog.

Additionally, there is often no record of the conversation between a Veteran and a call center staffer, a conversation that should be documented via a VA Form 27-0820 Report of General Information, uploaded to the Veteran’s claims folder. This leaves a VSR with little context about the state of a claim, and usually requires a second telephone conversation between a VSR and the Veteran that should have already



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been completed, at the cost of inconvenience to the Veteran, loss of faith in the agency, and rework by a VBA employee.

It is critical that these first points of contact, whether they be the Call Center, the Public Contact Team at a VBA Regional Office, or even the VA Suicide Hotline be adequately staffed, adequately trained, and able to answer the most common questions received in a compassionate and competent manner. Failure to do so is a detriment to the system at every level, and especially to our Veterans.

#### B. Outreach

1. The fact of the matter is that, thanks to being raised with the internet, my generation of Veterans knows more about the benefits available to us through the VA than previous generations, something that I believe also accounts for an increase in the number of claims received.

However, we still don't do enough to ensure that all Veterans know the benefits to which they may be entitled, including conditions compensable by VBA, education benefits, rehabilitation and employment services, home modification and vehicle grants, etc. There are many benefits that I was completely unaware I was already eligible for until I began working at VA, and even today, I still learn about new things. That shouldn't be the case.

Not only is this a disservice to individual Veterans, but it's left a vacuum that has been filled by predatory "claim sharks" telling Veterans they need to buy Disability Benefit Questionnaires (DBQs) and Nexus Letters, by for-profit colleges pushing useless or uncertified programs in order to pilfer Veterans education benefits, by contractors advertising potentially unnecessary home renovations through one-time HISA grants which then leave the grants exhausted when the Veteran actually needs them, entities selling service dogs that should be free or that aren't trained to any reasonable standard, and by YouTube channels and social media influencers pushing "secrets to unlocking compensation".

By providing better information about Veterans' benefits, including eligibility criteria, VA should fill this void, and ensure that Veterans aren't taken advantage of at the expense of taxpayer dollars.

#### C. Claim Status Tracking

2. The ability to track the status of a disability claim online through [va.gov](http://va.gov) is cumbersome at best. From a Veteran's perspective, they see their claim being at various "Steps", (i.e. Step 3, Step 6, etc.). These steps do not accurately reflect the work being done behind the scenes by claims processors or contract examiners, where claims may bounce back and



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forth between a VSR, a Senior VSR, a Rater, or an unassigned spot in the National Work Queue (NWQ).

From the perspective of a Veteran who has been waiting weeks or months for the claim, and who may be hitting “refresh” on their browser over and over hoping for any bit of information, they routinely see claims bouncing from Step 3 to Step 6, back to Step 4, up to Step 5, back to Step 6. Again, this doesn’t accurately reflect the work being done internally by VBA, but I routinely see questions about it in Veterans’ pages on social media, and I can tell how frustrating it can be to see. A streamlined status system would go a long way towards decreasing Veteran frustration, and mitigating the number of confused telephone calls that the NCC likely gets.

### III. Systemic

#### A. Prioritizing Compensation

1. In my view, the Washington Post article was not entirely incorrect in suggesting that we do have a system that not only prioritizes disability compensation over treatment or healing, but I believe there is a strong argument that there can often be an incentive to “get to 100%”.

I have had several friends come to me and say, “Doc, I’m rated at 80% or 90%. I don’t want to lie or cheat, but is there anything I’m missing? What would it take to go from 90% to 100%?” These aren’t scammers or layabouts or fraudsters. These are good men and women that served honorably, at the expense of their own long-term health, because they loved this country.

The reality, however, is that the system provides extensive incentive for those deemed 100% service connected. The difference between a single Veteran with no children at 80% and 90% is currently \$253.07 per month. The difference between 90% and 100% for that same Veteran is \$1,533.34 per month.<sup>3</sup> That is a potentially life-changing amount of money, and that is before taking into consideration additional entitlements like Chapter 35 Dependents Education Assistance benefits that kick in at 100%.

That is further exacerbated at the state level. For instance, in Michigan, a 100% service-connected Veteran is exempt from paying property tax on their home, is eligible for free vehicle registration, hunting licenses, state park passes, and more. There are little to no benefits for a Veteran who is “only” 90% service-connected. That’s a net difference of thousands, potentially tens of thousands of dollars per year in a Veteran’s pocket.

I am not, in any way, suggesting that the benefits for those Veterans

<sup>3</sup> <https://www.va.gov/disability/compensation-rates/veteran-rates/>





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deemed 100% is too high; just the opposite. A solution would be to ensure that we are still taking care of those service-connected Veterans with ratings deemed less than 100%, on a more proportional scale.

#### B. Concurrent Receipt

1. 38 CFR 3.700<sup>4</sup>, which disallows concurrent receipt of certain benefits, is broken, and it not only is a disservice to Veterans, but it disproportionately affects the functioning of VBA.

The rationale of temporarily terminating disability compensation during periods of Active-Duty service or reserve/drill training makes sense. However, the application of that same law to the receipt of separation benefits does not.

The recoupment of separation benefits not only harms Veterans who have been involuntarily discharged due to medical conditions, but it accounts for a significant amount of work on behalf of VBA, and the claims are among the most time-consuming to process, which contributes to delays in the backlog.

In my capacity as a Senior VSR, I am also a Hearing Officer, responsible for conducting the hearings of Veterans who disagree with proposals to recoup or lower benefits, and these hearings, including scheduling, preparation, the hearing themselves, the documentation and transcription, and the final decision, can take weeks or months. Cases involving the recoupment of separation benefits account for more than half of the hearing requests that we get on my BEST Team, despite the fact that there is almost no rationale we can use to avoid recouping those benefits. We therefore tell the Veteran they are entitled to a hearing, despite the results of the hearing almost always being pre-determined.

The repeal or revision of 38 CFR 3.700 would go a long way towards not only ensuring that our Veterans receive benefits to which they should be entitled, but reducing the work-load of VBA, ensuring that we have to ability to focus on providing the highest quality claims processing in the fastest possible manner.

In summary, I want to thank the Committee for taking my testimony. Though likely a dry read, these are issues about which I am very passionate, and the opportunity to discuss them with you is an honor. I remain available to clarify or expound upon any of the above issues, to answer any additional follow-up questions that you may have, and to work collaboratively to improve this complex system.

