

REEVALUATING THE RATING SCHEDULE:
EXAMINING VA'S EFFORT TO MODERNIZE
DISABILITY BENEFITS

HEARING
BEFORE THE
SUBCOMMITTEE ON DISABILITY
ASSISTANCE AND MEMORIAL AFFAIRS
OF THE
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WEDNESDAY, JANUARY 14, 2026

SUBCOMMITTEE ON DISABILITY ASSISTANCE &
MEMORIAL AFFAIRS,
COMMITTEE ON VETERANS' AFFAIRS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:16 p.m., in room 360, Cannon House Office Building, Hon. Morgan Luttrell (chairman of the subcommittee) presiding.

Present: Representatives Luttrell, Radewagen, Bergman, Self, McGarvey, Dexter, and Morrison.

OPENING STATEMENT OF MORGAN LUTTRELL, CHAIRMAN

Mr. LUTTRELL. Right. Good afternoon. Thank you for coming today. Everyone in the audience thank you for attending the committee hearing today and Disability Assistance and Memorial Affairs. The chair may declare recess at any time. The subcommittee hearing will come to order. Good afternoon. Again, thank you to our witnesses for being here today.

This afternoon the subcommittee is examining the U.S. Department of Veterans Affairs (VA) Schedule for Rating Disabilities, otherwise known as the VASRD, and the Department efforts modernizing this system. The VASRD is the scale that determines how the veteran's service-connected conditions are evaluated, which then determine a veteran's eligibility for benefits, overall disability ratings, and, ultimately, the amount of tax-free money they receive each month.

While the VASRD is incredibly is incredibly overly over complicated, it is important to step back and know that the schedule affects real lives. It allows VA to deliver compensation to veterans for their service-connected disabilities and ensure all veterans are evaluated at the same standard.

Congress created the VASRD with a clear purpose to compensate veterans for the average impairment caused by their service-connected disabilities to their earnings capacity. The rating schedule was created in 1945. While parts of it have been updated over time, the overall framework remains unchanged.

In 2007, VA Advisory Committee on Disability Compensation concluded that the rating schedule was outdated and recommended a full review of all 15 body systems. VA formally began the effort

in 2009, with a plan to complete this work by 2016. Ten years later, VA has only completed a review of 11 body systems out of the total 15. According to the testimony provided in a Senate hearing last year, VA has now extended its timeline to 2026. Again, this is more than 10 years beyond the original goal.

VA has made progress, but it is inconsistent thus far. In my personal opinion, the veterans of today deserve a system that evaluates their disabilities based on the medical evidence of today's medical practices. The respiratory, endocrine, musculoskeletal, and digestive systems have been updated in the past 10 years, but several important systems remain unfinished. The neurological, cardiovascular, and hematologic systems are still in various stages of review despite many of these conditions being common and often complex.

Mental health remains the most concerning. VA proposed updates to the mental health rating criteria in 2022, but those changes have not been finalized. As a result, one of the most heavily relied upon portions of the rating schedule continues to operate under criteria that many believe no longer reflects modern clinical understanding or the full scope of functional impairment that veterans experience.

Just as important, VA has not undertaken a comprehensive review of the economic component of the rating schedule. That component is supposed to connect medical findings to loss of earning capacity. Without updating this, the system risks drifting further away from its statutory purpose of benefiting veterans.

This uneven modernization has real consequences on the veterans community and their families. When rating criteria are outdated, inconsistent examiners and raters are left actually just to fill in the gaps. That increases the likelihood that similar claims are handled differently. Recent U.S. Government Accountability Office (GAO) reporting has highlighted inconsistent outcomes for similar conditions, outdated medical and occupational criteria, and quality review processes that are not strong enough to catch errors before they affect veterans.

VA's current quality assurance approach relies on limited samplings that often fail to identify broader areas of trends—excuse me, and too often problems are discovered only after decisions have already been issued, leading to rework appeals and additional delays. Systems matter, standards matter, and today oversight obviously matters.

I will close with this. For veterans, the disability rating process is not an abstract policy exercise. It is often the moment when they sit across from the system and ask for help, sometimes years after they left the military. When the process feels outdated, inconsistent or confusing, veterans do not lose confidence in a form or regulation. They lose confidence when they ask for help. Where will it be? Modernizing the rating schedule is not just about updating language or revising criteria. It is about trust. It is about ensuring that when a veteran raises their right hand and serves, a system they return to is worthy of that commitment.

With that, I will yield to the ranking member.

**OPENING STATEMENT OF MORGAN MCGARVEY, RANKING
MEMBER**

Mr. MCGARVEY. Thank you, Chairman Luttrell, and good afternoon, everyone. Appreciate you all being here today. Mr. Chairman, I am grateful for you holding this hearing.

The VA Schedule for Rating Disabilities, or VASRD, is a massive program. It is big in size, it is big in impact, and it is absolutely central to how we support our veterans. Everything we do on this committee starts with one simple idea, that when a service member raises her right hand and serves this country, we owe her a system that works. If she is injured or becomes ill because of her service, she has earned care, benefits, and services, full stop. The process to get those benefits should not be so confusing or slow that she feels lost before the process even begins.

This hearing should not be about cutting those services. It should be about cutting red tape. Veterans should not need a law degree or a medical degree and a decade of patience just to get what they have earned by serving our country.

We also should not be afraid of change. I, for one, think the VA's Schedule for Rating Disabilities is outdated. Medicine has changed. Diagnostics have changed. The nature of military service itself has changed. The injuries and illnesses our servicemembers face today look very different to what they did 80 years ago. Yes, the schedule needs to be updated, but the goal has to be clear, and that is to modernize the system without harming the veterans. That is the line we cannot cross. That is the mission that is central to this committee.

I have a few questions that I think we can begin to answer today. If we are trying to figure out whether the current schedule actually works, we have got a real challenge. There is almost no up-to-date, publicly available research on how VA's compensation system is performing. How do we fill that gap? What additional data do we need? How do we get it? How do we use it?

If today's hearing is about understanding the methodology VA is using to update this disability rating schedule, then I welcome that. Across multiple administrations, VA's work on VASRD has been a black box. Veterans deserve transparency. Congress deserves transparency so that we can help our veterans.

Mr. Chairman, I also want to address something that we have been hearing in the media a little bit, that there is a growing narrative that disability compensation is somehow too generous or that it is arbitrary and there is encouragement for veterans to game the system. I want full transparency. I want to know everything that is going on. I resent that characterization of our veterans. Our veterans, it is not who they are, and it is not what this program is.

These benefits are not handouts. They are not freebies. They are a recognition of service and sacrifice. For many veterans, they are the only support they have when service-connected conditions make work difficult or impossible.

Mr. Chairman, you know better than I do about the risks that military service carries and that most civilians will never fully understand. Those risks do not end when someone takes off their uniform. They can follow a veteran for the rest of their life, and they cannot be reduced to a simple earnings loss formula.

We also have to remember that health relates to the whole person. A diagnosis that sounds minor to you or to me might be a sign of something much bigger. A veteran who has cystic acne that is linked to Agent Orange exposure is not just dealing with acne. They are living with the consequence of toxic exposure, and that context matters.

We also have to remember what these programs are. No matter how big they are or how big they get, the heart of these programs are our veterans, human beings. Our brothers, sisters, moms, dads, sons, and daughters who put on a uniform willing to serve us, people who deserve the dignity and care they have earned in exchange for that service.

Which brings me to the last point I will raise, Mr. Chairman. My concern today that we only have one veteran service organization testifying. Veterans are not monoliths. They go into different branches of the service with different experiences at different times. Their voices should be central to this conversation. I hope that we can have more conversations with the Veterans Service Organizations (VSO) on this topic as we move forward. Their voices are important, the most important ones in this discussion.

Mr. Chairman, I am looking forward to a productive and honest discussion today. I hope this is just the beginning of our oversight into this issue. There is a lot more work to do, and I yield back.

Mr. LUTTRELL. Thank you, Mr. McGarvey.

I would like to introduce our witnesses. Our lead witness from VA is Ms. Nina Tann. Ms. Tann is the executive director of Compensation Service at the Veterans Benefits Administration (VBA). Good afternoon. She is joined with Dr. Sokol, correctly pronounced, is a medical officer in Compensation Services at the Veterans Benefits Administration. Thank you both for being here today. I ask that you please stand. Raise your right hand.

[Witnesses sworn.]

Mr. LUTTRELL. Let the record reflect that the witnesses have answered in the affirmative. You may be seated.

Ms. Tann, at any moment if you need to—okay. Ms. Tann, you are now recognized for 5 minutes for your opening statement.

STATEMENT OF NINA TANN

Ms. TANN. Good afternoon, Chairman Luttrell, Ranking Member McGarvey, and members of the subcommittee. I appreciate the opportunity to appear before you today.

Mr. LUTTRELL. Ms. Tann, is your mic on?

Ms. TANN. Yes, sir.

Mr. LUTTRELL. Okay. Thank you.

Ms. TANN. Good afternoon, Chairman Luttrell, Ranking Member McGarvey, and members of the subcommittee. I appreciate the opportunity to appear before you today to discuss VA's efforts to modernize disability benefits. I am accompanied today by Dr. Ulia Sokol, medical officer with the Veterans Benefits Administration.

For disability compensation or pension purposes, a veteran's disabilities are evaluated using the guidance in the VA Schedule for Rating Disability, or VASRD, also known as the rating schedule. Under the authority established by 38 U.S.C. 1155, the VA Secretary shall adopt and apply a schedule of ratings of reductions in

earning capacity from specific injuries or combination of injuries. This rating shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations. The Secretary shall, from time to time, readjust this schedule of ratings in accordance with experience.

VA is committed to updating its disability rating criteria to accurately reflect medical science advancements and improved technology and current terminology. These updates allow VA to ensure its disability evaluations more accurately compensate veterans based on impairments and average earning ability. While VA has made numerous changes to the VASRD, it has not completed a holistic comprehensive update since 1945.

In 2003, the Government Accountability Office, or GAO, deemed VA's disability program high-risk because VA had not systematically updated the VASRD. In response, VA developed a modernization plan in 2009, with the goal of comprehensively updating all 15 body systems of the VASRD. VA established work groups that included medical and VA policy Subject Matter Experts (SME) and used the analysis following its thorough review of established medical research to begin the rulemaking process, which involves drafting and publishing a proposed and final rule for each body system.

To date, VA has completed updates on 11 of the 15 body systems. Any updates made to the VASRD are point forward in that they do not impact veterans currently service-connected for that particular condition or veterans who filed their claims prior to the implementation date of new rules. VA anticipates publishing the final rules for all four body systems in three rulemakings by the end of Fiscal Year 2026, which will complete the first holistic comprehensive update since 1945.

In 2019, VA established the VASRD Program Management Office with a mission of revising the VASRD through rulemaking, body system by body system in staggered cycles of recurring reviews as well as in response to GAO's high-risk recommendations. VA has successfully met three of the five high-risk categories identified by GAO and have partially met the remaining two as we continue the iterative process of ensuring alignment of the VASRD evaluation criteria with medical, scientific, and technological advancements.

The rulemaking process generally takes 2 to 5 years to complete, but can take longer due to the length and medical complexity of the VASRD proposed updates. Updates to the VASRD require coordination to implement required claims processing changes and to provide training and guidance to clinicians on the disability benefits questionnaires and to claims processors charged with correctly applying current disability evaluation criteria.

Following the completion of the first holistic and comprehensive update to the VASRD since 1945, VA will actively pursue opportunities to update the VASRD. In our next phase VA plans to continue updating the VASRD with the evolution of medical science, technology, and treatment modalities. While VA aims to update the schedule to simplify the claims process for veterans and to promote a fair, objective, and efficient process, VA will also standardize rating terminology, incorporate the effects of court decisions, and address contemporary claims processing issues to assist claims processors charged with delivering fair, efficient, and timely benefit de-

cisions to veterans. VA is focused on completing the first holistic change and anticipate starting the next phase of this iterative process at the end of this fiscal year.

In closing, VA remains committed to modernizing disability benefits by making continuous updates to the VASRD. We thank the committee for your continued support of programs that serve the Nation's veterans and look forward to working together to further enhance delivery of benefits and service to veterans.

Mr. Chairman, this concludes my statement. My colleague and I are prepared to respond to any questions that you or other members of the subcommittee may have.

[THE PREPARED STATEMENT OF NINA TANN APPEARS IN THE APPENDIX]

Mr. LUTTRELL. Thank you, Ms. Tann. The written statement of Ms. Tann will be entered into the record. We will now move to questioning.

I am going to ask some clarification questions. By the end of 2026, all body systems will be complete and this program will be completely buttoned up?

Ms. TANN. This first holistic comprehensive review of the body systems.

Mr. LUTTRELL. All 15 body systems?

Ms. TANN. All 15 body systems.

Mr. LUTTRELL. By the—in the Fiscal Year 2026?

Ms. TANN. By the end of this fiscal year.

Mr. LUTTRELL. Okay. That is great news. Good to hear that.

Can you explain to me, and I can appreciate the complexities of this, why has this taken so long? I do not want to have to ask you this question at the end of 2026 of why we have not completed it. Can you explain to me? I understand when we are diving into the mental health issue, and I know that is almost impossible to figure out. Right? Can you explain to me why the last three have taken so long considering—and I will not put 1945 in there, just from the late 2019s to now.

Ms. TANN. Sure. We have actually been updating all along. We have focused in, primarily, some of the most recent updates have been from 2017, but we have updates all the way back to 1994. Some of the—

Mr. LUTTRELL. What is an update?

Ms. TANN. Update is through a final rule in which we are using updated medical evidence, science, technology to look at each of the body systems, as you mentioned, and we are looking at each of the diagnostic criteria that goes along with it.

Mr. LUTTRELL. Where are we aggregating our data from?

Ms. TANN. We have a series of processes through our work groups and the development where we look at all sorts of data from the medical community, and Dr. Sokol can speak more about—

Mr. LUTTRELL. Our medical community or outside the VA?

Ms. TANN. We use a combination. We look at published literature. We use resources from things like all the American—also American Heart Association, for example. We look at peer-reviewed literature, all sorts of data and information.

Mr. LUTTRELL. We are bringing that internal to the VA system? Aggregated data outside and internal to the VA is all aggregated internal to the VA, correct?

Ms. TANN. When we establish a working group, we have a number of SMEs and clinical advisors, both in VA and outside of VA, and they look at current medical literature from those types of associations and things of that nature. They are bringing all of that data in. We do have clinicians, not only in VBA, in Compensation Service and our Medical Disability Examination Office (MDO) office, which you are familiar with, at Veterans Health Administration (VHA). Those are some of the sources who then look at the available data and evidence and they pull that into the process.

Mr. LUTTRELL. Where do we currently sit with the advancements of Machine Learning (ML) and Artificial Intelligence (AI)?

Ms. TANN. We are open to exploring how we can bring technology into this process. I think we have a unique opportunity now.

Mr. LUTTRELL. We have not done that yet?

Ms. TANN. Not in the process of VASRD modernization.

Mr. LUTTRELL. Why not? The world around us is.

Ms. TANN. Sure.

Mr. LUTTRELL. You may not be able to answer that question, but I know somebody in your Department who I am going to call as soon as this hearing is over with to ask why implementation of AI and ML is not in this rating discussion, because it makes absolute sense for it to be.

Ms. TANN. I think as our focus has been on this first holistic update as we move into our next iteration, that is something that we are absolutely welcome to explore. I think there is opportunity for that, sir, and I can take that back or as—if you—

Mr. LUTTRELL. Please do. I would actually like to have an answer to that. It makes more sense to me now and an understanding of how machine learning is effectively changing the dynamics of how we interpret medicine. I can assure you our veterans will be very pleased to know that we can do this in a matter of milliseconds, not a matter of months and years, and these platforms can do that for us. Implementation is where we seem to be hung up.

Not to beat up on the VA too much, but the VA can be very siloed at times. I think that might be a missed opportunity if we just continue down the kind of the railway that we are on with—and by all means, I know that everyone that touches this information is brilliant, but when you can process information at petaflop speeds, that is a game-changer. Thank you.

Ranking Member.

Mr. MCGARVEY. Thank you, Mr. Chairman. I will build on that point for just a second. I do not want to speak for you at all, but, you know, we do not want to hear something is too complicated, especially if that means 5 and 10 years from now it is really a lot more complicated because we did not do something today that we should be doing. I just want to build on that a second.

Ms. Tann, I will start with you. As I said at the beginning, veterans are at the heart of every single thing we do. That is what this committee is about. It is about serving our veterans. I would like to start by asking the Department's process for including veteran and VSO feedback into your methodology.

Ms. TANN. So——

Mr. MCGARVEY. Waiting until the notice and comment period for proposed rules, to me that is too late. I want to know to what extent and through what process do you ask stakeholders for their input before you get into the rule drafting phase?

Ms. TANN. We do follow the American Procedures Act (APA) and within that we do have limited opportunities with which we can have what is considered *ex parte* conversations so that we are not being unduly influenced or having more weight or access to more information for any group of stakeholders and others so that we maintain transparency. We do invite, through that required 60-day public comment period as—we invite anyone to provide input into that process. We do not actually currently have processes in which we are doing it because we are bound by those requirements of the APA.

Mr. MCGARVEY. I appreciate you being clear and at the end there getting to the point: it does not happen. To take this out of government-speak, when you said there is limited opportunities for *ex parte* conversation, what that really means is we are not talking to veterans before you all come up with a rule. To me that needs to change.

You said unduly influenced. I do not view this as undue influence. I think talking to the end user of this service is of paramount importance, particularly because this is all about helping our veterans and we know this. Sometimes something can look good on paper and then it gets into practice and it does not work the way you intended, even if you had the best intentions. Getting that feedback from our veterans is really important.

I understand that Disability Compensation Advisory Committee exists, but their work is infrequent and it is increasingly sidelined by this administration. Can you commit to doubling down on efforts to get more veteran input into this process at an earlier stage?

Ms. TANN. I will identify ways that we can do that, sir.

Mr. MCGARVEY. Thank you. We would love that.

As I understand it, VA is working on a new loss-earnings study given how old the previous one is. When do you expect to complete that study? Will you commit to making both the data supporting that study and its results public?

Ms. TANN. We are evaluating the deliverables from that study. We actually had contractor support that ended at the end of Fiscal Year 2025. My team is actually in the process of evaluating that information from those studies, which was a test program and a proof of concept to kind of see where we go next from that.

Mr. MCGARVEY. Can we see the data supporting the study and the results when it is all finished?

Ms. TANN. I will take that back, sir.

Mr. MCGARVEY. Yes. I am going to press you a little bit on that because I think we deserve better than that and I know our veterans deserve better than that.

This is not a gotcha moment. This is asking for the data used in conducting a study and the results that impacts our veterans. We want to understand how we are coming up with these calculations that our veterans oftentimes depend on when they have been injured because of their military service and what that means for

them. It is really important for anyone to have that and for it to be a transparent, inclusive process so we know what is going on.

We are going to keep following up with you on that. It needs to be more than an answer, a throwaway answer in a committee of we will take that back to somebody. I know our veterans are entitled to that information and I want to make sure they get it.

As I understand it, the VA has historically provided updates to GAO on your ongoing work around revising VASRD. When was the last time VA met with them? Have you shared your methodology with them recently?

Ms. TANN. We do meet with GAO regularly. The last status update, I cannot give you the exact date when we did that. I do know in Fiscal Year 2025 that is when we had the increase and moved to partially met for the monitoring stage of the high-risk list criteria. We do have ongoing communications with GAO and others and provide status updates as required.

Mr. MCGARVEY. Have you shared it with any outside researchers at all?

Ms. TANN. Not to my knowledge, sir.

Mr. MCGARVEY. I think it would, also—this is another thing. I just think it is helpful to have a second set of eyes on this type of thing to validate the methodology, to make sure we are coming up with the best system to help our veterans. Especially these are our veterans who have been injured in their service or are disabled because of their service. Appreciate that.

Mr. Chairman, my time is expired. I yield back.

Mr. LUTTRELL. Thank you, sir.

Mr. Bergman, General, you are recognized, sir.

Mr. BERGMAN. Thank you, Mr. Chairman.

I had a chance here the last 20 minutes or so just kind of reflect on what everybody was saying. Couple of thoughts.

1945, my dad was just mustering out of the Navy after World War II. Okay. I think about his last endeavor before he passed some 40-some years ago, was he was a volunteer driver for the county VSO to get the veterans to the VA hospital over by the Minneapolis airport. I, you know, I think about my parents, what they went through in the Depression and then World War II. We are using the date here, 1945, in current data. Scares the hell out of me in some ways because it means we did not change.

Someone said a couple of different ways, it is complicated. Yes. Life is tough, but it is tougher when you are not exactly, you know, embracing it every day. It gets more complicated. It is like a ball of bureaucratic string that was built over time. Nobody knows where it starts, where it ends. All they know is it is this big ball of string, and it is a reason to say no.

Having said that, let me just ask just—and a sense of urgency would be extremely helpful and desired within the Veterans Administration, as well as everybody involved in this, whether it is the VSOs, the veterans, but especially the bureaucracy of the Veterans Administration. If it is complicated, it is up to those of us in charge of what we are doing right now to uncomplicate it as best we can. When you heard about AI and ML, that is a way to begin the unraveling and the uncomplication of it.

To what extent do outdated portions of the VASRD—you can use that in a pronunciation and an acronym, VASRD?

Ms. TANN. “VASR-D.”

Mr. BERGMAN. Yes, boy. “Varsity,” VASRD, huh? As opposed to the junior varsity? Okay, got it.

Ms. TANN. You can say rating schedule, sir.

Mr. BERGMAN. All right. To what extent does the outdated portions of it make it harder for the VA to consistently and accurately evaluate modern, complex conditions among younger veterans? We know, based on the nature of war, the injuries that were received in World War I, World War II, Korea, Vietnam, Desert Shield, Desert Storm, Operation Iraqi Freedom (OIF), Operation Enduring Freedom (OEF) have changed because of the nature of the fight, the survivability, et cetera, et cetera. Are we getting rid of the outdated stuff? I mean, regardless of timelines, do you really think when all is said and done, this will really be reflective of the types of injuries that our veterans are receiving in conflicts today?

Ms. TANN. Yes, sir, I do. As part of our updates, and again, to be clear, it is not that we have not updated since 1945. The systemic and holistic update has not been completed, but we have updated body systems, diagnostic codes, and we do remove outdated terminology. We remove outdated testing and things that are not accepted in the medical and clinical community. We remove instances where there may be subjective criteria.

I will use for an example in the proposed rule for the neurological body system where some nerve paralysis could be rated by mild, moderate, or severe. Well, that is not really great objective criteria then for someone to use. We are adding testing and objective and measurable components that help reflect the current disability picture, like you mentioned, of what our veterans are experiencing today. We add new diagnostic codes. We—like for mental health, for example, we are proposing updates that adapt to the DSM-4.

Mr. BERGMAN. I mean, I know you could—okay. Is there a sense of urgency?

Ms. TANN. Absolutely.

Mr. BERGMAN. I guess it would be helpful if you could, you know, not today, but give us something that shows a sense of urgency, that actually shows that. We hear it, but I can be honest with you, I do not see it. Okay?

Ms. TANN. Yes, sir.

Mr. BERGMAN. I will just leave it at that and I will yield back, Mr. Chairman.

Mr. LUTTRELL. Mrs. Radewagen, you are recognized for 5 minutes.

Ms. RADEWAGEN. Thank you, Mr. Chairman, for holding this important hearing today. Thank you to the witnesses.

Ms. Tann, what is VA’s plan for future updates of the VASRD and what criteria is VA using to prioritize future updates?

Ms. TANN. Thank you for that question. We are using the lessons learned from this first iteration and best practices. We are looking at ways to be more strategic in that. We do not just necessarily want to take a look body system by body system, but where we have evidence and data that supports that we need to take another

look. Some of that may come from studies and things such as our earnings loss studies, if we are able to use that. We will use areas where we know in medical science that have changed and updated through technology and treatment modalities. We will look at the body systems.

We will also look at individual diagnostic codes and, based off the available evidence, we will prioritize those remaining updates or the next phase of updates with all of that information in mind. Trying to take a much more strategic approach, project management focused approach to it, I think, because we do have this experience and lessons learned from this first holistic update that will be completed by the end of this fiscal year.

Ms. RADEWAGEN. Ms. Tann, does VA have a project management plan or other document that outlines goals, objectives, or a schedule for future updates? If not, is there a timeline for VA to develop such a plan?

Ms. TANN. We do have a plan for the first iteration, which is coming to a close, as I mentioned before, and we are working on what that project management plan for the next iteration will look like so that we do have schedules, milestones, and things like that to measure our progress and to make sure that we are following good project management principles for our future updates.

Ms. RADEWAGEN. Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. LUTTRELL. Thank you, ma'am.

Mr. Self, sir, you are recognized for 5 minutes.

Mr. SELF. Thank you, Mr. Chairman. I have just got some probably easy questions to answer. Why sleep apnea? Is that military related?

Ms. TANN. It can be. For VA disability purposes, we look at disabilities that were incurred in or caused by or aggravated by military service. If something started during military service, then we have a responsibility according to the law to service-connect sleep apnea for any residual disability based upon that.

Mr. SELF. Really? Okay. How much of this, and I realize this is not Veterans Integrated Service Network (VISN) driven, but how much of this is customization that is allowed amongst the different contractors? How much of that? We see that, I see that often, we allow too much customization across the VA.

Ms. TANN. So are you referring to our Disability Benefits Commission?

Mr. SELF. Yes, yes, the—

Ms. TANN. We have criteria which must be supported by clinical findings and medical evidence. That is one—

Mr. SELF. How much of that is customizable?

Ms. TANN. We do cut down on areas of free text, but we do need the doctor's observations. We do—but we use testing, we use clinical criteria, and we look at the entire disability record and we do not rest anything on just one single piece of evidence.

