



DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**

*Office of Audits and Evaluations*

VETERANS BENEFITS ADMINISTRATION

Improved Processing  
Needed for Veterans' Claims  
of Contaminated Water  
Exposure at Camp Lejeune

REVIEW

REPORT #21-03061-209

AUGUST 25, 2022



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## Executive Summary

From August 1953 through December 1987, the drinking water at Camp Lejeune was contaminated by on-base industrial activities and an off-base dry cleaning facility. Volatile organic compounds, including benzene, vinyl chloride, tetrachloroethylene, and trichloroethylene were found in the wells and water supply systems at Camp Lejeune that served housing, administrative, and recreational facilities, as well as the base hospital. The two most contaminated wells, which supplied drinking water, were shut down in February 1985. In January 2017, the Agency for Toxic Substances and Disease Registry (ATSDR) estimated that trichloroethylene and tetrachloroethylene levels in the drinking water exceeded standards and were a public health hazard. According to ATSDR estimates, one million individuals who resided or worked at Camp Lejeune from the 1950s to the mid-1980s, including civilians and children, could have been exposed to these contaminants.

In March 2017, VA regulations established a presumption of service connection for illnesses related to veterans' exposure to contaminated water at Camp Lejeune.<sup>1</sup> This presumption applies to active-duty, reserve, and National Guard members who were exposed to contaminated water at Camp Lejeune for at least 30 days between August 1, 1953, and December 31, 1987, and who later developed one or more of the following eight conditions associated with these contaminants: adult leukemia, aplastic anemia and other myelodysplastic syndromes, bladder cancer, kidney cancer, liver cancer, multiple myeloma, non-Hodgkin lymphoma, and Parkinson's disease.<sup>2</sup>

The presumption allows veterans to file claims for disability compensation benefits without having to prove that their conditions were connected to active-duty service.<sup>3</sup> Veterans still must support their claims with lay or medical evidence of a current disability or symptoms. If the veteran's claimed disability is not recognized as a presumptive condition, it is considered a nonpresumptive disability, and the veteran must demonstrate that the disability is service-connected.<sup>4</sup>

Data from the Veterans Benefits Administration (VBA) show its staff decided about

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<sup>1</sup> 38 Code of Federal Regulations (C.F.R.) § 3.307(a)(7)(iii). For the purposes of this regulation, service at Camp Lejeune means any service within the borders of the entirety of the US Marine Corps Base Camp Lejeune and Marine Corps Air Station New River in North Carolina from August 1, 1953, through December 31, 1987.

<sup>2</sup> 38 C.F.R. § 3.309(f). Presumptive conditions for Camp Lejeune contaminated water exposure are listed under this regulation. VA's process for reviewing scientific research that may support making certain conditions presumptive is described in appendix A.

<sup>3</sup> Presumption serves as a substitute for the requirement of an in-service injury, event, or disease and for the need to demonstrate an association of a current disability with previous military service.

<sup>4</sup> VA Manual 21-1, Adjudication Procedures Manual, part 1, chap. 1, sec. B, topic 1.f, "Notification Requirements for Special Issues," March 14, 2017.

57,500 Camp Lejeune-related disability compensation claims between March 14, 2017 (the effective date of the law that established presumptive conditions), and March 31, 2021, for both presumptive and nonpresumptive conditions. Most claims (71 percent) were denied. The VA Office of Inspector General (OIG) conducted this review to determine whether VBA staff followed regulations and procedures when processing and deciding claimed conditions potentially associated with exposure to contaminated water at Camp Lejeune.

## What the Review Found

The OIG estimated that VA regional office staff incorrectly processed approximately 21,000 of 57,500 Camp Lejeune-related claims (37 percent).<sup>5</sup> Of these 21,000 incorrectly processed claims, VA regional office staff prematurely denied 17,200 claims and assigned incorrect effective dates of benefits entitlement (the date a veteran is eligible for the benefits) to 2,300 claims. Another 1,500 incorrectly processed claims involved various other technical and procedural errors.<sup>6</sup> The team assessed contributing factors for the two most common errors—prematurely denying claims and assigning incorrect effective dates of benefits entitlement—and found that error rates differed by the processing location.

### Prematurely Denying Claims

The OIG determined that claims-processing staff prematurely denied claims when they did not send required letters to veterans requesting evidence needed to document exposure to contaminated water at Camp Lejeune. Veterans service representatives (VSRs), who gather evidence (including requests for additional documentation from veterans) to determine benefits entitlement and authorize payment, did not send the required letter to veterans for an estimated 17,200 of 41,000 denied disability compensation claims (42 percent) for conditions related to contaminated water exposure at Camp Lejeune. Staff at the VA regional office in Louisville, Kentucky, did not send required letters because a supervisor provided staff with incorrect guidance.<sup>7</sup> Staff from other regional offices did not send required letters to veterans because of their lack of experience processing these types of claims. As such, they did not always follow established procedures that outline the special requirements for processing Camp Lejeune-related claims.

The premature denial of these claims potentially resulted in some veterans not receiving the benefits to which they are entitled. Some of these veterans' claims could have been granted if

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<sup>5</sup> These numbers represent separate disabilities claimed as due to exposure to contaminated water at Camp Lejeune. A veteran may claim multiple disabilities on the same application for disability compensation benefits.

<sup>6</sup> Appendix B presents the review's scope and methodology, and appendix C details the statistical sampling methodology.

<sup>7</sup> The Louisville Regional Office was a central processing office for these claims.

VSRs had informed the veterans of the evidence needed to support their claims, and sufficient documentation had been submitted in response.

## **Assigning Incorrect Effective Dates of Benefits Entitlement**

In VA regional offices, rating veterans service representatives (RVSRs), who are claims processors who determine entitlement, did not assign accurate effective dates of benefits entitlement for approximately 2,300 of 16,500 granted disability claims (14 percent).<sup>8</sup> Determining the effective date is an important part of the decision-making process because it establishes the date from which entitlement to benefits begins.

Overall, it is estimated that veterans were underpaid at least \$13.8 million in benefits for granted claims because VA regional office staff did not assign the earliest effective date permitted by federal regulation.<sup>9</sup> VBA procedures state that a claim should be assigned “the most advantageous effective date that applies for the facts of the case.”<sup>10</sup> To be entitled to retroactive benefits based on a change in law, a claimant must also have met all of the eligibility criteria for the benefit on the effective date of the law change, and eligibility must have existed continuously from that date to the date of the claim or administrative determination of entitlement.<sup>11</sup>

## **Processing Location**

Although VBA had adequate procedures and staff received acceptable training, the OIG found that errors on these claims were statistically more likely to occur at other VA regional offices than at the central processing office for Camp Lejeune-related claims in Louisville, Kentucky. For claims received on or after March 14, 2017, the OIG team estimated that all other VA regional offices had a 40 percent error rate, compared with an 8 percent estimated error rate for the Louisville Regional Office. The OIG team concluded this disparity stems from claims processors from other regional offices having limited experience processing Camp Lejeune-related claims.

During the OIG's review period, the Louisville Regional Office had a Camp Lejeune-related claims processing team. For example, in March 2017, that team consisted of two supervisors, 23 VSRs, 13 RVSRs, and a program analyst. The remaining 56 VA regional offices did not have a team dedicated to processing these claims. The OIG review team concluded that, by having a specific team with claims processors and supervisors, staff at the Louisville Regional Office

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<sup>8</sup> RVSRs analyze the evidence gathered by VSRs and make decisions on the claims.

<sup>9</sup> 38 C.F.R. § 3.114. Appendix D presents the OIG's estimates of monetary benefits associated with implementing the report's recommendations.

<sup>10</sup> VA Manual 21-1, Adjudication Procedures Manual, part 5, sub. 2, chap. 4, sec. A, topic 1, “General Guidance on Assigning Effective Dates,” May 8, 2018.

<sup>11</sup> 53 Fed. Reg. 37,797 (Sept. 28, 1988); 38 C.F.R. § 3.114.

were able to attain a higher level of subject matter expertise in processing these types of claims than staff at other regional offices.

## What the OIG Recommended

The under secretary for benefits should centralize all Camp Lejeune-related claims processing at the Louisville Regional Office or implement a plan to mitigate the error rate disparity between the Louisville Regional Office and other regional offices. The OIG also recommended the under secretary for benefits ensure that VBA conduct targeted quality reviews of Camp Lejeune-related claims from all regional offices processing these claims.