<sup>4</sup> <https://www.govinfo.gov/content/pkg/CFR-2016-title38-vol1/pdf/CFR-2016-title38-vol1-part3-subpartA-subjectgroup-id510.pdf>



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If I could leave you with one final thought, it's this: as a Veteran who was deemed 100% service-connected myself, and who was hesitant to pursue any claims initially, I didn't feel a sense of excitement or joy or even gratitude when I got my notification letter informing me of my rating, and certainly not that I had "cashed in" or could now rest easy.

What I felt was a tinge of sadness at what might have been in my life, had I not incurred my conditions. I felt a sense of responsibility to those who came before me who were not as fortunate, or who were lost before they could get to that point.

I also felt a sense of validation, though. Validation that the pain I experience every waking moment, the struggles that I deal with daily, and the burden that my loved ones have had to bear at times because of me was, at last, recognized.

The validation is nice, but if I'm honest, I'd much rather be healthy. As I write that sentence, I'm reminded that I had that exact same thought on the day that I tried to take my own life, the one goal in my life I'm thankful to have been unsuccessful at, and which far too many of my brothers and sisters are not.

Even with that said, however, if I could do it all over again, I would still raise my right hand to serve this country that I love.

I think most other Veterans feel that way.

I would also raise it again to continue serving my fellow Veterans, because they deserve it.

Thank you.



Statement of Devin Wozniak  
*Before the*  
Senate Committee on Veterans Affairs  
October 29, 2025

### **Biography of Devin Wozniak**

Devin Wozniak served in the United States Army from 2003 to 2008 as a Combat Medic. His military experience shaped his commitment to service, leadership, and care for others.

After leaving the Army, Devin joined the Department of Veterans Affairs, where he serves as a Senior Veterans Service Representative for the Veterans Benefits Administration. He works every day to ensure that veterans receive the benefits and respect they have earned.

Devin is completing bachelor's degrees in Political Science and Public and Non-Profit Administration and plans to pursue an MBA and a Masters in Public Administration, with hopes to perhaps one day pursue law school. He is a proud father of two daughters and a stepson and shares his home with an anxious, but loving, mastiff rescue. In his free time, he enjoys reading, sports, martial arts, traveling, and outdoor activities such as hiking and kayaking to the extent that he is able to perform them.

As a member of Iraq and Afghanistan Veterans of America's Cavalry, and a 2025 Zach McIlwain Leadership Fellow, Devin continues his service by advocating for policies that strengthen the veteran community and protect democracy. He is especially passionate about preventing veteran suicide, a deeply personal issue that has touched his own life and the lives of many of his fellow service members.

**NATIONAL ASSOCIATION OF  
COUNTY VETERANS SERVICE OFFICERS**



STATEMENT FOR THE RECORD  
NATIONAL ASSOCIATION OF COUNTY VETERAN SERVICE OFFICERS  
FOR THE  
SENATE VETERANS' AFFAIRS COMMITTEE  
ON  
PUTTING VETERANS FIRST: THE CURRENT DISABILITY SYSTEM KEEPING ITS  
PROMISE?

November 5<sup>th</sup>, 2025

*Presented by*

*Mr. Andrew Tangen*

*President, National Association of County Veterans Service Officers*

*Superintendent, Veterans Assistance Commission of Lake County, Illinois*



*“So would you take issue with the Washington Post Article that seems to indicate that there is massive fraud going on in the VA system?”*

*Absolutely, I take issue. There is no massive fraud going on. I take issue with that.”*

*Senator Mazie Hirono, D-HI, and VA Inspector General Cheryl Mason, October 29<sup>th</sup>, 2025.*

Chairman Moran, Ranking Member Blumenthal, and Esteemed Members of the committee, on behalf of the National Association of County Veterans Service Officers (NACVSO), I appreciate the opportunity to submit this statement for the record addressing concerns of this committee surrounding accusations of widespread fraud through the Department of Veterans Affairs (VA) and individual veterans’ utilization of resources available to them.

#### **Allegations of widespread fraud**

First and foremost, fraud is unacceptable and must be prosecuted. Yet the data simply does not support the notion that fraudulent claims are statistically relevant compared to the millions of legitimate ones processed every year.

Every VA claim passes through multiple layers of verification: accredited representation, medical evidence collection, a Compensation and Pension exam, internal quality control, and—if disputed—three opportunities for appeal. This is not a “trust-based” system; it is a documentation-based one, monitored continuously by the VA Office of Inspector General, GAO, CBO, and Congress itself.

Painting millions of veterans as potential fraudsters because of a few bad actors undermines public trust and stigmatizes an entire community—many of whom waited decades for recognition of their injuries or illnesses.

Where fraud does occur, the answer is not restriction but resourcing—training adjudicators, modernizing systems, and eliminating unethical actors such as unaccredited, for-profit claims companies.

Government Veteran Service Officers (GVSOs), bound by integrity agreements with VA, cannot profit directly from veterans’ claims. They serve under government or nonprofit auspices, guided by ethics rather than incentives.

Where for-profit systems invite abuse, GVSOs prevent it.

#### **Transparency during adjudication**

Any federally filed piece of paperwork can take time but, while the “radio silence” experienced by veterans during a claims adjudication might foster frustration, is not an indication of fraud.

Modernization efforts such as VBMS or the VA Mobile App have made it easier to file claims but have not changed the standards of adjudication. Furthermore, with the passage of new legislation such as the PACT Act—a monumental victory serving more veterans exposed to toxic substances in service than ever—create greater eligibility for VA programs. While veterans are pursuing benefits with greater zeal than ever, claims adjudication standards have not changed at all. Greater access means a greater need for trained staff.

Investing in GVSOs is the surest way to improve both communication and claim quality. GVSOs are in the communities where veterans live. When veterans don’t understand a notice or delay, it’s the GVSOs who answer the call, explain the process, and restore trust. The VA’s challenge is not corruption—it’s communication and capacity. GVSOs are built to solve both.

#### **Long wait time for decisions**

The delays veterans face is not the product of deceit—they are the predictable result of an under-resourced workforce and the surge in claims following 20 years of sustained enemy engagement during the Global War on Terror, alongside the PACT Act, which Congress itself rightly passed to acknowledge toxic-exposure injuries.