Mr. SELF. There is a statement in here that more veterans are relying on disability. Is that actually true or is that—do we see a growth in this?

Ms. TANN. I do not have any evidence to support that. More evidence—excuse me, more veterans are relying on this benefit. We do

have veterans that are employed. Most veterans that we serve are actually employed in some part and gainfully employed in many situations.

Mr. SELF. Would you just give me, and you may have already covered this and you probably have, and I apologize if you have, give me a short dissertation on impairment disability versus financial inability to earn? Why that distinction and how is that working in all of this review that you are doing? This seems to me to be part of the crux of what we are asking here.

Ms. TANN. Part of our evaluations, we look at occupational impairment and functional loss. I think when, in VA terms, when we look at things like TDIU, which I am sure you are familiar with, when we find veterans who are unemployable because of service-connected disabilities, if they do not meet that criteria otherwise, then we have benefits in store for that. You could very easily have a 100 percent service-connected disabled veteran who is able to work. For us, a disability and 100 percent evaluation does not mean unable to work in many situations.

Disability compensation does not mean that a veteran cannot earn wages, that they are unemployable. It means that based off the residual impairment, the VA finds them to be 100 percent disabled because of the severity of their disabilities.

Mr. SELF. Right. How are you going to apply either one of those really to mental health, which is a growth industry? As we know, mental health amongst veterans is rampant. How is that working with mental health? It is a little bit different than physical impairment.

Ms. TANN. Certainly. I am going to ask—

Mr. SELF. How are you going to apply that?

Ms. TANN. I am going to ask Dr. Sokol to address that because she has done a lot of the work in that area.

Dr. SOKOL. Good afternoon. Currently, the portion of the rating schedule which addresses mental disorders is in the final stages of its publication as a final rule. We did publish the proposed rule several years ago, which received overwhelmingly positive feedback from the veterans community, from clinicians. That is because we adhered to the latest approach to assessing the functional impairment due to mental disorders, which is outlined in great detail in DSM-5, which is the governing document for all psychiatrists and clinical psychologists to assess the level of functional impairment due to mental disorders. In this new portion of the rating schedule, we will be able to adequately address the level of functional impairment and corresponding occupationally significant disability. We are looking forward to publishing it by the end of the Fiscal Year 2026.

Mr. SELF. Okay. Real quickly, what has the toxic exposure law done to this examination, this review of your disability criteria?

Dr. SOKOL. I will ask Ms. Tann to weigh in on this question, please.

Mr. SELF. Just quickly. I am out of time.

Ms. TANN. Sorry, sir. We have a process by which we look at toxic exposures through our military. I am sorry, it is called the Military Environmental Exposures Sub-Council (MEESC) for—it escapes me right now what that group looks at, but that is a sepa-

rate group that looks for things based off our presumptive conditions—

Mr. SELF. Right.

Ms. TANN [continuing]. based off the codified requirement for that disease process. We look at those slightly differently based off exposures and what the science and evidence shows based off that exposure.

Mr. SELF. You have made my point, more complexity. I yield, Chairman.

Mr. LUTTRELL. Thank you, Mr. Self.

If we are using DSM-5, what data—can you give me, Dr. Sokol, can you give me kind of a timeframe of the data that we are currently using to define mental health for the VASR system, VASRD system? Let me give you a little bit more depth to this because—

Dr. SOKOL. Yes. Will you please—

Mr. LUTTRELL. Yes, absolutely.

Dr. SOKOL [continuing]. expand a little bit on the data portion?

Mr. LUTTRELL. Before I showed up to this wonderful place, my focus was in neuroscience. One thing my professors told me when I was in grad school is that what you are going to learn today will not be correct in 5 years. How were they right. It is not more or less a concern because research is research, but are we about to do an implementation of information that is already outdated?

Dr. SOKOL. Well, let me revisit DSM-5. DSM-5 is updated on average every 16 to 18 years.

Mr. LUTTRELL. Great. I mean, that is a home run.

Dr. SOKOL. There is a great big committee which gathers all the data between the Diagnostic and Statistical Manual of Mental Disorders (DSM) publications. The current DSM, DSM-5, was published in 2013, and it had introduced a lot of changes to the way we look at the functional impairment due to mental disorders.

Mr. LUTTRELL. In 2013, a severe traumatic brain—there were three levels of traumatic brain injury in 2013: mild, medium, and severe.

Dr. SOKOL. Well—

Mr. LUTTRELL. That is it.

Dr. SOKOL. Actually the biggest introduction was the multidimensional approach to the way we look at their mental health and mental disability. Those multidimensional approach means that all of us are built the same way and there are certain number of domains of function, such as ability to interact with others, cognition, self care, and so on and so forth. That multidimensional approach, which was introduced based on a great deal of data by DSM-5, is the basis of our review of the VASRD Rating Schedule for disability mental disorders portion.

Mr. LUTTRELL. That will not be updated until the DSM-5 comes out with the DSM-6 version?

Dr. SOKOL. It will be updated by the end of Fiscal Year 2026. It is updated already. It will be published. This final rule—

Mr. LUTTRELL. Off of the DSM-5?

Dr. SOKOL. Yes. It is based on DSM-5 multidimensional approach.

Mr. LUTTRELL. Fifteen years ago. Somebody do the math.

Dr. SOKOL. No, it was—

Mr. LUTTRELL. 2013?

Dr. SOKOL. 2013.

Mr. LUTTRELL. 23 is 10 plus—that is concerning because how much more we know today will not be near as much as we know tomorrow when we are dealing with the beautiful mind that sits between our ears, which every single human being is different, which I am sure you absolutely know.

Ms. TANN, the end of 2020, give me a—do you have a date? I am big on dates. The day after this thing goes out, I would like you and Dr. Sokol sitting in front of us and assuring us that we are—we got a green light and we are good to go. Do you have—

Ms. TANN. We anticipate our remaining final rules to be published around the summer of 2026.

Mr. LUTTRELL. Summer of 2026.

Ms. TANN. Then we will have time for implementation and an effective date, sir, beyond that.

Mr. LUTTRELL. Summer of 2026. Interesting. Okay.

Mr. McGarvey, you good? General? Mrs. Radewagen, do you have a question? You are good? Mr. Self? Good to go?

Okay. Thank you very much for your testimony today. Thank you. Again, thank you for everything that you are doing for our veterans and the Department of Veterans Affairs. I like to say this every single time we have a hearing. The VA is one—is a big machine. Everybody plays their role. Every morning that we wake up, every morning that you wake up, we absolutely know that who we are serving is our veterans, and we are here because of them. Thank you and have a very blessed day.

Ms. TANN. Yes, sir. Thank you. Thank you for this.

Dr. SOKOL. Thank you for this opportunity.

Mr. LUTTRELL. Yes, ma'am.

Once the first panel is up, panel number two may be seated.

Our first witness on this panel will be Ms. Elizabeth Curda. Ms. Curda is the director of Education, Workforce, and Income Security at the Government Accountability Office. Second witness on the panel is Mr. Philip Armour. Mr. Armour is the director of the RAND School of Public Policy Ph.D. program and a senior economist at RAND. Our third witness is Dr. Kyleanne Hunter. Dr. Hunter is the Chief Executive Officer (CEO) of Iraq and Afghanistan Veterans of America (IAVA). What branch?

Dr. HUNTER. Marine Corps. Best one.

Mr. LUTTRELL. I feel like as a Navy guy, I should say something. Okay. Thank you for your service. I would like to welcome the witnesses to our second panel. The witnesses, I please ask that you stand and raise your right hand.

[Witnesses sworn.]

Mr. LUTTRELL. Let the record reflect that the witnesses have answered in the affirmative.

Ms. Curda, you are now recognized for 5 minutes to deliver your opening testimony.

STATEMENT OF ELIZABETH CURDA

Ms. CURDA. Good afternoon, Chairman Luttrell, Ranking Member McGarvey, and members of the subcommittee. I am pleased to

discuss GAO's work on VA's efforts to update its disability rating schedule.

When veterans file claims for disability compensation, VBA claims processors use the rating schedule to determine monthly compensation. VA's Disability Compensation Program provides billions of dollars in benefits to millions of veterans and their families. VA must be able to make accurate decisions about the amount of compensation a veteran receives as a matter of fairness to veterans and to ensure the program is achieving its intended results.

VA has struggled to stay current with needed updates to the rating schedule. In 2003, we designated VA's Disability Compensation Program high-risk, in part because its rating schedule did not fully reflect advances in medicine and technology and changes in the labor market that have occurred since 1945. VA is required to base its compensation decisions on the average loss in civilian earnings resulting from a veteran's service-connected disability, but it has never updated this information based on data-driven analysis. My testimony today discusses VA's progress on updating the medical and earnings loss information in the rating schedule as well as remaining challenges.

Medical information includes the types of disabling conditions that veterans may have organized into the 15 body systems. Earnings loss information is the average decrease in expected earnings caused by those disabilities. VA has taken positive steps to improve the process for updating medical information.

In terms of progress, between 1945 and 2009, VA mainly focused on updating the rating schedule with new medical terms and criteria for determining a condition's severity. In 2009, VA embarked upon an ambitious effort to comprehensively update both medical and earnings loss information. These changes included establishing an office to plan and oversee these efforts. VA has also begun making plans for a 10-year cycle for updating the medical information to more systematically consider advances in the evaluation and treatment of medical conditions.

Since 2009, VA has completed updates to the medical information for 11 of 15 body systems. After years of fits and starts, VA has also begun testing its own earnings loss studies. VA is testing how the Department could produce earnings loss data and update the rating schedule with this information.

However, VA still faces challenges keeping its rating schedule up to date. It has yet to complete comprehensive revisions for four body systems. VA's attempts to revise some of these systems have been going on for years. In addition, information about how veterans' disabilities affect earnings loss remain a major gap. It is uncertain whether or when VA will complete these studies and use the information to update the rating schedule.

Going back decades, VA and external studies have evaluated the average loss of earnings for veterans with service-connected disabilities and suggested that not all veterans were being equitably compensated. For example, certain external studies suggested that veterans with mental health conditions were being undercompensated. As of today, VA has not updated its rating schedule with earnings loss information. Consequently, ratings determinations for all earn-

ings loss calculations remain based on information from over eight decades ago.

We have been monitoring VA's efforts to fix these problems through the lens of our high-risk list. As of 2025, VA has met three of the five criteria for removal from the list. It has shown leadership, commitment, developed an action plan to address root causes of its problems, and has been monitoring its progress. To have this area removed from the high-risk list, VA must continue to meet these three criteria and fully meet two more: capacity and demonstrated progress. Capacity involves things like identifying and applying the resources needed to implement its plans, and demonstrated progress means VA is accomplishing its goals and objectives for updating the rating schedule.

Ultimately, without a rating schedule that fully reflects present day medicine and changes in the labor market since 1945, VA may overcompensate some veterans while undercompensating others.

This concludes my prepared statement and I am happy to address your questions.

[THE PREPARED STATEMENT OF ELIZABETH CURDA APPEARS IN THE APPENDIX]

Mr. LUTTRELL. The written statement from Ms. Curda will be entered into the record.

Mr. Armour, you are now recognized for 5 minutes.

STATEMENT OF PHILIP ARMOUR

Mr. ARMOUR. Chairman Luttrell, Ranking Member McGarvey, and members of the committee, thank you for your invitation to testify.

As a labor economist, I research how health conditions impact individuals' ability to earn income and on the design of disability programs. Today I will focus on four points related to the economic effects of disability and describe implications for VA Disability Compensation (VADC).

By statute, VADC benefits consider veterans' earning losses from service-connected disabilities, not just a medical rating of impairment severity. The most recently published VA commissioned earning loss study was in 2008. Although there have been more recent studies, none of these studies have incorporated modern disability research findings, specifically how different elements of disability programs can independently impact earnings. Evidence from other programs shows that cash and noncash disability benefits do directly affect earnings, but no research exists on how VA's programs impact today's veterans' earnings.

Updated earnings loss studies that incorporate research on today's veterans would inform more accurate disability ratings. Alternatively, a move toward individualized disability determinations could also increase accuracy and eliminate the need for detailed earnings loss studies, but would require statutory changes.

To zoom out, in disability studies, there is a distinction between impairment and disability. Physical or mental conditions can lead to impairment, a reduction in the functioning of a body system or structure which can be diagnosed by medical professionals. Disability, however, relates to how these conditions lead to limitations to societal participation. For many disability programs in the U.S.,

there is a focus on how impairments lead to work disability, specifically reduced earnings capacity. Unlike with impairments, evaluating work disability requires consideration of the economic consequences of health conditions and thus requires collaboration between medical and labor force experts.

VA disability compensation is aptly named. By statute, a veteran with a service-connected health condition receives a rating that, quoting here, “shall be based upon the average impairments of earning capacity resulting from such injuries in civil occupations.” Given the statutory requirements, VA has commissioned studies to estimate how service-connected health conditions translate into average earnings losses. In general, these studies compare earnings of veterans with service-connected ratings with earnings of otherwise similar nonveterans or veterans without ratings. There are two issues facing the state of VA earnings loss studies.

First, to be relevant, earnings loss studies need to reflect the current employment environment. However, the last published study relied on data from at least 20 years ago. Since then, there have been substantial changes in medical treatments, veteran disability evaluation, and the labor market, such as, for example, substantial increases in remote work.

Furthermore, a rated health condition is rated because of its impact on earnings capacity, but the rating then facilitates access to VADC benefits and additional VA programs. How participation in VA programs affects the earnings of veterans is largely unknown. Yet, since the publication of the last earnings loss study, research on the causal impacts of other disability programs has proliferated. Specifically, there is now strong evidence on how the benefits in those programs have direct effects on earnings.

For example, recent evidence indicates that low cost-sharing healthcare access and targeted vocational rehabilitation benefits similar to benefits offered by the VA can facilitate return to work and higher earnings. Not accounting for these program-induced earnings increases would make average earnings losses appear less severe, but only due to the success of the programs.

Other programs are different than VAs and serve different populations, and the field of disability research also tells us the program details matter and that different populations respond differently. These other findings are suggestive of potential VA effects, but are not conclusive.

Because we do not have a clear understanding of the relationship among VADC, other VA programs, and veterans’ earnings, we have limited ability to evaluate these programs’ effectiveness and thus limited ability to estimate earnings losses from service-connected work disability.

Other disability programs also offer potential alternatives to the average earnings loss approach. The VADC statute reflects a concept known as disability-based average justice, or the notion that individuals with similar levels of disability should receive the same rating and the same compensation. Most other disability systems take an individual justice approach to at least disability determination, where an applicant’s disability is rated based on the impacts of their health condition on their own earnings capacity, not on the average work disability.

Regardless of the conceptual framework, recent research from Social Security and Workers' Compensation programs can provide insight into how the impact of VA programs on earnings could be incorporated into the current average justice framework or on how VADC could implement an individual justice framework. Yet these other programs serve distinct populations, so additional research with and insights from today's veterans are essential to ensure an accurately implemented VADC program.

Thank you for your time and I look forward to your questions.

[THE PREPARED STATEMENT OF PHILIP ARMOUR APPEARS IN THE APPENDIX]

Mr. LUTTRELL. The written statement for Mr. Armour will be entered into the hearing record.

Dr. Hunter, you are now recognized for 5 minutes.

STATEMENT OF KYLEANNE HUNTER

Dr. HUNTER. Chairman Luttrell, Ranking Member McGarvey, members of the subcommittee, thank you for the opportunity to testify today. Iraq and Afghanistan Veterans of America is dedicated to improving the lives of post 9–11 veterans and it is an honor to speak on their behalf today.

It is also concerning that at today's hearing there is only one veteran organization represented. This despite the fact that veterans who engage with the VASRD are not a monolith and there are several voices not in this room, including those that have directly worked with veterans to navigate the benefit process, and I hope in future conversations we can include more veteran voices. Modernization should be done with us, not merely on our behalf.

Veterans Affairs is currently undertaking a process of modernizing the VASRD, attempting to reflect both the realities of injuries experienced by servicemembers and advancement in medical science. The modern veteran population faces conditions and occupational realities that were not examined in many of the previous efforts. For example, traumatic brain injuries, toxic exposure, military sexual trauma, and complex mental health disorders are central to the post 9–11 veteran experience and have a significant impact on veteran quality of life and long-term employment outcomes.

Current modernization efforts to be undertaken by the VA include earning-loss studies to incorporate data on how service-connected conditions affect veterans' earning capacity and to align compensation with functional impairment and labor market realities. However, there remains virtually no transparency into how these studies are being conducted and whether or not they truly reflect the complete reality of the veteran experience.

Earnings loss studies may provide us useful data, but are in an incomplete lens to view the problem. For example, the Congressional Budget Office study on disability compensation focused only on male veterans, despite the fact that when this study was conducted, women made up the fastest growing group of veterans. We do have significant evidence to show that women veterans, even when fully employed, have different earnings than their male peers. As a representative of the generation that has seen the largest increase in women's service, this shows why it is critical that

veteran voices are included at the table to ensure fulsome and essential studies.

While the VASRD shares some similarities to other disability compensation programs, there are fundamental differences between veteran and civilian populations. Military service impacts the human body physically and mentally in ways that few civilian occupations ever will. From high physical risk occupations to repeated exposures to toxic substances, to increased risks for interpersonal harmful behaviors, and to having little control over where one lives, military service comes with inherent health risks. VASRD is one way that the country recognizes and compensates the individuals who volunteered and accepted these risks on behalf of the American people.

This system also exists in a unique legal framework shaped by the Ferris Doctrine, which prevents servicemembers from suing the Federal Government for injuries incurred during military services. Because veterans cannot legally seek tort damages for pain and suffering or loss of quality of life, disability compensation often also serves as not just income replacement, but redress for harms incurred while choosing to serve one's country.

Many service-connected conditions, such as chronic pain, migraines, Post-Traumatic Stress Disorder (PTSD), sleep disorders, may not immediately remove a veteran from the workforce, but still impose real lifelong impairments that merit compensation. Veterans service organizations for decades have been advocating to include lagging quality of life indicators in disability compensation calculations and that total compensation should look not just at the ability of veterans to be employed, but the compound and long-term medical impacts of service-connected illnesses and injuries. New research is also showing that quality of life indicators may be uniquely impactful to veterans and may exacerbate existing employment challenges.

VASRD as a program is also not just an investment in those that served, but an investment in our long-term national security. Veteran care after service is still a strong recruitment tool for military service, which requires the public trust. Veterans' participation in the modernization process will increase the confidence that these reforms are justified, fair, and aligned with modern veterans needs. It maintains the buy-in of one of the country's best recruiting assets: those of us who have already served.

Like many other veterans organizations, IAVA stands ready to support the VA in these modernization efforts and our members are eager to engage. In our most recent polity priority survey, over 50 percent of IAVA members cited modernizing the process as their top area that they would like to be involved in. Additionally, of our members that have a disability rating over 65 percent report that their disability payments are essential to their overall financial well being.

Thank you for your commitment to America's veterans and I look forward to your questions.

[THE PREPARED STATEMENT OF KYLEANNE HUNTER APPEARS IN THE APPENDIX]

Mr. LUTTRELL. The written statement of Dr. Hunter will be entered into the hearing record. Well said, Dr. Hunter.

All right. Mr. Armour, I was trying to pick your opening statement apart as best I could, but what I took from it is I think we are in trouble. Now I am going to ask you to talk to me. I consider myself a highly educated guy, but if you would not mind putting it in crayon for me. What you just said is do we have the capability to get there from here with compensation levels through this rating system? It did not sound like it. You were doing a comparative analysis to the civilian population and the veteran population, and Dr. Hunter most eloquently defined both, which, again, good job. Can we do this or is this an uphill battle that we will constantly have VA in front of us saying it will be next year?

Mr. ARMOUR. I can speak for the analytic question.

Mr. LUTTRELL. I am going to beat on you. You got a Ph.D. That means you are way smarter than me.

Mr. ARMOUR. We can do the earnings loss. We can do modern earnings loss studies. That is right. I think transparency about the methods that are used in it, pretty much all the methods used so far from the work cited in my testimony and the other panelists, it is outdated or it is using estimation techniques that are just not actually getting action.

Mr. LUTTRELL. It will always be outdated.

Mr. ARMOUR. Not always 20 years outdated.

Mr. LUTTRELL. We have to land somewhere, this panel right here and subcommittee, the full committee, all the way to where it needs to go. It will always be outdated. Where is the landing zone for us? We are going to have this conversation with VA and the fact that the other veteran organizations—Dr. Hunter, as you stated, this is an—anyone is welcome to sit in front of this committee at any time. I welcome it. We welcome that.

Mr. ARMOUR. We have done these, this kind of research for other programs. They do differ in these ways, but modern techniques can do it and they can do it relatively quickly in terms of, you know, months and years instead of decades.

Mr. LUTTRELL. Define “relatively quickly” for the Federal Government.

Mr. ARMOUR. Months and years instead of decades.

Mr. LUTTRELL. Okay. Dr. Curda, is the VA in a position to get this thing completed and pushed across the finish line in summer of 2026, in your personal opinion?

Ms. CURDA. I cannot tell you that they will be done in 2026. We—

Mr. LUTTRELL. From the information that you have gathered and the research that you have done, what are we looking at?

Ms. CURDA. They are in the final stages.

Mr. LUTTRELL. Final stage. Man, I tell you what, you would be surprised how many people are in final stages in the U.S. Government. I mean, we are like there.

Ms. CURDA. That is what I—that is all I know.

Mr. LUTTRELL. I mean, the electronic healthcare record has been in the final stages for the past 10 years and we are about 50 billion into it and it is still not done. Matter of fact, we are shutting it down.

Ms. CURDA. Yes. Meaning they are just before the Office of Management and Budget (OMB) phase, I guess—

Mr. LUTTRELL. Right.

Ms. CURDA [continuing]. with the final rule. It is possible that they can be done this year and we are hopeful. We would love them to be done this year. I cannot be sure they will. We have not seen an update on their progress since June of last year, and we have not had a substantive update on their action plans since August 2024.

Mr. LUTTRELL. I would be interested to know how, once the 15 body systems rescheduling is complete and we have the 15 body systems that we consider, okay, how do we continue to update that at a pace that stays relevant to science and medicine? Mr. Armour, you got something for that? You are a doctor, are you not?

Mr. ARMOUR. Ph.D. Again, I think we can do these analyses much faster. We have the capacity.

Mr. LUTTRELL. Can I will tell you what?

Mr. ARMOUR. That access is the biggest issue, I think, right now.

Mr. LUTTRELL. Analysis to application is the death of this place. You know how—looking around at the walls, everybody wants to write about something. We have to touch human bodies. I mean, I am so sick and tired of that. I am not beating up on you. I am talking out loud for the world to hear this.

How do we stay relevant in your personal and professional opinion once this thing goes nuclear? Is that a possibility or, Ms. Curda, are we going to be having this conversation 5 years from now that we are still using the DSM-5 and the information that we have on traumatic brain injuries date from 2013? I am sure Dr. Dexter is going to clack off on this one in a hurry when it is her turn.

Ms. CURDA. Yes, I am not a medical doctor either. I think it is possible for VA to stay up to date and I think they need to stay up to date, but they will have to continue to have really rigorous and realistic planning. They need to address some of the root causes of the issues. For example, the internal review process. I took a look at all the stakeholders internally to VA and there is something like 18 different—8 parts of VA that have to look at the draft rule and 16, according to them, 16 levels of review. Then once you are done with that, there is external parties, there is something like 11 external parties that they review it.

Mr. LUTTRELL. I mean, the complexities are mind-numbing, but it is so important for us to figure this out, us, we, the Department of Veterans Affairs, figure this out because it is the veterans that are feeling the pressures.

Mr. McGarvey, you are recognized, sir.

Mr. MCGARVEY. Thanks, Mr. Chairman. I am just going to pick up on what you were just saying, Dr. Armour. I used to work with a lawyer who would say, had an old expression, he said, you can get it fast, good, and cheap. Pick any two of three. Right. What is the best and fastest way we keep up to date?

Mr. ARMOUR. I think it is facilitating access to data for researchers. There is a paper that Dr. Hunter cited forthcoming by David Silver and Jonathan Zhang, looking at the impacts of ratings for mental conditions on quality of life outcomes and on healthcare utilization. That was—it is a phenomenal project. I think that represents the current state of what research can do in this field. It

is entirely limited to outcomes that the Veterans Health Administration has access to.

Mr. MCGARVEY. Where is the lag in data coming from?

Mr. ARMOUR. I cannot speak to specifically the internals of that study. I think, in general, getting linkages between VBA and VHA to occur is pretty much impossible to have happen, let alone the other aspect of this, which is the earnings loss studies. Those data generally need to come from the Social Security Administration, which has—they will not export individual data, but will allow for some Memorandum of Understandings (MOU) to understand it. Setting those up, facilitating that, that enables research to be done, the good research, and—yes.

Ms. CURDA. Can I comment on—just comment on that?

Mr. MCGARVEY. Yes.

Ms. CURDA. VA actually has in place agreements now with the Social Security Administration and the Internal Revenue Service (IRS) and some other entities to do that kind of data exchange. They have made progress in that area. I just wanted to point that out.

Mr. MCGARVEY. It sounds like we still need to have some progress in that area. One thing we need you all is help on and I can tell you on this committee, we are not going to accept the idea that we cannot do this because I think we can.

Dr. Hunter, do you want to say something?

Dr. HUNTER. Yes. I will just add to the conversation and I will disclose Phil and I were colleagues until just a little while ago here. There is also a big issue in the transparency of these studies being done. We hear a lot that VA is making these—like having these MOUs, doing all of these data, but they are doing it in a black box, which does not allow for either organizations like RAND and other Federally Funded Research and Development Centers (FFRDC) to actually do reproduction surveys or you do the data or do the studies faster, often through tools, or for VSOs to validate and understand. Like are you actually representative of this hierarchy of the population? We end up with studies like the U.S. Congressional Budget Office (CBO) does that excludes the fastest growing part of our population. Data transparency coming out of the VA is one of the biggest blockers to being able to do these fast and accurately.