## VA Comments and OIG Response

The director of the Northeast District, performing the delegable duties of the under secretary for benefits, acknowledged that the OIG-identified errors include both procedural deficiencies and benefit entitlement errors. Further, he noted that VBA's Quality Assurance Program identifies procedural deficiencies for process improvements and focuses on claims decision accuracy as determined monthly by the Systematic Technical Accuracy Review team. The director concurred in principle with recommendations 1 and 2. In response to recommendation 1, VBA will assess the accuracy of processing Camp Lejeune-related claims over time. The director further clarified that "[i]f the accuracy has not shown consistent improvement, [Office of Field Operations] and Compensation Service will develop a plan to improve quality of presumptive Camp Lejeune-related claims processing, to include consideration for further centralization." In response to recommendation 2, VBA indicated that actions taken will be contingent on the outcome of this assessment. Appendix E provides the full text of the VA management comments.

The OIG acknowledges the steps VBA has taken to monitor claims processing with its monthly quality reviews but underscores the team's determination that the lack of a targeted focus on Camp Lejeune-related claims results in the overall sampling can prevent errors for these claims from being detected. The OIG found the actions planned are generally responsive to the recommendations. Because the review team identified errors related to presumptive and nonpresumptive Camp Lejeune-related claims, the plan to implement recommendation 1 should include improving processing for both. The OIG will monitor implementation of all planned actions and will close these recommendations when VBA provides evidence demonstrating sufficient progress in addressing the intent of the recommendations and the issues identified.



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## Abbreviations

ATSDR	Agency for Toxic Substances and Disease Registry
C.F.R.	Code of Federal Regulations
NASEM	National Academies of Sciences, Engineering, and Medicine
OIG	Office of Inspector General
RVSR	rating veterans service representative
VBA	Veterans Benefits Administration
VSR	veterans service representative





## Introduction

From August 1953 through December 1987, individuals residing or working at Camp Lejeune were potentially exposed to drinking water contaminated with volatile organic compounds, including benzene, vinyl chloride, tetrachloroethylene, and trichloroethylene.<sup>12</sup> The main sources of contamination were on-base industrial activities and an off-base dry cleaning facility. These contaminants were found in the wells and water supply systems at Camp Lejeune that served housing, administrative, and recreational facilities, as well as the base hospital. In January 2017, the Agency for Toxic Substances and Disease Registry (ATSDR), a branch of the US Department of Health and Human Services, completed a public health assessment for Camp Lejeune drinking water. The ATSDR estimated that trichloroethylene and tetrachloroethylene drinking water levels exceeded standards and had presented a public health hazard from most of the 1950s to the mid-1980s. The two most contaminated wells connected to the drinking water problems were shut down in February 1985. According to the ATSDR estimates, one million individuals, including civilians and children, could have been exposed.<sup>13</sup>

On August 3, 2015, the then VA Secretary announced that he had met with members of Congress, as well as the director of the ATSDR, to discuss the possibility of creating a presumption of “service connection” for those who could have been exposed to contaminated water during military service at Camp Lejeune.<sup>14</sup> In the context of VA claims adjudication, when a disease or disability is designated as presumptively service connected, veterans do not need to prove that a disability or illness was caused by a specific exposure that occurred during service in the armed forces. In other words, this presumption shifts the burden of proof from the veteran to VA. To rebut the presumption, VA would have to demonstrate that some other intervening event caused the disability. Appendix A describes VA’s process for reviewing scientific research that may support making conditions presumptive for VA purposes. If the claimed disability is not recognized as one of the presumptive conditions, the disability is considered nonpresumptive, and additional evidence is needed to demonstrate that the disability is service-connected.<sup>15</sup>

On March 14, 2017, more than 30 years after the two wells were shut down, federal regulations established a presumption of service connection for specific diseases related to chemical

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<sup>12</sup> Marine Corps Base Camp Lejeune is a 246-square-mile United States military training facility in North Carolina.

<sup>13</sup> This Office of Inspector General (OIG) report focuses on veterans’ claims associated with contaminated water exposure at Camp Lejeune. However, any individual living and working at Camp Lejeune during this period might have been exposed to these contaminants.

<sup>14</sup> Generally, establishing that a disability was connected to military service in some way is needed for a veteran to be eligible to receive VA disability compensation benefits for that condition.

<sup>15</sup> 38 Code of Federal Regulations (C.F.R.) § 3.309(f).

exposure at Camp Lejeune.<sup>16</sup> Federal regulations list eight conditions associated with the contaminants: adult leukemia, aplastic anemia and other myelodysplastic syndromes, bladder cancer, kidney cancer, liver cancer, multiple myeloma, non-Hodgkin lymphoma, and Parkinson's disease.<sup>17</sup> The presumption applies to active-duty, reserve, and National Guard members who were exposed to contaminants in the water supply at Camp Lejeune for at least 30 days between August 1, 1953, and December 31, 1987, and who later developed one or more of these eight conditions.<sup>18</sup> If eligible veterans receive a diagnosis for one of these conditions, VA presumes that their Camp Lejeune service caused the condition, and disability compensation can be granted.

Between March 14, 2017 (the effective date of the law that established presumptive conditions), and March 31, 2021, Veterans Benefits Administration (VBA) staff decided about 57,500 Camp Lejeune-related disability compensation claims, according to VBA data. The 57,500 claims include both presumptive and nonpresumptive conditions. About 41,000 of those claims (71 percent) were denied. Most (about 90 percent) of the denied claims were for nonpresumptive conditions. The VA Office of Inspector General (OIG) conducted this review to determine whether VBA staff followed regulations and procedures when processing and deciding claimed conditions that could be associated with contaminated water at Camp Lejeune.

## **Roles and Responsibilities of VBA's Compensation Service and Office of Field Operations**

Two offices within VBA share oversight responsibility for processing Camp Lejeune-related claims. The Compensation Service establishes policy and procedures, provides training, and generally oversees claims-processing accuracy. The Office of Field Operations sets production goals and manages the employees who process veterans' claims. After claims have been processed, the Compensation Service conducts quality assurance reviews intended to improve the accuracy and consistency of claims processing. Additionally, the Compensation Service conducts special focused reviews of the types of claims processing that VBA leaders have identified as being of particular interest or needing improvement. Figure 1 shows the division of roles and responsibilities between the Compensation Service and the Office of Field Operations.

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<sup>16</sup> 38 C.F.R. § 3.307(a)(7)(iii). For the purposes of this regulation, service at Camp Lejeune means any service within the borders of the entirety of the US Marine Corps Base Camp Lejeune and Marine Corps Air Station New River in North Carolina from August 1, 1953, through December 31, 1987.

<sup>17</sup> 38 C.F.R. § 3.309(f). Presumptive conditions for Camp Lejeune contaminated water exposure are listed under this regulation.

<sup>18</sup> Veterans could have been exposed to contaminants in the water supply through drinking, bathing, or other activities.



**Figure 1.** Roles and responsibilities of VBA's Compensation Service and Office of Field Operations.

Source: VA OIG analysis of VA's 2020 Functional Organization Manual as of September 1, 2020.

## Processing Camp Lejeune Contaminated Water Exposure Claims

On January 11, 2011, VBA centralized Camp Lejeune-related claims processing at VA's Louisville Regional Office in Kentucky. After the change in the law in March 2017, claims for any of the eight presumptive conditions were processed by all 57 VA regional offices. The Louisville Regional Office retained jurisdiction over three types of claims: all nonpresumptive Camp Lejeune-related claims, claims from veterans that include both presumptive and nonpresumptive conditions, and claims from veterans who had less than 30 days of combined military service at Camp Lejeune during the exposure period.

Claims for service connection are reviewed by two types of claims processors: (1) veterans service representatives (VSRs) who gather evidence and (2) rating veterans service representatives (RVSRs) who make claims decisions that determine benefit entitlement.

## Gathering Evidence

Once a veteran submits a claim, VA regional office VSRs review the claim and determine what actions are necessary. VA has a legal duty to make reasonable efforts to help veterans obtain evidence to substantiate their benefit claims.<sup>19</sup> For Camp Lejeune-related claims, the standard VA notification on the application for benefits does not inform the veteran that additional information or evidence may be necessary to decide the claim.<sup>20</sup> As a result, an additional notification may be needed. To support the veteran's claim, a VSR can send a letter requesting additional documentation, including dates of service at Camp Lejeune, service treatment records, service personnel records, and private medical records. However, VSRs are not required to send a letter if the evidence of record (evidence already in VA's possession) provides the information the letter would have requested or is otherwise sufficient to decide the claim.

