



# Department of Veterans Affairs Office of Inspector General

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## Audit of Veterans Benefits Administration Compensation Rating Accuracy and Consistency Reviews

**To Report Suspected Wrongdoing in VA Programs and Operations**

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## Executive Summary

### Results in Brief

The Office of Inspector General (OIG) conducted an audit to evaluate selected aspects of the Veterans Benefits Administration's (VBA) quality assurance program. The objectives for this audit were to determine: (1) if the Systematic Technical Accuracy Review (STAR) process effectively identified and reported errors in compensation rating decisions and (2) if VBA's rating consistency reviews ensured that rating claims for similar conditions received the same evaluations and benefits, regardless of which VA regional office's staff completed the rating decision.

VBA's STAR process did not effectively identify and report errors in compensation claim rating decisions. VBA identified a national compensation claim rating accuracy of 87 percent for the 12-month period ending February 2008. We projected that VBA officials understated the error rate by about 10 percent, which equates to approximately 88,000 additional claims where veterans' monthly benefits may be incorrect. In total, we projected about 77 percent (approximately 679,000) of the almost 882,000 claims completed were accurate for the 12-month period ending February 2008. The 87 percent rate is not comparable to the accuracy rate VBA reports in the Performance and Accountability Report because that rate includes pension claims. Further, this accuracy rate only included errors that affected a veteran's benefits. STAR identifies, but does not report, other errors related to the rating decision's documentation, notification, and administration. Since these errors did not affect veteran benefits, we did not review the validity of these errors.

VBA officials developed an adequate rating consistency review plan and implemented metrics to monitor rating consistency. However, they did not fully implement the review plans designed to ensure that compensation claims for similar conditions received the same evaluations and benefits. For fiscal year (FY) 2008, VBA officials identified 61 diagnostic code reviews with inconsistencies in either a regional office's grant/denial rate for a specific diagnostic code or a regional office's evaluation (the percentage of compensation granted to a claimant) of a specific diagnostic code. Of the 61 identified reviews, VBA officials planned to conduct 22 reviews in FY 2008 consisting of 20 grant/denial rate and 2 evaluation reviews. However, they only initiated two grant/denial rate reviews and these were not completed until December 2008. Furthermore, VBA officials did not initiate either of the two planned evaluation reviews to analyze and improve the consistency of disability compensation ratings and to reduce the variances between states. Although data security and integrity issues impacted STAR management's ability to complete the planned reviews, VBA officials could have mitigated these problems by increasing efforts to correct data security issues and by assigning a sufficient number of staff to conduct the consistency reviews.

Quality assurance programs, such as STAR, are instrumental in identifying program deficiencies and alerting managers of the need to take corrective actions. Without an effective and reliable quality assurance program, VBA leadership cannot adequately monitor performance to make necessary program improvements and ensure veterans receive accurate ratings. Further, without implementing an effective rating consistency program, VBA officials cannot successfully assess or prioritize the improvements needed for claim rating consistency.

## Background

VBA administers a multi-faceted quality assurance program to ensure veterans and beneficiaries receive accurate and consistent compensation and pension (C&P) benefits. STAR is a key mechanism for evaluating regional office performance in processing accurate benefit claims for veterans and beneficiaries. According to a STAR manager, improving the accuracy and consistency of disability compensation claim rating decisions is among VBA's highest priorities. VBA's FY 2008 and 2009 goal for compensation rating claims was a 90 percent accuracy rate. STAR management is also responsible for conducting reviews of rating consistency. These reviews assess inconsistencies identified in either a regional office's grant/denial rate for a specific diagnostic code or a regional office's evaluation of a specific diagnostic code.

## Findings

### **VBA's STAR Program Does Not Provide a Complete Assessment of Rating Accuracy**

VBA's STAR program did not provide a complete assessment of compensation claim rating accuracy. During the 12-month period ending February 2008, VBA staff completed approximately 882,000 compensation claim ratings and STAR reviewers found that VBA staff accurately rated about 87 percent (approximately 767,000 claims). We reviewed a random sample of the claims reviewed by STAR reviewers to support the 87 percent accuracy rate and found additional errors affecting a veteran's benefits that STAR reviewers did not identify. As a result, we projected that VBA's accuracy rate for the claims reviewed by STAR was only 78 percent.

In addition, VBA officials excluded brokered claims from STAR reviews. We reviewed a sample of brokered claims and found an accuracy rate of 69 percent. When we combined the results of our review of brokered claims with our review of STAR reviewed claims, we projected that about 77 percent (approximately 679,000 claims) of compensation claims were accurate and VBA's reported error rate was understated by approximately 10 percent. This equates to approximately 88,000 additional, or about 203,000 total, claims where veterans' monthly benefits may be incorrect. This difference occurred because STAR reviewers did not identify all errors, and VBA officials excluded

a significant number of compensation claim ratings from review. Additionally, VBA officials had not implemented an effective formal training program for the STAR reviewers.

STAR reviewers can identify three types of errors—benefit entitlement, decision documentation/notification, and administrative. Additionally, they can record a comment, instead of an error, if the reviewers identify issues unrelated to the compensation claim ratings selected for review. VBA officials use benefit entitlement errors to calculate the compensation claim rating accuracy for regional offices because these errors affect the veterans' benefits.

STAR reviewers did not identify some of the missed errors because they either did not thoroughly review available medical and non-medical evidence (or identify the absence of necessary medical information), or they inappropriately misclassified benefit entitlement errors as comments. VBA officials do not count comments against the regional office's accuracy rate. The STAR manager stated that reviewers might identify errors as comments if they did not know whether the errors affected the veterans' benefits because required documentation was missing from the file. However, this conflicts with VBA guidance that requires STAR reviewers to identify errors that could result in a remand from the Board of Veterans' Appeals (BVA). Although STAR staff reviews each sample compensation claim rating twice, the second review is cursory.

While STAR management required regional offices to report quarterly on actions taken to correct benefit entitlement errors, they did not require or follow up to ensure regional offices took corrective actions on comments made by STAR reviewers. Ultimately, they rely on the regional office to take corrective action on all issues identified whether the STAR reviewer identified an error or a comment. We did not evaluate STAR follow up procedures to determine if corrective actions for the errors were appropriate. However, during VBA site visits to regional offices, team members review the corrective actions taken on issues identified during STAR for randomly selected cases from the most recent 12-month period.

From our sample, we identified 33 compensation claim ratings where STAR reviewers made comments instead of reporting issues as errors. At least six of the comments related to issues that could affect the veterans' benefits. We found that regional office staff had not corrected any of the six comments potentially affecting the veteran's benefits by the time of our review. Additionally, STAR reviewers should have recorded three of the six comments as benefit entitlement errors and we included them in our projections. Because the other three comments did not directly affect the specific claim under review, the reviewer correctly commented on the issues instead of recording them as errors. STAR management told us STAR reviewers conducted cursory secondary reviews of the sample compensation claim ratings and followed up on all errors (but not comments) to ensure regional offices took corrective action. The accuracy of the

veterans' compensation claim ratings is dependent on ensuring regional office staff take corrective actions even if STAR reviewers identified an error that was not associated with the sample claim. VBA took action to correct this condition and starting 1<sup>st</sup> Quarter FY 2009 now require regional offices to report quarterly on identified comments as well as errors.