Every time VA expands eligibility, case volumes surge while hiring and training struggle to keep pace. These are growing pains of a system catching up to its moral obligations.

The fix is capacity, not cynicism. Sustained investment in people, training, and technology is the way forward.

While GVSOs cannot shorten the federal adjudication queue, they improve the efficiency and accuracy of what enters it. Well-developed claims mean fewer denials, cleaner reviews, and faster decisions.

### **Navigating an increasingly complex claims process**

The VA compensation system is one of the most evidence-driven administrative structures in government, requiring verified service connection, medical documentation, and professional review at every level.

Complexity is not evidence of fraud—it reflects the diversity of service-connected injuries that veterans experience as the result of their service and those that emerge long after their service has ended.

GVSOs are certified professionals who speak both languages: that of the veteran and that of the US Department of Veterans Affairs. Their purpose is to ensure accuracy, integrity, and accountability. Simplifying the process for veterans must never come at the expense of institutional rigor.

GVSOs are also the federal government’s greatest partner in communicating how the process can evolve responsibly—with integrity—into the future.

### **How we talk about veterans**

Federal law is clear.

*38 U.S.C. §§ 1110, 1131 and 38 C.F.R. § 4.1* define disability compensation as a measure of the average impairment in earning capacity, including the social and family effects of in-service injury or illness.

Compensation is not charity, and “disability” does not necessarily equate to unemployability. These are compensatory determinations grounded in law, evidence, and promises made to veterans when they took their oath.

Once an injury or illness is medically established, it is deserving of compensation under federal regulation. What else is there to say?

### **Is the disability system still serving veterans as intended?**

Yes. Full stop. It is serving veterans better than ever.

No nation in human history has done more to serve those who have served it—and that kind of progress deserves proper recognition.

Compensation for loss of capacity due to service-connected conditions is a moral and national obligation and Title 38 of United States Code agrees. Refinements can and should be made but must be data driven and transparent—not reactions to sensationalized reporting.

Veterans who are connected to their benefits are statistically less likely to face homelessness or suicide. Even now, as federal operations slow, GVSOs remain in their offices across America—meeting with veterans, answering questions, and keeping promises.

Let medical experts determine the legitimacy of service connection and let properly trained VA adjudicators apply the appropriate laws. Pundits, columnists and opinion-mongers need not apply.

For once, the system may be trending toward adequacy—not excess. Yet, a tragically ironic question remains: have we become so accustomed to neglecting the suffering of those who served that we mistake progress for exploitation?

In 1989, roughly 75,000 Vietnam Veterans received compensation totaling \$46 million. By 1995, after passage of the Agent Orange Act, more than 700,000 Vietnam Veterans rightfully received \$349 million in compensation benefits. That is not abuse—it is accountability.

VA will always operate in a reactive posture, because each generation—serving through both conflict and peacetime—experience new and unforeseen injuries related to their military service. The agency cannot predict what the next generation will bring to it, but it can be prepared with integrity, resources, and boots-on-the-ground partners like the GVSOs back home in the veterans' community.

Articles such as that of the Washington Post ignore decades of under-compensated veterans of Vietnam, Gulf War, and post-9/11 conflicts. Drawing false correlations between claim volume and corruption confuses progress with decay.

Rooting out fraud is necessary; protecting the reputation of the millions who earned these benefits is our duty.

It takes generations to build systems that work—and only a moment of ignorance to erode them.

For profit claims companies threaten to erode that system. GVSOs strengthen it.

While data and testimony from VA Inspector General Cheryl Mason confirm that fraud committed by veterans is exceedingly rare, the greater risk lies with for-profit vendors who exploit VA non-adversarial system.

During a May of 2020 congressional hearing, current VA Deputy Secretary, Dr. Paul Lawrence, then VA Under Secretary For Benefits, explained that public-facing Disability Benefits Questionnaires (DBQ's) were removed because they *"had become victims of fraud and misleading information that for-profit vendors were taking advantage of our veterans... and were a real source of fraud that we were working on."*

Although VA later restored access to DBQ's, neither VA nor congress has advanced meaningful safeguards—such as the GUARD Act—to hold predatory actors accountable for their misdeeds against VA, the American Taxpayer, and our nations Veterans.

The truth is simple: the threat to system integrity comes from unethical for-profit intermediaries, not the veterans the system was designed to serve. GVSOs stand as a bulwark against these bad actors and demonstrate integrity worth your attention as we collectively identify and develop the best protections possible.

The role of the GVSO predates the nation itself. From colonial veterans' advocates under the Articles of Confederation to today's accredited professionals, GVSOs have stood as ethical, community-based partners in ensuring that promises made to veterans are promises kept.

NACVSO stands ready and willing to work with Congress and VA to reinforce integrity, accessibility, and trust in the system because GVSOs are not part of the problem; they are and have always been a solution.

Respectfully submitted,

Andrew Tangen

President

National Association of County Veteran Service Officers

**NATIONAL ORGANIZATION OF VETERANS' ADVOCATES, INC.**



**Statement for the Record**

**Before the**

**Senate Committee on Veterans' Affairs**

**Concerning**

**Putting Veterans First: Is the Current VA Disability System Keeping Its  
Promise?**

**October 29, 2025**

Chairman Moran, Ranking Member Blumenthal, and members of the Committee, the National Organization of Veterans' Advocates (NOVA) thanks you for the opportunity to offer our views on whether the current VA disability system is keeping its promise to veterans.

NOVA is a not-for-profit 501(c)(6) educational membership organization incorporated in the District of Columbia in 1993. NOVA represents nearly 900 accredited attorneys, agents, and qualified members assisting tens of thousands of our nation's military veterans, survivors, family members, and caregivers seeking to obtain their earned benefits from VA. NOVA members represent veterans before all levels of VA's disability claims process, and handle appeals before the U.S. Court of Appeals for Veterans Claims (CAVC), U.S. Court of Appeals for the Federal Circuit, and U.S. Supreme Court.

NOVA works to develop and encourage high standards of service and representation for persons seeking VA benefits. A critical part of NOVA's mission is to educate advocates. NOVA currently conducts two conferences per year, each offering approximately 15 hours of continuing legal education (CLE) credit for attendees. Experts from within and outside the membership present and train on the latest developments and best practices in veterans law and policy. NOVA sustaining members must participate in at least one conference every 24 months to maintain eligibility to appear in our public-facing advocate directory. In addition to conferences, NOVA offers webinars, online support, peer-to-peer mentorship, and other guidance to its members to enhance their advocacy skills.

