

**Prepared Statement**  
**of**  
**The Honorable David S. C. Chu**  
**Under Secretary of Defense (Personnel and Readiness)**  
**Before the**  
**Senate Armed Services Committee**  
**Hearing on**  
**"Care, Living Conditions, and Administration of Outpatients**  
**at Walter Reed Army Medical Center"**  
**March 6, 2007**

Not for publication until released by the committee



## *Under Secretary of Defense for Personnel and Readiness*

### *The Honorable David S. C. Chu*

---

David S. C. Chu was sworn in as the Under Secretary of Defense for Personnel and Readiness on June 1, 2001. A Presidential appointee confirmed by the Senate, he is the Secretary's senior policy advisor on recruitment, career development, pay and benefits for 1.4 million active duty military personnel, 1.1 million Guard and Reserve personnel and 700,000 DoD civilians and is responsible for overseeing the state of military readiness.

The Under Secretary of Defense for Personnel and Readiness also oversees the \$21 billion Defense Health Program, Defense Commissaries and Exchanges with \$17 billion in annual sales, the Defense Education Activity which supports approximately 96,000 students, and the Defense Equal Opportunity Management Institute, the nation's largest equal opportunity training program.



Dr. Chu began his service to the nation in 1968 when he was commissioned in the Army and became an instructor at the U.S. Army Logistics Management Center, Fort Lee VA. He later served a tour of duty in the Republic of Vietnam, working in the Office of the Comptroller, Headquarters, 1st Logistical Command. He obtained the rank of captain and completed his service with the Army in 1970.

Dr. Chu earlier served in government as the Director and then Assistant Secretary of Defense (Program Analysis and Evaluation) from May 1981 to January 1993. In that capacity, he advised the Secretary of Defense on the future size and structure of the armed forces, their equipment, and their preparation for crisis or conflict.

From 1978 to 1981, Dr. Chu served as the Assistant Director for National Security and International Affairs, Congressional Budget Office, providing advice to the Congress on the full range of national security and international economic issues.

Prior to rejoining the Department of Defense, Dr. Chu served in several senior executive positions with RAND, including Director of the Arroyo Center, the Army's federally funded research and development center for studies and analysis and Director of RAND's Washington Office.

Dr. Chu received a Bachelor of Arts Degree, magna cum laude, in Economics and Mathematics from Yale University in 1964 and a Doctorate in Economics, also from Yale, in 1972. He is a fellow of the National Academy of Public Administration and a recipient of its National Public Service Award. He holds the Department of Defense Medal for Distinguished Public service with silver palm.

Mr. Chairman and distinguished members of this committee, thank you for this opportunity to discuss care for injured Service members and the administrative processes for restoration to duty or separation from military service.

We provide extraordinary medical services, on the battlefield, in transport to facilities outside of the theater, and in clinical centers here in the United States. With the advent of operations in Afghanistan and Iraq, our medical care systems mounted an enormously effective trauma treatment response. More of those suffering traumatic injuries were saved; in years past they might have succumbed to their wounds instead.

I will defer to Dr. Winkenwerder's discussion of the specifics of medical care, but I wish to underscore that I share his distress with the significant administrative problems at Walter Reed. On behalf of the Department, I apologize to the service members and to the American public.

We did not meet our standards as we should. The various review panels now being organized will help establish what occurred and the adequacy of remedial actions. Permit me to turn to the other issues of interest to the committee, starting with the Department's disability system.

## **DEPARTMENT OF DEFENSE DISABILITY SYSTEM**

**The Right Paradigm?** Does this Nation have the right paradigm in place military disability compensation? We have diverse approaches in the public sector to problems that have much in common. Social Security's disability payments, the Department of Labor, Workmen's Compensation, the Department of Veterans Affairs' and the Department of Defense's Disability Evaluation System are carried out in different ways, against different standards, to achieve

different ends. Perhaps foreseeing this issue, the Congress in 2003 directed the establishment of the Veterans Affairs (VA) Disability Benefits Commission. Its report is expected October 2007, and it may help us understand how to achieve unity of effort and purpose.

**DoD Disability Evaluation System.** The citizens of the United States have a long and proud history of compensating Service members whose opportunity to complete a military career has been cut short as the result of injuries or illnesses incurred in the line of duty. Congress mandated the development of a system of rating military disabilities in 1917 and over time that system has been further refined to the benefit of Service members and their families. The Career Compensation Act of 1949 formalized the code the Military Departments utilize today. In addition to DoD disability compensation, former Service members may be eligible for disability compensation benefits through the VA. A key difference between the DoD and VA disability systems is that the Services only award disability ratings for medical conditions that make the individual unfit for continued military service, whereas the VA may rate any change in health status that can be linked to the time the member was in Service regardless of whether it was disabling enough to preclude continued service. Military disability ratings are fixed upon final disposition, while VA ratings can increase over time when the condition worsens.

