

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Follow-Up Audit
of Internal Controls Over
Disability Benefits
Questionnaires*

February 25, 2016
14-02384-45

ACRONYMS

ASPEN	Automated Standardized Performance Elements Nationwide
C&P	Compensation and Pension
DBQ	Disability Benefits Questionnaire
OIG	Office of Inspector General
STAR	Systematic Technical Accuracy Review
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VHA	Veterans Health Administration

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Report Highlights: Follow-Up Audit of VBA's Internal Controls Over Disability Benefits Questionnaires

Why We Did This Audit

This audit assessed the Veterans Benefits Administration's (VBA) implementation of our 2012 recommendations to strengthen internal controls over public-use Disability Benefit Questionnaires (DBQs) and determined whether VBA could use DBQs more effectively.

What We Found

VBA did not establish adequate controls to identify and minimize potential DBQ fraud or fully implement our prior recommendations to address control weaknesses. We estimated during the 6 months ending March 2014, claims processors did not identify approximately 23,100 of about 24,700 claims (93 percent) including DBQs. Specifically, we found they did not consistently and correctly record special-issue indicators in VBA's electronic systems to identify claims that included DBQs.

VBA controls also did not electronically capture DBQ information, adequately ensure DBQs provide notification that information is subject to verification, confirm claims processors consistently and correctly identify claims including DBQs, or ensure DBQ clinician information was complete.

Once VBA strengthens controls, VBA can use DBQs more effectively to improve claims processing. Control weaknesses existed because VBA did not evaluate options to capture DBQ information and revise DBQ forms promptly. VBA also lacked adequate policies and procedures and quality assurance reviews.

As a result, VBA lacked reasonable assurance of detecting potential fraud when processing claims including DBQs. Further, unnecessary medical examinations caused veterans and VA to needlessly expend time and money and may have delayed veterans receiving benefits. If VBA does not use DBQs more effectively, we estimate the Veterans Health Administration will spend at least \$4.8 million annually and at least \$24 million over the next 5 years for unnecessary examinations.

What We Recommended

We recommended the Acting Under Secretary for Benefits develop controls to electronically capture DBQ information, revise DBQ forms, establish and revise policies and procedures, and revise quality assurance reviews.

Agency Comments

The Acting Under Secretary for Benefits concurred with our recommendations and provided acceptable corrective actions plans with one exception. The Acting Under Secretary also provided additional comments, which we addressed within this report.

A handwritten signature in blue ink that reads "Gary K. Abe".

GARY K. ABE

Acting Assistant Inspector General for
Audits and Evaluations

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INTRODUCTION

Objective	This audit assessed the Veterans Benefits Administration's (VBA) implementation of prior Office of Inspector General (OIG) recommendations to strengthen internal controls over Disability Benefits Questionnaires (DBQs) and determined whether VBA could use DBQs more effectively.
Purpose of DBQs	<p>DBQs are streamlined forms designed to capture medical information related to veterans' disabilities that claims processors use to evaluate veterans' compensation benefits claims. In 2010, the Department of Veterans Affairs (VA) announced the issuance of the first three DBQs. VA anticipated using DBQs to evaluate medical conditions would potentially reduce claims processing time. DBQs can be used by both VHA clinicians, as well as a veteran's private physician.</p> <p>In March 2015, VA reported it had 80 DBQs for use in evaluating medical conditions affecting veterans. Of these 80 DBQs, 70 are also available for use by private physicians (or for public use) on Office of Management and Budget forms. VHA clinicians prepare DBQs at no cost to veterans. However, VHA does not pay or reimburse veterans for expenses related to private clinicians preparing public-use DBQs.</p>
Prior Inspector General Report	In 2012, we reported VA needed to strengthen internal controls over DBQs (<i>Audit of VA's Internal Controls Over the Use of Disability Benefits Questionnaires</i> , Report No. 11-00733-95, February 23, 2012). We made nine recommendations to help VA develop and implement additional controls that would reduce the risk of fraud and improve VA's ability to identify disability benefit claims that carry an increased risk of fraud. The Under Secretary for Benefits and Under Secretary for Health committed to implementing all nine recommendations. Based on VA's corrective actions, we closed six of the nine recommendations as of September 2015.
Program Offices	VHA's Office of Disability and Medical Assessment and VBA's Compensation Service Disability Examination Management staff support the disability examination process. The Office of Disability and Medical Assessment manages VHA's disability examination program and Compensation Service Disability Examination Management staff collaboratively improve quality, timeliness, and veteran satisfaction with the compensation and pension (C&P) examination process.
Other Information	<ul style="list-style-type: none"> • Appendix A provides pertinent background information. • Appendix B details our scope and methodology. • Appendix C discusses our statistical sampling methodology. • Appendix D includes our prior report recommendations.

RESULTS AND RECOMMENDATIONS

Finding 1 VBA Needs To Further Strengthen Internal Controls Over DBQs

VBA did not establish adequate controls to identify and minimize potential fraud related to DBQs and did not fully implement our 2012 recommendations to address control weaknesses. VBA did not ensure information contained on DBQs was electronically captured. We reviewed about 2,900 statistically selected claims completed during the 6 months ending March 2014 to identify 255 claims with DBQs. We estimated that during the same time period, VBA controls did not ensure claims processors identified about 23,100 of approximately 24,700 claims (93 percent) that included DBQs. Specifically, they did not consistently and correctly record special-issue indicators in VBA's electronic systems to identify claims that included DBQs. In addition, VBA controls did not include:

- Providing veterans and clinicians sufficient notification that DBQ information is subject to verification
- Confirming claims processors consistently and correctly identify whether disability benefit claims included DBQs prepared by private or VHA clinicians
- Ensuring the clinician's certification and signature section of the DBQs are complete and contain clinicians' active medical license numbers

This occurred because VBA did not sufficiently evaluate options to capture DBQ information and revise DBQ forms promptly. VBA also lacked adequate policies and procedures and quality assurance reviews. As a result, VBA underestimated the volume of DBQs included in completed disability claims. VBA reported about 1,500 claims completed during the 6 months ending March 2014 included DBQs. In contrast, we estimated approximately 24,700 claims included about 38,200 DBQs for the same time period, representing a data integrity concern.

Further, we estimated VBA relied on DBQs with incomplete private clinician information, in addition to other evidence, to make disability claims decisions for about 10,400 veterans. Further, VBA continues to be at risk of not detecting potentially fraudulent DBQs. For example, during VBA's May 2014 validation review, VBA found only one potentially fraudulent DBQ. In comparison, during our audit we referred 17 DBQs to the OIG Office of Investigation for potential fraud. Of these 17 DBQs, 11 were included with claims completed during the 6 months ending March 2014 and 6 were identified after we requested staff at the VA Regional Offices (VAROs) we visited to be alert for potential fraud.

*DBQ
Information Not
Captured or
Evaluated*

Our 2012 report recommended VBA develop controls to verify the identity and credentials of private clinicians who submit DBQs and electronically capture information contained on DBQs such as clinicians' information, claimed conditions, and diagnoses. In response, VBA reported it was developing a secure portal for the electronic submission of information contained on DBQs. VBA stated the electronic portal would provide an improved mechanism for verifying the identity and credentials of private clinicians and collecting and analyzing DBQ data.

As of September 2015, VBA had not developed or implemented an electronic mechanism for submitting DBQs or to capture information contained on DBQs. By implementing an electronic process for capturing detailed DBQ information, VBA is better positioned to identify potential indicators of fraud, take appropriate actions to prevent fraud, and refer cases of potential fraud to the OIG. Specific DBQ data VBA could analyze and use to identify possible indicators of fraud include the following:

- Clinicians who complete an abnormally high volume of DBQs
- Missing information, such as clinicians' signature or license number
- A high number of DBQs submitted for the same claimed conditions
- Clinicians who provide abnormally high rates of positive diagnosis of claimed conditions

The following example highlights how DBQs can include indicators of potential fraud.

Example 1

Three sampled claims processed by one VARO included DBQs prepared by the same private clinician. All three DBQs showed a post-traumatic stress disorder diagnosis. However, all three veterans had subsequent C&P examinations that had inconsistent results compared with the DBQs. For one of the claims, the C&P examination concluded the veteran did not have post-traumatic stress disorder. For the other two claims, the C&P examinations supported lower disability ratings than the DBQs. Because VBA did not electronically capture DBQ information, VBA cannot identify and review all the DBQs prepared by this private clinician. We referred these DBQs to the OIG Office of Investigations as potential fraud.

Without electronically capturing detailed DBQ information, VBA cannot efficiently and effectively identify patterns or conduct meaningful analysis of trends to identify potential fraud and the extent to which it may have occurred.

*Inadequate
Notification for
Veterans and
Clinicians*

Our 2012 report recommended VBA develop internal controls over DBQs to reduce the risk of fraud, such as notifying veterans and clinicians that submitted information is subject to verification. Appendix D includes the 2012 report recommendations. VBA reported that it planned to include notification on its Web site and all DBQ forms. VBA did revise its Web site to include the following verification notification language: “VA reserves the right to confirm the authenticity of ALL DBQs completed by private health care providers.”

