



Testimony

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Committee on Veterans' Affairs, House
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VA DISABILITY BENEFITS

Actions Needed to Better Manage Appeals Workload Risks, Performance, and Information Technology

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GAO@100 Highlights

Highlights of [GAO-21-105305](#), a testimony before the Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives

Why GAO Did This Study

In fiscal year 2020, VBA paid about \$88.5 billion in disability compensation benefits to over 5 million veterans injured in service to our country. Prior to 2018, veterans who appealed decisions on their initial claims for benefits often experienced long waits for resolution of their appeals—up to 7 years on average. These long waits are one reason GAO designated VA's disability workloads as a high risk issue.

The Veterans Appeals Improvement and Modernization Act of 2017 made changes to improve VA's appeals process. The act required VA to submit to Congress and GAO a plan for implementing a new appeals process (which VA submitted in November 2017) and periodic progress reports. The act also included a provision for GAO to assess VA's original plan.

In March 2018, GAO found that VA could help ensure successful implementation of appeals reform by addressing gaps in planning and made several recommendations, with which VA agreed.

This testimony examines the extent to which VA (1) manages workloads and associated risks for processing appeals, (2) monitors and assesses performance, and (3) plans for further development of information technology.

For this statement, GAO reviewed its prior reports on disability appeals, VA's progress reports to Congress, and information VA provided for GAO's ongoing monitoring of this high-risk issue and about steps VA has taken to implement GAO's prior recommendations.

View [GAO-21-105305](#). For more information, contact Elizabeth H. Curda at (202) 512-7215 or curdae@gao.gov.

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What GAO Found

In March 2018, GAO made recommendations to address gaps in the Department of Veterans Affairs (VA) plans for reform of its appeals process for disability compensation claims. This reform was intended to offer veterans who are dissatisfied with VA's initial decision on their claim more timely options to appeal.

Since then, VA has implemented new options for appeals in February 2019, reduced the backlog of preexisting appeals from 425,445 in fiscal year 2019 to 174,688 in fiscal year 2020, and addressed aspects of GAO's recommendations. However, opportunities exist for VA to more fully address GAO's recommendations and thus better (1) manage workload risks, (2) monitor and assess performance, and (3) plan for further development of information technology (IT). Specifically:

- **Managing workload risks fully.** Since 2018, VA has made strides to manage appeals and address GAO's recommendations. For example, VA has taken steps to monitor workloads and calibrate its staffing needs. However, further efforts are needed to sustain progress and manage workload risks. Specifically, VA has not fully developed mitigation strategies for certain risks, such as veterans using the new hearing appeals option at higher rates than the options that do not require a hearing. The lack of a risk mitigation strategy is significant because in mid-June 2021, VA reported that this resource-intensive new hearing option accounted for nearly 60 percent of the new appeals inventory, but VA has made relatively few hearing option decisions in fiscal year 2021. This could mean veterans have longer wait times and increasing backlogs under the new hearing option. VA's ability to effectively manage workloads lies, in part, in planning ahead and in proactively addressing risks that may impact timeliness of decisions.
- **Monitoring and assessing performance.** VA has made progress to address GAO's recommendations, but it is not monitoring or assessing important aspects of performance. VA recently established timeliness goals for all new appeals options, which better positions VA to monitor this aspect of performance and define resources needed to process appeals. However, VA lacks a quality assurance program and related measures to assess the accuracy of its appeals decisions.
- **Planning for further technology development.** Since 2018, VA has deployed a new IT system to support its new appeals process but has yet to address issues GAO identified with VA's IT planning, such as specifying more fully how and when the new IT system will achieve all needed functionality. VA implemented appeals reform in February 2019, but continues to report that the new IT system provides "minimum functionality" and to identify functionality yet to be implemented. Also, a May 2021 VA report itemized over 35 problems with the new IT system, such as the need to reconcile records contained in multiple IT systems. VA officials told GAO that they are working on a plan to address the identified IT shortfalls. These shortfalls and VA's response suggest opportunities exist for VA to identify all key and necessary IT activities, responsibilities, interdependencies and resources, as GAO previously recommended.