VBA officials excluded brokered claims from STAR reviews. Brokered compensation claim ratings are those assigned to one regional office but sent to another office to be rated. VBA officials told us STAR reviewers do not review brokered claims because the STAR program's primary focus is on assessing and reporting rating accuracy for each of the regional offices. Since two regional offices are involved in brokered work, VBA officials stated it would be difficult to assign responsibility for the rating accuracy to one specific regional office. STAR management replaces brokered claims selected for review with a non-brokered claim. We reviewed a sample of brokered claims selected for STAR that were replaced with a different claim. We projected for the 12-month period ending February 2008, that about 31 percent (approximately 39,000) of the 126,000 claims brokered to other regional offices were not accurate. The 69 percent accuracy rate was significantly lower than both VBA's reported national accuracy rate of 87 percent and our projected accuracy rate of 78 percent for the STAR reviewed claims. VBA officials declined to speculate why the accuracy rate was lower for brokered claim ratings than for STAR reviewed compensation claim ratings.

The STAR reviewers did not ensure regional offices submitted all of the selected compensation claim ratings to the STAR program for review. Regional offices did not submit about 600 (7 percent) of the approximately 9,000 requested claim ratings for the 12-month period ending February 2008. We reviewed 54 of the approximately 600 pending requests and identified 12 (22 percent) benefit entitlement errors. STAR management relies on regional office staff to submit the requested claims and only follow up with the regional offices that do not submit any requested claims for a given month. A STAR manager stated they did not have the resources to follow up on individual claims that regional office staff do not submit. Therefore, regional office staff can choose not to submit a claim since STAR reviewers do not reconcile the claim requests. This control weakness provided opportunities for regional office staff to inappropriately withhold a claim from the STAR reviewers if they suspect the claim to have errors.

STAR reviewers are not required to complete formal training on an annual basis. According to a STAR manager, the reviewers met infrequently to discuss issues, and had no set formal training schedule or requirements. Regional office staffs that prepare and complete ratings and awards for compensation claims are required to achieve 80 hours of training per year to stay competent on laws, policies, and processes on rating-related issues. While the STAR manager agreed the reviewers could benefit from formal training, the manager stated workload requirements currently do not allow for the amount of training time necessary.

## **VBA Has Not Fully Implemented Plans To Ensure Veterans Receive Consistent Ratings**

VBA officials developed an adequate rating consistency review plan and implemented metrics to monitor rating consistency. The Deputy Under Secretary for Benefits testified before the House Veterans' Affairs Subcommittee on Oversight and Investigations in October 2007 that VBA had established an aggressive, comprehensive program of quality assurance and oversight to assess compliance with VBA claims processing policies and procedures. Further, VBA would identify unusual patterns of variance in claims, and then review selected variances to assess the level of decision consistency among and between regional offices. However, VBA had not fully implemented its rating consistency review plan as of March 2009.

To address variances in compensation ratings, VBA developed an adequate rating consistency review plan that included metrics to monitor rating consistency and a method to identify variances in compensation claim ratings. In FY 2008, VBA officials identified 61 diagnostic code reviews with inconsistencies in the grant/denial rate for a specific diagnostic code or an office's evaluation of a specific diagnostic code. VBA officials planned to conduct 22 of the 61 reviews in FY 2008 consisting of 20 grant/denial rate and 2 evaluation reviews. However, they only initiated two grant/denial rate reviews and did not complete either review until December 2008. Additionally, VBA did not initiate either of the evaluation reviews designed to reduce variances in compensation claim ratings.

From April through May 2008, VBA officials encountered a delay in completing planned consistency reviews because the universe of claims to be reviewed included completed claims with diagnostic codes outside the scope for the requested period. VBA officials notified the Office of Performance, Accountability, and Integrity (PA&I) of the data integrity issue and worked with C&P service staff to identify an appropriate universe in May 2008. Then, in July 2008, VBA officials stopped all consistency reviews until they could take action to secure personally identifiable information (PII) in STAR's electronic records used to capture and review data and analyze the results. VBA officials took the necessary actions to correct this condition and secured the database in December 2008.

Although data security and integrity issues impacted STAR management's ability to complete the planned reviews, VBA officials could have mitigated these problems by increasing efforts to correct data security issues and by assigning a sufficient number of staff to accomplish consistency reviews. The STAR program office was authorized 26 reviewers for rating accuracy and consistency reviews, and had 18 reviewers on board. However, only 8 of the 18 reviewers conducted consistency reviews. The eight reviewers tasked with completing reviews of consistency were not sufficient to complete the assigned work. A STAR manager estimated that approximately 12 reviewers were



needed to complete the 22 planned reviews. However, in addition to the consistency reviews, STAR management also assigned these same eight reviewers to conduct at least seven special focus reviews involving thousands of compensation claim ratings.

As part of future rating consistency review plans, inter-rater reliability reviews (IRRR) should be included, along with the annual rating consistency reviews. In July 2008, C&P service staff conducted an IRRR and found that 76 (31 percent) of the 246 participants incorrectly rated a relatively simple back strain claim. In August 2008, C&P service staff conducted another IRRR and found that 30 (13 percent) of the 247 participants incorrectly rated a Post Traumatic Stress Disorder (PTSD) compensation claim. According to VBA officials, the most common errors were incorrect evaluations due to misinterpretation of the appropriate facts and criteria. C&P service managers used the results of the IRRRs to plan focused training efforts, and they plan to conduct follow up IRRRs to evaluate the effectiveness of the training. The IRRRs allow VBA officials to target a single rating issue to ensure the consistent application of policies and procedures nationally. While IRRRs are an effective tool for evaluating raters' ability to rate specific rating issues consistently, the annual consistency reviews focus on regional offices' ratings that are not consistent with average national ratings for specific issues.

## Conclusion

VBA needs to make further improvements to the STAR program to better identify and report rating errors, and fully implement plans to review and improve rating consistency. STAR reviewers did not identify all rating errors. Rating accuracy reviews need to include a sample of brokered claim ratings. In addition, the program needs to establish formal STAR reviewer training. The accuracy of the veterans' compensation claim ratings are dependent on ensuring regional office staff take corrective action regardless of how the errors affect VBA's accuracy rate.

While a rating review plan was developed and metrics to monitor rating consistency were implemented, limited grant/denial reviews were initiated during the year and evaluation reviews to reduce the variances between states did not occur. VBA officials needed to increase efforts and assign additional staff to complete necessary rating consistency reviews. VBA's quality assurance program cannot meet its mission until they implement planned rating consistency reviews. An effective STAR and rating consistency review program will assist VBA's efforts to increase compensation rating accuracy and consistency, and ultimately ensure veterans receive their entitled benefits. Without an effective and reliable quality assurance program, VBA leadership cannot adequately monitor performance to make necessary program improvements and ensure veterans receive accurate ratings. Further, without implementing an effective rating consistency program, VBA officials cannot successfully assess or prioritize the improvements needed for claim rating consistency.