Although VBA revised the Web site, we determined that none of the 365 DBQs associated with the 255 sampled disability benefits claims completed by VAROs included notifications that DBQ information was subject to verification. As of May 2015, VBA had not included the language on 59 of 70 available DBQ forms. Since all DBQ preparers may not visit VBA's Web site, VBA needs to update the remaining 59 forms to ensure all DBQ preparers receive this notification. This is evidenced by private clinicians who prepared sampled DBQs responding to an OIG verification letter stating they were not aware information on DBQs was subject to verification. Controls of this nature should have been accomplished when DBQ forms were deployed.

*DBQs Not
Identified*

Our 2012 report recommended VBA develop a plan to measure compliance with guidance pertaining to tracking claims where a DBQ is received as evidence. In response, VBA agreed to use the guidelines outlined in the Compensation Service site visit protocol to monitor conformity of applying the DBQ special-issue indicators. VBA reported Compensation Service site visit reviews did not identify any specific issues associated with VARO claims processors applying DBQ special-issue indicators during fiscal years 2013 and 2014.

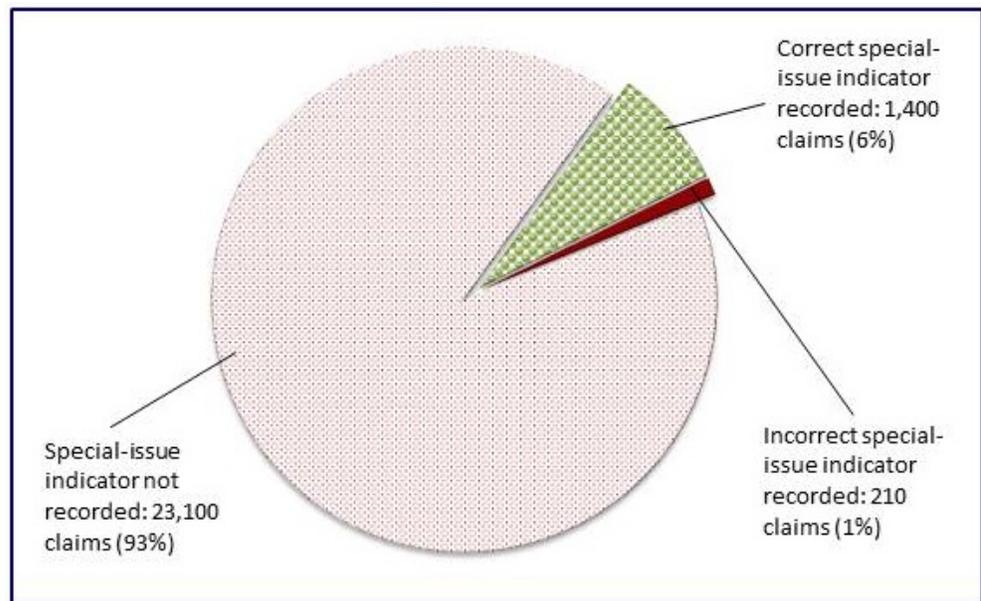
We found VARO claims processors did not consistently and correctly record special-issue indicators in VBA's electronic systems to identify claims that included DBQs. For 106 of 255 sampled claims, processors did not record special-issue indicators in either system, and for 19 claims, processors did not correctly record whether DBQs were prepared by private or VHA clinicians. We reviewed about 2,900 statistically selected claims completed during the 6 months ending March 2014 to identify 255 claims with DBQs. We estimated that during the same period for approximately:

- 23,100 of about 24,700 claims including DBQs (93 percent), claims processors did not record DBQ special-issue indicators in VBA's electronic systems.
- 1,400 claims (6 percent), processors recorded the correct DBQ special-issue indicator.
- 210 remaining claims (1 percent), processors did not record the correct special-issue indicator in VBA's electronic systems.

When claims processors do not consistently and correctly record DBQ special-issue indicators, VBA does not have reliable data reflecting the accurate number of DBQs completed by private clinicians. Further, VBA's controls over DBQs are less effective and VBA lacks full transparency over DBQs. For example, VBA could adequately sample claims including DBQs for its quality assurance reviews if processors consistently and accurately identified claims by using special-issue indicators. Further, VBA could reliably track, monitor, and review these claims for potential fraud.

Figure 1 shows our estimates of the claims where processors did not consistently and correctly record special-issue indicators during the 6 months ending March 2014.

Figure 1. Inconsistent and Incorrect Recording of DBQ Special-Issue Indicators



Source: *OIG analysis of Veterans Benefits Management System DBQ special-issue indicator data*

DBQ Clinician Information Not Complete

Our 2012 report recommended VBA update the policy manual with information on the DBQ process, to include procedures for verifying information on completed DBQs. In response, VBA modified its policy in July 2012 to establish requirements for accepting DBQs. The policy states DBQs can only be accepted if they include complete clinician information, such as printed name, active medical license number, address, and telephone and fax numbers, as well as the clinicians' signature and date.

We found VARO claims processors did not ensure DBQ clinician information was complete. For 110 of 255 sampled claims, processors accepted DBQs as evidence without ensuring the DBQs included complete clinician information. Claims folders for the 255 sampled claims did not

include evidence that claims processors attempted to obtain missing information or ensure that clinicians who prepared DBQs had an active medical license as required for acceptance. In addition, claims processors told us they did not attempt to verify this information.

Using our sample results, we estimated that for about 14,000 of approximately 38,200 DBQs (37 percent), clinicians did not provide complete information for the physician certification and signature section of the DBQ. Of the 14,000 DBQs, approximately 10,400 (74 percent) were prepared by private clinicians. Figure 2 includes two typical examples of incomplete clinician certification and signature sections for DBQs prepared by private clinicians that claims processors accepted and used as evidence for veterans' disability benefit claims.¹

Figure 2. Incomplete DBQs Prepared by Private Clinicians

SECTION XII - PHYSICIAN'S CERTIFICATION AND SIGNATURE

CERTIFICATION - To the best of my knowledge, the information contained herein is accurate, complete and current.

12A. PHYSICIAN'S SIGNATURE	12B. PHYSICIAN'S PRINTED NAME	12C. DATE SIGNED
12D. PHYSICIAN'S PHONE AND FAX NUMBER	12E. PHYSICIAN'S MEDICAL LICENSE NUMBER	12F. PHYSICIAN'S ADDRESS

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NOTE - VA may request additional medical information, including additional examinations, if necessary to complete VA's review of the veteran's application.

Source: VARO Claim Files

Ensuring claims processors only accept DBQs prepared by qualified clinicians with active medical licenses when making disability benefit decisions is an important step to reduce the risk of fraud.

**Reasons
Internal
Controls Need
Strengthening**

VBA controls over DBQs needed strengthening because VBA did not adequately evaluate options for electronically capturing detailed DBQ information. VBA also did not revise DBQ forms, lacked adequate policies and procedures, and did not perform sufficient quality assurance reviews specific to DBQs.

¹By reviewing additional documents in claim folders and searching the U.S. Department of Health and Human Services, Center for Medicare and Medicaid Service's National Plan and Provider Enumeration System, we concluded private clinicians prepared these public-use DBQs.

Options for Capturing DBQ Information Not Sufficiently Evaluated

VBA evaluated and considered implementing only one option for electronically capturing information on DBQs. Electronically capturing DBQ information is important as it provides VBA the ability to conduct data analysis to identify potential instances of fraud and determine the extent to which it occurred. For example, if VBA electronically captured information contained on DBQs, VBA could identify trends that would allow VBA to detect instances of potential fraud.

VBA's responses to our prior recommendation to electronically capture information on DBQs, discussed only one option to electronically capture DBQ information. In January 2012, VBA reported it had decided to capture DBQ data electronically by implementing a secure portal for clinicians to submit DBQs. In June 2014, VBA reported it was not going to implement an electronic portal because the return on investment was not favorable due to private clinician DBQs representing less than 1 percent of all DBQ submissions. VBA relied on significantly inaccurate special-issue indicator data to determine the less than 1 percent and could not provide us any documentation of a return on investment analysis.

DBQ Forms Not Revised

All DBQ forms did not provide veterans and clinicians adequate notification that submitted information is subject to verification because VBA delayed revising DBQ forms to include this notification. VBA officials previously agreed to revise DBQs to include the notification by March 2012. However, 59 of 70 DBQs lacked the notification as of May 2015. In September 2014, VBA Compensation Service Disability Examination Management officials stated they planned to update DBQs with the notification language when VBA releases its revised rating schedule in approximately 2 years. This time period is too long considering VBA agreed to revise DBQs to include the notification by March 2012.

Inadequate Policies and Procedures

Claims processors did not consistently and correctly identify DBQs because VBA policies and procedures did not provide adequate guidance for determining whether private or VHA clinicians prepared DBQs. VBA policy requires claims processors to record special-issue indicators for claims including DBQs in VBA's electronic systems and to specify whether private or VHA clinicians prepared the DBQs. However, the policy does not provide procedures to determine whether clinicians who prepared DBQs are private or VHA clinicians.