NOVA advocates for laws and policies that advance the rights of veterans. For example, NOVA collaborated with Veteran Service Organizations (VSOs) and other accredited representatives, VA, and Congress on appeals modernization reform. Those efforts resulted in passage of the *Veterans Appeals Improvement and Modernization Act* (AMA), P.L. 115-55, 131 Stat. 1105, which was signed into law by President Trump in 2017.

NOVA also advances important cases and files amicus briefs in others. *See, e.g., NOVA v. Secretary of Veterans Affairs*, 710 F.3d 1328 (Fed. Cir. 2013) (addressing VA's failure to honor its commitment to stop applying an invalid rule); *Procopio v. Wilkie*, 913 F.3d 1371 (Fed. Cir. 2019) (amicus); *NOVA v. Secretary of Veterans Affairs*, 981 F.3d 1360 (Fed. Cir. 2020) (M21-1 rule was interpretive rule of general applicability and agency action subject to judicial review); *National Organization of Veterans' Advocates, Inc., et al., v. Secretary of Veterans Affairs*, 981 F.3d 1360 (2022) (Federal Circuit invalidated knee replacement rule); *Arellano v. McDonough*, 598 U.S. 1 (2023) (amicus); *Terry v. McDonough*, 37 Vet.App. 1 (2023) (amicus); *Bufkin v. Collins*, 604 U.S. \_\_\_\_ (2025) (amicus).

## INTRODUCTION

The VA disability compensation process is unique among federal compensation programs. The veterans' benefits disability scheme was created to provide compensation to those who sacrificed in service to our country. "Congress has expressed special solicitude for the veterans' cause. . . . A veteran, after all, has performed an especially important service for the Nation, often at the risk of his or her own life." *Shinseki v. Sanders*, 556 U.S. 396, 412 (2009). VA defines "disability compensation" as 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. Compensation may also be paid for post-service disabilities that are considered related or secondary to disabilities occurring in service and for disabilities presumed to be related to circumstances of military service, even though they may arise after service." *Compensation Home*, <https://www.benefits.va.gov/compensation/>.

In planning this hearing, the Committee noted it continues to hear from veterans and advocates who report serious concerns about the disability compensation claim and appeal process. These concerns include difficulty navigating the system, a lack of transparency when a claim is being adjudicated, long wait times for adjudication, whether adequate protections exist to protect veterans from fraud, and whether services and resources reach those veterans and beneficiaries most in need. To the ultimate question posed by this Committee in holding today's hearing—is the current VA disability system keeping its promise—NOVA answers that question: Sometimes. Congress and VA have significantly expanded eligibility to benefits over the years (recent examples include the PACT Act and expansion of the caregiver program) that allow more individuals to receive compensation. However, as outlined in detail below, there are many problems experienced by those on the road to obtaining their earned benefits that need to be fixed so the answer to the Committee's question can become an unequivocal yes.

### I. VA'S DISABILITY EXAM PROCESS IS BROKEN

VA examinations are frequently ordered as part of the disability claims process. "When there is a claim for disability compensation or pension but medical evidence accompanying the claim is not adequate for rating purposes, a Department of Veterans Affairs examination will be authorized." 38 C.F.R. § 3.326. VA will obtain a medical opinion or examination when there is insufficient medical evidence of record to decide the claim and (1) there is competent lay or medical evidence of a currently diagnosed disability; (2) the veteran suffered an event, injury, or disease in service or has a diagnosis or symptoms of a recognized presumptive condition; and (3) the evidence indicates the claimed condition may be associated with the event, injury, or disease in service or with another service-connected condition. 38 C.F.R. § 3.159(c)(4); M21-1, IV.i.1.A.1.b.; see



also *McLendon v. Nicholson*, 20 Vet.App. 79, 81 (2006) (outlining when VA must obtain an examination). As demonstrated below, however, there are many problems with the disability exam process that fails to put veterans first and wastes taxpayer dollars. In addition to outlining those problems, we offer some solutions based on our years of testifying on the issue of VA exams. See, e.g., NOVA, *Statement Before the House Committee on Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs Oversight Hearing*, "Examining the VA Appeals Process: Ensuring High Quality Decision-Making for Veterans' Claims on Appeal 7-10 (November 29, 2023), <https://docs.house.gov/meetings/VR/VR09/20231129/116596/HHRG-118-VR09-Wstate-RauberD-20231129.pdf>; NOVA, *Statement for the Record Before the House Committee on Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs*, "VA Disability Exams: Are Veterans Receiving Quality Services?" (July 27, 2023), <https://docs.house.gov/meetings/VR/VR09/20230727/116269/HHRG-118-VR09-20230727-SD004.pdf>; NOVA, *Statement for the Record Before the Senate Committee on Veterans' Affairs Concerning Pending Legislation to Include "Discussion Draft S. \_\_, No Bonuses for Bad Exams Act of 2022"* (July 13, 2022).

#### **A. VA frequently orders unnecessary exams.**

VA frequently orders examinations when adequate medical evidence of record exists, to include private medical evidence and opinions. See 38 U.S.C. § 5125 ("a report of a medical examination administered by a private physician that is provided by a claimant in support of a claim for benefits under that chapter may be accepted without a requirement for confirmation by an examination by a physician employed by the Veterans Health Administration if the report is sufficiently complete to be adequate for the purpose of adjudicating such claim"). VA may not undertake "additional development if a purpose [is] to obtain evidence against an appellant's claim." *Mariano v. Principi*, 17 Vet.App. 305, 312 (2003). In some instances, NOVA members report the ordering of additional examinations that appear to be "tie breakers," e.g., when there is one negative and one favorable opinion. Such exams are in contravention of VA law and policy requiring adjudicators to grant the claim when the evidence is in relative equipoise.

Furthermore, VA also routinely rejects favorable, well-rationalized, private medical opinions for improper/unlawful reasons. Although the CAVC has repeatedly admonished the Board for rejecting favorable evidence for these reasons, see, e.g., *Nieves-Rodriguez v. Peake*, 22 Vet.App. 295, 304 (2008) (Board may not reject a private medical opinion in favor of a VA opinion solely because the VA examiner reviewed the claims file); *Kowalski v. Nicholson*, 19 Vet.App. 171, 179-80 (2005) (Board may not disregard a medical opinion solely because the opinion was based on a history provided by the veteran); see also *Coburn v. Nicholson*, 19 Vet.App. 427, 432 (2006) ("[R]eliance on a veteran's statement renders a medical report incredible only if the Board rejects the statements of the veteran"), these types of rejections continue to occur on a regular basis.

