



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

Office of Audits and Evaluations

VETERANS BENEFITS ADMINISTRATION

Review of Accuracy of Claims Processors' Disability Evaluation Decisions for Painful Scars



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Executive Summary

The VA Office of Inspector General (OIG) conducted this review to determine whether Veterans Benefits Administration (VBA) claims processors accurately decided disability evaluations for veterans' service-connected painful scars (meaning the scars were a disability incurred or aggravated during active military service). As part of its ongoing oversight work to combat fraud, waste, and abuse, the OIG analyzed a statistical sample of two types of disability decisions for painful scars that were completed during the review period from June 1, 2024, through May 31, 2025: decisions that (1) granted service connection and (2) increased disability rating percentages (known as evaluations) for previously service-connected painful scars (see appendix A for the review's scope and methodology). Disability evaluations can affect the amount of compensation a veteran receives.

Based on the sample analyses, the OIG estimated that 17,900 decisions completed during the review period (about 38 percent) had at least one error. Of those errors, the OIG estimated that a minimum of about 920 decisions resulted in at least approximately \$5.6 million in overpayments to veterans, which will continue to accrue until VBA takes corrective action (see appendix B for sample results used for the estimates).

The review team briefed VBA staff on these and other initial findings in February 2026. Following the briefing, the team reviewed 30 additional decisions completed from January 1 through January 31, 2026, and identified a 43 percent error rate. This confirmed that as of January 2026, VBA continued to have a similar error rate for deciding painful scar grants and increased evaluations.

The OIG made three recommendations to help improve the accuracy of VBA's decisions for painful scar evaluations. The principal deputy under secretary for benefits, performing the delegable duties of the under secretary for benefits, concurred with all three recommendations and requested closure of recommendation 2. Based on documentation VBA provided, the OIG considers recommendation 2 closed. The principal deputy also provided a technical comment regarding the OIG's sample-based findings and use of projections in the report. However, the OIG determined no material changes to this report were warranted, as the primary concern is discussed in the findings below.

What the Review Found

The OIG found that claims processors did not consistently comply with VBA regulations and procedures governing how to evaluate painful scars. Claims processors use the VA Schedule for Rating Disabilities under part 4 of Title 38 of the Code of Federal Regulations (C.F.R.) to determine the appropriate disability percentage for service-connected disabilities based on the documented medical severity of the condition. This process, referred to as an "evaluation" in this

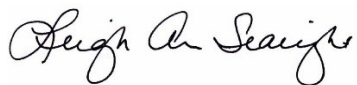
report, results in a disability percentage ranging from zero to 100 in increments of 10, and a veteran's compensation is tied to the disability percentage.¹ For painful scars, a physical examination must document objective evidence (such as the scar being tender to the touch during an examination) to support a veteran's subjective reports of pain.

Healthcare providers use disability benefits questionnaires (DBQs) to document their medical examinations. The OIG found that the DBQ for scars does not clearly define objective versus subjective evidence. Therefore, claims processors sometimes provided evaluations for painful scars without objective evidence to support the evaluations, which led to overpayments in disability compensation. Furthermore, 38 C.F.R. § 4.14 states that the same physical manifestations of a disability should not be evaluated under two separate diagnostic codes, called "pyramiding," and it can result in overpayments. Although VBA's electronic claims-processing system flags pyramiding for other types of claims, it did not identify it for painful scars. As a result, claims processors sometimes did not evaluate the total number of painful scars under a single diagnostic code as required, which caused some of the overpayments identified. In July 2026, VBA informed the OIG that a pyramiding conflict notification pertaining to multiple diagnostic codes for painful scars was implemented into the Veterans Benefits Management System (VBMS)—Rating application on April 19, 2026, in response to this review.

VBA's *Adjudication Procedures Manual* says service-connected scars previously evaluated under another diagnostic code may receive a separate evaluation if the scars become painful.² The OIG discovered errors where previously service-connected scars became painful but did not receive a separate evaluation under the painful scar diagnostic code.

Next Steps

The OIG will continue to monitor VBA's corrective actions and will close the remaining recommendations once VBA provides sufficient evidence that it has addressed the risks identified in this report.



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¹ *VBA Annual Benefits Report, Fiscal Year 2025*, accessed October 9, 2026, <https://department.va.gov/vba/annual-benefits-reports/>; 38 U.S.C. § 1155.

² VA Manual 21-1, "Assigning a Separate Disability Evaluation for Functional Impairment Due to a Painful Scar," updated August 13, 2018, topic V.iii.10.3.a in *Adjudication Procedures Manual*.

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Abbreviations

C.F.R.	Code of Federal Regulations
DBQ	disability benefits questionnaire
OIG	Office of Inspector General
VBA	Veterans Benefits Administration
VBMS	Veterans Benefits Management System



Introduction

VA provides various benefits to service-connected veterans and their beneficiaries. Section 101 under Title 38 of the United States Code defines “service connection” as a particular disability that was incurred or aggravated during active military service, as established by evidence. Benefits that service-connected veterans and their beneficiaries may receive include health care, disability compensation, education assistance, life insurance, and vocational rehabilitation or employment services. The Veterans Benefits Administration’s (VBA) disability compensation program offers monthly tax-free payments to veterans with a service-connected disability.

When service connection is established, a claims processor assigns a percentage for each disability (known as an “evaluation”) in a rating decision. If a service-connected disability worsens, a claims processor may issue a rating decision that assigns an increased evaluation. For the purposes of this report, the term “claims processor” refers to VBA staff with the authority to make these decisions. A rating decision is formalized in a document detailing the eligibility determination made by claims processors regarding one or more issues of benefit entitlement along with an explanation supporting each decision.

Claims processors use the VA Schedule for Rating Disabilities (the rating schedule) described in part 4 of Title 38 of the Code of Federal Regulations (C.F.R.) to determine the appropriate evaluation for service-connected disabilities based on documented medical severity. This results in a disability percentage ranging from zero to 100 in increments of 10.³ The percentage represents how much the disability diminishes a veteran’s health and ability to function. If a disability is evaluated as 0 percent for the condition claimed, the veteran generally would not receive payment for that disability. If the evaluation is higher than 0 percent for a disability, the veteran is entitled to monthly benefit payments. Changes in disability evaluations can affect the amount of compensation a veteran receives.

The rating schedule organizes disabilities into 15 body systems, one of which is the skin. The skin system section of the rating schedule categorizes various types of scars, including a specific category for painful scars. According to VBA data, about 538,000 veterans were receiving VA benefits for service-connected painful scars as of July 24, 2026.⁴ As part of its ongoing oversight work to combat fraud, waste, and abuse, the VA Office of Inspector General (OIG) conducted this review to determine whether claims processors accurately decided disability evaluations for veterans’ service-connected painful scars pursuant to the law, regulations, and procedures.