Additionally, claims processors did not obtain missing clinician information due to inadequate VBA policies and procedures. Although VBA policy requires DBQs to contain complete clinician information for acceptance, the policy does not provide claims processors specific steps to obtain missing clinician information. VBA's policy states that when a DBQ raises a question of authenticity or improper alteration, claims processors should validate results by the treatment provider, obtain other medical records, or request a VA examination.

However, the policy does not state if missing or incomplete clinician information would constitute a question of DBQ authenticity. The policy also does not provide specific steps that claims processors could take to obtain missing DBQ clinician information, such as reviewing additional documents in claims folders or searching State medical board Web sites. Further, the policy does not require claims processors to take any of these steps prior to requesting a C&P examination or to document performing these steps.

*Inadequate
Quality
Assurance*

Quality assurance reviews did not adequately evaluate compliance with VBA policies related to identifying DBQs and accepting DBQs with complete information. Systematic Technical Accuracy Review (STAR) and VARO quality reviews are VBA's key mechanisms used for claims processing quality assurance. STAR staff use quality review checklists and conduct monthly quality assurance reviews by selecting a sample of claims completed by each VARO. VARO Quality Review Specialists perform local monthly reviews and document their results using Automated Standardized Performance Elements Nationwide (ASPEN) quality checklists to improve the quality of claims processing.

However, the STAR quality review and ASPEN checklists did not include steps to determine if claims processors recorded a DBQ special-issue indicator in VBA's electronic systems. Further, the checklists did not include steps to review DBQs to determine whether claims processors ensured the completeness of clinician information or determined the clinicians' medical license status.

In addition, VBA had not designed quality assurance reviews to systematically select and evaluate claims that include DBQs. Quality assurance reviews may have included some claims with DBQs. However, STAR and VARO methodologies for selecting claims to review did not ensure a systematic and representative selection of claims with DBQs. Had VBA implemented a more systematic review of DBQs upon implementation, VBA would have information to understand if they carry a higher or lower risk of fraud. Consequently, VBA cannot provide consistent and adequate oversight of claims with DBQs or monitor and report inefficiencies.

Another aspect of VBA's quality assurance over DBQs is validation reviews, which VBA initiated in response to our 2012 report. The purpose of VBA's validation reviews is to determine whether internal controls are adequate to detect and minimize the risk of fraud and provide assurance that documentation is authentic and unaltered.

Since our 2012 report, VBA reported that STAR and the Compensation Service Disability Examination Management staff completed a joint validation review of DBQs prepared by private clinicians in January 2012. The Compensation Service Disability Examination Management group also

completed a separate review in May 2014. The May 2014 review reported finding little evidence of an increased risk of fraud for DBQs submitted by private clinicians. VBA's Compensation Service Disability Examination Management staff reviewed a sample of 150 DBQs included in claims completed during the period October 2012 through December 2013. The review only identified one DBQ with potential fraud that was later determined not to be fraudulent. In comparison, our review identified 17 DBQs as potentially fraudulent.

VBA's validation reviews may have found little evidence of fraud because their validation reviews evaluated claims sampled from a universe that did not include all claims with DBQs. The universe of claims was incomplete because VBA only included claims where processors had recorded the special-issue indicator for private clinicians in VBA's electronic systems. We found that claims processors did not consistently use special-issue indicators to identify claims including DBQs for an estimated 93 percent of the time.

Validation reviews were also inadequate because VBA was unable to perform data mining to select samples from the universe of claims including DBQs that pose an increased risk of fraud. For example, because VBA was not electronically capturing DBQ information, the Compensation Service Disability Examination Management staff were unable to stratify the universe to sample claims with DBQs completed by clinicians who had abnormally high positive diagnosis rates.

Effects of Not Implementing Internal Controls

Without accurate data, VBA lacks reliable information to determine the volume of DBQs or to evaluate and monitor their effectiveness. VBA significantly underreported the number of disability benefit claims with DBQs during the 6 months ending March 2014. We estimated VBA completed about 24,700 claims with DBQs during this period, which was about 16 times higher than the approximately 1,500 claims reported by VBA. Weak controls also resulted in claims processors using DBQs with incomplete private clinician information to make decisions for approximately 10,400 veterans' disability claims. Further, VBA lacks reasonable assurance of detecting instances of potential fraud and continues to be susceptible to the risk of DBQ-related fraud.

DBQs Referred for Potential Fraud

During our audit we referred 17 DBQs to the OIG Office of Investigations as potential fraud. We identified 11 DBQs while reviewing our sampled claims. The remaining six were identified by claims processors after we requested staff at the VAROs we visited to be alert for potential fraud. We referred the DBQs for various reasons. The following is an example of a referral made to the OIG Office of Investigations:

Example 2

We referred one DBQ because the claims folder included evidence the clinician did not examine the veteran on the date shown on the

DBQ and the writing was not consistent throughout the DBQ form. According to the State Medical Board of Ohio, the clinician had been charged with prescription drug trafficking, which happened shortly before the VARO received the DBQ. Within months of the claim, the State Medical Board of Ohio suspended the clinician's medical license indefinitely based on his refusal to provide factual information regarding criminal matters pending against him in the Court of Common Pleas of Lucas County, OH. Approximately 3 months after the medical license suspension, the State Medical Board of Ohio permanently revoked the clinician's license based on his conviction on four felony counts of trafficking in drugs and four felony counts of attempted trafficking in drugs. About 5 months after the State Medical Board of Ohio revoked the clinician's license, a VARO claims processor used the DBQ as evidence in granting the veteran's disability claim.²

Conclusion

It is critical VBA management promptly strengthens controls over DBQs. VBA did not fully implement all the recommendations from our 2012 report and needs to take additional actions to strengthen controls over DBQs. VBA needs to strengthen internal controls over the use of DBQs in order to better prevent, detect, and mitigate fraudulent activity and provide reasonable assurance that DBQs are authentic and unaltered.

Recommendations

1. We recommended the Acting Under Secretary for Benefits evaluate options for electronically capturing and analyzing information contained on completed Disability Benefits Questionnaires and implement the most cost effective option. *(Similar to recommendation from 2012 Office of Inspector General audit report)*
2. We recommended the Acting Under Secretary for Benefits revise the remaining 59 public-use Disability Benefits Questionnaires to provide veterans and clinicians adequate notification regarding verification of submitted information.
3. We recommended the Acting Under Secretary for Benefits establish policies and procedures for determining if clinicians who prepare public-use Disability Benefits Questionnaires are private or Veterans Health Administration clinicians.
4. We recommended the Acting Under Secretary for Benefits revise policies and procedures to include steps for obtaining missing public-use

²We obtained information on the suspension and revocation of the clinician's medical license from <https://license.ohio.gov/Lookup/>, the State Medical Board of Ohio Web site.

Disability Benefits Questionnaires clinician information and verifying clinicians have an active medical license. *(Similar to recommendation from 2012 Office of Inspector General audit report)*

5. We recommended the Acting Under Secretary for Benefits revise Veterans Affairs Regional Office quality assurance review methodologies to review appropriate samples of claims including public-use Disability Benefits Questionnaires.
6. We recommended the Acting Under Secretary for Benefits revise local quality assurance reviews to evaluate Veterans Affairs Regional Office compliance with Disability Benefits Questionnaires' special-issue indicator requirements.
7. We recommended the Acting Under Secretary for Benefits revise local quality assurance reviews to evaluate Veterans Affairs Regional Office compliance with public-use Disability Benefits Questionnaires' clinician information completeness requirements.
8. We recommended the Acting Under Secretary for Benefits establish procedures requiring Compensation Service Disability Examination Management staff to analyze local quality assurance review results to identify systemic issues related to compliance with Disability Benefits Questionnaires' special-issue indicator and clinician information completeness requirements.
9. We recommended the Acting Under Secretary for Benefits establish procedures requiring Veterans Affairs Regional Office staff to receive recurring training on systemic issues identified during analyses of local quality assurance review results related to compliance with Disability Benefits Questionnaires' special-issue indicator and clinician information completeness requirements.
10. We recommended the Acting Under Secretary for Benefits require Veterans Benefits Administration's Compensation Service Disability Examination Management staff to conduct annual validation reviews that select samples from a complete universe of claims with public-use Disability Benefits Questionnaires and focus on public-use Disability Benefits Questionnaires that pose an increased risk of fraud. *(Similar to recommendation from 2012 Office of Inspector General audit report)*

**Management
Comments**

The Acting Under Secretary for Benefits concurred with Recommendations 1 through 4 and Recommendations 6 through 10. For Recommendations 1 through 4, VBA has identified a means of electronically capturing and analyzing information contained on completed public-use DBQs and begun the process of including notification language on the remaining public-use DBQs. VBA will determine the feasibility of revising

applicable procedures to determine whether DBQs originate from VHA or private clinicians. VBA also plans to revise current procedures to require additional steps to be taken if there is missing information on public-use DBQs and will assess the business requirements for front-end controls to identify the credentials of private physicians. VBA plans to complete these actions from December 2015 through June 2016.