In the following situations, VA has a duty to send veterans a letter requesting additional information.<sup>21</sup>

- If initial review of the claim does not establish any service at Camp Lejeune between August 1, 1953, and December 31, 1987, VSRs must send the veteran a letter with the following language:

*We need additional evidence from you to verify Camp Lejeune service. The service information VA requires to decide a claim for service connection for diseases resulting from exposure to contaminated water at Camp Lejeune includes (1) proof of service at Camp Lejeune, and (2) details about your service at the Marine Corps base. The details about your service at the Marine Corps base must include the length of time you worked at the base, your duties and the locations where you worked on base, and whether you resided on base or off base.*

- If the disability claimed as due to exposure to contaminated water at Camp Lejeune is not recognized as a presumptive condition under federal regulations, VSRs must send the veteran a letter with the following language:<sup>22</sup>

*We may consider that your [claimed condition] is associated with contaminants in the water supply at Camp Lejeune if you send us scientific or medical evidence showing that your claimed condition is medically associated with exposure to the*

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<sup>19</sup> 38 U.S.C. §§ 5103 and 5103A.

<sup>20</sup> VA Form 21-526EZ, VA's Application for Disability Compensation and Related Compensation Benefits, September 2019. This form includes general information on evidence needed to support a disability claim.

<sup>21</sup> VA Manual 21-1, Adjudication Procedures Manual, part 1, chap. 1, sec. B, topic 1.f, "Duty to Notify Under 38 U.S.C. 5102 and 5103," March 14, 2017.

<sup>22</sup> 38 C.F.R. § 3.309(f).

*contaminants. If your doctor has expressed an opinion regarding the relationship of your claimed condition to exposure to contaminants in the water supply at Camp Lejeune, send us that opinion, the reasons and bases for that opinion, and the clinical treatment records. In addition, the doctor should provide literature that supports the opinion. Literature may consist of scientific or medical journal articles, etc., that support the doctor's opinion that your exposure is related to the currently diagnosed condition.*

## **Deciding the Claim**

VA regional office RVSRs analyze the evidence and make decisions on the claim. Before RVSRs can decide a veteran's claim, they must first make sure that all required steps have been completed, including the request for evidence and the receipt of any required medical opinion. If any step is incomplete, they must return the claim to a VSR for additional action. Once RVSRs determine that a claim is complete, they formally decide to grant or deny service connection for the veteran's disability.

To establish service connection, RVSRs must consider three elements:

1. The veteran has a current disability.
2. The veteran had an event, injury, or disease in service.
3. There is a link establishing that the veteran's current disability began during service.<sup>23</sup>

Nonpresumptive claims must address all three elements to establish service connection. Presumptive claims must address element one and include lay or medical evidence of a current disability or symptoms. However, for presumptive conditions, no further evidence is required to satisfy elements two and three.

When RVSRs grant disability compensation for a military service-related disability, they also assign an effective date. Determining the effective date is an important part of the decision-making process because it establishes the date from which entitlement to benefits begins. Multiple factors must be considered to determine an effective date of entitlement including the date of the claim and regulatory requirements.

For Camp Lejeune-related claims received before March 14, 2017 (the effective date of the law that established presumptive conditions), RVSRs can assign an earlier effective date if there is a medical opinion that directly supports service connection for the claimed disability. For Camp Lejeune-related claims received after March 14, 2017, regulatory provisions allow RVSRs

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<sup>23</sup> 38 C.F.R. § 3.303; VA Manual 21-1, Adjudication Procedures Manual, part 4, sub. 2, chap. 2, sec. B, topic 1.a, "Overview of Direct Service Connection," March 2, 2017.

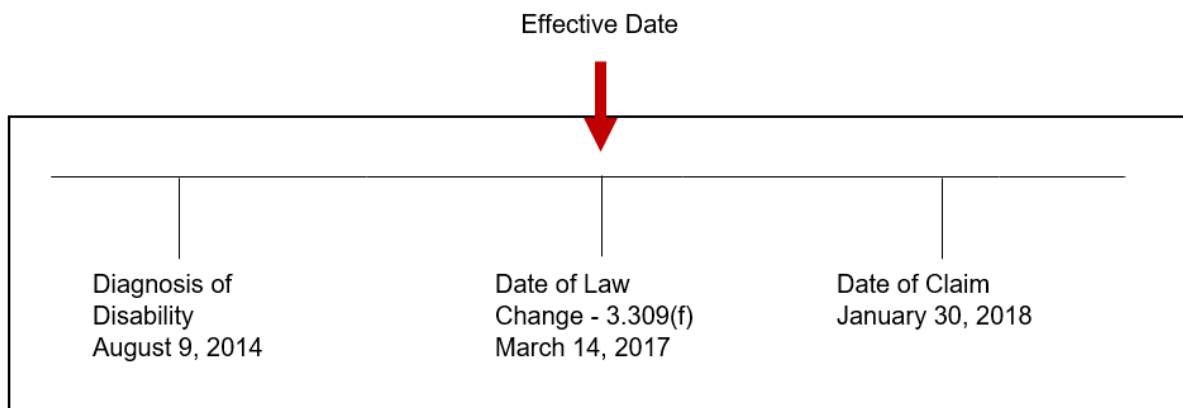
to assign an effective date that is up to one year before the veteran's date of claim, but not before the date presumptive conditions for Camp Lejeune were established.<sup>24</sup>

If eligibility criteria for benefits were met after the date of the law change (March 14, 2017) and claimed by the veteran within one year of that date, the effective date of the veteran's service-connected benefits would be March 14, 2017. The following example and figure 2 demonstrate this scenario.

### Example 1

*The veteran submitted a claim for a presumptive condition on January 30, 2018. Service records show that the veteran served honorably and was stationed at Camp Lejeune for more than 30 days during the period of water contamination. The veteran's medical records confirm a diagnosis of the presumptive condition on August 9, 2014.*

*In this example, since the claim was received within one year of March 14, 2017, and the veteran was diagnosed with the presumptive condition at the time of the change in law, the RVSR should grant service connection for the presumptive condition effective March 14, 2017.*



**Figure 2.** Example of claim received within one year of the law change.  
Source: VBA Compensation Service training material dated March 2017.

For claims received more than one year after the law change, the effective date would be one year before the date of the claim.

<sup>24</sup> 38 C.F.R. § 3.114.

## Results and Recommendations

### **Finding: VBA Incorrectly Processed More Than One-Third of the Claims for Contaminated Water Exposure at Camp Lejeune**

Based on an analysis of a statistical sample of 60 granted claims and 60 denied claims (120 claims in total), the OIG team estimated that staff in VA regional offices across the nation incorrectly processed approximately 21,000 of 57,500 Camp Lejeune-related claims (37 percent) from March 14, 2017, through March 31, 2021 (the review period).<sup>25</sup> VA regional office staff generally made two types of errors: (1) prematurely denying claims (about 17,200 errors) and (2) assigning incorrect effective dates on which entitlement to benefits begins for granted claims (about 2,300 errors). Approximately 1,500 additional incorrectly processed claims involved various other technical and procedural errors.<sup>26</sup>

Errors on these claims were more likely to occur at all other VA regional offices than the one in Louisville, particularly for claims received on or after March 14, 2017.<sup>27</sup> These errors included VSRs not sending required letters to veterans requesting needed evidence and RVSRs not assigning correct effective dates of entitlement. The review team's analysis revealed the higher error percentages occurred because VSRs and RVSRs at VA regional offices other than Louisville had limited experience processing Camp Lejeune-related claims.

Some of these veterans' claims might have been granted if VSRs had informed the veterans of the evidence needed to support their claims and then received sufficient documentation. Veterans whose claims were granted might not have been underpaid benefits for claims if RVSRs had assigned the earliest effective date permitted by regulation.<sup>28</sup> The OIG estimated that underpayments to all veterans with incorrect effective dates during the review period totaled at least \$13.8 million. VBA needs to ensure that VA regional office staff consistently apply and remain compliant with the special processing requirements for Camp Lejeune-related claims so that all veterans receive the benefits to which they are entitled.

The following determinations formed the basis for the finding and led to the OIG's recommendations:

- VBA denied claims before notifying veterans of the specific evidence needed as support.

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<sup>25</sup> These numbers represent separate disabilities claimed as due to exposure to contaminated water at Camp Lejeune. A veteran may claim multiple disabilities on the same application for disability compensation benefits.

<sup>26</sup> Appendix B presents the review's scope and methodology, and appendix C details the statistical sampling methodology.

<sup>27</sup> The Louisville Regional Office was a central processing office for these claims.

<sup>28</sup> 53 Fed. Reg. 37,797 (Sept. 28, 1988); 38 C.F.R. § 3.114.

- For granted claims, VBA did not accurately assign dates of entitlement to compensation benefits.
- Errors were more likely to occur when claims were completed outside of the central processing office.
- Despite adequate procedures and training, regional office staff with limited experience processing Camp Lejeune-related claims were more likely to incorrectly process them.
- The Compensation Service's special focused review also identified claims-processing errors.