## Recommendations

1. We recommended the Under Secretary for Benefits establish a mechanism to ensure STAR reviewers evaluate all documentation related to the claim selected for review.
2. We recommended the Under Secretary for Benefits establish a requirement that all STAR reviewer comments receive a second review to make sure the reviewer appropriately recorded the comment instead of a benefit entitlement error.
3. We recommended the Under Secretary for Benefits establish procedures to review brokered claims as part of the STAR program.
4. We recommended the Under Secretary for Benefits enforce procedures requiring regional offices to submit all requested claims to the STAR program office for their review or submit written justification to the STAR program's office requesting to exclude the claim from the review.
5. We recommended the Under Secretary for Benefits establish minimum annual training requirements for each STAR reviewer that are comparable to regional office rating staff training requirements.
6. We recommended the Under Secretary for Benefits develop an annual rating consistency review schedule and complete all planned reviews as scheduled.
7. We recommended the Under Secretary for Benefits dedicate sufficient staff to conduct consistency reviews in order to complete planned workload and reviews.
8. We recommended the Under Secretary for Benefits include inter-rater reliability reviews as a permanent component of their consistency review program.

## Comments

The Under Secretary for Benefits agreed with our findings and recommendations. The Under Secretary took appropriate actions to implement recommendations 2, 3, 4, 5, and 8 so we consider these recommendations closed. The Under Secretary's planned actions for recommendations 1, 6, and 7 were acceptable and we will follow up on their implementation. See Appendix B for the full text of the Under Secretary's comments.

*(original signed by:)*

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for Auditing

## Introduction

### Purpose

The purpose of the audit was to evaluate selected aspects of VBA's quality assurance program. The objectives for the audit were to determine if:

- The STAR process effectively identified and reported errors in rating decisions.
- VBA's rating consistency reviews ensured that rating claims for similar conditions received the same evaluations and benefits, regardless of which VA regional office's staff completed the rating decision.

### Background

VBA administers a multi-faceted quality assurance program to ensure regional office staffs provide C&P benefits in an accurate and consistent manner. The four components of the quality assurance program are STAR, rating consistency reviews, special focus reviews, and VA regional office compliance oversight visits. This audit focused on the STAR program rating accuracy and rating consistency reviews.

#### STAR Program Rating Accuracy Review

STAR is a key mechanism for evaluating regional office performance in processing accurate benefit claims for veterans and beneficiaries. The STAR process provides a comprehensive review and analysis of compensation rating processing associated with specific claims or issues. According to the STAR manager, improving the quality, which includes accuracy and consistency, of disability compensation claim rating decisions is among VBA's highest priorities. VBA's FY 2008 and 2009 goal for compensation claim ratings was a 90 percent accuracy rate. STAR reviewers use a checklist designed to facilitate a consistent, structured review and classify errors into three categories:

- Benefit entitlement errors affect the veterans' entitlement to benefits and the STAR program uses these errors to assess regional office accuracy and performance. For the 12-month period ending February 2008, VBA identified a compensation claim accuracy rate of 87 percent. This rate is not comparable to the accuracy rate VBA reports in the Performance and Accountability Report because that rate includes pension claims.
- Decision documentation/notification errors affect procedural processes because of missing or incomplete claim documents. For the 12-month period ending February 2008, VBA reported that 7 percent of rating claims had decision/notification errors. These errors do not affect veteran benefit entitlements and are not included in

the reported compensation claim accuracy rates. Therefore, we did not report or include these types of errors in our projected accuracy rate.

- Administrative errors affect procedural processes because of missing approvals and signatures. For the 12-month period ending February 2008, VBA reported that 1 percent of rating claims had administrative errors. These errors do not affect veteran benefit entitlements and are not included in the reported compensation claim accuracy rates. Therefore, we did not report or include these types of errors in our projected accuracy rate.

VBA uses end product codes as identifiers to monitor workload and productivity of the regional offices. Errors unrelated to the selected end products for review are not recorded as errors, but are documented as comments instead. When a veteran submits a claim for benefits, the claim is given an end product code that identifies the type of claim filed. Claims that require ratings must be developed (obtain all necessary evidence of the veteran's service and disability to support the claim) and given to a Rating Veterans Service Representative (RVSR) for a decision. RVSRs determine if a veteran's military service caused or aggravated the veteran's condition and, if so, assign a percentage of disability based on the documented evidence. For reopened claims, the veteran's previously assigned diagnostic codes with evaluations also affect the veteran's overall combined percentage of disability. Regional office staffs use previously assigned diagnostic codes, along with their percentages, in combination with current assigned diagnostic code percentages to determine the combined level of disability. Once a claim is completed, the end product is cleared, and work credit is given to the regional office.

A completed claim and corresponding cleared end product is then subject to review by STAR reviewers based on a statistical sample of all completed rating end products. Each month, PA&I send the STAR program a list of randomly selected completed end products for review. In order to review a selected end product, the veteran's entire claims folder must be submitted to STAR. According to VBA criteria, regional offices have 14 days to comply with the request or send a status update explaining why they did not send a folder. For example, the request status could be pending<sup>1</sup>, brokered<sup>2</sup>, or file could not be located<sup>3</sup>.

During the 12-month period ending February 2008, STAR management requested approximately 700 sample claims each month to evaluate the accuracy of compensation claim ratings. In April 2008, VBA officials increased the number of claims selected for review monthly to approximately 1,200 claims nationwide. According to VBA officials, the additional sample claims allowed them to increase the confidence interval from 90 to 95 percent for each regional office.

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<sup>1</sup> Regional office will comply later.

<sup>2</sup> STAR program selects a different file.

<sup>3</sup> STAR program deselects the sample claims and requests a replacement from the regional office.

### Rating Consistency Review

On May 19, 2005, the VA Office of Inspector General issued *Review of State Variances in VA Disability Compensation Payments* (Report No. 05-00765-137). The results showed that variances in VA disability compensation ratings continue to exist. The report recommended the Under Secretary for Benefits pursue a scientific study to further understand the influences on disability compensation payments.

VBA officials contracted with the Institute for Defense Analyses' (IDA) to further analyze these disability compensation variances among the different regional offices. The IDA report issued in December 2006, *Analysis of Differences in Disability Compensation in the Department of Veterans Affairs*, showed insufficient processes to ensure rating consistency among regional offices and recommended VA standardize initial and ongoing training for rating specialists, increase oversight and review of rating decisions, and develop and implement metrics to monitor consistency in adjudication results.

VBA's Deputy Under Secretary for Benefits testified before the House Veterans' Affairs Subcommittee on Oversight and Investigations in October 2007 to discuss VBA's response to the IDA report recommendations. The Deputy Under Secretary testified that VBA had established an aggressive, comprehensive program of quality assurance and oversight to assess compliance with VBA claims processing policy and procedures, assuring consistent application. VBA would conduct analyses to identify unusual patterns of variance in claims, and then review selected variances to assess the level of decision consistency among and between regional offices. VBA would use these studies to identify where regional office staffs require additional guidance and training to improve consistency and accuracy, as well as to drive procedural or regulatory changes.