Chair Luria, Ranking Member Nehls, and Members of the Subcommittee:

I appreciate the opportunity today to discuss the Department of Veterans Affairs' (VA) efforts to manage the disability appeals process, particularly at the Board of Veterans' Appeals (Board).

In fiscal year 2020, VBA paid about \$88.5 billion in disability compensation benefits to over 5 million veterans injured in service to our country. Veterans who appealed decisions on their initial claims for benefits often experienced long waits for resolution of their appeals. Specifically, prior to 2018, veterans who appealed VA decisions on their claims have waited an average of 3 years. The subset of appeals resolved by the Board took, on average, 7 years to resolve. VA reported that at the end of October 2017, the agency had over 471,000 appeals awaiting a decision.

The Veterans Appeals Improvement and Modernization Act of 2017 (AMA) required VA to reform its appeals process for disability compensation claims decisions.¹ Under AMA, veterans have more options to appeal VA's claims decisions, including by having VA re-review their disability compensation claims or by appealing directly to the Board. VA is currently managing two sets of workloads related to claims appeals: appeals under AMA and legacy appeals that were in process before AMA took effect.

Prior to the Secretary of Veterans Affairs certifying VA's readiness to implement the AMA process in February 2019,² we reported on issues with VA's planning for this reform effort and made several recommendations to help ensure its successful implementation, with

¹Pub. L. No. 115-55, 131 Stat. 1105. In addition to disability compensation appeals, the Board decides appeals from all three Administrations—Veterans Benefits Administration (VBA), Veterans Health Administration (VHA), National Cemetery Administration (NCA)—and the Office of General Counsel (OGC).

²Under the AMA, the legal changes to VA's appeals process generally took effect on or after the later of (1) 540 days (approximately 18 months) after enactment, and (2) 30 days after the Secretary of Veterans Affairs submits to the appropriate committees of Congress (i) a certification that VA has the resources, personnel, office space, procedures, and IT required to carry out the new appeals system and to timely address appeals under the new appeals system as well as pending legacy appeals, and (ii) a summary of the expected performance outcomes used in making the certification with respect to legacy claims and a comparison of these expected outcomes with actual program performance with respect to the appeals under the legacy system (before the new system is implemented). Pub. L. No. 115-55, § 2(x)(1), 131 Stat. 1105, 1115.

which VA agreed.³ However, as of July 2021, VA has not fully addressed these recommendations. Many of the principles of sound planning practices that informed our recommendations remain relevant even though VA has since implemented AMA. Fully addressing our recommendations would help improve VA's management of the appeals process and help ensure veterans' needs are met.⁴

In addition, due to broader, systemic challenges in managing large workloads and deciding disability claims and appeals, in 2003 we added VA's disability compensation programs, along with other federal disability programs, to our High-Risk List.⁵ This list focuses attention on government operations that are most vulnerable to fraud, waste, abuse, or mismanagement, or in need of transformation. Our 2021 High-Risk Report provides VA a roadmap for needed transformation.

My statement today focuses on the extent to which VA (1) manages workloads and risks to its capacity to process AMA and legacy appeals, (2) monitors and assesses performance, and (3) uses sound practices to plan enhancements to its information technology capabilities needed for AMA implementation.

This statement is based on our 2021 high-risk update and our body of work on VA appeals reform, particularly our 2018 report on VA's appeals

³GAO, *VA Disability Benefits: Improved Planning Practices Would Better Ensure Successful Appeals Reform*, [GAO-18-352](#) (Washington, D.C.: Mar. 22, 2018). We also discussed our work and proposed recommendations in January, July, and December 2018 testimonies. See GAO, *VA Disability Benefits: Opportunities Exist to Better Ensure Successful Appeals Reform*, [GAO-18-349T](#) (Washington, D.C.: Jan. 30, 2018); GAO, *VA Disability Benefits: Some Progress, but Further Steps Needed to Improve Appeals Reform Planning*, [GAO-18-661T](#) (Washington, D.C.: July 24, 2018); and, GAO, *VA Disability Benefits: Planning Gaps Could Impede Readiness for Successful Appeals Implementation*, [GAO-19-272T](#) (Washington, D.C.: Dec. 12, 2018). See also our report on VA's appeals planning that pre-dated the Act: GAO, *VA Disability Benefits: Additional Planning Would Enhance Efforts to Improve the Timeliness of Appeals Decisions*, [GAO-17-234](#) (Washington, D.C.: Mar. 23, 2017).