## What the OIG Did

The OIG team reviewed veterans' claims and relevant documentation to assess whether claims processors accurately processed and decided service connection in accordance with agency regulations and procedures for claims associated with exposure to contaminated water at Camp Lejeune. The review included granted and denied claims for disabilities recognized as a presumptive condition under federal regulations, as well as nonpresumptive disabilities.<sup>29</sup>

The team reviewed a statistically random sample of Camp Lejeune-related claims decided from March 14, 2017, through March 31, 2021, *regardless of when these claims were received*. The review team further analyzed a subset of all decided claims; specifically, claims *received* on or after March 14, 2017 (the date Camp Lejeune-related presumptive conditions were established by regulation), through March 31, 2021. The purpose for analyzing this subset was to assess whether there was a significant difference in error rates for claims received after the date of the law change. The OIG considered conditions identified by VBA as Camp Lejeune-related exposures when claims had "special issue" indicators, or the rating decisions associated with the conditions included text that identified them as Camp Lejeune-related conditions.<sup>30</sup>

Samples were drawn from four distinct sets of veterans' claims completed during the review period: (1) granted claims for presumptive conditions, (2) granted claims for nonpresumptive conditions, (3) denied claims for presumptive conditions, and (4) denied claims for nonpresumptive conditions. The team recognized that in some cases, although the veteran's application claimed a presumptive condition, medical evidence showed the condition was nonpresumptive. Additionally, some nonpresumptive conditions were directly associated with presumptive conditions. Therefore, the team grouped these four subsets into two categories—

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<sup>29</sup> 38 C.F.R. § 3.309(f).

<sup>30</sup> Special issues are indicators and can include a certain claim type, disability or disease, or other notation relevant to a particular claim. These indicators can be used to track claims, such as those related to exposure to contaminated water at Camp Lejeune.



granted and denied claims—regardless of whether the condition was characterized as presumptive or nonpresumptive on the veteran's claim:

- **Denied claims for presumptive and nonpresumptive conditions.** The team reviewed 60 claims for which VBA denied veterans' service-connected compensation based on exposure to Camp Lejeune's contaminated water.
- **Granted claims for presumptive and nonpresumptive conditions.** The team also reviewed 60 claims for which VBA granted veterans' service-connected compensation based on exposure to contaminated water at Camp Lejeune.

To understand VA regulations and procedures for processing these claims, the team conducted a virtual site visit to the Louisville Regional Office, which processed about half the claims in the OIG samples. The team also received responses to written questions from 26 claims processors from seven additional VA regional offices to understand their perspectives on processing Camp Lejeune-related claims. The 12 VSRs and 14 RVSRs from other regional offices were selected because they had processed at least one Camp Lejeune-related claim during the OIG review period.<sup>31</sup> The review team also selected two VSRs and four RVSRs from the Louisville Regional Office because they were assigned to the Camp Lejeune processing team. Additionally, the team interviewed staff from the Compensation Service and discussed the findings with VBA officials. See appendix B for more details about the scope and methodology of the review and appendix C for the statistical sampling methodology.

## **VBA Denied Claims before Notifying Veterans of the Specific Evidence Needed as Support**

On the basis of the results of a statistical sample of 60 denied claims, the OIG estimated that VSRs did not send letters to claimants requesting needed evidence for 17,200 of 41,000 (42 percent) denied disability compensation claims related to contaminated water exposure at Camp Lejeune. All but one error identified by the review team involved nonpresumptive conditions. The remaining error involved a veteran who claimed a presumptive disability, but Camp Lejeune service was not verified.

A letter to the veteran is needed to request additional information if initial review of the claim does not establish any service at Camp Lejeune between August 1, 1953, and December 31, 1987, or the disability claimed as due to exposure to contaminants in the Camp Lejeune water supply is not recognized as a presumptive condition under title 38 of the Code of Federal Regulations (C.F.R.) § 3.309(f). As stated earlier, for Camp Lejeune-related disability compensation claims, the standard notice does not inform the claimant that additional

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<sup>31</sup> Some of the staff selected are no longer VSRs.

information or evidence is necessary to develop and decide the claim.<sup>32</sup> Therefore, VSRs must send a letter to the claimant requesting scientific or medical evidence or a doctor's opinion showing their claimed nonpresumptive conditions were medically associated with exposure to contaminants in the water supply at Camp Lejeune.<sup>33</sup> This requirement also applies when the veteran mistakenly claims a disability is a presumptive condition, but medical evidence shows that the disability is a nonpresumptive condition.<sup>34</sup>

Because veterans were not informed of the specific evidence needed to support the claim before the decision, the review team considered these claims prematurely denied. The Compensation Service agreed that the veterans identified by the OIG team were not sent the required notification letter and that their claims were prematurely denied. Some of the veterans' claims might have been granted if veterans had been notified of evidence needed to decide their claims. Example 2 illustrates a claim that was prematurely denied.

### ***Example 2***

*On August 17, 2017, a veteran submitted a claim for peripheral neuropathy of the lower extremity related to exposure to contaminated water at Camp Lejeune during military service. Because the claimed disability is not recognized as a presumptive condition, a VSR was required to send a letter requesting scientific or medical evidence or a doctor's opinion showing a medical association between the veteran's condition and exposure.<sup>35</sup> However, no such letter was sent to the veteran, and the evidence of record did not include the required information, resulting in a premature denial of service connection.*

## **For Granted Claims, VBA Did Not Accurately Assign Dates of Entitlement to Compensation Benefits**

On the basis of the results of a statistical sample of 60 granted claims, which included both presumptive and nonpresumptive conditions, the OIG estimated that 2,300 of 16,500 granted disability compensation claims (14 percent) were assigned inaccurate effective dates. All effective date errors identified by the review team involved presumptive conditions and associated disabilities.

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<sup>32</sup> VA Form 21-526EZ. This form includes general information on evidence needed to support a disability claim.

<sup>33</sup> VA Manual 21-1, Adjudication Procedures Manual, part 1, chap. 1, sec. B, topic 1.f, "Notification Requirements for Special Issues," March 14, 2017.

<sup>34</sup> For example, a veteran's claim may list bladder cancer, which is recognized as one of the eight presumptive conditions; however, the medical evidence may show the condition was diagnosed as a benign bladder tumor, which is considered nonpresumptive.

<sup>35</sup> VA Manual 21-1, "Notification Requirements for Special Issues."

As stated earlier, the OIG estimated that all veterans with incorrect effective dates during the review period were underpaid at least \$13.8 million in benefits payments.<sup>36</sup> The effective date errors identified by the review team were related to RVSRs not granting the earliest effective date permitted by regulation.<sup>37</sup> VBA procedures state that a claim should be assigned “the most advantageous effective date that applies for the facts of the case.”<sup>38</sup> To be entitled to retroactive benefits based on a change in law, a claimant must have met all eligibility criteria for the benefit on the effective date of the law change. Moreover, such eligibility must have existed continuously from that date to the date of the claim or administrative determination of entitlement.<sup>39</sup> Because the most advantageous date is the earliest effective date permitted, RVSRs should have assigned an effective date that was up to one year before the veteran’s date of claim, consistent with the regulation and VBA procedures.<sup>40</sup> Compensation Service officials reviewed the cases and agreed that, when evidence showed a diagnosis of a presumptive condition before the law change (March 14, 2017), an earlier effective date was appropriate. Example 3 shows an instance in which an RVSR did not assign the earliest effective date, consistent with VA procedures and federal regulation.<sup>41</sup>

### **Example 3**

*On January 30, 2019, a veteran submitted a claim for Parkinson’s disease due to exposure to contaminated water at Camp Lejeune during military service. The claimed disability is recognized as a presumptive condition. The RVSR granted service connection for Parkinson’s disease and assigned an effective date of entitlement of January 30, 2019, based on the date of the claim. However, VA treatment records showed that the veteran had a diagnosis of Parkinson’s disease for almost 20 years. Therefore, the appropriate effective date of entitlement should have been January 30, 2018, one year before the date of the claim—the maximum amount of time a presumptive claim can be backdated. A later decision granted additional disabilities associated with Parkinson’s disease and also assigned incorrect effective dates. Because the RVSRs did not assign the earliest*

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<sup>36</sup> This estimate is for the four-year period from March 14, 2017, through March 31, 2021, as explained in appendix D. Note that this amount does not include the potential monetary effect of premature denials on veterans due to the uncertainties of whether sufficient evidence would have been submitted to support granting the claim.

<sup>37</sup> 38 C.F.R. § 3.114.

<sup>38</sup> VA Manual 21-1, part 5, sub. 2, chap. 4, sec. A, topic 1, “General Guidance on Assignment of Effective Dates,” May 8, 2018.

<sup>39</sup> 53 Fed. Reg. 37,797 (Sept. 28, 1988); 38 C.F.R. § 3.114.

<sup>40</sup> VA Manual 21-1, “General Guidance on Assignment of Effective Dates”; 38 C.F.R. § 3.114; 53 Fed. Reg. 37,797 (Sept. 28, 1988).