Mr. MCGARVEY. That should be something we should be able to help fix a little bit, I would think, Mr. Chairman.

Dr. Hunter, I am going to go over to you. Thank you for your service. Appreciate that. I want to get away from—we have been out of government-speak now for a solid 3 minutes. I hope we can stay in this zone. I am just going to ask you point blank, do you think the VA disability is overly generous right now?

Dr. HUNTER. No.

Mr. MCGARVEY. Have you spoken with anybody who does?

Dr. HUNTER. No.

Mr. MCGARVEY. Okay, good. What would you say to someone who thinks that veterans who receive VA disability are somehow taking advantage of taxpayers, they are scamming the system?

Dr. HUNTER. I would first say that when you raise your right hand to serve, you make a contract with the United States, and

that is that we put our lives on the line 24/7, and as a result, we are to be taken care of for the time when we are done.

Mr. MCGARVEY. I think that contract you make when you raise your right hand and give yourself to service is both a legal and a moral obligation that we have as a country.

I want to ask you about the statutory mandate for the basis of disability ratings. The law says, quote, "The rating shall be based upon the average impairments of earning capacity resulting from such injuries in civil occupations," which is wonderful statutory language to say you get injured in the service. We are going to look at your disability rating based off a civilian counterpart. It is that "civil occupations" part that concerns me because military occupations do not always line up with civilian occupations.

You yourself, Dr. Hunter, you were an attack pilot on a helicopter. I am not sure there is a civilian equivalent for that type of job.

Dr. HUNTER. I have not found it. I was looking for it for a long time. I have not found it.

Mr. MCGARVEY. I do not think it is there. You know, and whether it is a Navy SEAL, whether it is an artillery crewman, we are going to have trouble lining this up.

Dr. Hunter, how do you compare injuries and illnesses that happen in military service with civilians?

Dr. HUNTER. They are not comparable. The military service, as I stated, there are physical risks that are unique. There are mental and psychological risks that are unique. There are environmental risks that are unique. One of the biggest areas of sort of divergence between the civilian and military occupations is that military servicemembers have very little to no control over where they spend their time, what environmental factors might be around them, what they are exposed to, the types of injuries they may receive.

A lot of the research that is done on the civilian side also include some opt in, right, some buy in to whatever career path they choose to be in in terms of how those calculations are done. The military, that is also removed, which goes back to some of this contract, that there is a volunteer to do whatever the country asks of you to do. Both the type of injuries and the environment in which those injuries might take place are divergent in medical aspects as well as the moral contract that we have made with the country.

Mr. MCGARVEY. Thank you very much. I do think that how, when, and where the injuries occur are often important in military service, just as the injury itself.

Mr. Chairman, I am out of time. I yield back.

Mr. LUTTRELL. Thank you, sir.

General Bergman, sir, you are recognized for 5 minutes.

Mr. BERGMAN. Thank you, Mr. Chairman. It is really fascinating to sit here and listen to the discussion back and forth because I sense everybody here is—no matter what role you are playing, even if you are sitting out there in a crowd, we are all here for the betterment for veterans outcomes, which is a good thing. Not necessarily in Washington, DC, can that be said in every hearing room. I will just leave that for a discussion of a different time.

I would like—and this is a generic—it is not a generic question. It is a specific question for any of you to respond to. To what extent do silos currently exist that inhibit the breakthrough results and the speed at which we need—the change that we know needs to occur occurs? Would anyone like to address the—however you want to address silos?

Ms. CURDA. Yes, there are silos that exist that prevent the speed of things getting done.

Mr. BERGMAN. Okay. In that case, so we agree that there are silos. I think that is not a surprise. Is the level of understanding that those silos exist, let us say within the Veterans Administration, to acknowledge they exist and then deal with the fact that do they need to exist? Do we need—is it additive in a positive way for the outcomes? Sometimes we have to work to get things done. If we work too long in a silo, we do not share the information.

As the Veterans Administration looks at their reorganization of the business, which was just announced, you know, in the last month or so, do you believe that a part of being able to speed up the process here toward positive results, it would be a positive effect to, however it is done, break down, rework, whatever you want to call the silos?

Dr. HUNTER. Sir, I will answer that one and I will answer it both from now as a CEO of a veteran organization and someone who was a public policy researcher before coming into this role. Absolutely, and particularly breaking down the silo between the VA and veterans in this research.

One of the things I learned very early on doing public policy research is that numbers are all great and fine in the spreadsheet, but the rubber meets the road when you engage the population that whatever you are researching is going to be impacting. Breaking down that silo, A, it will allow information to get to the VA faster about the reality of what is happening to veterans rather than waiting 10 years of the study. Talk to us, ask us. We can tell you that very quickly, as well as allow for a more, you know, robust and rapid updating of the system to meet the realities.

We talk a lot and we hear in the news all the time that warfare and the type of, like, modern warfare is expanding at this exponential rate. We have—whether it is advancements in technologies or the change in the type of enemies that we have, and if the VA remains siloed and cutoff, doing their research and not interacting with those who most recently served, there is always going to be this lag. We are always going to be playing catch-up and saying, oh, yes, well, next time we will deal with this injury. Next time we will look into this body system. Next time we will figure this out.

From where we sit, absolutely, we are here and ready and want to break down those silos and work to ensure that our veterans are taken care of.

Mr. BERGMAN. Anybody else want to comment? Okay, that is all right. Silence is you do not want to comment.

Okay. Along with the silos, what can we do, from your perspective, as a committee to advance the decrease—or, excuse me, the increase in transparency? Once you have got the silos broken down, how do you set the environment where now if you are working on

this project—we are all working, you know, but there is that transparency of data exchange? Any thoughts?

Ms. CURDA. Well, I think certainly hearings like this are a great way to make situations at VA more transparent and having testimony. I think, encouraging the agency to be forthcoming and transparent with information with GAO, for example. We have had a good dialog with them in the past number of years as we have been monitoring their progress on the high-risk issue. Sometimes the information has to go through extensive levels of clearance and takes a lot of time to get to us. We just would prefer to have a more give-and-take kind of relationship on these things because we think that would help give us an opportunity to respond to them sooner and it may help things—keep things from going off track.

Mr. BERGMAN. Okay, thank you.

Mr. Chairman, thank you. I see I am over my time. I yield back.

Mr. LUTTRELL. Thank you, General. Dr. Morrison, you are recognized for 5 minutes.

Ms. MORRISON. Thank you, Mr. Chair. I want to thank you and the ranking member for holding this hearing today. I want to thank our witnesses for being here to testify, too.

I am also glad there is bipartisan agreement that the VA Schedule for Rating Disability should be modernized and it is essential that we get this right. We need to require transparency from VA and a process that incorporates feedback from medical experts, economists, and, of course, the veterans themselves.

My late father-in-law was an Army Ranger and received disability compensation for the injuries he sustained in combat. We know that so much has changed since veterans like my father-in-law served, both in terms of the nature of military service as well as significant advances in medical research and treatment. We know more than ever we have the—we know more about the effects of military service on veterans' physical and mental health. It is critical that we put this data as well as veterans' experience to use as we tackle this important issue.

Dr. Hunter, I want to begin with you. As you noted, women are the fastest growing group of veterans. According to VA, women made up about 4 percent of the veteran population in 2000. By 2040, VA expects that number to increase to 18 percent. What should VA be doing to incorporate data that accurately accounts for the increasing population of women veterans?

Dr. HUNTER. When we look at women veterans, and particularly for this topic in particular, there are two areas that need to be done. One is ensuring that when we are looking at the actual impacts of certain injuries, illnesses, and exposures, that women are part of the clinical studies to understand what the impairments actually are. There is a long history of medical research excluding women and so we are basing women's conditions off of what men have experienced. We know that women are not just little men in this regard. Actually doing the clinical studies to understand the impact on women is essential.

When we are looking at earnings loss statements as well, women need to be considered in the workforce aspect of this. You know, we look at a lot of conditions that may, you know, triple or almost quadruple impact women if we look at things like reproductive

healthcare issues that are connected to service-related conditions and what that does to workforce engagement. We also have a whole like a host of new issues since women have been involved in ground combat of the musculoskeletal systems that have not been studied. We cannot make accurate determinations without knowing that. Which is why, again, the veteran community stands here willing and wanting to be involved.

Ms. MORRISON. I appreciate that and thank you for bringing reproductive healthcare and its impacts into it. As an Obstetrics and Gynecologist (OB/GYN) myself, I think that is critically important.

Dr. Hunter, in your testimony you mentioned that post 9–11 veterans are more likely than previous generations to endure exposure experiences that contribute to diagnosed mental health disorders, both from the psychological and physiological perspective. Traumatic brain injury, toxic exposure, and military sexual trauma are all factors that have to be considered to meet the needs of the modern day veteran population. As we continue to learn more about these various forms of trauma—how these various forms of trauma affect a veteran's quality of life and economic prospects, what role do veteran service organizations have to play in ensuring the needs of the veteran are reflected in any proposed changes to the rating schedule?

Dr. HUNTER. Thank you so much for bringing up the mental health side of this, too. I think VSOs have three or four big areas that we play.

One is we are the frontline touch points with veterans. As IAVA, we conduct multiple surveys a year to understand the experiences in closer to real time than any of these VA studies can be done. If we want to know how this is impacting people, we can tell you. We actually have that data. When we talk about data sharing and transparency, we can get it to you in a much faster way.

Additionally, one of the big parts of this is that VSOs engage with veterans who may not be in the VA system. When VA is doing their studies, they have a huge bias that we have not even talked about, the fact that when they are looking at outcomes, they are looking most often at people who are already part of the VHA system. Part of what we want to do is catch that wherever it is, between 20 and 50 percent, depending on what study you read, of veterans who are outside of the system. We are the conduit to those people. We are the conduit to the people that is actually the hardest to get the data on, which is important.

Then third, we are a trusted agent. There has been historic—through all of the scandals and all of the reporting, the VA has been all over the place in how much the veteran community actually trusts them. VSOs are often more trusted organizations, and we can serve a role in helping the VA build that trust back in the veteran population through collaborative work.

Ms. MORRISON. Thank you so much. Many more questions, but I see my time has expired. One more? Thank you, Mr. Chair.

Mr. LUTTRELL. Mrs. Radewagen.

Ms. RADEWAGEN. Thank you, Mr. Chairman. I want to thank the witnesses for appearing today.

Ms. Curda, does GAO believe that VA is still treating this rating schedule updating, overhaul as a project instead of a program?

Ms. CURDA. I am not sure I understood your question.

Ms. RADEWAGEN. Does GAO believe that VA is still treating this rating schedule updating, overhaul as a project instead of a program?

Ms. CURDA. No, they have—they are treating it like a program. They have a program office which they have established. They have staffed it mostly. Those staff have been, you know, developing, promulgating the regulations to provide the medical updates. They have also been working on the earnings loss studies.

Ms. RADEWAGEN. How does the schedule influence the claims processing workload? Do you believe that the lack of updates is causing issues within VBA when it comes to claims processing?

Ms. CURDA. No, I do not think it really affects the claims processing. You know, down the road, if they change the regulations, it will have an impact. They will have to make updates to a lot of the training and all the inputs that go into the process so that it is up to date and in line with the regulations.

I think the impact is more along the lines of the equity issues we have been discussing today, where outdated information might lead some veterans to be overcompensated and others to be undercompensated. I mean, if you are just strictly on an earnings loss basis.

Ms. RADEWAGEN. Yes. Mr. Armour, when researchers evaluate the impact of veterans' benefits, what challenges exist in isolating the effects of a single benefit when many veterans are accessing multiple programs at the same time?

Mr. ARMOUR. There is a lot of challenges with that. That is actually a fundamental concern here, is that we do not have a sense of why some veterans access certain programs at different times and thus the impacts that those program—participation in those programs has. It is very difficult to tease apart for these earnings losses. You know, was it vocational rehabilitation, the Veterans Readiness and Employment (VR&E) services that went into it? Was it kind of the access to VA healthcare being priority group 1 through 3 that had an impact or is it just fundamentally the health condition itself improved? These are all things that are from the data alone are quite challenging because we just do not have an evidence base on the impacts of these programs or also like how benefits themselves sort into using them. Yes, so I guess I would leave it at that.

Ms. RADEWAGEN. Thank you, Mr. Chairman. I yield back the balance of my time.

Mr. LUTTRELL. Thank you, ma'am.

Dr. Dexter, you are recognized for 5 minutes.

Ms. DEXTER. Thank you, Mr. Chair. Thank you both, our ranking member as well as you, for your leadership in this. I think this is a really important topic and I am grateful for this today. I appreciate the committee being engaged and bipartisan as well. This is unique in Congress to have folks who are aligned, so thanks. To our witnesses, thank you, also, for your service as well as being here today.

As a physician, I strongly believe that disability rating schedules must be data-driven, medically sound, comprehensive, and centered on veterans' lived experiences, so certainly need to include women

in those studies as well as many other conditions. I will just share, as a medical student and then as a medical resident in the early 2000's, 30 years after the Vietnam War, I cared for patients in the VA system with complex and poorly understood symptoms. Over time, research made clear that many of these conditions were linked to Agent Orange exposure, something that many of the veterans expressed suspicion of, but felt very, we will say, gaslit these days. We were not saying that then, but not trusted. The frustration, the betrayal, the despair I saw so many veterans experience left an impression. It also showed how long it can take for science to catch up to exposure impacts and why ongoing monitoring and research are essential.

As a pulmonologist, the lungs in particular are uniquely vulnerable. They are the only organ continuously exposed to the outside world without any protective barrier unless we put something on. Toxic exposures are constantly evolving, as we know on this committee, which means our understanding of their long-term health impacts must evolve as well.

First for Mr. Armour, you noted—or Dr. Armour, sorry, you noted that the last VA Commission's RAND studies were conducted more than 20 years ago before much of our current understanding of toxic exposure, PTSD, and traumatic brain injury were available. From your perspective, what are the most important next steps to ensure veterans are benefiting from the most up-to-date science when disability rating schedules are reviewed and updated?

Mr. ARMOUR. I mean, just updating those earnings loss studies and in particular like bringing in the issues that we have observed from other disability programs to address, like those modern techniques.

Ms. DEXTER. Just to follow up on that, that is sufficient, you think, for the science to catch up as well?

Mr. ARMOUR. I will speak as an economist on what the economic angle would be.

Ms. DEXTER. Okay.

Mr. ARMOUR. I think that would check that box, but I am not a physician.

Ms. DEXTER. No, of course. Obviously, it is an unfair question for many of you. I will just state that we need to have ongoing evaluation and iterative evaluation of our medical information in the same way that I hear you arguing for economic information.

The second question, I am proud that my bipartisan bill to strengthen the Veterans Readiness and Employment Program, the VR&E Act, with a lot of support from people here passed both the House and Senate, and I am continuing to work to better support VR&E counselors. Mr. Armour, can you speak to the role of rigorous research in evaluating and strengthening VR&E and what this program can tell us about earnings losses associated with service-connected disabilities?

Mr. ARMOUR. I can tell you I think there is tremendous potential to learn those things. I think the current state of research on it is such that it is very difficult to identify the causal impact of those services. There are—the VR&E longitudinal study is one sort of study that has been going on for a stretch of time. Again, it is sort of a study that does not use modern methods in comparing people

who did get services versus those who did not and the subsequent outcomes.

I think that there are ways in which we could—there is a lot of potential to find out for whom it is working and what those impacts are. We just do not have that evidence base right now.

Ms. DEXTER. Very good. Not good, but obviously you have expressed the need for implementing change to how we collect data.

Dr. Hunter, disability rating decisions must be grounded in sound medical evidence. Proposals to lower disability ratings based on whether a condition is treated raise serious concerns for me. Take obstructive sleep apnea as an example. When untreated, it can worsen hypertension, heart failure, and significantly increase risk of heart attack and stroke. Trying to lower ratings to treatment could discourage veterans from seeking care, which puts their health at risk and may ultimately cost more for the VA as well as cost of productive life here for those veterans. Dr. Hunter, from a veteran's perspective, can you speak to the concerns around lowering disability ratings based on treatment status?

Dr. HUNTER. In addition to what you mentioned about it potentially discouraging veterans from getting care, there is also the very real thing that we need to look at about treatment for veterans who may not live close to VA symptoms. Like, I am out in the West, as are you, and for me, I get all of my care at the VA and I often have to travel 3-1/2 to 5 hours, depending on the weather conditions, to get some specialized care. If we say, well, you are getting care, you are not getting compensation, the other thing that we have to look at is how does that remove people from the workplace? What is the added stress and time and, you know, hardship that is put on it, on an individual? Which is something that needs to be looked at as the total overall compensation. We do not want to say we are correcting one issue and making a bigger problem, which is why these updated studies need to be done.

Additionally, what it does not take into effect is the long-term impact in quality of life issues that arise. Even if a condition is considered treated, there still is often a lagging quality of defect of life indicator. I actually encourage the committee to encourage the VA to look at studies coming out of Australia and Canada and Israel where they actually include like verified quality of life measures into their veterans' disability compensation programs that have had results of actually improving workplace outcomes through addressing the fact that there were initial quality of life concerns. Just through the redress payments from those, you end up having much better long-term economic outcomes as well.

Ms. DEXTER. Thank you. I appreciate your patience.

Mr. LUTTRELL. Yes, ma'am.

Mr. Self, you are recognized for 5 minutes, sir.

Mr. SELF. Thank you, Mr. Chairman.

Ms. Curda, I was very curious that the management of disability compensation claims has been on your high-risk list since 2003. Yet you said that August of 2024, January, February, and June of 2025, you got a lot of input. Can you estimate how much of the advances they have made happened since August of 2024? Just a rough estimate.

Ms. CURDA. That I cannot tell you much. I would say it is not true that is the first time we have heard from them. We actually have been talking to them pretty frequently since about 2019, but we saw progress more in more recent years.

It took a while. We went through a process of deciding, okay, what are the root causes of these issues? VA came up with root causes. They developed an action plan to address those root causes. The first version was more like a list of stuff we have done. It was not a plan. Then they had to go back to the drawing board and come up with a plan that had milestones and goals and, you know, ended up being something we were—we thought was an actionable plan and they had something they could monitor their progress against. It just—it is been a multiyear effort and it has not all been since 2024.

Mr. SELF. Well, I would ask you what can Congress do to help GAO? Not just in VA, but across the government, you have hundreds and hundreds of reports that have not been acted on by many of the departments. I think Congress ought to be looking at GAO, how we help you to get things implemented.

Now, let us go back to your five criteria for removing them from the GAO high-risk list. They have met leadership commitment, action plan, and monitoring, less so in capacity, which is basically resources. It is not capacity, it is resources, and demonstrated progress. We have got a saying in Texas, when you look at the three that they have met, they are still fixing to do something.

Ms. CURDA. Yes.

Mr. SELF. They have not done—I mean, logistics is everything. If they have not provided the resources for the capacity to do it, then they are not going to demonstrate progress. I think this is very telling chart that you have given us, that they really need to do something now that they have made the commitment, apparently.

Then, Dr. Armour, you talked about individual versus average justice. You spent a lot of time on that with the Social Security. Now, Social Security Administration supposedly has outdated computers, old coding, and yet you basically said that the Social Security Administration does a far better job individualizing plans. Can you kind of talk to that?

Mr. ARMOUR. I will say historically, Social Security has been very welcoming to the research community in allowing us to conduct research on how the disability determination process works and at sort of which stage. They do contract with—they contract with states to actually administer the first stage of it. For each kind of level of that. They have shared a lot of their earnings data, their benefit data, and we have provided over the years a lot of strong results on kind of the—every stage of their determination process, sort of how it works. That has allowed them to make various policy decisions to provide that feedback back to that determination process. They have also engaged in a lot of National Academies of Science, Engineering, and Medicine panels to update their own listings.

Mr. SELF. Well, that is not really my question because you get a very individualized plan from Social Security Administration. These are your earnings, this is your disability. This is—I mean,

it is pretty detailed and it is individualized. Yet you say that VA uses an average justice sort of model. Yet we spend a lot of time individually, and part of that is the problem. We have 66 percent of claims have errors and 44 percent of all—I have forgotten the data, but, I mean, we have a tremendous error rating. Why is that if we are using average justice as opposed to individualized? It looks to us as though we spend a lot of time with the individual. Can you explain that?

Mr. ARMOUR. I can speak to how Social Security does this—

Mr. SELF. All right.

Mr. ARMOUR [continuing]. and how they separate the determination process into two steps. One is a listing of impairments. These are conditions that are sort of severe enough that through medical evidence alone can determine that there is a disability. There is that. They have an all or nothing determination as well, is another thing that makes that makes Social Security a little clearer.

Then if there is not that listing of that level of severity, then it is an individualized assessment that they have, and it is a residual—it is trying to estimate functional capacity at that individual level. They have done a, you know, spelling things out for the things that can be easily spelled out and then having an individual assessment where they see people's earnings leading up to it. You know, they have physicians comment not just on the medical component, but on the functional capacity component, and then they have a lot of oversight of that particular process. They have split apart that decision instead of trying to schedule everything.

Mr. SELF. Thank you very much. I think that is something we might do a deeper dive on.

Chairman, I yield back.

Mr. LUTTRELL. Thank you, Mr. Self.

Go ahead.

Mr. MCGARVEY. Thank you, Mr. Chairman. I just want a couple of quick follow-up questions.

Ms. Curda, earlier I asked VA if they would commit to sharing their methodology with you. Would you be receptive to that?

Ms. CURDA. Absolutely.

Mr. MCGARVEY. Perfect. Beyond sharing methods and data, is there anything more that you would ask the VA to better provide oversight, accountability, and quality assurance in this rating schedule?

Ms. CURDA. Just quicker turnarounds on things. When we ask for information, just instead of having to wait a long time for clearances and stuff, you know, just get it to us. If it exists, they should be able to provide it.

Mr. MCGARVEY. Thank you. One common theme between the first panel and between you all seem to be these silos of information. These silos are terrible things that I think are hurting our veterans. They are holding information and keeping it from people who need it when it should be shared, it should be transparent.

Dr. Armour, you talked a little bit about this and we seem to be dealing with several information gaps, in part caused by some of these silos, which leads to nonexistent research, out-of-date data sets. What other sorts of basic research need to happen and does

it make sense to have that before people start talking about radically changing the VA compensation system?

Mr. ARMOUR. I think given the state of knowledge on the economic consequences of VA benefits, yes, we just do not have a lot of publicly available research on, right, today's veterans and today's system. I think, yes, kind of more research. I particular, I think it is not wildly complicated. I think it is sharing the existing data that Social Security has that the VBA, the VHA has, together could provide if that were more widely available, if more research could be conducted on that in a way in which there is transparency and comment so that modern techniques could be used. I think that would answer a lot of questions very quickly, again, if things moved.

Mr. MCGARVEY. Transparency and sharing of information, I like it.

Mr. Chairman, I yield back to you.

Mr. LUTTRELL. Mr. McGarvey, I have—since my time in academia to the time I am sitting next to you today, trying to convince—I do not care which institute of higher learning you are talking about and that famous catchphrase of silos, how do you sew the seams between the two? Who will have the willingness to open—like in my personal opinion, the VA should be the premier institute of research on the planet, amount of information that is inside of the VA system. They have always been, since I have had the opportunity to work alongside the VA or with the VA, very protective of us, the veteran community. That information is some of the most cherished data on the planet. Everyone is knocking on the door saying, please let us engage with you to share this information so we can move any side, any kind of information forward. VA has always been very reluctant of that because who is going to fall on the sword? Who is going to take responsibility if there is a breach and the information is gone or lost or taken or worst case scenario?

Conversations on the committee and with secretaries, deputy secretary, who you are talking to, and this kind of goes to what you are talking about, Dr. Hunter and Mr. Armour, is, yes, if other institutions, whether that is VSO or any institute of higher learning, had the opportunity to do that, where would we be now? I have been having this conversation for 12, 15 years, so I can only imagine how long you guys have been having it. I speak to the broader research base. You guys look like you are in your 20's. How do we break that down? We do. It is a fair question.

I can understand and I really appreciate where we are in the protection mechanism, especially in the branches of artificial intelligence, machine learning, and the bad actors that are pushing that out to take from us that we cannot defend against. As we incorporate machine learning language models into this data to find these answers, at what point, this is a fair question to ask, at what point do we find the answers to solve the issues of the brain?

If we have the ability to get rid of sleep apnea or tinnitus or the varying degrees of heart disease and exposures from being in combat, where do we sit then? Do we ask the veterans, like, hey, we are going to give you this and everything is going to be okay? Or do we grandfather it in and we move forward into the next generation? These are discussions we are going to have to have. You

would be pleasantly surprised how challenging those discussions are going to be. It lends itself to what Mr. Self was saying, is that what point do we say, hey, look, we can fix these things? How do we engage with the veterans so they will receive it? How does the VA implement it? Then how do we move forward to make sure that we do not talk about 1945 infrastructure, which I still find moderately entertaining?

I will never say we are moving fast enough because of all the veterans in my district that walk up to me and say we are not. I am listening. As a veteran myself, I have that same response. I do understand how complicated the VA system is just from this side. I have never actually been inside the VA, but having offline after-school conversations of how challenging it could be, it is. I just hope and pray every single day they keep moving forward. We will do everything that we can on this committee to make sure that they have what they need.

As problem sets continue to increase and it seems like we always have to talk about dollar bills. Well, I am going to be quite honest. You know what? Dollar bills is something that is extremely hard to find even in the VA considering how far in debt we are as a country. We beg, borrow, and steal and kick a lot of butt to get the money for our veterans because we would not be sitting there having this conversation if it was not for you all. We are willing to do that, but we make sure we have to do it right. It has to be done right.