The Acting Under Secretary for Benefits nonconcurred with Recommendation 5 and stated VBA is unable to revise the methodology to ensure appropriate samples of claims with public-use DBQs are included in the review. Quality assurance reviews are based on a randomly generated sample of claims, and DBQs are not claims but a derivative of them. VBA cannot guarantee that a valid assessment of DBQs can be conducted because the list of claims provided for review may not contain a sufficient quantity of DBQs to allow for a statistically valid sample.

For Recommendations 6 through 9, VBA's Compensation Service Quality Assurance Staff will revise the In-Process Review checklist used by VAROs to include a public-use DBQ special-issue indicator subcategory and a review for completeness of public-use DBQ clinician information. VBA will modify existing standard operating procedures to include compliance with special-issue indicators and a review of local quality assurance review results. VBA will provide recurring training, to include systemic issues related to compliance with DBQ special-issue indicators and completeness of clinician information. VBA plans to complete these actions between January and March 2016.

For Recommendation 10, VBA will conduct annual validation reviews and revise the methodology to identify the complete universe of public-use DBQs and incorporate the revisions into standard operating procedures. VBA requested closure of this recommendation.

The Acting Under Secretary also did not agree that VBA did not perform sufficient quality assurance reviews because quality assurance reviews are based on a randomly generated sample of claims and DBQs are not claims but derivatives of them. Further, the Acting Under Secretary did not agree with systematically selecting and evaluating claims that include DBQs since VBA cannot guarantee that national quality assurance reviews can conduct a statistically valid assessment. This is because VBA reviews a list of claims randomly generated that encompass several types of claims identified by end products, and not DBQs. However, VBA did agree to conduct annual validation reviews, revise methodologies to identify the complete universe of public-use DBQs, and incorporate the revisions in its standard operating procedures.

**OIG
Response**

The Acting Under Secretary for Benefits planned corrective actions are responsive for Recommendations 1 through 4 and Recommendations

6 through 10. For Recommendation 5, the Acting Under Secretary stated VBA will revise the In-Process Review checklist used by VAROs to include questions specific to public-use DBQs. However, checklists with questions specific to public-use DBQs will only be effective if VAROs review claims including public-use DBQs. To minimize the potential risks and negative effects on veterans associated with VBA not identifying and effectively using public-use DBQs, it is critical that VBA ensures VARO quality assurance review methodologies include reviewing appropriate samples of claims to include public-use DBQs.

The Acting Under Secretary's contention that VBA cannot guarantee national quality assurance reviews can conduct a statistically valid assessment of claims including public-use DBQs is incorrect. Once VBA implements Recommendation 6 and ensures VARO staff consistently and accurately comply with DBQ special-issue indicator requirements, VAROs will have the information necessary to guarantee selection of statistically valid samples of claims with public-use DBQs to evaluate during quality assurance reviews. We will monitor progress and follow up on the implementation of these recommendations until all proposed actions are completed.

Finding 2 VBA Can Use Public-Use Disability Benefits Questionnaires More Effectively

Once VBA strengthens controls over DBQs, opportunities will exist for VBA to use DBQs more effectively to improve claims processing. For 128 of 255 sampled claims completed during the 6 months ending March 2014 that included DBQs, claims processors requested and obtained C&P examinations.³ Based on these sample results, we estimated this occurred for approximately 15,700 of 24,700 total claims with DBQs. For about 8,600 of the 15,700 claims (55 percent), processors did not attempt to contact clinicians to obtain additional information to support inadequate DBQs. For approximately 7,100 of the claims (45 percent), processors requested unnecessary C&P examinations when DBQs were adequate to make disability benefit decisions. This occurred because VBA did not:

- Establish policies and procedures on handling inadequate DBQs.
- Perform quality assurance reviews to determine whether claims processors obtained unnecessary C&P examinations instead of relying on adequate DBQs.

For the approximately 15,700 claims, these veterans endured C&P medical examinations that potentially delayed their disability decisions and benefits. In addition, veterans may have needlessly expended their time and money to have their providers complete the DBQs. Further, we estimated the 7,100 unnecessary C&P examinations cost VHA at least \$2.4 million during the 6 months ending March 2014. If VBA does not use DBQs more effectively, we estimate VHA will continue spending at least \$4.8 million of taxpayer funds for unnecessary examinations annually and at least \$24 million over the next 5 years.

Inadequate DBQs

For 92 of 128 sampled claims, claims processors obtained C&P examinations to supplement DBQs that lacked sufficient information necessary for a disability benefit decision instead of attempting to obtain the missing information. The sampled DBQs did not include necessary information such as:

- Range of motion results
- Blood pressure readings
- Prescribed medications
- Ventricular ejection fractions
- Metabolic equivalents
- Secondary complications related to claimed disabilities

³C&P examinations can be performed by VHA clinicians or VA-contracted clinicians.

Based on these sample results, we estimated this occurred for about 8,600 claims completed during the 6 months ending March 2014.

VBA policy states DBQs can substitute for C&P examinations. However, claims processors did not handle inadequate DBQs in the same manner as inadequate C&P examinations. VBA policy requires C&P examinations to be complete and claims processors to perform follow-up actions for C&P examinations that are insufficient or need clarification. However, there is not a similar policy regarding inadequate DBQs.

Following up with clinicians who prepare DBQs can help ensure veterans do not needlessly expend their time and money. Private clinicians who responded to our verification letter reported veterans' out-of-pocket costs for DBQs prepared ranged from \$10 to \$354.⁴ Additionally, when VA requests C&P examinations without following up with clinicians and obtaining adequate DBQ information, veterans could experience delays in receiving disability benefits. Further, VHA incurs costs to perform C&P examinations. These costs vary depending on the conditions claimed by veterans.

Of the 92 sampled claims with inadequate DBQs, private clinicians prepared the DBQs for 70 claims. The following example illustrates how following up with private clinicians could improve the effectiveness of DBQs.

Example 3

A VARO received a veteran's claim with a DBQ for ischemic heart disease completed by a private clinician. According to the clinician, the veteran paid a little over \$130 for the DBQ. However, the DBQ was inadequate because it was missing the veteran's metabolic equivalency testing and the clinician did not complete the diagnostic testing. Approximately 7 months after receiving the DBQ, the veteran attended a scheduled C&P examination. If the claims processor had contacted the veteran's private clinician and successfully obtained the necessary information, the veteran may not have needed a C&P examination and may have received the disability benefits decision sooner.

Of the 92 sampled claims with inadequate DBQs, VHA clinicians prepared the DBQs for 22 claims. Claims processors generally stated they did not attempt to follow up with clinicians who prepared inadequate DBQs to obtain necessary information, although contact information for VHA clinicians is generally available on VHA's Web site and Microsoft Outlook address book. The following example highlights how claims processors

⁴The \$10 to \$354 range was based on responses received from 12 clinicians who provided information on veteran out-of-pocket costs.

following up with VHA clinicians could help ensure processors use veterans' DBQs to make disability benefit decisions.

Example 4

A VARO received a veteran's claim including a DBQ for hypertension prepared by a VHA clinician that was missing blood pressure readings and a claims processor requested a hypertension C&P examination. The veteran attended the examination approximately 9 months after the VARO received the veteran's claim. However, if the claims processor had contacted the VHA clinician and obtained the blood pressure readings or reviewed available VHA medical records, the veteran may not have had to endure a C&P examination and may have received his disability benefits decision sooner.

*Unnecessary
C&P
Examinations*

For 36 of the 128 sampled claims, processors obtained unnecessary C&P examinations after receiving adequate DBQs for the same disabilities. We estimated this occurred for approximately 7,100 claims completed during the 6 months ending March 2014. One benefit of DBQs cited by VBA is to enable treatment providers to prepare disability assessment information that will preclude the need for C&P examinations. VBA policy allows DBQs completed by veterans' treatment providers to substitute for C&P examinations. In addition, Title 38, United States Code of Federal Regulations, § 3.326 allows claims processors to accept adequate competent medical evidence for making disability benefit decisions.

In March 2014, the Disabled American Veterans submitted congressional testimony reporting concerns that claims processors were not accepting DBQs prepared by private clinicians causing redundant C&P examinations for veterans. In addition, veterans service organization representatives we interviewed stated they were aware of instances where veterans' DBQs were submitted to VAROs and the veterans were asked to report for C&P examinations. The following highlights another example of how claims processors requested an unnecessary examination after receiving an adequate DBQ with the information necessary to make a disability decision.

Example 5

A VARO received a DBQ and a claims processor subsequently requested an unnecessary C&P examination for diabetes mellitus. A C&P contractor completed the C&P examination nearly 5 months after the VARO received the DBQ. A VARO quality review official agreed the DBQ was sufficient to evaluate the claimed diabetes mellitus. As a result, the veteran endured an unneeded C&P examination and claims processors waited to receive the examination results before making the disability benefit decision. As reported by VHA, this unnecessary examination cost VHA approximately \$1,700.