<sup>41</sup> VA Manual 21-1, “General Guidance on Assignment of Effective Dates”; 38 C.F.R. § 3.114; 53 Fed. Reg. 37,797 (Sept. 28, 1988).

*effective dates allowed, the veteran was underpaid about \$39,000 over the 12 months.*

## **Errors Were More Likely to Occur When Claims Were Completed Outside of the Central Processing Office in Louisville**

For all Camp Lejeune-related claims decided during the OIG review period, regardless of when those claims were received, the OIG estimated a 31 percent error rate for the Louisville Regional Office compared to an overall error rate of 45 percent for all other VA regional offices. The review team attributed the 31 percent error rate for the Louisville Regional Office to incorrect guidance provided to office staff. Specifically, a supervisor from the office's Camp Lejeune contaminated water claims-processing team provided staff with incorrect guidance that indicated the letter requesting specific evidence was not required for claims received before March 14, 2017. Because this incorrect guidance is no longer applicable, as it only addressed claims received before March 14, 2017, the OIG is making no recommendation to resolve this issue. After excluding errors resulting from this incorrect guidance, the review team estimated that the error rate for the Louisville Regional Office was no greater than 14 percent.

The error rate disparity widened for claims received on or after March 14, 2017 (the date Camp Lejeune-related presumptive conditions were established by regulation), and the OIG determined that errors on these claims were statistically more likely to occur at the other VA regional offices than the one in Louisville, the central processing office for these claims. For claims received on or after March 14, 2017, the OIG team estimated that the Louisville Regional Office had an error rate of 8 percent, which is significantly lower than the 40 percent error rate estimated for all other regional offices combined.

During the OIG's review period, the Louisville Regional Office had a Camp Lejeune-related claims-processing team. In March 2017, that team comprised two supervisors, 23 VSRs, 13 RVSRs, and a program analyst. The remaining 56 VA regional offices did not have a team dedicated to processing these claims. The OIG review team concluded that, by having a specific team with claims processors and supervisors, staff at the Louisville Regional Office were able to attain a higher level of subject matter expertise in processing these types of claims than staff at other regional offices.

## **Despite Adequate Procedures and Training, Regional Office Staff with Limited Experience Processing Camp Lejeune-Related Claims Were More Likely to Incorrectly Process Them**

The Louisville Regional Office processed most Camp Lejeune-related claims (about 64 percent). The remaining 56 VA regional offices together processed about 36 percent. Table 1 shows the four VA regional offices that processed the most Camp Lejeune-related claimed conditions from March 14, 2017, through March 31, 2021.

**Table 1. Four VA Regional Offices That Processed the Most Camp Lejeune-Related Claims during the Review Period**

VA regional office	Number of claims processed	Percent of total
Louisville, Kentucky	37,068	64
Saint Petersburg, Florida	1,519	3
Winston-Salem, North Carolina	1,277	2
Waco, Texas	1,060	2

*Source: VBA's Office of Performance Analysis and Integrity.*

*Note: The remaining 53 VA regional offices each processed 1 percent or less of all Camp Lejeune-related claims decided from March 14, 2017, through March 31, 2021 (ranging from 28 to 803 claims).*

The review team assessed the responses to questions provided to 26 claims processors (12 VSRs and 14 RVSRs) from seven VA regional offices other than the Louisville office.<sup>42</sup> The 12 VSRs from other regional offices had varying experience with processing Camp Lejeune-related claims, ranging from one per year to weekly. Nine of the 14 RVSRs from other regional offices indicated they processed three or fewer Camp Lejeune-related claims annually. Three RVSRs indicated they rarely processed or could not recall the last time they processed a Camp Lejeune-related claim, and the remaining two RVSRs indicated they processed Camp Lejeune-related claims every few weeks or up to five per month. In comparison, all six staff at the Louisville Regional Office who responded—two VSRs and four RVSRs—stated that they processed Camp Lejeune-related claims daily or almost daily.

VBA data analyzed by the review team show a downward trend in the number of Camp Lejeune-related claims being decided. If this downward trend continues, VSRs and RVSRs will process fewer Camp Lejeune-related claims over time. The OIG review team concluded that, with even fewer opportunities to apply the special processing requirements, the error rate disparity between the Louisville Regional Office and other regional offices could continue or worsen. Table 2 shows the decrease in the number of Camp Lejeune-related claims received during fiscal years 2017 through 2021.

<sup>42</sup> The seven VA regional offices were in Cleveland, Ohio; Muskogee, Oklahoma; New Orleans, Louisiana; Roanoke, Virginia; St. Paul, Minnesota; Waco, Texas; and Winston-Salem, North Carolina.

**Table 2. The Number of Camp Lejeune-Related Claims Received during Fiscal Years 2017 through 2021**

Fiscal year	Number of claims received
2017	22,733
2018	14,178
2019	11,823
2020	7,472
2021	6,711

*Source: VA OIG analysis of data from VBA's Workload Report, which contained Camp Lejeune-related disability compensation claims records.*

## **VBA Procedures and Training for VSRs and RVSRs Outlined Special Processing Requirements**

### *VSRs Received Training on Camp Lejeune-Related Claims Processing*

When a veteran claims a nonpresumptive condition due to contaminated water at Camp Lejeune, VSRs are required to send a letter to the claimant requesting scientific or medical evidence or a doctor's opinion showing a medical association between the claimed condition and exposure to contaminants in the water supply at Camp Lejeune.<sup>43</sup> This requirement is also part of the VSR training material for Camp Lejeune claims.

The review team identified 21 VSRs who had incorrectly processed Camp Lejeune-related claims. Compensation Service training records showed that 13 of the 21 VSRs had completed this training.<sup>44</sup> For the remaining eight claims with errors, the review team was unable to identify whether training was completed because those VSRs could not be located in VBA systems. The review team also analyzed training records for 14 additional VSRs that the team had selected to respond to questions and found that two VSRs from the Louisville Regional Office and all 12 VSRs from other regional offices had completed the training before processing the claim in the OIG's sample.

<sup>43</sup> VA Manual 21-1, Adjudication Procedures Manual, part 4, sub. 2, chap. 1, sec. I.7.j, "Developing to the Claimant in Camp Lejeune Claims," March 14, 2017.

<sup>44</sup> Three VSRs from the Louisville Regional Office completed the training after the error had occurred.

### ***RVSRs Received Training on Effective Dates***

When deciding a Camp Lejeune-related claim, RVSRs must consider VA regulations for presumptive disabilities when determining the effective date of entitlement to disability compensation.<sup>45</sup> The RVSR training material also addresses the applicability of VA regulations when determining an effective date for presumptive disabilities.

VBA's national training curriculum includes required training for all RVSRs within the first year of their position. A review of this training plan shows RVSRs receive a course on the assignment of effective dates, including cases where there has been a change in law.

The Compensation Service's training curriculum also included Camp Lejeune claims training for RVSRs. This course included information pertaining to effective dates for Camp Lejeune-related claims. The review team analyzed training records received from the Compensation Service for this course and found that nine of 10 RVSRs who processed Camp Lejeune-related claims with effective date errors had completed this training. Despite RVSRs completing this training, all but one error identified by the OIG review team were claims decided by RVSRs from regional offices other than Louisville.

### **The Compensation Service's Special Focus Review Also Identified Claims-Processing Errors**

In 2018, Congress directed VA to conduct a special focus review of Camp Lejeune-related claims processing.<sup>46</sup> In June 2018, the Compensation Service conducted this required special focus review of claims processed from October 8, 2010 (the date VA began tracking these claims), through April 30, 2018.<sup>47</sup> The review identified claims-processing errors related to not notifying veterans that more evidence was needed and to assigning inaccurate effective dates. The review report stated that VA would continue to monitor Camp Lejeune-related claims processing through VBA's Systematic Technical Accuracy Reviews (quality reviews). In December 2021, a quality assurance officer from the Compensation Service told the OIG review team that those quality reviews had not identified any specific trends for Camp Lejeune-related claims processing. According to this quality assurance officer, the Compensation Service's search of quality review transactions from December 2020 through November 2021 identified 12 broader quality reviews that included Camp Lejeune-related claims. In these 12 quality reviews, the Compensation Service identified one error. The quality assurance officer also stated

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<sup>45</sup> VA Manual 21-1, Adjudication Procedures Manual, part 4, sub. 2, chap. 2, sec. C.6, "Disabilities Resulting from Exposure to Contaminants in the Water Supply at Camp Lejeune," March 14, 2017; 38 C.F.R. §§ 3.307(a)(7) and 3.114(a).

<sup>46</sup> Consolidated Appropriations Act, 2018, Pub. L. No. 115-141 (2018).

