



**TESTIMONY
OF
MARTIN CALLAGHAN
VETERANS DISABILITY CLAIMS SPECIALIST
VETERANS' AFFAIRS AND REHABILITATION DIVISION
THE AMERICAN LEGION
BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS HEARING
ON
"PUTTING VETERANS FIRST: IS THE CURRENT VA DISABILITY
SYSTEM KEEPING ITS PROMISE?"**

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Chairman Moran, Ranking Member Blumenthal, and distinguished members of the Committee, on behalf of National Commander Daniel Wiley and more than 1.5 million dues-paying members of The American Legion, we thank you for the opportunity to offer our written testimony regarding the VA disability benefits process.

The American Legion is guided by active Legionnaires who dedicate their time and resources to serve veterans, service members, their families, and caregivers. As a resolutions-based organization, our positions are directed by more than 106 years of advocacy and resolutions that originate at the post level of our organization. Every time The American Legion testifies, we offer a direct voice from the veteran community to Congress.

The Disability Benefits Claims Process

In fiscal year 2024, The American Legion's VA-accredited service officers assisted veterans with filing over one million new VA benefits claims, resulting in a combined award amount of \$21 billion. We outpaced that amount in fiscal year 2025 by August. Our Board of Veterans' Appeals Unit worked on more than 10,000 appeals from veterans whose original claims had been denied by VA; that effort brought in over \$57 million in retroactive benefits for veterans and their families.

From this work and our over 100 years of serving veterans, we know the claims and appeals process intimately, and we say with confidence that the cornerstone of this process – the Compensation and Pension Examination (C&P exam) - is failing veterans. The system is in urgent need of reform, not because veterans are gaming the claims process, but rather because government has allowed its complexity to increase unnecessarily.

Before addressing the process and needed reforms in greater detail, The American Legion must correct the record regarding a recent *Washington Post* article that accuses veterans of exploiting the VA service-connected disability claims process.¹ This reporting is lazy, inaccurate, and extremely harmful. The American Legion highlights the irony of these journalists painting veterans

¹ Whitlock, Craig, Lisa Rain, and Caitlin Gilbert. "How some veterans exploit \$193 billion VA program, due to lax controls." *The Washington Post*. October 6, 2025.
<https://www.washingtonpost.com/investigations/interactive/2025/veterans-affairs-disability-claims-fraud/>

as fraudsters at a time when private companies are operating outside the law to profit from veterans' disabilities. These law-breaking companies should be taken to task, not the disabled veterans seeking their earned benefits.

The authors erroneously suggest that veterans are taking advantage of a \$193 billion “bonanza” in disability benefits. Their article reduces legitimate claims for injuries, trauma, and illnesses in uniform and creates a mocking narrative that jock itch, toenail fungus, tinnitus, and erectile dysfunction claims are the root of the growing expenditures in VA disability compensation. Their assertion ignores the fact Congress intentionally required VA to enhance outreach and increase online resources, and it disregards the fact that the veteran population today has far more information than at any point in our nation's history.

Perhaps the most laughably tone-deaf analysis by *The Washington Post* is comparing veterans receiving compensation for tinnitus, migraines, and other common disabilities today to the numbers of veterans similarly situated in 2001. The authors did not bother to include the fact that between 1.9 and 3 million Americans served in the Global War on Terror (GWOT), with roughly half of them deploying more than once.² The authors did not bother to go beyond a surface-level analysis of the *Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics (PACT) Act of 2022* and discuss the long history behind military toxic exposure advocacy.³ If they had, the public would have been educated that the law's deferential approach towards veterans was borne out of the decades of failure by the federal government to recognize Agent Orange as harmful for the Vietnam generation. This failure cost tens of thousands of lives, and the PACT Act provided relief to many veterans and families affected by toxic exposures. The authors did not bother to discuss how quickly the Vietnam generation has aged and how their comorbid conditions have grown increasingly complex, or how modern medicine has allowed GWOT veterans to survive previously un-survivable wounds, making healthcare and disability claims all the more complex. And finally, the authors did not bother to discuss how the VA's “duty to assist” requirement is borne from the federal government's history of, as far back as the Revolutionary War, failing to award benefits until there is a miniscule number of affected veterans left alive to receive the benefit.