⁴Subsequently, in April 2018 we designated two of our four recommendations—monitoring and assessing performance as well as addressing risks—as “priority recommendations” for VA to implement. Priority recommendations are open recommendations we believe warrant priority attention from heads of key departments and agencies. See, GAO, *Priority Open Recommendations: Department of Veterans Affairs*, [GAO-21-469PR](#) (Washington, D.C.: May 10, 2019).

⁵The relevant high-risk area is *Improving and Modernizing Federal Disability Programs*, which includes managing VA's claims workloads and updating VA's eligibility criteria. See GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021), 267.

reform planning, in which we compared VA's November 2017 appeals plan to relevant sound planning practices and other criteria identified in prior work. Information on the objectives, scope, and methodology can be found in that 2018 report.⁶ To provide updated information on VA's reform planning, we reviewed VA's most recent progress report on its appeals reform plan, dated February 2021.⁷ To provide updated information on the status of recommendations we made in prior reports on veterans appeals reform and high-risk issues,⁸ we obtained additional information from VA, including documents we collected for use in ongoing monitoring of this high-risk issue.

The work upon which this statement is based was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

VA's Legacy and AMA Appeals Processes

When veterans apply to receive cash benefits through VA's disability compensation program, staff in the Veterans Benefits Administration (VBA) assist the veteran by gathering additional evidence, such as military and medical records, that is needed to evaluate the claim. Based on this evidence, VBA staff decide whether the veteran is entitled to receive cash benefits and, if so, how much.

If veterans are dissatisfied with VBA's initial decision about their claim for benefits, they can appeal to VA. Under VA's legacy appeals process, veterans appealed first to VBA and then, if not satisfied there, to the Board, a separate agency within VA. Under this legacy process, many veterans experienced long waits for resolution of their appeals.

⁶[GAO-18-352](#).

⁷AMA required VA to provide progress reports to the appropriate committees of Congress and GAO at least every 90 days until the AMA's changes to the appeals process generally went into effect (February 2019) and then at least every 180 days after that date for 7 years.

⁸[GAO-21-119SP](#), [GAO-18-352](#), and [GAO-17-234](#).

In February 2019, VA implemented the AMA that reformed the legacy process by offering veterans who are dissatisfied with VBA’s decision on their initial claim five appeals options. (See table 1.) Two of those options afford veterans opportunities to have their VBA claims decision undergo an additional review within VBA (called a “decision review”), and the other three options afford them opportunities to appeal directly to the Board.

Table 1: Reformed Disability Claims Decision Reviews and Appeals Options at the Department of Veterans Affairs, under the Veterans Appeals Improvement and Modernization Act of 2017

Option	Veterans Benefit Administration (VBA) decision reviews		Board of Veterans’ Appeals (Board)		
	1- Higher level review	2- Supplemental claim	3- Direct review	4- Evidence	5- Hearing
Description of option	No new evidence Appeals return to a VBA regional office where a more senior adjudicator reviews the same evidence contained in the original claim file.	New evidence Veteran provides new or additional evidence to VBA for review.	Review of existing record; no new evidence Board reviews same evidence contained in the original claim file.	New evidence without a hearing Board reviews additional evidence, but this option does not include a hearing.	New evidence with a hearing Board reviews additional evidence and provides a veteran with a hearing.