STAR management is also responsible for conducting reviews of rating consistency. To review consistency, VBA developed metrics to monitor regional office consistency among diagnostic codes. The central metrics were grant/denial rates for each diagnostic code and evaluation of granted service-connected percentages.

- Grant reviews compared the regional offices' grant of each diagnostic code to the national average. VBA officials define any regional office grant more than two standard deviations away from the national rate as an outlier.
- Evaluation mode reviews compared the regional offices' most commonly granted service-connected percentage (mode) for each diagnostic code to the most commonly granted national mode. VBA officials define any regional office mode that was equal to two or more evaluation levels away from the national mode as an outlier.

The goal of VBA's consistency reviews is to monitor and ensure that veterans with similar conditions receive the same evaluations or benefits regardless of which regional office staff completed the rating decisions. To conduct the consistency review, STAR management identifies a diagnostic code for a regional office that was identified as an outlier from data PA&I obtained from multiple VBA systems using the STAR management's defined metrics. The metrics focus on VA assigned diagnostic codes that account for 90 percent of the human body systems, such as cardiovascular and respiratory. The grant rate metric measures the percentage of diagnostic codes granted/denied to the national average granted/denied for the same diagnostic code. The percent evaluation metric is the measure of the most frequently assigned evaluation for each diagnostic code compared to the national average assigned evaluation for the same diagnostic code. STAR management submits a request to PA&I staff to select a sample of claims for a specific regional office and diagnostic code. PA&I staff obtain the list of sample claims and provides the information to STAR management who requests the sample claims for review from the regional office staff. When the regional office personnel submit the claims for review, the STAR reviewers record the consistency review data that VBA officials use to analyze the sample results.

## **Scope and Methodology**

We conducted our work from June 2008 to February 2009. We reviewed compensation claim ratings selected for STAR review from March 2007 through February 2008. We evaluated VBA's STAR and rating consistency program plans and methodologies for FY 2008 and performed site reviews to evaluate program and local policies and procedures.

We reviewed applicable laws, regulations, policies, procedures, and guidelines that pertained to VA compensation claim ratings and VBA's quality assurance program. Additionally, we interviewed managers and staff from VBA's quality assurance program offices in Washington, D.C. and Nashville, TN, and the following regional offices: Denver, CO; Milwaukee, WI; Nashville, TN; Phoenix, AZ; and Salt Lake City, UT.

During the 12-month period ending February 2008, STAR management requested approximately 700 sample claims each month to evaluate the accuracy of compensation claim ratings. In April 2008, VBA officials increased the number of claims selected each month for review to approximately 1,200 claims nationwide. According to VBA officials, the additional sample claims allowed them to increase the confidence interval from 90 to 95 percent for each regional office. We projected the compensation claim ratings accuracy from a random statistical sample of claims requested by the STAR reviewers during the 12-month period ending February 2008. We followed the same process used by the STAR review staff and discussed all identified errors with STAR review staff and VBA officials.

To evaluate if the STAR rating review process effectively identified and reported errors, we reviewed two stratified statistically random samples of 167 total compensation claim ratings. The samples included 115 compensation claims reviewed by STAR reviewers for accuracy and 52 brokered claims that STAR reviewers had not reviewed. Additionally, we reviewed a statistical random sample of 54 pending compensation claim ratings that were selected for review, but regional offices did not submit for review. We used the STAR program's rating review checklist during our claims folder review and recorded any benefit entitlement errors. STAR reviewers count each claim with errors as one error, regardless of the number of errors found in the claim. We discussed the results of our review with VBA officials, and where appropriate, we made changes to our results based on explanations and documentation VBA officials provided us.

To determine the effectiveness of the rating consistency reviews, we evaluated VBA's FY 2008 rating consistency review plan, standard operating procedures, and business rules used for the data analysis. We examined two rating consistency reports for grant/denial reviews issued prior to FY 2008 and the results of IRRRs conducted in July and August 2008. The Secretary of Veterans Affairs requested the IRRRs to determine if consistency of ratings was still an issue. The IRRR allows VBA to target a single rating issue to evaluate the consistent application of policies and procedures nationally.

We assessed the reliability of computerized data by comparing selected data elements—veteran identifier information, end product codes, and disposition dates—to documentation in the claims folders. We concluded that the data used to accomplish the audit objectives was sufficiently reliable.

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

## Results and Conclusions

### VBA's STAR Program Does Not Provide a Complete Assessment of Rating Accuracy

#### Findings

VBA officials needed to implement additional improvements to ensure managers have a true assessment of the accuracy of compensation claim ratings. We determined the error rate STAR program officials found was understated by approximately 10 percent because:

- STAR reviewers did not identify errors affecting veterans' entitlement to benefits.
- VBA officials excluded a significant number of compensation claim ratings from their review.

Additionally, VBA officials had not implemented an effective training program to ensure STAR reviewers were current on rating policies and procedures. Quality assurance programs, such as STAR, are instrumental in identifying program deficiencies and alerting managers of the need to take corrective actions. Without an effective and reliable quality assurance program, VBA leadership cannot adequately monitor performance to make necessary program improvements and ensure veterans receive accurate ratings.

#### 1. VBA Officials Understated their National Error Rate by About 10 Percent

During the 12-month period ending February 2008, VBA staff completed approximately 882,000 compensation claim ratings and STAR reviewers found that VBA staff accurately rated about 87 percent (approximately 767,000 claims). We reviewed a random sample of the claims reviewed by STAR reviewers to support the 87 percent accuracy rate and found additional errors affecting a veteran's benefits that STAR reviewers did not identify. As a result, we projected that VBA's accuracy rate for the claims reviewed by STAR was only about 78 percent.

In addition, VBA officials excluded brokered claims from STAR reviews. We reviewed a sample of brokered claims and found an accuracy rate of about 69 percent. When we combined the results of our review of brokered claims with our review of STAR reviewed claims, we projected that only about 77 percent (approximately 679,000 claims) of compensation claims were accurate and VBA's reported error rate was understated by approximately 10 percent. This equates to approximately 88,000 additional, or about 203,000 total, claims where veterans' monthly benefits may be incorrect.



### STAR Reviewers Did Not Identify Errors Affecting Veterans' Entitled Benefits

A STAR manager stated they used VBA guidance to review and evaluate the accuracy of compensation claim ratings. The reviewers can identify three types of errors—benefit entitlement, decision documentation/notification, and administrative. Additionally, reviewers can record a comment instead of an error if reviewers identify issues unrelated to the sample rating selected for review. VBA officials use benefits entitlement errors to calculate the accuracy rate for regional offices because they affect the veterans' benefits. VBA does not use decision documentation/notification and administrative errors in calculating the regional office's accuracy rate.

VBA guidance requires STAR reviewers to report an error when a claim is not fully developed or a rating action conflicts with current regulations or directives. Fully developing the claim means to obtain all necessary documentation such as VA exams, service treatment records, discharge exams, and current medical records. Without the required information, VBA personnel could assign an inappropriate rating to a veteran which could affect the veteran's entitlement to benefits and medical care.