³ *VBA Annual Benefits Report, Fiscal Year 2025*, accessed October 9, 2026, <https://department.va.gov/vba/annual-benefits-reports/>; 38 U.S.C. § 1155.

⁴ “VA Rated Disabilities Report–DC Breakdown” (website), Office of Performance Analysis and Integrity, <https://tableau.vba.va.gov/#/views/VARatedDisabilitiesReport/DCBreakdown?:iid=1>. (This website is not publicly accessible.)

Claims Processing

Claims processors use the Veterans Benefits Management System (VBMS)–Rating, a web-based application, to complete rating decisions. The rating decision includes a narrative explanation of the determination on benefit entitlement and a codesheet containing information about the claimant, the current decision, past decisions, and the current entitlement status.

The narrative includes an introduction, the decision for each issue considered, evidence considered, the reasons for the decision for each issue, and references to relevant laws and guidance. When evidence accompanying a claim for disability compensation is not adequate to evaluate the disability, generally, a claims processor will authorize a VA medical examination to obtain more information.

The rating schedule contains numeric diagnostic codes for disabilities. In accordance with 38 C.F.R. § 4.118, painful scars are evaluated under diagnostic code 7804. For a veteran to receive compensation for a painful scar, the medical evidence, such as documentation from a physical examination of the scar, must show objective evidence of tenderness to the touch. The disability evaluation percentage is determined by the number of scars that are painful, as shown in table 1.

**Table 1. Evaluation Percentage Criteria
for Diagnostic Code 7804**

7804: Scar(s), unstable or painful
30 percent: Five or more scars that are unstable or painful
20 percent: Three or four scars that are unstable or painful
10 percent: One or two scars that are unstable or painful
Note (2): If one or more scars are both unstable and painful, add 10 percent to the evaluation that is based on the total number of unstable or painful scars

Source: 38 C.F.R. § 4.118, Schedule of ratings–Skin, diagnostic code 7804.

Claims processors must use the evaluation builder, a tool in VBMS–Rating, to assign the disability evaluation percentage. The tool guides claims processors to enter the information needed to generate an accurate evaluation of a service-connected condition. An evaluation generated by the tool provides a diagnostic code and evaluation percentage.

Claims processors also use VBA’s *Adjudication Procedures Manual* as a guide to process claims for compensation benefits for veterans. According to the manual, a claims processor may assign

a separate disability evaluation percentage for a painful scar when the evidence demonstrates there is a functional impairment that

- is distinct and separate from the functional impairment addressed by another diagnostic code and
- does not duplicate or overlap with the symptoms addressed under another diagnostic code.⁵

Roles and Responsibilities

According to a chief with VBA's Medical Disability Examination Office, this office oversees auditing for disability benefits questionnaire (DBQ) compliance and timeliness of examinations provided to veterans by managing contract requirements and conducting compliance reviews.⁶ This office creates and updates DBQs to ensure clinical, legal, data, and regulatory sufficiency. DBQs are forms used to gather medical information needed to make decisions on claims and present it in a standard format. DBQs are designed for VA's internal use and are completed by both VA healthcare providers (within the Veterans Health Administration) and non-VA providers (those under contract) conducting these examinations.

VBA's Compensation Service guides and supports VBA regional offices in delivering services to veterans. Its responsibilities include issuing and administering guidance on procedures for initiatives and laws that govern VA benefits. It also develops and monitors the national training plan for claims processors, and assesses national claims-processing accuracy.

⁵ VA Manual 21-1, "Assigning a Separate Disability Evaluation for Functional Impairment Due to a Painful Scar," updated August 13, 2018, topic V.iii.10.3.a in *Adjudication Procedures Manual*.

⁶ "Medical Disability Examination Office—Our Mission" (website), Medical Disability Examination Office, <https://vbaw.vba.va.gov/bl/21/MDEO/mission.htm>. (This website is not publicly accessible.)

Results and Recommendations

Finding: Claims Processors Did Not Always Follow VBA Regulations and Procedures When Deciding Painful Scar Evaluations

The OIG reviewed the disability evaluations for two types of completed decisions from June 1, 2024, through May 31, 2025 (the review period): decisions that granted service connection for painful scars and those that increased evaluations for service-connected painful scars.

Based on results from the sample of 70 decisions that granted service connection, the OIG estimated that about 15,400 (36 percent) contained errors related to the disability evaluation. More information regarding this review's scope and methodology can be found in appendix A, and sample results used for the estimates in this report can be found in appendix B. Using results from the sample of 60 decisions to increase evaluations, the OIG estimated that approximately 2,400 (58 percent) of these decisions contained errors. Overall, using results from the combined sample, the team estimated that about 17,900 decisions had errors (a 38 percent error rate), and a minimum of approximately 920 of these errors resulted in at least about \$5.6 million in overpayments to veterans, which the OIG considers to be a questioned cost; for more information on questioned costs, see appendix C.⁷ The OIG did not find any errors that resulted in underpayments.

The team determined that these errors occurred because claims processors did not always ensure an evaluation was supported by objective evidence of a painful scar in compliance with the rating schedule or the *Adjudication Procedures Manual*. During interviews with the team, claims processors said they found the DBQ for scars confusing. In addition, errors occurred because claims processors did not always identify multiple grants of service connection for painful scars. VBA could mitigate these errors by revising the DBQ for scars and completing other actions to help claims processors understand how to evaluate painful scars.

After briefing VBA staff in February 2026 on the OIG's preliminary findings and recommendations, the team reviewed 30 additional decisions completed from January 1, 2026, through January 31, 2026, and identified a 43 percent error rate—confirming that as of January 2026, VBA continued to have a similar error rate when deciding painful scar grants and increased evaluations.

⁷ Error counts and percentages do not precisely calculate due to rounding. The OIG questions costs when VA action or inaction (such as spending or failure to fully compensate eligible beneficiaries) is determined by the OIG to violate a provision of law, regulation, contract, grant, cooperative agreement, or other agreement; when costs are not supported by adequate documentation; or when they are expended for purposes that are unnecessary or unreasonable under governing authorities.

What the OIG Did

The team reviewed a stratified sample of 130 completed decisions related to service-connected painful scars during the review period (June 1, 2024, through May 31, 2025). As noted, of the 130 decisions, 70 were for grants of service connection and 60 were related to increased evaluations for previously service-connected painful scars.

