

ISSUE BRIEF: MAINTAINING THE INTEGRITY OF THE VA DISABILITY COMPENSATION SYSTEM AND RATING SCHEDULE

The Situation

- More than 3.8 million military veterans receive VA disability compensation for injuries and illnesses they suffered in service to the nation which have resulted in permanent disability.
- The level of VA disability compensation awarded is based upon the “average impairments of earnings capacity” (38 USC, § 1154), a standard first established in 1917, which has remained in effect for most of the past century.
- The assignment of the rating percentage for each condition is determined by the VA Schedule for Rating Disabilities (VASRD), which contains more than 700 diagnostic codes in 15 body systems, each differentiated by the nature and severity of the disability.

The Challenge

- The Veterans Benefits Administration (VBA) is currently engaged in the process of updating all 15 body systems in the VASRD to reflect the most current medical science related to the diagnosis and treatment of medical conditions and disabilities.
- One of VBA’s working groups focusing on mental health disabilities proposed that veterans’ disability ratings be based on estimated individual reductions in earnings capacity, rather than the “average impairments of earnings capacity” required by statute, which would have radically changed the very nature of the VA disability compensation program. This specific proposal, unanimously opposed by DAV and other major veterans service organizations (VSOs), was eventually rejected by VA’s Under Secretary for Benefits, but similar dangerous proposals remain under consideration within some offices in VBA.
- Veterans service organizations with significant experience and expertise in the rating process have been allowed some participation in VBA’s work of updating and revising the VASRD; however, much of the rulemaking process remains closed to VSOs and the public.

The Solution

- DAV urges Congress to carefully oversee and review any proposed rules that would change the VA Schedule for Rating Disabilities, particularly if such rules would change the purpose or basic nature of veterans disability compensation, particularly the statutory requirement that ratings be based upon the “average impairments of earnings capacity.”
- DAV urges Congress to work with VBA to conduct regular after-action reviews of the Rating Schedule update process in order to learn and apply lessons to future VASRD updates.
- DAV urges Congress to work with VBA to ensure that there is full transparency in the VASRD update process, and that VSO’s are full participants in this process.