<sup>47</sup> VBA, *Report to Congress: Special Focus Review on Compensation Claims for Camp Lejeune Contaminated Water Veterans*, August 20, 2018.

that samples for VBA's Systematic Technical Accuracy Reviews are randomly selected. Because claims were randomly selected for quality reviews and the program does not specifically focus on Camp Lejeune-related claims, a targeted sampling approach would likely be more appropriate to identify trends for Camp Lejeune-related claims processing.

## **Conclusion**

The OIG estimated that during the review period, VA regional office staff overall incorrectly processed and decided 37 percent of veterans' disability compensation claims for conditions related to exposure to contaminated water at Camp Lejeune. Prematurely denied claims might have been granted if VSRs had informed veterans of the evidence needed to support their claims and sufficient documentation was then provided. Further, veterans could have obtained more benefits if RVSRs had assigned the earliest effective date possible to granted claims. For granted claims during the OIG review period for which RVSRs did not assign the earliest effective date possible, the estimated underpayments were at least \$13.8 million.

Although VBA staff had adequate procedures and training, the OIG found that the Louisville Regional Office was more accurate in processing Camp Lejeune-related claims than the other VA regional offices. This disparity is most evident for the subset of claims received on or after March 14, 2017, with Louisville having an estimated 8 percent error rate compared to 40 percent for other regional offices. The OIG team concluded this disparity stems from claims processors from other regional offices having limited experience applying the special requirements for Camp Lejeune-related claims. Additionally, by having a specific team for processing Camp Lejeune-related claims, including claims processors and supervisors, staff at the Louisville Regional Office were able to attain more subject matter expertise in processing these types of claims than staff at other regional offices.

## **Recommendations 1–2**

The OIG made the following recommendations to the under secretary for benefits:

1. Centralize all Camp Lejeune-related claims processing at the Louisville VA Regional Office, or implement a plan and report progress mitigating the error rate disparity between the Louisville Regional Office and other regional offices.
2. Conduct and report to the Office of Inspector General the results of targeted quality reviews of Camp Lejeune-related claims from all regional offices processing these claims until the accuracy rate meets or exceeds the Veterans Benefits Administration's overall national accuracy goal for disability compensation claims.



## **VA Management Comments**

The director of the Northeast District, performing the delegable duties of the under secretary for benefits, acknowledged that the OIG-identified errors include both procedural deficiencies and benefit entitlement errors. Further, he noted that VBA's Quality Assurance Program identifies procedural deficiencies for process improvements and focuses on claims decision accuracy as determined monthly by the Systematic Technical Accuracy Review team. The director concurred in principle with recommendations 1 and 2.

To address recommendation 1, VBA indicated it will review available data and assess the accuracy of processing Camp Lejeune-related claims over time. If the results of this assessment do not show consistent improvement in accuracy, VBA's Office of Field Operations and the Compensation Service will develop a plan to improve the quality of the processing of Camp Lejeune-related claims for presumptive conditions, to include consideration for further centralization. In response to recommendation 2, VBA indicated that actions taken will be contingent on the outcome of its assessment of recommendation 1. Appendix E provides the full text of the VA management comments.

## **OIG Response**

The OIG acknowledges the steps VBA has taken to monitor claims processing with its monthly quality reviews but underscores the team's determination that the lack of a targeted focus on Camp Lejeune-related claims results in the overall sampling can prevent errors for these claims from being detected.

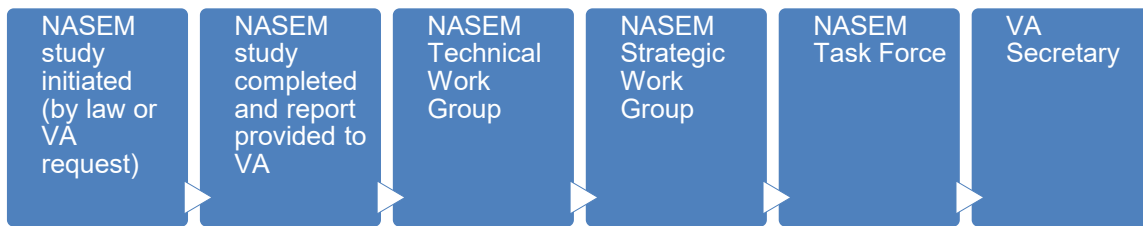
The OIG found the actions planned are generally responsive to the recommendations. Because the review team identified errors related to presumptive and nonpresumptive Camp Lejeune-related claims, the plan to implement recommendation 1 should include improving processing for both.

The OIG will monitor implementation of all planned actions and will close these recommendations when VBA provides evidence demonstrating sufficient progress in addressing the intent of the recommendations and the issues identified.

## Appendix A: VA's Process for Reviewing Scientific Research That May Support Making Certain Conditions Presumptive for Service-Connected Compensation

Over the last 30 years, laws have been enacted that direct VA to contract with the National Academies of Sciences, Engineering, and Medicine (NASEM) to evaluate available scientific evidence concerning veterans' issues and publish related reports.<sup>48</sup> In addition to congressionally mandated studies, NASEM studies can also be initiated at VA's request or when recommended by NASEM. VA's Office of Enterprise Integration is responsible for managing reports issued by NASEM, as outlined in VA Directive 0215.<sup>49</sup>

Figure A.1 depicts the NASEM study report flow.



*Figure A.1. NASEM study report process.*

*Source: VA Directive 0215, October 8, 2020.*

The composition and responsibilities of each group and task force from figure A.1 are listed below.

### NASEM Technical Work Group

Technical work groups include the following representatives:

- Veterans Health Administration subject matter experts
- VBA subject matter experts, as necessary
- Other subject matter experts as required to review technical aspects of or assist in the preparation of VA responses to NASEM reports

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<sup>48</sup> 38 U.S.C. §§ 1116 and 1118.

<sup>49</sup> VA Directive 0215, *Management of Reports issued by the National Academies of Sciences, Engineering, and Medicine*, October 8, 2020.

The NASEM technical work group shall

- review and evaluate NASEM reports and develop related findings, recommendations, and/or responses;
- participate in NASEM task force meetings as needed and strategic work group meetings regularly to provide status updates;
- brief NASEM task force as needed on findings, recommendations, and/or responses to NASEM reports; and
- assist the NASEM task force in presenting findings, recommendations, and responses to NASEM reports to the VA Secretary.

## **NASEM Strategic Work Group**

Full members of the strategic work group include the following:

- Veterans Health Administration chief consultant for post-deployment health services (chair)
- NASEM contract leads

Representatives from the following offices are ex-officio contributors who are not full or permanent members of the strategic work group:

- VBA Compensation Service
- Office of General Counsel
- Office of Regulation and Policy Management
- Office of Congressional and Legislative Affairs
- Office of Public and Intergovernmental Affairs
- Executive agent for the task force chair (non-voting member)

The NASEM strategic work group shall

- review the findings, recommendations, and responses of technical work groups for NASEM task force approval;
- provide advice and guidance to technical work groups;
- provide updates to the NASEM task force on the status of issues related to NASEM studies; and
- meet once each month.

## **NASEM Task Force**

The task force is made up of the following members:

- Assistant Secretary for Enterprise Integration (chair)
- Under Secretary for Health
- Under Secretary for Benefits
- General Counsel
- Chairman, Board of Veterans' Appeals
- Director, Office of Regulation Policy and Management
- Executive agent for the task force chair (non-voting member)

The NASEM task force shall

- review and approve/disapprove technical work group findings and recommendations that have been developed in response to NASEM reports;
- meet quarterly or as required to discuss status of issues related to NASEM studies;
- provide direction and guidance to the strategic work group;
- present NASEM task force findings, recommendations, and responses to NASEM reports to the VA Secretary;
- provide oversight of implementation of actions related to decisions made by the VA Secretary; and
- establish the policies and processes for the NASEM task force, strategic work group, and technical work groups.

## **VA Secretary**

The VA Secretary shall

- review and approve or disapprove NASEM task force findings and recommendations developed in response to NASEM reports and
- notify Congress and the Office of Management and Budget of recommendations or decisions, as appropriate.

## Appendix B: Scope and Methodology

### Scope

The OIG conducted this review to determine whether VBA staff correctly followed regulations and procedures when processing and deciding claimed conditions potentially associated with exposure to contaminated water at Camp Lejeune decided from March 14, 2017, through March 31, 2021. The review team conducted its work from August 2021 through June 2022.

### Methodology

To accomplish the objective, the OIG team

- reviewed applicable laws, regulations, policies, procedures, and guidelines;
- conducted interviews with VBA Central Office managers and staff from the Compensation Service;
- conducted a virtual site visit with the Louisville Regional Office;
- contacted staff at seven VA regional offices and provided written questions about Camp Lejeune claims processing;
- reviewed a nationwide, statistical sample of decided Camp Lejeune-related disability claims; and
- discussed findings and recommendations with VBA officials.

