VETERANS' BENEFITS

Improved Management Would Enhance VA's Pension Program

Why GAO Did This Study

In 2006, the Department of Veterans Affairs (VA) paid about $3.5 billion in means-tested pension benefits to over 500,000 veterans and survivors. GAO was asked to review the management of VA pension program. This report assesses (1) the characteristics and trends in size of the current pensioner population, (2) the policies and procedures VA has in place to ensure that initial pension eligibility decisions are well managed, and (3) the procedures VA has in place to ensure that pensioners continue to receive the proper benefit payments on an ongoing basis. Our study included reviews of agency policies, procedures, and internal controls; site visits to 4 of VA's 57 regional offices and all three of its pension maintenance centers; and a selected file review of new claims at three locations.

What GAO Recommends

This report contains six recommendations to improve VA's management of the pension program. Specifically, VA should take steps to make more accurate and timely pension eligibility and payment decisions, improve its quality assurance of initial claims, incorporate feedback in its training, improve the effectiveness of pension eligibility processes, update its data match threshold, and evaluate the causes of improper pension payments.
In its comments on a draft of this report, VA agreed in part or fully with our recommendations, though raised concerns with some options to help implement several of them.

To view the full product, including the scope and methodology, click on GAO-08-112.
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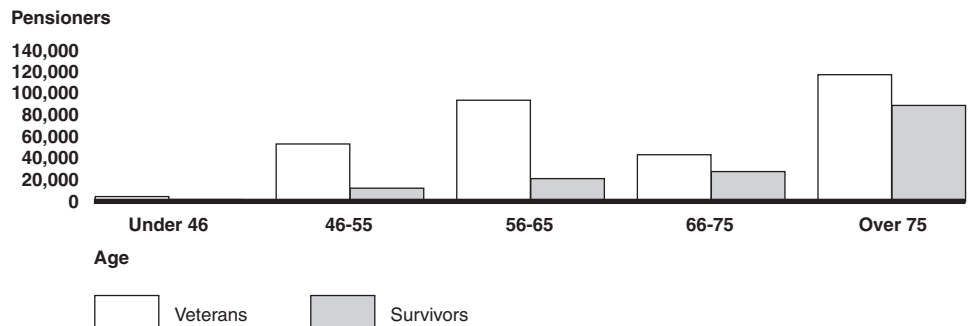
What GAO Found

In 2006, most of the over 500,000 VA pensioners had nonpension incomes well below the federal poverty level, were beyond retirement age, and had multiple impairments, and the population has been decreasing in number. The average annual reported income of these pensioners, excluding their VA pensions, was less than $5,000. The average age of VA pensioners was 70. More than 80 percent had no spouse or dependent children. Three-fourths of veteran pensioners had multiple impairments. After reaching a peak of almost 2 million in 1978, the overall size of the pensioner population has gradually decreased, although the number of pensioners from more recent service periods has been increasing.

VA policies and procedures are not sufficient to ensure sound decisions on new pension claims. Unlike other federal agencies with similar income-based programs, VA largely does not independently verify the accuracy of financial information provided by claimants to support initial pension program eligiblity. In addition, the guidance used by staff to make pension eligibility decisions is not always current or clear. Further, VA's quality assurance review process for initial claims does not select a sufficient number of pension cases to ensure the accuracy of pension claims decisions. Finally, VA does not adequately evaluate training for pension staff.

VA procedures for assessing whether pensioners continue to receive the proper benefits have significant limitations. Although the agency requires pensioners to report changes that might affect their pensions, VA does not require documentation such as bank or asset statements when pensioners report financial changes. Also, a key data match operation with the Internal Revenue Service is not conducted in a timely or efficient manner. Finally, despite millions of dollars in improper pension payments made each year, VA lacks a system to monitor and analyze their causes.

Age Groupings of VA Pensioner Population, 2006

Source: Fiscal year 2006-2008 budget submissions.