Unnecessary C&P examinations reduce the effectiveness of DBQs by potentially delaying VBA's claims processing, wasting funds performing

unnecessary medical examinations, and impeding VBA's ability to achieve its goal of reducing the disability claims backlog. Additionally, requesting unnecessary C&P examinations uses VHA resources that could be better used to schedule and perform C&P examinations more timely for other veterans.

We complemented the audit team with an OIG Benefits Inspector to provide the technical expertise to review the 36 sampled claims and to consider VBA's opinions before making a final determination. We provided our results for the 36 sampled claims to staff from VARO quality assurance and VBA Compensation Service Disability Examination Management. Staff from both groups agreed with our conclusions for 6 claims, staff from either one of the groups agreed with 10 claims, and staff from both groups disagreed with 20 claims.⁵ The following examples discuss 2 of these 20 claims.

Example 6

A VARO received a DBQ and requested a C&P examination for a cardiovascular condition, including ischemic heart disease. Both VARO quality assurance and Compensation Service Disability Examination Management staff stated the DBQ was not sufficient because it did not include the metabolic equivalency. However, the DBQ showed the veteran received an Automatic Implantable Cardioverter Defibrillator, which, according to VA regulations, entitled the veteran to a 100 percent evaluation. Therefore, the C&P examination to determine metabolic equivalency was unnecessary to make a disability decision.

Example 7

A VARO received a DBQ and requested a C&P examination for ischemic heart disease. Both VARO quality assurance and Compensation Service Disability Examination Management staff stated the DBQ was not sufficient because it did not include the metabolic equivalency. However, the DBQ stated the veteran's left ventricular ejection fraction was 41 percent. According to VA regulations, metabolic equivalency is not needed when the left ventricular ejection fraction is 50 percent or less. In addition, VARO quality review staff stated a C&P examination was necessary because the DBQ only had enough information to assign the minimum evaluation. However, the C&P examination was unnecessary and contrary to VA regulations, which state that if provided medical information is adequate to make a disability decision, a further examination is not needed.

⁵VARO quality assurance staff agreed with nine claims and VBA Compensation Service Disability Examination Management staff agreed with one claim.

**Reasons
DBQs Not
Used
Effectively**

VBA did not use DBQs effectively because VBA lacked policies and procedures with instructions on handling inadequate DBQs. VBA quality reviewers also did not perform adequate quality assurance reviews to determine whether claims processors obtained unnecessary C&P examinations when they could have used adequate DBQs.

**Lacked Policies
and Procedures**

VBA policies and procedures lacked instructions for obtaining information from private or VHA clinicians who prepare inadequate DBQs. VBA policy requiring claims processors to perform follow-up actions to obtain necessary information from clinicians is specific to inadequate C&P examinations. However, VBA policy does not specifically require claims processors to perform this type of follow-up action for inadequate DBQs prepared by private or VHA clinicians. Although DBQs provide clinicians notification that VA may request additional medical information if necessary, claims processors generally stated they did not follow up with clinicians if they received inadequate DBQs.

**Inadequate
Quality
Assurance
Reviews**

Both VARO and STAR quality assurance reviews did not specifically evaluate whether claims processors could have used adequate DBQs instead of obtaining unnecessary C&P examinations. STAR staff use quality review checklists and VARO quality assurance reviews use VBA's ASPEN checklist. None of these checklists contained specific elements to review the appropriateness of requesting C&P examinations when claims included DBQs with sufficient information.

VARO managers and staff were unaware of inefficiencies related to DBQs and did not take actions to make improvements because VBA lacked adequate quality assurance reviews of DBQs. After VBA updates the quality review checklists, quality assurance reviewers can evaluate whether claims processors obtained unnecessary C&P examinations and report the results to Compensation Service Disability Examination Management staff and VARO managers. VBA managers can then analyze these results and identify inefficiencies, and staff can receive training on systemic inefficiencies related to unnecessary C&P examinations.

**Results of Not
Using DBQs
Effectively**

We estimated about 7,100 veterans needlessly expended their time and money to pay for DBQs and endured unnecessary C&P medical examinations when the DBQs were sufficient to make disability decisions. The unnecessary C&P examinations may have also delayed veterans receiving disability decisions and benefits. Further, we estimated the unnecessary C&P examinations cost VHA at least \$2.4 million during the 6 months ending March 2014. If VBA does not use DBQs more effectively, we estimate VHA will continue spending at least \$4.8 million of taxpayer funds for unnecessary examinations annually and at least \$24 million over the next 5 years.

Conclusion

VBA can increase the effectiveness of DBQs by strengthening quality assurance reviews to evaluate the necessity of C&P examinations and following up with clinicians to obtain additional information when possible. These actions will help eliminate unnecessary C&P examinations for veterans and ensure claims processors obtain the necessary information from clinicians for inadequate DBQs. Increased effectiveness will help VBA use DBQs as intended to reduce claims-processing time, allow veterans to have more control over the disability claims process, and assist in eliminating the disability claims backlog.

Recommendations

11. We recommended the Acting Under Secretary for Benefits revise policies and procedures to include follow-up actions for inadequate public-use Disability Benefits Questionnaires.
12. We recommended the Acting Under Secretary for Benefits revise the Systematic Technical Accuracy Review checklists and local quality assurance reviews to evaluate whether claims processors use adequate public-use Disability Benefits Questionnaires instead of obtaining unnecessary Veterans Health Administration compensation and pension examinations.
13. We recommended the Acting Under Secretary for Benefits establish procedures requiring Compensation Service Disability Examination Management staff to analyze local quality assurance review results to identify systemic issues related to public-use Disability Benefits Questionnaires, including unnecessary Veterans Health Administration compensation and pension examinations.
14. We recommended the Acting Under Secretary for Benefits establish procedures requiring Veterans Affairs Regional Office staff to receive recurring training on systemic issues identified during analyses of local quality assurance review results related to public-use Disability Benefits Questionnaires, including unnecessary Veterans Health Administration compensation and pension examinations.

Management Comments

The Acting Under Secretary for Benefits concurred with Recommendations 11 through 14. VBA will conduct annual validation reviews and revise the methodology to identify the public-use DBQs universe. VBA's Compensation Service Quality Assurance Staff will revise the STAR checklist to include a question to drill down and determine whether the DBQ was adequate for rating purposes. In addition, the In-Process Review checklist will be amended to evaluate whether claims processors used adequate public-use DBQs instead of obtaining unnecessary VA examinations. VBA will modify existing standard operating procedures to include elements requiring a review to identify potential instances of

overdevelopment due to unnecessary examinations, and a review of local quality assurance results. Once the local quality assurance review results have been collected and evaluated, VBA will provide claim processors recurring training to address systemic issues and unnecessary examinations. VBA expects to complete these actions from January through March 2016.

**OIG
Response**

The Acting Under Secretary for Benefits planned corrective actions are responsive. We will monitor progress and follow up on the implementation of our recommendations until all proposed actions are completed.

Appendix A Background

VBA Disability Compensation

VBA disability compensation is a monetary benefit paid to veterans who are disabled by injury or illness incurred or aggravated during active military service. These disabilities are considered service-connected. Disability compensation is paid monthly and varies with the degree of disability and the number of dependents claimed by a veteran. Generally, the degrees of disability specified are to compensate veterans for the average loss in earnings capacity in civilian occupations associated with the severity of the service-connected condition.

Disability Claims Processing

After a veteran submits a benefits application online or at a VARO, a claims processor typically develops the claim by obtaining relevant medical information. In many instances, the veteran undergoes a medical examination by a VHA or VA-contract clinician, who provides a medical diagnosis for the veteran. With the inception of DBQs, veterans have the option to have a private physician provide a medical diagnosis by completing a DBQ on their behalf. Once medical evidence is received, a claims processor evaluates the evidence and determines if the diagnosed impairments are service-connected, assigns a degree of disability for each of the service-connected impairments by applying the medical criteria of the VBA Schedule for Rating Disabilities, and determines the veteran's overall degree of service-connected disability.

Additional Information on DBQs

The purpose of VA's DBQ initiative is to streamline the process of providing examinations in support of veterans' claims for disability benefits. DBQs are condition-specific medical forms used to capture precise medical information needed by VBA personnel to make decisions on veterans' disability benefit claims. VA intended claims processors to use DBQs as a substitute for VA examinations. DBQs are simplified forms that include check boxes and standardized language so the disability rating can be made accurately and quickly. Generally, DBQs are specific to a single condition and do not provide additional information on veterans' overall health.

A private physician with an active medical license is qualified to complete and sign DBQs. The physician must have sufficient medical expertise to conduct a medical assessment regarding the type of DBQ completed. The first three DBQs approved for public use were—Ischemic Heart Disease, Hairy Cell and other B-cell Leukemias, and Parkinson's disease. In March 2015, VA reported it had 80 DBQs to use in the evaluation of medical conditions affecting veterans. Of the 80 DBQs, 70 are also available on Office of Management and Budget forms for public use by both VHA and private physicians.