Using the criteria set out in the laws, regulations, policies, procedures, and guidelines applicable to painful scar evaluations, the team analyzed each decision in the sample to determine whether VBA staff correctly processed decisions for painful scar evaluations. The team accessed VBA's electronic systems to review the decisions in the sample and relevant documentation. In November 2025, the team provided staff in VBA's Compensation Service detailed results of those reviews.

The team conducted an in-person site visit at the VA regional office in Houston, Texas, in December 2025, and a virtual site visit at the VA regional office in New Orleans, Louisiana, in January 2026. During these visits, the team interviewed 26 regional office managers and staff, including 20 claims processors. The team also interviewed VBA central office managers and staff.

Painful Scar Evaluations

The OIG estimated that 17,900 decisions had at least one error (a 38 percent error rate) during the review period. Of these 17,900 decisions, the OIG estimated that a minimum of about 920 resulted in at least approximately \$5.6 million in overpayments to veterans, which will continue to accrue until VBA takes corrective action.

The team further noted the following:

- Based on the review of decisions that granted service connection for painful scars, an estimated 15,400 of the decisions contained errors (about 36 percent).
- Based on the review of decisions that increased painful scar evaluations, an estimated 2,400 of the decisions contained errors (about 58 percent).

Table 2 shows the common categories of errors identified by the OIG.

Table 2. Error Categories with Associated Number of Errors

Error category	Estimated number of errors in decisions*
Lack of objective evidence of a painful scar	7,400
Improper use of multiple diagnostic codes 7804 to evaluate painful scars	5,500
Separate evaluation not provided when a previously diagnosed service-connected scar becomes painful	1,300

Source: VA OIG analysis of a sample of 130 decisions.

Note: The remaining errors were attributed to other issues such as not clarifying scar examinations before making decisions.

** Some decisions for painful scars contained errors in multiple categories.*

On November 25, 2025, the OIG team provided VBA with the list of decisions that contained errors. VBA shared its analysis and concurred with all but two of the errors as described in the following paragraphs.

In the first instance, VBA decided a claim for an increased evaluation of a veteran's service-connected right ankle scar. The OIG team determined the claim was invalid because the veteran requested a decision on a previously submitted claim instead of requesting an increased evaluation. VBA contended that the claim was valid because the correct form was used regardless of the requested action. However, the *Adjudication Procedures Manual* states that VBA should avoid assuming a veteran's intent.⁸ The OIG provided this additional criteria to VBA on January 16, 2026, to support the determination that an error occurred.

In the second instance, VBA implemented a decision from the Board of Veterans' Appeals that directed VBA to assign evaluations under multiple diagnostic codes 7804 for two painful scars, which violated 38 C.F.R. § 4.118. According to 38 C.F.R. § 20.105, the Board of Veterans' Appeals is required to follow VA regulations, which includes 38 C.F.R. § 4.118. VBA contended that the board decision was binding. However, 38 C.F.R. § 20.801 and 38 C.F.R. § 20.1403 explains a board's decision can be rebutted when an error is identified. On January 16, 2026, the OIG team provided information to VBA about its process for raising concerns with Board of Veterans' Appeals decisions. Had VBA staff used this process, they could have had the error sent to the Board of Veterans' Appeals, where it could have been reviewed and potentially corrected.

⁸ VA Manual 21-1, "Considering Intent of New Claims," updated February 12, 2024, topic V.ii.3.A.1.g in *Adjudication Procedures Manual*.

As of July 17, 2026, VBA had not responded to the OIG's additional evidence for these two errors.

The OIG's first recommendation calls on VBA to review and correct the processing errors on decisions the OIG identified so that they are compliant with 38 C.F.R. § 4.118 and consistent with the Adjudication Procedures Manual.⁹

Objective Evidence of a Painful Scar

According to the *Adjudication Procedures Manual*, claims processors should not assign a compensable evaluation (at least 10 percent) to a veteran for a painful scar without objective evidence supporting their medical history of subjective reports of pain or tenderness.¹⁰ During a physical examination of the scar, the examiner must document whether the scar is tender to touch in order for the scar to be considered objectively painful. Example 1 describes an error where a compensable evaluation was established without objective evidence of a painful scar.

Example 1

VA received a veteran's claim application for service connection for several disabilities including one related to a keloid scar (a type of raised, thickened scar) on one ear. A completed DBQ included a diagnosis of a scar on the right ear due to keloid removal. Medical history in the questionnaire noted the veteran experienced aching pain due to this surgical scar. However, documentation of the physical examination of the scar did not show the scar was tender to touch, and there was no other objective evidence of pain provided. A rating decision was completed that assigned a 10 percent evaluation under diagnostic code 7804. However, this was in error because there was no objective evidence that the scar was painful. VBA concurred with the error. This error resulted in an ongoing overpayment to the veteran. As of March 2026, this payment amount totaled about \$6,900 because VBA had not yet taken corrective action.

The DBQ for scars contains a physical examination section to document objective findings, such as whether scars are tender to touch. The DBQ also has a medical history section, which prompts the examiner to note if any of the scars are painful and to describe the pain based on the history provided by the veteran. See appendix D for screenshots of these two sections of the DBQ. According to the *Adjudication Procedures Manual*, a veteran's reported history of a painful scar alone is not enough to establish objective evidence of a painful scar.¹¹

⁹ VA Manual 21-1, "Principles of Reviewing and Weighing Evidence," updated August 6, 2020, section V.ii.1.A in *Adjudication Procedures Manual*.

¹⁰ VA Manual 21-1, "Objective Evidence of a Painful Scar," updated August 13, 2018, topic V.iii.10.3.b in *Adjudication Procedures Manual*.

¹¹ VA Manual 21-1, "Objective Evidence of a Painful Scar."

During interviews with 20 regional office claims processors, five reported difficulty understanding the DBQ when evaluating painful scars. Additionally, 13 claims processors said revising the DBQ could help clarify what constitutes objective evidence of a painful scar. For example, one suggestion was to reorganize the DBQ by moving the subjective section closer to the objective section.

The OIG's second recommendation is for VBA to initiate and provide a timeline for revising the DBQ for scars to clearly elicit information needed for claims processors to determine whether subjective reports of scar pain or tenderness are supported by objective evidence, as required, to establish a compensable evaluation for a painful scar under the Adjudication Procedures Manual.¹²

Multiple Painful Scars

The evaluation percentage for painful scars generally depends on the number of scars. As set forth in 38 C.F.R. § 4.118, other types of scars may warrant establishing separate evaluations based on each affected zone of the body; however, this same guidance does not apply to painful scars under diagnostic code 7804. According to 38 C.F.R. § 4.14, evaluating the same physical manifestations of a disability under two separate diagnostic codes is called “pyramiding,” and it can result in overpayments. The OIG found that claims processors did not always evaluate the total number of painful scars under a single diagnostic code 7804, as shown in example 2.