I want to thank all of our witnesses for joining us today to discuss how the Department can address the longstanding delays in updating the rating schedule and, more importantly, how we ensure this does not remain a recurring problem for the future and for our veterans. When the rating schedule is outdated or applied inconsistently, it just creates confusion, frustration, and delay. That is something that we do not want.

Updating the system is necessary. I am excited about the opportunity. This will be closed up and we will complete this at the summer of this year. This committee will be on standby to see if that actually happens.

Ranking Member, do you have closing remarks? We good to go?

Mr. MCGARVEY. Thank you, Mr. Chairman.

Mr. LUTTRELL. Yep. I ask unanimous consent that all members may have 5 legislative days to revise and extend their remarks and include extraneous material. Without objection, so ordered.

We are adjourned.

[Whereupon, at 4 p.m., the subcommittee was adjourned.]

A P P E N D I X

PREPARED STATEMENTS OF WITNESSES

Prepared Statement of Nina Tann

Good afternoon, Chairman Luttrell, Ranking Member McGarvey, and distinguished Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs' (VA) efforts to modernize disability benefits. Joining me today is Dr. Ulia Sokol, a Medical Officer with the Veterans Benefits Administration.

For disability compensation or pension purposes, a Veteran's disabilities are evaluated using the VA Schedule for Rating Disabilities (VASRD), also known as the "rating schedule." The statute giving VA authority to establish and maintain the rating schedule, 38 U.S.C. section 1155, states: "The Secretary shall adopt and apply a schedule of ratings of reductions in earning capacity from specific injuries or combination of injuries. The ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations...The Secretary shall from time to time readjust this schedule of ratings in accordance with experience."

VA is committed to updating its disability compensation rating criteria to accurately reflect medical science, advancements and improvements in technology, and current terminology. These updates allow VA to ensure its disability evaluations accurately compensate Veterans based on average impairments in earning capacity.

While VA has made numerous changes to the VASRD over time,¹ it has not completed a holistic and comprehensive update since 1945, despite notable progress during that time period. In 2003, the Government Accountability Office (GAO) deemed VA's disability program high-risk because VA had not systematically updated the VASRD. In response, VA developed a Modernization Plan in 2009 with the goal of comprehensively updating all 15 body systems of the VASRD. VA established workgroups that included medical and VA policy subject matter experts. VA used the groups' analyses of established medical research to begin the rulemaking process, which involves drafting and publishing a proposed and final rule for each body system. To date, VA has completed updates on 11 of the 15 body systems. Specifically, VA completed: Dental and Oral Conditions in Fiscal Year (FY) 2017; Endocrine, Gynecological Conditions and Disorders of the Breast, Organs of Special Sense (Eyes), and Skin in Fiscal Year 2018; Hematologic and Lymphatic and Infectious Diseases, Immune Disorders, and Nutritional Deficiencies in Fiscal Year 2019; Musculoskeletal, Cardiovascular, and Genitourinary in Fiscal Year 2021; and Digestive in Fiscal Year 2024. Updates made to the VASRD are generally applied prospectively and therefore, do not impact current beneficiaries in receipt of disability compensation. In circumstances where a change to the rating schedule lowers the rating assigned to a particular disability, Veterans enjoy numerous protections. Most notable of these protections is that a readjustment in the rating schedule cannot cause a rating in effect at the time of the change to be reduced unless an improvement in the Veteran's disability is shown to have occurred.

VA published proposed rules for the remaining four body systems, Mental Disorders (AQ82), Respiratory, and Ear (AQ72) in Fiscal Year 2022 and Neurological Conditions and Convulsive Disorders (AQ73) in Fiscal Year 2025. VA anticipates publishing the final rules for all four body systems in three rulemakings by the end of Fiscal Year 2026, which will complete the first holistic and comprehensive update since 1945.

In 2019, VA established the VASRD Program Management Office with a mission of revising the VASRD through rulemaking—body system by body system, in stag-

¹ Genitourinary, effective 02/17/1994. Dental/Oral, effective 02/17/1994. Gynecological Conditions/Breast Disorders, effective 05/22/1995. Hemic and Lymphatic, effective 10/23/1995. Endocrine, effective 06/06/1996. Infectious Diseases, effective 08/30/1996. Respiratory, effective 10/07/1996. Mental Disorders, effective 11/07/1996. Muscle Injuries, effective 07/03/1997. Cardiovascular System, effective 01/12/1998. Ear, effective 05/11/1999. Skin, effective 08/30/2002. Eye, effective 11/10/2008.

gered cycles of recurring reviews, in response to GAO's high-risk recommendations. This iterative process ensures continuing alignment of the VASRD evaluation criteria with medical, scientific, and technological advancements. As with the initial iteration, VA will apply lessons learned from previous efforts and begin future iterations by establishing workgroups prior to developing proposed and final rules, which undergo a thorough medical, legal, and policy review prior to publication in the Federal Register. The rulemaking process generally takes 2 to 5 years to complete but can take longer due to the length and medical complexity of the VASRD updates. Updates to the VASRD require coordination to implement required claims processing system changes and to provide training and guidance to clinicians on disability benefits questionnaires and to claims processors charged with correctly applying current disability evaluation criteria.

Following the completion of the first holistic and comprehensive update to the VASRD, VA plans to continue updating the VASRD with the evolution of medical science and treatment modalities. While VA aims to update the rating schedule to simplify the claims process for Veterans and promote a fair and efficient process, VA will also standardize rating terminology and address contemporary claims processing issues to assist claims processors charged with delivering fair, efficient, and timely benefits decisions to Veterans.

In closing, VA remains committed to modernizing disability benefits by making continuous updates to the VASRD. We thank the Committee for your continued support of programs that serve the Nation's Veterans and look forward to working together to further enhance delivery of benefits and services to Veterans.

Mr. Chairman, this concludes my statement. We look forward to answering any questions you may have.

Prepared Statement of Elizabeth Curda



United States Government Accountability Office

Testimony

Before the Subcommittee on Disability Assistance and Memorial Affairs,
Committee on Veterans' Affairs,
House of Representatives

For Release on Delivery
Expected at 2:15 p.m. ET
Wednesday, January 14, 2026

**VA DISABILITY
BENEFITS:**

**Progress Made but VA
Decisions on Veterans'
Claims Continue to Be
Based, in Part, on
Outdated Criteria**

Statement of Elizabeth H. Curda, Director,
Education, Workforce, and Income Security



VA DISABILITY BENEFITS

Progress Made but VA Decisions on Veterans' Claims Continue to Be Based, in Part, on Outdated Criteria

GAO-26-108844

January 2026

A testimony before the Subcommittee on Disability Assistance and Memorial Affairs, Committee on Veterans' Affairs, House of Representatives

For more information, contact: Elizabeth H. Curda at curdae@gao.gov

What GAO Found

In 2009, the Department of Veterans Affairs (VA) began a comprehensive effort to revise its disability rating schedule, which is criteria VA uses to determine veterans' eligibility for disability compensation. This effort involves updating two sets of information. The first set—medical information—includes disabilities veterans may have, organized into 15 body systems. The second set—earnings loss—is the average decrease in expected earnings caused by those disabilities.

- **Medical information.** As of December 2025, according to VA officials, VA has updated medical information for 11 of the 15 body systems and planned to complete updates for the remaining four systems in fiscal year 2026—10 years after its originally planned completion date.
- **Earnings loss information.** Since May 2023, VA has been testing how to produce data from its earnings loss studies and update the rating schedule with this information. Past VA and external studies have evaluated the average loss of earnings for veterans with service-connected disabilities and suggest that certain veterans were not being equitably compensated (e.g., those with mental health conditions may be undercompensated). However, as of January 2026, VA has not updated its rating schedule with earnings loss information from any of its studies. Consequently, ratings determinations for all earnings loss calculations remain based on information from 1945.

Since 2019, VA has taken steps to demonstrate progress on this high-risk area. For example, in 2024 VA issued an action plan that identified the root causes of the challenges it faces in updating the rating schedule, the actions it plans to take to address them, and metrics and milestones to monitor progress. VA has fully met three of the five criteria for disability rating schedule updates to be removed from GAO's High-Risk List: Leadership Commitment, Action Plan, and Monitoring.

To have this area removed from the list, VA must continue to meet these three criteria and fully meet two more: Capacity and Demonstrated Progress. VA has not fully defined the resources needed for, nor demonstrated adequate progress in, updating its medical and earnings loss information.

Department of Veterans Affairs (VA) Progress Addressing Criteria for Removing Disability Rating Schedule Update from GAO High-Risk List



Source: GAO. | GAO-26-108844

VA must be able to accurately compensate veterans commensurately with the impact of their service-connected disabilities. Without a rating schedule that fully reflects present-day medicine and changes in the labor market since 1945, VA may overcompensate some veterans while undercompensating others.

Why GAO Did This Study

Veterans with injuries or illnesses incurred or aggravated during their military service may receive monthly disability payments from VA.

VA administers one of the largest disability compensation programs in the nation. The department reported providing \$195 billion in compensation to over 6.9 million veterans and their families in fiscal year 2025. Yet determinations of veterans' eligibility for disability compensation are partially based on criteria that have not been updated in over 80 years.

Partly due to the need to update the disability compensation criteria comprehensively, VA's management of the disability compensation program has been on GAO's High-Risk List since 2003.

GAO was asked to testify on VA's efforts to update its eligibility criteria for disability compensation. This testimony summarizes the status of VA's efforts and steps VA must take for the disability compensation program to be removed from the High-Risk List.

This GAO testimony is based on findings from selected GAO reports issued from 2012 to 2025, particularly GAO's High-Risk List updates. Information about the scope and methodology is available in the underlying reports.

Chairman Luttrell, Ranking Member McGarvey, and Members of the Subcommittee:

I am pleased to be here today to discuss our work on the efforts by the Department of Veterans Affairs (VA) to update the VA Schedule for Rating Disabilities (VASRD), or rating schedule. The rating schedule is eligibility criteria used by VA claims processors to evaluate the severity of disabilities and assign disability ratings. VA's effort involves updating two sets of information. The first set—medical information—includes disabilities veterans may have, organized into 15 body systems. The second set—earnings loss—is the average decrease in expected earnings caused by those disabilities.

Veterans with service-connected disabilities (i.e., injuries or illnesses incurred or aggravated during military service) may receive monthly VA compensation payments according to the severity of their disability.¹ VA's disability compensation program is one of the largest federal disability benefit programs in the nation. In fiscal year 2025, it provided \$195 billion in compensation to over 6.9 million veterans and their families, according to VA. Given the size of and investment in the program, VA must be able to make accurate decisions about veterans' disability claims.

Our prior work has highlighted longstanding challenges VA has faced with managing large numbers of claims and modernizing the rating schedule with updated medical and earnings loss information.² These challenges can affect VA's efforts to provide veterans with accurate decisions and timely compensation. Some challenges may also limit VA's capacity to modernize to best meet veterans' needs in the 21st century.

¹See generally 38 U.S.C. Ch. 11.

²For example, see GAO, *Veterans Affairs: Addressing Longstanding Management Challenges Requires Sustained Leadership*, [GAO-23-106636](#) (Washington, D.C.: Feb. 28, 2023) and *VA Disability Benefits: Agency Has Taken Steps, but Challenges Remain with Managing and Modernizing Its Program*, [GAO-26-108789](#) (Washington, D.C.: Oct. 29, 2025).

As a result of these and other challenges, VA's management of disability compensation claims has been on GAO's High-Risk List since 2003.³ VA has made some progress in addressing these high-risk issues. However, VA needs to take additional steps and demonstrate its long-term commitment to making needed changes to best serve veterans and their families. My statement today focuses on VA's progress updating the medical and earnings loss information in the rating schedule as well as remaining challenges.

This statement summarizes findings from selected reports on this high-risk area from 2012 to 2025, particularly our High-Risk List updates.⁴ More information on the scope and methodology of our prior work can be found within the specific reports on which this statement is based. In addition, we reviewed information we received in August 2024 and January, February, and June 2025 from VA officials about steps they took to address the High Risk List removal criteria. We conducted the work on which this statement is based 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.

Background

VA disability compensation program and related services. VA provides disability compensation based on the potential loss of civilian earnings veterans might experience because of their military service-connected disabilities. Veterans determined eligible for disability compensation are generally entitled to cash payments regardless of employment status or the amount of income earned. Under statute, compensation levels are generally based on the disability rating, which

³GAO's High-Risk List focuses attention on government operations that are vulnerable to fraud, waste, abuse, or mismanagement or are in need of transformation to address economy, efficiency, or effectiveness challenges. Our 2025 High-Risk update provides VA a road map for better managing its disability workloads and updating its rating schedule. See GAO, *High-Risk Series: Heightened Attention Could Save Billions More and Improve Government Efficiency and Effectiveness*, [GAO-25-107743](#) (Washington, D.C.: Feb. 25, 2025).

⁴[GAO-25-107743](#); GAO, *High-Risk Series: Efforts Made to Achieve Progress Need to Be Maintained and Expanded to Fully Address All Areas*, [GAO-23-106203](#) (Washington, D.C.: Apr. 20, 2023); [GAO-23-106636](#); *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021); and *VA Disability Compensation: Actions Needed to Address Hurdles Facing Program Modernization*, [GAO-12-846](#) (Washington, D.C.: Sept. 10, 2012).

represents the average percentage loss in earning capacity associated with the severity of physical and mental conditions.⁵ Thus, compensation is not based on the loss of individual earnings.

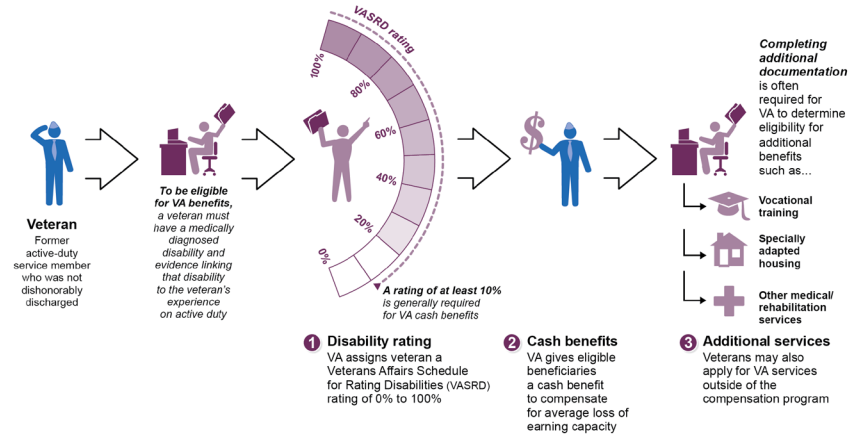
VA uses the rating schedule to assign veterans with service-connected conditions a disability rating from 0 to 100 percent.⁶ The disability rating is then used to calculate a compensation level. VA organizes disabilities into 15 body systems, such as the musculoskeletal system (e.g., conditions affecting bones, joints, back pain) and mental disorders (e.g., post-traumatic stress disorder or PTSD, depression, anxiety disorders).

In many instances, a veteran first receives a disability rating from VA and then applies for other VA benefits and services. These benefits and services include health care, housing, vocational rehabilitation, and other employment-related services to eligible veterans. These services are provided through multiple administrations and programs within VA, such as the Veterans Health Administration (see fig. 1).

⁵38 U.S.C. § 1155 provides that the "ratings shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations."

⁶VA establishes numeric codes for each condition it has identified as being service-connected and catalogs these codes and conditions in the rating schedule.

Figure 1: Use of the Department of Veterans Affairs (VA) Schedule for Rating Disabilities (rating schedule) in the VA Disability Benefits Process



Source: Adapted from GAO-12-846. | GAO-26-108844

GAO's High-Risk List designation. Our High-Risk List identifies government operations with serious vulnerabilities to fraud, waste, abuse, and mismanagement or in need of transformation. We determine whether to remove agencies from the List based on whether agencies' actions are grounded in the five high-risk criteria:

- **Leadership Commitment.** Demonstrates strong commitment and top leadership support.
- **Capacity.** Agency has capacity (i.e., people, resources, and processes) to resolve the risk(s).
- **Action Plan.** A corrective action plan exists that defines the root cause and solutions and provides for substantially completing corrective measures, including steps necessary to implement solutions we recommended.

-
- **Monitoring.** A program has been instituted to monitor and independently validate the effectiveness and sustainability of corrective measures.
 - **Demonstrated Progress.** Agency demonstrates progress in implementing corrective measures and resolving the high-risk area.

VA's disability compensation program has been on GAO's High-Risk List since 2003 for continuing challenges with managing its claims workloads and modernizing the rating schedule.⁷

VA Has Made Progress in Updating Parts of Its Rating Schedule but Faces Delays and Challenges in Key Areas

Progress on Updating the Rating Schedule

Since beginning its efforts in 2009, VA has made progress on its goal to comprehensively update the rating schedule. Specifically, the department has developed a process for updating medical information, updated this information for 11 of 15 body systems, and has been testing how to produce earnings loss data and update the rating schedule with this information. Moreover, it has made progress in addressing the criteria for removal from our High-Risk List.

However, while VA has made progress updating medical information, it has not finished updating all body systems and continues to rely on outdated earnings loss information. Specifically, according to VA, the rating schedule has been undergoing its first comprehensive update since 1945. Disability ratings in the rating schedule are primarily based on physicians' and lawyers' judgments made over 80 years ago about the effect service-connected conditions had on the average individual's ability to perform jobs requiring manual or physical labor. The current update is intended to reflect labor market changes, medical and technological

⁷GAO-25-107743.

advances, and their impacts on medical conditions that affect potential earnings on average, according to VA officials.

In our prior work, we have reported that past VA and external studies have evaluated the average loss of earnings for veterans with service-connected disabilities and found that not all veterans were equitably compensated.⁸ For example, two studies, conducted by CNA and Economic Systems Inc., suggested that veterans with mental health impairments were being undercompensated.⁹ In addition, these studies and others have reached different conclusions about whether the compensation provided to veterans with service-connected disabilities replaces average loss of earning capacity.¹⁰ For example, a 2012 RAND Corporation study suggested that VA disability compensation for most veterans exceeded their average earnings loss. In contrast, a 2007 CNA Corporation study suggested that lost earnings were about equal to VA disability compensation, except for those with mental health conditions.

As we reported in September 2012, VA initiated an effort in 2009 to comprehensively revise all 15 body systems in its rating schedule.¹¹ For many years thereafter, VA did not demonstrate it had the capacity or robust plans to address the root causes of the challenges related to updating the rating schedule. For example, according to VA officials, VA published the final rule for the first body system revision of this comprehensive update in 2017—a year later than when VA had planned to complete all body systems.

⁸GAO-12-846. We made three recommendations, including that VA establish a formal policy, procedure, or mechanism to revise the rating schedule at regular intervals and develop an implementation strategy. As of 2014, VA had addressed the recommendations. However, VA did not implement its update to the rating schedule as outlined in its plans.

⁹CNA, *Compensation, Survey Results, and Selected Topics*, final report prepared for the Veterans' Disability Benefits Commission. August 2007; Economic Systems Inc., *A Study of Compensation Payments for Service-Connected Disabilities* (Falls Church, VA: September 2008).

¹⁰For example, see CNA, Final Report for the Veterans' Disability Benefits Commission; Richard Buddin and Bing Han, *Is Military Disability Compensation Adequate to Offset Civilian Earnings Losses from Service-Connected Disabilities?* (RAND Corporation, 2012); and Congressional Budget Office, *Income of Working-Age Veterans Receiving Disability Compensation* (December 2023).

¹¹GAO-12-846. In 1989, VA took steps to conduct a comprehensive revision of the medical criteria, but it did not complete revisions for all body systems. Since then, VA has updated portions of its medical criteria.

Since 2019, we have provided guidance to VA on the use of effective planning processes to fulfill our five criteria for removal from the High-Risk List. In 2019, VA identified root causes of the challenges and in 2020 issued an action plan to address those root causes. For example, one root cause was that VA did not have data it needed from other organizations like the Social Security Administration (SSA) and Census Bureau. However, we determined in 2021 that the action plan did not provide enough detail on resources and time needed to complete key activities.¹² In 2024, VA continued to improve its action plan by including clearer metrics and descriptions of the department's efforts, such as establishing a program office dedicated to continually updating the rating schedule.

Since 2022, VA has monitored the effectiveness of corrective actions, as we reported in April 2023.¹³ For example, VA has continued to use its project plan to monitor and evaluate variances between actual and expected time frames for updating medical information. VA has also continued to monitor efforts on whether earnings loss information can be used to update the rating schedule. Specifically, as we reported in February 2025, VA initiated a pilot, or "proof of concept," in May 2023 to test how VA would use data from its own earnings loss studies.¹⁴ VA implemented a process for tracking, evaluating, and reporting on progress toward determining if earnings loss data could be used to update the criteria.

These steps since 2019 have resulted in VA fully meeting three of five criteria needed for this area to be removed from GAO's High-Risk List (i.e., Leadership Commitment, Action Plan, and Monitoring) (see fig. 2).

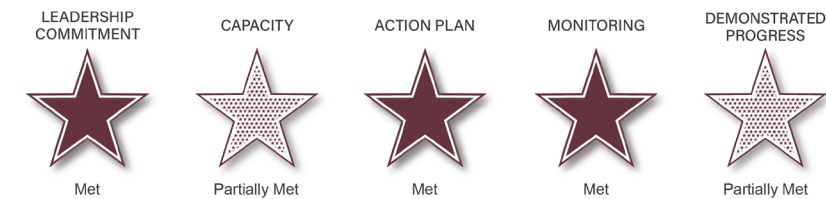
¹²GAO-21-119SP.

¹³GAO-23-106203.

¹⁴GAO-25-107743.

Figure 2: Department of Veterans Affairs (VA) Progress on Addressing Criteria for Removing VA Disability Benefit Eligibility Criteria Update from GAO's High-Risk List

Updating Disability Benefit Eligibility Criteria (VA)



Source: GAO. | GAO-26-108844

Remaining Challenges in Updating the Rating Schedule

While VA has made progress in addressing this high-risk area, much work remains to be done. Specifically, VA has not fully defined the resources needed for, nor has VA demonstrated adequate progress in, updating its medical and earnings loss information.

To fully meet all five criteria for removal from this high-risk area, VA needs to continue building capacity and demonstrating progress. VA has continued to face delays in fully completing its comprehensive update of the rating schedule. VA extended the timeline to complete its first round of comprehensive updates to fiscal year 2026—10 years beyond VA's initial goal.

According to VA officials, four of the 15 body systems have yet to be updated: mental disorders, respiratory, auditory, and neurological conditions.¹⁵ The mental disorders and neurological body systems contain conditions such as PTSD and traumatic brain injury (TBI), respectively, which are "signature wounds" of the conflicts in Afghanistan and Iraq, according to the Department of Defense. Moreover, PTSD is among the

¹⁵In December 2025, VA officials told us that the department had approved plans to finalize the remaining three rating schedule rules for the four remaining body systems in fiscal year 2026. VA has proposed to address the respiratory and auditory body systems in a single rule. Within this proposed rule, VA also is proposing to designate a new body system as "Ear, Nose, Throat, and Audiology Disabilities," among other changes. See 87 Fed. Reg. 8,474 (Feb. 15, 2022).

most prevalent service-connected disabilities of all compensation recipients in fiscal year 2024.¹⁶

In addition, in June 2025, VA officials stated the criteria in the remaining body systems were still being updated, in part due to VA's lengthy internal and external review period. For example, internal reviews include those by VA's General Counsel, Office of Financial Management, Veterans Health Administration, and the Board of Veterans' Appeals. External reviews for proposed regulations involve public comment periods and Office of Management and Budget (OMB) review. VA proposed changes to the rating schedule dealing with mental disorders in February 2022 and neurological conditions in November 2024. As of December 2025, these changes have not been finalized. To help address unnecessary delays in the review period, VA officials told us they have a well-established review process and continue working to engage the right stakeholders and streamline the concurrence process. We continue to monitor VA's efforts to update the rating schedule for these four remaining body systems.

VA also lacks a proven process or the capacity to produce earnings loss information that could be used to update the rating schedule. VA has conducted several studies over the decades, but it has never adjusted the rating schedule based on the findings from those studies.¹⁷ VA has recently embarked on a new effort to test how well it produces earnings loss information. According to VA, it continues to pursue data from other organizations like SSA that it needs to fully study earnings loss and to secure agreements for sharing personal health information. As of January 2026, VA has not updated the rating schedule with information from its latest effort. VA may still determine that its "proof of concept" failed, leaving questions about how VA will move forward. Moreover, once the earnings loss studies are completed, VA officials said they plan to engage a diverse group of stakeholders in the process of updating the rating

¹⁶A congressionally chartered commission studied the appropriateness of VA disability benefits, including the rating schedule, recommending that VA begin its update of the rating schedule with PTSD and TBI and then proceed to other revisions. See Veterans' Disability Benefits Commission, *Honoring the Call to Duty: Veterans' Disability Benefits in the 21st Century* (October 2007).

¹⁷For example, earnings loss studies include VA's Economic Validation of the Rating Schedule (ECVARS), published in the late 1960s; CNA's Final Report for the Veterans' Disability Benefits Commission: Compensation, Survey Results, and Selected Topics, published in 2007; and Economic Systems Inc.'s A Study of Compensation Payments for Service-Connected Disabilities, published in 2008.

schedule. Various experts and veteran groups have raised concerns about the changes being considered.¹⁸

It will also remain important for VA to continue its efforts to maintain and refine plans to regularly update its rating schedule. VA officials have said they plan to adjust the rating schedule every 10 years. In July 2024, they provided us with high-level, draft plans for this second iteration.