Appendix B Scope and Methodology

We conducted our audit work from May 2014 through October 2015. Our audit focused on evaluating whether VBA took appropriate actions to address the recommendations in our February 2012 report (*Audit of VA's Internal Controls Over the Use of Disability Benefits Questionnaires*, Report No. 11-00733-95). We also determined whether VBA could use DBQs more effectively.

To accomplish the audit objectives, we reviewed applicable law and VBA policies, procedures, and guidelines related to the DBQ Program. We interviewed managers and staff from VBA's Compensation Service and the Compensation Service Disability Examination Management. We also reviewed documentation supporting VA's actions in response to recommendations made in our prior audit report.

We audited a statistical sample of claims selected from a universe of about 493,000 disability claims completed during the 6 months ending March 2014 (October 1, 2013, through March 31, 2014). The sample included 255 claims completed by 8 VAROs that included at least 1 DBQ. Appendix C provides details on the sampling methodology and estimates, including the eight VAROs sampled and visited. Our review determined whether VBA:

- Adequately notified veterans and clinicians that submitted DBQ information is subject to verification
- Consistently and correctly identified DBQs
- Ensured DBQ information is complete
- Adequately captured and analyzed DBQ information
- Appropriately handled inadequate DBQs
- Used adequate DBQs in lieu of unnecessary C&P examinations

We sent verification letters to 278 clinicians associated with the sampled claims and received responses from 199 clinicians. The purpose of the verification letters was to help us determine if the information shown on the DBQ was accurate and unaltered. The verification letters asked clinicians four to nine questions including whether they had prepared the DBQs and the dollar amount veterans paid to have clinicians prepare DBQs.

We also determined whether there was a C&P examination for the same disability as listed on the DBQ. We requested VARO quality assurance staff and VBA's Compensation Service Disability Examination Management staff to provide their opinion on whether the C&P examination was necessary. We staffed the audit team with an OIG Benefit Inspector to

augment the technical expertise needed to consider VBA's opinions and make final determinations on the necessity of C&P examinations.

We interviewed management and claims-processing staff, including Veterans Service Center managers, Assistant Veterans Service Center managers, coaches, quality review team members, Rating Veteran Service Representatives, Veterans Service Representatives, claims assistants, and onsite clinicians. In addition, we interviewed Veterans Service Organization representatives.

We also visited VBA's Compensation Service Disability Examination Management office in St. Petersburg, FL, and STAR Office in Nashville, TN. At these offices, we interviewed managers and staff and reviewed quality assurance policy, procedures, and checklists. In addition, at VBA's Compensation Service Disability Examination Management office we reviewed VBA's reported special-issue indicator data.

**Fraud
Assessment**

The audit team assessed the risk that fraud, violations of legal and regulatory requirements, and abuse could occur. We exercised due diligence in staying alert to DBQ fraud indicators by taking actions such as:

- Interviewing VARO staff about controls in place to mitigate and detect potential DBQ fraud and actions taken when identifying potential fraud
- Validating information on DBQs by performing internet searches and sending verification letter to clinicians who prepared DBQs
- Reviewing DBQs for alterations and incomplete or missing information
- Requesting VARO staff provide the team information related to any identified potentially fraudulent DBQs

We referred 17 DBQs to the OIG's Office of Investigations for potential fraud.

**Data
Reliability**

We assessed the reliability of computer-processed data from VBA's corporate database, which includes input applications such as Veterans Service Network Operations Report, Veterans Benefits Management System, and Modern Awards Processing-Development systems, for the population of disability claims completed during the 6 months ending March 2014 including DBQs. We reviewed claims with special-issue indicators recorded in VBA's Veterans Service Network Operations Report to determine if the claims included DBQs and whether the DBQs were prepared by private or VHA clinicians.

We also used the National Provider Identifier registry and State medical license verification Web sites to help verify DBQs prepared by private or VHA clinicians. We determined the claim population data were not sufficiently reliable for the audit objective because claims processors did not

accurately record whether private or VHA clinicians prepared the DBQs. Consequently, we did not rely on the population data and instead estimated the population based on our audit results for the sampled claims.

We also assessed the reliability of computer-processed data shown on an automated spreadsheet obtained from VBA. The spreadsheet listed the reported number of disability benefit claims with DBQs during the 6 months ending March 2014. To assess the reliability of these data, we compared the number of DBQs listed in the automated spreadsheet with our statistical estimate of claims with DBQs during the same period. We concluded the spreadsheet was not reliable because our statistical estimate of claims with DBQs was significantly higher than the total claims listed on the spreadsheet. Therefore, we did not rely on the spreadsheet data and instead used our statistical estimates.

**Government
Standards**

Our assessment of internal controls focused on those controls relating to our audit objectives. We conducted this performance audit in accordance with generally accepted government auditing standards. These 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C Statistical Sampling Methodology

Approach

To accomplish the audit objectives, we reviewed a representative sample of completed claims including DBQs from eight VAROs. Since VARO claims processors did not consistently and correctly record special-issue indicators to identify claims with DBQs, we reviewed approximately 2,900 claims to identify 255 claims with 365 DBQs. We analyzed these claims to determine whether VBA effectively strengthened internal controls. We considered VBA's internal controls ineffective if we identified deficiencies in the following areas:

- DBQ form lacked adequate notification to veterans and clinicians that submitted DBQ information is subject to verification
- Appropriate special-issue indicator not recorded
- Complete clinician information not verified
- DBQ not appropriately used as a substitute for a C&P examination

We discussed the results of our analyses with VBA officials.

Population

The population consisted of over 493,000 disability benefit claims completed by 57 VAROs during the 6 months ending March 2014. We excluded the Washington, DC, VARO due to the insignificant number of claims completed during this time frame. The disability benefits claims had traditional claim end products, such as original, reopen, new, and increase compensation and/or pension claims. We did not include specialty claim end products.

Sampling Design

We selected a stratified statistical sample of VAROs based on geographical location and the number of disability benefit claims completed during our scope period. We divided VAROs into two geographical regions, VBA's Eastern/Southern Areas and Central/Western Areas. We then classified VAROs as small if 7,000 or fewer claims were completed and large if more than 7,000 claims were completed. We statistically selected two VAROs from each of these four strata. Table 1 shows the sampled VAROs and the number of disability benefit claims completed.

We reviewed sets of claims selected using statistical sampling. We also reviewed sets of claims where processors recorded special-issue indicators. We analyzed every claim within the sets to determine if a DBQ was included. If we identified a claim with a DBQ, we included the claim in our sample for review. We reviewed statistically selected sets of claims until we identified our 255 total sampled claims with a total of 365 DBQs. We excluded three claims that included DBQs prepared by clinicians located outside the United States and its territories.

Table 1. Sampled VAROs
(Claims Completed—6 Months Ending March 2014)

Stratum	VARO	Completed Claims
Eastern/Southern Areas—More Than 7,000 Claims	Cleveland, OH	16,968
Eastern/Southern Areas—More Than 7,000 Claims	Detroit, MI	10,725
Eastern/Southern Areas—7,000 or Fewer Claims	Pittsburgh, PA	5,530
Eastern/Southern Areas—7,000 or Fewer Claims	San Juan, PR	3,746
Central/Western Areas—More Than 7,000 Claims	St. Louis, MO	12,134
Central/Western Areas—More than 7,000 Claims	Oakland, CA	11,528
Central/Western Areas—7,000 or Fewer Claims	Des Moines, IA	4,341
Central/Western Areas—7,000 or Fewer Claims	Honolulu, HI	2,824

Source: VA OIG statistical selection of VAROs

Weights

We calculated estimates in this report using weighted sample data. We computed sampling weights by taking the product of the inverse of the probabilities of selection at each stage of sampling.

Estimates and Margins of Error

The margins of error and confidence intervals are indicators of the precision of the estimates. If we repeated this audit with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time. For example, as shown in Table 2, we are 90 percent confident the true population of DBQs during the 6 months ending March 2014 was between 26,931 and 49,457. We are confident that this 6-month period ending March 2014 provides a conservative representation of the number of DBQs included with claims completed during 2014 because VBA completed about 60,000 more claims between our scope and the next 6 months ending September 2014. For each estimate, we used the mid-point or lower limit of the 90 percent confidence interval.