Now, as in the past, the Department of Defense remains committed to providing a comprehensive, fair and timely medical and administrative processing system to evaluate our injured or ill Service members' fitness for continued service using the Disability Evaluation System (DES). The overarching legislative guidance for the DoD DES is set forth in statute in Chapter 61 of Title 10 of the United States Code. Since the inception of Chapter 61 in 1949, the Department has provided additional policy guidance. Ultimately, Secretaries of the Military Departments have exercised this title 10 authority consistent with their roles and missions.

However, the Department does mandate Military Department DES include four elements: medical/physical evaluation, appellate review, counseling and final disposition.

Title 10 mandates that each Service member determined to be unfit be afforded the right to a full and fair personal appearance and hearing. To ensure due process, Department policy requires Secretaries concerned to utilize a series of medical and administrative boards.

The evaluation process begins with the Medical Evaluation Board (MEB). The MEB is typically generated by a physician when a Service member has an unresolved medical condition or injury which precludes him or her from being classified as fit for full duty. The MEB documents the medical diagnosis(es), course of treatment, prognosis and any duty limitations of the Service member. The MEB process serves to protect the health of the Service member. But it may be the basis for referral to the Physical Evaluation Board process if the MEB calls into question the individual's fitness for continued military service.

The Physical Evaluation Board (PEB) is a performance-based process composed of two board types referred to as Informal and Formal PEBs. Formal PEBs typically consist of three board members but Board composition and membership is established by the individual Service Secretaries. The PEBs review a variety of medical evidence and performance information to adjudicate the impact of the Service member's medical condition his ability to reasonably perform the duties of his or her office, grade, rank, or rating. The Informal Board is a record review process without representation whereas the Formal Board provides a personal appearance opportunity with legal representation. If the Service member's case proceeds to a formal hearing, he or she is encouraged to utilize legal assistance, provided by the Service or retained by the Service member at personal expense. The formal hearing is a non-adversarial proceeding designed to ensure fairness, equity, and due process.

**PEB Adjudication.** On the basis of a preponderance of the evidence, the PEB determines whether the individual is fit or unfit (i.e., does not meet medical retention standards) for continued military service with one of four possible disposition recommendations: return to duty, separate from the Service, placement on the temporary disability retired list, or permanent disability retirement. As a product of the PEB process and according to title 10, Service members found unfit for continued military service will be awarded a disability rating percentage, for the military unfitting condition, in accordance with the rating guidance established in the Veterans Administration Schedule for Rating Disabilities (VASRD). This disability rating determines entitlement to separation or retirement benefits.

**Timely DES Adjudication.** The Department's DES timeliness standards were established in 1996 based on a 1992 DOD Inspector General recommendation. When a physician initiates a MEB, the processing time should normally not exceed 30 days from the date the MEB report is dictated to the date it is received by the PEB. Upon receipt of the MEB or physical examination report by the PEB, the processing time to the date of the determination of the final reviewing authority as prescribed by the Secretary of the Military Department should normally be no more than 40 days. One can easily see that the timeliness of the adjudication of each DES case is dependent upon a myriad of factors, e.g. the severity of the injury, the recovery process, administrative documentation, and due process concerns.

According to the Military Departments, the average adjudication period for MEB/PEB cases is now longer because the cases are more complicated as a result of the types of injuries Service members are sustaining in current combat operations. In 2004, in order to mitigate this formal board phenomenon, the Army Physical Disability Agency established a mobile PEB to

augment its capacity to conduct formal boards at their three fixed PEB sites. This has helped the Army accommodate its increased case load.

Reserve component Service members' cases occasionally take longer because private practitioners are involved in documenting the cases. The Army reports that its overall timeliness rates are above the DoD goal; this is attributed to the complexity of injuries and the challenges in collating case files for RC soldiers.

It may be difficult for the individual service member to differentiate between the medical inpatient/outpatient recovery phase and the administrative MEB/PEB processes. This creates the impression of long processing times caused by MEBs/PEBs when, actually, the Service members could still be receiving medical and convalescing care for their injuries.

