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HOUSE OF REPRESENTATIVES

REPORT
119–340

VETERANS AFFAIRS DISTRIBUTED LEDGER INNOVATION ACT OF 2025

OCTOBER 10, 2025.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOST, from the Committee on Veterans' Affairs, submitted the following

R E P O R T

together with

MINORITY VIEWS

[To accompany H.R. 3455]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3455) to direct the Secretary of Veterans Affairs to conduct a comprehensive study on the use of distributed ledger technology in the Department of Veterans Affairs, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 3455, the "VA Distributed Ledger Innovation Act of 2025," was introduced by Representative Nancy Mace of South Carolina on May 15, 2025. The bill would require the Department of Veterans Affairs (VA) to conduct a comprehensive feasibility study on the use of distributed ledger technology (DLT), including blockchain, across VA's benefits administration systems. The study would evaluate the potential for DLT to improve claims adjudication, strengthen audit trails, and prevent fraud, waste, and abuse within VA programs.

BACKGROUND AND NEED FOR LEGISLATION

Section 1: Short Title

This section would establish the short title of the bill as the "VA Distributed Ledger Innovation Act of 2025."

Section 2: Sense of Congress

This section provides a Sense of Congress's policy view for the legislation by recognizing that emerging technologies such as DLT may significantly strengthen VA operations by improving benefits allocation, managing insurance programs more effectively, and maintaining records with greater accuracy and accountability.

Section 3: Department of Veterans Affairs Study on Use of Distributed Ledger Technology

VA processes more than 2.5 million benefit claims each year. Yet persistent inefficiencies, data integrity issues, and vulnerabilities to fraud continue to undermine the system. The Government Accountability Office (GAO) and VA's Office of Inspector General (OIG) have repeatedly flagged challenges in claims verification and fraud prevention. Outdated legacy systems lack real-time auditability and traceable transparency, leaving critical gaps in oversight.

The Committee believes that with veterans' trust on the line and billions of taxpayer dollars invested in VA, Congress has a responsibility to ensure VA is equipped with modern tools that promote accountability, security, and efficiency. DLT offers a secure and proven tamper-resistant method to track and verify data, enhance audit trails, and detect irregularities in real time. The Committee believes these attributes would make it a promising tool to support VA's mission. This section would take a careful, first-step approach by directing VA to conduct a comprehensive feasibility study on how DLT could improve claims adjudication, enhance data transparency, and reduce fraud, waste, and abuse in benefits administration. The study would also assess DLT's potential to improve the accuracy of benefit allocations, increase the traceability of service and medical records, and modernize VA's broader data systems. It is modeled on similar efforts by the Centers for Medicare & Medicaid Services (CMS) and other federal agencies that have already explored blockchain applications.

VA oversees one of the federal government's most complex and sensitive data ecosystems. By studying blockchain's applicability, this section would enable VA to explore whether secure and modern technology can strengthen oversight, protect veterans' personal information, and streamline the delivery of benefits, without imposing mandates or committing to implementation prematurely. The Committee believes that this section would ensure Congress is taking a responsible and forward-looking approach and ensure VA is equipped to serve veterans with the integrity, efficiency, and transparency they deserve.

HEARINGS

On March 24, 2025, the Committee on Veterans' Affairs Subcommittee on Technology Modernization held an oversight hearing titled "Closing the Data Gap: Improving Interoperability Between VA and Community Providers," examining healthcare interoperability and VA's ability to use information that has been exchanged.

The following witnesses testified:

Dr. Jonathan Nebeker, M.D., Chief Medical Informatics Officer & Executive Director of Clinical Informatics, Veterans Health Administration, U.S. Department of Veterans Affairs; Dr. Laura Prietula, Deputy Chief Information Officer, Electronic Health Record Modernization Integration Office, U.S. Department of Veterans Affairs.

Mr. Rick McGraw, Chief Growth Officer, Michigan Health Information Network Shared Services; Dr. Andrew Rosenberg, M.D., Chief Information Officer, Michigan Medicine; Dr. Leo Greenstone, M.D., Chief Medical Officer, Signature Performance.

On June 11, 2025, the Committee on Veterans' Affairs Subcommittee on Oversight and Investigations held a legislative hearing on H.R. 3455 and other bills pending before the subcommittee.

The following witnesses testified:

Ms. Cherri Waters, Acting Deputy Chief Information Officer; Executive Director, Health Portfolio, Product Delivery Services, Office of Information and Technology, U.S. Department of Veterans Affairs; Ms. Laura Duke, Chief Financial Officer, Veterans Health Administration, U.S. Department of Veterans Affairs; Dr. Toni Phillips, Chief Nurse Informatics Officer, Electronic Health Record, Management Information Office, U.S. Department of Veterans Affairs; Dr. Jennifer McDonald, Director, Community Care Division, Office of Audits and Evaluations, Office of the Inspector General, U.S. Department of Veterans Affairs.

Dr. Edward O'Bryan, MD, MBA, CPE, Chief, Veterans and Corrections ICCE, Associate Professor of Medicine, Medical University of South Carolina; Mr. Cole T. Lyle, Director of the Veterans Affairs & Rehabilitation (VA&R) Division, The American Legion; Mr. Cody Carbone, Chief Executive Officer, The Digital Chamber.

SUBCOMMITTEE CONSIDERATION

On July 23, the Committee on Oversight and Investigations was discharged from further consideration of H.R. 3455.