Table 2. Statistical Estimates
(6 Months Ending March 2014)

Descriptions	Sample Size	Mid Point	Margin of Error	Confidence Interval Lower 90%	Confidence Interval Upper 90%
Public-Use DBQs					
1. Population	365	38,194	11,263	26,931	49,457
2. Prepared by Private Clinicians	290	30,019	10,556	19,463	40,575
Percent	290	78.6%	11.6%	67.0%	90.2%
3. Prepared by VHA Clinicians	75	8,175	4,372	3,803	12,547
Percent	75	21.4%	11.6%	9.8%	33.0%
4. Missing or Incomplete Information	142	13,954	5,128	8,826	19,082
Percent	142	36.5%	13.4%	23.1%	49.9%
5. Missing or Incomplete Information Prepared by Private Clinicians	114	10,371	3,794	6,577	14,165
Percent	114	74.3%	23.2%	51.1%	97.5%
Disability Benefit Claims					
6. Population of Claims With DBQs	255	24,732	5,956	18,776	30,688
7. Special-Issue Indicator Recorded	149	1,629	117	1,512	1,746
Percent	149	6.6%	1.7%	4.9%	8.3%
8. Special-Issue Indicator Not Recorded	106	23,103	5,955	17,148	29,058
Percent	106	93.1%	4.2%	86.9%	95.3%
9. Incorrect Special-Issue Indicator Recorded	19	214	84	130	298
Percent	19	0.9%	0.4%	0.5%	1.3%
10. Correct Special-Issue Indicator Recorded	130	1,415	127	1,288	1,542
Percent	130	5.7%	1.5%	4.2%	7.2%
11. Missing or Incomplete Information	110	10,403	3,786	6,617	14,189
12. Additional or Unnecessary C&P Examinations	128	15,670	5,435	10,235	21,105
13. Inadequate DBQs and Additional C&P Examinations	92	8,543	3,537	5,006	12,080
Percent	92	54.5%	16%	38.5%	70.5%
14. Inadequate DBQs Prepared by VHA Clinicians With Additional C&P Examinations	24	2,605	1,995	610	4,600
15. Unnecessary C&P Examinations	36	7,127	3,661	3,466	10,788
Percent	36	45.5%	16%	29.5%	61.5%

Source: VA OIG statistical analysis of disability benefits claims with public-use DBQs

Note: Numbers rounded for report presentation.

Further, we used sample results to estimate VHA's cost for unnecessary C&P examinations. These costs occurred when VAROs received adequate DBQs but claims processors obtained unnecessary C&P examinations. If we repeated this audit with multiple samples, the confidence intervals for our accuracy review would differ for each sample, but would include the true population value 90 percent of the time. Our sample size for this estimate was 36 claims. The mid-point was \$4,905,029 and the margin of error was \$2,524,396. The lower limit of the 90 percent confidence intervals was \$2,380,633 and the upper limit was \$7,429,425.

Appendix D Prior Report Recommendations

We made nine recommendations to strengthen internal controls and improve quality assurance reviews for DBQs in our prior report (*Audit of VA's Internal Controls Over the Use of Disability Benefits Questionnaires*, Report No. 11-00733-95, February 23, 2012). During our current follow-up audit, we evaluated the effectiveness of VA's completed and planned actions related to the prior audit recommendations to assess the effect on VBA's internal controls and quality assurance over DBQs and the overall effectiveness of DBQs.

2012 Report Recommendations

1. We recommended the Under Secretary for Benefits develop internal controls within the Disability Benefits Questionnaire process that will reduce the risk of fraud, such as notifying veterans and physicians that submitted information is subject to verification. (*Closed*)
2. We recommended the Under Secretary for Benefits develop front-end controls for the Disability Benefits Questionnaire process to verify the identity and credentials of private physicians who submit completed Disability Benefits Questionnaires, including those entered into the Fast Track Claims Processing System. (*Open*)
3. We recommended the Under Secretary for Benefits develop a plan to measure compliance with the guidance contained in Fast Letter 11-36 pertaining to tracking claims where a Disability Benefits Questionnaire was received as medical evidence. (*Closed*)
4. We recommended the Under Secretary for Benefits develop controls to electronically capture information contained on completed Disability Benefits Questionnaires. (*Open*)
5. We recommended the Under Secretary for Benefits update the policy manual with information on the Disability Benefits Questionnaire process, to include procedures for verifying information on completed Disability Benefits Questionnaires and tracking and monitoring completed Disability Benefits Questionnaires. (*Closed*)
6. We recommended the Under Secretary for Benefits take steps to improve quality assurance reviews by focusing reviews on Disability Benefits Questionnaires that pose an increased risk of fraud. (*Open*)
7. We recommended the Under Secretary for Benefits establish control mechanisms to ensure that potential cases of fraud identified during the quality assurance review process are immediately forwarded to the Office of Inspector General. (*Closed*)

8. We recommended the Under Secretary for Health identify key components of Disability Benefits Questionnaires that should be reviewed as part of the Disability Examination Management Office's quality assurance review process. *(Closed)*

9. We recommended the Under Secretary for Health modify the process used to select claims reviewed by the Disability Examination Management Office's quality assurance staff. *(Closed)*

Appendix E Potential Monetary Benefits in Accordance With Inspector General Act Amendments

Recommendation	Explanation of Benefits	Better Use of Funds	Questioned Costs
12	Revising the STAR checklist and local quality assurance reviews to evaluate whether claims processors use adequate public-use DBQs instead of obtaining unnecessary VHA C&P examinations	\$24,000,000	\$0
Total		\$24,000,000	\$0

Note: VBA's implementation of Recommendation 12 will result in a better use of funds because claims processors will not request unnecessary C&P examinations from VHA's medical facilities and contractors.

Appendix F Acting Under Secretary for Benefits Comments

Department of Veterans Affairs

Memorandum

Date: December 4, 2015

From: Acting Under Secretary for Benefits (20)

Subj: OIG Draft Report — Follow-Up Audit of Veterans Benefits Administration (VBA) Internal Controls Over Disability Benefits Questionnaires [Project No. 2014-02384-R3-0113]—VAIQ 7649891

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

1. Attached is VBA's response to the OIG draft report: Follow-Up Audit of Veterans Benefits Administration (VBA) Internal Controls Over Disability Benefits Questionnaires.
2. Questions may be referred to Christine Ras, Program Analyst, at 461-9057.

(original signed by:)
Danny G.I. Pummil

Attachment

**Veterans Benefits Administration
Comments on OIG Draft Report
Follow-Up Audit of Veterans Benefits Administration (VBA) Internal Controls Over Disability
Benefits Questionnaires**

VBA provides the following comments:

Page 7, paragraph 1, line 3:

“VBA also did not revise DBQ forms, lacked adequate policies and procedures, and did not perform sufficient quality assurance reviews specific to DBQs.”

VBA Comment: VBA disagrees with this statement because quality assurance reviews are based on a randomly generated sample of claims. Disability Benefit Questionnaires (DBQs) are not claims, but derivatives of them. However, VBA will conduct annual validation reviews, revise the methodology to identify the complete universe of public-use DBQs, and incorporate the revisions in its standard operating procedures (SOPs).

Page 8, paragraph 5, line 1:

“In addition, VBA had not designed quality assurance reviews to systematically select and evaluate claims that include DBQs. Quality assurance reviews may have included some claims with DBQs. However, STAR and VARO methodologies for selecting claims to review did not ensure a systematic and representative selection of claims with DBQs.”

VBA Comment: VBA cannot guarantee that national quality assurance staff can conduct a statistically valid assessment because it reviews a list of claims randomly generated that encompass several types of claims identified by the end product, and not the DBQs. However, VBA will conduct annual validation reviews, revise the methodology to identify the complete universe of public-use DBQs, and incorporate the revisions in its SOPs.

The following comments are submitted in response to the recommendations in the OIG draft report:

Recommendation 1: We recommended the Acting Under Secretary for Benefits evaluate options for electronically capturing and analyzing information contained on completed Disability Benefits Questionnaires and implement the most cost effective option. *(Similar to recommendation from 2012 Office of Inspector General audit report.)*

VBA Response: Concur in principle. While VBA does not agree to collect individual data elements on DBQs, VBA has identified an alternate means of electronically capturing and analyzing the forms. VBA can identify DBQs within the Veterans Benefits Management System eFolder that are submitted through the Centralized Mail Portal or eBenefits. This alternate selection method allows VBA to access a greater number of DBQs submitted by Veterans and provides for more robust auditing. VBA will utilize this methodology for future audits before committing to collecting and storing all individual data elements on public-use DBQs. VBA will conduct annual validation reviews, revise the methodology to identify the complete universe of public-use DBQs, and incorporate the revisions in its SOPs.

In addition, VBA worked with the VA Office of Information and Technology, which previously sought to develop and deploy a system for private healthcare providers to submit DBQs, as recommended in OIG's 2012 report, *Audit of VA's Internal Controls Over the Use of Disability Benefit Questionnaires*. VBA ultimately terminated the project after realizing there was a negative return on taxpayer investment and no effective mechanism to compel private healthcare providers to utilize the system. VBA is currently

studying alternate methods of data collection to effectively capture and analyze DBQs submitted by private healthcare providers.

Target Completion Date: April 30, 2016

Recommendation 2: We recommended the Acting Under Secretary for Benefits revise the remaining 59 public-use Disability Benefits Questionnaire forms to provide veterans and clinicians adequate notification regarding verification of submitted information.

VBA Response: Concur. VBA has already begun the process of including the following notification language on the remaining publicly available DBQ forms:

“NOTE TO PHYSICIAN - The veteran or service member is applying to the U.S. Department of Veterans Affairs (VA) for disability benefits. VA will consider the information you provide on this questionnaire as part of its evaluation in processing the claim. VA reserves the right to confirm the authenticity of ALL DBQs completed by private healthcare providers.”