Example 2

VA received a veteran's request for a higher-level review for several disabilities, including a cyst on the right hand with surgery scars and kidney stones with a surgery scar. A completed DBQ for the scars showed diagnoses of scars on the right hand and left posterior flank and noted that both scars were tender to touch. A rating decision erroneously granted two separate 10 percent evaluations, each under diagnostic code 7804, for the painful scars. According to 38 C.F.R. § 4.118, the veteran should have received one 10 percent evaluation under one diagnostic code 7804 for both painful scars. For a visual representation of the improper use of more than one diagnostic code for painful scars on the rating decision codesheet, see appendix E. VBA concurred with the error. This error resulted in pyramiding and in an ongoing overpayment to the veteran. As of March 2026, these payments totaled about \$5,200.

During interviews with the team, four of the 20 claims processors said this type of error occurs because claims processors may not be paying attention, and three said claims processors may not know or understand that there should be only one diagnostic code 7804.

¹² VA Manual 21-1, “Objective Evidence of a Painful Scar.”

When multiple diagnostic codes under 7804 appear on a rating decision codesheet as a service-connected disability, it is an error, as the same physical manifestations of a disability under separate diagnostic codes, known as pyramiding, should be avoided. After reviewing the rating decision codesheet, claims processors should recognize this type of error. During interviews, the OIG team showed claims processors a sample codesheet with pyramiding (see appendix E). While 14 of the claims processors identified the error on the sample codesheet, six did not.

The VBMS–Rating application recognizes and alerts users to pyramiding errors for other diagnostic codes, but in January 2026, an official with VBA’s Office of Business Integration told the OIG team that the VBMS–Rating application did not identify multiple 7804 diagnostic codes on a veteran’s codesheet. All 20 claims processors interviewed by the team agreed that adding this system control to the VBMS–Rating application to flag pyramiding for diagnostic code 7804 could help prevent this type of error.

In response to the OIG’s review, on July 9, 2026, VBA notified the OIG team that a pyramiding conflict notification pertaining to multiple diagnostic codes 7804 was added to the VBMS–Rating application on April 19, 2026. On July 13, 2026, VBA demonstrated this new functionality to the OIG team, confirming that it will help identify multiple diagnostic codes 7804. As a result of the actions already taken by VBA, the OIG did not make a related recommendation.

Separately Evaluating Painful Scars

According to 38 C.F.R. § 4.118, a service-connected scar that has previously been evaluated under another diagnostic code may also receive a separate evaluation under diagnostic code 7804 if the scar is painful. However, the OIG team discovered errors when a previously service-connected scar became painful after the initial grant of service connection but did not receive a separate evaluation under diagnostic code 7804, as shown in example 3.

Example 3

A veteran with scars on the back was previously granted service connection for them but received a 0 percent evaluation under diagnostic code 7805 (scars causing functional limitations). VA received a claim for an increased rating for the service-connected scars. A DBQ for the scars documented that the scars were now tender to touch. A rating decision changed the 0 percent evaluation under diagnostic code 7805 to a 10 percent evaluation under diagnostic code 7804. In other words, the 7805 evaluation was deleted, even though the veteran was still entitled to a 0 percent evaluation under diagnostic code 7805 in addition to a separate 10 percent evaluation under diagnostic code 7804. While this error did not result in an underpayment, removing the 7805 evaluation could affect future

disability evaluations if scars in this category were to become compensable. VBA concurred with this error.

The OIG identified errors in the increased evaluations sample that were due to not providing an evaluation for previously diagnosed scars that become painful.

During interviews with the OIG team, some claims processors noted that training could mitigate this type of error, which occurred about 32 percent of the time in the OIG's review.

Compensation Service staff provided the OIG team with current VBA training materials related to painful scar evaluations. The team observed that these materials did not include the process for entering evidence about painful scars into the VBMS–Rating evaluation builder tool. During interviews with the team, claims processors identified various issues pertaining to training for painful scars evaluations and noted that training should include interactive examples.

The OIG's last recommendation calls on VBA to determine and complete additional actions so that employees understand how to accurately evaluate painful scars under 38 C.F.R. § 4.118 and in accordance with the Adjudication Procedures Manual.¹³

Conclusion

The OIG estimated that 38 percent of the decisions for painful scar evaluations during the review period were incorrect because claims processors did not consistently use objective evidence to determine whether a scar was painful, assigned more than one evaluation under diagnostic code 7804 for painful scars, and did not establish a separate evaluation for scars that became painful. Of these errors, the team estimated that a minimum of about 920 resulted in at least approximately \$5.6 million in overpayments to veterans. Revising the DBQ and completing additional actions to aid claims processors in evaluating painful scars would help VBA avoid erroneously paying veterans for benefits they may not be entitled to receive and would promote good stewardship of taxpayer dollars.

Recommendations 1–3

The OIG made the following recommendations to the under secretary for benefits:¹⁴

1. Review and correct the processing errors on decisions the Office of Inspector General team identified so that they are compliant with 38 C.F.R. § 4.118 and consistent with the *Adjudication Procedures Manual*.¹⁵

¹³ VA Manual 21-1, "Objective Evidence of a Painful Scar."

¹⁴ The recommendations addressed to the under secretary for benefits are directed to anyone in an acting status or performing the delegable duties of the position.

¹⁵ VA Manual 21-1, "Principles of Reviewing and Weighing Evidence," updated August 6, 2020, section V.ii.1.A in *Adjudication Procedures Manual*.

2. Initiate and provide a timeline for revising the “Scars/Disfigurement” disability benefits questionnaire to clearly elicit information needed for claims processors to determine whether subjective reports of scar pain or tenderness are supported by objective evidence, as required, to establish a compensable evaluation for a painful scar under the *Adjudication Procedures Manual*.¹⁶
3. Determine and complete additional actions so that employees understand how to accurately evaluate painful scars under 38 C.F.R. § 4.118 and in accordance with the *Adjudication Procedures Manual*.¹⁷

VA Management Comments

The principal deputy under secretary for benefits, performing the delegable duties of the under secretary for benefits, concurred with all three recommendations and provided responsive action plans. A summary of VBA’s response to each recommendation follows, with full remarks in appendix F.

For recommendation 1, VBA noted processing errors will be reviewed and corrected. The target completion date is February 28, 2027.

To address recommendation 2, VBA revised the “Scars/Disfigurement” DBQ and provided a timeline for completing the revisions. Although the final release date for the revised DBQ is subject to change, VBA estimated the DBQ will be released on January 10, 2027, and requested closure of this recommendation.

