



PERSONNEL AND  
READINESS

UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-4000

APR 30 2008

The Honorable Carl Levin  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The Department of Defense appreciates the opportunity to provide Congress with information regarding the Disability Evaluation System (DES) Pilot.

The Department has, jointly with the Department of Veterans Affairs, selected to execute the pilot authorized in Section 1644(b)(1) of the National Defense Authorization Act (NDAA) for Fiscal Year 2008 (FY08), Pub. L. 110-181. The enclosed report is intended to satisfy the report requirements of Section 1644(g)(1) of the NDAA and the House Appropriations Committee Report 110-279 (page 401) which requests the Department to comment on DES consolidation and standardization.

The Department welcomes the interest of Congress in the management of the DES and the proper treatment of our wounded, ill, and injured Service members. A similar letter is being sent to the Chairman and Ranking Member of each Defense Oversight Committee.

Sincerely,

A handwritten signature in blue ink that reads "David S. C. Chu".

David S. C. Chu

Enclosure:  
As stated

cc:  
The Honorable John McCain  
Ranking Member



**INITIAL REPORT TO CONGRESS**

**ON**

**THE DISABILITY EVALUATION SYSTEM PILOT  
AND ENSUING IMPROVEMENT WITHIN THE DISABILITY  
EVALUATION SYSTEMS OF THE  
DEPARTMENTS OF DEFENSE AND VETERANS AFFAIRS**

Prepared By:  
Office of the Under Secretary of Defense  
(Personnel and Readiness)

**REPORT ON AUTHORIZATION OF PILOT PROGRAMS TO IMPROVE  
THE DISABILITY EVALUATION SYSTEM FOR MEMBERS OF THE  
ARMED FORCES.**

The Department of Defense (DoD) and Department of Veterans Affairs (VA) appreciate the opportunity to provide Congress with information regarding the Disability Evaluation System (DES) Pilot. The Departments have jointly selected to execute the pilot authorized in Section 1644(b)(1) of the National Defense Authorization Act (NDAA) for Fiscal Year 2008 (FY08), Pub. L. 110-181. This report is intended to satisfy the requirements of Section 1644(g)(1) of the NDAA. The full text of Section 1644 is included below.

Additionally, House Appropriations Committee Report 110-279 (page 401) requests the Department of Defense to explain its plans to update the DES to more accurately reflect the injuries of war. This report is to include a review of the differences among the Services' rating systems and the VA system, and provide a process for how and when these various rating systems will be standardized.

The Committee should note that NDAA section 1642 requires the DoD to utilize the VA Schedule for Rating Disabilities (VASRD), to the extent feasible and any applicable United States Court of Appeals for Veterans Claims precedent decisions, without deviation, as the DoD rating system. Adhering to this provision standardizes rating systems throughout the DoD and the VA. Concurrently, the VA is in the continual improvement process of updating the VASRD to modern medical principles and reflect the injuries of the global war on terrorism, such as traumatic brain injury, burns, and post-traumatic stress disorder. Further, through the Disability Advisory Council (DAC), the DoD and VA are collaboratively reviewing processes to allow DoD input to the development of rating schedule revisions to the VASRD based on the emerging experience of military medicine in these modern conflicts.

With regards to section 1603(b) requirements concerning unique gender-specific needs of recovering service members and veterans, the Pilot does not distinguish between genders in its disposition of cases. However, the Pilot will analyze the impact of dispositions and ratings among the genders as it completes the interim and final report required by section 1644(g) of the NDAA.

**NDAA 2008, Section 1644**

Section 1644 of the NDAA 2008 report requirements are at the end of the following text.

**SEC. 1644. AUTHORIZATION OF PILOT PROGRAMS TO IMPROVE THE  
DISABILITY EVALUATION SYSTEM FOR MEMBERS OF THE ARMED  
FORCES.**

(a) Pilot Programs-

(1) PROGRAMS AUTHORIZED- For the purposes set forth in subsection (c), the Secretary of Defense may establish and conduct pilot programs with respect to the system of the Department of Defense for the evaluation of the disabilities of members of the Armed Forces who are being separated or retired from the Armed Forces for disability under chapter 61 of title 10, United States Code (in this section referred to as the 'disability evaluation system').

