



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000

MAY 18 2017

The Honorable Johnny Isakson
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The enclosed report responds to section 524(c)(2) of the National Defense Authorization Act for Fiscal Year (FY) 2013 (Public Law 112-239), which requires an annual report on a plan to assess and monitor the quality assurance programs of the Military Departments to evaluate the performance of duties of the Medical Evaluation Boards (MEBs), Physical Evaluation Boards (PEBs), and the Physical Evaluation Board Liaison Officers and ensure accuracy and consistency of the determinations and decisions of the MEBs and PEBs. The enclosed report details the implementation status of the Department's plan, delivered to Congress in August 2013, to standardize the Disability Evaluation System (DES) quality assurance programs (QAPs) across the Military Departments.

The Department of Defense has implemented a DES QAP as outlined in the August 2013 plan, with full operational capability reached October 1, 2016. The Department recognizes quality assurance is an ongoing process, and is a crucial component within the disability evaluation process in achieving more accurate and consistent decisions and outcomes for Service members. The Department's DES QAP provides a standardized, comprehensive, and multidimensional process improvement framework for the Military Departments. This FY 2017 report on the QAP's implementation and results is the final annual report from the Department to the Committees on Armed Services and Veterans' Affairs, of both the House and Senate.

Thank you for your interest in the health and well-being of our Service members, veterans, and their families.

Sincerely,

A. M. Kurta
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Jon Tester
Ranking Member



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MAY 18 2017

The Honorable David P. Roe
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

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Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Timothy J. Walz
Ranking Member



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WASHINGTON, DC 20301-4000

MAY 18 2017

The Honorable William M. "Mac" Thornberry
Chairman
Committee on Armed Services
U.S. House of Representatives
Washington, DC 20515

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A. M. Kurta
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Adam Smith
Ranking Member



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MAY 18 2017

The Honorable John McCain
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

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Sincerely,

A. M. Kurta
Performing the Duties of the Under Secretary of
Defense for Personnel and Readiness

Enclosure:
As stated

cc:
The Honorable Jack Reed
Ranking Member



Report on the Implementation of the Disability Evaluation System Quality Assurance Program (Fiscal Year 2017 Status Report)

**Required by: National Defense Authorization Act for Fiscal Year 2013 (Public
Law 112-239), Section 524**

The estimated cost of this report or study for the Department of Defense (DoD) is approximately \$5,100 for the 2017 Fiscal Year. This includes \$2,910 in expenses and \$2,190 in DoD labor.

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1. INTRODUCTION

This report provides a final status update on the Department of Defense (DoD) actions to standardize, assess, and monitor the Military Departments' Disability Evaluation System (DES) Quality Assurance Program (QAP) as directed by section 524 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2013. The DES QAP:

- 1) Standardizes disability evaluation quality assurance requirements for the Military Departments,
- 2) Enables DoD to assess, monitor, and improve the accuracy and consistency of the determinations and decisions of Medical Evaluation Boards (MEBs) and Physical Evaluation Boards (PEBs), and
- 3) Monitors MEBs, PEBs, and Physical Evaluation Board Liaison Officers (PEBLOs) and sustains proper duty performance.

Section 524 of the NDAA for FY 2013 directed the Secretary of Defense to submit to Congress annual reports on implementation status for the four years following the submission of a disability evaluation quality assurance plan. The DoD delivered the DES QAP plan to Congress in August 2013, and subsequently submitted status reports in FY 2014, FY 2015, and FY 2016. This current report is the fourth and final annual update to Congress on the implementation of that plan.

In FY 2014, DoD began collecting data on case level reviews and Military Department quality improvement activities. In FY 2015, DoD began the Initial Operational Capability (IOC) period for post-process and consistency case reviews, as well as conducting meetings for gathering data and feedback from key DES stakeholders. Data from these sources is synthesized into quality metrics that serve the basis for the DES QAP Quarterly Report that was first published during FY 2015. October 1, 2016, marked the beginning of the Full Operational Capability (FOC) period of the DES QAP.

The Department has fully implemented the DES QAP as outlined in the August 2013 plan reported to Congress. The Department recognizes quality assurance is an ongoing process, and is a crucial component within the disability evaluation process in sustaining accurate and consistent decisions and outcomes.

2. IMPLEMENTATION STATUS

As described in the Department's initial report, DoD collaborated with the Military Departments to establish a quality assurance program that provides the DES with actionable steps to improve process quality as well as satisfy congressional requirements.

The interim status reports explain in detail the following reviews that both align with the requirements of section 524 of the NDAA for FY 2013 as well as the best practices derived from industry standards.

- In-Process Reviews
- Constructed Case Reviews (CCR)
- Post-Process Case Reviews
- MEB Case Evaluations

DoD has developed metrics that satisfy each congressional requirement. The metrics are based on a combination of the case reviews and data analyzed from Veterans Tracking Application (VTA) data and Service member Satisfaction Surveys.