For recommendation 3, VBA noted it will address how to evaluate painful scars during a Compensation Service Monthly Quality Assurance call to ensure employees understand how to accurately evaluate them under 38 C.F.R. § 4.118 and in accordance with the *Adjudication Procedures Manual*. The target completion date is January 31, 2027.

VBA provided one technical comment concerning the OIG’s sampling and projections used in the report.

While the OIG uses statistical formulas to project estimates of the potential broader impact of identified errors, these are projections that assume no corrective action is taken. While OIG references these estimated numbers throughout the report, it is important to contextualize those estimates within the actual case review that underpins them. The OIG examined 130 decisions, representing approximately 0.27 percent of the total review population of about

¹⁶ VA Manual 21-1, “Objective Evidence of a Painful Scar,” updated August 13, 2018, topic V.iii.10.3.b in *Adjudication Procedures Manual*.

¹⁷ VA Manual 21-1, “Objective Evidence of a Painful Scar.”

47,300 decisions, and identified 60 errors, which form the basis for the projected 17,900 errors referenced throughout the report.

Importantly, only *seven* of the 60 errors OIG found resulted in improper payments, which represents about 5.4 percent of the sample, and when viewed across the full review population, only about 0.015 percent of all decisions reviewed. The remaining 53 errors, more than 88 percent of the sample, were technical or procedural issues that did not result in improper payments. The OIG presents these actual, non projected [*sic*] error totals is [*sic*] Table B.5 (Appendix B), specifically in the column labeled “*sample count/sample size*,” which reflects the true number of errors found in each category before any statistical weighting or projection. The underlying case reviews, error categories, and the statistical calculations used to derive the broader estimates are detailed throughout appendix B of the draft report[.]

OIG Response

The OIG considers recommendation 2 closed as requested based on documentation VBA provided. The OIG will continue to monitor VBA’s corrective actions and will close the other two recommendations when VBA provides sufficient evidence that it has addressed the risks identified in this report.

Regarding VBA’s technical comment, the OIG estimates reflect the errors in the review population during the scope of the review when the sample was drawn. OIG estimates are population-based projections and not future-error forecasting. The approximately 47,300 decisions represent an estimate of the actual population size. The review population, as listed in the sampling frame for this project, consisted of 47,957 decisions. The actual population size is estimated to be somewhat smaller than the review population, accounting for the fact that one of the decisions selected from the sampling frame was out of the review’s scope. VBA’s comment noted sample sizes and results as a percentage of the population. While these percentages are low, the size of a sample as a percentage of the population size has very little influence on statistical precision unless the population is very small. Statistical precision is mostly affected by the absolute sample size and variability in the data.¹⁸

The OIG uses analytical software to assess estimate precision. Because the review identified seven of 60 errors contributing to monetary impact which led to high variability in projections, the one-sided lower bound of about \$5.6 million was reported. The OIG reduces the probability of overstating its findings by claiming the statistical estimate’s one-sided 90 percent confidence

¹⁸ Sharon L. Lohr, “Simple Probability Samples,” chap. 2 in *Sampling: Design and Analysis*, 3rd edition (Boca Raton, FL: CRC Press, 2022), pp. 41–42.

lower bound. Given the OIG's methodology, the team made no material changes to the report's sampling or projections (see appendix B).

Appendix A: Scope and Methodology

Scope

The VA Office of Inspector General (OIG) conducted its work starting in August 2025 and concluding in August 2026. The review focused on a population of 47,957 completed decisions associated with closed end-product series 010, 020, 030, 040, and 110 that granted or increased evaluations for service-connected painful scars from June 1, 2024, through May 31, 2025.¹⁹ The team estimated the actual population (those decisions in the review scope) to be about 47,300.²⁰ The difference was the result of a sampled record that the team found was outside the review scope (a scar that was not painful).

Methodology

The team considered applicable laws, regulations, policies, procedures, and guidelines for processing painful scar evaluations. The team conducted an in-person site visit at the Veterans Benefits Administration (VBA) regional office in Houston, Texas, in December 2025, and a virtual site visit at the VBA regional office in New Orleans, Louisiana, in January 2026. The team also interviewed veterans service organizations and VA central office staff, including staff from VBA's Compensation Service, Office of Business Integration, and Medical Disability Examination Office.

The review focused on a population of 47,957 completed decisions that were identified as having granted service connection or increased evaluations for service-connected painful scars. The sampling plan called for a stratified random sample of the population. Samples were drawn from two distinct populations of decisions completed from June 1, 2024, through May 31, 2025. The team looked at 70 decisions out of 43,762 decisions that granted service connection for painful scars and 60 decisions out of 4,195 that increased evaluations for service-connected painful scars. The errors were weighted to create population estimates for stratified samples. See appendix B for more details about the team's sample design and estimates.

The team used VA's electronic systems, including the Veterans Benefits Management System (VBMS), to review veterans' electronic claims records and relevant documentation to determine whether VBA correctly processed decisions for service-connected painful scars.

¹⁹ VBA uses the end-product system as its primary workload monitoring and management tool. Correct use of the end-product system supports proper control of pending workloads and appropriate work measurement credit, which is essential to substantiate staffing requirements and determine productive capacity.

²⁰ This value is rounded.

Internal Controls

The team assessed internal controls to determine whether they were significant to the review objective. This included consideration of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring.²¹ In addition, the team reviewed the principles of internal controls as associated with the objective and identified one component and one principle as significant.²² The team identified an internal control deficiency during this review and proposed recommendations to address the deficiency listed in table A.1.

Table A.1. VA OIG Analysis of Internal Control Components and Principles Identified as Significant

Component	Principle	Deficiency identified by this review
Control environment	4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.	VBA's estimated error rate for painful scar evaluations was about 38 percent. Claims processors did not always comply with policies and procedures for evaluating painful scars.

Source: VA OIG analysis of internal control components and principles consistent with the Government Accountability Office's Standards for Internal Control in the Federal Government.

Data Reliability

The team used computer-processed data from VA's Corporate Data Warehouse to analyze decisions for painful scars during the review period. 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 duplicative records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, the team compared the data received (for example, file numbers, rating completion dates, journal dates, and action station) to the records reviewed in VBMS.

Testing of the datasets disclosed they were sufficiently reliable for the review objectives. Comparison of the data with information contained in the records reviewed from VBMS did not disclose any problems with data reliability.

²¹ Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-25-107721, May 2025.

²² Because the review was limited to the internal control components and underlying principles identified, it may not have disclosed all internal control deficiencies that could 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*.²³

²³ Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*, December 2020.