(2) TYPES OF PILOT PROGRAMS- In carrying out this section, the Secretary of Defense may conduct one or more of the pilot programs described in paragraphs (1) through (3) of subsection (b) or such other pilot programs as the Secretary of Defense considers appropriate.

(3) CONSULTATION- In establishing and conducting any pilot program under this section, the Secretary of Defense shall consult with the Secretary of Veterans Affairs.

(b) Scope of Pilot Programs-

(1) DISABILITY DETERMINATIONS BY DOD UTILIZING VA ASSIGNED DISABILITY RATING- **Under one of the pilot programs authorized by subsection (a), for purposes of making a determination of disability of a member of the Armed Forces under section 1201(b) of title 10, United States Code, for the retirement, separation, or placement of the member on the temporary disability retired list under chapter 61 of such title, upon a determination by the Secretary of the military department concerned that the member is unfit to perform the duties of the member's office, grade, rank, or rating because of a physical disability as described in section 1201(a) of such title--**

**(A) the Secretary of Veterans Affairs may--**

**(i) conduct an evaluation of the member for physical disability; and**

**(ii) assign the member a rating of disability in accordance with the schedule for rating disabilities utilized by the Secretary of Veterans Affairs based on all medical conditions (whether individually or collectively) that render the member unfit for duty; and**

**(B) the Secretary of the military department concerned may make the determination of disability regarding the member utilizing the rating of disability assigned under subparagraph (A)(ii).**

(2) DISABILITY DETERMINATIONS UTILIZING JOINT DOD/VA ASSIGNED DISABILITY RATING- Under one of the pilot programs authorized by subsection (a), in making a determination of disability of a member of the Armed Forces under section 1201(b) of title 10, United States Code, for the retirement, separation, or placement of the member on the temporary disability retired list under chapter 61 of such title, the Secretary of the military department concerned may, upon determining that the member is

unfit to perform the duties of the member's office, grade, rank, or rating because of a physical disability as described in section 1201(a) of such title--

(A) provide for the joint evaluation of the member for disability by the Secretary of the military department concerned and the Secretary of Veterans Affairs, including the assignment of a rating of disability for the member in accordance with the schedule for rating disabilities utilized by the Secretary of Veterans Affairs based on all medical conditions (whether individually or collectively) that render the member unfit for duty; and

(B) make the determination of disability regarding the member utilizing the rating of disability assigned under subparagraph (A).

(3) ELECTRONIC CLEARING HOUSE- Under one of the pilot programs authorized by subsection (a), the Secretary of Defense may establish and operate a single Internet website for the disability evaluation system of the Department of Defense that enables participating members of the Armed Forces to fully utilize such system through the Internet, with such Internet website to include the following:

(A) The availability of any forms required for the utilization of the disability evaluation system by members of the Armed Forces under the system.

(B) Secure mechanisms for the submission of such forms by members of the Armed Forces under the system, and for the tracking of the acceptance and review of any forms so submitted.

(C) Secure mechanisms for advising members of the Armed Forces under the system of any additional information, forms, or other items that are required for the acceptance and review of any forms so submitted.

(D) The continuous availability of assistance to members of the Armed Forces under the system (including assistance through the caseworkers assigned to such members of the Armed Forces) in submitting and tracking such forms, including assistance in obtaining information, forms, or other items described by subparagraph (C).

(E) Secure mechanisms to request and receive personnel files or other personnel records of members of the Armed Forces under the system that are required for submission under the disability evaluation system, including the capability to track requests for such files or records and to determine the status of such requests and of responses to such requests.

(4) OTHER PILOT PROGRAMS- The pilot programs authorized by subsection (a) may also provide for the development, evaluation, and identification of such practices and procedures under the disability evaluation system as the Secretary considers appropriate for purposes set forth in subsection (c).

(c) Purposes- A pilot program established under subsection (a) may have one or more of the following purposes:

(1) To provide for the development, evaluation, and identification of revised and improved practices and procedures under the disability evaluation system in order to--

(A) reduce the processing time under the disability evaluation system of members of the Armed Forces who are likely to be retired or separated for disability, and who have not requested continuation on active duty, including, in particular, members who are severely wounded;

(B) identify and implement or seek the modification of statutory or administrative policies and requirements applicable to the disability evaluation system that--

(i) are unnecessary or contrary to applicable best practices of civilian employers and civilian healthcare systems; or

(ii) otherwise result in hardship, arbitrary, or inconsistent outcomes for members of the Armed Forces, or unwarranted inefficiencies and delays;

(C) eliminate material variations in policies, interpretations, and overall performance standards among the military departments under the disability evaluation system; and

(D) determine whether it enhances the capability of the Department of Veterans Affairs to receive and determine claims from members of the Armed Forces for compensation, pension, hospitalization, or other veterans benefits.