DoD provides senior DoD and Military Department leaders with periodic reports that are designed to implement changes in DoD policy, Military Department specific regulations, and operational process steps using data provided or derived from the Military Departments. The reports provided to the stakeholders are listed in table 1.1.

Table 1.1

Report	Distribution	Initiated
QAP Summary Report	Annual	FY 2016
QAP Report	Quarterly	FY 2015
CCR Summary Reports	Annual	FY 2016
CCR Reports	Monthly	FY 2015

3. FINDINGS AND ACTIONS

During FY 2016, analysis of the data, operational challenges, and staff feedback during the implementation of the DES QAP revealed several opportunities for improvement.

Clarification of Combined Effect: In cases where two or more conditions are claimed, PEB adjudicators are required by DoD policy to consider the effect of the combination of conditions that might individually meet retention standards but may not when combined. Analysis of QAP data showed that DoD policy on combined effect was needed.

Action taken: DoD issued a clarification memorandum on August 16, 2016, that requires documentation of consideration of Combined Effect in every case file.

Informal PEB Timeliness: The metrics derived from the Post-process Case Reviews (PPCR), and validated by VTA data, has shown an increase in the length of time cases spend in the Informal PEB stage during the third and fourth quarter of FY 2016. Further investigation revealed that an initial backlog created by implementation of an electronic system and turnover of key personnel were the cause of this issue.

Action taken: The Military Departments have conducted aggressive hiring and training of key staff to replace personnel losses, and they have implemented stopgap measures to address the backlog created by implementation of the electronic system.

MEB Review Working Group: The DES QAP reviews the accuracy, consistency, and duty performance of MEBs, PEBs, and PEBLOs. However, the Military Departments' PEBs provided feedback that DES QAP case reviews provided insufficient information and insights into the MEB phase. This presented DoD with a need to expand case reviews to occur after the MEB phase is finished, but before the PEB phase is initiated. By identifying improvements earlier in the process, the case can be corrected more quickly, reducing both extra processing time and the quantity of errors detected during the PEB phase.

Action taken: The Military Departments and DoD are collaborating to start a standardized QA of MEB cases. A working group was formed and has developed a case review process specific to MEBs, and has defined methods of measuring the accuracy and consistency of MEBs. The Military Departments have worked collaboratively with Health Affairs to identify and integrate a standardized checklist to evaluate DoD policy applied in the MEB phase, and to draw random

samples of cases that are representative of the overall case population. The process for MEB case reviews was IOC in FY 2017 and will be FOC in FY 2018.

Revisions to Standardized Case Checklist: During the course of the IOC period, the Military Departments provided feedback to Warrior Care Policy on the case review checklist that DoD uses to evaluate both live cases during PPCRs and CCRs. DoD collaborated with Military Department PEBs to revise the standardized checklist so that it more clearly evaluates the PEBs' accurate and consistent application of DES policy.

Action taken: In collaboration with military departments, DoD has revised and issued an updated standardized checklist that more clearly tests PEB application of DoD policy. The updated checklist addresses new themes tested through constructed cases and how well PEBs apply policies in real and test cases.

Additionally, results and feedback on PEB performance on Constructed Case Reviews has provided insights on needed revisions and clarifications in DoD Instruction 1332.18. These quality assurance tools and review processes will continue to have a positive effect on improving overall application of DoD DES policy.

4. SUMMARY

DoD is committed to implementing the DES QAP as outlined in the August 2013 plan reported to Congress and has met all planned milestones to fully implement its plan to standardize, assess, and monitor the Military Departments' disability evaluation QAPs. DoD implemented a phased rollout of the DES QAP to support the disability evaluation staffs in their understanding and execution of the disability evaluation process, and to ensure that the MEBs and PEBs reach accurate and consistent disability decisions. DoD recognizes quality assurance is an ongoing process, and is a crucial component within the disability evaluation process in achieving more accurate and consistent decisions and outcomes. The QAP itself is flexible and is in continuous improvement. An example of this is the implementation of the MEB evaluation process representing adaptations and improvements in the program based on feedback from the stakeholders.

DES QAP will further enhance procedural equity by establishing additional safeguards to help ensure accurate and consistent decisions, and is providing assurance to Service members that they will receive consistent and equitable decisions throughout the DES process. Accurate and consistent decisions throughout the disability evaluation processes result in a better overall disability evaluation experience for Service members. Additionally, it will help ensure that Service members are able to perform their duties in ways that do not endanger other Service members or put an undue burden on the Department. At its full operational capability, the Department's DES QAP is providing a standardized, comprehensive, and multidimensional process improvement framework for the Military Departments.

BIBLIOGRAPHY

U.S. Congress (112th), National Defense Authorization Act (NDAA) Fiscal Year 2013, H.R. 4310, *Section 524, Quality Review of Medical Evaluation Boards, Physical Evaluation Boards, and Physical Evaluation Board Liaison Officers*, January 2, 2013.