JUL 1 8 2005

The Honorable John W. Warner
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510-6050

Dear Mr. Chairman:

The enclosed report is required under Section 734 of the National Defense Authorization Act for Fiscal Year 2002 (P.L. 107-107). Section 734 authorizes the Secretary of Defense and the Secretary of Veterans Affairs to jointly carry out a pilot program under which the Secretary of Veterans Affairs may perform the physical examinations required for separating members of the uniformed services who are in one or more geographic areas designated for the pilot program by the Secretaries. This is the final report as required under the public law.

The Department of Veterans Affairs (VA) and the Department of Defense (DoD) signed a memorandum of agreement (MOA) on November 17, 2004, which establishes a cooperative separation process/examination. This initiative was established to provide transition assistance and continuity of care to service members who are separating from active duty. Under this MOA, service members can begin the claims process with VA up to 180 days prior to separation through VA's Benefits Delivery at Discharge (BDD) Program. The MOA also stipulates that only one examination is to be conducted which meets the needs of the VA and the military using VA's examination protocols. This MOA builds upon the prior successes of the BDD Program over the past several years.

BDD services are now provided at 140 sites including 133 DoD sites (2 in Germany and 3 in Korea) and 7 Coast Guard sites. Twenty-six of the identified BDD sites were used in a pilot test of the program, implementing a standardized memorandum of understanding (MOU) with their local VA medical centers and DoD military treatment facilities. Based on the overwhelming success of this pilot program, a standardized MOU has been provided to all of the DoD BDD sites. The MOU will facilitate local agreements between the VA and DoD facilities.

Thank you for your continued support of the Military Health System.

Daniel L. Cooper
Under Secretary for Benefits
Veterans Affairs

William Winkenwerder, Jr., MD
Assistant Secretary of Defense
Health Affairs

Enclosure:
As stated

Report to Congress

VA/DOD SINGLE SEPARATION EXAMINATIONS
AT BENEFITS DELIVERY AT DISCHARGE SITES

Required by:

Section 734, National Defense Authorization Act for Fiscal Year 2002

VA/DOD SINGLE SEPARATION EXAMINATIONS AT BENEFITS DELIVERY AT DISCHARGE SITES

This report outlines the Department of Veterans Affairs/Department of Defense Benefits Delivery at Discharge (BDD) Program as the substitution pilot under Public Law 107-107, Section 734. This is the second and final report as required under the public law.

Department of Veterans Affairs and Department of Defense Joint Initiative

The Department of Veterans Affairs (VA) and the Department of Defense (DoD) signed a memorandum of agreement (MOA) on November 17, 2004, which establishes a cooperative separation process/examination. This initiative was established to provide transition assistance and continuity of care to service members who are separating from active duty. Under this MOA, service members can begin the claims process with VA up to 180 days prior to separation through VA's Benefits Delivery at Discharge (BDD) Program. The MOA also stipulates that only one examination is to be conducted which meets the needs of the VA and the military using VA's examination protocols. This MOA builds upon the prior successes of the BDD Program over the past several years.

Evaluation of the BDD Program

A study of BDD program data from fiscal year (FY) 2004 (October 1, 2003 to September 30, 2004) was conducted.

The Veterans Benefits Administration (VBA) provided BDD services to over 39,000 service members in FY 2004 who filed initial claims. BDD services were delivered through one of several program models used by 44 regional offices (ROs), from the filing of the disability claim through the promulgation of the VBA disability decision. VBA has an *on-site* presence at or near 140 military installations, including 133 DoD sites and 7 Homeland Security Coast Guard sites. The BDD participation rate among those who are eligible remained constant at 54% in FY 2004.

The fiscal year breakouts are detailed in Table 1.

	No. of Original Claims with Potential Program Eligibility	Number of BDD Claims Taken	Percentage of Actual Participation in BDD
FY 2002	50,376	25,318	50%
FY 2003	55,477	29,862	54%
FY 2004	74,150	39,885[1]	54%

Table 1. BDD Participation Rate

[1] VA BDD Report (2004)

Table 2, below, compares the average timeliness to process BDD claims to the timeliness of routine claims for compensation benefits. BDD claims are processed more quickly than routine claims because there is little need to develop for additional evidence since the service medical records are readily available for review.

	BDD Average Processing Timeliness	**Routine Claims Processing Timeliness**	**Difference**
FY 2003	36.5 days	181.5 days	145 days
FY 2004	55 days	166[2] days	110.9 days

Table 2. Average Processing Timeliness

There are far fewer appeals with BDD decisions due to the following:

- evidence gathering is usually not an issue since the service member's complete medical record is readily available to the VA decision-maker, and
- all issues claimed by the service member and those discovered during the general medical examination are rated and the results are shared with the service member prior to discharge.

Summary of the BDD Program

Currently, there are 140 identified BDD sites in the United States and overseas, including 2 sites in Germany and 3 sites in Korea. Twenty-six of the identified BDD sites were used in a pilot test program, implementing a standardized memorandum of understanding (MOU) with their local VA medical centers and DoD military treatment facilities. Based upon the overwhelming success of this pilot program, a standardized MOU has been provided to all of the BDD sites (Coast Guard excluded). As of July 15, 2005, there are 79 signed local MOUs and 54 are in progress.

The success of this project is evidenced by (1) the achievement of a 54 percent participation rate of BDD-eligible service members, (2) improved timeliness of processing as evidenced by a completion rate of 55 days for BDD claims versus 166 days for regular claims, and (3) a lower number of appeals.

[2] VA DOOR 1001 Report