The Washington Post's dangerous narrative is wrong, and we stand firmly behind preserving these veterans' earned benefits, even against lazy reporting. We cannot ignore the overwhelming evidence that the vast majority of veterans file in good faith and that VA's failings lie in inconsistent examinations, inadequate oversight of vendors, and continued unnecessary delays.

² Bilmes, Linda J. Current and Projected Future Costs of caring for Veterans of the Iraq and Afghanistan Wars. Watson Institute for International and Public Affairs, Brown University, June 13, 2011 <https://costsofwar.watson.brown.edu/sites/default/files/papers/Bilmes-Costs-of-Caring-for-Iraq-and-Afghanistan-Vets.pdf>

³ Office of Science and Technology Policy. Toxic Exposure Research Working Group: Five-Year Interagency Strategic Plan to understand Adverse Health Outcomes from Military Toxic Exposures. Washington DC: Executive Office of the President, August 8, 2024 <https://bidenwhitehouse.archives.gov/wp-content/uploads/2024/08/08-2024-OSTP-TERWG-Report.pdf>

Difficulty Navigating the Increasingly Complex Claims Process

The VA claims process has grown in complexity over the years, becoming a labyrinth designed for administrative convenience, rather than serving veterans. VA made bureaucratic decisions, such as eliminating the informal claims process and instituting a more complicated “intent to file” process, even though both processes provide the exact same purpose of establishing an effective date. VA determined it was easier for staff to process a standardized form, rather than easier for a veteran to use less formal methods of notification such as a handwritten letter or an email that contains the exact same necessary information.

VA’s Disability Benefits Questionnaires (DBQs) must be filled out by VA-contracted examiners. VA’s lack of oversight of these contracted examiners focuses too narrowly on timeliness and form completion, and not on the quality and adequacy of exams. The American Legion has found the number one reason for the Board of Veterans’ Appeals remanding cases is inadequate medical examination of the claimed disability. It is no wonder the quality and adequacy are called to question by the Board when DBQs for skin diseases is 12 pages long; the one for back conditions is 14 pages long; for foot conditions it is a whopping 16 pages long. The examiners are looking for responses to the form, not for their assessment of the disability.

Yet the problems with VA forms pale next to the much larger difficulty our veterans face with the C&P exam itself, which is a requirement for granting a claim for disability benefits. Without an adequate C&P exam, a veteran’s claim will be denied, setting into motion unnecessary reviews or appeals, or examinations being reordered. In fact, a great deal of time is wasted in the claims adjudication process because so many C&P exams are not adequate and require repeat exams.

In American Legion’s ROAR visit to VA Regional Office San Juan, Puerto Rico, it was reported to us that incomplete or inaccurate DBQs are among the leading causes of delayed claims, especially in post-traumatic stress disorder claims due to military sexual trauma.

“The cumbersome structure of DBQs also presents systemic challenges. These forms are often excessively long and include questions that are irrelevant to the specific claim. For example, the DBQ for migraines can extend to four pages but could be condensed to one or two. Moreover, vendors lack the capability to ‘bookmark’ specific sections of the DBQs, which could help RVSRs quickly locate key evidence. This inefficiency only hampers productivity and increases risk of errors or oversight during adjudication.”⁴

Many DBQs are not being fully completed, forcing VARO staff to return C&P exams to vendors for clarification. Examiners for one vendor consistently demonstrate inaccuracies, poor exam quality and a lack of attention to detail – particularly due to “the overly lengthy and repetitive DBQ format.”⁵

The San Juan VARO suggested that the Medical Disability Examination Office, or MDEO, consider providing a direct contact line for elderly veterans who often miss important phone calls from VA vendors due to their caller ID labels such as “SPAM” or “Unknown.” This communication

⁴ The American Legion Regional Office Action Review – San Juan, PR March 9, 2025.

