



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

*Office of Audits and Evaluations*

VETERANS BENEFITS ADMINISTRATION

Required Medical  
Reexaminations Canceled

MANAGEMENT ADVISORY  
MEMORANDUM

MEMO #22-01503-231

SEPTEMBER 20, 2022



## MISSION

The mission of the Office of Inspector General is to serve veterans and the public by conducting meaningful independent oversight of the Department of Veterans Affairs.

*The Office of Inspector General (OIG) has released this management advisory memorandum to provide information on matters of concern that the OIG has gathered as part of its oversight mission. 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, except for the standard of follow-up.*

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DEPARTMENT OF VETERANS AFFAIRS  
**OFFICE OF INSPECTOR GENERAL**  
WASHINGTON, DC 20001



August 17, 2022<sup>1</sup>

**MANAGEMENT ADVISORY MEMORANDUM**

**TO:** Joshua Jacobs, Senior Advisor for Policy, Performing the Delegable Duties of the Under Secretary for Benefits  
Veterans Benefits Administration (20)

**FROM:** Larry Reinkemeyer, Assistant Inspector General  
VA Office of Inspector General's Office of Audits and Evaluations (52)

**SUBJECT:** Required Medical Reexaminations Canceled

The Veterans Benefits Administration (VBA) provides disability compensation benefits to eligible veterans. To receive these benefits, veterans may be required to undergo medical examinations to determine the severity of their conditions. Because some conditions may change or improve over time, veterans may be required to undergo reexamination. For example, after treatment, certain cancers may go into remission, which lessens the severity of a veteran's condition.

When a claims processor decides a veteran's claim, they determine whether reexamination may be required in the future.<sup>2</sup> If so, they input into the electronic system a future date, which VBA refers to as a "Diary 01." When the future date arrives, a notification—generally called an end product (EP) 310—is sent to a claims processor to review the case and determine whether reexamination is still required.<sup>3</sup>

In a July 2018 report, the VA Office of Inspector General (OIG) found VBA claims processors did not consistently follow VBA policy, which requires that reexaminations of veterans are requested only when necessary.<sup>4</sup> Since the OIG's report was published four years ago, VBA has taken steps to reduce the number of unwarranted reexaminations requested by claims processors. One such step was the creation of "batch jobs" intended to automatically cancel diaries and EPs

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<sup>1</sup> This memorandum was sent to the Veterans Benefits Administration on August 17, 2022, to provide the opportunity for review and comment.

<sup>2</sup> For the purpose of this memorandum, "claims processor" refers to a veterans service representative, rating veterans service representative, decision review officer, or locally designated employee with expertise in reexamination ordering.

<sup>3</sup> The EP system is the primary workload monitoring and management tool for VBA claims processing. In certain circumstances, the claims processor can directly establish an EP 310 (without a diary) when medical reexamination should occur "at once," as opposed to at a later date.

<sup>4</sup> VA OIG, [Unwarranted Medical Reexaminations for Disability Benefits](#), Report No. 17-04966-201, July 17, 2018.

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meeting certain parameters. For example, medical reexaminations are not required when the disability evaluation is at the minimum (lowest) level for the condition.

While conducting a follow-up review of medical reexaminations, the OIG team found that VBA carried out two batch cancellation jobs that mistakenly included reexaminations that should not have been canceled because they were required by law.<sup>5</sup> The team notified VBA of the issue. VBA officials agreed with the team's determination and are taking steps to revisit the results and make revisions to future batch jobs to ensure they only cancel reexaminations that are not required by statute. This is important because if required reexaminations are not completed, veterans could receive monthly compensation benefits that are not consistent with their levels of disability, and going forward, VBA is potentially at risk of paying improper compensation benefits until the disabilities are reassessed in the future—if at all.

This memorandum is meant to formally convey the information necessary for VBA leaders to determine if additional actions are warranted.<sup>6</sup> The OIG is taking no additional steps at this time.

## Medical Reexamination Process

VBA claims processors make formal decisions—called rating decisions—on veterans' claims for service-connected disability benefits. The amount of the benefit varies according to the rating the claims processor assigns based on the degree of the disability, which is expressed as a percentage—ranging from 10 percent to 100 percent in increments of 10.