We projected that STAR reviewers did not identify an estimated 88,000 additional errors affecting veterans' entitled benefits. STAR reviewers did not identify some of the errors because reviewers:

- Did not thoroughly review claims folders to detect the presence or omission of key documentation, which was critical for the regional office staff to make an accurate rating decision.
- Classified some errors as comments instead of benefit entitlement errors. VBA officials do not count comments against a regional office's accuracy rate.

The STAR manager stated that reviewers might identify errors as comments if they did not immediately know whether the errors affected the veterans' benefits because required documentation was missing from the file. However, this conflicts with VBA guidance that requires STAR reviewers to identify errors that could result in a remand from BVA. A remand is an order from BVA to VBA to complete specified tasks, such as to order an exam, request missing records, or contact the veteran for more information.

For example, in May 2007, a veteran filed a claim and informed the regional office that treatment records for his claimed condition were located at a VA medical center. The effective date for service-connection was the date of claim. The STAR reviewer's comment stated that efforts should be made to obtain the information from the medical center to determine if the veteran is entitled to an earlier effective date. However, for the claimed condition, treatment records from 1998 in the claims folder already indicated the condition was probably due to his service-connected condition of diabetes mellitus.

Therefore, the veteran was entitled to the earlier effective date. VBA officials agreed the STAR reviewer should have categorized this as an error instead of a comment.

A STAR manager stated that STAR reviewers conduct a cursory second review for each claim reviewed. However, the secondary reviews focused on claims with benefit entitlement errors. STAR reviewers primarily checked for spelling and to ensure the reviewer answered checklist questions when they did not identify errors. A more thorough review of claims with reviewer comments would help ensure reviewers identify all benefit entitlement errors.

### VBA Officials Excluded a Significant Number of Ratings from Their Review

For the 12-month period ending February 2008, VBA brokered to other offices about 126,000 of the approximately 882,000 completed ratings. VBA officials stated that STAR reviewers did not review brokered claims because the STAR program's primary focus was on assessing and reporting rating accuracy for each of the regional offices. Since two regional offices are involved in brokered work, VBA officials stated it would be difficult to assign responsibility for the rating accuracy to one specific office. STAR management replaced brokered claims selected for review with other sample claims. Our review projected that of the 126,000 brokered claims not reviewed by STAR reviewers; about 31 percent (approximately 39,000) included errors affecting veterans' benefits, which resulted in about a 69 percent accuracy rate. The estimated 69 percent accuracy rate is significantly lower than both VBA's national rate of 87 percent and our estimated result of 78 percent for the STAR reviewed claims. VBA officials would not speculate on why the error rates for brokered claims were significantly higher than non-brokered claims. VBA officials agreed with our results and stated they planned to review brokered claims in the future.

### VBA Officials Did Not Make Sure Selected Claims Were Submitted

VBA officials did not make sure regional offices submitted requested claims for review. For the 12-month period ending February 2008, regional offices did not submit about 600 (approximately 7 percent) of the almost 9,000 requested claims and were not required to provide an explanation as to why the claims were not submitted. We reviewed 54 of the 600 pending requests and identified 12 (approximately 22 percent) benefit entitlement errors. Regional office staff could not determine a reason they did not submit certain claims folders when requested, but some of the reasons provided were because the claims or folders were:

- Brokered claims or lost folders that STAR reviewers would have replaced with another claim.

- Unavailable at the time of the request because they could not be located or were actively being used by staff at regional offices, medical centers, or BVA.

These errors were not included in our projected error rates since it was not possible to identify a universe of selected claims the regional offices would not submit for review. The STAR manager stated they rely on the regional office staff to submit the requested claims and only follow up with the regional offices that do not submit any requested claims for a given month. This was because the STAR program did not have the resources to follow up on individual claims that regional office staff did not submit. As a result, regional office staff may choose not to submit a claim since STAR reviewers do not follow-up or reconcile the request. This control weakness provided opportunities for regional office staff to inappropriately withhold a claim from the STAR reviewers if they suspect the claim to have errors.

#### The STAR Program Office Did Not Follow Up on STAR Comments

While STAR management required regional offices to report quarterly on actions taken for benefit entitlement errors, they did not require or follow up to make sure regional offices took corrective actions on comments made by STAR reviewers. Ultimately, they rely on the regional office to take corrective action on all issues identified whether the STAR reviewer identified an error or a comment. We did not evaluate STAR follow up procedures to determine if corrective actions for the errors were appropriate. However, we determined cyclic VBA site visits review the corrective actions taken on issues identified by STAR for randomly selected cases from the most recent 12-month period.

From our sample, we identified 33 compensation claim ratings where STAR reviewers made comments instead of reporting issues as errors. At least six of the comments related to issues that could affect the veterans' benefits. We found that regional office staff had not corrected any of the six comments potentially affecting the veteran's benefits by the time of our review. Additionally, STAR reviewers should have recorded three of the six comments as benefit entitlement errors so we included them in our projections. Because the other three comments did not directly affect the specific claim under review, the reviewer correctly commented on the issues instead of recording them as errors. These three comments were not included in the national accuracy rate for our projected errors. STAR management told us the STAR reviewers conducted cursory secondary reviews of the sample compensation claim ratings and followed up on all errors (but not comments) to ensure regional offices took corrective action.

The accuracy of the veterans' compensation claim ratings is dependent on ensuring regional office staff take corrective actions even if STAR reviewers identified an error that was not associated with the sample claim. For example, a STAR reviewer made a comment on a benefit entitlement error that VBA identified on a prior rating decision. Three years ago, BVA stated that regional office staff completing the rating did not

address two claimed benefits. Because the benefit entitlement errors did not relate to the compensation claim ratings under review, the errors did not count toward the rating accuracy rate. Further, the regional office did not act on the STAR reviewer's comment causing further delays in providing the veteran a decision on the two claimed conditions.

At the time of our review, we found that regional office staff had not corrected any of the six comments potentially affecting the veteran's benefits. Regional offices were not required to address comments. However, VBA took action to correct this condition and starting 1<sup>st</sup> Quarter FY 2009 now requires regional offices to report quarterly on identified comments as well as errors.

## **2. VBA Needs To Establish a Training Program for the STAR Reviewers**

Formal training requirements had not been established to ensure STAR reviewers remain current in the competencies to review the work of regional office staff. Regional office staffs that prepare and complete ratings and awards for compensation claims are required to complete 80 hours of formal training per year. The requirements specify that 60 of the required 80 hours should cover rating-specific issues such as post traumatic stress disorder, effective dates, ancillary benefits, and various physically disabling conditions. Regional office managers will select the training topics for the remaining 20 hours at their discretion.

While the STAR manager agreed STAR reviewers could benefit from formal training, the manager stated workload requirements currently do not allow for training time. VBA constantly adjusts the way regional office staff handle claims due to changes in law, Office of General Counsel Precedent Opinions, and court decisions. Therefore, regional offices conduct regular refresher training on development and rating issues, as necessary, as well as regularly scheduled training for RVSRs and Decision Review Officers to stay up to date on current policies and procedures. For one of the errors we identified, the STAR manager stated the experienced STAR reviewer would have been more likely to miss this error than a newer STAR reviewer. The experienced STAR reviewer had been away from rating claims for several years, and the changes in policy and procedures for this particular issue have been substantial. Formal training requirements would help the STAR reviewers remain current on rating issues such as this.