Appendix B: Statistical Sampling Methodology

Approach

To accomplish the objective, the VA Office of Inspector General (OIG) team reviewed a stratified statistical sample of 130 decisions from June 1, 2024, through May 31, 2025. The sample consisted of 70 granted claims for service connection for painful scars and 60 increased evaluations for service-connected painful scars. The team used statistical sampling, when applicable, to quantify the number of painful scar decisions with errors.

Population

The review population included 43,762 grants and 4,195 increased evaluations—for a combined population of 47,957—during the review period. For the purposes of the review, the team estimated the combined population to be 47,300 decisions for painful scars. The difference between the review population size and the estimated actual population size is a result of a single decision that granted a disability evaluation that the team found was outside the review scope (a scar that was not painful).

Sampling Design

OIG statisticians and the team developed sampling methodology that required reviewing Veterans Benefits Administration (VBA) decisions that granted service connection for painful scars or increased the evaluation for service-connected painful scars. The sampling plan for this project entailed a stratified random sample of the population. The first stratum consisted of initial grants of service connection, and the second contained increased evaluations of service-connected painful scars. A simple random sample of 70 decisions that granted service connection for painful scars (with backups to replace out-of-scope conditions, if needed) was selected. In addition, a simple random sample of 60 decisions that increased evaluations for service-connected painful scars (with backups to replace out-of-scope conditions, if needed) was selected.

For the service-connection decisions, a single out-of-scope decision was found and was replaced with one of the randomly selected backup granted decisions. Therefore, the total sample size for granted decisions was 71, but the in-scope sample size was 70. For the increased-evaluation decisions, no out-of-scope decisions were found. The population strata are shown in table B.1.

Table B.1. Strata for Analysis

Strata	Number of in-scope cases reviewed
Grants of service connection for painful scars	70
Increased evaluations for service-connected painful scars	60

Source: VA OIG statistician's stratified population using data obtained from VBA's Corporate Data Warehouse.

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 audit with multiple sets of samples, the confidence intervals would differ for each sample but would include the true population value about 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 logistic concerns of the sample review. While precision improves with larger samples, the rate of improvement decreases significantly as more records are added to the sample review.

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

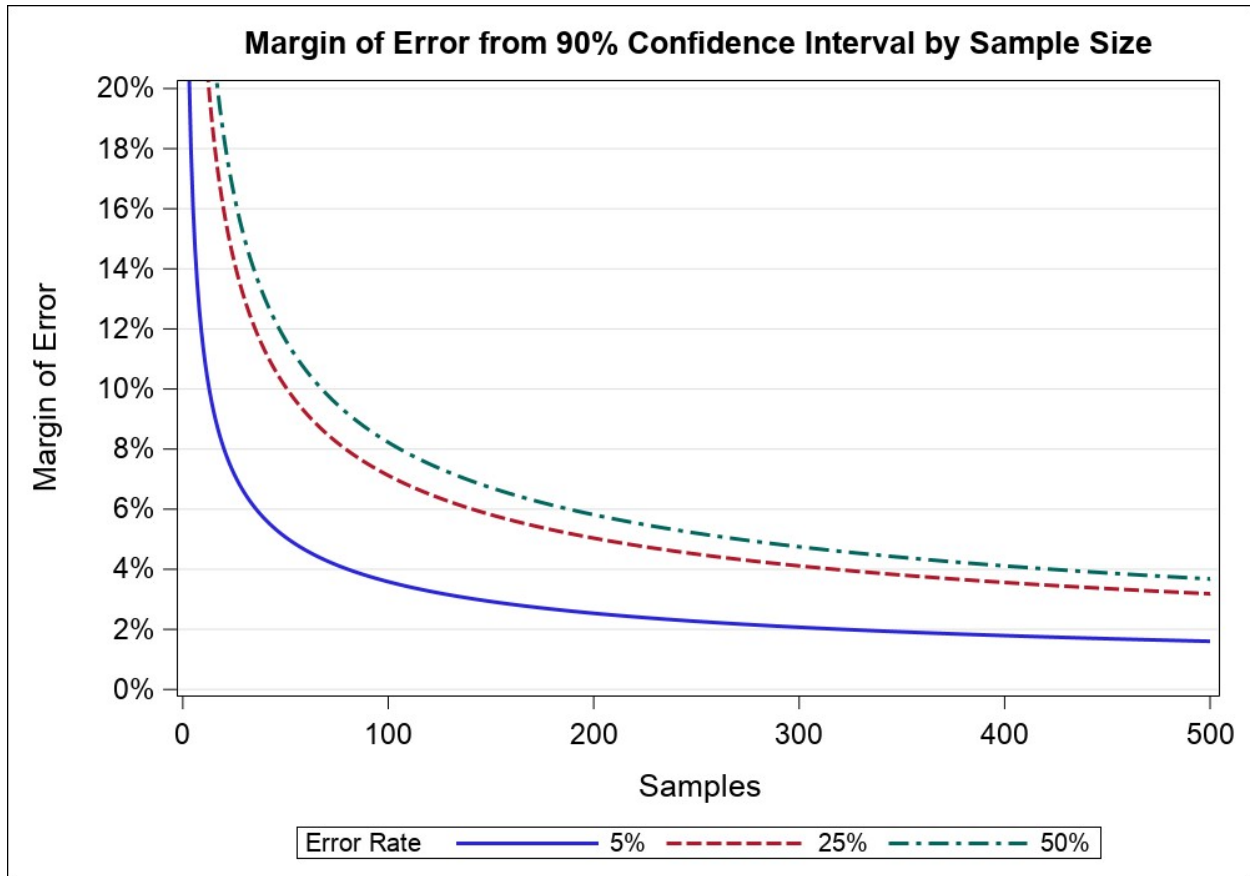


Figure B.1. Effect of sample size on margin of error.

Source: VA OIG statistician's analysis.

Projections

Tables B.2 through B.7 detail the team's analysis for decisions involving painful scar evaluations and the projected results for errors and improper payments during the review period.

Table B.2. Statistical Projections Summary for Errors for Decisions that Granted Service Connection for Painful Scars, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count/size
Population	43,146	1,432	40,868	43,732	70/71
Granted errors in population	15,409	4,386	11,238	20,010	25/71

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count/size
Error rate	35.7%	10.1%	26.1%	46.3%	25/70

Source: VA OIG analysis.

Note: The bolded numbers in the "Estimate number" column represent the values used for the estimates in the report's narrative. The OIG sometimes uses the generalized Clopper–Pearson method for estimating percentages (such as error rates) and totals based on these percentages. The advantage of this method is that the resulting confidence limits are generally very conservative. Based on the method by which Clopper–Pearson intervals are constructed, the margin of error cannot be simply subtracted from or added to the estimate to get the lower and upper limits, respectively.