(2) In conjunction with the findings and recommendations of applicable Presidential and Department of Defense study groups, to provide for the eventual development of revised and improved practices and procedures for the disability evaluation system in order to achieve the objectives set forth in paragraph (1).

(d) Utilization of Results in Updates of Comprehensive Policy on Care, Management, and Transition of Recovering Service Members- The Secretary of Defense and the Secretary of Veterans Affairs, acting jointly, may incorporate responses to any findings and recommendations arising under the pilot programs conducted under subsection (a) in updating the comprehensive policy on the care and management of covered service members under section 1611(a)(4).

(e) Construction With Other Authorities-

(1) IN GENERAL- Subject to paragraph (2), in carrying out a pilot program under subsection (a)--

(A) the rules and regulations of the Department of Defense and the Department of Veterans Affairs relating to methods of determining fitness or unfitness for duty and disability ratings for members of the Armed Forces shall apply to the pilot program only to the extent provided in the report on the pilot program under subsection (g)(1); and

(B) the Secretary of Defense and the Secretary of Veterans Affairs may waive any provision of title 10, 37, or 38, United States Code, relating to methods of determining fitness or unfitness for duty and disability ratings for members of the Armed Forces if the Secretaries determine in writing that the application of such provision would be inconsistent with the purpose of the pilot program.

(2) LIMITATION- Nothing in paragraph (1) shall be construed to authorize the waiver of any provision of section 1216a of title 10, United States Code, as added by section 1642 of this Act.

(f) Duration- Each pilot program conducted under subsection (a) shall be completed not later than one year after the date of the commencement of such pilot program under that subsection.

(g) Reports-

***(1) INITIAL REPORT- Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the appropriate committees of Congress a report on each pilot program that has been commenced as of that date under subsection (a). The report shall include--***

***(A) a description of the scope and objectives of the pilot program;***  
***(B) a description of the methodology to be used under the pilot program to ensure rapid identification under such pilot program of revised or improved practices under the disability evaluation system in order to achieve the objectives set forth in subsection (c)(1); and***  
***(C) a statement of any provision described in subsection (e)(1)(B) that will not apply to the pilot program by reason of a waiver under that subsection.***

(2) INTERIM REPORT- Not later than 180 days after the date of the submittal of the report required by paragraph (1) with respect to a pilot program, the Secretary shall submit to the appropriate committees of Congress a report describing the current status of the pilot program.

(3) FINAL REPORT- Not later than 90 days after the completion of all of the pilot programs conducted under subsection (a), the Secretary shall submit to the appropriate committees of Congress a report setting forth a final evaluation and assessment of the pilot programs. The report shall include such recommendations for legislative or administrative action as the Secretary considers appropriate in light of such pilot programs.

## **Initial DES Pilot Report Requirements**

*(1) INITIAL REPORT- Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to the appropriate committees of Congress a report on each pilot program that has been commenced as of that date under subsection (a). The report shall include--*

- (A) a description of the scope and objectives of the pilot program;*
- (B) a description of the methodology to be used under the pilot program to ensure rapid identification under such pilot program of revised or improved practices under the disability evaluation system in order to achieve the objectives set forth in subsection (c)(1); and*
- (C) a statement of any provision described in subsection (e)(1)(B) that will not apply to the pilot program by reason of a waiver under that subsection.*

## **Scope of the Pilot**

Each Military Department has a system of medical and personnel management policies and procedures designed to accommodate a population of Service members who are not immediately available for full duty status because they require treatment, hospitalization, and recovery or rehabilitation. Under most circumstances it is expected that Service members will be returned to a full duty status within a prescribed period of time, normally not to exceed one year. If a return to duty status is not achieved or is not achievable within the allotted time and the Service member's fitness for continued military service is in question, each Military Department Secretary, by statute, may make a fitness determination on the service members "fitness" for continued duty in the military. The DES consists of the following elements: Medical Evaluation Board (MEB); Physical Evaluation Board (PEB) Informal and Formal Boards; Appellate Review; Counseling; and Final Disposition. The DES is the process utilized by the Military Departments that provides due diligence and a disciplined process to make those determinations. It is governed by statute, DoD policies, and the policies and programs of the Military Departments.