<https://www.legion.org/getmedia/bde5d749-2dc8-4310-b290-3ffe54791217/San-Juan-Oversight-Report-Final.pdf>

⁵ Ibid

barrier causes missed appointments and delays, especially in an environment where the scamming of veterans has become a nationwide issue.

We respectfully offer three recommendations to make VA's complex claims process more veteran-friendly:

- 1) Simplify the instructions on VA forms.
- 2) Amend DBQs to streamline processing and allow for additional details as needed.
- 3) All VA vendors should use a single, easily recognizable caller ID when contacting veterans. For example: "VA examiner's office."

Lack of Transparency When Claims are Adjudicated by VA

On November 14, 2024, The American Legion and other Veterans Service Organizations received a briefing from the executive director of the Medical Disability Examination Office. He explained his office's quality review process for VA-contracted examiners and repeatedly referred to quality "targets", and not "standards" as is typical for federal contracts. This casual language reflects VA is satisfied with approximation to quality - as opposed to standards - when overseeing multiple billions of dollars in contracted examinations.

The American Legion is unaware of any instance in which VA has canceled or substantially modified a contractor's contract for poor performance, despite repeated deficiencies identified and reported by Government Accountability Office (GAO) and the VA Office of Inspector General (OIG).

The executive director's presentation last year, speaking about targets for vendors as if they were optional, was eye-opening for attendees. He said nothing about the process of renewing contracts for the companies that now perform the vast majority of C&P exams. If a robust quality review process were in place, we would expect VA to cancel or modify some contracts over time. However, we have no information about that process because MDEO offers little transparency for operations that affect veterans filing disability claims with VA.

MDEO was directed by GAO to produce a quality improvement plan for claims processing by January 31, 2025.⁶ That deadline has passed with no plan having been presented to The American Legion or, to our knowledge, Congress. This plan was to be in response to a report issued by the Government Accountability Office in September 2024.

From intake to development and adjudication, we must address the lack of transparency in the claims adjudication process itself, and the continuous pressure being put on VA staff to meet high production quotas. The public knows very little about the internal struggle between quality and quantity that VBA employees experience at any VA regional office. Rushing to an incorrect decision costs veterans trust, time, and money. This burden of rushing to errors then requires American Legion or any other accredited service officer to spend more time writing reviews and appeals.

Rating Veterans Service Representatives (RVSR) have reported to The American Legion that deferred ratings do not provide the RVSR any production points toward their tasked production

⁶ United States Government Accountability Office. VA Disability Exams: Improvements Needed to Strengthen Oversight of Contractors' Corrective Action, September 18, 2024. <https://www.gao.gov/assets/gao-24-107730.pdf>

goal, despite deferrals taking longer for the RVSR to order examinations upon identifying an error. The reasons for these deferrals can be due to an inadequate examination, no exam, or wrong examinations report provided. This practice is frustrating because adjudicating a claim, based on a bad C&P exam, locks in an error that may never be corrected and, in some cases, results in needless appeals.

Veteran service representatives should never be pressured to take any action that is not in the veteran's best interest. Regional office leadership should focus on making sure that inadequate exams are being sent back to vendors for validation as part of the quality review process. Errors should be called on any rating decision that is based on an exam that is insufficient, incomplete, or inadequate. Adjudicators who correctly return C&P exams as insufficient for rating purposes should be rewarded, and not penalized.

At the San Juan VARO, the most pressing issue identified in the claims process involved widespread problems with requesting and completing C&P exams. Staff members reported that many contracted clinicians refuse to provide additional information needed to complete DBQs.⁷ Due to the form's length and complexity, vendors will often omit critical sections or fail to review the complete medical examination request. Compounding this issue is the lack of verification from some raters to ensure that these exams are fully completed before adjudication.

We respectfully offer three recommendations to improve transparency in the adjudication process:

- 1) Hold a hearing on MDEO's operations to determine timeliness, quality, fairness, and cost effectiveness among VA vendors and their C&P examiners.
- 2) Standardized production quotas for VBA Veterans service representatives and ensure that reasonable work credit is given to them for deferred claims.
- 3) Impose statutory penalties on vendors whose examiners fail to complete examinations to VA standards.