The review team used VBA's electronic systems, including the Veterans Benefits Management System, to review the sample of veterans' electronic claims folders and relevant documentation. The systems were also used to help determine whether VBA claims processors accurately processed and decided veterans' Camp Lejeune-related disability claims.

### Internal Controls

The review team assessed VBA's internal controls significant to the review objective. This included an assessment of the five internal control components to include control environment, risk assessment, control activities, information and communication, and monitoring.<sup>50</sup> In addition, the team reviewed the principles of internal controls as associated with the objective. The team identified the following two components and two principles as significant to the

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<sup>50</sup> Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

objective.<sup>51</sup> The team identified internal control weaknesses during this review and proposed recommendations to address the following control deficiencies:

- Component: Control Environment
  - Principle 3: Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
- Component: Monitoring Activities
  - Principle 16: Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

## **Fraud Assessment**

The review team assessed the risk that fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, significant in the context of the review objectives, could occur during this review. The team exercised due diligence in staying alert to any fraud indicators by

- identifying laws, regulations, and procedures related to the review subject matter to help detect noncompliance or misconduct and
- reviewing relevant OIG hotline complaints for reports of fraud in the area under review.

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

## **Data Reliability**

The review team used computer-processed data from VBA's Camp Lejeune Contaminated Water Fact Sheet Tableau report that contained Camp Lejeune-related disability compensation claims records. To test for reliability, the team determined whether any data were missing from key fields, included any calculation errors, or were outside the time frame requested. The team also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Testing of the data disclosed that they were sufficiently reliable for the review objectives. Comparison of the data with information contained in the reviewed veterans' electronic claims folders did not disclose any problems with data reliability.

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<sup>51</sup> Because the review was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that may have existed at the time of this review.

## **Government Standards**

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

## Appendix C: Statistical Sampling Methodology

### Approach

To accomplish the objective, the OIG team reviewed a statistical sample of Camp Lejeune-related claims decided from March 14, 2017, through March 31, 2021, regardless of when these claims were received. The review team further analyzed a subset of all decided claims—those received on or after March 14, 2017 (the date Camp Lejeune-related presumptive conditions were established by regulation), through March 31, 2021. The team used statistical sampling to quantify the extent of errors made by VBA employees who processed and decided Camp Lejeune-related disability compensation claims. The projections shown in tables C.2 through C.8 reflect all claims decided during the review period. The projections shown in tables C.9 and C.10 reflect the subset of claims received on or after March 14, 2017.

### Population

The review population included 58,189 veterans' records with Camp Lejeune-related disability compensation claims decided during the review period. For the purposes of the review, the team estimated the population to be 57,503 veterans' records. The difference between the review population and the estimated population occurred because the team excluded three records because they did not meet project scope requirements. Because the excluded sample record represents others in the original review population that may also be out of scope, the team estimated that 57,503 records were eligible for this review.

### Sampling Design

The review team selected a statistical sample of 120 records from the population of records with decided Camp Lejeune-related disability compensation claims. The population was stratified and categorized in four strata as shown in table C.1.

**Table C.1. Strata**

Stratum	Number of records	Sample size
Presumptive grants	11,760	30
Presumptive denials	4,233	30
Nonpresumptive grants	5,264	30
Nonpresumptive denials	36,932	30
<b>Total</b>	<b>58,189</b>	<b>120</b>

*Source: VA OIG statistician's stratified population.*



## Weights

Samples were weighted to represent the population from which they were drawn, and the weights were used in the estimate calculations. For example, the team calculated the error rate estimates by first summing the sampling weights for all sample records that contained the given error, then dividing that value by the sum of the weights for all sample records.

## Projections and Margins of Error

The projection is an estimate of the population value based on the sample. The associated margin of error and confidence interval show the precision of the estimate. If the OIG repeated this review with multiple sets of samples, the confidence intervals would differ for each sample but would include the true population value 90 percent of the time.

The OIG statistician employed statistical analysis software to calculate estimates, margins of error, and confidence intervals that account for the complexity of the sample design.

The sample size was determined after reviewing the expected precision of the projections based on the sample size, potential error rate, and logistical concerns of the sample review. Although precision improves with larger samples, the rate of improvement decreases significantly as more records are added to the sample review.

Figure C.1 shows the effect of progressively larger sample sizes on the margin of error.

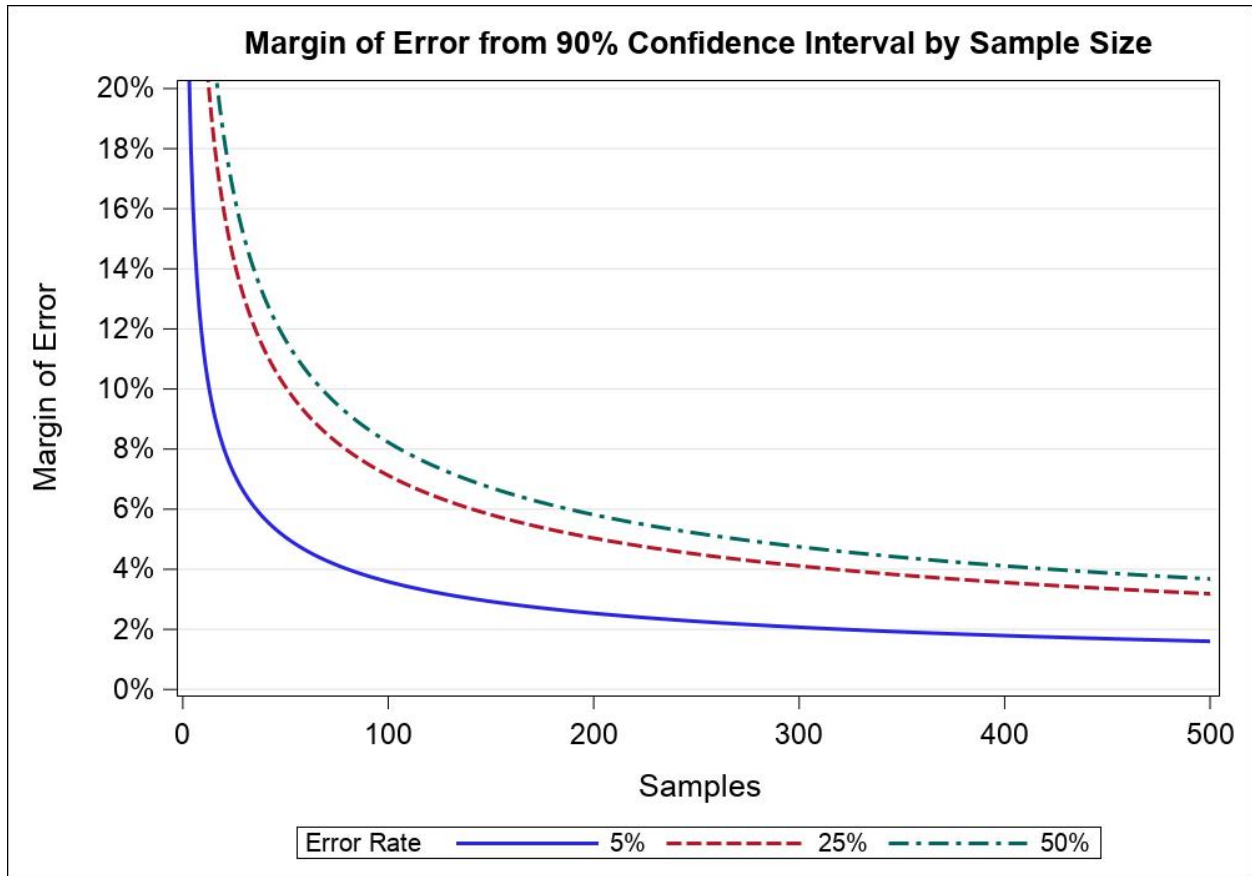


Figure C.1. Effect of sample size on margin of error.

Source: VA OIG statistician’s analysis

## Projections

The team recognized that in some cases, although the veteran’s application claimed a presumptive condition, medical evidence showed the condition was nonpresumptive. Additionally, some nonpresumptive conditions were directly associated with presumptive conditions. Therefore, although the team sampled from four strata (as shown in appendix B), for the purpose of projection, the team grouped the four distinct populations into two categories, granted and denied claims, because of similar errors in claims processing:

- **Denied claims.** The team reviewed 60 claims for which VBA denied veterans service-connected compensation based on Camp Lejeune contaminated water exposure.
- **Granted claims.** The team reviewed 60 claims for which VBA granted veterans service-connected compensation based on Camp Lejeune contaminated water exposure.

Table C.2 shows the adjusted population projections for Camp Lejeune-related disability compensation claims decided during the review period.