It is not only the initial examination process that results in too many unnecessary examinations. In March 2023, the VA Inspector General estimated that rating specialists erroneously established reexamination controls in about 66 percent of cases and requested unwarranted exams in about 44 percent of cases. Department of Veterans Affairs, Office of Inspector General, *Veterans Benefits Administration: Veterans Are Still Being Required to Attend Unwarranted Medical Reexaminations for Disability Benefits* (March 16, 2023). Unnecessary reexaminations waste veterans' time, VA's time, and taxpayer dollars.

*VA previously convened an Over-Development Reduction Task Force and collaborated with accredited stakeholders in its work. VA should continue with these efforts.*

**B. VA and its contract examiners struggle to obtain adequate exams for veterans, resulting in rework, inappropriate denials, waste of taxpayer dollars, and delay.**

When VA seeks a medical examination or opinion, the Secretary must ensure it is adequate. *Barr v. Nicholson*, 21 Vet.App. 120, 123 (2007); *see also Acevedo v. Shinseki*, 25 Vet.App. 286, 293 (2012) (adequate medical report must be based on correct facts and reasoned medical judgment). VA employees determine when exams are ordered based on the filed claim(s). While some VA exams are conducted by Veterans Health Administration employees, most VA disability examinations are now completed by contract examiners. NOVA members report several common issues with both examiners and VA employees, as outlined below, that result in inadequate exams and deprive veterans of the due process they are owed in this system.

**Poorly written examination scheduling requests (ESRs) by VA.** The examiner will only perform what is stated in the ESR, so if that is not sufficiently detailed or contains inaccurate information, the result will be inadequate. NOVA members report that requests frequently do not match the veteran's claims or incorporate the remand instructions articulated by the Board or the CAVC. Sometimes, the request is not clear as to whether the veteran must appear for an exam or the examiner can write the report based on a record review. Without accurate details and clear guidance, inadequate exams and incomplete reports are the result, as demonstrated in the examples below.

- If a "TERA exam" is ordered without additional detail, the examiner will conduct a very broad exam and often come back with a negative "canned" answer regarding the "synergistic effect of TERA." The ESR should contain specific details about why the exam is being ordered, e.g., due to exposure to a specific toxin, such as TCE, benzene, fuels, solvents, etc.

- NOVA members report ESRs will specify an exam to determine if a claimed condition is secondary to another service-connected condition, but fail to mention a medication taken or other form of treatment for the service-connected condition that often may cause the secondary condition, e.g., a claim for erectile dysfunction caused by medication taken for service-connected posttraumatic stress disorder (PTSD) or by radiation treatment for service-connected prostate cancer. Furthermore, as discussed below, because it is unclear whether examiners have access to, or are fully reviewing, the veteran's claims file, they may not be aware of the medications or treatment a veteran is receiving if the ESR does not contain that information.
- TERA exams are frequently scheduled for conditions specifically excluded under the PACT Act, which could not result in a grant. However, VA is not ordering a more general exam that might result in a grant. This failure to order the correct exam wastes time and money, as well as confuses and upsets veterans.

In FY23 and 1Q FY24, VA reported 3,879,753 ESRs were submitted and claims processors sought clarification on 895,635—or 23 percent—of those. The top reasons for clarification included the following: (1) wrong disability benefits questionnaire (DBQ); (2) missing DBQ; and (3) incomplete/missing medical opinion. These clarifications require time and rework on the part of VA employees.

**Contractor failure to comply with ESR or Board remand instructions.** Frequently, the Board orders a particular type of examination, but it is conducted by an inappropriate provider. Example: In an appeal that had been pending since 2010 and remanded multiple times, the Board remanded most recently in 2023 with specific instructions to obtain a medical opinion from someone who “specializes in vascular diseases or other related discipline.” Nearly a year later, the contractor returned an opinion from a family physician. A few months later, an opinion was finally secured from a vascular surgeon, which was favorable. VA then failed to mention this favorable opinion in its denial and relied on the family physician's negative opinion to deny the claim.

The repeated failure of contractors to comply with remand instructions requires VA to then seek addendum opinions, adding to rework and backlogs – with additional payment (taxpayer dollars) going to the contractor. Unfortunately, a Board remand under the AMA is far more costly than one in the legacy system. When the Board remands an appeal in the legacy system, a veteran, survivor, or family member who is dissatisfied with the results of the remand can return to the Board with the same docket date as before. By contrast, an AMA remand means the appellant loses their original docket date. If their appeal is remanded and denied again, they must start over with a new docket date if they choose to return to the Board. Because backlogs and remands at the Board continue,

absent qualifying for advancement on the docket, the appellant will wait many years for the Board to issue a decision – hopefully, one that’s not another remand.

**Concern regarding whether examiners are receiving and reviewing the entire**

**eFolder.** NOVA members express concern that examiners are not receiving a copy of the veteran’s entire file to review. It appears contractors are often only receiving parts of the file that have been “bookmarked” for the examiner to review. NOVA has long reported on problems with VBMS labelling that renders such a process fraught with error.

Furthermore, clients report examiners are asking them for copies of materials that are already in the VBMS file. Examiners are also stating they cannot see evidence submitted by veterans and advocates to VA that is in VBMS, further supporting that they may not have access to the entire record. Some contractors ask veterans to complete pre-exam questionnaires. Depending on the veteran, their disability, the length of the claim/appeal, and cognitive/memory issues, this request can be burdensome.

- “VA is telling contract examiners in ESRs to review the entire eFolder, but there are too many reports of veterans going to exams and contract examiners stating they do not have access to crucial documents. Where is the problem? Is the VA not giving complete access or is it being filtered out by the contractor before it gets to the examiner? Although VA examiners are checking the blocks that they have reviewed the entire eFolder, I don’t think that is happening.”
- “I have had numerous clients forward me requests for copies of information that is already in the VBMS file. I respond to the vendor identifying where the information is in VBMS and am being told by the vendors that they do not have access to the claims file. My question to this is why are the vendors checking off they have reviewed the claims file when they do not have access to the file? I get the response that that is what they were trained to do. But I find this rather disturbing as it’s very clear they do not have access but are saying they do.”