## **Conclusion**

Rating accuracy assessments and reporting could be strengthened to better identify rating errors and improve the accuracy of the compensation claim ratings. VBA had more than doubled the number of STAR reviewers and increased the monthly sample size for each regional office, but additional improvements are needed to accurately evaluate compensation claim ratings. Rating accuracy reviews need to include a sample of brokered claim ratings. In addition, the program needs to establish STAR reviewer

training requirements. An effective STAR program will assist VBA's efforts to increase compensation rating accuracy and ensure veterans receive their entitled benefits.

## Recommendations

1. We recommended the Under Secretary for Benefits establish a mechanism to ensure STAR reviewers evaluate all documentation related to the claim selected for review.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated VBA will amend the STAR rating checklist to include automated reminders of salient points of the claim review process to enhance the quality review process. VBA anticipates programming modifications will be completed by mid-summer 2009.

2. We recommended the Under Secretary for Benefits establish a requirement that all STAR reviewer comments receive a second review to make sure the reviewer appropriately recorded the comment instead of a benefit entitlement error.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated quality assurance management now requires a second-level review of STAR comments.

3. We recommended the Under Secretary for Benefits establish procedures to review brokered claims as part of the STAR program.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated system enhancements completed in May 2008, will allow electronic sampling of work completed at the rating resource centers and additional staff are being hired to handle the increased workload demands. Quality assurance management plans to begin sampling completed work from the 10 designated brokered sites during the third quarter FY 2009.

4. We recommended the Under Secretary for Benefits enforce procedures requiring regional offices to submit all requested claims to the STAR program office for their review or submit written justification to the STAR program's office requesting to exclude the claim from the review.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated follow-up procedures have been implemented that will include the Office of Field Operations working through the area offices to ensure all STAR cases are submitted for review.

5. We recommended the Under Secretary for Benefits establish minimum annual training requirements for each STAR reviewer that are comparable to regional office rating staff training requirements.

#### Under Secretary for Benefits Comments

The Under Secretary agreed and stated the quality assurance management developed a training plan for FY 2009 and requires STAR staff to complete 80 hours of training per year.

#### Office of Inspector General Comments

The Under Secretary took appropriate actions to implement recommendations 2, 3, 4 and 5 so we consider these recommendations closed. The planned actions for recommendation 1 are acceptable and we will follow up until they are implemented.

## **VBA Has Not Fully Implemented Plans To Ensure Veterans Receive Consistent Ratings**

### **Findings**

VBA officials developed an adequate rating consistency review plan and implemented metrics to monitor rating consistency. However, VBA had not fully implemented its plan to review consistency of compensation claim ratings and meet its program mission. STAR reviewers did not complete planned consistency reviews due to insufficient staff resources, delays caused by data integrity issues, and PII security issues that caused program managers to halt the rating consistency reviews. As a result, as the IRRR showed and VBA officials acknowledged, variances in compensation ratings for similar disabilities still exist and ratings may not be consistent.

#### **1. Rating Consistency Review Plan Has Not Been Fully Implemented**

The Deputy Under Secretary for Benefits testified before the House Veterans' Affairs Subcommittee on Oversight and Investigations in October 2007 that VBA had established an aggressive, comprehensive program of quality assurance and oversight to assess compliance with VBA claims processing policy and procedures, assuring consistent application. Further, VBA would identify unusual patterns of variance in claims, and then review selected variances to assess the level of decision consistency among and between regional offices. To address variances in compensation ratings, VBA developed an adequate rating consistency review plan. This plan included implementing metrics to monitor rating consistency and identifying outliers to evaluate variances in compensation claim ratings. However, VBA had not fully implemented its rating consistency plan as of March 2009.

From the universe of assigned diagnostic codes, VBA identified 61 outliers for potential consistency reviews—comprised of 22 grant reviews and 39 evaluation reviews. For these 61 outliers, VBA officials scheduled 22 reviews—20 grant/denial reviews and 2 evaluation reviews. However, STAR management only initiated two grant/denial reviews and these reviews did not begin until March 2008. These two reviews were not completed until December 2008. Additionally, evaluation reviews to analyze and improve disability compensation rating consistency have not been initiated. Thus, VBA did not reduce variances in compensation claim ratings.

## **2. Rating Consistency Review Team Was Not Fully Staffed**

VBA officials did not fully implement the rating consistency plan because STAR staffing resources were insufficient to accomplish both of the rating consistency reviews and other special projects assigned. The STAR program office was authorized 26 reviewers for rating accuracy and consistency reviews, and had 18 reviewers on board. VBA officials expect to increase staff levels now that an office expansion project in Nashville, TN, was completed in December 2008. STAR program officials hired 10 of the 18 reviewers in February 2008 to conduct the STAR reviews. STAR management assigned the experienced 8 of these 18 reviewers to conduct consistency reviews and/or special projects. Based on the STAR manager's estimate, approximately 12 reviewers were needed just to complete the 22 planned reviews. However, in addition to the consistency reviews, these same eight reviewers also conducted at least seven special focus reviews involving thousands of compensation claim ratings. These included recurring and one-time special reviews.

### Recurring Reviews

- Review of all awards over \$250,000 or retroactive 8 years or more—VBA officials permanently transferred this review to the STAR program in February 2008.
- C&P Exam Program Review—reviewers completed 7,600 reviews during FY 2008.
- IRRR—completed one each in July and August 2008.

### One-Time Special Reviews

- Radiation claim review.
- Reviews of post-traumatic stress disorder claims.
- Quality review of canceled disability exams (future disability rating exams).

- Special review of Veterans Health Administration contract disability rating exam quality.

### **3. Data Integrity Issues Delayed Consistency Reviews**

VBA officials delayed the consistency reviews from April through May 2008 because claims selected for sampling were outside the scope for the requested period. Consistency reviews focus on a diagnostic code from a completed claim during a specific time. C&P Service staff prepared and submitted the data request to PA&I in March 2008. PA&I staff extracted the requested data, which C&P Service staff used to request sample claims for consistency reviews. However, in April 2008, C&P Service staff determined that the March sample failed to limit the data to claims with only diagnostic codes for the requested period. VBA officials notified PA&I of the integrity issue and worked with C&P Service staff to identify an appropriate universe in May 2008.

### **4. Consistency Reviews Stopped Until Data is Secured**

From May through July 2008, STAR reviewers evaluated claims from the two consistency reviews. However, in July 2008, VBA officials stopped all consistency reviews until they could take action to secure PII in STAR's electronic records used to capture and review data and analyze the results. To conduct a consistency review, STAR reviewers uploaded the results of each review electronically into a database. The reviewers used the database for analysis to identify any trends or deficiencies that needed correction. However, in July 2008, VBA officials determined that the database did not meet security standards for PII and halted the consistency reviews until they could correct the data protection issue. VBA officials took action to correct this condition and secured the database in December 2008.