Source: GAO analysis of the Veterans Appeals Improvement and Modernization Act of 2017. | [GAO-21-105305](#)

Prior GAO Reporting on Appeals and Related Recommendations

In 2017 and 2018, we reported on issues with VA’s planning for appeals reform,⁹ and we testified before the committee on these issues throughout 2018.¹⁰ VA has taken steps consistent with our recommendations to improve management of its appeals process, but as of July 2021 has yet to fully implement them. Specifically, VA has not yet fully:¹¹

- Ensured key risks in implementing a new process and managing workloads are assessed in a comprehensive manner, including respective mitigation strategies.
- Articulated a balanced set of goals and related measures to monitor and assess the performance of the new appeals process, in conjunction with the legacy process;

⁹AMA includes a provision for GAO to assess whether VA’s appeals plan comports with sound planning practices and identify any gaps in the plan. Pub. L. No. 115-55, § 3(c), 131 Stat. 1105, 1118-19. In addition, see [GAO-17-234](#) and [GAO-18-352](#).

¹⁰See [GAO-18-349T](#), [GAO-18-661T](#), and [GAO-19-272T](#).

¹¹[GAO-18-352](#).

The Board Has Taken Steps to Manage Its Workloads, but Could More Fully Assess Risks to Its Capacity

- Developed a high-quality and reliable implementation schedule to manage key steps and activities of the project, such as modifications to information technology (IT) systems.¹²

Since our 2018 report, VA has implemented the AMA, and, along with the Board, has made strides to simultaneously manage two appeals processes—which include five options for appeals filed under the AMA (see table 1) and a legacy process for appeals filed prior to the AMA. However, further efforts are needed to sustain progress and effectively manage risks associated with the Board’s workloads.

As required by the AMA, VA developed a plan and has taken steps to simultaneously manage appeals filed under two processes and assess certain associated risks. For example, in its February 2021 progress report, VA stated that it has reduced its inventory of legacy appeals by 60 percent, from 425,445 pending at the start of fiscal year 2019 to 174,688 pending at the end of fiscal year 2020. Moreover, in February 2021, to manage appeals, the Board reported expanding its capacity to hear appeals by offering virtual tele-hearings. In addition, since May 2018, VA has developed models to monitor appeals workloads, which the Board has used to recalibrate its budget and staffing needs.¹³ This modeling will be crucial to VA’s ability to anticipate and plan for future appeals workloads that may be affected by surges in initial claims workloads, as we had recommended in prior work.¹⁴

The Board has yet to fully implement our recommendation related to assessing risk associated with implementing a new process.¹⁵ For example, our prior work identified that the Board had not fully developed a

¹²Our 2017 report made a related recommendation that VA develop a schedule for IT updates that explicitly addresses when and how any process reform will be integrated into new systems and when Caseflow will be ready to support a potential streamlined appeals process at its onset.

¹³In its November 2017 comprehensive plan for implementing appeals reform, the Board stated it needed 1,050 staff to process AMA and legacy appeals, and in its fiscal year 2022 budget the Board is requesting a total of 1,356 staff, about 40 more than in fiscal year 2021.

¹⁴[GAO-17-234](#) and [GAO-18-352](#).

¹⁵[GAO-18-352](#). A risk assessment is the identification and analysis of risks related to achieving defined objectives. This assessment provides the basis for developing appropriate risk responses, such as a risk mitigation strategy. Mitigation strategies detail how an agency will reduce the likelihood of a risk event and its impacts. See GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

risk mitigation strategy in the event that veterans chose the AMA options that involve new evidence or a hearing, which are more resource intensive.¹⁶ The lack of a complete risk mitigation strategy is significant because the majority of veterans are choosing the AMA hearing option. According to VA data, the inventory for the AMA hearing option almost doubled from 28,051 in June 2020 to 52,650 in mid-June 2021. Moreover, as of mid-June 2021, the AMA hearing option accounted for almost 60 percent of the AMA inventory (i.e., appeals received by the Board and awaiting a decision). At the same time, thus far in fiscal year 2021, the Board has decided relatively few cases for the AMA hearing option. Specifically, hearing option decisions comprised 17 percent of the 14,903 total AMA decisions and almost 4 percent of the 69,148 total appeals decisions (AMA and legacy decisions combined), according to VA data.¹⁷ According to VA's February 2021 progress report, this AMA hearing inventory will likely increase as VA continues to prioritize reducing legacy appeals and addressing the AMA direct review option.

