



Highlights of [GAO-06-309](#), a report to congressional requesters

Why GAO Did This Study

As part of its Disability Compensation program, the Department of Veterans Affairs (VA) provides Individual Unemployability (IU) benefits to veterans of any age who are unemployable because of service-connected disabilities. Over the last decade, the number of IU beneficiaries and benefit costs have more than tripled. In 2005, about 220,000 veterans received an estimated \$3.1 billion in IU benefits. In response to a congressional request, GAO assessed VA's management of IU benefits. This report (1) examines the added value of IU benefits for veterans of selected ages and disability ratings, (2) assesses the criteria, guidance, and procedures used for initial decision making, (3) assesses VA's ongoing eligibility enforcement procedures, and (4) compares VA's decision-making and enforcement procedures with those used by other disability programs.

What GAO Recommends

GAO recommends that VA should clarify and strengthen its IU eligibility criteria, guidance, and procedures for initial and ongoing eligibility decisions; and develop a return-to-work strategy for IU claimants. VA agreed with our conclusions and concurred with our recommendations, and stated that it has implemented and plans to implement program changes in areas that we identified as needing attention.

www.gao.gov/cgi-bin/getrpt?GAO-06-309.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cristina Chaplain at (202) 512-7215 or ChaplainC@gao.gov.

VETERANS' DISABILITY BENEFITS

VA Should Improve Its Management of Individual Unemployability Benefits by Strengthening Criteria, Guidance, and Procedures

What GAO Found

Under VA's disability compensation program, VA can award IU benefits (that is, total disability compensation) to veterans of any age who cannot work because of service-connected disabilities even though VA did not rate their impairments at the total disability level. The added value of IU benefits over a veteran's lifetime depends upon the veteran's level of impairment at the time he or she begins receiving IU benefits and the length of time these benefits are received. To illustrate the potential amount of IU benefits that could be received, GAO estimated the lifetime present value of the added benefits in disability compensation for veterans with different impairment levels who began receipt of IU benefits in 2005 at different ages. GAO found that the lifetime present value of these benefits can range from:

- about \$300,000 to over \$460,000 for veterans age 20 in 2005, and
- about \$89,000 to about \$142,000 for veterans age 75 in 2005.

GAO also found that just under half (46 percent) of new IU beneficiaries was awarded IU benefits at the age of 60 or older, and 19 percent were age 75 or older.

VA's criteria, guidance, and procedures for awarding IU benefits do not ensure that its IU decisions are well supported. VA regulations and guidelines lack key criteria and guidance that are needed to determine unemployability. VA guidelines also do not give rating specialists the procedures to obtain the employment history and vocational assessments needed to support IU decisions. As a result, some VA staff told us that IU benefits have been granted to some veterans with employment potential.

In addition, VA's process for ensuring the ongoing eligibility of IU beneficiaries is inefficient and ineffective. This enforcement process relies on old data, outdated, time-consuming manual procedures, insufficient guidance, and weak eligibility criteria. Moreover, the agency does not track and review its enforcement activities to better ensure their effectiveness.

VA is among the federal disability programs GAO has identified as high risk and in need of modernization, in part, because it is poorly positioned to provide meaningful and timely support to help veterans with disabilities return to work. Specifically, VA's compensation program does not reflect the current state of science, technology, medicine, and the labor market. VA's management of IU benefits exemplifies these problems because its practices lag behind those of other disability programs. Approaches from other disability programs demonstrate the importance of providing return-to-work services and using vocational expertise to assess the claimant's condition and provide the appropriate services. Incorporating return-to-work practices in IU decision making could help VA modernize its disability program to enable veterans to realize their full potential without jeopardizing the availability of benefits for veterans who cannot work.