



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF INSPECTOR GENERAL

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Compensation and Pension Benefits Claims Backlog

ISSUE STATEMENT

#23-01362-130

JUNE 8, 2023



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 issue statement 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. Due to the nature of the objective to respond to congressional inquiries and disclose that information to VA and the public, the OIG provided an advance copy of this issue statement to VA prior to publication. There are no recommendations requesting VA's response.

In addition to general privacy laws that govern release of medical information, disclosure of certain veteran health or other private information may be prohibited by various federal statutes including, but not limited to, 38 U.S.C. §§ 5701, 5705, and 7332, absent an exemption or other specified circumstances. As mandated by law, the OIG adheres to privacy and confidentiality laws and regulations protecting veteran health or other private information in this issue statement.



**Report suspected wrongdoing in VA programs and operations
to the VA OIG Hotline:**

www.va.gov/oig/hotline

1-800-488-8244



Statement Summary

The Veterans Benefits Administration's (VBA) compensation program provides tax-free monthly payments to veterans for the effects of disabilities caused by diseases, events, or injuries incurred or aggravated during active military service.¹ VBA also has a pension program designed to provide supplemental income to eligible wartime veterans and their survivors with financial need.²

In a report accompanying the Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill of 2023, the House of Representatives' Committee on Appropriations directed the VA Office of Inspector General (OIG) to

- report the status of the compensation and pension benefits claims backlog and “any changes” in the amount of time veterans are waiting to hear back on their claims,
- review the causes of VA's current benefits claims backlog and provide all appropriate feedback on the work VA is doing to address backlog issues, and
- analyze how VA's partnership with the National Archives and Records Administration (NARA) to digitally scan all paper-based military personnel files has helped address and resolve the backlog.³

VBA defines the claims backlog as the number of VBA compensation and pension claims that normally require a rating decision and have been pending for more than 125 days since receipt.

To serve veterans, VBA processes both rating and non-rating claims. Rating claims are those that require a rating decision detailing the formal determination regarding benefit entitlement and provide an explanation supporting each determination.⁴ Non-rating claims generally require administrative decisions such as updating information on dependents.

¹ VA Functional Organization Manual Version 6.0, accessed March 16, 2023. The Veterans Benefits Administration is one of three administrations under the Department of Veterans Affairs; “Compensation” (web page), Veteran Benefits Administration, accessed March 6, 2023, <https://www.benefits.va.gov/compensation/index.asp>.

² “Pension” (web page), Veterans Benefits Administration, accessed March 6, 2023, <https://www.benefits.va.gov/pension/index.asp>.

³ Comm. on Appropriations, Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill, 2023, H.R. Rep. No. 117-391, at 83 (2022). On May 22, 2023 (prior to the release of this report), the House Committee on Appropriations released a draft report to accompany the fiscal year 2024 Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill that included a request for the VA OIG to continue this oversight of the claims backlog.

⁴ VA Manual 21-1, Adjudication Procedures Manual, part 5, chap. 1, sub. 4, “Definition: Rating Decision,” May 10, 2016.

After receiving a claim that requires a rating decision, VBA has a duty to gather evidence to support the claim.⁵ This can include requesting the veteran's military personnel records from the National Personnel Records Center (NPRC), which is an operation under NARA.

What the OIG Did

This issue statement reflects information the OIG collected to respond to concerns from Congress about VBA's claims backlog and VA's partnership with NARA. To provide the Committee with information, the OIG completed the following actions:

1. Identified and analyzed data on VBA's claims backlog and average days to complete claims from January 2016 through January 2023⁶
2. Reviewed VBA's action plan to address changes in the claims backlog
3. Conducted a site visit to the NPRC in St. Louis, Missouri, on January 18, 2023

Background

The claims backlog is a subset of VBA's claims inventory. As previously stated, it represents the number of VBA compensation and pension claims that typically require a rating decision and have been pending for more than 125 days since receipt. The then VA Secretary established the 125-day timeframe in 2010 with the goal of eliminating the claims backlog in 2015.⁷ VBA reported reducing the backlog from a peak of 611,000 claims in March 2013 to 74,348 in December 2015. As of January 2023, VBA had not eliminated the backlog, as detailed further in this statement.

