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**BEFORE THE**

**COMMITTEE ON VETERANS' AFFAIRS  
DISABILITY AND MEMORIAL AFFAIRS SUBCOMMITTEE  
U.S. HOUSE OF REPRESENTATIVES**

**NOVEMBER 15, 2018**

Good afternoon, Chairman Bost, Ranking Member Esty, and Members of the Committee. We are here today to speak on VBA's Contract Medical Disability Examination (MDE) Program. Accompanying me is Beth Murphy, Executive Director of Compensation Service, Mary Glenn, Deputy Director of the Contract Examination Program Office, and Phillip Christy, Deputy Executive Director, Office of Acquisition, Logistics, and Construction. I will provide an overview of the MDE Program including operational aspects of working with the contract vendors and Veterans Benefits Administration (VBA) oversight of the program.

**Statutory Authority**

When necessary to adjudicate disability compensation or pension (C&P) claims, VBA orders an examination and/or medical opinion. This occurs when there is insufficient medical evidence of record to decide the claim (See 38 United States Code § 5103A). Prior to 1996, VA ordered C&P examinations exclusively through the Veterans Health Administration (VHA). As a result of Public Law (P.L.) 104-275, the Secretary of VA was authorized to contract through VBA using mandatory funds for examinations from non-VA sources. VBA began utilizing contract vendors to complete examinations in 1998, with the authority limited to 10 regional offices (RO) requesting examinations through contract.

P.L. 113-235 authorized the Secretary to expand the use of contract examinations to 12 ROs in Fiscal Year (FY) 2015, 15 ROs in FY 2016, and to as many ROs as the Secretary considered appropriate beginning in FY 2017. The expansion has afforded VBA a greater opportunity to complete a larger volume of examinations with greater flexibility in a more efficient manner. The contracts supplement VHA capacity and has enabled VBA to provide more timely benefits decisions. Additionally, the contract enables VBA to request exams for Veterans and Servicemembers in overseas locations, which was not an option previously provided through any examination.

Through these statutory authorities, all 56 ROs now have the flexibility to request an examination or medical opinion from VHA facilities or designated contract providers

closest to where the Veteran lives or receives regular medical treatment. Claims processors at ROs use an online tool enabled by real-time VHA examiner availability data and by examination type to determine whether VHA has the internal capacity to complete an examination request or whether to direct the examination request to a contract vendor.

## Contract Vendors

As of October 1, 2016, VBA manages all VA contracts with vendors that provide examinations in support of disability claims. VBA currently maintains 10 contracts with 4 primary vendors across the 7 contracting districts. These vendors provide examinations nationally and internationally to both Veterans and certain transitioning Servicemembers going through the Benefits Delivery at Discharge (BDD) and Integrated Disability Evaluation System (IDES) pre-discharge programs. The current VBA contracting coverage by district is, as follows:

Districts	Areas
1 - North Atlantic	CT, DC, DE, MA, MD, ME, NC, NH, NJ, NY, PA, RI, VA, VT and WV
2 - Southeast	AL, FL, GA, KY, SC, and TN
3 - Midwest	IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD and WI
4 - Continental	AR, CO, LA, OK, TX, MS, MT, UT and WY
5 - Pacific	AK, AZ, CA, HI, ID, NM, NV, OR, and WA
6 - National Mission (IDES, BDD)	Providence Disability Rating Activity Site (DRAS), Winston-Salem RAS and CPS, Seattle DRAS, Salt Lake City RAS and San Diego CPS
7 - International	C&P, BDD, IDES within American Samoa, Australia, Canada, Costa Rica, Germany, Guam, the Inuit Islands, Italy, Japan, Mexico, Northern Mariana Islands, Panama, Puerto Rico, Philippines, South Korea, Spain, Thailand, United Kingdom, and US Virgin Islands

In FY 2017, vendors completed 623,810 of the total 1.36 million examination requests. In FY 2018, vendors completed 841,852 examination requests of the total 1.44 million examination requests. During this same timeframe, VBA contract vendors exclusively completed 14,448 overseas examination requests compared to 7,873 in FY 2017. The performance standards for completion of an examination request by contract vendors (measured from date of request until return of completed examination report(s)) is currently 20 days nationally and 30 days for pre-discharge and international cases. The total costs over the last two fiscal years for MDE contracts, including ancillary contracts, were approximately \$765 million in FY 2017 and \$896 million in FY 2018.