Table B.3. Statistical Projections Summary for Errors for Decisions That Increased Evaluations for Painful Scars, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count/size
Population	4,195	102	3,991	4,195	60/60
Increase errors in population	2,447	470	1,963	2,904	35/60
Error rate	58.3%	11.2%	46.8%	69.2%	35/60

Source: VA OIG analysis.

Note: The bolded numbers in the "Estimate number" column represent the values used for the estimates in the report's narrative. The OIG sometimes uses the generalized Clopper–Pearson method for estimating percentages (such as error rates) and totals based on these percentages. The advantage of this method is that the resulting confidence limits are generally very conservative. Based on the method by which Clopper–Pearson intervals are constructed, the margin of error cannot be simply subtracted from or added to the estimate to get the lower and upper limits, respectively.

Table B.4. Statistical Projections Summary for Combined Errors, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count/size
Population	47,341	1,429	45,069	47,927	130/131
Combined errors in population	17,856	4,376	13,645	22,398	60/131
Error rate	37.7%	9.2%	28.8%	47.3%	60/130

Source: VA OIG analysis.

Note: The bolded numbers in the "Estimate number" column represent the values used for the estimates in the report's narrative. The OIG sometimes uses the generalized Clopper–Pearson method for estimating percentages (such as error rates) and totals based on these percentages. The advantage of this method is that the resulting

confidence limits are generally very conservative. Based on the method by which Clopper–Pearson intervals are constructed, the margin of error cannot be simply subtracted from or added to the estimate to get the lower and upper limits, respectively.

Table B.5. Statistical Projections Summary for Error Categories, with a 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error	Lower limit	Upper limit	Sample count/size
Lack of objective evidence of a painful scar	7,409	3,403	4,477	11,283	20/131
Improper use of multiple diagnostic code 7804 to evaluate painful scars	5,490	3,017	2,997	9,032	16/131
Separate evaluation when a previously diagnosed service-connected scar becomes painful	1,328	442	940	1,825	19/131

Source: VA OIG analysis.

Note: The bolded numbers in the “Estimate number” column represent the values used for the estimates in the report’s narrative. The OIG sometimes uses the generalized Clopper–Pearson method for estimating percentages (such as error rates) and totals based on these percentages. The advantage of this method is that the resulting confidence limits are generally very conservative. Based on the method by which Clopper–Pearson intervals are constructed, the margin of error cannot be simply subtracted from or added to the estimate to get the lower and upper limits, respectively.

Table B.6. Statistical Projections Summary for Total Value of Payment Errors, with a One-Sided 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error*	Lower limit	Sample count/size
Total value of payment errors	\$12,524,919	\$6,940,449	\$5,584,470	7/131

Source: VA OIG analysis.

Note: The bolded number in the “Lower limit” column represents the value used for the estimates in the report’s narrative. The total value of payment errors is taken as the sum of overpayments found in the sample review.

*Because the team reported one-sided confidence intervals, the margin of error for this estimate was calculated as the difference between the respective estimate and lower limit for the confidence interval.

Table B.7. Statistical Projections Summary for Total Combined Impact Errors, with a One-Sided 90 Percent Confidence Interval

Estimate name	Estimate number	Margin of error*	Lower limit	Sample count/size
Impact error, combined	2,129	1,214	915	7/131

Source: VA OIG analysis.

Note: The bolded number in the “Lower limit” column represents the value used for the estimates in the report’s narrative. The OIG sometimes uses the generalized Clopper-Pearson method for estimating percentages (such as error rates) and totals based on these percentages. The advantage of this method is that the resulting confidence limits are generally very conservative. Based on the method by which Clopper-Pearson intervals are constructed, the margin of error cannot simply be subtracted from or added to the estimate to get the lower and upper limits, respectively.

*Because the team reported one-sided confidence intervals, the margin of error for this estimate was calculated as the difference between the respective estimate and lower limit for the confidence interval.

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

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs ²⁴
1–2	Improper payments due to inaccurate painful scar evaluations	\$0	\$5,584,470
	Total	\$0	\$5,584,470

Note: The VA Office of Inspector General (OIG) estimated that the errors resulted in about \$12,500,000 in improper payments. However, the questioned cost presented here uses a lower-bound scenario, which assumes conservative estimates due to the highly variable sample data.

²⁴ The OIG questions costs when VA action or inaction (such as spending or failure to fully compensate eligible beneficiaries) is determined by the OIG to violate a provision of law, regulation, contract, grant, cooperative agreement, or other agreement; when costs are not supported by adequate documentation; or when they are expended for purposes that are unnecessary or unreasonable under governing authorities. Within questioned costs, the OIG must, as required by section 405 of the IG Act, report unsupported costs. Unsupported costs are those determined by the OIG to lack adequate documentation at the time of the audit. Of the \$5,584,470 in questioned costs, \$0 were unsupported costs.

Appendix D: Screenshots of Disability Benefits Questionnaire for Scars

SECTION I - SCARS OF THE TRUNK AND EXTREMITIES

1. MEDICAL HISTORY

1A. DESCRIBE THE HISTORY (including cause/origin and course) OF THE VETERAN'S SCAR(S) OF THE TRUNK OR EXTREMITIES (brief summary):

1B. ARE ANY OF THE SCARS OF THE TRUNK OR EXTREMITIES PAINFUL?

☐ YES ☐ NO If yes, specify the number of painful scars: ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 or more

DESCRIBE THE PAIN (if there are multiple painful scars, be sure to adequately identify which scars are painful):

Figure D.1. Example of the subjective complaint section under the medical history reported by a veteran in the medical examination report for scars.

Source: Disability Benefits Questionnaires Switchboard.

2. PHYSICAL EXAM FOR SCARS ON THE TRUNK AND EXTREMITIES 2-1. DETAILS OF SCAR FINDINGS FOR THE TRUNK AND EXTREMITIES

INDICATE THE ANATOMICAL REGIONS AFFECTED AND COMPLETE APPROPRIATE SECTIONS.

A. RIGHT UPPER EXTREMITY

☐ Affected ☐ Not affected

Specify the location of scars on the right upper extremity and number them: _____

Indicate the length and width of each scar:

Scar # 1: _____ x _____ cm Scar # 2: _____ x _____ cm Scar # 3: _____ x _____ cm

Scar # 4: _____ x _____ cm Scar # 5: _____ x _____ cm If additional scars, list using same format: _____

Are any of the scars tender to palpation? If yes, check all that apply:

Scar # 1 ☐ Scar # 2 ☐ Scar # 3 ☐

Scar # 4 ☐ Scar # 5 ☐ If additional scars, list using same format: _____

Figure D.2. Example of the objective findings in the physical exam section of the same medical examination report for scars.