The law mandates the need for a future reexamination for certain disability types. For example, certain cancers, infections, disorders, and surgical interventions require reexamination six or 12 months after discontinuance of treatment or after surgical intervention to determine if there is recurrence of the disability or to evaluate any residual disability.<sup>7</sup> Reexaminations are also required for mental disorders—such as posttraumatic stress disorder—that develop as a result of a highly stressful event that is severe enough to result in the veteran's discharge from active

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<sup>5</sup> 38 C.F.R. § 3.327; 38 C.F.R. § 4.79–6014; 38 C.F.R. § 4.87–6208; 38 C.F.R. § 4.114–7343; 38 C.F.R. § 4.115b–7528; 38 C.F.R. § 4.88b–6302; 38 C.F.R. § 4.97–6731; 38 C.F.R. § 4.117–7704; 38 C.F.R. § 4.117–7722; 38 C.F.R. § 4.115b–7531; 38 C.F.R. § 4.104–7016; 38 C.F.R. § 4.129. Since the OIG's July 2018 report, VBA has carried out various batch cancellations involving medical reexaminations; however, this memorandum focuses on the Diary Maturation Diary 01 and EP 310 cancellation jobs. As a follow-up to the July 2018 report, the OIG is currently conducting a nationwide review to determine whether VBA claims processors are correctly following procedures when requesting medical reexaminations. In addition to this memorandum, a separate report will be published in the future detailing the results of the nationwide review.

<sup>6</sup> The OIG issues management advisory memoranda when exigent circumstances or areas of concern are identified by OIG hotline allegations or in the course of its oversight work, particularly when immediate action by VA can help reduce further risk of harm to veterans or significant financial losses. Memoranda are published unless otherwise prohibited from release or to safeguard protected information.

<sup>7</sup> 38 C.F.R. § 4.79–6014; 38 C.F.R. § 4.87–6208; 38 C.F.R. § 4.115b–7528; 38 C.F.R. § 4.886302; 38 C.F.R. § 4.97–6731; 38 C.F.R. § 4.117–7704; 38 C.F.R. § 4.117–7722; 38 C.F.R. § 4.115b–7531; 38 C.F.R. § 4.104–7016; 38 C.F.R. § 4.28.

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military service.<sup>8</sup> In these cases, VBA is required to assign a “not-less than 50 percent” evaluation and to schedule an examination within six months following the veteran’s discharge from service to determine whether a change in evaluation is warranted.<sup>9</sup>

Claims processors must exercise judgment in determining the need for reexaminations and then make every effort to request them only when necessary.<sup>10</sup> Medical reexaminations, including periods of hospital observation, will be requested whenever VA determines there is a need to verify either the continued existence or the current severity of a disability.<sup>11</sup> This includes instances when medical evidence shows a disability is likely to improve or if evidence indicates there has been a material change in a disability or that the current rating may be incorrect.<sup>12</sup>

## **Batch Cancellations Included Required Reexaminations**

As previously stated, in the course of its oversight work, the OIG identified that VBA carried out two batch cancellation jobs involving medical reexaminations. For each job, the team reviewed relevant documents and the reports generated after the batch cancellations took place. The team determined that VBA’s batch Diary 01 and EP 310 Cancellation jobs included reexaminations that should not have been canceled.

### **Batch Diary 01 Cancellation Job**

VBA initiated development of the Diary 01 Cancellation job on December 21, 2021.<sup>13</sup> Technical requirements were designed to cancel diaries that were not associated with a list of specific diagnostic codes.<sup>14</sup> VBA’s intent was to prevent veterans from attending unnecessary reexaminations by canceling diaries that were erroneously created by claims processors. The first batch cancellation was processed on April 5, 2022. As of June 29, 2022, the process had been run three more times, resulting in a total of 13,872 canceled diaries. Table 1 summarizes the total number of canceled diaries.

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<sup>8</sup> 38 C.F.R. § 4.129.

<sup>9</sup> 38 C.F.R. § 4.129.

<sup>10</sup> VA Manual 21-1, *Adjudication Procedures Manual*, part 4, sub. 2, chap. 1, sec. A, topic 1.b, “Scheduling Future Review Examinations in Compensation Cases,” September 15, 2021.

<sup>11</sup> 38 C.F.R. § 3.327.

<sup>12</sup> 38 C.F.R. § 3.327.

<sup>13</sup> VA, “VETSNET C&P [Compensation and Pension] Project Diary Maturation, Diary 01 Cancellation, Requirements Specification Document, Version 1,” dated January 13, 2022.