Additional risks to VA's and the Board's capacity to manage the appeals process include appeals of Blue Water Navy claims and other changes to eligibility for disability compensation and other benefit programs,¹⁸ as well as slowdowns in medical exams and hearings related to the Coronavirus Disease 2019 (COVID-19) pandemic. While the Board has reported increased productivity overall, in part due to increased hiring, VA does not anticipate resolving most legacy appeals until the end of 2022, and veterans may continue choosing the AMA hearing option at high rates. This circumstance could mean veterans have longer wait times and increasing backlogs under the AMA hearing option. The Board's ability to effectively manage appeals lies, in part, in planning ahead and in

¹⁶[GAO-18-352](#).

¹⁷In addition, although AMA appeals represent about 47 percent of all pending appeals (92,371 of 196,274), about 22 percent of the Board's decisions were AMA appeals, as of mid-June 2021, according to VA data. https://www.bva.va.gov/Appeals_Metrics.asp.

¹⁸The Blue Water Navy Vietnam Veterans Act of 2019 extended the presumption of service connection for disability compensation for certain illnesses associated with exposure to herbicides, such as Agent Orange, to veterans who served in the offshore waters of the Republic of Vietnam during the Vietnam War. Pub. L. No. 116-23, § 2(a), 133 Stat. 966, 966-967. More recently, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 includes a provision to add three conditions (parkinsonism, bladder cancer and hypothyroidism) to the list of those presumed to be service connected for certain veterans who served in Vietnam. Pub. L. No. 116-283, § 9109, 134 Stat. 3388, 4785 (2021).

proactively identifying and addressing risks that may impact the Board's timeliness and quality of decisions and serving veterans.

The Board Is Not Monitoring or Assessing All Aspects of Appeals Performance

Since our 2018 report, the Board has addressed some issues we had identified with how it monitored and assessed performance in deciding appeals. However, the Board has yet to fully implement our recommendations to collect and use information from a balanced set of measures—that, at a minimum, include timeliness, quality, and veterans' satisfaction—to monitor its processing of decisions on AMA appeals.

Establishing AMA Timeliness Goals and Measures

As of May 2021, the Board has fully established goals for monitoring the timeliness of processing AMA appeals. Improving the timeliness for processing veterans' appeals was a key purpose of AMA. Prior to implementing AMA in February 2019, the Board had established a timeliness goal to decide appeals submitted under the direct review option—which does not allow for new evidence or hearings—in 365-days on average.¹⁹ However, until recently, the Board had not established timeliness goals for the remaining two appeal options—the new evidence and hearing options. In May 2021, the Board established a goal to decide appeals submitted under the new evidence option—which does not allow for hearings—in 550 days on average. It also established a goal to decide appeals submitted under the hearing option—which allows for the review of additional evidence with a hearing—in 730-days on average.²⁰ By establishing timeliness goals for all three options managed by the Board, VA is better positioned to monitor performance and define what resources are required to process appeals under the different AMA options.

Monitoring the Quality of AMA Decisions

In May 2021, Board officials told us that they have not fully developed a quality assurance program that measures and reports the accuracy of its decisions on AMA appeals. Prior to certifying its readiness to implement the AMA process in February 2019, VA had reported that it was developing balanced goals and measures (e.g., accuracy, veteran satisfaction, etc.) for all AMA options. Such goals and measures are consistent with the Board's mission to conduct hearings and decide

¹⁹VBA had established timeliness goals for its two AMA appeals options prior to implementation of AMA in February 2019.

²⁰According to VA's fiscal year 2022 budget request, the timeliness goals represent the length of time veterans await appeals decisions after the appeal is within the Board's jurisdiction.

appeals properly and in a timely manner. As we have reported, fully understanding performance through a balanced set of goals and measures that cover key aspects of managing appeals is important to avoid promoting skewed behaviors (e.g., favoring timeliness over veterans' satisfaction or quality).²¹

Board officials recently told us that while they have conducted some analysis to ensure that decisions are accurate and consistent, they are developing a quality assurance program that measures and reports the accuracy of its decisions on AMA appeals. Developing this program, according to Board officials, involves efforts such as determining the appropriate criteria and statistical practices to assess decision quality, collecting baseline data, and specifying an AMA quality goal. Board officials told us they plan to set and use an AMA quality goal in fiscal year 2022.