### **5. Consistency of Ratings Remained a Problem**

At the request of the Secretary of Veterans Affairs, C&P service officials conducted an IRRR in July 2008 to determine if consistency of ratings was still an issue. The IRRR complements the consistency review methodology by allowing VBA officials to target a single rating issue to ensure the consistent application of policies and procedures. To conduct an IRRR, VBA officials provided selected regional office rating staff a compensation claim ratings scenario that had only one correct decision. Participants from the regional offices made a rating decision and included their justification on the provided compensation claim scenario.

For the July 2008 IRRR, VBA officials designed a back strain compensation claim to be simple and straightforward. The straightforward design was intended to obtain consistent rating results that C&P service staff could easily evaluate. The results showed that only



69 percent of the participants correctly rated the claim. According to VBA officials, the most significant errors were the range of evaluation percentages assigned to the diagnostic codes, which accounted for 88 percent of the total errors.

C&P service managers were able to analyze the results and the rater's individual responses to effectively plan focused training efforts regarding specific issues identified through the review. From the July review, VBA officials coordinated with the VBA policy and training offices and conducted a training session for all regional offices on August 28, 2008. However, VBA officials will not know the effectiveness of the training until another review of the back strain rating issue is completed. According to VBA officials, they plan to conduct a follow up in 6 months to evaluate the effectiveness of the training.

VBA officials conducted a second IRRR in August 2008 with a PTSD compensation claim. The results showed that 87 percent of the participants correctly rated the claim. Again, the most significant error was the range of evaluation percentages assigned to the diagnostic codes which accounted for 97 percent of the total errors. The participants assigned a higher and lower evaluation of 50 percent or 10 percent instead of the correct answer of 30 percent. This occurred due to misinterpretation of the severity of symptoms.

As part of the future rating consistency review plans, IRRRs should be continued along with the already planned annual rating consistency reviews. While IRRRs are an effective tool for evaluating rating consistency nationally for specific rating issues, the annual consistency reviews focus on regional offices' ratings that are not consistent with average national ratings for specific issues.

## **Conclusion**

During FY 2008, efforts to improve rating consistency were too limited to effectively address the number of consistency issues impacting ratings. While VBA officials developed a rating consistency review plan and implemented metrics to monitor rating consistency, the implementation of the planned reviews was limited. Although data security and integrity issues disrupted the consistency reviews, the reviews were not a high priority. VBA officials needed to increase efforts and assign additional staff to complete necessary rating consistency reviews. The IRRRs showed that variances in compensation claim ratings for similar disabilities still exist and VBA officials need to make improving rating consistency and its assessment more of a priority. VBA's quality assurance program cannot meet its mission until they implement planned rating consistency reviews. Further, without implementing an effective rating consistency program, VBA officials cannot successfully assess or prioritize the improvements needed for claim rating consistency.

## Recommendations

6. We recommended the Under Secretary for Benefits develop an annual rating consistency review schedule and complete all planned reviews as scheduled.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated VBA developed a schedule for conducting rating consistency-focused case reviews for FY 2009. The target completion date for this action is September 30, 2009.

7. We recommended the Under Secretary for Benefits dedicate sufficient staff to conduct consistency reviews in order to complete planned workload and reviews.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated three additional reviewers have been hired and will begin in May 2009, and VBA plans to continue to aggressively recruit to fill authorized vacancies.

8. We recommended the Under Secretary for Benefits include inter-rater reliability reviews as a permanent component of their consistency review program.

### Under Secretary for Benefits Comments

The Under Secretary agreed and stated VBA developed an Inter-Rater Reliability Study schedule for FY 2009.

### Office of Inspector General Comments

The Under Secretary took appropriate actions to implement recommendation 8 so we consider this recommendation closed. The planned actions for recommendations 6 and 7 are acceptable and we will follow up until they are implemented.

## Universe and Sample Review of Claims Folders

Our review of the STAR rating accuracy program covered the 12-month period ending February 2008. During this period, VBA completed 881,644 compensation rating end products. Of these completed end products, PA&I stated 125,968 were brokered. STAR reviewers did not review brokered claims selected for review by the STAR program. STAR reviewers only reviewed completed, non-brokered claims.

**Table 1. Compensation Ratings Completed by VBA  
March 2007 through February 2008**

Non-Brokered Ratings	Brokered Ratings	Total Compensation Ratings
755,676	125,968	881,644

### Universe

The sampling universe for evaluating the STAR rating accuracy program consisted of 6,257 compensation claim ratings reviewed by STAR reviewers and 1,514 claims that were not reviewed because the claims were brokered. The timeframe selected for the claims was end products that were cleared (completed) during the 12-month period ending February 2008. The STAR rating accuracy review includes the following seven compensation end products.

**Table 2. End Products Used for Compensation Rating Accuracy**

Description	Code
Initial Disability Compensation—8 or More Issues	010
Reopened Compensation	020
Appeal Certifications and Supplemental Statements of the Case	070
Initial Disability Compensation—1 to 7 Issues	110
Initial Death Compensation & Dependency and Indemnity Compensation	140
Statements of the Case	172
C&P Hearings—Decision Review Officer	174

End Products

The STAR management requested compensation claim rating end products for the STAR rating accuracy review from a list of randomly selected end products provided by PA&I. We identified four categories from the claims selected for STAR rating review, which were “reviewed,” “brokered,” “pending,” and “deselected.” The STAR staff only reviewed the non-brokered claims selected for review. We reviewed a sample of the non-brokered and brokered claims, as well as a sample of pending claims.

**Table 3. Compensation End Products Requested for Review by the STAR program office, March 2007 through February 2008**

<b>Strata</b>	<b>End Products</b>	<b>Percentage of Total Requested End Products</b>
Non-Brokered (STAR-Reviewed)	6,257	69
Brokered	1,514	17
Pending	623	7
Deselected	613	7
<b>Total Requested</b>	<b>9,007</b>	<b>100</b>

Sample Design

We used a stratified simple random statistical model with two sample strata. The sample sizes were determined using a 90 percent confidence interval with a 10 percent precision rate. For reviewed and brokered claims, we reviewed 115 and 52 compensation rating end products respectively.

We also selected a simple random statistical sample and reviewed 54 pending compensation rating claims using a 90 percent confidence interval with a 10 percent precision rate. Pending compensation rating claims are claims requested by STAR for review where the regional office did not provide the claims folder for review.

Sample Results

For the STAR rating accuracy review, STAR reviewers evaluated regional offices on the outcome of cleared end products. STAR reviewers looked for all errors made in a cleared end product, but only reported benefit entitlement errors. Benefit entitlement errors are not limited to, but can result in overpayments, underpayments, and BVA remands. BVA remands a claim when development fails to provide necessary evidence to accurately rate an end product.

**Appendix A**

To evaluate the reported accuracy rates, we reviewed end products using the same methodology used by STAR to review files. The checklist questions are grouped into three major error question types—A through D are benefit entitlement errors, E and F are decision documentation errors, and G and H are administrative errors. Question type J is for a comment which does not relate to recorded errors.