The scope of the DES Pilot includes disability processing and possible transition to the VA of Service members who enter the DoD DES. The DoD and VA will apply the DES Pilot procedures (enclosed) to Active and Reserve Component Service members, who are on active duty, and have duty-related disability evaluation cases regardless of source, type, or cause of injury or illness. The DES Pilot guidance and all subsequent guidance are enclosed to this report.

The DES Pilot initially includes those cases from the National Capitol Region (NCR) and will expand after approval by the Wounded, Ill, and Injured (WII) Senior Oversight Committee (SOC), which is co-chaired by the Deputy Secretary of Defense and the Deputy Under Secretary of the VA. The scope of the DES Pilot includes all non-clinical care and administrative activities, such as case management and counseling requirements associated with disability adjudication case processing from the point of Service member referral to a



Military Department Medical Evaluation Board (MEB) to the point of compensation and provision of benefits to veterans by the VA. It does not include consideration of clinical care except with regard to how the length or nature of clinical care might impact the design of the DES and associated VA processes. The DES Pilot includes cases referred to the DES without regard to whether Service member wounds, illnesses, or injuries were incurred in war. The DES Pilot does not include Reserve Component non-duty related conditions and Temporary Disability Retired List (TDRL) re-evaluations.

The DES Pilot protects the due process rights of all Service members and does not alter the appellate processes within the Military Departments. The DES Pilot includes the addition of a one-time reconsideration of VA ratings when the Service member disagrees with the disability rating assigned and petitions the PEB for such review prior to the Service member's transition to veteran status.

The DES Pilot began operating with cases originating at the military treatment facilities (MTFs) in the NCR on November 26, 2007. The DES Pilot will continue for approximately one year. The DoD and VA will jointly review the progress and results of the DES Pilot to determine the scope and rate of program expansion. The DES Pilot may be expanded to include the disability processing and transition of all members who leave military service for medical reasons.

### **Objectives of the Pilot**

**To improve the DES.** The intent of the DES Pilot is to evaluate and significantly improve the DES timeliness, effectiveness, simplicity, service member understanding of the process and perception of fairness, and resource utilization by integrating DoD and VA processes, eliminating duplication, and improving case management practices. Attainment of this objective will enhance transparency of the DES and foster a seamless transition, ensuring the continuum of care for the Service member as they progress through the DoD and VA systems. The DoD and VA will assess the effectiveness and efficiency of the DES Pilot using program and resource metrics. During the course of the DES Pilot, the DoD and VA will periodically review and may adjust the metrics.

**To refine mechanisms employed.** The DoD and VA will determine the utility and adequacy of: forms; standardization of key processes; terms and nomenclature; data to be collected; formal or legal notifications; and points at which coordination among DES case administrators, managers, and approval authorities is required. Elimination of redundant steps and mechanisms will improve efficiency and continuity of care.

**To refine and test case management procedures.** The DoD and VA will examine communication and case management requirements for Service members, veterans, and other participants in the DES Pilot to determine optimal communication points and ensure seamless case transition throughout the process. Case management within the DES Pilot is a system of co-management between the DoD PEB Liaison Officer (PEBLO) and the VA

Military Service Coordinator (MSC). These case managers ensure continuity of care and processing through the DoD to the VA and thereby create a seamless transition to veteran status. They are primarily responsible for counseling the Service member, and/or their representative, and are key professionals in providing information and support.

**To identify legal and policy issues.** The DoD and VA will identify potential legal and policy revisions that will enhance effectiveness or efficiency during the DES Pilot.