In summary, given the size of and investment in the disability compensation program, VA must be well positioned to accurately compensate veterans. VA is demonstrating its commitment to modernizing the rating schedule. However, VA continues to be at risk of not meeting its update goals. As of December 2025, the medical updates remain incomplete, and VA has yet to incorporate any updated earnings loss information. Without a rating schedule that fully reflects present-day changes in medicine and the labor market conditions, VA may overcompensate some veterans while undercompensating others.

Chairman Luttrell, Ranking Member McGarvey, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions that you may have.

GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Elizabeth H. Curda at curdae@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are James Whitcomb (Assistant Director), Jessica L. Yutzy (Analyst in Charge) and Zoe Ziliak Michel. Also contributing to this testimony were Charlotte Cable, David Forgosh, Alex Galuten, Mark Glickman, Shirley Hwang, Jeff Miller, and Joy Solmonson.

¹⁸Under federal law, adjustments to the rating schedule generally cannot result in a reduction of a veteran's disability rating. 38 U.S.C. § 1155. Thus, if a recommended update would result in a decrease in rating levels and senior VA officials approve the change, veterans already in the system would not see a decrease in their compensation. Increases, if warranted, are allowable.

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PHILIP ARMOUR

Challenges in Estimating Work Disability and Implications for Veterans Affairs Disability Compensation

CT-A4689-1

Testimony presented before the U.S. House of Representatives Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs on January 14, 2026

For more information on this publication, visit www.rand.org/t/CTA4689-1.

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Challenges in Estimating Work Disability and Implications for Veterans Affairs Disability Compensation

Testimony of Philip Armour, Ph.D.¹
RAND²

Before the Committee on Veterans' Affairs
Subcommittee on Disability Assistance and Memorial Affairs
United States House of Representatives

January 14, 2026

Chairman Luttrell, Ranking Member McGarvey, and members of the committee, thank you for your invitation to testify. My name is Dr. Philip Armour. I am a senior economist at RAND, a nonprofit, nonpartisan research organization, where I'm also the director of the Ph.D. program and a professor of policy analysis at the RAND School of Public Policy. As a labor economist, my research focuses on how health conditions impact individuals' ability to earn income and on the design of programs that provide compensation for reduced earnings capacity. Today, I will focus on four points related to the economic effects of disability and describe implications for Veterans Affairs Disability Compensation (VADC):

1. VADC benefits must take into account veterans' earnings losses from service-connected disabilities, not just a medical rating of their impairment level.
2. The most recently published U.S. Department of Veterans Affairs (VA) earnings loss study was in 2008. Although there have been more-recent studies, none of these studies have incorporated modern disability research findings: specifically, how benefits can directly impact earnings.

¹ The opinions and conclusions expressed in this testimony are the author's alone and should not be interpreted as representing those of RAND or any of the sponsors of its research.

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3. Evidence from other programs shows that cash and noncash disability benefits directly affect earnings, but no research exists on how VA programs impact today's working-age veterans' earnings.
4. Updated earnings loss studies that incorporate research on today's veterans' work disability would lead to more-accurate disability ratings. Alternatively, a move toward individualized disability determinations could also increase accuracy and eliminate the need for frequent earnings studies but would require statutory changes.

Defining *Disability*: Impairment Versus Disability

In disability studies, there is a distinction between impairment and disability. Physical or mental conditions can lead to impairment—a reduction in the functioning of a body system or structure—which can be diagnosed by medical professionals. Disability, however, relates to how these conditions lead to changes in societal participation,³ and for many disability programs in the United States, there is a specific focus on how impairments lead to *work* disability, or reductions in earnings capacity. Unlike with impairments, evaluating work disability requires consideration of the *economic* consequences of health conditions, and thus requires collaboration between medical *and* labor force experts to be accurately estimated.⁴ And the implications of work disability for employment and earnings can be substantial: 43 percent of persons with a disability are in the labor force, compared with 78 percent of those without a disability.⁵ RAND research on the California Workers Compensation system has found, on average, that those injured on the job see a 15- to 21-percent decline in earnings post-injury.⁶

VA Disability Compensation is aptly named. By statute, a veteran with a service-connected health condition receives a rating, ranging from 0 percent to 100 percent in increments of 10 percentage points, that “shall be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations.”⁷ VA implements this statute through its Schedule for Rating Disabilities (VASRD), which assigns specific ratings for each service-connected condition, which are then aggregated via a formula to arrive at a combined

³ World Health Organization, “International Classification of Functioning, Disability, and Health,” 2001.

⁴ Richard V. Burkhauser and Mary C. Daly, “Policy Watch: U.S. Disability Policy in a Changing Environment,” *Journal of Economic Perspectives*, Vol. 1, No. 1, Winter 2002. For an example of the challenges in estimating labor force consequences of impairments in the U.S. military service member context, see Raffaele Vardavas, Philip Armour, Sai Prathyush Katragadda, Toyya Pujol-Mitchell, Pedro Nascimento de Lima, Baqir Fatch, Helin Hernandez, Stacey Yi, Javier Rojas Aguilera, and Catria Gadowah-Meaden, *Cost-Benefit Analysis of Comprehensive Military Eye Examination Policies*, RAND Corporation, RR-A2188-1, 2024, https://www.rand.org/pubs/research_reports/RR-A2188-1.html.

⁵ Office of Disability Employment Policy, U.S. Department of Labor, “Disability Employment Statistics,” webpage, undated, <https://www.dol.gov/agencies/odep/research-evaluation/statistics>.

⁶ Michael Dworsky, Stephanie Rennane, and Nicholas Broten, *Earnings Losses and Benefit Adequacy in California's Workers' Compensation System: Estimates for 2005–2017 Injury Dates*, RAND Corporation, RR-A964-1, 2022, https://www.rand.org/pubs/research_reports/RR-A964-1.html.

⁷ U.S. Code, Title 38, Section 1155, Authority for Schedule for Rating Disabilities.

rating.⁸ Monthly, tax-free VADC compensation is based on this combined rating, and veterans with a service-connected rating are potentially eligible for a range of health, employment, and financial benefits offered by VA and other agencies.⁹ Because the program is required to provide compensation based on average impairment of earnings capacity, also referred to as *earnings loss*, VA requires estimates of how these health conditions translate into average earnings loss.

Challenges to Accurate Earnings Loss Studies

Over the years, VA has commissioned several earnings loss studies to estimate the average amount of earnings losses for veterans with service-connected health conditions, and thus whether VADC benefits indeed provide accurate compensation.¹⁰ Additionally, other interested stakeholders have commissioned their own studies, one of which was performed by RAND in 2012 and another by the Congressional Budget Office in 2023.¹¹

In general, these earnings loss studies take one of two approaches:

1. comparing veterans who have service-connected disability ratings with otherwise similar veterans who do not have these ratings or with nonveterans
2. comparing earnings of veterans before and after they receive a rating.

Providing accurate estimates of earnings losses with these methodologies generally requires access to individual-level data linked across government agencies to track veterans at the point of separation from military service and to observe both their service-connected ratings and their earnings in civilian life. Furthermore, to ensure accuracy, earnings loss studies need to be conducted frequently, since both the state of medicine and the U.S. labor market are constantly evolving, meaning that the average earnings losses associated with a particular health condition will change over time.

However, published VA-commissioned earnings loss studies and the 2012 RAND study, which provided estimates based on individual-level, linked data, used earnings measurements from at least 20 years ago.¹² Since then, there have been substantial changes in medical

⁸ First established in 1945, VA has been undergoing an update of the various sections of the VASRD; some of these updates, notably the mental condition section, have included transitions from impairment-based determinations to General Rating Formulas, which combine a diagnosis with a determination of how disabling that health condition is.

⁹ Madeline E. Moreno, Benjamin Collins, and Libby Perl, *Benefits for Service-Disabled Veterans*, Congressional Research Service, R44837, updated November 26, 2025.

¹⁰ Eric Christensen, Joyce McMahon, Elizabeth Schaefer, Ted Jaditz, and Dan Harris, *Final Report for the Veterans' Disability Benefits Commission: Compensation, Survey Results, and Selected Topics*, CNA Corporation, August 2007; George Kettner, statement before the Senate Committee on Veterans' Affairs, U.S. Senate Committee on Veterans' Affairs, September 17, 2009, <https://www.veterans.senate.gov/services/files/BD08F44D-E870-4782-A676-3385FA174659>.

¹¹ Richard Buddin and Bing Han, *Is Military Disability Compensation Adequate to Offset Civilian Earnings Losses from Service-Connected Disabilities?* RAND Corporation, MG-1098-OSD, 2012, <https://www.rand.org/pubs/monographs/MG1098.html>; Congressional Budget Office, *Income of Working-Age Veterans Receiving Disability Compensation*, December 2023, <https://www.cbo.gov/publication/59836>.

¹² In contrast, the 2023 Congressional Budget Office study used publicly available, self-reported, cross-sectional American Community Survey data.

treatments, the labor market, and veteran disability evaluation. For example, in 2007, the Integrated Disability Evaluation System, a collaboration between the U.S. Department of Defense (DoD) and VA, was introduced. Around the same time, DoD began substantial outreach to accurately diagnose post-traumatic stress disorder and traumatic brain injury, resulting in a substantial change in the population of veterans with corresponding ratings.¹³ Earnings loss studies have relied on data from before these changes, and so do not account for the increase in veterans with ratings for these conditions.

A lack of recently published earnings loss studies is not the only issue. Veterans with a disability rating differ from those without a rating in more ways than their medical conditions. In addition to VADC payments, service-connected disabled veterans are potentially eligible for other medical, vocational, educational, and financial benefits, yet statute requires that VADC ratings be based on the reduction in earnings capacity from the injury. A rated health condition has an impact on earnings capacity, but how the receipt of additional VA benefits may affect the earnings of veterans is largely unknown, and earnings loss studies produce average estimates that do not disentangle these additional benefit impacts on earnings from underlying work disability.

There is strong reason to believe that noncash VA benefits have a direct, causal impact on the employment and earnings of veterans. First, some of these programs, such as the Veteran Readiness and Employment program, are specifically designed to encourage employment or earnings of service-disabled veterans. Moreover, as I will discuss next, other federal and state programs provide similar types of benefits to injured or ill workers, and recent research has found substantial causal impacts of these benefits on these workers' post-injury earnings.

Insights from Research on Other Disability Programs

There has been limited research on how VADC affects veterans' employment rates and earnings. However, since the publication of the last VA-commissioned earnings loss study, research on the causal impacts of other disability compensation programs (such as Social Security Disability Insurance [SSDI] and Workers' Compensation) has proliferated, providing insights that could be valuable for VADC. Although each disability program differs in its design, research has found that features of these programs that are similar to VA programs may have a direct impact on one's earnings.¹⁴

For example, RAND work found employment declines caused by SSDI receipt, with especially large effects among workers with mental conditions, and subsequent studies have provided increasingly sophisticated understanding of how SSDI benefits affect employment for different kinds of disabilities and disabled workers. However, VADC benefits differ from SSDI

¹³ Heather Krull, Carrie M. Farmer, Stephanie Rennane, Evan Goldstein, Philip Armour, and Teague Ruder, "Trends in Department of Defense Disability Evaluation System Ratings and Awards for Posttraumatic Stress Disorder and Traumatic Brain Injury, 2002–2017," *RAND Health Quarterly*, Vol. 9, No. 3, 2022, <https://www.rand.org/pubs/periodicals/health-quarterly/issues/v9/n3/22.html>.

¹⁴ Philip Armour and Catria Gadwah-Meaden, "Veteran Affairs Disability Compensation: Likely the U.S.'s Largest Disability Program, but What Do We Know About Its Impacts on Service-Disabled Veterans?" *Journal of Policy Analysis and Management*, Vol. 44, No. 1, January 2025.

benefits, and although we have a rich evidence base on how and for whom Social Security benefits change employment, we do not have comparable data on VADC programs. Thus, the size and direction of these impacts on veterans' earnings—whether VA benefits, on average, increase or decrease earnings—are unknown. These impacts are likely to be complicated, since decreases in private-sector earnings may be mitigated by increases in self-employment rates or government hiring preferences.¹⁵

Other research has examined the relationship between nonfinancial benefits and employment outcomes for disabled workers. For example, RAND research found that access to zero-cost health care for work-related injuries led to higher post-injury earnings in the California Workers' Compensation system.¹⁶ Other recent evidence indicates that targeted vocational rehabilitation benefits, similar to those offered by the Veteran Readiness and Employment program, can facilitate return to work and higher earnings, although program design matters substantially.¹⁷ Because we do not have a clear understanding of the relationship between VADC, noncash disability VA programs, and a veteran's ability to work, we have limited ability to evaluate these noncash disability support programs' effectiveness and limited ability to evaluate the earnings losses from service-connected disabilities.

Accurately estimating earnings losses, and thus ensuring that VADC benefits fulfill their statutory requirement, requires explicitly accounting for both the effects of receipt of disability compensation and the array of benefits available to veterans with service-connected ratings. Research from other programs suggests that these impacts could be substantial, but VADC benefits differ from these other programs, and we do not have evidence on the earnings impacts of VA disability benefits on today's working-age veterans.

Alternative Designs: Average or Individual Justice?

Beyond suggesting that VA disability benefits may directly affect veterans' earnings, other disability programs offer potential alternatives to the average earnings loss approach to determining service-connected ratings. Per the governing statute, VADC benefits should be based on the average reduction in earnings capacity associated with the rating. This concept is

¹⁵ Nicole Maestas, Kathleen J. Mullen, and Alexander Strand, "Does Disability Insurance Receipt Discourage Work? Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt," *American Economic Review*, Vol. 103, No. 5, August 2013; Eric French and Jae Song, "The Effect of Disability Insurance Receipt on Labor Supply," *American Economic Journal: Economic Policy*, Vol. 6, No. 2, May 2014; Alexander Gelber, Timothy J. Moore, and Alexander Strand, "The Effect of Disability Insurance Payments on Beneficiaries' Earnings," *American Economic Journal: Economic Policy*, Vol. 9, No. 3, August 2017; David H. Autor, Mark Duggan, Kyle Greenberg, and David S. Lyle, "The Impact of Disability Benefits on Labor Supply: Evidence from the VA's Disability Compensation Program," *American Economic Journal: Applied Economics*, Vol. 8, No. 3, July 2016; Courtney Coile, Mark Duggan, and Audrey Guo, "To Work for Yourself, for Others, or Not at All? How Disability Benefits Affect the Employment Decisions of Older Veterans," *Journal of Policy Analysis and Management*, Vol. 40, No. 3, Summer 2021.

¹⁶ David Powell and Seth Seabury, "Medical Care Spending and Labor Market Outcomes: Evidence from Workers' Compensation Reforms," *American Economic Review*, Vol. 108, No. 10, October 2018.

¹⁷ Austin Nichols, Judy Geyer, Michel Grosz, Zachary Epstein, and Michelle Wood, *Synthesis of Evidence About Stay-at-Work/Return-to-Work (SAW/RTW) and Related Programs*, Abt Associates, July 2020.

known within social insurance policy as disability-based *average justice*, or the notion that individuals with similar levels of disability should receive similar compensation, even if additional circumstances mean that the individual earnings losses of two veterans with the same disability rating differ. For this system to be implemented accurately, earnings loss studies need to account for the various effects of how receiving a rating, and access to and use of the associated benefits, affects average earnings directly.

VADC essentially combines two aspects that most other programs separate: disability determination and compensation. In VADC, determination is based on an average-justice concept, and service-connected ratings, once determined, directly translate into compensation amounts.

SSDI, the largest U.S. disability program by number of beneficiaries but the second largest behind VADC by total expenditures, instead takes an *individual-justice* approach. An SSDI applicant is determined to be disabled based on the impacts of their health condition on their own earnings capacity, not on the average earnings capacity loss of individuals with similar disabilities. The determination is based on whether an applicant's health conditions lead to *that individual* being unable to earn above a Substantial Gainful Activity level of \$1,690 per month. For compensation, SSDI benefits are based on that individual's own earnings history. Social Security implements this determination through a multistage process, but the two most relevant stages are

1. Applicants who meet conditions and/or diagnostic criteria (a Listing of Impairments) that are sufficiently severe are awarded benefits.
2. Applicants with health conditions that do not meet these criteria are then evaluated to determine their residual functional capacity and resulting individual ability to earn no more than the Substantial Gainful Activity level.

The conditions in the Listing of Impairments are severe enough and clearly diagnosable from medical records alone such that there is no need for a further "judgment call."¹⁸ Most SSDI applications are not decided at the Listings level, however; they are instead based on physician and disability examiner assessments of how health conditions impact that individual's functional capacity.

This two-stage process leads to expeditious determination for those with severe disabilities, while providing individualized determination for applicants for whom individualized factors will affect how health conditions impact earnings capacity.

Although SSDI makes an "all or nothing" disability determination, other programs, such as Workers' Compensation, evaluate partial disability from injuries or illnesses that were caused or exacerbated at work. Thirteen states even determine the degree of permanent partial disability based on loss in earnings capacity due to work-related injury or illness, similar to VADC's percentage-based service-connected rating system, yet make these determinations at the

¹⁸ For example, the Listings include such conditions as inoperable cancers, cystic fibrosis with at least three separate hospitalizations per year, and amyotrophic lateral sclerosis (also known as Lou Gehrig's disease).

individual level.¹⁹ The Integrated Disability Evaluation System used to determine fitness for duty also operates with an individual-justice framework; that is, medical diagnoses trigger an evaluation of whether the health conditions in question interfere with a service member's duty.²⁰

Neither approach for disability determination—average justice or individual justice—is perfect. Researchers in this space have long acknowledged that an individual-justice system is not without its own costs, most notably the variation that can arise in making individual evaluations.²¹ Yet SSDI, many states' Workers' Compensation systems, and DoD implement individual-justice-based systems of disability determination with oversight of the examiners and judges making these determinations.²² Introducing such a system for VADC would require statutory reform, and additional analyses would be necessary to apply lessons from other disability programs to the unique composition and experiences of the U.S. veteran population.

Conclusions

Today my testimony looked at four points related to the economic effects of disability and the possible implications for VA's disability compensation program. In each of these points, it is important to remember that the medical field, the labor market, and the ability for a veteran to work despite disability have changed over the past two decades, which affects assessments of the effectiveness of VADC.

Currently, the average-justice VADC system, wherein a veteran is compensated based on the average loss of earnings based on the veteran's rating, requires accurate and comprehensive earnings loss studies. Yet earnings loss studies are generally based on outdated data and do not account for how VA disability benefits may directly affect earnings, since there is no causal evidence on these effects for today's working-age veterans.

Additional research establishing these effects, along with more-frequently published VA earnings loss studies, would lead to more-accurate evaluation of whether VADC benefits do indeed offset average earnings losses at each rating level, as well as across types of health conditions. The results of frequent earnings loss studies would thus necessitate frequent adjustments to the rating schedule to ensure accuracy.

Regardless of the conceptual framework, recent research findings from Social Security and Workers' Compensation programs can provide insight into how the impact of VA benefits on earnings could be incorporated into the current average-justice framework or how VADC could

¹⁹ Peter S. Barth, "Compensating Workers for Permanent Partial Disabilities," *Social Security Bulletin*, Vol. 65, No. 4, May 2005.

²⁰ Stephanie Rennane, Beth J. Asch, Michael G. Mattock, Heather Krull, Douglas C. Ligor, Michael Dworsky, and Jonas Kempf, *U.S. Department of Defense Disability Compensation Under a Fitness-for-Duty Evaluation Approach*, RAND Corporation, RR-A1154-1, 2022, https://www.rand.org/pubs/research_reports/RRA1154-1.html.

²¹ Peter S. Barth and Michael Niss, *Permanent Partial Disability Benefits: Interstate Differences*, Workers' Compensation Research Institute, 1999.

²² Gerald K. Ray and Jeffrey S. Lubbers, "A Government Success Story: How Data Analysis by the Social Security Appeals Council (with a Push from the Administrative Conference of the United States) Is Transforming Social Security Disability Adjudication," *George Washington Law Review*, Vol. 83, No. 4/5, September 2015.

implement an individual-justice framework. Yet these other programs serve distinct populations; additional research on the experiences of today's veterans with service-connected ratings is necessary to ensure an accurately implemented VADC program.

Thank you for your time, and I look forward to your questions.

Prepared Statement of Kyleanne Hunter



STATEMENT OF DR. KYLEANNE HUNTER

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Prepared for

**THE HOUSE VETERAN AFFAIRS SUBCOMMITTEE ON DISABILITY
ASSISTANCE AND MEMORIAL AFFAIRS**

14 JANUARY 2026



Chairman Luttrell, Ranking Member McGarvey, and Members of the Subcommittee, thank you for the opportunity to testify today. My name is, Dr. Kyleanne Hunter, CEO of Iraq and Afghanistan Veterans of America (IAVA). IAVA is the nation's leading nonprofit dedicated to improving the lives of post-9/11 veterans and their families. I am honored to speak on behalf of the millions of veterans whose lives are directly affected by the Veterans Affairs Schedule for Rating Disabilities, commonly referred to as the VASRD.

Modernizing the VASRD is a necessary and long-overdue priority. However, any such effort must be done with veterans and veteran advocacy organizations at the table—not merely on our behalf.

It is telling that at today's hearing, there is only one veteran organization represented. This is despite the fact that veterans who engage with the VASRD are not a monolith. For decades, veteran service organizations and advocacy groups – many of whom work directly with veterans to navigate the disability claims process – have been advocating for changes to ensure that the veteran remains centered in efforts to revise VASRD. While I am again honored to speak on behalf of the post-9/11 generation, I want to acknowledge that there are several voices not in the room, and I sincerely hope the committee seeks out more veteran voices in their oversight efforts. I welcome the opportunity to discuss the efforts to modernize the VASRD, and why veteran voices are essential in this effort.

Past and Ongoing Modernization Efforts for the VASRD

The VASRD traces its origins back to the early 20th century, when the federal government first codified a disability rating system for veterans. The first formal schedule was printed in 1925, aiming to bring consistency and rigor to disability compensation following World War I. Prior to that, disability awards varied widely and lacked clear standards.¹

Over the decades, the schedule was updated periodically—most notably in 1933 and 1945, with the latter forming the foundation of the modern rating structure still in use today. Despite changes to the list of compensable conditions over the years, the basic construct of the VASRD has remained fundamentally the same for nearly 80 years.²

Modernization efforts to the VASRD are not new. For the past two and a half decades there have been targeted efforts to update the system. Including veterans in this process has been an ongoing subject of conversation.

Beginning in the early 2000s, VA undertook an extensive regulatory rewrite of the VASRD to address outdated language, ambiguity, and technical problems in the schedule, recognizing that many criteria were poorly organized and based on obsolete terms.³ From FYs 2013-2016

¹ https://department.va.gov/history/100-objects/object-97-1925-schedule-of-disability-ratings/?utm_

² <https://www.congress.gov/event/112th-congress/house-event/LC3731/text>

³ <https://www.congress.gov/event/112th-congress/house-event/LC3731/text>



Congress allocated funds specifically for VASRD modernization.⁴ Yet even at this time, veteran voices were omitted. In a 2012 oversight hearing, both Disabled American Veterans (DAV) and the Wounded Warrior Project (WWP) testified that they were concerned about the VA undertaking revisions to the VASRD in a manner that was “closed” to veteran service organizations.⁵

More recently, VA has been updating portions of the VASRD, attempting to reflect both the realities of injuries experienced by service members and advancements in medical science. For example, musculoskeletal and muscle injury criteria were revised in 2021, reflecting updated medical terminology and clearer evaluation criteria.⁶ Various body systems, including the digestive system⁷ and respiratory system,⁸ as well as mental disorders,⁹ have been subject to proposed or published rule changes in the Federal Register in recent years. We welcome these changes but again stress the importance of ensuring veteran voices remain a part of the process. The modern veteran population faces conditions and occupational realities that were not examined in many of previous modernization efforts of the VASRD. Traumatic brain injuries, toxic exposures, military sexual trauma, and complex mental health disorders are central to post-9/11 veteran experiences, and have significant impact on veteran quality of life and long-term employment outcomes.¹⁰ Including veteran organizations in the modernization process will ensure that the veteran remains the central focus of the program.

Under current initiatives codified in VA’s 2026 budget and planning documents, modernization includes Earnings Loss Studies to incorporate data on how service-connected conditions affect veterans’ earning capacity and to align compensation with functional impairment and labor market realities.¹¹ However, there is little transparency into how these studies are being done and whether or not they reflect the complete reality of the veteran experience.

⁴ <https://www.congress.gov/event/114th-congress/senate-event/LC37921/text>

⁵ <https://www.congress.gov/event/112th-congress/house-event/LC3731/text>

⁶ <https://news.va.gov/85156/va-updates-rating-criteria-musculoskeletal-muscle-injuries/>

⁷ <https://www.federalregister.gov/documents/2024/03/20/2024-05138/schedule-for-rating-disabilities-the-digestive-system>

⁸ <https://www.federalregister.gov/documents/2022/02/15/2022-02049/schedule-for-rating-disabilities-ear-nose-throat-and-audiology-disabilities-special-provisions>

⁹ <https://www.federalregister.gov/documents/2022/02/15/2022-02051/schedule-for-rating-disabilities-mental-disorders>

¹⁰ Howard, Jeffrey T., Ian J. Stewart, Megan Amuan, Jud C. Janak, and Mary Jo Pugh. "Association of traumatic brain injury with mortality among military veterans serving after September 11, 2001." *JAMA network open* 5, no. 2 (2022): e2148150-e2148150.; Hawkey, Kyle. "The Impact of Psychological Trauma on Negative Employment Outcomes Among Post-9/11 Veterans in the United States." PhD diss., Pennsylvania State University, 2022.; Boggan, Joel C., Nazima Allaudeen, Heather Shaw, Sarah Cantrell, and Joyce Akwe. "Health conditions seen frequently in hospitalized United States Veterans who served after 9/11/2001: A scoping review." *Journal of hospital medicine* (2025).