Developing and implementing a comprehensive quality assurance program is important as the Board contends with its large workloads, which potentially create pressure to sacrifice the quality of work activities to meet timeliness goals. This scenario could result in incorrect decisions, or rework to correct errors or issue new decisions, thus affecting timeliness from the veteran's perspective.²²

Monitoring Veteran Satisfaction

The Board has taken steps to gauge veteran satisfaction, but has not fully specified measures to monitor veteran satisfaction with the appeals process. In its November 2017 plan and subsequent progress reports, VA committed to ensuring that veterans would have access to information about the options under the AMA appeals process to help veterans tailor their appeals experience to best suit their needs and to access the status of their appeal. For example, in part to help veterans decide which appeals options to choose, VA has reported on a range of performance metrics for both AMA and legacy appeals, including the average number

²¹[GAO-18-352](#); and GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

²²In 2020 the United States Court of Appeals for Veterans Claims attributed historic increases in the number of appeals filed at the court in large part to the substantial increase in final decisions issued by the Board. If veterans are dissatisfied with Board decisions, they may appeal to the court. United States Court of Appeals for Veterans Claims, *Fiscal Year 2020 Annual Reports*, as required by 38 U.S.C. § 7288. The United States Court of Appeals for Veterans Claims is a court of national jurisdiction that hears veterans' appeals related to their VA disability claims.

of days that appeals were pending and that were needed to decide appeals.²³ The Board publishes additional AMA metrics on its web site.²⁴

In addition, since 2017, VA has reported its plans to measure the success of the AMA process with results from customer satisfaction surveys, but it has not specified related performance measures. In its subsequent progress reports, the Board has reported surveying veterans to collect information about their experiences using both the AMA and legacy appeals processes. In May 2021, VA officials told us that they were drafting an action plan for using these survey data to inform improvements to the process. However, VA officials have not specified performance metrics for veterans' satisfaction that can be used to monitor ongoing performance, as we recommended in 2018.

Until the Board comprehensively collects and uses information from a balanced set of measurable goals—that, at a minimum, include timeliness, quality, and veterans' satisfaction—as well as develops a quality assurance program, it will lack a systematic way to obtain ongoing information about the new AMA appeals process to identify possible underperforming areas for improvement.

VA's New IT System Provides Minimum Functionality to Appeals Process, and Plans for Achieving All Needed Functionality Remain Unclear

Since our 2018 report, VA has deployed a new information technology (IT) system that provides basic support to its new appeals process. However, VA has yet to address key issues we identified concerning its IT planning, such as the need to identify all key activities using a longer planning horizon. Before the passage of AMA, VA had been developing a new IT system—Caseflow—that was intended to replace its antiquated Veterans Appeals Control and Locator System (VACOLS), reduce delays in appeals to the Board, and better integrate data from other VA systems. After the passage of AMA, VA expanded the functionality expected from Caseflow to support reporting requirements established by the AMA.²⁵ In developing Caseflow, VA used an Agile process intended to continually add new capabilities as they were competed and thereby be responsive

²³A remand is a type of decision from the Board in which it determines that additional information is needed before making a final decision on a veteran's claim for benefits.

²⁴See https://www.bva.va.gov/Appeals_Metrics.asp

²⁵Section 5 of AMA requires VA to periodically publish on its website various metrics on the new and legacy processes. Pub. L. No. 115-55, § 5, 131 Stat. 1105, 1123-24.

to changing agency needs.²⁶ Before and after AMA’s passage, we reviewed VA’s plans to develop Caseflow and made related recommendations.