After the award of VBA's current contract in March 2016, there were multiple protests and appeal of the award, followed by contractual ramp-up periods for the vendors. To ensure seamless service to Veterans during protest periods, VBA relied on a series of bridge contracts. These bridge contracts have enabled VBA to extend existing contracts in a short term and noncompetitive manner to avoid a gap in service. VBA anticipates these bridge contracts will continue through December 2018. Going forward, VBA is focused on enhancing the MDE Program by rightsizing the Program Office staffing, expanding international coverage, such as the recently-added locations of Bahrain, Belgium, Denmark, Dominican Republic, Netherlands, and Poland, and by awarding a new contract with terms informed by our experience since 2016. Some of the key lessons learned during this period are the need to better balance between rural and urban areas within district lines and the need for expanded capacity and additional skill sets in the MDE Program Office for purposes of training and quality assurance.

### **Administration and Oversight**

VBA's administration of the MDE Program employs numerous training, quality assurance and oversight elements to ensure that any issues identified are addressed in a timely manner. Contract examiners receive the same training required for VHA examiners, including privacy training, to ensure all Veteran medical information is protected under the Health Insurance Portability and Accountability Act. The MDE Program Office is currently hiring staff to design and track updated training for the primary vendors and thousands of subcontractors.

Likewise, VBA has expanded the staff that assesses the quality of completed contract examination reports and provides feedback to the vendors. Although quality reviews for FY 2018 have not yet been finalized, VBA anticipates that the new contract terms will enhance our ability to provide timely feedback as we deploy training to the vendors who conduct and document exams and to the VBA claims processors who make exam requests.

VBA uses several ancillary contracts to strengthen the overall performance and integrity of the MDE program. One contract administers customer service surveys on all vendor examinations completed as a feedback mechanism and to provide Veterans an avenue to report concerns about a vendor examination experience. Another contract checks

and validates contract examiner medical license credentials, including looking for past disciplinary actions. Finally, an additional contract assists with auditing financial activities on vendor invoices and payments. Through feedback mechanisms afforded by these ancillary contracts, VBA can take immediate action to address contract examination issues, such as if a license has been revoked or if a Veteran reports a concern related to an examination from a contract vendor.

Overall, the MDE Program Office staff monitors contractor performance and compliance, timeliness, quality, financial management, and customer satisfaction related to program directives. The staff coordinates access to all MDE systems and provides training to assist field users with understanding and utilizing the contract examination process. Staff proactively works with the contract vendors to investigate and take appropriate action on any concerns reported about an examination experience.

### **Examination Management System**

In March 2018, VBA deployed its Examination Management System (EMS). Through integration with the Veterans Benefits Management System (VBMS), EMS streamlines examination scheduling requests and improves tracking and timeliness of examinations. VBMS integration provides bi-directional system communication; automated system updates; responses; handling and improved reporting.

Following the deployment of EMS, several defects impacting the exam request process—and in turn, claims processing timeliness—were identified. During this time, VBA worked closely within the agency and with contract vendors to address the issues. Updates in software releases have resolved most of the defects, and the remaining system enhancements should be addressed by the end of first quarter in FY 2019.

### **Conclusion**

In summary, the MDE Program is vital to the delivery of timely and high-quality claims decisions. Utilizing contract vendors for C&P exams provides more flexibility by having vendors use a fluid mix of brick and mortar, and subcontractor footprints to deliver their products. Additionally, these contract exams enable VBA to reach some rural areas and individuals overseas in contrast to the limited options in rural areas and has no option overseas.

VBA appreciates the authority provided by Congress to obtain contract examinations for Veterans and transitioning Servicemembers as a supplement to VHA's capabilities and for the first time to have a viable solution to providing examinations internationally. Continuous oversight and enhancement of the MDE Program remain priorities as well as looking for opportunities to further streamline the examination process.

This concludes my testimony. I would be happy to address any questions from Members of the Committee.