¹¹ <https://department.va.gov/wp-content/uploads/2025/06/2026-Volume-3-Burial-and-Benefits-Programs-and-Department-Administration.pdf>



Earnings Loss Studies: Useful Data, but an Incomplete Lens

Earnings Loss Studies can be a source of valuable insight. However, there remain incredibly few studies on the overall earning loss for the veteran populations, the findings themselves are often mixed, and the studies often exclude essential data. For example, the Congressional Budget Office found that total earnings for veterans with disability ratings were overall lower than those without, yet substantial variation existed between those with the lowest and highest disability ratings.¹² Notably, this study focused only on male veterans, despite the fact that when the study was conducted women made up the fastest growing group of veterans.¹³ Women veterans, even when fully employed, have significantly lower overall earnings than their male counterparts.¹⁴ Additionally, research from the civilian sector on the ability to maintain long term employment post-head injury shows that gender was a significant factor, with women experiencing much worse employment outcomes than their age and profession matched male peers.¹⁵ Excluding women from analysis on employability and total earnings provides the VA with incomplete information. As a representative of the generation that has seen the largest increase in women's participation in the military, critical omissions like this highlight the reasons veteran voices must be at the table to ensure more robust and complete studies are conducted.

A 2012 study by RAND found that the loss in civilian earnings was more than offset by VA disability payments.¹⁶ However, it is important to note that this study is over a decade old, and pre-dates more recent changes to the mental health disability schedule. More recent work done by the National Bureau of Economic Research found that for veterans with mental health conditions, disability compensation does not completely offset losses, and that modest increases would significantly decrease the likelihood of a veteran experiencing food insecurity or homelessness as a result of employability challenges resultant from their service-connected mental health condition.¹⁷

¹² <https://www.cbo.gov/system/files/2023-12/59380-Veterans.pdf>

¹³ Schultz, Dana, Kyleanne M. Hunter, Lauren Skrabala, and Jeannette Gaudry Haynie, Improving Support for Veteran Women: Veterans' Issues in Focus. Santa Monica, CA: RAND Corporation, 2022. <https://www.rand.org/pubs/perspectives/PEA1363-3.html>.

¹⁴ U.S. Bureau of Labor Statistics, "Table 2B. Employment Status of Men 18 Years and Over by Veteran Status, Age, and Period of Service, 2021 Annual Averages," April 21, 2022a. As of July 2022: <https://www.bls.gov/news.release/vet.t02B.htm>; U.S. Bureau of Labor Statistics, "Table 2C. Employment Status of Women 18 Years and Over by Veteran Status, Age, and Period of Service, 2021 Annual Averages," April 21, 2022b. As of July 2022: <https://www.bls.gov/news.release/vet.t02C.htm>

¹⁵ Howe, Emilie I., Nada Andelic, Paul B. Perrin, Cecilie Røe, Solrun Sigurdardottir, Juan Carlos Arango-Lasprilla, Juan Lu, Marianne Løvstad, and Marit Vindal Forslund. "Employment probability trajectories up to 10 years after moderate-to-severe traumatic brain injury." *Frontiers in neurology* 9 (2018): 1051.

¹⁶ Buddin, Richard and Bing Han, Is Military Disability Compensation Adequate to Offset Civilian Earnings Losses from Service-Connected Disabilities? Santa Monica, CA: RAND Corporation, 2012. <https://www.rand.org/pubs/monographs/MG1098.html>.

¹⁷ Silver, David, and Jonathan Zhang. *Invisible wounds: Health and well-being impacts of mental disorder disability compensation on veterans*. No. w29877. National Bureau of Economic Research, 2022.



The post-9/11 generation is more likely than previous generations to have experiences, injuries or illness that contribute to diagnosed mental health disorders, including both the psychological impacts from combat or other traumas and the physiological impacts of Traumatic Brain Injuries (TBI) or exposure to repetitive sub-concussive blasts.¹⁸ There is still significant research that must be done to understand the long term economic and employment impacts on those who have experienced TBIs, especially in the veteran population.¹⁹ Veteran organizations are essential to ensuring that the current realities of veterans are being considered when analysis is conducted.

Why Veterans Need a Seat at the Table

The VASRD shares some similarities to other disability compensation programs, yet there are fundamental differences between the veteran and civilian populations that must be included in the evaluation and modernization efforts. Military service impacts the human body – physically and mentally – in ways that few civilian occupations ever will. From high physical-risk occupations,²⁰ to repeated exposure to toxic substances,²¹ to increased risks for inter-personal harmful behaviors,²² to having little control over personal living conditions,²³ military service

¹⁸ National Academies of Sciences, Engineering, and Medicine. Evaluation of the Department of Veterans Affairs Mental Health Services. Washington (DC): National Academies Press; 2018. <https://doi.org/10.17226/24915>. Medline:29738208; Vaughan C, Schell T, Tanielian T, et al. Prevalence of mental health problems among Iraq and Afghanistan veterans who have and have not received VA services. *Psychiatr Serv*. 2014;65(6):833-5. <https://doi.org/10.1176/appi.ps.201300111>. Medline:24733504

¹⁹ Gaudette É, Seabury SA, Temkin N, Barber J, DiGiorgio AM, Markowitz AJ, Manley GT; Employment and Economic Outcomes of Participants With Mild Traumatic Brain Injury in the TRACK-TBI Study. *JAMA Network*. 2022 Jun 1;5(6):e2219444. doi: 10.1001/jamanetworkopen.2022.19444. PMID: 35767257; PMCID: PMC9244609.

²⁰ Prabhakar, Sarah, Ian S. Sorensen, Jay Dintaman, and Elizabeth Hisle-Gorman. "Musculoskeletal Injury Risk and Military Separation Following Serious Injury and Recovery in the Warrior Care and Transition Program." *Military Medicine* 190, no. Supplement 2 (2025): 492-498; Lovalekar, Mita, Keith Hauret, Tanja Roy, Kathryn Taylor, Sam D. Blacker, Phillip Newman, Ran Yanovich et al. "Musculoskeletal injuries in military personnel—Descriptive epidemiology, risk factor identification, and prevention." *Journal of science and medicine in sport* 24, no. 10 (2021): 963-969.

²¹ Re, Diane B., Beizhan Yan, Lilian Calderón-Garcidueñas, Angeline S. Andrew, Maeve Tischbein, and Elijah W. Stommel. "A perspective on persistent toxicants in veterans and amyotrophic lateral sclerosis: identifying exposures determining higher ALS risk." *Journal of neurology* 269, no. 5 (2022): 2359-2377; Geretto, Marta, Marco Ferrari, Roberta De Angelis, Filippo Crociata, Nicola Sebastiani, Alessandra Pulliero, William Au, and Alberto Izzotti. "Occupational exposures and environmental health hazards of military personnel." *International journal of environmental research and public health* 18, no. 10 (2021): 5395.

²² Hendrikx, Laura Josephine, Victoria Williamson, and David Murphy. "Adversity during military service: the impact of military sexual trauma, emotional bullying and physical assault on the mental health and well-being of women veterans." *BMJ Mil Health* 169, no. 5 (2023): 419-424.; Campbell-Sills, Laura, Xiaoying Sun, Ronald C. Kessler, Robert J. Ursano, Sonia Jain, and Murray B. Stein. "Exposure to bullying or hazing during deployment and mental health outcomes among US Army soldiers." *JAMA network open* 6, no. 1 (2023): e2252109-e2252109.

²³ Government Accountability Office. "Military Housing Privatization: DoD Should Take Steps to Improve Monitoring, Reporting and Risk Assessment." GAO-18-218 (March 2018).



comes with inherent health risks. VASRD is one way that the country recognizes and compensates the individuals who volunteered to serve for being willing to accept those risks.

Under 38 U.S.C. § 1155, Congress directed VA to base the rating schedule on the *average impairment in earning capacity* resulting from service-connected disease or injury, not individualized wage replacement. This distinction is critical. The average impairment is designed to compensate for functional loss, reduced physical or mental capacity, and pain, limitations, and loss of normal life activities that occurred from injuries or illnesses experienced while in the military. It is not to be based on the particulars of one case nor is it to be means tested for an individual's circumstances. It is recognition of the average impact that harms caused during military service have on post-service life.

Additionally, VA disability compensation exists within a unique legal framework shaped by the Feres Doctrine,²⁴ which bars service members from suing the federal government for injuries incurred incident to military service. Because service members are legally prohibited from seeking tort damages, including pain and suffering, loss of quality of life, or future economic harm, the VA disability system is also partially a no-fault, non-adversarial substitute. In this context, disability compensation serves not merely as income replacement, but as partial redress for harms occurring while employed by the United States government that may otherwise be compensable under civil law. Reducing VASRD modernization to an earnings-loss calculation risks, especially with veterans absent from the process erodes this foundational bargain between the nation and those who serve.

Many service-connected conditions - such as chronic pain, migraines, PTSD, or sleep disorders - may not immediately remove a veteran from the workforce but still impose real, lifelong impairments that merit compensation. Veteran service organizations have been advocating for over a decade that there are lagging quality of life indicators that must be included in disability compensation, and that total compensation should not just look at ability to hold a full time job but the compound and long term medical impacts of service connected injuries and illnesses.²⁵ Indeed, for many veterans their service connected conditions limit quality of life more than wages. Recent studies found that veterans who experienced a physical injury that required a hospital stay during their time in military service were associated with a significant increase in secondary, but related physical diagnosis post service.²⁶ And while these secondary diagnoses didn't necessarily impact their ability to remain employed long term, they did significantly impact quality of life. New research is showing that quality of life indicators may be uniquely

²⁴ *Feres v. United States*, 340 U.S. 135 (1950)

²⁵ <https://www.congress.gov/event/112th-congress/house-event/LC3731/text>

²⁶ McCabe, Cameron T., Jessica R. Watrous, Susan L. Eskridge, and Michael R. Galarneau. "Mental and physical health, and long-term quality of life among service members injured on deployment." *Health and quality of life outcomes* 19, no. 1 (2021): 220



impactful for veterans, and may exacerbate existing employment challenges they face, even if they maintain their jobs.²⁷

Veterans and their families experience firsthand how service-connected conditions affect daily functioning, employment, and quality of life. These lived experiences reveal complexity that clinical data alone may overlook; for example, how certain conditions interact, how symptoms vary over time, and how diagnostic criteria translate into real-world impacts. Veteran organizations know these stories and have captured them. Without this input, modernization efforts risk producing a schedule that may be medically or economically accurate but practically disconnected from veterans' lives.

IAVA members know this to be true. In fall of 2025, we surveyed our members on which policy areas must include input from veterans. Modernizing the disability rating process was cited by over 50% of members as a policy area that requires dedicated and deliberate veteran voices. And our members have experience with the program. Since we began surveying members in 2014, consistently over 80% of our members have reported they have a service-connected disability rating.²⁸ Of those with a rating, over 65% report that their disability payments are essential to their overall financial well-being. Most of these respondents were employed at the time of responding to the survey.

VASRD as a program is also not just an investment in those who have served, but is also an investment in the long-term national security of the United States. Being cared for after service is a strong recruitment tool for military service.²⁹ Maintaining it as such relies on veterans and the public trusting in all parts of the VA benefits system, including VASRD. Veteran organizations engage directly with the community, translating proposed policy changes into a language veterans can understand and gathering feedback on those proposed policy changes. Veterans' participation increases confidence that reforms are justified, fair, and aligned with veterans' needs, and maintains the buy-in of one of the country's best recruiting assets – those who have served.

²⁷ Bond, Gary R., Monirah Al-Abdulmunem, Robert E. Drake, Lori L. Davis, Thomas Meyer, Daniel M. Gade, B. Christopher Frueh, Ross B. Dickman, and Daniel R. Ressler. "Transition from military service: Mental health and well-being among service members and veterans with service-connected disabilities." *The journal of behavioral health services & research* 49, no. 3 (2022): 282-298.; Elbogen, Eric B., John E. Zeber, Dawne Vogt, Daniel F. Perkins, Erin P. Finley, and Laurel A. Copeland. "Financial status and well-being in recently separated military veterans." *Military medicine* 188, no. 7-8 (2023): e2181-e2188.

²⁸ Publicly available copies of IAVA member surveys from 2014-present are available at: https://iava.org/reports?filterKeyword=&filterCategory=16#block_6e2c69e4ee697b39a8499dc2c5df270d

²⁹ Woodruff, Todd, Ryan Keltz, and David R. Segal. "Revisiting propensity to serve and motivations to enlist: Insights and implications for contemporary military recruitment challenges and research." *Armed Forces & Society* 51, no. 2 (2025): 482-491.



Modernizing the VASRD is an opportunity to restore integrity, accuracy, and fairness to the veteran disability compensation system. But this opportunity will only be realized if veterans and veteran advocacy organizations are essential partners in every step of the process, from research design and execution to policy implementation and evaluation.

IAVA urges Congress to ensure that veterans and veteran organizations are a part of all oversight activities. Doing so will help ensure that reforms honor the service and sacrifice of our nation's veterans and deliver a system that works for those it was designed to serve.

Thank you for your commitment to America's veterans. I look forward to your questions.

STATEMENTS FOR THE RECORD

Prepared Statement of Disabled American Veterans

Chairman Luttrell, Ranking Member McGarvey and members of the Subcommittee:

On behalf of DAV (Disabled American Veterans) and our nearly 1 million members, I am pleased to offer this statement outlining our views of the Department of Veterans Affairs (VA) disability compensation schedule of rating disabilities (VASRD) and how well it fulfills the purposes for which it was created. As you know, DAV is a congressionally chartered, VA-accredited, nonprofit veterans service organization (VSO) with nearly a million members, all of whom are wartime service-disabled veterans. We are dedicated to a single purpose: empowering veterans to lead high-quality lives with respect and dignity.

To fulfill DAV's service mission assisting veterans, their families, caregivers and survivors seeking benefits earned as a result of their military service, we have over 4,200 chapter, department, transition and national service officers (NSO) nationwide; including DAV accredited county veterans service officers. Today there are over 1.1 million veterans and their survivors who have chosen DAV to be their representative before the VA and last year we helped them file over 560,000 claims for benefits to the Veterans Benefits Administration (VBA), taking over 3.1 million actions to support them. This assistance, like all of DAV's charitable services, was provided at no charge to veterans and their families, and DAV receives no compensation of any kind from the government for providing these services. Our comments are informed by the collective experience and expertise of our benefits experts.

The Subcommittee's hearing comes in the wake of a series of outrageously misleading and highly inaccurate stories that *The Washington Post* published last fall. Frankly, DAV was shocked and disgusted to read the *Post* stories and deeply disappointed with certain so-called veterans advocates who have been repeating and amplifying these falsehoods. To assess how well the VASRD has served and can continue to serve as an instrument to provide justice and compensation to veterans injured, disabled, and made ill from their service, it is necessary to first debunk several myths about VA disability compensation.

For example, the *Post* alleged that disabled veterans are "swamping" the VA with "false", "fraudulent" and "dubious" disability claims for injuries and illnesses because the *Post* considers them illegitimate. Nothing could be farther from the truth. According to the VA Office of Inspector General, there have been fewer than 200 fraud convictions annually in recent years. With VBA processing almost 3 million claims in the most recent fiscal year, that equates to a fraud rate of less than 1/100th of 1 percent. To justify their conclusion that VA is "swamped" with illegitimate claims, the *Post* argued that common claims for conditions such as depression, PTSD, hypertension, diabetes, eczema, tinnitus, and pain were "dubious" and "exaggeration". With veteran suicide still slowly rising, it is outrageous to assert that depression and PTSD are not real disabilities, just as it is absurd to argue that hypertension and diabetes are exaggerations. Moreover, severe eczema, tinnitus and pain can be highly disruptive and disabling to a veterans life.

The *Post* also advanced the myth that "Congress and VA have made it easier to cheat and take advantage of the system," referring to the Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022 (P.L. 117-168) and the Veterans Appeals Improvement and Modernization Act (AMA) (P.L. 115-55). These landmark laws were expressly designed by Congress to make it easier for veterans to receive earned benefits because millions of them have faced unnecessary obstacles that delayed or too often denied their legitimate claims for benefits. It is a gross mischaracterization to imply that these laws made it easier for criminal veterans to steal taxpayer dollars, rather than recognize how the laws have fundamentally improved the ability of millions of veterans to receive long overdue justice and compensation.

Another misunderstanding the *Post* and others continue to promote is that VA disability compensation should only go to veterans unable to work. According to the

Post story, “The current [VA] disability program was designed 80 years ago to provide a safety net for **unemployable** [emphasis added] veterans wounded or injured during World War II.” That statement demonstrates ignorance about the history and purpose of VA’s disability compensation system, how it has evolved over the years, and how it operates today. It is important to recognize that the VA disability compensation system is fundamentally different than Social Security Disability Insurance and workmen’s compensation programs that are only concerned with a person’s ability to work. This is because military service is a uniquely dangerous type of work for the men and women who wear the uniform. Further, unlike other hazardous occupations, service members are not able to quit their jobs whenever they choose, since they are under orders. They are also not able to sue the Federal Government if they are injured, regardless of the circumstances, due to the Feres Doctrine¹.

The VA disability compensation was not created only to assist “unemployable”, veterans, nor was it designed to compensate for veterans’ lost earnings, a common misunderstanding. Instead, beginning after World War I, Congress created and over the course of many years evolved a system centered on providing compensation to disabled veterans based on “...the average impairments in earnings capacity...”, a legal phrase that may sound like economic loss, but in reality, measures functional loss. Under this standard, a blind or paralyzed veteran who through perseverance is able to overcome their disabilities and work is still recognized as having suffered a loss of functional capacity and deserving of compensation. The fact that they have been able to overcome their disability does not alleviate our Nation’s obligation to compensate them for the price they paid and will continue to pay for the rest of their lives.

For these reasons, VA disability compensation uses an “average person” standard rather than an “individual” one that would require VA to evaluate the unique characteristics and circumstances of each of the millions of veterans who are wounded, injured, or made ill in service. Creating such a system based on each individual veteran’s actual loss of earnings would not only be impractical – since most service members leaving the military have never had a full-time civilian job – but would also be dramatically more complicated, time-consuming, and expensive to implement. What this also means in practice is that disabled veterans are strongly incentivized to seek meaningful work since doing so will not result in a reduction in their disability compensation.

In fact, this is one of the most important but often overlooked strengths of the current VA disability compensation system: disabled veterans are incentivized to continually improve their health and well-being in order to pursue meaningful employment and entrepreneurship. The POST apparently believes that even severely disabled veterans – those who have lost limbs, are blind or paralyzed – only merit disability compensation when they are unable to work. This view fails to recognize all the time and effort it may take for these men and women to overcome such disabilities, the impact on the families and the other parts of their lives, including how it often shortens their lives. Providing disability compensation is just one way that our government helps to keep the promise to the men and women who served.

Another common myth is the false belief that VA’s disability rating system, and specifically the VASRD, has not been updated or modernized since 1945. While there was a major overhaul of the rating schedule following World War II, particularly to add new psychological conditions, there have been literally hundreds of changes and updates to the VASRD since then, as can be seen in the Code of Federal Regulations (CFR) Appendix A to Subpart B of Part 4. More recently, since September 2017, VA has comprehensively reviewed and updated the rating schedule for at least eight of the 15 body systems, and is actively working on the others.

Mr. Chairman, almost two decades ago, after Congress created the Veterans Disability Benefits Commission to explore whether major changes were needed to VA’s benefit programs, one of my DAV predecessors testified that the disability compensation system was:

*“...fundamentally sound and the most practical approach to the complex task of fairly compensating a large number of veterans for whom the effect of disability is as diverse as the demographic and socioeconomic characteristics of the members of the military force and the citizens of our Nation from which those members come.”*²

¹Feres v. United States, 340 U.S. 135 (1950)

²Testimony of Rick Surratt, DAV Deputy National Legislative Director, before the Committee on Medical Evaluation of Veterans for Disability Compensation of the Institute of Medicine, July 7, 2006.

This statement echoes a famous quote attributed to Winston Churchill, who observed that, *“democracy is the worst form of government except for all those other forms that have been tried...”* While the VA rating system and the VASRD is not perfect, DAV continues to believe that is the most effective and efficient way to fairly and equitably compensate veterans for the disabilities, injuries, and illnesses they have suffered in service to the Nation.

We also believe that some of the questions being raised about whether the VA disability compensation system is properly structured are the result of persistent problems with the claims processing system. If veterans were able to receive fast, accurate, and transparent decisions on their claims for benefits, confidence in the system could be significantly improved. To help accomplish that, DAV offers the following recommendations to make the claims processing system work better for veterans.

- **Allow veterans to file claims by phone**

VA allows a veteran to submit an Intent to File (ITF) form by phone, but not a formal claim, such as for an increased evaluation or secondary condition. We believe a veteran should be able to contact the VA by phone and file a claim for any condition at any time, just as they can for an ITF.

- **Amend VA’s policy on incorrect forms**

Currently, the VA treats claims filed on an incorrect form merely as a request for a claims application, which can result in a veteran receiving a delayed effective date and potential loss of tens of thousands of dollars in benefits. To remedy this situation, VA should accept any filing made by a veteran for benefits as a clear statement of the veteran’s “intent to file” a claim and protect that effective date.

- **Allow veterans to certify their symptom statements during examinations**

When veterans receive VA disability examinations, they are often required to describe symptoms of conditions they are claiming to be used in making a rating decision. However, when they receive their claims decisions, many times the symptoms they reported during the exam are different from what was recorded by the examiner. To alleviate this problem, VA should add a step in the exam process that allows veterans to review and certify that the symptoms they reported have been accurately recorded.

- **Strengthen presumptive decision-making processes for toxic exposure claims**

Presumptive service connection is used to improve the process and outcomes for veterans filing benefit claims related primarily to military toxic exposures and environmental hazards. The historic PACT Act created new presumptives for burn pits and other airborne hazards, however, it did not cover all affected veterans and all toxic substances. The DAV and MOAA report, *Ending the Wait for Toxic-Exposed Veterans*, includes a number of recommendations to build on the PACT Act and create a more effective presumptive decision-making process to improve the accuracy and timeliness of toxic-exposed veterans claims for disability compensation.

- **Optimize the use of technology, particularly AI**

In order to improve both productivity and accuracy, VBA must continue to maximize and optimize the use of advanced technology, including artificial intelligence (AI), which can significantly increase processing speed and reduce errors. However, its application must be carefully implemented and continuously monitored to ensure essential expertise and decision-making authority is retained by human employees.

- **Ensure VA has the resources to improve accuracy and timeliness of claims**

Due to the enactment of the PACT Act in August 2022, along with expanded outreach efforts to veterans in crisis or at risk of suicide, VBA has seen a tremendous influx of new benefit claims and a larger claims backlog. Thanks to staffing increases in 2023 and 2024, the rising backlog was stemmed early in 2025 and has since declined. However, we urge the Committee to closely monitor staffing levels at VBA, and particularly VA’s 30,000 FTE force reduction last year, to ensure there are adequate resources to process veterans claims quickly and accurately.

Mr. Chairman, we appreciate the Committee’s interest in reviewing the VA rating schedule and how well it serves disabled veterans. While it is not perfect, we believe it is a proven and reliable methodology to fairly compensate the men and women who have served, suffered, and sacrificed for the country. We look forward to work-

ing with the Committee and VA to continually review, and when appropriate, update the VASRD and other aspects of VA's disability compensation to keep the promise to the men and women who served.

Prepared Statement of Berry Law



Written Statement for the Record of
Stephanie Costello, Esq., Senior Counsel¹
Berry Law²

Submitted for an Oversight Hearing entitled

Reevaluating the Rating Schedule: Examining VA's Efforts to Modernize Disability Benefits

before the U.S. House of Representatives,
Committee on Veterans' Affairs,
Subcommittee on Disability Assistance and Memorial Affairs

January 14, 2026

Chairman Luttrell, Ranking Member McGarvey, and Members of the Subcommittee,

My name is Stephanie Costello, and I am a Senior Counsel with Berry Law. I am proud to submit this statement for the record in support of the Subcommittee's work on legislation affecting veterans' health care and disability benefits.

I do not do this work alone. I am supported by a team of nearly 60 attorneys and accredited claims agents, most of whom are veterans or members of military families themselves. Their combined experience, dedication, and firsthand understanding of military service allow us to approach every claim with both legal expertise and genuine empathy, ensuring that veterans' voices and needs are fully represented throughout the VA disability process. At Berry Law, we represent veterans nationwide, gaining deep insight into how VA health care delivery, clinical documentation, and administrative policies affect a veteran's ability to establish service connection and obtain accurate disability ratings. Our attorneys regularly interpret and apply VA statutes, regulations, and claims guidance, providing practical expertise on how legislative and policy changes operate in practice, both in the delivery of care and in the evidentiary record used to adjudicate claims.

Berry Law's work focuses not on initial claims, but on appellate advocacy, representing veterans before Regional Offices, the Board of Veterans' Appeals, and the U.S. Courts of Appeals

¹ Biography available at: www.jsberrylaw.com/attorneys/stephanie-costello

² Berry Law is a midwestern law firm established in 1965 that handles personal injury litigation and veterans' disability appeals, providing legal counsel to injured civilians and veterans nationwide with an emphasis on securing VA benefits and compensation entitlements. For more information, visit www.ptsdlawyers.com.

for Veterans Claims and Federal Claims. Through this appellate lens, we see not isolated mistakes but recurring patterns that indicate systemic shortcomings. Claims that should have been granted earlier are often denied due to procedural missteps, misapplication of the Rating Schedule, or inadequate medical development. Engaging closely with statutes, regulations, case law, and the practical realities of VA adjudication allows us to identify where modernization efforts break down and highlight opportunities for upstream reform.