In March 2021, the American Rescue Plan (ARP) Act of 2021 was signed into law. The ARP allocated \$262 million to reduce the backlog of compensation and pension claims.⁸ VA allotted \$150 million of the ARP funding to expand the scope of scanning for records needed to reduce the current claims backlog. "Records from veterans discharged from approximately 1965 to 1994 are the target for VA records digitization efforts because they represent the most likely new applicants for benefits."⁹

⁵ 38 C.F.R. § 3.159 (2022).

⁶ "Average days to complete" is VBA's internal data metric that measures overall claims processing timeliness.

⁷ VA OIG, [Review of Accuracy of Reported Pending Disability Claims Backlog Statistics](#), Report No. 16-02103-265, September 10, 2018.

⁸ Office of Public and Intergovernmental Affairs, "American Rescue Plan provides Veterans seamless COVID-19 protections and monetary aid," news release, March 12, 2021, <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5639>.

⁹ VA, "VA and NARA to digitize federal records for Veterans," *Vantage* (blog), dated August 5, 2021, <https://news.va.gov/92792/va-nara-digitize-federal-records-veterans/>.

The NPRC is the central repository of personnel-related records for both the military and civil services of the US government. According to information provided by VBA, there were 45.8 million veterans' records housed at the NPRC as of December 2022 but only 3.79 million have been digitized. VBA anticipates the remaining 42.01 million records will be digitized by the end of fiscal year 2060.

What the OIG Found

Beginning in fiscal year 2020, VBA experienced an increased backlog due to paused in-person medical exams intended to establish disabilities and levels of impairment from the COVID-19 pandemic. Additionally, because of the implementation of the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022, VBA anticipates a further increase in the claims backlog during fiscal year 2023.¹⁰ VBA developed a multilevel action plan to address the anticipated increase in backlog.

The partnership between VBA and NPRC appears to be working well. NPRC is delivering VBA record requests to a scanning contractor within two to three days. In addition, VBA regularly communicates its priorities to NPRC.

Causes of VBA's Current Claims Backlog

Workload reports between January 2016 and April 2020 show VBA's backlog averaging approximately 22 percent of claims inventory (77,000 of 350,800 claims). In April 2020, VBA halted all in-person exams to limit veteran exposure to COVID-19. The backlog increased to an average of approximately 39 percent of claims inventory (206,000 of 527,800 claims) between July 2020 and January 2022. The backlog decreased after January 2022 but started to increase again after October 2022, which could be attributed in part to the increase in claims due to the PACT Act. Figure 1 shows the claims inventory and backlog between January 2016 and January 2023.

¹⁰ Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act, Pub. L. No. 117-168, 136 Stat. 1759 (2022); Office of Public and Intergovernmental Affairs, "Veterans and survivors have filed more than 500,000 toxic exposure-related benefits claims under the PACT Act," news release, April 26, 2023, <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5877>.

