

Payment Integrity Scorecard

Program or Activity
Compensation

Reporting Period
Q2 2026

FY 2025 Overpayment Amount (\$M)*

\$481

*Estimate based a sampling time frame starting 10/2023 and ending 9/2024

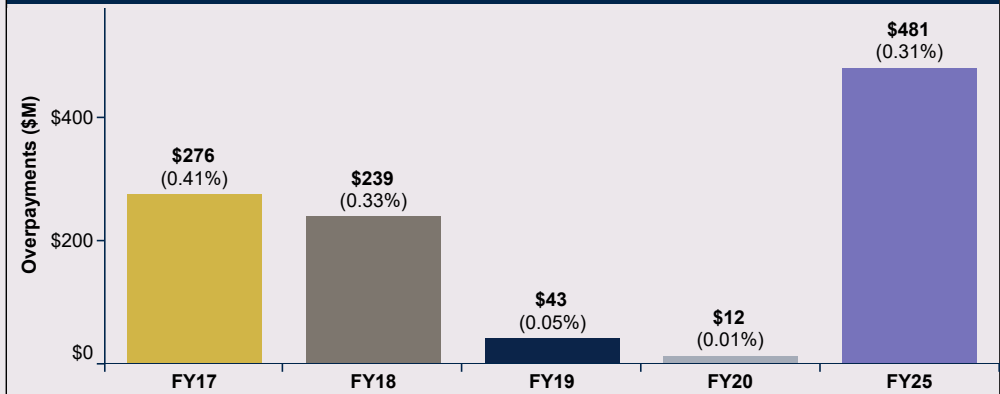


VA
Compensation

Brief Program Description & summary of overpayment causes and barriers to prevention:

VBA's disability compensation program provides financial benefits to Veterans with service-connected disabilities and eligible dependents, serving approximately 6.4 million Veterans in FY25. Compensation may also be paid for secondary and presumptive disabilities related to military service. Overpayments may occur during adjustments to disability evaluations, dependency status, and/or effective dates and led to a projected \$480.74M in monetary loss in FY25. Known barriers to prevention include the complexity of rating decisions, evidence receipt delays, and user error impacting changes. VBA mitigates risk through debt collection after statutory due process, quality reviews, training, and system tools to identify and correct errors.

**Historical Payment Rate and Amount (\$M)
(Overpayment as Percentage of Total Outlays)**



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

During Q2, VA used the Systematic Technical Accuracy Review (STAR) program to evaluate claims for accuracy and identify potential overpayments. In Q2, VA conducted 3,257 STAR reviews and oversaw corrective actions taken by field processors to remediate improper payments. VA began in-depth review of data on under- and over-evaluations through a national level program, to drive improvement in accurate evaluations of service-connected disabilities nationwide. VA presented error trends from FY25 Payment Integrity Information Act of 2019 (PIIA) reviews via national calls and written bulletins in January and February 2026. VA began planning the implementation of targeted in-process reviews (IPRs) to identify and correct errors before improper payments occur. Q2 also saw the delivery of the Compensation Service (CS) Quality Sprint for rating and non-rating claims processors, with training topics including VA exams and medical opinions, systems compliance, due process notice and end products -- all of which contribute to the accuracy of claims processing and proper payments. In Q3, VA will conduct another approximately 2,391 STAR reviews. National over/under-evaluation review results will drive increased accuracy in rating activity. VA will form an Improper Payment Focus Group to analyze trends in improper payments and possible remediations. A training video will be released on how to correctly evaluate disabilities when old and new rating criteria are for consideration.

