

JLC Position Paper  
**Automated Claims Processing System**

1. **OBJECTIVE:** To continue funding the development of an automated system for the electronic preparation of veterans' disability claims.
  
2. **BACKGROUND:**
  - There are almost 820,000 veterans in Virginia; over 121,000 receive disability compensation benefits.
  - Veterans who were wounded or injured while on active duty may file a claim for disability compensation benefits with the U.S. Department of Veterans Affairs (the VA).
    - The VA adjudicates the claim based on evidence submitted or subsequently gathered.
    - On average it takes 12 months for a claim to be adjudicated.
    - If a claim is approved, a veteran will receive between \$117 and \$3,000 per month, depending on degree of disability and number of eligible dependents.
    - If a claim is denied, a veteran may appeal – a process that generally take 2-3 years.
  - Complex laws, with entitlements linked to rigorous documentation and proof of eligibility, make the process of developing and filing a disability claim time-consuming, confusing, and complicated.
    - Redundant information must be entered on multiple forms that must be visually checked.
    - Returned claims greatly delay the adjudication process and increase manpower costs.
  - The Virginia Department of Veterans Services (DVS) assists Virginia veterans in preparing and filing claims
    - DVS human resources and IT solutions have reached capacity. DVS cannot keep up with the ever-increasing demands to assist veterans applying for disability compensation benefits.
    - The number of disability claims filed by DVS on behalf of Virginia veterans is increasing by over 1,000 each year and places an added burden on an already overloaded VA system.
    - Given current technology, DVS must add one additional claims agent for every 500 new claims filed.
    - Additionally, DVS is losing qualified claims agents. Because the claims-filing process is as complicated as the tax code, it takes 3 – 5 years to fully train new claims agents.
  
3. **DISCUSSION:**
  - An automated system for the electronic preparation of veterans' disability claims will simplify the process of developing a claim, resulting in claims that are more complete, more accurate, and present the necessary supporting information in a clear and consistent manner. This will provide for:
    - Faster ratings decisions by the VA.
    - Higher initial approval ratings – fewer claims will have to be appealed.
    - Virginia veterans receiving their disability compensation checks sooner.
  - Employing an electronic veterans' disability claims system will therefore:
    - Expedite receipt of veterans' disability benefits.
    - Increase revenue flow to Virginia's veterans and the state.
    - Provide DVS with a cost-effective way to serve more veterans within current human resource levels.
    - Have a definite, positive impact on the Virginia Wounded Warrior Program by allowing veterans to receive VA disability compensation benefits for PTSD and TBI much faster.
  - The 2008 General Assembly appropriated \$100,000 for the development of an automated claims preparation system. The 2009 General Assembly reaffirmed this decision and appropriated an additional \$100,000.
  - DVS is pursuing non-general fund options to bring the new system on line. It is imperative, however, that DVS continue to use all available General Fund resources to prepare for system deployment.
  
4. **RECOMMENDATION:** That the Governor and General Assembly continue to fund the development of an automated claims processing system.

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