Long Wait Times for Claim Decisions

From our interviews with VBA leadership and staff at several VA regional offices, two issues were brought up repeatedly that delay rating decisions on disability claims. First, new raters, when faced with a complex claim, will request another C&P examination. This moves the case out of the rater's queue and reissues it to another adjudicator via the national work queue when the exam is complete. Second, when raters are not satisfied with the adequacy of an exam, they will request a re-examination. However, the VA-contracted providers reportedly convince the adjudicators (especially the less experienced ones) they need an entirely new C&P exam. The reason for this is simple: contractors are paid for new exams, not for re-examinations or clarifications. As a result, unnecessary "new" exams are ordered, costing taxpayers more and delaying a decision for the veteran. Oftentimes, raters will relent and order a new exam just to get the veteran's claim back on track.

The ordering of unnecessary C&P exams has been identified as a major source of delay in the claims process by the Government Accountability Office and VA's Office of Inspector General.

⁷ The American Legion Regional Office Action Review – San Juan, PR March 9, 2025.
<https://www.legion.org/getmedia/bde5d749-2dc8-4310-b290-3ffe54791217/San-Juan-Oversight-Report-Final.pdf>

VBA's Deputy Under Secretary for Office of Procedure and Oversight Ron Burke briefed The American Legion and other VSOs on the Overdevelopment Reduction Task Force in 2024, offering solutions to other VBA entities that would reduce unnecessary examinations, increase accountability, and simplify the claims process. That program and effort have seemingly disappeared.

Failure to carefully consider the quality of C&P exams often results in appeals of denied claims. Veterans usually know when they are not being examined properly for a disability and, in most cases, inform Legion service officers about it. As expected, the number of reviews and appeals are rising, adding more delay and frustration to the process. Based on TAL's tracking of appeal dispositions at the Board of Veterans' Appeals, we know that, excluding remands, approximately twice as many decisions are favorable to the veteran as are unfavorable.

During calendar year 2024, about 30.4 percent of American Legion-represented appeals were granted while 15.4 percent were denied. In other words, the Veterans Law Judges at BVA are consistently finding incorrect decisions made at VA regional offices.

During a presentation last November, MDEO explained how doctors are assigned to perform various types of specialty C&P exams such as orthopedics, cardiology, etc. which may cause further errors. Based on exam results we frequently see in Veterans' claim files, we suggest that VBA may be allowing examiners to conduct C&P exams for which their credentials are obviously inappropriate. Thus, the appeals get remanded for another exam from an appropriate medical professional and more of the veteran's time gets wasted.

For example, last January a TAL service officer in New York reported to us that a veteran's private neurologist provided him with a nexus medical opinion for the condition being claimed. The VA-contracted vendor requested a medical opinion from a physician's assistant who provided one, but cited as evidence a website written by a nutritionist. This is an uncomfortable mismatch of requirements and qualifications. Assigning appropriate medical professionals to conduct C&P exams would result in improved quality and a reduction in unnecessary claim appeals.

Quality issues with VA-contracted C&P exams were also reported by staff and leadership at the Louisville VA Regional Office. The most significant reported problems included inconclusive results and "diametrically conflicting conclusions" from exams that had to be revised – undermining confidence in the examination process. "These defects are not only procedural but systemic," demonstrating a breakdown in the training of examiners and the monitoring of vendors' adherence to VA standards.⁸

At the Chicago VARO, two major issues have created significant delays in the adjudication of claims. First, veteran service representatives often order redundant Toxic Exposure Risk Activity (TERA) memos or medical opinions instead of relying on records already associated with claim files, leading to procedural inconsistencies. Second, C&P exam quality has been flagged as a "major bottleneck." Exam results from vendors are inconsistent and sometimes contradictory. Vendors have complained about what they refer to as "excessive clarifications."