Source: Disability Benefits Questionnaires Switchboard.

Appendix E: Rating Decision Codesheet

Rating Decision		Department of Veterans Affairs Veterans Benefits Administration		Page 1 of 3 10/23/2024	
NAME OF VETERAN	VA FILE NUMBER	SOCIAL SECURITY NR	POA		
COPY TO					

ACTIVE DUTY			
EOD	RAD	BRANCH	CHARACTER OF DISCHARGE

LEGACY CODES			
ADD'L SVC CODE	COMBAT CODE	SPECIAL PROV CDE	FUTURE EXAM DATE
	1		None

JURISDICTION: Authorized Review Requested

ASSOCIATED CLAIM(s): 040; HLR DTA Error - Rating:

SUBJECT TO COMPENSATION (LSC)

→ 7804 PAINFUL SCAR S/P KIDNEY STONE EXCISION ASSOCIATED WITH NEPHROLITHIASIS (KIDNEY STONES)
Service Connected, Vietnam Era, Secondary
Static Disability
10% from 07/28/2023

→ 7804 PAINFUL SCAR RIGHT HAND S/P GANGLION CYST EXCISION
Service Connected, Vietnam Era, Incurred
Static Disability
10% from 07/28/2023

7508
Service Connected, Vietnam Era, Incurred
Static Disability
0% from 07/28/2023

7802 LEFT FLANK SCAR
Service Connected, Vietnam Era, Secondary
Static Disability
0% from 07/28/2023

7802 RESIDUALS TO INCLUDE SCAR
Service Connected, Vietnam Era, Incurred

Figure E.1. Visual representation of a rating decision codesheet with multiple diagnostic codes under 7804 granted in error.

Source: Veterans Benefits Management System.

Appendix F: VA Management Comments

Department of Veterans Affairs Memorandum

Date: September 8, 2026

From: Under Secretary for Benefits (20)

Subj: Office of Inspector General (OIG) Draft Report - Review of Accuracy of Claims Processors' Disability Evaluation Decisions for Painful Scars [Project No. 2025-03303-AE-0127]

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

1. Thank you for the opportunity to review and comment on the OIG draft report: Review of Accuracy of Claims Processors' Disability Evaluation Decisions for Painful Scars. The Veterans Benefits Administration (VBA) provides the attached response to the draft report. VBA is committed to the accuracy and integrity of disability evaluation decisions. We continue to strengthen system controls, training, and guidance to ensure consistent application of 38 C.F.R. § 4.118 and the Adjudication Procedures Manual, and we will monitor outcomes and take corrective actions as needed to safeguard veterans' benefits and taxpayer funds.

The OIG removed point of contact information prior to publication.

(Original signed by)

J. Margarita Devlin

Principal Deputy Under Secretary for Benefits

Performing the Delegable Duties of the Under Secretary for Benefits

Attachment

Attachment

Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Review of Accuracy of Claims Processors' Disability Evaluation Decisions for Painful Scars
[Project No. 2025-03303-AE-0127]

VBA concurs with OIG's draft report findings and provides the following comments and action plans in response to the recommendations:

Comment regarding sample-based findings and projections: While the OIG uses statistical formulas to project estimates of the potential broader impact of identified errors, these are projections that assume no corrective action is taken. While OIG references these estimated numbers throughout the report, it is important to contextualize those estimates within the actual case review that underpins them. The OIG examined 130 decisions, representing approximately 0.27 percent of the total review population of about 47,300 decisions, and identified 60 errors, which form the basis for the projected 17,900 errors referenced throughout the report.

Importantly, only *seven* of the 60 errors OIG found resulted in improper payments, which represents about 5.4 percent of the sample, and when viewed across the full review population, only about 0.015 percent of all decisions reviewed. The remaining 53 errors, more than 88 percent of the sample, were technical or procedural issues that did not result in improper payments. The OIG presents these actual, non-projected error totals in Table B.5 (Appendix B), specifically in the column labeled "*sample count/sample size*," which reflects the true number of errors found in each category before any statistical weighting or projection. The underlying case reviews, error categories, and the statistical calculations used to derive the broader estimates are detailed throughout Appendix B of the draft report.

Recommendation 1. Review and correct the processing errors on decisions the Office of Inspector General team identified to ensure they are compliant with 38 C.F.R. § 4.118 and consistent with the *Adjudication Procedures Manual*.

VA Response: Concur. VBA will review and correct the processing errors identified and estimates to certify completion by February 28, 2027.

Status: In process

Target Completion Date: February 28, 2027

Recommendation 2. Initiate and provide a timeline for revising the "Scars/Disfigurement" disability benefits questionnaire to clearly elicit information needed for claims processors to determine whether subjective reports of scar pain or tenderness are supported by objective evidence, as required, to establish a compensable evaluation for a painful scar under the *Adjudication Procedures Manual*.

VA Response: Concur. VBA completed the revisions to the Scars/Disfigurement Disability Benefits Questionnaire (DBQ) and submitted the revised document to the DBQ Change Control Group on August 25, 2026, for final review and approval. A final release date will be determined following completion of the required review and approval steps. While the final release date is subject to change, VBA provides the following estimated timeline below:

8/14/26 - DBQ revised to conform with OIG recommendation - Completed

8/25/26 - Revised DBQ sent to DBQ Change Control Group (CCG) for review/approval - Completed

9/20/26 - Information Exchange Package Documentation (IEPD) Generation/Notification of DBQ changes

1/10/27 - Tentative scheduled release

VBA provides a copy of the draft revised DBQ in support of closure of this recommendation.

This recommendation has been fully implemented and VBA requests closure.

Status: Completed

Target Completion Date: N/A

Recommendation 3. Determine and complete additional actions to ensure employees understand how to accurately evaluate painful scars under 38 C.F.R. § 4.118 and in accordance with the *Adjudication Procedures Manual*.

VA Response: Concur. VBA will address this topic during the Compensation Service Monthly Quality Assurance call to ensure employees understand how to accurately evaluate painful scars under 38 C.F.R. § 4.118 and in accordance with the *Adjudication Procedures Manual*.

Status: Not Started

Target Completion Date: January 31, 2027

*OIG Note: The attachment was not included in this report. Copies may be obtained from the
OIG Information Release Office.*

*The text of VA's management comments is reprinted verbatim as received from the department.
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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