The 11 musculoskeletal DBQs have been revised and contain the notification language. The remaining 59 DBQs are in various stages of the Office of Management and Budget (OMB) approval process. Specifically, there are four groupings of the publicly available DBQs that are awaiting revision:

- Group 1: Comprised of three DBQs that have been revised and contain the notification language and are scheduled to be released by the end of the calendar year. Target Completion Date: December 31, 2015
- Group 2: Comprised of eight DBQs that are not complete because they were already in the OMB approval process and cannot be modified during this time. However, VBA is requesting a non-substantive change, which is estimated to take several months as it must go through the OMB process, but no comment period is necessary. Target Completion Date: April 30, 2016
- Group 3: Comprised of 15 DBQs that contain the notification language and are being re-submitted to OMB for processing. Target Completion Date: June 30, 2016
- Group 4: Comprised of 33 DBQs that contain the notification language and are being re-submitted to OMB for processing. Target Completion Date: June 30, 2016

Recommendation 3: We recommended the Acting Under Secretary for Benefits establish policies and procedures for determining if clinicians who prepare public-use Disability Benefits Questionnaires are private or Veterans Health Administration clinicians.

VBA Response: Concur in principle. As previously stated in response to recommendation 1, VBA has identified an alternate means of electronically capturing and analyzing information from completed DBQs. VBA will identify DBQs in the Veterans Benefits Management System eFolder that are submitted through the Centralized Mail Portal or eBenefits. This alternate selection method allows VBA to access a greater universe of DBQs submitted by Veterans and a more robust auditing process.

For rating purposes, VBA does not distinguish whether a public-use DBQ was submitted by a private clinician or a VHA clinician. The evidentiary weight is the same, whether the public-use DBQ is completed by a private clinician or a VHA clinician.

However, VBA established special-issue identifiers for DBQs submitted by VHA and private clinicians. VBA will determine the feasibility of revising the applicable procedures to determine whether the DBQ originated from a VHA or private clinician.

Target Completion Date: April 30, 2016

Recommendation 4: We recommended the Acting Under Secretary for Benefits revise policies and procedures to include steps for obtaining missing public-use Disability Benefits Questionnaires clinician information and verifying clinicians have an active medical license. *(Similar to recommendation from 2012 Office of Inspector General audit report.)*

VBA Response: Concur. VBA will revise the current procedures to require additional steps to be taken if there is missing information on the public-use DBQ. If the information cannot be obtained through either telephone development or review of the provider's website, under 38 CFR 3.159, an examination will be scheduled for the incomplete DBQ.

Target Completion Date: February 29, 2016

Regarding the issue of verifying a clinician's medical license, the business requirements for front-end controls to identify the credentials of private physicians are currently being assessed by VBA's Office of Business Process Integration. Once completed, these requirements will be included in the scope of a future Centralized Mail Portal deployment.

VBA is unable to provide a target completion date, as the implementation involves vendor systems, wherein the contracts currently in place are under acquisition recompetete. Thus, any communications pertaining to these vendors or their systems are unauthorized for disclosure, as they are considered sensitive.

Recommendation 5: We recommended the Acting Under Secretary for Benefits revise Veterans Affairs Regional Office quality assurance review methodologies to review appropriate samples of claims including public-use Disability Benefits Questionnaires.

VBA Response: Non-concur. VBA is unable to revise the methodology to ensure appropriate samples of these types of claims are included in the review. Quality assurance reviews are based on a randomly generated sample of claims, and DBQs are not claims, but a derivative of them. VBA cannot guarantee that a valid assessment of DBQs can be conducted because the list of claims provided for review may not contain a sufficient quantity of DBQs to allow for a statistically valid sample. However, VBA will revise the In-Process Review (IPR) checklist used by the regional offices (ROs) to include questions specific to public-use DBQs.

Recommendation 6: We recommended the Acting Under Secretary for Benefits revise local quality assurance reviews to evaluate Veterans Affairs Regional Office compliance with Disability Benefits Questionnaires' special issue indicator requirements.

VBA Response: Concur. The Compensation Service Quality Assurance Staff will revise the IPR checklist used by the ROs to include a DBQ special-issue indicator subcategory. Local quality reviews already assess system compliance for all special issues.

Target Completion Date: January 31, 2016

Recommendation 7: We recommended the Acting Under Secretary for Benefits revise local quality assurance reviews to evaluate Veterans Affairs Regional Office compliance with public-use Disability Benefits Questionnaires' clinician information completeness requirements.

VBA Response: Concur. The Compensation Service Quality Assurance Staff will revise the IPR checklist used by the ROs to include compliance with the requirements for a clinician's complete information to be provided on public-use DBQs. Local quality reviews already assess the adequacy of all DBQs, including public-use DBQs, for sufficiency in each rating quality review.

Target Completion Date: January 31, 2016

Recommendation 8: We recommended the Acting Under Secretary for Benefits establish procedures requiring Compensation Service Disability Examination Management staff to analyze local quality assurance review results to identify systemic issues related to compliance with Disability Benefits Questionnaires special issue indicator and clinician information completeness requirements.

VBA Response: Concur. VBA will modify existing standard operating procedures to include compliance with special-issue indicators and a review of local quality assurance review results.

Target Completion Date: January 31, 2016

Recommendation 9: We recommended the Acting Under Secretary for Benefits establish procedures requiring Veterans Affairs Regional Office staff to receive recurring training on systemic issues identified during analyses of local quality assurance review results related to compliance with Disability Benefits Questionnaires' special issue indicator and clinician information completeness requirements.

VBA Response: Concur. Once the local quality assurance review results have been collected and analyzed, VBA will provide recurring training, to include systemic issues related to compliance with Disability Benefits Questionnaires special-issue indicators and completeness of clinician information.

Target Completion Date: March 31, 2016

Recommendation 10: We recommended the Acting Under Secretary for Benefits require Veterans Benefits Administration's Compensation Service Disability Examination Management staff to conduct annual validation reviews that select samples from a complete universe of claims with public-use Disability Benefits Questionnaires and focuses on public-use Disability Benefits Questionnaires that pose an increased risk of fraud. *(Similar to recommendation from 2012 Office of Inspector General audit report.)*

VBA Response: Concur. VBA will conduct annual validation reviews and revise the methodology to identify the complete universe of public-use DBQs and incorporate the revisions into standard operating procedures. VBA requests closure of this recommendation based on prior VBA validation reviews, and the commitment to future validation reviews to reduce the risk of potential fraud.

Recommendation 11: We recommended the Acting Under Secretary for Benefits revise policies and procedures to include follow-up actions for inadequate public-use Disability Benefits Questionnaires.

VBA Response: Concur. As previously stated in the response to recommendation 4, VBA will revise the current procedures to require additional steps to be taken on inadequate public-use DBQs. If adequate information cannot be obtained through either telephone development or review of the provider's website, under 38 CFR 3.159, an examination will be scheduled for the incomplete DBQ.

Target Completion Date: February 29, 2016

Recommendation 12: We recommended the Acting Under Secretary for Benefits revise the Systematic Technical Accuracy Review checklists and local quality assurance reviews to evaluate whether claims processors use adequate public-use Disability Benefits Questionnaires instead of obtaining unnecessary Veterans Health Administration compensation and pension examinations.

VBA Response: Concur. The Compensation Service Quality Assurance Staff will revise the Systematic Technical Accuracy Review checklist to include a question to drill down and determine whether the DBQ

was adequate for rating purposes. In addition, the IPR checklist will be amended to evaluate whether claims processors used adequate public-use DBQs instead of obtaining unnecessary VA examinations.

Target Completion Date: February 29, 2016

Recommendation 13: We recommended the Acting Under Secretary for Benefits establish procedures requiring Compensation Service Disability Examination Management staff to analyze local quality assurance review results to identify systemic issues related to public-use Disability Benefits Questionnaires, including unnecessary Veterans Health Administration compensation and pension examinations.

VBA Response: Concur. VBA will modify existing standard operating procedures to include elements requiring a review to identify potential instances of overdevelopment due to unnecessary examinations, and a review of local quality assurance results.

Target Completion Date: January 31, 2016

Recommendation 14: We recommended the Acting Under Secretary for Benefits establish procedures requiring Veterans Affairs Regional Office staff to receive recurring training on systemic issues identified during analyses of local quality assurance review results related to public-use Disability Benefits Questionnaires, including unnecessary Veterans Health Administration compensation and pension examinations.

VBA Response: Concur. Once the local quality assurance review results have been collected and evaluated, VBA will provide recurring training to include systemic issues and unnecessary examinations.

Target Completion Date: March 31, 2016

Appendix G Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Kent Wrathall, Director George Boyer Brett Byrd Melissa Colyn Glenn Dawkins Nathaniel Holman Earl Key Jamillah Mallory Leon Roberts Jessica Rodriguez Brock Sittinger Briana Webster
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