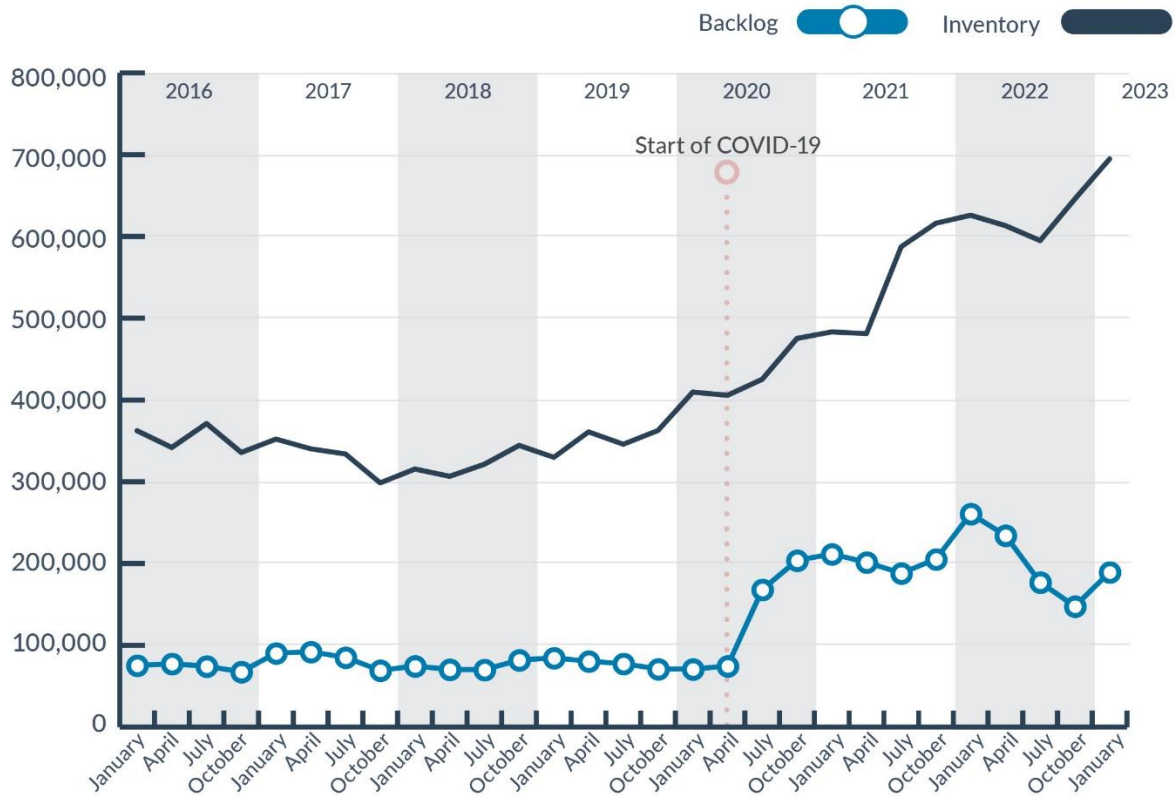


Figure 1. Comparison of claims inventory and claims backlog (over 125 days) from January 2016 to January 2023.

Source: Data obtained from VBA workload reports dated January 2016 to January 2023.

The workload reports also showed the average days to complete a claim in January 2016 was 128.3 days.¹¹ By July 2020, this number decreased to 93 days. However, between July 2020 and October 2022, the average days to complete rose to 145.2 days. By January 2023, VBA reduced the average days to complete to 129.2 days. Figure 2 shows how average days to complete changed between January 2016 and January 2023.

¹¹ The average days to complete is the average time for VBA to process a claim.