Despite numerous requests from NOVA for more information in both the prior and current Administrations, VA is not being transparent about this process and examiners may be falsely attesting that they have reviewed the entire file when they have not. *Congress should require VA to provide accurate information about this process and ensure that examiners are reviewing the veteran’s file.*

**Pressure to perform results in sloppy reports written by contract examiners.** NOVA members report that the contractors’ written product is often incomplete or inaccurate.

- In April 2024, VA received a secondary medical opinion regarding whether a left shoulder injury was caused due to overuse from compensating for a right shoulder

injury. The contract examiner provided a negative opinion, appearing to copy and paste inapplicable rationale for that opinion in pertinent part: “unless there is a shortening of the limb so that the individual’s gait pattern has been altered to the extent there is a clinically obvious Trendelenburg gait.” This condition has no relationship to the shoulders, as made clear by the definition of Trendelenburg gait: “[A]n abnormal gait resulting from a defective hip abductor mechanism.” NIH, National Library of Medicine, *Trendelenburg Gait*, <https://www.ncbi.nlm.nih.gov/books/NBK541094/#:~:text=Trendelenburg%20gait%20is%20an%20abnormal,the%20contralateral%20side%20while%20walking>. The NOVA member who provided this example followed up to note that the exact same error happened in the case of a different veteran in a different region of the country.

- Despite private medical treatment indicating the veteran had herniated discs and radiculopathy, the first VA examiner concluded the veteran’s back was normal and did not check off any condition. After a higher-level review, VA returned the claim for a new examination. Although the report had basic information filled in, the opinion/nexus portions of the report were completely blank. No opinion was provided at all. VA denied the claim again for lack of a link between service and his condition.
- In a claim seeking service connection for obstructive sleep apnea (OSA), VA requested a TERA medical opinion. The TERA opinion came back “negative,” even though the contract examiner noted the veteran had a sleep test positive for OSA **during active duty**. The contract examiner only completed the part of the medical opinion template that addressed TERA and VA overlooked the critical fact that the veteran had been diagnosed with the condition while on active duty.

In June 2022, the VA Office of Inspector General acknowledged that “[r]esults of medical exams are critical pieces of evidence in supporting veterans’ claims for benefits, and the exams represent a significant investment by VBA.” Department of Veterans Affairs, Office of Inspector General, *Veterans Benefits Administration: Contract Medical Exam Program Limitations Put Veterans at Risk for Inaccurate Claims Decisions* i, June 8, 2022, <https://www.va.gov/oig/pubs/VAOIG-21-01237-127.pdf>. The report also found, among other things, that “[a]ll three vendors failed to consistently provide VBA with the accurate exams required by the contracts” and “vendor exam accuracy has not improved and exam errors have not been resolved.” *Id.* at 8; 10. Contract examiners must comply with the terms of their contracts and be held accountable when they fail to do so. Furthermore, contractors must correct errors and provide adequate examinations to reduce repeated remands, which result in continuing delay and backlogs.

More recently, the Government Accountability Office (GAO) found VA's Medical Disability Examination Office (MDEO) miscalculated certain payments intended to incentivize high-quality exams, did not have written procedures for verifying the accuracy of the exam error data to calculate financial incentives, failed to meet its schedule for reviewing exams for more complex claims, and failed to collect feedback directly from examiners. GAO, *VA Disability Benefits: Additional Oversight and Information Could Improve Quality of Contracted Exams for Veterans* (August 18, 2025), <https://www.gao.gov/assets/gao-25-107483.pdf>. These reports support the need for oversight and reform of the process.

**Exams are scheduled with inadequate notice and contractors are not flexible about rescheduling.** Exams, particularly for rural veterans, are frequently scheduled with insufficient notice and without enough time to make appropriate travel arrangements for the examination. Contract examiners are not sufficiently responsive to veterans who are elderly, bedridden, or otherwise unable to travel to exams. Examples of these and other notice/scheduling issues include the following:

- “My clients are frequently scheduled for exams with only one to three days advance notice.”
- From a legal services provider in Connecticut: “My clients (who are often far below the poverty line and without access to transportation) receive contract exams as far away as Long Island or Rhode Island. One was a client with advanced Parkinson's disease who had to travel to Rhode Island for his examination.”
- “If a veteran cannot attend due to previous schedule conflicts, they are told by the contractor they can only reschedule it one time and not for more than 10 days out. If veteran's schedule will not allow attendance at an exam within the next 10 days, the contractor reports to VA that the veteran is unavailable. New rating decisions are being issued denying appeals based on the veteran not appearing for the exam. We submit statements immediately and have the veteran call the contractor and VA, but most of the time it is still reported as the veteran is unavailable. I've probably had to do at least 10-15 supplemental claims in the past year due to this and fortunately almost all order new exams, but it is clogging up the system.”
- “I have a veteran that went to two appointments that he drove an hour to both times and the exam got canceled due to the provider not being available. Then he got rescheduled a third time for an exam he could not make, and they sent it back to VA. This is very frustrating for the clients.”

- “I have a client on hospice over 85. They contacted his wife to schedule an exam and she requested a home visit because he is completely bedridden. The exams were cancelled with the reason: ‘servicemember unavailable.’”
- “I have a veteran that drove three hours to an appointment and the office was closed for a holiday.”

**Contract examiners do not accept cancellations, resulting in unnecessary “no-shows.”**

NOVA has previously reported that providers are unable to accept cancellations and it is not clear if this issue has been addressed. When an issue or illness arises that prevents the veteran from attending an appointment shortly before, or the day of, the examination, the provider will refuse to accept the cancellation or inform a veteran they must contact the contractor. In many instances, the veteran does not have that information, and then gets marked as a “no-show.” Contractors still get paid when a veteran does not appear for an examination, wasting taxpayer dollars. Providers should be able to handle these cancellations.