Legal representation at the appellate level ensures that veterans are not penalized for administrative shortcomings beyond their control. Our work is fundamentally about fairness and accountability: ensuring consistent application of law, correcting procedural errors, and securing benefits that veterans have earned through service, often years after their initial claims. This blend of military experience, legal expertise, and appellate insight gives Berry Law a unique perspective on both the realities of service and the legal mechanisms that govern veterans' benefits.

The Current State of the VA Disability System:
Recognizing Progress While Identifying Opportunities for Improvement

The Department of Veterans Affairs' (Department) disability benefits system has had a profound impact on the lives of Veterans. For many, VA compensation provides not only financial stability, but also dignity, independence, and recognition of their sacrifices made in service to the nation. The VA's commitment to a non-adversarial, pro-claimant system reflects a core national promise: that those who serve will be supported when they return home.

In recent years, the VA has undertaken significant efforts to modernize the disability adjudication process. The implementation of the Appeals Modernization Act (Pub. L. 115-55), championed by many members of this Subcommittee, along with expanded use of technology and increased reliance on contract medical examinations, has improved timeliness, access, and efficiency. These reforms have successfully reduced certain delays and enabled many Veterans to receive decisions more quickly than in the past, demonstrating measurable progress.

Despite these advances, challenges remain. Many Veterans continue to experience prolonged delays and administrative obstacles in the claims process. Outdated rating criteria, inconsistencies in examinations, and structural inefficiencies can result in claims that are denied, delayed, or under-compensated. These challenges are not caused by a lack of merit in Veterans' claims, but rather by the complexities and limitations of the current system.

Certain aspects of the process illustrate these ongoing issues:

- **Rating Criteria Lag Behind Modern Realities:** The rating schedule often does not fully account for contemporary medicine, occupational demands, or the functional limitations of Veterans' conditions. Episodic symptoms, cognitive impairments, and chronic pain can be undervalued or mischaracterized.

- Procedural Complexity Masks Inefficiency: Multiple layers of adjudication and procedural steps, particularly for mental health and toxic exposure claims, can slow the system without necessarily improving decision accuracy.
- Medical Examinations Are Determinative: Compensation and pension (C&P) and contract examinations play a central role in claim outcomes. Inaccuracies or incomplete evaluations can delay proper compensation, with limited mechanisms for timely correction.
- Limited Feedback and Transparency: Appeals outcomes are not consistently used to correct systemic errors. Regional disparities, examiner performance, and denial patterns remain largely opaque, leaving Veterans uncertain about how their claims are evaluated.
- The Human Impact Is Significant: Delays and repeated denials impose emotional and financial strain on Veterans, affecting trust in the system and, in some cases, discouraging pursuit of benefits to which they are legally entitled.

The VA disability system demonstrates a strong commitment to Veterans and has achieved meaningful progress, yet persistent structural and administrative challenges continue to impede timely, fair, and accurate delivery of benefits. Understanding these challenges is essential to identifying where modernization and reform efforts can have the greatest impact.

From Diagnosis to Action

The encouraging news is that these challenges are not intractable. Many stem from administrative design choices, outdated processes, and gaps in oversight: problems that can be addressed through targeted reforms, better technology, and standardized practices. The following subsections identify the most pressing issues affecting Veterans' access to fair and timely benefits. For each, we propose practical, implementable solutions, most of which do not require new legislation, but instead rely on smarter implementation, improved accountability, and more effective use of existing tools and resources.

By addressing these challenges systematically, Congress and the VA can ensure that modernization delivers not only faster claims processing but also accurate, equitable, and legally sound outcomes. These reforms have the potential to reduce appeals, prevent unnecessary backlogs, and restore Veterans' trust in a system designed to serve them.

In short, this section provides a roadmap: a clear identification of where the system is falling short, paired with actionable solutions capable of making an immediate and meaningful difference in the lives of Veterans.

I. Rating Schedule Misalignment with Real-World Disabilities

The VA disability rating system was designed to quantify the severity of service-connected conditions and translate them into compensation. While well-intentioned, the schedule is anchored in outdated clinical measurements that often fail to capture the functional limitations Veterans experience in modern work environments and daily life.

Disabilities such as migraines, mental health conditions, orthopedic injuries, and sensory impairments are frequently assessed using narrow, static criteria. These measures ignore the cognitive, emotional, and practical challenges that can make even modest impairments debilitating in today's workplaces, especially for remote or knowledge-based roles.

a. Failure to Reflect Functional Impairment

Veterans with significant limitations are systematically undercompensated because the rating schedule prioritizes numerical or clinical thresholds over real-world functionality. Cognitive load, fatigue, and the demands of modern employment are often overlooked. For example, a Veteran with mild joint pain or chronic headaches may meet the technical criteria for a lower rating despite being unable to maintain a standard work schedule or perform essential tasks consistently. Likewise, conditions that interfere with concentration, memory, or multi-tasking are frequently undervalued, even though they can substantially limit occupational and social functioning.

This gap highlights a clear need for the rating schedule to better capture the realities of daily life with disability. The VA should update the schedule to explicitly incorporate measures of functional impairment across diverse contexts, including episodic and cognitive disabilities. Such updates could provide structured guidance for adjudicators and examiners to assess real-world work impact and daily activity limitations. Incorporating validated functional assessment tools and illustrative examples would help ensure evaluations are consistent, evidence-based, and reflective of actual impairment.

Implementing these changes would produce multiple benefits. Ratings would more accurately reflect the severity of a Veteran's condition, reducing under-compensation and the number of appeals driven by under-ratings. Veterans would gain confidence that the system measures the effects of their disabilities on real life (not just rigid clinical thresholds) restoring trust and ensuring compensation aligns with lived experiences.

b. Inadequate Treatment of Flare-Ups and Variability

Building upon that, many disabilities are also episodic in nature, with flare-ups that temporarily, but often severely, limit a Veteran's functionality. Current rating criteria frequently fail to account for this variability. Examiners are sometimes excused for stating they "cannot estimate" functional loss during flare-ups, leaving Veterans with ratings that do not reflect the realistic or worst-case impact of their conditions. This gap is particularly consequential for

conditions such as migraines, autoimmune disorders, or mental health disorders, where intermittent but debilitating episodes can significantly disrupt daily life and employment.

To address this, the VA should provide explicit instructions for examiners to assess and document the impact of flare-ups on both occupational and daily functioning. Rating criteria should offer clear guidance on incorporating episodic symptom patterns into overall evaluations. Training should also equip examiners to estimate functional loss during peak symptom periods, using both medical evidence and lay testimony to ensure evaluations are accurate and consistent.

Systematically accounting for flare-ups would, again, ensure that Veterans receive compensation that reflects the true impact of their conditions. It would also reduce the number of remands and appeals driven solely by episodic impairments, improving efficiency and fairness. By capturing the full range of functional limitations, the system would prevent Veterans with cyclical conditions from being systematically underrated.

c. Unrealistic Hearing Loss Rating Thresholds

Hearing loss ratings highlight another way the current schedule can misalign with real-world impairment. Present diagnostic codes rely on audiometric thresholds that exclude Veterans with moderate hearing loss, even when they experience significant difficulty communicating, working, safely navigating in public, or performing daily activities. Veterans who use hearing aids often receive 0% ratings, despite enduring substantial functional limitations. As a result, the system frequently fails to capture the everyday impact of sensory disabilities.

The VA should revise hearing loss criteria to prioritize functional impairment alongside clinical measures. This could include establishing a presumptive minimum compensable rating for Veterans who require hearing aids and updating diagnostic codes to better reflect functional, real-world limitations. Comprehensive training for examiners and adjudicators should accompany these changes to ensure consistent application across claims.

Implementing these adjustments would align compensation with actual impairment, enhance confidence in the rating process, and reduce appeals caused by under-ratings. Most importantly, it would provide Veterans with tangible recognition and support for functional challenges that are currently overlooked.

d. Complexity and Redundancy in Evidence Submission

Veterans frequently face the burden of submitting the same medical evidence multiple times: whether for initial claims, supplemental claims, or higher-level reviews. This includes C&P exam results, private medical records, and other documentation. Even when records have already been provided, adjudicators may request them again due to inconsistent record handling or poor communication between offices. This redundancy creates unnecessary delays, increases the risk of errors, and places a significant administrative burden on Veterans.

The VA could address this challenge by implementing centralized, fully integrated evidence management systems that track previously submitted documents and flag duplicate requests. Clear guidance for both adjudicators and Veterans regarding what records are already on file would further reduce repetition. Policies allowing adjudicators to rely on existing evidence unless new information is required would also streamline the process.

Reducing redundant submissions would save Veterans time and frustration, enable adjudicators to make more informed decisions, and minimize remands and appeals. More broadly, a streamlined approach would enhance fairness, improve trust in the system, and increase overall efficiency.

e. Inadequate Consideration of Cumulative Disability and Multi-System Impairment

The current Rating Schedule often evaluates each condition in isolation, without fully accounting for the combined functional impact of multiple disabilities. Veterans with several mild-to-moderate impairments may appear “less disabled” on paper, even though the cumulative effect substantially limits their ability to work, manage daily activities, and engage socially.

The VA could address this by revising rating guidance to explicitly consider cumulative functional impairment. Examiners and adjudicators should evaluate how multiple conditions interact to create a total functional burden, rather than relying solely on additive percentages from separate diagnoses.

By capturing the real-world impact of multi-system disabilities, ratings would more accurately reflect Veterans’ overall limitations. This would reduce appeals based on under-compensation, improve consistency in decision-making, and ensure that VA ratings align with the true challenges Veterans face in daily life.

f. Subsection Conclusion

The misalignment between the VA rating schedule and Veterans’ real-world experiences undermines fairness and confidence in the system. Outdated metrics, limited consideration of episodic conditions, and hearing loss thresholds that ignore functional impact leave many Veterans undercompensated. Updating the schedule to reflect actual daily and occupational limitations would improve consistency, reduce unnecessary appeals, and ensure compensation truly honors Veterans’ service.

While these updates are critical, structural challenges remain, particularly in mental health evaluations. The next section examines how current practices and criteria create systemic inconsistencies, contributing to under-compensation, delays, and avoidable appeals.

II. Structural Deficiencies in Mental Health Ratings

Mental health claims are a critical part of the VA disability system, yet the current rating framework often fails to reflect the complexity, progression, and real-world impact of psychiatric

conditions. Procedural hurdles, rigid and subjective rating thresholds, and unnecessary distinctions contribute to delays, remands, and under-compensation. Addressing these structural deficiencies through simplification, standardization, and better recognition of incremental worsening would improve outcomes for Veterans and enhance fairness and efficiency across the system.

a. Overcomplicated PTSD Service-Connection Framework

PTSD claims are treated differently from other mental health conditions, despite no added clinical or monetary justification. Current law requires Veterans to provide corroboration of the in-service stressor, a requirement that other psychiatric diagnoses do not have. While this framework includes helpful presumptions for combat and Military Sexual Trauma (MST) claims, Veterans with PTSD arising from other service-related traumas continue to face significant procedural hurdles.

These non-combat, non-MST claims may include traumatic training accidents, exposure to life-threatening events during operational assignments, repeated exposure to distressing incidents as medics or first responders, or cumulative trauma from multiple lower-level events. In many cases, documentation of the stressor is difficult or impossible, and the rigid corroboration requirement often leads to remands, delays, and under-compensation, even when medical evidence clearly demonstrates PTSD.

The VA should adopt a standardized, flexible approach for all PTSD claims, extending the principle behind combat and MST presumptions. Corroboration requirements should be evaluated under general evidentiary standards, allowing credible lay testimony and supporting service records to establish the stressor. Examiners and adjudicators should receive consistent guidance on documenting and evaluating PTSD claims under this framework, ensuring that claims are assessed on functional impact rather than procedural technicalities.

This reform would simplify adjudication, reduce remands, accelerate benefits delivery, and reduce Veteran frustration. By treating all PTSD claims consistently and acknowledging the diverse ways trauma can occur in service, the VA can provide fairer, more predictable, and legally sound outcomes without requiring new legislation.

b. Failure to Capture Incremental Worsening

Current mental health ratings also rely on broad, subjective thresholds that fail to recognize gradual but significant worsening of a condition. Increases in medication, hospitalizations, occupational impairment, or social limitations often do not trigger higher ratings, leaving Veterans undercompensated and forcing appeals to achieve recognition of symptom progression.

The VA should revise rating criteria to incorporate graded assessments of functional impairment and incremental symptom changes. Adjudicators and examiners should be trained to document occupational, social, and cognitive impacts over time, even if thresholds are not formally crossed. Recognizing incremental worsening would better align compensation with real-world

disability, reduce repetitive appeals, improve trust in the system, and enhance administrative efficiency by minimizing delays and remands.

c. Subsection Conclusion

Mental health ratings illustrate how procedural complexity, rigid thresholds, and limited recognition of symptom progression create systemic barriers that delay or reduce benefits. The separate PTSD service-connection framework imposes unique corroboration requirements, while broader rating criteria often fail to capture incremental worsening, episodic flare-ups, or gradual functional decline. These structural deficiencies drive under-compensation, unnecessary appeals, and diminished trust in the VA system.

By simplifying the PTSD framework, standardizing stressor evaluation, and recognizing incremental changes in functional impairment, the VA can align ratings with the lived realities of Veterans. These reforms would reduce remands, accelerate benefits, improve consistency and fairness, and support mental health recovery. Addressing both procedural hurdles and subjective thresholds ensures that mental health claims are evaluated accurately, equitably, and efficiently, directly improving outcomes while strengthening the integrity of the system.

Beyond mental health, another major contributor to delays and under-ratings is the overreliance on medical examinations that are often incomplete, inconsistent, or insufficiently tailored to functional realities. When exams fail to capture the full severity, variability, or cumulative impact of a condition, they become outcome-determinative rather than simply informative. The next section examines how deficiencies in medical examinations drive under-compensation, unnecessary appeals, and prolonged adjudication, and explores ways to improve their accuracy, consistency, and relevance.

III. Overreliance on Inadequate Medical Examinations

Medical examinations are central to the VA disability system, forming the evidentiary foundation for rating decisions. Yet the system increasingly relies on procedural, checkbox-style exams that often fail to capture Veterans' lived experiences, consider legally required elements, or incorporate the full medical record. When exams are flawed, the consequences fall entirely on Veterans: claims are denied, appeals are prolonged, and benefits are delayed. Strengthening the quality, standardization, and legal alignment of medical examinations is essential to ensure that Veterans are evaluated fairly and consistently.

a. "Check-the-Box" Evaluations

Many C&P exams emphasize mechanical checkboxes over functional assessment. Examiners may provide conclusory statements that fail to reflect lay or medical evidence demonstrating greater impairment. Adjudicators who defer to these checkboxes without critical review risk under-compensating Veterans and triggering unnecessary appeals.

Exams should be redesigned to prioritize functional evaluation, with structured prompts for episodic or fluctuating symptoms and explicit integration of lay and treatment evidence. Adjudicators should be trained to critically evaluate exams in context, ensuring the full record, not just checkboxes, guides rating decisions. This approach would more accurately reflect Veterans' impairments, reduce preventable appeals, and improve administrative efficiency.

b. Human Failures in C&P Exams

Even legally sufficient exams can fail when examiner-Veteran interactions are poor. Veterans often report feeling dismissed or unheard, discouraging them from pursuing valid claims and sometimes leading to permanent loss of benefits. Examiners should receive training on effective communication, active listening, and validating Veterans' experiences, along with sufficient time to document functional impacts. Emphasizing human-centered practices ensures that Veterans feel respected, strengthens the evidentiary record, and supports more accurate ratings.

c. Inconsistent Contract Examinations

The VA increasingly relies on contract examiners to meet timeliness goals, but these exams often lack alignment with VA-specific legal standards. Secondary service connection and aggravation are frequently overlooked, producing legally insufficient exams that result in denials, remands, and repeated evaluations.

Contract exams should be standardized and legally aligned through clearer instructions, enhanced training, and improved adjudicator-examiner communication. Examiners should receive guidance on theories of entitlement, and templates should ensure all required analyses are completed consistently, not just direct connections or connections through toxic exposures. Standardized, legally sound exams would reduce remands and unnecessary appeals while providing Veterans with fairer, timelier decisions.

d. Subsection Conclusion

Overreliance on procedural checkboxes, poor examiner-Veteran interactions, and inconsistent contract exams undermines fairness and accuracy in the VA disability system. By redesigning exams to emphasize functional impairment, improving examiner conduct, and standardizing contract assessments, the VA can ensure that Veterans' lived experiences and legally relevant evidence are fully considered. These reforms would reduce preventable errors, expedite claims, strengthen trust in the system, and ensure that ratings more accurately reflect real-world disability.

While improving the design, conduct, and standardization of medical examinations is essential, systemic issues persist even when exams are legally sufficient and functionally accurate. Inconsistent oversight, limited feedback loops, and weak accountability allow errors, disparities, and preventable delays to persist across the VA disability system. The next section examines how gaps in quality control and accountability perpetuate under-compensation, uneven evaluations, and

prolonged appeals; and explores practical approaches to strengthen oversight, ensure consistent application of standards, and restore trust in the system.

IV. Lack of Quality Control and Accountability

Even when VA regulations and rating criteria are clear, outcomes for identical claims often vary widely depending on the Regional Office, examiner, or adjudicator handling the case. The absence of robust quality control and accountability mechanisms allows errors to persist and repeat, undermining Veterans' trust in the system. Without transparent performance metrics, consistent oversight, or consequences for substandard work, the VA cannot ensure that claims are processed fairly or uniformly. Strengthening quality control and accountability is essential to reduce preventable errors and promote equitable treatment for all Veterans.

a. Inconsistent Application of Rating Criteria

Identical claims often receive different ratings depending on who reviews the evidence or where the claim is processed. Currently, the VA lacks robust quality assurance metrics and standardized monitoring for adjudicators. This inconsistency undermines trust, forces Veterans to appeal decisions they should not have had to contest and wastes valuable time and resources for both the agency and the Veterans it serves.

The VA should implement transparent quality control measures, including regular audits of rating decisions, cross-office standardization reviews, and clearly defined benchmarks for adjudicator performance. Ongoing training informed by observed errors, coupled with data-driven guidance on rating criteria, would help ensure consistent decision-making. Additionally, regional performance metrics should be systematically analyzed and shared internally to identify and address systemic issues before they affect Veterans.

Greater consistency in rating decisions would reduce unnecessary appeals and remands, saving both time and resources. Veterans would experience fair and predictable treatment regardless of location, examiner, or adjudicator. Reliable quality control would also enable VA leadership and Congress to detect and address systemic weaknesses more effectively, strengthening accountability across the system.

b. No Accountability for Problematic Examiners

Currently, there is no public or Veteran-accessible system to identify examiners with substantiated complaints or histories of poor performance. When flawed exams lead to denials, Veterans often have no recourse other than appeals, forcing them to bear the consequences of VA personnel errors. This lack of accountability raises due process concerns and erodes confidence in the fairness of the system.

The VA should establish a mechanism to track and disclose examiner performance issues, including substantiated complaints, terminations, or barred examiners. Veterans should have the ability to challenge decisions based on examinations conducted by individuals with documented

performance deficiencies. Additional oversight and targeted training should be provided to all examiners to ensure adherence to legal standards and professional, best practices.

Implementing these accountability measures would improve the quality and reliability of medical examinations, ensuring that Veterans are not unfairly penalized for examiner errors. Transparency in examiner performance builds trust in the adjudication process, promotes higher standards across the workforce, and reduces preventable appeals. Ultimately, Veterans would receive more accurate, legally sound evaluations without undue risk from flawed examinations.

c. Training and Institutional Knowledge Gaps Among Adjudicators

Regional Offices serve as the frontline of the VA disability system, tasked with processing Veterans' claims in full compliance with federal law. While many adjudicators work diligently, systemic patterns reveal that some ROs inconsistently apply statutes, regulations, and VA policies. These lapses can lead to preventable denials, incorrect effective dates, and missed service connections, eroding trust and prolonging appeals.

Key drivers of these errors include high staff turnover, insufficient standardized training, and gaps in institutional knowledge. Adjudicators may inadvertently misapply rating criteria, miscalculate effective dates, or misinterpret evidence. The result is inconsistent outcomes across offices, repeated appeals, and unnecessary delays that disproportionately affect Veterans.

To address these gaps and ensure Veterans receive timely and legally accurate decisions, the following practical solutions are recommended for implementation at Regional Offices:

- Standardized legal training for all adjudicators on statutes, regulations, and VA precedents relevant to common and high-impact claims.
- Mandatory peer review or oversight for complex or high-stakes claims.
- Transparency and reporting on legal compliance, including remand patterns by office.
- Clear accountability measures and corrective training when systemic legal misapplication is identified.

Implementing these measures would promote consistent application of the law and the Rating Schedule, reducing preventable errors and remands. Veterans would receive faster, fairer claims decisions, restoring confidence that the system functions as intended. By strengthening training, preserving institutional knowledge, and enforcing accountability, the VA can improve accuracy, efficiency, and equity; advancing modernization goals while fulfilling its mission to serve Veterans with integrity.

d. Subsection Conclusion

Lack of quality control and examiner accountability drives inconsistent ratings, preventable appeals, and erodes confidence in the VA system. Transparent audits, standardized

performance metrics, and clear mechanisms to address problematic examiners can ensure Veterans receive fair, consistent, and legally accurate evaluations. Strengthened oversight will improve outcomes, operational efficiency, and trust in the agency's modernization efforts.

However, oversight alone cannot resolve all delays or under-compensation. Even when procedures are followed, outdated or ambiguous diagnostic codes can cause confusion, inconsistent application, and gaps in benefits, especially for conditions whose understanding has evolved. The next section examines how these legacy codes compound systemic inefficiencies and opportunities to modernize them for more accurate, equitable, and consistent evaluations.

V. Outdated and Ambiguous Diagnostic Codes

Diagnostic codes form the foundation of the VA disability rating system, linking medical conditions to specific compensation levels. However, many codes are outdated, vague, or overlap in ways that no longer reflect current medical understanding or functional impairment. These deficiencies force Veterans into unnecessary appeals and litigation to resolve questions that could, and should, be addressed administratively. Updating and clarifying diagnostic codes is a straightforward way to reduce delays, improve fairness, and ensure that Veterans' ratings accurately reflect their real-world limitations.

a. Failure to Update Commonly Litigated Codes

Certain diagnostic codes have remained unchanged for decades, failing to incorporate modern medical consensus or advances in understanding conditions like musculoskeletal disorders, neurological impairments, and gastrointestinal diseases. The lack of specificity or clarity creates overlapping categories that confuse both examiners and adjudicators. As a result, claims are frequently denied or undercompensated, and Veterans must appeal to have the proper standard applied.

VA should systematically review and revise commonly litigated diagnostic codes, updating criteria to reflect contemporary medicine, functional impairment, and real-world occupational impact. Regulatory updates should reduce overlap, clarify definitions, and provide examiners with precise guidance on assessment and documentation. Additionally, training should accompany these updates to ensure that both examiners and adjudicators consistently apply the revised codes.

Modernized, clear diagnostic codes would reduce preventable appeals, minimize inconsistent ratings, and allow Veterans to receive compensation that reflects their actual impairments. Examiners and adjudicators would have greater confidence in applying ratings, which would improve accuracy and fairness across the system. Ultimately, fewer disputes over coding translate into faster, more predictable decisions and improved trust in VA processes.

b. Veterans Bear the Cost of Ambiguity

When diagnostic codes are vague or poorly defined, Veterans often bear the burden of proving entitlement through repeated appeals or hiring legal representation. Delays caused by

ambiguous criteria undermine timely benefits and add emotional and financial strain, despite Veterans providing ample evidence of their disabilities. The system unintentionally punishes those who navigate its complexities responsibly.

Clarifying and standardizing diagnostic codes would directly alleviate the burden on Veterans. The VA should proactively identify areas of frequent dispute, issue updated guidance and implement oversight to ensure consistent application. Public reporting of frequently litigated codes could also inform policy and reduce repeated errors.

By resolving ambiguity at the administrative level, Veterans would no longer need to rely on appeals to correct preventable errors. Benefits would be delivered more quickly, fairly, and consistently, reducing unnecessary stress and financial loss. Clear diagnostic codes strengthen the integrity of the rating system, benefiting Veterans, VA staff, and the broader adjudication process.

c. Subsection Conclusion

Outdated and ambiguous diagnostic codes drive unnecessary appeals, inconsistent ratings, and undue burdens on Veterans. Systematic updates, clearer definitions, and stronger oversight would enable the VA to deliver timely, accurate, and equitable benefits: an achievable reform with immediate impact.

Even with clear, updated codes, though, the VA struggles to learn from past decisions. Appeals provide essential feedback, but gaps in tracking, analysis, and implementation allow recurring errors to persist. Without a robust feedback loop, preventable mistakes continue, forcing Veterans into repeated appeals. The next section examines how failures in appeals feedback and reform loops contribute to inefficiency and under-compensation and explores opportunities to make the system more responsive and self-correcting.

VI. Breakdown in Appeals Feedback and Reform Loops

The VA's appeals system is intended to correct errors and ensure fair outcomes for Veterans. Yet, the agency has, seemingly, not systematically analyzed the lessons embedded in Board and Court remands. Without a structured feedback loop, known deficiencies in rating criteria, examiner practices, and adjudication processes persist for years. This perpetuates avoidable errors, contributes to backlog, and undermines the very modernization efforts meant to improve timeliness and accuracy. A feedback-driven approach could transform appeals from a reactive mechanism into a proactive tool for system-wide improvement.

a. No Use of Appeals Data to Drive Reform

Board and Court decisions often highlight recurring issues, such as misapplied diagnostic codes, improper consideration of lay evidence, or inaccurate application of flare-up guidance. Despite this wealth of information, VA rarely translates remand patterns into actionable reforms. Known errors continue to occur in new claims, forcing Veterans to repeatedly appeal issues that

the agency already recognizes internally. This inefficiency wastes time, resources, and, most importantly, the patience and well-being of Veterans.