<sup>14</sup> 38 C.F.R. § 4.27. Diagnostic codes are numbers assigned to medical conditions.

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**Table 1. Summary of Diary 01 Cancellations**

<b>Date processed</b>	<b>Number of canceled diaries</b>
April 5, 2022	3,948
April 28, 2022	2,710
May 27, 2022	3,250
June 29, 2022	3,964
<b>Total</b>	<b>13,872</b>

*Source: Batch Diary 01 Cancellation job statistics reports from VBA.*

While following up on the July 2018 report, the OIG team identified 58 diaries associated with mandated medical reexaminations that were improperly canceled as part of the Diary 01 Cancellation job.

Example 1 shows a diary that was improperly canceled.<sup>15</sup>

### **Example 1**

*A veteran was granted service connection for a mental disorder. Because the condition was severe enough to bring about release from active military service, a medical reexamination was required within six months of discharge. The rating decision dated April 5, 2022, assigned the veteran a 50 percent evaluation for the condition, which contributed to a total monthly benefit of \$1,778.43. The claims processor correctly indicated an examination would be scheduled to determine whether a change in evaluation was warranted; a diary was established for August 2022. However, the diary was canceled under the Batch Diary 01 Cancellation job run on April 28, 2022. Without another examination, it is unknown if the veteran's evaluation may warrant an increase or decrease; as such, the veteran's monthly payments may not reflect the actual level of disability.*

As VBA was still running the Batch Diary 01 Cancellation job as of August 1, 2022, the OIG is providing this information to VBA leaders to further research the matter, assess the magnitude of the issue, and determine if additional actions are warranted.

### **Batch EP 310 Cancellation Job**

VBA initiated development of the EP 310 Cancellation job on March 2, 2022.<sup>16</sup> It was designed to cancel pending EP 310s that were associated with medical reexaminations not required by

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<sup>15</sup> 38 C.F.R. § 4.129.

<sup>16</sup> Compensation Service, application change request, "Cancel EP 310s Nightly," March 2, 2022.

statute. The first batch cancellation was processed on May 31, 2022, and the process ran nightly on business days. As of June 24, 2022, 18 batch cancellations had been processed that canceled a total of 518 EP 310s. Table 2 provides an overview of the canceled EPs by date.

**Table 2. Summary of EP 310 Cancellations**

<b>Date processed</b>	<b>Number of canceled EPs</b>
May 31, 2022	243
June 1, 2022	40
June 2, 2022	55
June 3, 2022	30
June 6, 2022	20
June 7, 2022	15
June 8, 2022	18
June 9, 2022	12
June 10, 2022	8
June 13, 2022	9
June 14, 2022	9
June 15, 2022	9
June 16, 2022	10
June 17, 2022	8
June 21, 2022	9
June 22, 2022	8
June 23, 2022	9
June 24, 2022	6
<b>Total</b>	<b>518</b>

*Source: EP 310 Cancellation job statistics reports from VBA.*

Through interviews and limited testing of the results, the OIG team determined that some EP 310s associated with mandated medical reexaminations were improperly canceled as part of the EP 310 Cancellation job.

Example 2 shows an improperly canceled EP 310.<sup>17</sup>

<sup>17</sup> 38 C.F.R. § 4.115b-7528.

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## Example 2

*A rating decision dated May 24, 2022, established service connection at 100 percent for a veteran's prostate cancer. At the time of the decision, it had been six months since cessation of treatment; therefore, an examination was required by law. The claims processor correctly indicated the need for reexamination on the rating decision, and an EP 310 was created. The veteran's medical reexamination was completed on May 30, 2022. The examination showed that the prostate cancer was in remission, resulting in entitlement to a lower disability evaluation. This would have resulted in a monthly benefit change from \$4,033.75 to \$2,044.76. However, the EP 310 was canceled by the EP 310 Cancellation job run on May 31, 2022. As such, a claims processor did not review the medical information and issue a rating decision reflecting the veteran's reduced level of disability. Therefore, VBA could overpay the veteran by almost \$2,000 a month unless corrective action is taken.*

After the OIG team raised concerns during interviews with managers and staff, VBA suspended the Batch EP 310 Cancellation job on June 27, 2022. VBA also notified the team that the canceled EPs were reestablished on July 1, 2022, to determine if medical reexaminations were necessary. Since VBA took responsive action, the team did not further review the Batch EP 310 Cancellation job. The OIG provides this information to VBA leaders in order to further research the matter, assess the magnitude of the issue, and determine if additional actions are warranted.