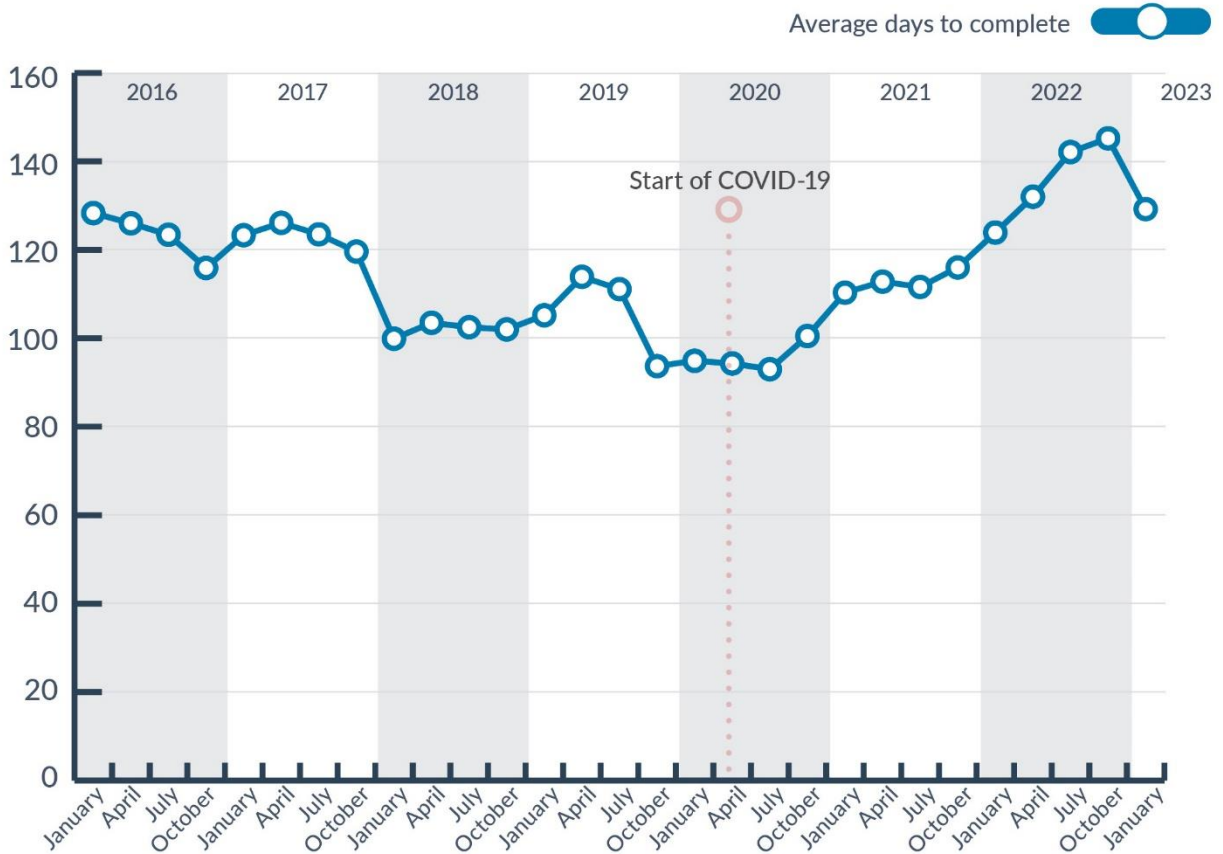


Figure 2. Average days to complete for January 2016 to January 2023.

Source: Data obtained from VBA workload reports dated January 2016 to January 2023.

In addition to the rating claims inventory, VBA has a non-rating claims inventory that is not considered part of the backlog. As previously stated, non-rating claims may involve issues such as updating information on dependents and generally require administrative decisions, not rating decisions. The OIG team analyzed the non-rating claims inventory to determine whether there was a relationship to the rating claims backlog. Between January 2016 and July 2021, the non-rating claims inventory decreased from 322,407 to 38,012. However, by January 2023, the inventory had increased to 215,560. Figure 3 shows starting in January 2022 the non-rating inventory increased while the backlog decreased, which may indicate that VBA prioritized processing rating claims at that time in order to address the backlog.