### C.2. Summary of Adjusted Population by Claim Outcome (Denial or Grant)

Estimate name	Estimate number	90 percent confidence interval			Sample size
		Margin of error	Lower limit	Upper limit	
Denial	41,028	226	40,802	41,255	60
Grant	16,475	689	15,786	17,164	60
<b>Total</b>	<b>57,503</b>	<b>725</b>	<b>56,778</b>	<b>58,229</b>	<b>120</b>

Source: VA OIG statistician's projection of estimated populations based on claims review data.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.3 shows the overall error count and error rate projection associated with the estimated 57,503 Camp Lejeune-related disability compensation claims decided during the review period.

### C.3. Summary of the Overall Error Projection

Estimate name	Estimate number	90 percent confidence interval			Sample size	Error count in sample
		Margin of error	Lower limit	Upper limit		
Overall error rate	21,067 (37%)	5,862 (10%)	15,205 (26%)	26,930 (47%)	120	39

Source: VA OIG statistician's projection of estimated populations based on claims review data.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.4 shows the error count and error rate projection for the estimated 41,028 denied Camp Lejeune-related disability compensation claims decided during the review period.

### C.4. Summary of the Error Projection for Prematurely Denied Claims

Estimate name	Estimate number	90 percent confidence interval			Sample size	Error count in sample
		Margin of error	Lower limit	Upper limit		
Claims denied before notifying veterans of the specific evidence needed to support their claims	17,233 (42%)	5,664 (14%)	11,569 (28%)	22,897 (56%)	60	22

Source: VA OIG statistician's projection of estimated populations based on claims review data.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.5 shows the error count and error rate projection for the estimated 16,475 granted Camp Lejeune-related claims decided during the review period.

### C.5. Summary of the Effective Date Error Projection for Granted Claims

Estimate name	Estimate number	90 percent confidence interval			Sample size	Error count in sample
		Margin of error	Lower limit	Upper limit		
Incorrect effective dates of entitlement associated with granted claims	2,327 (14%)	1,245 (8%)	1,081 (7%)	3,572 (22%)	60	10

Source: VA OIG statistician's projection of estimated populations based on claims review data.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.6 shows the projection of underpayments associated with effective date errors for granted Camp Lejeune-related disability compensation claims decided during the review period.

### C.6. Summary of Projection for Underpayments

Estimate name	Estimate number	90 percent confidence interval			
		Margin of error	Lower limit	Upper limit	One-tailed lower limit
Underpayments	\$36,367,342	\$29,008,104	\$7,359,239	\$65,375,446	\$13,817,071

Source: VA OIG statistician's projection of estimated populations based on claims review data. The confidence interval defined by the one-tailed lower limit gives a conservative estimate for the total value at the 90% confidence level.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.7 shows the error count and error rate projections by VA regional offices for all Camp Lejeune-related disability compensation claims decided during the review period, regardless of when those claims were received.

### C.7. VA Regional Office Error Rates for All Claims Decided from March 14, 2017, through March 31, 2021

Estimate name	Estimate number	90 percent confidence interval		
		Margin of error	Lower limit	Upper limit
Louisville VA Regional Office	10,808 (31%)	4,935 (13%)	5,873 (18%)	15,743 (45%)
Other VA regional offices	10,259 (45%)	4,735 (15%)	5,525 (30%)	14,994 (60%)

Source: VA OIG statistician's projection of estimated populations based on claims review data.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.8 shows the overall error count and error rate projections for the Louisville VA Regional Office after excluding errors resulting from incorrect guidance.

**C.8. Louisville Regional Office Overall Error Rate When Excluding Errors Resulting from Incorrect Guidance**

Estimate name	Estimate number	90 percent confidence interval			
		Margin of error	Lower limit	Upper limit	One-tailed upper limit
Louisville VA Regional Office	3,012 (9%)	2,303 (7%)	709 (2%)	5,315 (15%)	4,803 (14%)

Source: VA OIG statistician's projection of estimated populations based on claims review data. The confidence interval defined by the one-tailed upper limit gives a conservative estimate for the total value at the 90% confidence level.

Note: Projections and confidence intervals may not total precisely due to rounding.

Table C.9 shows the error count and error rate projections by VA regional offices for Camp Lejeune-related disability compensation claims received on or after March 14, 2017, and decided during the review period.

**C.9. VA Regional Office Error Rates for Claims Received after March 14, 2017**

Estimate name	Estimate number	90 percent confidence interval		
		Margin of error	Lower limit	Upper limit
Louisville VA Regional Office	1,811 (8%)	2,095 (10%)	5* (0%)	3,905 (18%)
Other VA regional offices	6,566 (40%)	3,656 (18%)	2,910 (23%)	10,222 (58%)

Source: VA OIG statistician's projection of estimated populations based on claims review data.

Note: Projections and confidence intervals may not total precisely due to rounding.

\*Estimate adjusted to actual amount found in review.

Table C.10 compares claims-processing errors made by Louisville Regional Office staff and by staff from other VA regional offices.

**C.10. Result of Statistical Comparison of Errors between  
Louisville and Other VA Regional Offices after March 14, 2017**

Difference estimate	Degrees of freedom	T value	Adjusted p-value	Lower 90%	Upper 90%
32%	119	2.61	0.061	2%	61%

*Source: VA OIG statistician's projection of estimated populations based on claims review data.*

*Note: Results show a statistically significant difference between Louisville and other VA regional offices at the 90 percent confidence level. Results from the t-test were adjusted for multiple comparisons.*

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

Recommendations	Explanation of Benefits	Better Use of Funds	Questioned Costs in Millions
1 and 2	The OIG estimated that effective date errors in processing veterans' Camp Lejeune-related compensation claims resulted in at least \$13.8 million in improper underpayments.	\$0	\$13.8
	<b>Total</b>	<b>\$0</b>	<b>\$13.8</b>

*Note: The OIG estimated VBA's inaccurate processing led to at least \$13.8 million in improper underpayments during the four-year review period from March 14, 2017, through March 31, 2021.*

## Appendix E: VA Management Comments

### Department of Veterans Affairs Memorandum

Date: July 21, 2022

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report – Improved Processing Needed for Veterans' Claims of Contaminated Water Exposure at Camp Lejeune [Project No. 2021-03061-AE-0144] — [VIEWS 07798628]

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

Attached is VBA's response to the OIG Draft Report: Improved Processing Needed for Veterans' Claims of Contaminated Water Exposure at Camp Lejeune.

*The OIG removed point of contact information prior to publication.*

Mike J. Frueh, for

Thomas J. Murphy

Director, Northeast District, Performing the Delegable Duties of the Under Secretary for Benefits

Attachment



**Veterans Benefits Administration**  
**Comments on OIG Draft Report**  
**Improved Processing Needed for Veterans' Claims of Contaminated**  
**Water Exposure at Camp Lejeune**

**The Veterans Benefits Administration (VBA) concurs with OIG's draft report findings and provides the following general comment:**

VBA appreciates VA OIG's review and findings, and embraces the opportunity for continuous process improvement. VBA acknowledges that the VA OIG's citation of "error" includes both procedural deficiencies as well as benefit entitlement errors. OIG reports all errors and deficiencies with equal weight as they affect Veterans' benefits or have the potential to affect Veterans' benefits. VBA's Quality Assurance Program identifies procedural deficiencies and uses this information to develop process improvements. Most importantly, VBA's Quality Assurance Program focuses specifically on the accuracy of the claims decision, as determined monthly by the Systematic Technical Accuracy Review team, to ensure Veterans are receiving the benefits to which they are entitled.

**VBA provides the following comments in response to the recommendations in the OIG draft report:**

Recommendation 1: Centralize all Camp Lejeune-related claims processing at the Louisville VA Regional Office, or, implement a plan and report progress mitigating the error rate disparity between the Louisville Regional Office and other regional offices.

VBA Response: Concur in principle. Review of OIG notice of findings demonstrates a lower procedural compliance, particularly from 2017-2018. VBA has continuously improved quality compliance oversight. Therefore, VBA will review available data and assess the accuracy over time. If the accuracy has not shown consistent improvement, OFO and Compensation Service will develop a plan to improve quality of presumptive Camp Lejeune-related claims processing, to include consideration for further centralization.

Target Completion Date: September 30, 2022.

Recommendation 2: Conduct and report to the OIG the results of targeted quality reviews of Camp Lejeune-related claims from all regional offices processing these claims until the accuracy rate meets or exceeds the Veterans Benefits Administration's overall national accuracy goal for disability compensation claims.

VBA Response: Concur in principle. VBA's response to Recommendation 2 is contingent on the outcome of recommendation 1.

Target Completion Date: March 31, 2023

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

## OIG Contact and Staff Acknowledgments

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<b>Contact</b>	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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