## Conclusion

The OIG recognizes VBA's efforts to be responsive to prior OIG recommendations and to use automation, when possible, to minimize unnecessary medical reexamination requests. Batch cancellations can be used to correct instances when claims processors erroneously determined a medical reexamination was necessary. However, the OIG identified two batch cancellation jobs carried out by VBA that resulted in required future reexaminations being canceled, potentially causing veterans to receive monthly compensation benefits that are inconsistent with their current levels of disability—higher or lower. As a result of the information presented in this memorandum, VBA has an opportunity to correct the identified issues and ensure the accuracy of future batch cancellations.

## Requested Action

The OIG requests that VBA inform the OIG what action, if any, is taken to address the issues identified in this memorandum regarding batch cancellations involving medical reexaminations.

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## **VBA Response**

Appendix A contains the full text of VBA’s response to the OIG’s memorandum. The comments provide information about VBA’s past requirements and processes for medical reexaminations. It also details actions VBA has taken intended to reduce the burden on veterans. The response notes, “In fiscal year 2022, VBA began utilizing batch processing to correct instances where claims processors erroneously determined a medical reexamination was necessary.” Further, VBA noted the “OIG’s review of this process came at the initial onset of implementation of this new process. VBA continues to conduct reviews to ensure the batch process is working as intended.”

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## Appendix A: VA Management Comments

### Department of Veterans Affairs Memorandum

Date: August 30, 2022

From: Under Secretary for Benefits (20)

Subj: OIG Management Advisory Memorandum — Required Medical Reexaminations  
Canceled (2022-01503-AE-0139)

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

1. Attached is VBA's response to the OIG Management Advisory Memorandum — Required Medical Reexaminations Canceled.

<i>The OIG removed point of contact information prior to publication.</i>
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(Original signed by)

Joshua Jacobs

Senior Advisor for Policy, Performing the Delegable Duties of the Under Secretary for Benefits

Attachment

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**Veterans Benefits Administration (VBA)  
Comments on OIG Management Advisory Memorandum  
Required Medical Reexaminations Canceled**

**VBA provides the following general comments:**

VBA appreciates the opportunity to review the Office of Inspector General's (OIG) Management Advisory Memorandum (MAM) and appreciates OIG's insight into VBA's new automated process to eliminate burdensome examinations from Veterans and reallocate claims processors time towards granting benefits.

Historically, VBA claims processors were required to conduct administrative reviews of Veterans' records for conditions that required reexamination. VBA data found that a significant majority of the reexaminations did not warrant any changes in the Veteran's disability compensation rate, nor was the condition proven likely to improve. VBA also recognized the burden on the Veteran to attend these reexaminations.

To enhance the Veteran's experience in this new process, VBA examined which body systems had a likelihood of improvement, and reviewed regulations to identify which conditions mandated reexaminations. Instead of a blanket process, VBA modified rules to only require reexaminations for conditions where it is legally warranted. To further enhance the process and reallocate claims processor time, VBA executed the previously administrative review task through automated batch processing. This batch process automatically corrected and removed unnecessary diaries in the system that would trigger action for a reexamination.

In fiscal year 2022, VBA began utilizing batch processing to correct instances where claims processors erroneously determined a medical reexamination was necessary. In utilizing the batch processing, VBA has ensured undue hardship is not placed on the Veteran to attend an unnecessary reexamination, while the process, procedures, and systems are enhanced to ensure proper requesting of these examinations. As of August 1, 2022, the automated batch processing has cancelled 102,282 routine future exam diaries, resulting in a cost savings of \$114,248,994 of potentially unnecessary reexaminations, and eliminating the burden of scheduling and attending another exam for the Veterans.

In addition, implementation of the batch process has helped VBA identify areas of concerns for VBA to address implementing necessary system enhancements and addressing non-compliance among claims processors. VBA is working to prioritize system enhancements that would eliminate this risk and will continue to train, encourage, and incentivize claims processors to comply with exam ordering procedures.

OIG's review of this process came at the initial onset of implementation of this new process. VBA continues to conduct reviews to ensure the batch process is working as intended.

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

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## OIG Contact and Staff Acknowledgments

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