Accomplishments in Reducing Overpayment

| | | Date |
|---|---|--------|
| 1 | CS conducted a mandatory Quality Sprint in Q2. Topics included properly evaluating specific disabilities, establishment of end products, due process notification, and systems compliance -- all of which contribute to increased accuracy in claims processing nationwide. | Mar-26 |
| 2 | VA presented FY25 PIIA findings and error trend analysis during national calls -- the January 2026 VSCM Call and the February 2026 CS Quality Call -- reaching over 10,000 claims processors and 200+ division leaders; and again in writing via the bulletins for those calls. | Feb-26 |
| 3 | VA reviewed 5,196 claims through monthly national quality (STAR) in Q1-Q2. These actions validate compliance with existing rating and dependency policies. Errors are monitored for correction to minimize ongoing overpayment. | Mar-26 |

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| Goals towards Reducing Overpayments | Status | ECD | Recovery Method | Brief Description of Plans to Recover Overpayments | Brief Description of Actions Taken to Recover Overpayments |
|---|----------|--------|------------------------|--|--|
| 1 In Q3, VA will form and kick-off an Improper Payment Focus Group comprised of subject matter experts from all CS staffs. The purpose of the focus group will be to research leading payment error causes and develop strategies to help claims processors mitigate them. As of the beginning of Q3, approval of CS's focus group proposal is pending with senior leadership. | On-Track | Jun-26 | 1 Recovery Activity | During Q3, VBA will conduct about 2,391 national STAR reviews in support of FY26 PIIA reporting. Reviews include identification of potential overpayments. VBA will audit claims monthly to support corrections and recovery actions, as applicable. | During Q2 of FY26, VBA conducted 3,257 national STAR reviews. Claims with potential overpayments were routed to claims processors for correction. These actions helped prevent improper payments and will continue into Q2 to support further improvement. |
| 2 In Q3, VA will continue to develop national over/under-evaluation review results to shape guidance and corrective actions for improving evaluation accuracy. Virtual visits with VA regional offices will occur and final report with actionable items will be drafted. | On-Track | Jun-26 | 2 Recovery Activity | During Q3 of FY 2026, VBA will conduct national quality reviews to assess payment accuracy and compliance with VA policy requirements. Claims with identified errors will be corrected and debts will be established to support recovery of overpayment. | During Q2, VBA conducted national quality reviews including 300 PIIA reviews. Claim errors will be returned to claims processors for correction, to learn from mistakes and minimize future overpayments. |

| Amt(\$) | Root Cause of Overpayment | Root Cause Description | Mitigation Strategy | Brief Description of Mitigation Strategy and Anticipated Impact |
|---------|--|--|--|---|
| \$481M | Overpayments that occurred because of a Failure to Access Data/Information Needed. | Claims processors failed to access the data/information needed to accurately apply policies and procedures for compensation owed for Veteran's dependents. This resulted in the Veteran receiving a higher payment than due. | Audit - process for assuring an organization's objectives of operational effectiveness, efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. | VA conducts quarterly audits to strengthen oversight and mitigate payment risk through randomized reviews of in-progress and completed claims to ensure alignment established with policies and procedures. VA reviews differences to identify and prevent future overpayments. |
| | | Claims processors failed to access the data/information needed to accurately apply policies and procedures for rating decisions on service-connected disability. This resulted in the Veteran receiving a higher payment than due. | Cross Enterprise Sharing - sharing of documents, processes, and opportunities with intra-agency partners and stakeholder. Potentially managed through federated repositories and a registry to create a longitudinal connection to information used to mitigate Improper Payments. | VA will share best practices and root causes error information across relevant VBA offices and use focus groups to identify error trends and corrective strategies. VA will review differences to identify and prevent inconsistencies and prevent future overpayments. |

The Compensation program has and continues to implement corrective actions and mitigation strategies that reduce improper and unknown payments. The Compensation program was under the 10% compliance threshold established by the Payment Integrity Information Act of 2019. The program is committed to strengthening internal controls and ensuring compliance with PIIA by prioritizing the reduction of improper payments. The program actively is implementing targeted actions and continuous improvements to safeguard taxpayer resources and uphold accountability. Although the lapse of government funding during the quarter caused delays in some planned activities, the program continued to advance critical actions to reduce improper payments and maintain compliance with PIIA.