In recent years, several VA regional offices have reported to The American Legion on inconsistencies found in VA-contracted C&P exams that contribute to delays and errors in claims

⁸ The American Legion Regional Office Action Review – Louisville, KY May 19-21, 2025.
<https://www.legion.org/getmedia/ffe55402-8c05-47c4-a4dd-6e2d1bcfe0a5/2025-Louisville-ROAR-Final-Copy.pdf>

adjudication. Inadequate medical opinions from contracted examiners are a primary concern, as they often fail to meet required DBQ standards -- resulting in additional requests for clarification and multiple, burdensome appointment scheduling for veterans. This underscores the need to check the quality of exam requests and contract examiner compliance to those requests.

Compounding the issue are incorrect examination requests that result in the wrong DBQs being completed. During several interviews, veteran service representatives noted that exam requests are often inaccurate or redundant, leading to unnecessary appointments and prolonged waiting times for Veterans.

We respectfully offer four recommendations to alleviate delays in deciding claims:

- 1) Assign senior adjudicators the responsibility of requesting new C&P exams/re-examinations.
- 2) Penalize VA vendors for assigning inappropriate medical professionals to perform C&P exams, e.g., a podiatrist conducting an exam for a heart condition.
- 3) Modernize the exam-request process to prevent redundant or erroneous testing.
- 4) Codify the contract examination process to eliminate the ambiguity of VBA “pilot” program. We request Congress direct current VBA leadership to report on the Overdevelopment Reduction Task Force findings.

Whether the current disability rating system is serving veterans adequately

In considering whether the current disability rating system is serving American veterans adequately, we’d like to begin with an excerpt from one veteran’s correspondence to VA, received on Nov 25, 2024:

“I am respectfully requesting that if the medical examinations are going to be evaluated on face value during this appeal process, I would like it noted and acknowledged that, at no time during any of the examinations, was I asked to perform physical activity that would have revealed that I experience loss of sensation, numbness, and loss of movement of my right foot due to the injury sustained during military service.”

Writing to The American Legion DC office, a Vietnam War veteran recently highlighted his personal experience with a VA contractor...

“did not inspire confidence. I came away with the clear impression the contractor puts his well-being and convenience ahead of the veteran’s. For two claimed conditions, I wound up having to appear for four exams on separate days, including one where I appeared only to learn a necessary medical device was inoperative.”

“For a relatively straightforward claim, I received several FedEx packages with redundant material. I am certain the cost of these wasteful FedEx packages was passed along to taxpayers.”

Finally, one of our service officers in South Dakota reported that a VA-contracted examiner would fly into an area of the state and conduct C&P exams from the back of a van. Veterans have reported being examined in parking lots at malls, hotels, or even Dollar General stores. The service officer

said, “The veterans always ask if this is a ‘real deal.’” For exams that require an X-ray, veterans are sent to locations sometimes two hours away for a 15-minute X-ray or additional test. “Not only does this delay the claim but the Veteran has to take more time off work,” the service officer continued.

In answering the question of whether the current VA disability rating system is serving veterans adequately, The American Legion’s answer is a resounding “no.”

We respectfully offer one recommendation to improve VA’s disability rating system:

- Conduct an oversight hearing to evaluate VA contracts with third-party vendors, specifically on how to increase transparency with veteran service organizations like The American Legion and reduce costs to VA while upholding their duty to assist requirement.

Whether or Not There are Adequate Protections Against Fraud and Ensuring Resources are for Those Most in Need

Much attention has been given to the claims of veterans “defrauding” the system. *The Washington Post* amplified that notion with the publication of provocative articles, but evidence tells a different story. Based on evidence collected by The American Legion, we ask this Committee to consider whether some C&P examiners employed by VA vendors are committing fraud against the Department of Veterans Affairs. When contract examinations were first introduced in 1996, the pilot program had an estimated cost of \$1 billion over six years. Today, the program costs VA roughly \$6 billion per year.⁹

Upon analysis of our records, we found a case in which a veteran received 60 VA-contracted C&P examinations from October 2020 to June 2025 – this is an average of slightly more than one per month. Another veteran has received 56 C&P exams since April 2017. The most egregious case is a veteran who, over the last decade, has had 104 C&P exams ordered by VA. If we presume that vendors make an average of \$1,000 or more per exam, then it is a small wonder these companies are making billions of dollars from VA contracts.