The VA should create a systematic process to analyze appeals outcomes, identify recurring errors, and adjust training, guidance, and rating criteria accordingly. This could include regular audits, automated tracking of remand reasons, and coordination between the Board, Regional Offices, and central policy staff. Sharing trends with staff and the public would foster accountability and allow targeted interventions to prevent repeat mistakes.

Harnessing appeals data for reform would reduce preventable errors, lower the number of remands, and accelerate benefit delivery. Veterans would benefit from a system that learns from its mistakes, leading to more consistent and legally sound decisions. Moreover, VA staff could focus on resolving new issues rather than repeatedly addressing known deficiencies, improving overall efficiency.

b. No Safeguards When Rating Criteria Change Mid-Claim

When VA updates rating criteria, Veterans often face confusion or loss of benefits due to lack of notice or transparency. Without safeguards, a change in the rules mid-claim can result in lower ratings, unexpected remands, or disputes over which criteria should apply. Veterans may be unaware of new guidance or how it impacts their pending claims, leaving them to navigate complex procedural issues on their own.

The VA should implement clear policies ensuring that Veterans are informed whenever rating criteria change during a claim. Notices should explicitly identify which criteria are being applied, the effective dates of changes, and any impact on pending claims. Additionally, procedural safeguards should allow claimants to request re-evaluation under prior criteria if it benefits their case, preserving fairness and transparency.

These safeguards would prevent unintended harm from mid-claim changes, reduce unnecessary appeals, and provide Veterans with clarity about their claims. Clear communication would foster trust in the system and ensure that procedural changes do not disadvantage those who are diligently pursuing their benefits. By proactively addressing this issue, VA can maintain both fairness and efficiency in its modernization efforts.

c. Underutilization of Technology Beyond Case Management

While VA modernization has improved claims throughput, technology is underused to prevent errors or identify inconsistencies. Tools such as predictive analytics, automated quality checks, or examiner performance tracking could proactively flag potential rating misapplications, duplicate evidence requests, or inconsistencies in decision-making. Without these capabilities, errors continue to propagate through the system.

The VA should expand technology use to include predictive quality assurance, automated alerts for inconsistent ratings, and dashboards for monitoring examiner and adjudicator

performance. These tools could complement human review and ensure that faster processing does not come at the expense of accuracy. Errors could be prevented rather than corrected in appeals. Efficiency gains from technology would enhance accuracy, reduce remands, and increase Veteran confidence. VA could use data-driven insights to improve policies and training proactively.

d. Subsection Conclusion

The lack of structured feedback from appeals and absent safeguards for mid-claim rating changes allow predictable errors to persist, creating unnecessary delays and burdens for Veterans. By analyzing appeals data and establishing protections when criteria evolve, the VA could turn remands from recurring setbacks into opportunities for continuous improvement.

Building on challenges from outdated codes and feedback gaps, errors in assigning effective dates and navigating the appeals process further delay benefits and create inequities. The next section examines how these failures compound inefficiency, prolong resolution, and impose unnecessary hardship, highlighting opportunities to streamline appeals, ensure accurate compensation, and enhance fairness across the system.

VII. Effective Date and Appeals Process Failures

For many Veterans, securing the correct effective date for benefits is just as important as receiving the benefits themselves. Yet, the VA's handling of effective dates and related appeals remains inconsistent and error-prone. Veterans often lose years of back pay due to implementation failures, not because their claims lack merit.

Likewise, there is no streamlined mechanism to correct oversight errors, forcing Veterans into time-consuming, costly appeals. These issues highlight a disconnect between the system's intent, to provide timely and fair benefits, and its real-world outcomes, where settled law is repeatedly relitigated and Veterans bear the burden of administrative shortcomings.

a. Persistent Effective Date Errors Despite Continuous Pursuit

Veterans who pursue claims continuously for years frequently receive an effective date tied only to the most recent supplemental claim. This misalignment disregards established case law recognizing continuous pursuit, resulting in lost backpay and added stress. Many Veterans are unaware that they can appeal these errors, while others must hire attorneys to recover benefits they should have automatically received. The problem is not a legal ambiguity but a failure in the VA's implementation of existing rules.

Modern case-management systems should automatically track all claim activity, including intents to file, initial claims, supplemental claims, higher-level reviews, and Board appeals. The system could then calculate the earliest legally permissible effective date upon claim grant and provide a clear audit trail for adjudicators. This would ensure that continuous pursuit is properly recognized without requiring Veterans to initiate additional appeals.

Correctly implementing effective dates would prevent unnecessary appeals and restore lost back pay to Veterans promptly. It would increase trust in the system and allow Veterans to focus on recovery and stability rather than litigation over benefits they are legally entitled to receive.

b. No Dedicated Path for Effective Date Appeals

Currently, effective date disputes are processed through the same channels as complex factual or medical disagreements, despite their primarily administrative nature. Veterans must navigate multiple layers of appeal or hire legal representation simply to correct timing errors, creating unnecessary delays and frustration. The absence of a dedicated track for effective date claims compounds inefficiency and undermines fairness.

VA should establish a specialized appeal track for effective date disputes, with adjudicators trained specifically in continuous pursuit, dates of claim, and dates entitlement arose. Standardized criteria, streamlined timelines, and dedicated review processes would allow these appeals to be resolved efficiently and consistently. A dedicated effective date appeal process would accelerate resolution, reduce the need for attorney involvement, and ensure Veterans receive accurate back pay sooner. It would also free up resources in the general appeals system, improving efficiency across the VA.

c. No Remedy for VA Oversight Errors Short of the Board

Veterans have limited recourse when VA makes clear errors, such as mischaracterizing claims, ignoring evidence, or failing to adjudicate reasonably raised issues. Currently, the only options are a Board appeal or alleging clear and unmistakable error (CUE), which carries an extremely high legal threshold. These gaps force Veterans to shoulder the consequences of agency mistakes, including delay, lost benefits, and emotional stress.

The VA should introduce a new intermediate appeal mechanism (e.g., a “Duty to Assist Appeal”) to address oversight errors. Positioned between Higher-Level Review and Board appeal, this process would allow Veterans to challenge omitted claims, mischaracterized issues, or ignored evidence without meeting the onerous CUE standard. Standardized procedures and accessible forms would simplify participation and reduce unnecessary litigation.

Providing a remedy for oversight errors would reduce unnecessary Board appeals, accelerate corrections, and ensure Veterans are not penalized for administrative mistakes. This would increase fairness, accountability, and confidence in VA processes while allowing the appeals system to focus on substantive disputes rather than preventable errors.

d. Subsection Conclusion

Failures in effective date management and oversight reveal systemic gaps in timely, fair benefits delivery. Automating continuous pursuit recognition, creating a dedicated effective date appeals path, and providing remedies for VA errors would help Veterans receive earned benefits without unnecessary delays, improving equity, efficiency, and trust.

Even when appeals expose errors, gaps in transparency and oversight, such as unclear decision-making, inconsistent rule application, and limited visibility into systemic errors, allow mistakes to persist and undermine confidence. The next section examines these transparency and oversight gaps and identifies reforms to strengthen accountability and ensure fair, consistent outcomes.

VIII. Transparency and Oversight Gaps

Transparency and oversight are foundational to trust in any benefits system, yet the VA's disability process has notable gaps in both areas. Veterans often do not know when artificial intelligence tools or contract examiners influence decisions that directly affect their livelihoods.

Likewise, denial patterns across Regional Offices, examiner teams, or demographic groups remain opaque, making it difficult to identify inconsistencies, bias, or systemic errors. Without clear visibility and accountability, errors repeat, delays persist, and Veterans' confidence in the system is undermined. Improving transparency is not merely a procedural issue, it is essential to fairness, accuracy, and public trust.

a. Lack of Disclosure When AI Is Used in Rating Decisions

The VA has begun exploring artificial intelligence (AI) to assist in rating decisions, but Veterans are rarely informed when AI contributes to their claims. This lack of disclosure prevents meaningful review or challenge of flawed outputs and erodes trust in the system. Veterans have a right to know how decisions affecting their benefits are made, yet the current process provides no visibility into the role or influence of AI tools.

VA should require disclosure whenever AI is used in rating decisions. Notices should clearly explain whether AI contributed, in what capacity (e.g., evidence review, issue identification), and how the final decision incorporated or overrode AI-generated input. This transparency would allow Veterans and their representatives to understand, verify, and, if necessary, challenge automated components of the adjudication process.

Disclosure would enhance trust and accountability while supporting more informed appeals. Veterans could better evaluate decisions, and the agency could identify and correct biases or errors in AI tools. This step aligns with broader federal principles for responsible AI use and demonstrates a commitment to fairness and oversight.

b. No Public Oversight of Regional Office Denial Patterns

VA does not routinely publish denial rates by Regional Office, examiner team, or demographic group. Without this data, geographic disparities, systemic bias, or the effects of staffing and leadership changes remain hidden. Veterans and policymakers lack the information necessary to ensure equitable treatment and targeted reforms, leaving some regions consistently disadvantaging claimants without accountability.

VA should analyze and publicly report denial patterns by Regional Office, claim type, examiner team, and key demographic factors. These reports could include trend data over time, correlations with staffing changes, and other relevant operational metrics. Public availability of this information would allow stakeholders to monitor performance, identify inequities, and propose data-driven improvements. Public oversight would create accountability, reduce geographic disparities, and empower Congress, VSOs, and Veterans themselves to advocate for consistent, equitable treatment. It would also provide actionable insights for VA leadership to address systemic issues proactively rather than reactively.

c. Insufficient Veteran Education and Communication

Many Veterans do not fully understand the VA disability process, including how ratings are determined or even their appeal options. This lack of knowledge can result in missed deadlines, incomplete submissions, or erroneous assumptions that the system is adversarial rather than supportive. While a single “one-pager” overview exists, it is not consistently accessible, particularly for Veterans navigating cognitive, mental health, or complex claims, limiting its usefulness as a tool for understanding the process. VA should invest in clear, plain-language communication and education initiatives. This could include explainer guides, webinars, and automated updates for every stage of a claim, including, as mentioned above, transparent notice when AI or contract examiners are used.

Importantly, decision letters should already clearly explain the reasoning behind ratings and identify what evidence or arguments could affect the outcome. *See* 38 U.S.C. § 7104(d)(1). In practice, however, many VA decisions fail to provide this level of explanation, leaving Veterans uncertain about why their claims were denied and how to strengthen future submissions. This lack of transparency undermines confidence in the process, contributes to unnecessary appeals, and forces Veterans to navigate the system without clear guidance.

d. Subsection Conclusion

Transparency and oversight are essential to fairness and trust in the VA disability system. Disclosing AI use in ratings and publishing denial patterns by region and examiner would empower Veterans, strengthen accountability, and reveal systemic flaws before they become repeated injustices. However, even with these improvements, gaps remain that harm Veterans. Delays, inconsistent ratings, and procedural barriers affect income, health care, employment, and quality of life.

The next section examines how these failures cause tangible, preventable harm, underscoring the urgency of reforms that protect Veterans.

IX. Veteran Well-Being and System Performance

Beyond administrative inefficiency, the VA disability system has a profound human impact. Delays, repeated denials, and preventable errors do more than slow claims: they exacerbate mental

health conditions, generate chronic stress, and erode trust in the system. Each denial or remand forces Veterans to repeatedly document and justify their disabilities, which can retraumatize claimants and reinforce feelings of frustration, helplessness, and distrust. Preexisting conditions such as PTSD, depression, and anxiety can worsen, and some Veterans may develop new psychological challenges.

Families and caregivers are often affected as well, witnessing loved ones struggling with uncertainty, repeated setbacks, and a lack of clear guidance. Without systemic recognition and intervention, these cumulative burdens can discourage Veterans from pursuing legitimate claims, leaving them undercompensated and emotionally depleted.

The VA can take practical, achievable steps to mitigate these harms without requiring new statutes. This includes tracking metrics on remands, processing times, and claim types that disproportionately affect mental health outcomes; integrating proactive mental health support, including referrals for Veterans engaged in prolonged or complex appeals; and piloting mechanisms to recognize non-financial harms, such as expedited review or prioritized processing for claims affected by repeated preventable errors.

These measures would reduce stress, improve transparency, and enhance fairness, ensuring that Veterans are not penalized for preventable administrative errors. By addressing the emotional and psychological consequences of claims processing alongside financial compensation, the VA can strengthen the Veteran experience, increase trust in the system, and demonstrate a commitment to holistic care. Recognizing the human cost of delays and errors ensures that modernization efforts improve not only efficiency but the lived experience of the Veterans the system exists to serve.

* * *

The VA disability system has transformed countless lives, providing critical support, financial security, and recognition to Veterans who have sacrificed for our country. Modernization efforts, new technology, and expanded access to examinations have made meaningful progress, and many Veterans benefit every day from these improvements. The system works, often remarkably well, but it is not perfect. Persistent structural, procedural, and legal gaps continue to hinder Veterans from receiving timely, accurate, and fair disability benefits.

This testimony has highlighted areas where small, targeted reforms can have outsized impact: updating the rating schedule to reflect real-world functional impairment, improving mental health rating accuracy, standardizing contract examinations, enforcing accountability, and ensuring transparency and proper remedies for Veterans. These fixes do not require wholesale statutory change; they require better implementation, clearer guidance, and meaningful oversight.

By addressing these issues, the VA can reduce preventable appeals, improve consistency across Regional Offices, and most importantly, ensure that Veterans are compensated fully and fairly for their disabilities. Reforming the system in these practical ways will enhance trust,

preserve the integrity of the disability adjudication process, and align the VA's modernized infrastructure with its mission to serve Veterans with excellence and compassion.

Ultimately, Veterans deserve a system that recognizes the realities of their service-connected disabilities, respects their lived experiences, and provides timely, legally sound decisions. These reforms are achievable, and the benefits – to Veterans, to the VA, and to Congress – are immediate and profound. By working together, we can ensure that modernization truly fulfills its promise: a fair, efficient, and humane disability system that honors those who have served.

On behalf of Berry Law and the Veterans we represent, I want to express our sincere appreciation for the Committee's careful consideration of these important issues. We welcome the opportunity to provide additional clarification, technical assistance, or any further information the Committee may find helpful. Please contact my colleague, Andy Blevins, Senior Counsel, at andy.blevins@berrylaw.com, if we may be of service.

Respectfully Submitted,



Stephanie Costello

Prepared Statement of Veterans of Foreign Wars of the United States

Chairman Luttrell, Ranking Member McGarvey, and members of the subcommittee, on behalf of the men and women of the Veterans of Foreign Wars of the United States (VFW) and its Auxiliary, thank you for the opportunity to testify on the Department of Veterans Affairs (VA) ongoing modernization of the Veterans Affairs Schedule for Rating Disabilities (VASRD), which is a critical component of VA's disability compensation system.

The VFW considers this review as essential to ensuring the accuracy of disability compensation ratings while also providing equitable financial relief to veterans whose service-connected injuries or illnesses have caused, or may cause, undue economic hardship. As we begin this most important discussion publicly, we must note no witnesses appearing before the subcommittee for this hearing represent national VA-accredited organizations that routinely interact with VA and the rating schedule on behalf of claimants. Notably absent are organizations such as the VFW, Disabled American Veterans, the American Legion, the National Association of County Veterans Service Officers, any accredited agents or attorneys, or their representative trade associations that collectively hold power of attorney for millions of VA beneficiaries, and possess decades of direct, practical experience navigating the complexities and nuance of the VASRD in real-world adjudication.

Moreover, anyone who is accredited through VA has a regulatory requirement under 38 CFR Part 14 to understand the intricacies of the VASRD. Without witnesses who routinely train on and apply the VASRD for claimants seeking benefits, this hearing risks trusting academic or theoretical assessments rather than current, veteran-centered perspectives grounded in daily practice. This may unintentionally shape the subcommittee's understanding of the VASRD in ways that do not fully reflect its operational realities.

The VFW is particularly concerned that mischaracterizations or misunderstandings about the VASRD may go unchallenged, including assertions that it is inherently flawed due to its perceived age, that the combined ratings table philosophy is incoherent, or that disability compensation should be tied to employability. These arguments, while often presented as justification for radical reforms, carry serious implications for veterans and their families. Absent testimony from accredited advocates who can explain these principles in practical terms, the VFW believes the subcommittee may accept these positions without sufficient scrutiny or rebuttal from those most familiar with how these standards protect veterans from economic harm resulting from service-connected disabilities.

If these issues are not fully and publicly examined in the hearing room, the conversation risks moving in directions that undermine long-standing principles of veteran disability compensation. This compensation is first and foremost recognition of diminished earning capacity caused by injuries or illnesses incurred in service. Likewise, the combined ratings table reflects deliberate calculations intended to balance equity, consistency, and sustainability. These are complex matters that demand input from experienced practitioners who represent veterans every day, not just abstract policy discussions.

For these reasons, we believe the subcommittee has a responsibility to convene an additional future hearing that includes testimony from accredited Veterans Service Organizations, agents, and attorneys with experience applying the VASRD on behalf of claimants. Committee members deserve to hear directly from those who understand the downstream consequences of proposed changes. Similarly, we recognize that our perspective is not the only perspective on this matter, and we invite public dialog and scrutiny of our perspective from members of the subcommittee to reach the best possible outcome for our veterans. Veterans deserve nothing less than a complete, balanced, and fully informed record before the subcommittee contemplates any legislative reforms to this critical system.

The current VA disability rating framework has been in existence since April 1, 1945. For more than 80 years, this framework has undergone continued modernization to ensure veterans receive fair and accurate compensation based on current medical science and labor market realities. The basis of the current system is centered on the "whole person" formula, establishing a mathematical calculation that assesses each disability as independent of one another.

This structure works hand in hand with a veteran's "average impairment" and the claimant's current disability picture. Previous to this implementation, a veteran who was fortunate enough to be granted a disability rating received payments based on "occupational variants" that were grounded in the veteran's pre-war occupation. The current structure offers a more objective evaluation based on the "average impairment of earnings capacity" more reflective of the typical person in civil occupations. The justification for this structure is grounded in tort law, as the VFW has noted

in its recent discussions over *The Washington Post's* misrepresentation of the current VA disability system. This fact was recently reinforced in a Military.com editorial by contributor and Marine Corps veteran Haley Fuller, reminding readers that service-connected disability payments "were not designed as a safety net for those unable to function in civilian life. They were designed as a liability mechanism."

Any deliberation on changes to the VASRD must respect this legal fact. Proposals like eliminating compensation for so-called minor disabilities or means testing the receipt of compensation must be stopped before ever coming before Congress. The VFW invites discussion with the subcommittee on these principles to ensure that there is consensus that "average impairment" and "lost earning potential" mean that veterans drawing service-connected compensation can both work and thrive financially, but that these factors do not absolve the U.S. Government of its responsibility to resolve the tort.

Every American who volunteers for military service understands that service is dangerous. Every enlistment contract obligates the service member to upon order report to "combat or other hazardous situations." Understanding this contractual obligation, veterans cannot sue the military for resolution of occupational illnesses or injuries under the well-established *Feres* doctrine. Eroding this paradigm would compromise the good order and discipline of the military and undermine the willingness of Americans to volunteer for this inherently dangerous profession. This is why the VFW has vocally opposed anyone who whispers the notion of eroding this benefit system, scaling back compensation systems, or radically manipulating the rating schedule.

While some view providing benefits to veterans as a sacred obligation, it is in fact much simpler than that. It is fulfilling a contract. Honor the contract.

At the time of its implementation, the schedule categorized approximately 1,600 medical conditions into broad body systems. The criteria were heavily designed to evaluate the physical trauma more common to World War II such as shrapnel and gunshot wounds, amputations, and infectious diseases. In the present day, there are more than 1,100 specific diagnostic codes, organized into 15 body systems that may qualify a veteran for disability compensation.

This is clearly indicative of the changes in how medicine has advanced, but it also indicates that VA has been receptive to changing with the times. We know that on today's modern battlefield, troops are more likely to survive catastrophic injuries or diseases that may have been fatal in past conflicts. The current rating system is reflective of these advances that have been adjusted as medicine and other technologies continue to evolve.

MODERNIZATION

The VA's modernization plan is centered on a phased revision of all 15 body systems in the VASRD. This effort involves updating outdated diagnostic criteria, incorporating modern medical terminology, and aligning evaluation criteria with contemporary clinical and functional evidence. Part of this modernization includes Earnings Loss Studies (ELS) that use data from multiple Federal sources to better understand how disabilities impact veterans' earning capacity, which is a critical data source for setting compensation levels. Organizationally, the VFW has asked for updates to any available ELS data on multiple occasions but has yet to receive any useful information. This data is critical to ensure that veterans are fairly compensated for injuries during service that impact their financial well-being. Additionally, this critical information will help show more clearly the long-term effects of illness or injury incurred in service in a way that is often overlooked in the civilian sector, and especially in recent news articles that have painted veterans as undeserving and even criminal.

Many veterans who have rightfully been awarded a disability payment end up unemployed or underemployed because of long-term or unseen effects of their service. This is particularly true in veterans who experience the consequences of mental health or traumatic brain injuries. Previous occupations may trigger symptoms or cause disruptions in their daily employment. Employers may not be aware of these injuries and do not understand why the veteran needs to be absent from work for treatment or the side effects of medications. This can result in veterans taking jobs that do not require exposure to loud noises, interactions with the public, or other stressors that may have a negative result. The rating system, whether in its current form or future state, is critical to acknowledge and be sympathetic to the symptoms they may suffer and provide the necessary compensation to make up for lost wages.

To date, VA has made measurable but nominal progress. Several body systems, such as digestive, dental, endocrine, gynecological, and others, have recently been revised or updated with new criteria. Updates to the digestive system, which added

or refined evaluation criteria for conditions like celiac disease and irritable bowel syndrome, became effective in 2024. Additional proposed updates for respiratory, auditory, and mental disorders are underway, with public commentary periods concluded and rulemaking in progress.

Despite these efforts, implementation has been slower than expected and extended far beyond initial timelines. According to the Government Accountability Office (GAO), the comprehensive update has been delayed by lengthy internal reviews and lack of clear metrics. As a result, full completion is now projected for Fiscal Year 2026, far behind VA's original intent. The VFW provided comments to the Federal Register as far back as April 2022 for proposed changes to mental disorders among others. Through the last two Administrations, we have asked for progress reports as to the remaining proposed changes and final rules. We have been consistently told that the regulations are still under review.

We are happy to note that over the past 3 years limited progress has taken place. However, it has been inconsistent and, at times, obscure. While VA has published updated criteria for some body systems, major areas still await final rulemaking and implementation. Several proposed changes have been delayed multiple times, leaving veterans and stakeholders uncertain about timing and the potential effects of the proposed changes. This prolonged uncertainty undermines confidence among veterans, family members, and survivors.

There are considerable advantages to the modernization plan. Updated criteria reflect contemporary medical understanding, removing archaic language and measurement concepts, and enabling adjudicators to make clearer, more consistent decisions. By continuing to evaluate and incorporate earnings loss data, there will be a closer tie between disability evaluation and real-world economic impact. This can lead to fairer and more equitable compensation among veterans. It will also encourage those who may have shied away from seeking benefits and health care treatment to pursue the benefits their service has earned them.

CHALLENGES

However, this modernization effort also faces substantial challenges. The slow pace of rulemaking and implementation frustrates veterans who have waited years for meaningful updates. The lack of transparency, clearly defined metrics, and organizational leadership as noted in GAO reports, makes it difficult to assess where bottlenecks persist and how they will be resolved.

As VA moves forward with modernizing the rating schedule, it must also continue to invest in its IT infrastructure. This has long been a concern of the VFW and our partner organizations. The constant changing of platforms and systems may be an operational necessity, but it also has unintended consequences. If VA were to complete its review today, it is more than likely that the underlying systems VA depends on to process claims still would not be up to date to manage these vast and complex changes. This will lead to continued delays in benefits and an excess workload.

The VFW has long held that we support the use of AI and analytics to assist in the claims development and review process. It has the potential to increase the efficiency of evidence gathering, improve accuracy, and promote consistency in benefit decisions. We agree that changes to the rating schedule and its underlying support system are necessary to support objective review and decision-making. However, we remain steadfast in our position that VA must balance technology and human discernment. An overreliance on underdeveloped technology may lead to poor quality in decisions, especially when considering the unique human factors of each disability claim. While AI is a powerful tool to promote efficiency, the VFW maintains that claims must include human review prior to issuing any final decisions. VA should ensure that regulatory changes and the use of technological platforms enhance the process but do not replace the human element of supporting veterans.

CONCLUSION

In closing, the modernization of the VA Schedule for Rating Disabilities represents a potential vital step toward a more just and contemporary disability compensation system for our Nation's veterans, if it is conducted with the needs of the veteran as its central obligation. While the current plan has yielded some updates and demonstrates a commitment to consistent, evidence-based revisions, its execution has been hampered by delays and management challenges.

VA's advisory mechanisms, such as the Advisory Committee on Disability Compensation, provide important stakeholder input, but they too have consistently highlighted the complexity of this reform. These committees are designed to guide periodic review and revision of the VASRD, yet their outputs must be integrated into a larger regulatory process that has proven slow and administratively heavy.

The VFW is ready to work with VA and this subcommittee to overcome these persistent obstacles. VA must continue to honor the selfless service of veterans, family members, and survivors. We look forward to working together to ensure equitable benefits for all entitled claimants. The VFW urges VA to accelerate progress, provide clear updates to stakeholders and this subcommittee, establish clear milestones, and maintain transparent communication with veterans and Congress.

Chairman Luttrell, Ranking Member McGarvey, this concludes our testimony. We are happy to answer any questions you may have.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, the VFW has not received any Federal grants in Fiscal Year 2026, nor has it received any Federal grants in the two previous Fiscal Years.

The VFW has not received payments or contracts from any foreign governments in the current year or preceding two calendar years.