**Methodology for rapid identification of improved DES practices related to the below 1644 citation**

*(c) Purposes- A pilot program established under subsection (a) may have one or more of the following purposes:*

*(1) To provide for the development, evaluation, and identification of revised and improved practices and procedures under the disability evaluation system in order to--*

*(A) reduce the processing time under the disability evaluation system of members of the Armed Forces who are likely to be retired or separated for disability, and who have not requested continuation on active duty, including, in particular, members who are severely wounded;*

*(B) identify and implement or seek the modification of statutory or administrative policies and requirements applicable to the disability evaluation system that--*

*(i) are unnecessary or contrary to applicable best practices of civilian employers and civilian healthcare systems; or*

*(ii) otherwise result in hardship, arbitrary, or inconsistent outcomes for members of the Armed Forces, or unwarranted inefficiencies and delays;*

*(C) eliminate material variations in policies, interpretations, and overall performance standards among the military departments under the disability evaluation system; and*

*(D) determine whether it enhances the capability of the Department of Veterans Affairs to receive and determine claims from members of the Armed Forces for compensation, pension, hospitalization, or other veterans benefits.*

The DoD and VA have developed multiple DES Pilot program feedback and oversight mechanisms to enable senior leaders to rapidly identify, develop, evaluate, and implement improved DES practices and procedures. The feedback mechanisms include a DES Pilot online portal that features forums for threaded discussions and frequently asked questions by DES staff, fact-finding and assistance visits to NCR facilities, monthly joint DoD-VA case management meetings, and an open dialogue with the Government Accountability Office (GAO) and the DoD Program Analysis and Evaluation (PA&E) Directorate. The oversight mechanisms include weekly status updates to the WII Overarching Integrated Product Team (OIPT), the construction of an executive-level

Balanced Scorecard dashboard and comprehensive quarterly, interim, and final reports documenting the DES Pilot results.

These mechanisms have resulted in several adjustments to the DES Pilot and are expected to inform future decisions on adjusting the DES Pilot, such as whether and to what locations to expand the Pilot and how to adjust DoD and VA DES procedures to further improve case processing time or to further standardize the Military Department disability systems. For example, feedback gathered from the monthly joint DoD-VA case management meetings led to the publication of four DES Pilot procedural updates that clarified or improved existing DES Pilot procedures.

The DoD and VA are executing a multi-faceted program evaluation to assess the results of the DES Pilot. The major program evaluation elements include Balanced Scorecard measures, Service member and stakeholder feedback, process timeliness, and cost. The Departments believe the scope and depth of the program evaluation are commensurate with the benefits, cost, and risk involved with the DES Pilot process. The decision to expand the DES Pilot, as well as the overall judgment regarding the future of the DES, is a complex, multivariate problem with program evaluation made more difficult by a changing landscape of new legislation, changes in casualty flows, and the general influence of increased attention levels. As such, the Departments believe there is not likely to be a single indicator that signals whether the DES Pilot process should be adopted. Instead, the Departments are working internally and establishing a dialogue with the GAO and PA&E to continuously improve the DES Pilot evaluation program. For example, work with the GAO is contributing to identification and refinement of DES Pilot expansion criteria. We have asked PA&E to examine our analysis plan and advise us whether it complies with the Office of Management and Budget and DoD guidelines for cost/benefit or economic analysis (as applicable to the type of decision we will be offering). Additionally, we have asked PA&E to assess whether the data we are collecting and the structure of our evaluation plan is adequate to support future decisions the two Departments will make about the DES.

## **Conclusion**

In conclusion, this pilot program is part of the process for continuous improvement which will help develop solutions to statutory and systemic issues associated with the DES. The DES Pilot design is within the current law (Chapter 61, 10 U.S.C.) and will include the following major features: a single, comprehensive, Service member claims-based, VA general medical and templated medical examinations; a single-sourced disability rating for use by the DoD and the VA; Service PEBs to render fitness determinations for continued military service; enhanced case management methods to ensure seamless transition of our wounded, ill or injured Service members to the care of the VA; and prompt award of disability claims to the VA after separation.

Under authorities in 10 U.S.C., the Secretaries of the Military Departments will accept the disability ratings for unfitting conditions rendered by the Department of Veterans Affairs Rating Panel in determining separation and other administrative matters as defined in

Chapter 61 of 10 U.S.C. Members will be afforded the opportunity throughout the DES Pilot process to seek legal counsel and appeal decisions.

The Departments look forward to future DES Pilot reports as we explore feasibility and advisability of consolidating the DES of both into a single system.

Enclosures

1. Policy and Procedural Directive-Type Memorandum (DTM) for the Disability Evaluation System (DES) Pilot Program, dated November 21, 2007
2. Procedural Updates to the DES Pilot DTM
3. VA FAST letters