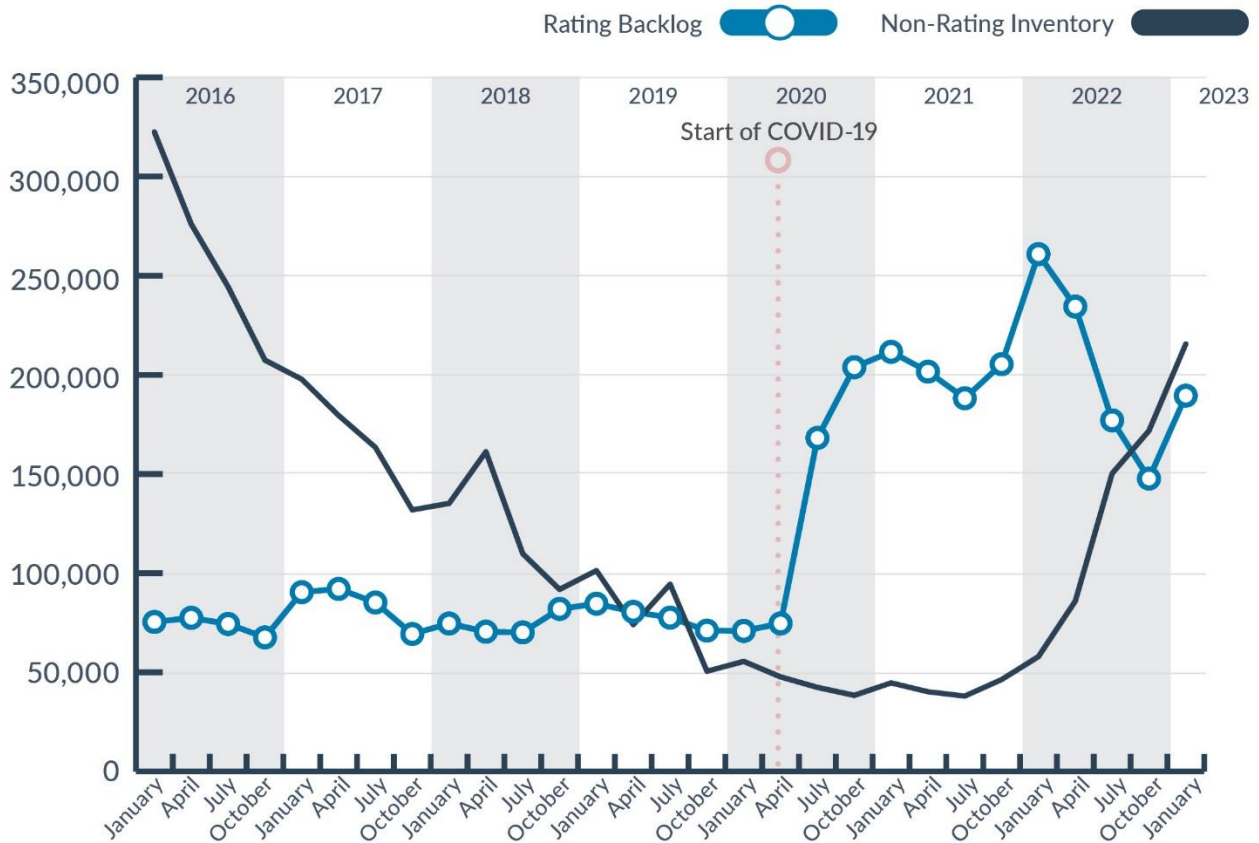


Figure 3. Rating backlog and non-rating inventory for January 2016 to January 2023.
 Source: Data obtained from VBA workload reports dated January 2016 to January 2023.

VBA anticipates a rise in both the claims inventory and the backlog during calendar year 2023 due to implementation of the PACT Act. VBA projects that inventory and backlog will peak around September or October 2023, with approximately 962,000 claims in the overall inventory and a backlog of approximately 448,000 claims (47 percent of overall claims inventory).¹²

VBA’s Plan to Address the Backlog

The team identified three areas of focus by VBA to address the claims backlog: hiring, technology, and proactive scanning.

Hiring

VBA’s PACT Act road map states it will analyze and assess workforce requirements for processing and support. In a December 2022 press release, VA stated it “has been aggressively hiring and training veterans service representatives, rating veterans service

¹² VBA, “VBA PACT Road Map” (PowerPoint presentation, October 2022).

representatives and legal administrative specialists around the nation,” and had hired more than 2,700 individuals in two years to help claims. The release also stated, “VA is processing veteran benefits claims at the fastest rate in VA history: in 2022, VA completed more than 1.7 million VA disability and pension claims for veterans, an all-time VA record.”¹³ In a hearing statement to the US Senate Committee on Veterans’ Affairs, VBA reported hiring over 2,000 new employees in fiscal year 2022.¹⁴ In fiscal year 2023, VBA plans to hire 1,645 full-time employees as field staff to support claims processing as per the Cost of War Toxic Exposures Fund which is part of the PACT Act.¹⁵

Technology

The PACT Act road map also shows that VBA will use information technology (IT) system modernization and automation tools to increase claims processing efficiency. Examples of IT system modernization include smart search capabilities and machine learning/optical character recognition technologies. Examples of automation tools include automated claim intake and automated examination request.

VBA anticipates automation will improve claims processing efficiency by increasing the number of claims processed, shortening the time to make a decision, improving quality, and reducing the number of unnecessary examinations. The OIG is currently reviewing VBA’s automated benefits delivery program.

Proactive Scanning

VBA’s road map indicates scanning for PACT Act–eligible veterans began in August 2022. As of January 23, 2023, NPRC reported 107,911 military personnel records had been sent for scanning. An additional 59,973 records were either not located or not available to be pulled. According to NPRC personnel, a record might be unavailable for various reasons, such as the Department of Defense using it at that time. According to VBA, all available military records for PACT Act–eligible veterans were digitized by March 31, 2023. VBA only began fully processing PACT Act claims in January 2023; therefore, proactive scanning effectiveness cannot be determined at this time.

¹³ Office of Public and Intergovernmental Affairs, “VA will begin processing PACT Act benefits Claims for all Veterans and survivors on Jan. 1” news release, December 29, 2022, <https://www.va.gov/opa/pressrel/pressrelease.cfm?id=5849>.

¹⁴ [*Hearing on the Department of Veterans Affairs Implementation of the SFC Heath Robinson Honoring our PACT Act*](#), Before the Committee on Veterans’ Affairs, United States Senate, 117th Cong. (November 16, 2022) ([*Statement of under secretary for health and senior advisor for policy, performing the delegable duties of the under secretary for benefits*](#)).