We reviewed 115 sample compensation claim ratings previously reviewed by STAR reviewers and identified 25 with errors. Additionally, we identified 16 errors in the 52 sample compensation claim ratings not reviewed by STAR reviewers because one regional office developed the claim and another regional office brokered the claim for rating purposes.

**Table 4. OIG Projection of STAR Reviewed and Brokered Sample Results**

Strata	Sample Size	Error	Strata Size	Projected Accurate Claims	Margin of Error	Accuracy Percent	Margin of Error Percent
Reviewed	115	25	6,257	4,897	400	78	6.4
Brokered	52	16	1,514	1,048	162	69	10.7
<b>Weighted</b>			<b>7,771</b>	<b>5,945</b>	<b>431</b>	<b>77</b>	<b>5.6</b>

Based on the results of our review we projected that about 77 percent of the 881,644 compensation claim ratings were accurate. This was approximately 10 percent lower than VBA’s reported 87 percent accuracy rate.

**Table 5. OIG Projection of VBA Compensation Rating Accuracy  
March 2007 through February 2008**

Sample	Accuracy Percent	Margin of Error Percent	Accurate Claims
VBA	87	.95	<b>767,030</b>
OIG	77	5.60	<b>678,866</b>
<b>Additional Inaccurate Claims</b>			<b>88,164</b>

The difference between VBA and OIG’s margin of error was primarily attributed to the different sample sizes used by both organizations. Although larger, our margin of error was statistically acceptable for projection and comparison purposes.

**Appendix A**

For pending claims, we used the same review techniques as the other two reviews. We identified 12 (22 percent) of the 54 claims with benefit entitlement errors, which equates to an estimated 78 percent accuracy rate. The defining attribute of a pending end product is the lack of compliance by regional offices to satisfy the sample request. We determined that identifying a universe of claims that regional offices would not submit was not attainable. Therefore, we did not project these results.

**Department of  
Veterans Affairs**

**Memorandum**

**Date:** March 3, 2009  
**From:** Under Secretary for Benefits (20)  
**Subject:** Audit of Veterans Benefits Administration Compensation  
Rating Accuracy and Consistency Reviews  
**To:** Assistant Inspector General for Audit (52)

1. This is in response to your request for VBA's review of OIG Draft Report: Audit of Veterans Benefits Administration Compensation Rating Accuracy and Consistency Reviews. Attached are VBA's comments.
2. Questions may be referred to Alyce Williams, Program Analyst, at (202) 461-9364.

*(original signed by:)*

P. W. Dunne

Attachments

## **Under Secretary for Benefits Comments to Office of Inspector General's Report**

The following Under Secretary for Benefits comments are submitted in response to the recommendations in the OIG's Report:

**Recommendation 1:** We recommend the Under Secretary for Benefits establish a mechanism to ensure STAR reviewers evaluate all documentation related to the claim selected for review.

VBA Response: Concur. The STAR program reviews rating accuracy, authorization accuracy, and fiduciary program accuracy. To help ensure that STAR reviewers conduct a full and thorough review of the selected claim, VBA will amend the STAR rating checklist to include automated reminders of salient points of the claim review process. We believe the addition of focused reminders aimed at certain key decision points will enhance our current quality review process and result in a stronger national accuracy review program.

A workgroup consisting of several members of the STAR staff has been formed to develop an assessment document that will be programmed into the STAR database. This additional step in the review process will help eliminate errors and omissions by reviewers. We anticipate programming modifications to be complete by mid-summer 2009.

Target Completion Date: Mid-summer 2009

**Recommendation 2:** We recommend the Under Secretary for Benefits establish a requirement that all STAR reviewer comments receive a second review to make sure the reviewer appropriately recorded the comment instead of a benefit entitlement error.

VBA Response: Concur. Management of the Quality Assurance Staff now requires a second-level review of STAR comments.

Target Completion Date: Action completed.

**Recommendation 3:** We recommend the Under Secretary for Benefits establish procedures to review brokered claims as part of the STAR program.

VBA Response: Concur. In 2007, VBA identified the need to separately sample brokered work apart from work sampled for national quality review from the regional offices. System and procedural enhancements were needed to accommodate such a review. VBA also evaluated the additional resources needed to support the expansion.



**Appendix B**

System enhancements to allow electronic sampling of work completed at the rating resource centers and exclude such work from samples pulled for regional office accuracy reviews were completed in May 2008. The space acquisition and renovation plan to accommodate the expanded quality assurance staff was completed in December 2008. The quality assurance staff is now hiring to handle the increased review demands.

VBA will begin sampling the work completed from 10 designated brokered sites during the third quarter of FY 2009. Current STAR rating-related sampling and review procedures will be employed with the brokered work. Brokered work accuracy reports will be generated in addition to the existing STAR accuracy reports.

Target Completion Date: Action completed.

**Recommendation 4:** We recommend the Under Secretary for Benefits enforce procedures requiring regional offices to submit all requested claims to the STAR program office for their review or submit written justification to the STAR program's office requesting to exclude the claim from the review.

VBA Response: Concur. Follow-up procedures have been implemented for all STAR cases not received monthly. Revised procedures now require the quality assurance staff to provide monthly lists to the Office of Field Operations (OFO) of cases requested but not received for quality review. OFO will work through the area offices to ensure that all STAR cases are submitted for review.

Target Completion Date: Action completed.

**Recommendation 5:** We recommend the Under Secretary for Benefits establish minimum annual training requirements for each STAR reviewer that are comparable to regional office rating staff training requirements.

VBA Response: Concur. The quality assurance staff developed a training plan for FY 2009. Under the plan, members of the STAR staff are required to complete 80 hours of training per year. All training will be recorded in VA's Learning Management System. Training plans and accomplishments will be provided to the C&P Service Director annually.

Target Completion Date: Action completed.

**Recommendation 6:** We recommend the Under Secretary for Benefits develop an annual rating consistency review schedule and complete all planned reviews as scheduled.

VBA Response: Concur. VBA developed a schedule for conducting rating consistency-focused case reviews for FY 2009.

Target Completion Date: September 30, 2009

**Recommendation 7:** We recommend the Under Secretary for Benefits dedicate sufficient staff to conduct consistency reviews in order to complete planned workload and reviews.

VBA Response: Concur. Three additional quality reviewers are expected to be on board by May 2009. We will continue to aggressively recruit to fill authorized vacancies.

Target Completion Date: September 30, 2009

**Recommendation 8:** We recommend the Under Secretary for Benefits include inter-rater reliability reviews as a permanent component of their consistency review program.

VBA Response: Concur. VBA initially conducted two inter-rater reliability studies in July and August 2008. VBA developed an Inter-Rater Reliability Study schedule for FY 2009.

Target Completion Date: Action completed.

## OIG Contact and Staff Acknowledgments

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OIG Contact	Larry Reinkemeyer (816) 997-6940
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Acknowledgments	Lee Giesbrecht Timothy Halpin Carol Hickman Patricia Hudon Lance Kramer Brad Lewis Russ Lewis Ken Myers Dao Pham Jason Schuenemann Marcia Schumacher Brenda Uptain
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