**Contract examiners fail to answer basic questions.** Some examiners refuse to answer basic questions raised by the veteran, such as their full name, specialty, diagnosis, or ROM measurements. Veterans have a right to know this basic information and it should be provided when requested. One NOVA member related: “I have numerous clients that will call and ask the providers what exams will be covered, and the providers do not tell them. They will also have duplicate exams ordered for the same issue within a week and when asked why they need to attend again, they get no response from VA or the provider and are forced to go to sometimes two to three exams for the same condition. Naturally this causes conflicting results which then the VA will sometimes order another exam after that to clarify all the exams. This is frustrating for them and frustrating to see on my side too.”

Furthermore, while one contractor will generally put the training classes and examiner credentials at the bottom of the appointment notification letter, most contractors do not. This information should be consistently provided to veterans.

**Contract facilities are not consistently complying with ADA and OSHA.** In May 2024, the VA Office of the Inspector General (OIG) issued a report entitled, “Better Oversight Needed of Accessibility, Safety, and Cleanliness at Contract Facilities Offering VA Disability Exams.” This investigation unveiled several disturbing findings, including but not limited to the following: (1) MDEO did not ensure or verify vendors’ compliance with the American with Disabilities Act (ADA) or the Occupational Safety and Health Act (OSHA); (2) few vendor facilities complied with ADA and OSHA standards; (3) OIG identified deficiencies that could make exam facilities difficult to access and unable to accommodate some veterans who need exams; (4) exams scheduled at facilities with deficiencies may create difficulty for veterans with mobility issues; and (5) MDEO lacked



formal standard operating procedures and training for site visits to assess safety and accessibility compliance. The OIG concluded that MDEO must improve its oversight of contract exam facilities to ensure ADA and OSHA mandates are met.

NOVA members frequently report issues with facilities that mirror the findings of the OIG. Given its mission to provide veterans with disabilities all the benefits they have earned, to include disability compensation, *VA must demand that vendors ensure facilities are ADA- and OSHA-compliant, and Congress should continue its oversight of this issue.*

NOVA has supported numerous legislative proposals that would hold VA and examiners more accountable and improve the process. For example, in July 2022, NOVA filed a statement in support of draft legislation, i.e., No Bonuses for Bad Exams Act, before the Senate Committee on Veterans' Affairs. NOVA, *Statement for the Record Before the Senate Committee on Veterans' Affairs Concerning Pending Legislation to Include Discussion Draft, S. \_\_, No Bonuses for Bad Exams Act of 2022* (July 13, 2022). That bill would have ensured inadequate examinations do not adversely impact veterans' claims, e.g., by prioritizing new exams and subsequent claims processing when a veteran has received an inadequate examination, by permitting reports of inadequate or unnecessary examinations to be removed from the veteran's record, and by ensuring inadequate or unnecessary examinations are not used for adjudication, review, or litigation purposes.

More recently, in April 2024, NOVA filed a statement in support of certain provisions of another draft bill, i.e., the Medical Disability Examination Improvement Act of 2024. NOVA, *Statement for the Record Before the House Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs Concerning Pending Legislation* (April 10, 2024), <https://docs.house.gov/meetings/VR/VR09/20240410/117069/HHRG-118-VR09-20240410-SD004.pdf>. Section 6 of this draft bill would have required review and priority processing of claims where inadequate or unnecessary examinations were used to decide them. Of particular importance in section 6 is the requirement for VA to provide "another examination, if necessary, on a priority basis" and to provide "priority processing for the entirety of [the] impacted claim."

This Congress, NOVA supports H.R. 2137, Review Every Veterans Claim Act of 2025. NOVA, *Statement of National Organization of Veterans' Advocates Before the House Committee on Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs on Pending Legislation* (March 26, 2025), <https://docs.house.gov/meetings/VR/VR09/20250326/118034/HHRG-119-VR09-Wstate-BoydRaubert-20250326.pdf>. This bill would amend current 38 U.S.C. § 5103A to provide that, "[i]f a veteran fails to appear for a medical examination provided by the Secretary in conjunction with a claim for a benefit under a law administered by the Secretary, the Secretary may not deny such claim on the sole basis that such veteran failed



to appear for such medical examination.” This measure could reduce the burden on the system by ensuring VA reviews the claim to see if it can be granted based on the evidence of record.

*In conclusion, Congress should conduct rigorous oversight of the VA examination process and continue to explore legislation that would improve the process and ensure accountability when VA fails to provide timely, adequate, and accurate disability examinations for veterans.*

## II. VA MAKES IT TOO DIFFICULT TO APPLY FOR BENEFITS

Over the past several years, accredited advocates have complained about complexities that make it difficult for claimants to apply for benefits. Effective March 24, 2015, VA required standardized forms for claims and appeals and stopped accepting “informal claims.” Department of Veterans Affairs, *Standard Claims and Appeals Forms*, 79 FR 7660 (September 25, 2014). One of the reasons for this change was VA’s desire to make processing claims easier for the agency. In the decade since this rule was finalized, Congress passed the Veterans Appeals Improvement and Modernization Act of 2017, P.L. 115-55 (August 23, 2017), and even more forms have been added to the process. Even if one agrees that standardized forms are necessary for processing claims and appeals, VA has too many forms, many are confusing and not written or organized in a fashion that is clear to applicants, and VA rejects too many forms too often, causing rework and backlogs. When VA responds to claimants regarding the submission of an “incorrect” form, it often either fails to provide enough detail so the claimant can properly respond or asks for something it has already received in the past. See, e.g., NOVA, *Statement Before the House Committee on Veterans’ Affairs Subcommittee on Disability Assistance and Memorial Affairs Oversight Hearing*, “Lost in Translation: How VA’s Disability Claims and Appeals Letters Should Be Simplified” 9 (March 20, 2024), <https://docs.house.gov/meetings/VR/VR09/20240320/116963/HHRG-118-VR09-Wstate-BoydRaubert-20240320.pdf>. The lack of coherent response and confusing instructions can result in, at the least, unnecessary frustration and delay, and, at the worst, abandonment of viable claims and appeals by veterans who give up out of that frustration. Veterans’ claims are also being denied and deadlines being missed when VA decides a “wrong” form was filed.

