Payment Integrity Scorecard

Program or Activity	Reporting Period	FY 2025 Overpayment Amount ($M)*	$481
Compensation	Q4 2026		

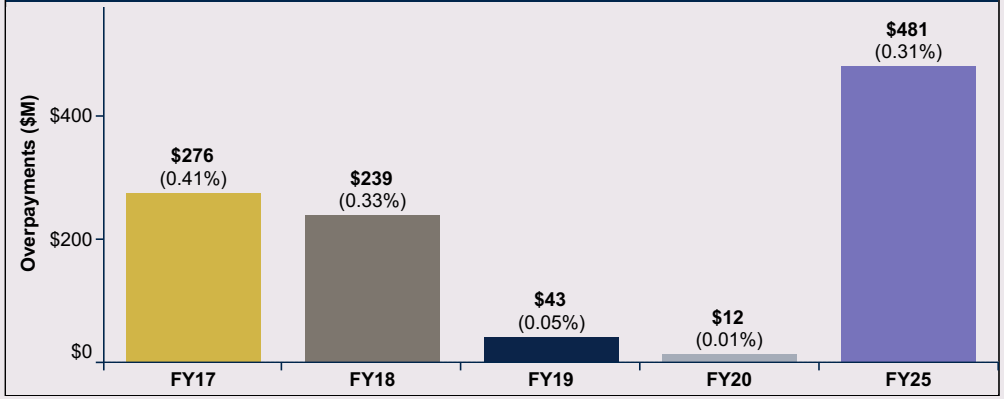
*Estimate based a sampling time frame starting 10/2023 and ending 9/2024

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 FY 2025. 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 FY 2025. 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 Q4, VA used the Systematic Technical Accuracy Review (STAR) program to evaluate claims for accuracy and identify potential overpayments. In Q4, VA conducted approximately 2,450 STAR reviews and oversaw corrective actions taken by field processors to remediate improper payments. In addition, VA formed an Improper Payment Focus Group to analyze trends in improper payments and possible remediations and established 2,518 end products for claims that were identified as containing dependency errors which were sent to claims processors for review and correction. These reviews and follow-up actions supported continuous quality improvement efforts, strengthened oversight of claims processing activities, and provided valuable information for identifying recurring error patterns and opportunities to improve payment accuracy. Actions planned for Q1 of FY 2027 include a project to correct and prevent potential erroneous payments for 6,369 identified cases in which the Veteran might be in receipt of an over-evaluation related to special monthly compensation inaccuracies. To further support payment accuracy, the program will institute a tool to assist claims processors with determining the correct date to add a dependent to an award. VA will implement In-Progress Reviews to reduce improper payments by correcting potential errors before the payment is finalized. This review will focus on preventing improper payments that would have occurred due to claims processor overrides.

	Accomplishments in Reducing Overpayment	Date
1	VA completed an in-depth review of data on 3,862 under- and over-evaluation quality errors through a national level program. A report was drafted with recommendations intended to drive improvement in accurate evaluations of service-connected disabilities nationwide.	Apr-26
2	VA reviewed approximately 4,900 claims through monthly national quality STAR reviews in Q3 through Q4. These actions validate compliance with existing rating and dependency policies. Errors are monitored for correction to minimize ongoing overpayments.	Jun-26
3	Compensation Service (CS) established 2,518 end products for claims that were identified as containing dependency errors which were sent to claims processors for review and correction. This will prevent future improper payments from occurring due to these dependency errors.	Sep-26

Payment Integrity Scorecard

Program or Activity
Compensation

Reporting Period
Q4 2026

	Goals towards Reducing Overpayments	Status	ECD
1	In Q4, VA convened an Improper Payment Focus Group comprised of subject matter experts from all business lines across VBA. The purpose of the focus group was to research leading payment error causes and develop strategies to help claims processors mitigate them. The group commenced during the week of July 20, 2026 with members from all across VBA and identified additional areas for improvement to strengthen internal controls and mitigate risks within existing processes.	On-Track	Nov-26
2	During Q4, VA created a test plan and began a relook project to correct and prevent potential erroneous payments for 6,369 identified cases in which the Veteran might be in receipt of an over-evaluation related to Special Monthly Compensation. As part of the corrective action plan, the program implemented a program-wide error-tracking system across all offices, which enabled the identification of a systemic error related to Special Monthly Compensation for housebound Veterans.	On-Track	Dec-26

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	**Recovery Activity**	During Q1 of FY 2027, VBA will conduct about 2,500 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 Q4 of FY 2026, VBA conducted 2,450 national STAR reviews. Claims with potential overpayments were routed to claims processors for correction. These actions helped prevent improper payments and will continue into Q4 to support further improvement.
2	**Recovery Activity**	During Q1 of FY 2027, VBA will conduct 2,500 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 Q4 of FY 2026, VBA conducted approximately 2,450 national quality reviews to identify payment errors potential recoveries. 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 inaccurate dependency awards and Veterans 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 with established 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 Veterans receiving incorrect grants of service connection and 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.