Let me also emphasize that during this process of health care, convalescent care, rehabilitation, and MEB/PEB review, Service members are in receipt of full pay and allowances. The system is designed not to rush a decision. I assure you our Service members' best interests are at the heart of the system. But we need to communicate better the purposeful and deliberate intent of the DES to our Service members and their families.

**Update on the GAO findings.** The 2006 GAO report, "Military Disability System: Improved Oversight Needed to Ensure Consistent and Timely Outcomes for Reserve and Active Duty Service Members" concluded that disability ratings are consistent between active and Reserve components. The report could not determine if dispositions were consistent, and lacking data on preexisting conditions, it called for stronger oversight. In response, the Department revitalized its Disability Advisory Council so that it plays an active and strengthened role in molding Department DES policy.

**Revitalization Efforts.** In a self-policing effort, the Military Departments' Personnel Chiefs and Surgeons General recommended we charge the DAC with updating the set of DoD directives/instructions that promulgate disability policies. The Department has also tasked this group with strengthening oversight processes and making recommendations on program effectiveness measures. The Department has established working groups, under the Disability Advisory Council, consisting of senior human resource and medical subject matter experts from the Military Departments and OSD agencies to address the GAO recommendations on training, oversight and consistency of application. We anticipate revised DoD instructions will be completed in May 2007.

In addition to our DoD-level initiatives, the Military Departments are also continually reviewing their processes to make them more effective. For example, Army leadership recently established a Physical Disability Evaluation System Transformation Initiative which integrates multiple major commands and the Department of Veterans Affairs. This combined effort targets improving process efficiency and timeliness in areas such as: MEB and PEB processes, automation of disability data, counseling and training, and transition assistance. Additionally, in November 2006, the Army directed an internal Inspector General review of its DES process. I understand that the report is due out this fall.

## **QUALITY OF LIFE PROGRAMS FOR SEVERELY INJURED**

**Military Severely Injured Center.** The Department is committed to providing the assistance and support required to meet the challenges that confront our severely injured and wounded Service members and their families during the difficult time of transition. Each Service has programs to serve severely wounded from the war: the Army Wounded Warrior

Program (AW2), the Navy SAFE HARBOR program, the Air Force Helping Airmen Recover Together (Palace HART) program, and the Marine4Life (M4L) Injured Support Program. DoD's Military Severely Injured Center augments the support provided by the Services. It reaches beyond the DoD to coordinate with other agencies, to the nonprofit world, and to corporate America.

It serves as a fusion point for four federal agencies - DoD, the VA, the Department of Homeland Security's Transportation Security Administration, and the Department of Labor.

**Federal Partners.** The Military Severely Injured Center unites federal agencies through a common mission: to assist the severely injured and their families.

- The VA Office of Seamless Transition has a full-time liaison assigned to the Center to address VA benefits issues ranging from expediting claims, facilitating VA ratings, connecting Service members to local VA offices, and coordinating the transition between the Military and the VA systems.
- The Department of Labor has assigned three liaisons from its REALifelines program which offers personalized employment assistance to injured Service members to find careers in the field and geographic area of their choice. REALifelines works closely with the VA's Vocational Rehabilitation program to ensure Service members have the skills, training, and education required to pursue their desired career field.
- The Department of Homeland Security's Transportation Security Administration has a transportation specialist assigned to the Center to facilitate travel of severely injured members and their families through our nation's airports. The Center's TSA liaison coordinates with local airport TSA officials to ensure that each member is assisted

throughout the airport and given a facilitated (or private) security screening that takes into account the member's individual injuries.

**Non-Profit Coordination.** The MSI Center has coordinated with over 40 non-profit organizations, all of which have a mission is to assist injured Service members and their families. These non-profits offer assistance in a number of areas from financial to employment to transportation to goods and services. Many are national organizations, but some are local, serving Service men and women in a specific region or at a specific Military Treatment Facility. Some of the many organizations that are providing assistance are the Wounded Warrior Project, the Injured Marine Semper Fi Fund, the VFW, the American Legion, Disabled American Veterans, the Coalition to Salute America's Heroes, and, of course, the Service Relief Societies. There are hundreds of other non-profits who offer assistance to military families in general that are part of the America Supports You network ([www.americasupportsyoudotmil](http://www.americasupportsyoudotmil)).