¹⁵ VBA, “VBA PACT Road Map” (PowerPoint presentation); Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act, Pub. L. No. 117-168, 136 Stat. 1759 (2022).

Use of Overtime to Address Claims Backlog

VBA is also using mandatory overtime to address the backlog. VBA's Office of Field Operations mandated claims processors work 10 hours of overtime during January 2023 and 20 hours of overtime each month during February and March 2023. Historically, the OIG has not assessed the efficacy of VBA's use of overtime to reduce the backlog.

VBA's Partnership with the National Archives and Records Administration

VBA reported collaborating with NARA in January 2022 to start on-site scanning capability at NPRC for immediate scanning of records responsive to pending claims. NPRC provided building space for the VBA scanning contractor, which reached full production in July 2022, scanning more than 1,500 records per day.

The OIG team met with a VBA program analyst stationed at the NPRC on-site scanning location. His duties include overseeing the scanning process, reporting any issues with the VBA scanning contractor and subcontractors, and ensuring VBA's priorities are followed. He stated that all records associated with active claims are scanned on-site. Records not associated with an active claim are sent to off-site VBA subcontractors for scanning. Once records are scanned, they are returned to NPRC for permanent storage. Records are scanned in an average of 1.4 days and every file that is scanned undergoes a 100 percent quality review.

The team also met with the assistant director for military records at the NPRC to discuss how VBA record requests are processed on-site. The NPRC assistant director stated prior to the COVID-19 pandemic, NPRC was meeting its metrics by getting records to the scanning contractor within two to three business days. However, during the pandemic, staffing was minimized for safety, which resulted in NPRC's backlog of records requests submitted by VBA. To address this backlog of requests, NPRC worked closely with the St. Louis VA Regional Office. Starting in September 2020, approximately 12 VA regional office staff came to NPRC daily to pull records that were then sent to the VBA subcontractor for scanning. Within a couple of months, the number of VA regional office staff increased to 48. This agreement ended in April 2022 after NPRC resumed normal operations.

NPRC meets with VBA twice a week and holds a monthly meeting with senior executives. Daily metrics regarding timeliness of pulls to the scanning contractor are provided to VBA by NPRC. NPRC also meets with the scanning contractor twice a month and provides daily lists to the contractor regarding cases that need to be expedited.

Conclusion

VBA experienced an increased backlog starting in fiscal year 2020 largely due to the impact of the COVID-19 pandemic. In addition, VBA anticipates a further increase in the backlog during

fiscal year 2023 due to the PACT Act. A multilevel action plan that includes hiring, technology, and proactive scanning has been developed to address the anticipated increase. However, VBA only began processing PACT Act claims in January 2023 and therefore the effectiveness of this action plan cannot yet be assessed.

The OIG team recognizes that the partnership between VBA and NARA appears to be working well. Through regular meetings, VBA priorities are communicated to NPRC to ensure timely delivery of records to the scanning contractor. In addition, scanning is being completed by the contractor in a timely manner.

This issue statement reflects the information collected to respond to the congressional request included in the report accompanying the Military Construction, Veterans Affairs, and Related Agencies Appropriations Bill, 2023 in which the House of Representatives' Committee on Appropriations directed the OIG to address concerns about the claims backlog. The OIG continues to oversee VBA efforts, including a current review of VBA's automated benefits delivery program. As with all OIG oversight work not otherwise prohibited by law or regulation from disclosure, a public report will be issued when it is completed.



LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

OIG Contact and Staff Acknowledgments

Contact	For more information about this issue statement, please contact the Office of Inspector General at (202) 461-4720.
----------------	--

Team	Steve Bracci, Director Kathryn Adams Brandon Allen Lance Vanderhoof
-------------	--

Other Contributors	Kathy Berrada Andrew Eichner
---------------------------	---------------------------------

Statement Distribution

VA Distribution

Office of the Secretary
Veterans Benefits Administration
Veterans Health Administration
National Cemetery Administration
Assistant Secretaries
Office of General Counsel
Office of Acquisition, Logistics, and Construction
Board of Veterans' Appeals

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs, and
Related Agencies
House Committee on Oversight and Accountability
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs,
and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
National Veterans Service Organizations
Government Accountability Office
Office of Management and Budget

**OIG issue statements, reports, and other publications
are available at www.va.gov/oig.**