*VA should start by accepting the submission of any “incorrect” form as an intent to file under 38 C.F.R. § 3.155.* VA can do this via regulation – Congress should not have to intervene. However, if VA does not make this change, this Committee should consider introducing the language contained in the Veterans Appeals Options Expansion Act of 2024, which would implement this change. NOVA, *Statement for the Record Before the House Committee on Veterans’ Affairs Subcommittee on Disability Assistance and*

*Memorial Affairs Concerning Pending Legislation 6* (April 10, 2024), <https://docs.house.gov/meetings/VR/VR09/20240410/117069/HHRG-118-VR09-20240410-SD004.pdf>. To make the process even more veteran friendly, *that legislation should include an option for VA to accept the form as a claim for the specific benefit if it can be determined from the submission*. If VA cannot determine what benefit is being sought, it can then accept the form as an intent to file and let the claimant know of the requirement to complete the application within the year.

In addition, *VA should review its forms and reduce the number of forms needed in the system, making sure it is easier for veterans, survivors, family members, and caregivers to apply for benefits*.

### **III. UNACCREDITED CLAIMS CONSULTANTS TAKE ADVANTAGE OF MANY VETERANS, CREATING THE POTENTIAL FOR MORE FRAUD AND ABUSE IN THE SYSTEM**

NOVA has testified extensively on the rise of unaccredited claims consultants and companies that use them, as well as legislation purporting to address the problem. We incorporate that testimony by reference here. See NOVA, *Statement Before the House Committee on Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs* on H.R. 1732, Governing Unaccredited Representatives Defrauding VA Benefits Act; H.R. 1656, Preserving Lawful Utilization of Services for Veterans Act of 2025; and Discussion Draft: To amend title 38, United States Code, to allow for certain fee agreements for services rendered in the preparation, presentation, and prosecution of initial claims and supplemental claims for benefits under laws administered by the Secretary of Veterans Affairs, and for other purposes" (March 5, 2025), <https://docs.house.gov/meetings/VR/VR09/20250305/117964/HHRG-119-VR09-Wstate-BoydRaubert-20250305.pdf>; NOVA, *Statement Before the Senate Committee on Veterans' Affairs Concerning Pending Legislation 4-10* (April 26, 2023); National Organization of Veterans' Advocates, *Statement Before the House Committee on Veterans' Affairs Subcommittee on Disability Assistance and Memorial Affairs and Subcommittee on Oversight and Investigations, Joint Oversight Hearing, "At What Cost?—Ensuring Quality Representation in the Veteran Benefit Claims Process"* (Apr. 27, 2022), <https://docs.house.gov/meetings/VR/VR09/20220427/114660/HHRG-117-VR09-Wstate-Raubert-20220427-U1.pdf>.

The unfettered, unregulated rise of these companies and their unaccredited employees creates an atmosphere where fraud and abuse can proliferate. While the terms of the contracts vary from company to company, there are common elements among many of them. Unaccredited employees work with veterans to gather information in support of a claim (typically an initial claim for an increased rating). The veteran is "coached" to

submit the claim or, in some circumstances, the claim is submitted by an employee using the veteran's own private eBenefits log-in information on VA's website. Sometimes, veterans are advised to drop existing appeals in favor of a "faster" decision on a new claim for an increased rating. (While this action may, indeed, result in a faster decision, the veteran is unknowingly forfeiting months or years' worth of retroactive benefits because the effective date of any award of benefits is the date VA receives the "claim.") Other companies regularly advise veterans to decline to attend disability examinations ordered by VA. When a veteran does not show for a scheduled contract examination, the medical examination contractor is still paid, wasting taxpayer dollars.

Questions also arise about the origins and quality of the medical evidence provided by these companies, since many companies use medical opinions prepared by affiliate companies that are not truly independent and may be fraudulent. VA is required to consider all the evidence of record, including private medical evidence. Private medical treating evidence and private medical opinions can be a powerful tool in a veteran's claim or appeal when ethically obtained. Private medical opinions, however, must be obtained by independent medical professionals who are not part of a company's staff or part of an owned subsidiary.

The VA states it has no ability to oversee these individuals and veterans have no due process rights when working with these companies. *Congress needs to act to fix this problem.*

To be clear, NOVA supports a strong accreditation process to ensure competent representation. All people assisting veterans, survivors, family members, and caregivers must be accredited, whether in the early stages of consulting, educating, advising, assisting, or coaching throughout the more complex claims and appeals process. Accreditation must be required on an individual basis. Accredited individuals must submit a signed power of attorney to VA and, for anyone charging a fee, a properly executed fee agreement as well.

Any legislative proposal that expands choice must put veterans first. NOVA maintains that a federal solution, with preemption and reinstatement of criminal penalties, is critical to ensure ongoing compliance and recourse for veterans. As described in our March 5<sup>th</sup> testimony before the House Committee on Veterans' Affairs, if expanded paid representation is the goal of Congress, the simplest and best option for veterans is to "move the line" and amend current 38 U.S.C. § 5904 to extend the current system for paid representation on appeals to initial claims. This solution allows all individuals who wish to become accredited to do so, expands access to quality claims assistance, ensures protections for veterans, and prevents veterans from going into debt to receive qualified assistance.

#### **IV. VA DOES NOT UPDATE THE RATING SCHEDULE IN A TIMELY FASHION**

At the core of the VA disability rating process is the VA Schedule for Rating Disabilities or VASRD. This rating code, which describes the underlying Diagnostic Codes (DCs) for each body system, was implemented after World War I. It was revised in 1925, 1933, and 1945. The 1945 version is the basis for the current code.

For the last decade plus, VA has been updating the VASRD. This process, however, has been plagued with delays. Although VA has finally updated most body systems, albeit in a much slower fashion than originally projected, there are still three major systems that have yet to be finalized. Dates for finalization continue to slip, and the process will need to be ongoing to go back and review those systems that were updated in the beginning of the process once those systems are completed.

In addition, with the passage of the PACT Act and continuing scientific and medical discoveries linking more conditions to various toxic exposures in service than ever before, VA must ensure that these rating codes accurately account for all the conditions related to these exposures. Without timely updates, veterans will not receive accurate ratings that account for all aspects of their disabilities.

#### **CONCLUSION**

Given the short timeline leading to today's hearing, this statement should not be interpreted as a comprehensive discussion of all the issues raised by this Committee or complete solutions to the many problems that plague the VA disability compensation system. However, NOVA thanks you for allowing us to present our partial views on this important topic and is always ready to participate with this Committee, VA, and the accredited stakeholder community (and the veterans, survivors, family members, and caregivers they represent) to find ways to improve the system. If you have questions or would like to request additional information, please feel free to contact:

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