- In 2017, we found that the agency’s Agile approach and plan lacked details about how and when Caseflow would be implemented, as suggested by sound planning practices for implementing new technology.²⁷ Since our report was issued before AMA’s passage, we recommended that VA develop a project schedule for IT updates that explicitly addresses when and how any process reform will be integrated into new IT systems, such as Caseflow.
- In 2018, we found that VA’s master schedule for implementing the new AMA appeals plan—including Caseflow and other IT enhancements—did not include key planned activities or reflect sound planning practices for guiding implementation and establishing accountability—such as articulating needed resources. We recommended that VA augment its master schedule to reflect all activities—such as modifications to IT systems—as well as assigned responsibilities, interdependencies, start and end dates for key activities for each workgroup, and resources.

Since 2018, VA has reported progress deploying IT enhancements. In February 2019, the Secretary for Veterans Affairs certified that VA had, among other things, information required to carry out the new appeals process, including timely processing of appeals under both the AMA and legacy processes. In subsequent progress reports to the Congress, VA stated that it had deployed a number of Caseflow enhancements that provided for “minimum functionality” to support the AMA process.²⁸ In

²⁶Officials also said they planned to iteratively reproduce functions from its VACOLS legacy system for testing in Caseflow, and each corresponding function in VACOLS will be left intact until there is reasonable assurance that there will be no impact to VA.

²⁷See [GAO-17-234](#). Agile methods integrate planning, design, development, and testing using an incremental life cycle to deliver small amounts of software to customers at frequent intervals. Agile teams typically embrace rolling wave planning in which near-term work is planned in detail, while all future work is identified at a high level. However, the magnitude associated with requirements refinement must be confined to the scope of the capabilities in the program road map. Using an Agile approach is not and should not be viewed as an opportunity for boundless development. See GAO, *Agile Assessment Guide: Best Practices for Agile Adoption and Implementation*, [GAO-20-590G](#) (Washington, D.C.: Sept. 28, 2020).

²⁸According to VA officials, “minimum functionality” for Caseflow is primarily geared towards meeting the new legislation and providing a means to intake and process appeals.

particular, VA reported prioritizing development and deployment of minimum functionality related to three principal Caseflow functions (Caseflow Intake, Caseflow Queue, and Caseflow Hearing Schedule), as well as functionality to provide veterans with the status of their appeal. In its most recent progress report in February 2021, VA stated that it deployed additional Caseflow functionality (Motions to Vacate for AMA, improved automatic case distribution, and bulk assignment), as well a new technology allowing for nationwide access to virtual hearing technology using Caseflow.

While the Board has been able to process AMA and legacy disability claims appeals using Caseflow, much IT development remains to achieve VA's early vision of a system that reduces delays and better integrates data across VA. In its February 2021 progress report, VA continues to identify Caseflow functionality yet to be implemented and to report that the overall IT system provides minimum functionality. For example, the report noted that additional requirements must be met before Caseflow can be used to efficiently and effectively manage the Veterans Health Administration (VHA) reviews and appeals workload or generate VHA workload statistics.²⁹

Even with ongoing and planned IT development, VA has yet to fully implement our recommendations that VA further align its IT plans with sound practices for project management. In October 2018, VA developed and provided us with lower-level schedules and related information, which allowed us to conduct a more detailed assessment of VA's master schedule against best practices criteria. We testified in December 2018 that VA's schedules did not fully align with sound practices for project management.³⁰ We also reported that the Board's overall timeline for implementing Caseflow lacked information that would clarify what key

²⁹The February 2021 progress report noted that VHA will continue to use its current systems to process both AMA and legacy appeals until Caseflow Intake is sufficiently enhanced and a fully integrated system is developed. If veterans receive VHA decisions on their claim for healthcare benefits and veterans are dissatisfied or disagree with the decision, veterans may have their VHA decision undergo an additional review within VHA (higher-level or supplemental review) or appeal directly to the Board.