Some of C&P examiners appear to pack a lot of examinations into their work week. We came across a case where the same examiner signed off on seven DBQs in one day. It is unreasonable to conclude that a single 12, 14, or 16-page DBQ can be accurately completed in one hour – presuming this examiner took an hour off for lunch.

According to an October 2024 report from the Congressional Research Service, 93 percent of C&P exams were performed by contractors rather than VA providers as of July 2024 -- up from 44 percent in fiscal year 2017.¹⁰ VBA has spent more than \$10.4 billion on these contracts from FY 2017 to FY 2023.

⁹ “FY 2025 Budget Submission: Budget in Brief” U.S. Department of Veterans Affairs. March 2024.
<https://department.va.gov/wp-content/uploads/2024/03/fy-2025-va-budget-in-brief.pdf>

¹⁰ Sears, T. Lynn. “Veteran Disability Compensation and Pension Exams” Congressional Research Service. Oct 30, 2024.
https://www.everycrsreport.com/files/2024-10-30_IF12799_ae4788623bea828c69f5f06b02f1cd1a97521fb4.pdf

Despite this spending, VA's Office of Inspector General reported in 2022 that VES, QTC, and other vendors "failed to consistently provide [VA] with the accurate exams required by the contracts."¹¹ The OIG further reported senior agency officials discouraged the relay of private exam issues to the regional office level and faulted VA leaders for not using accountability tools at their disposal.

Given this information, it would seem the Veterans Benefits Administration might be paying companies whose contracted employees could be willfully submitting inadequate C&P exams for the purpose of financial gain.

We respectfully offer a single recommendation to help ensure VA's disability claim system is adequately protected against fraud:

- Hold an oversight hearing on fraud, waste, and abuse by contracted employees of VA C&P vendors.

CONCLUSION

Chairman Moran, Ranking Member Blumenthal, and distinguished members of the Committee, The American Legion thanks you for your leadership and for allowing us to explain the position of our 1.5 million members on the issue of the VA disability rating system and claims adjudication.

The recent reporting by *The Washington Post* and other independent journalists which cherry-picks fraudulent behavior by some veterans to obtain VA disability benefits is lazy and dangerous. The U.S. Department of Veterans Affairs is the largest integrated healthcare and benefits system in the world and, as with any large organization, there will be necessary reforms to combat fraud, waste, and/or abuse. Congress should give VA's Office of Inspector General the tools they need to go after bad actors and, where there is sufficient evidence, federal law enforcement should prosecute and convict by due process. But VA's rating schedule does not make a veteran fraudulent, as *The Washington Post* insidiously implies. This schedule adheres to laws and regulations that permit veterans to apply for, and be granted, legitimate disability compensation. And in what may be the most egregious example of lazy reporting, *The Washington Post* conveniently omits that VA is already in the process of working on a final interim rule to address some of the very disparities in disability compensation (i.e. sleep apnea vs. limb loss) they point to as evidence of a broken system.

This is not a new narrative in our nation's history. But we cannot afford to revert to a time when veterans' injuries, illness, and diseases are questioned simply because of how much it costs. In support of an All-Volunteer Force, where a shrinking minority of American families now shoulder the burden of service and its consequences, America cannot afford to break the social contract made with those who raised their right hand to volunteer.

The American Legion looks forward to continuing this work with the Committee and providing the feedback we receive from our membership and from all veterans we assist with their disability claims. Questions concerning this testimony can be directed to Bailey Bishop, Senior Legislative Associate, at b.bishop@legion.org.

¹¹ U.S. Department of Veterans Affairs, Office of Inspector General. Contract Medical Exam Program Limitations Put Veterans at Risk for Inaccurate Claims Decisions (21-01237-127). Washington, DC June 8, 2022 http://www.veteranslawlibrary.com/files/VA_OIG_Reports/2022/VAOIG-21-01237-127.pdf