**Operation Warfighter.** The Department of Defense sponsors Operation Warfighter (OWF), a temporary assignment or internship program for Service members who are convalescing at military treatment facilities in the National Capital Region. This program is designed to provide recuperating Service members with meaningful activity outside of the hospital environment that assists in their wellness and offers a formal means of transition back to the military or civilian workforce. The program's goal is to match Service members with opportunities that consider their interests and utilize both their military and non-military skills, thereby creating productive assignments that are beneficial to the recuperation of the Service member and their views of the future. Service members must be medically cleared to participate in Operation Warfighter, and work schedules need to be flexible and considerate of the candidate's medical appointments. *Under no circumstance will any Operation Warfighter*

*assignment interfere with a Service member's medical treatment or adversely affect the well-being and recuperation of OWF participants.*

In 2006, 140 participants were successfully placed in OWF. Through this program, these Service members were able to build their resumes, explore employment interests, develop job skills, and gain valuable federal government work experience to help prepare them for the future. The 80 federal agencies and sub-components acting as employers in the program were able to benefit from the considerable talent and dedication of these recuperating Service members. Approximately 20 permanent job placements resulted from Operation Warfighter assignments upon the Service member's medical retirement and separation from military service.

The core of Operation Warfighter is not about employment, however; placing Service members in supportive work settings that positively assist their recuperation is the underlying purpose of the program.

**Heroes to Hometowns.** The American public's strong support for our troops shows especially in their willingness to help Service members who are severely injured in the war and their ever-supportive families, as they transition from the hospital environment and return to civilian life. Heroes to Hometowns' focus is on reintegration back home, with networks established at the national and state levels to better identify the extraordinary needs of returning families before they return home. They work with local communities to coordinate government and *non-government* resources necessary for long term success.

The Department has partnered with the National Guard Bureau and the American Legion, and most recently the National Association of State Directors of Veterans Affairs, to tap into their national, state, and local support systems to provide essential links to government, corporate, and non-profit resources at all levels and to garner community support. Support has

included help with paying the bills, adapting homes, finding jobs, arranging welcome home celebrations, help working through bureaucracy, holiday dinners, entertainment options, mentoring, and very importantly, coordinated hometown support. Currently, Heroes to Hometowns assistance has been provided to 156 families in 37 states and 2 territories.

Many private and non-profit organizations have set their primary mission to support severely injured veterans. The Sentinels of Freedom in San Ramon, California, for example, recruits qualifying severely injured to their community with "scholarships" that include free housing for four years, an adaptive vehicle, a career enhancing job, educational opportunities, and comprehensive community mentoring. Through a coordinated effort among local governments, corporations, businesses, non-profits, and the general public, six scholarships have already been provided in the San Ramon Valley and plans are to expand the program nationwide.

**Paralympics.** The ability of injured Service members to engage in recreational activities is a very important component of recovery. We continue to work with the United States Paralympics Committee and other organizations so that our severely injured have opportunities to participate in adaptive sports programs, whether those are skiing, running, hiking, horseback riding, rafting, or kayaking. We are also mindful of the need to ensure installation Morale Welfare and Recreation (MWR) fitness and sports programs can accommodate the recreational needs of our severely injured Service members. At Congressional request, we are studying current capabilities of MWR programs to provide access and accommodate eligible disabled personnel.

The United States Olympic Committee Paralympics organization is also coordinating with key Military Treatment Facilities to see how severely injured sports and recreational opportunities can be expanded and incorporated into all aspects of the recovery, rehabilitation,

and reintegration process. The Department is coordinating with other organizations such as the Armed Forces Recreation Society to provide similar opportunities to severely injured veterans on the municipal and local levels, even possibly partnering with colleges and universities to take advantage of those facilities and recreational programs.

### **THE WAY AHEAD**

Earlier I requested the Department of Defense Inspector General perform an independent review, evaluating our policies and processes for injured OIF/OEF Service members. The objective is to ensure they are provided effective, transparent, and expeditious access to health care and other benefits when identified for separation or retirement due to their injuries. I expect to receive the IG report by July 2007.

In compliance with the Fiscal Year 2005 National Defense Authorization Act, the Joint Medical Readiness Oversight Committee (JMROC) was established to improve medical readiness throughout the Department of Defense and enhance Service member health status tracking before, during, and after military operations. The JMROC oversees medical readiness issues by using a Comprehensive Medical Readiness Plan. Initially consisting of the 22 actions required by the FY 2005 National Defense Authorization Act, the Department is expanding that list to include readiness initiatives emanating from FY 2006 and FY 2007 National Defense Authorization Acts. I believe the JMROC can assist the Department in implementing improvements to support our injured service members.

As the various reviews reach their conclusions, I hope that we can reach a national consensus on the integration of Federal disability systems affecting our Nation's veterans and how they can be improved. I look forward to working with you to develop the best way to

provide for the men and women who stepped forward to defend this Nation and were injured in its Service.