³⁰For example, VA's schedule did not contain a work breakdown structure that defines the work, activities, and resources necessary to accomplish implementation-details that would inform resources and time needed for the project. See GAO, *VA Disability Benefits: Planning Gaps Could Impede Readiness for Successful Appeals Implementation*, [GAO-19-272T](#) (Washington, D.C.: Dec. 12, 2018).

activities needed to be completed before its implementation.³¹ As of spring 2021, VA has not documented how or when Caseflow will achieve all needed functionality.³²

Recent problems identified by VA's IT team underscore the ongoing relevance of our recommendations. Specifically, in May 2021, VA's IT support team reported over 35 pain points related to the agency's IT systems that support the appeals process.³³ The report also presented nine broad findings and related recommendations for addressing them, including the following:

- Appeals (as well as claims and decision reviews) to the Board are not submitted and tracked uniformly across all of the agencies where claims originate, such as VHA, which can result in incomplete information submitted to the Board and contribute to backlogs. The report recommended a more common framework and standardized approach for appeals across VA.
- Caseflow lags behind or does not track appeal case status that exists in other systems, which causes several issues that, in turn, extend appeal processing time by the Board, result in incorrect communications to veterans on power of attorney changes, and cause delays in communicating appeal decisions. The report recommended that all appeal submissions be automatically established in Caseflow at the time of intake.
- Multiple reporting systems for claims, decision reviews, and appeals exist, which constrains both the Board's ability to accurately track and report the number of cases in the system at any given time and Board member productivity. The report recommended the Board have capability to run related reports from one platform and one common data source.

³¹Specifically, although VA's plan mentions that it is finalizing the algorithm for assigning appeals to judges for adjudication, there is no information that further describes this capability or its status. [GAO-19-272T](#)

³²In response to our inquiries, in May 2021, VA officials told us it has an initial business case document for a fully operational Caseflow that includes requirements such as the Board's ability to manage its dockets and the Board having reliable metrics.

³³Specifically, this report identified 21 Caseflow friction points as priorities for fiscal year 2021, including five under development, and 16 additional friction points considered to be of lower priority. See *Board of Veterans' Appeals Processes and Systems Current State Executive Summary*, presented by IT Cadre, (Ashburn, VA; April 27, 2011, revised May 11, 2021).

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- The report also found that VA did not fully involve key personnel in the development of Caseflow and recommended using such personnel, as well as contracts with longer time horizons and additional resources, in any future development of a case management system.

In response to VA's report, agency officials told us that they are working on a plan to implement the recommendations and address identified Caseflow shortfalls. VA officials also noted that lessons learned from Caseflow development led the agency to pursue a more refined approach that will include incremental planning and the ability to augment resources to meet emerging requirements.

These recent findings and VA's response suggest opportunities remain for VA to identify all key and necessary IT activities, responsibilities, interdependencies and resources, as we previously recommended. Until VA produces a more complete plan for developing, implementing, and integrating remaining key functionality envisioned under Caseflow, the agency will not have a clear roadmap for when Caseflow will support its workflow needs for processing appeals.

In summary, VA has implemented significant changes and achieved a number of milestones in its efforts to replace its legacy appeals process with the new AMA process while reducing the number of pending legacy appeals. VA has also considered and addressed a number of the issues we had identified concerning its planning for appeals reform. However, the agency faces a growing number of AMA appeals as it contends with appeals still pending in the legacy process.

In addition, VA, including the Board, has not implemented all aspects of sound planning needed to effectively and efficiently manage these workloads. In particular, the Board's lack of a comprehensive quality assurance program for AMA appeals and a fully functioning IT system to track workloads and related metrics is concerning given that we had identified these issues in 2017 and reinforced these recommendations in 2018. Only through continuous and careful attention to risk management, performance monitoring and assessment, and IT planning will VA be best positioned to ensure that the AMA appeals process meets veterans' needs.

Chair Luria, Ranking Member Nehls, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions you may have at this time.

GAO Contact and Staff Acknowledgments

If you or your staff have questions about this testimony, please contact Elizabeth H. Curda at (202) 512-7215 or curdae@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are James Whitcomb (Assistant Director), Justin Gordinas, Michele Grgich, and Dana Hopings. In addition, key support was provided by Andrew Bellis, Mark Bird, Karen Brindle, Holly Dye, Claudine Pauselli, Almeta Spencer, Walter Vance, and Adam Wendel.

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