COMMITTEE CONSIDERATION

On July 23, 2025, the full Committee met in an open markup session to consider H.R. 3455. During consideration of the bill, the following amendments were considered:

An amendment to H.R. 3455 was offered by Ranking Member Takano of California that would have expanded the scope of the bill's study on distributed ledger technology. The amendment would have required VA to contract with a federally funded research and development center (FFRDC), assess unrelated technology alternatives, and impose implementation restrictions. The amendment failed by voice vote.

A motion by Representative Jack Bergman of Michigan to report H.R. 3455 favorably to the House of Representatives was agreed to by voice vote.

COMMITTEE VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, no recorded votes was taken on amendments or in connection with ordering H.R. 3455 reported to the House.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee's performance goals and objectives of H.R. 3455, are to require the VA Secretary to conduct a study on the use of distributed ledger technology to improve the benefits claims adjudication process.

EARMARKS AND TAX AND TARIFF BENEFITS

H.R. 3455 does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of rule XXI of the Rules of the House of Representatives.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 3455, prepared by the Director of the Congressional Budget Office.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate for H.R. 3455, as amended, provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

H.R. 3455, Veterans Affairs Distributed Ledger Innovation Act of 2025 **As ordered reported by the House Committee on Veterans' Affairs on July 23, 2025**			
By Fiscal Year, Millions of Dollars	2025	2025-2030	2025-2035
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	*

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2036?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2036?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between zero and $500,000.

H.R. 3455 would require the Department of Veterans Affairs (VA) to study how distributed ledger technology could improve the adjudication of claims for VA benefits. (Distributed ledger technology is a system that allows simultaneous access, validation, and record updating across a networked database.) In conducting the study, VA would be required to consult with outside parties and examine certain elements, such as the technology's ability to reduce fraud. The agency would be required to report to the Congress on the study's findings within one year of enactment. Using information on the cost of similar studies, CBO estimates that H.R. 3455 would cost less than $500,000. Any spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Logan Smith. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

FEDERAL MANDATES STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandate Reform Act, P.L. 104–4 is inapplicable to H.R. 3455.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 3455.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 3455, does not relate to the terms and conditions of employment or access to public services or accommodation within the meaning of section 102(b)(3) of the Congressional Accountability Act.

STATEMENT ON DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 3455, would establish or reauthorize a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1: Short title

Section 1 would establish the short title of the bill as the "VA Distributed Ledger Innovation Act of 2025."

Section 2: Sense of Congress

This section would provide a Sense of Congress for the legislation.

This section specifies that veterans are entitled to receive their earned benefits and services in a manner that is efficient, transparent, and secure. In this section, DLT, often referred to as blockchain, is recognized as a promising tool for improving data integrity, security, and transparency. This section also recognizes that emerging technologies such as DLT may significantly strengthen VA operations by improving benefits allocation, managing insurance programs more effectively, and maintaining records with greater accuracy and accountability.

Section 3: Department of Veterans Affairs study on use of distributed ledger technology

This section would require the Secretary to conduct a comprehensive study on the feasibility, potential benefits, and risks associated with using DLT, such as blockchain, across various programs and services at VA.

This section would define the specific matters to be examined in the study, including improving accuracy in allocating veterans' benefits; preventing and detecting fraud, waste, and abuse in VA systems; enhancing efficiency, security, and transparency of VA data systems; and improving the storage and traceability of service and medical records.

This section would require the Secretary to consult with various subject matter experts, veteran service organizations (VSO), and coordination with relevant agencies.

This section would require the Secretary to submit a report to Congress no later than one year after the enactment of the Act. The report would contain findings from the study, recommendations for implementation, and any legislative or administrative actions needed.

This section would also define key terms used in this section, including "distributed ledger technology" and "blockchain."

MINORITY VIEWS

H.R. 3455 would require the Secretary of Veterans Affairs to initiate a study into the effectiveness of the potential use of distributed ledger, or blockchain, technology at the Department. While Democratic Members do not take issue with the concept of a study to analyze such use cases, the bill, as drafted, does not necessitate a well-rounded study and could push VA to adopt an unvetted technology that does not align with VA workflows and processes.

At the Subcommittee on Oversight and Investigations legislative hearing on June 11, 2025, VA did not provide views on H.R. 3455, as the Department is "assessing potential use cases for [distributed ledger] technology." Without any insight to VA's approach to implementing such a study or technology, Democratic Committee Members are hesitant to support such legislation and worry that H.R. 3455 would accelerate VA's involvement in an unvetted technology.

At a full Committee markup on July 23, 2025, Ranking Member Mark Takano (D–CA) introduced an amendment to H.R. 3455 that would have included several common-sense measures to ensure that the Department of Veterans Affairs (VA) understood both the potential benefits and consequences of implementing distributed ledger technology, prior to doing so. For instance, while VA assesses how blockchain technology might improve operations, this amendment would also have required the Department to assess how it may create security vulnerabilities, data privacy concerns, or place undue pressure on an already constrained OIT workforce.

Additionally, the amendment would have required the Department to establish baseline guidelines and structures to ensure if such technology was deployed at VA, that it would be done effectively and with consistent application. Firstly, the amendment called for the creation of internal regulations guiding the use of blockchain. If the study is carried out by an adequate third-party organization, as Ranking Member Takano's amendment calls for, the analysis of how blockchain may impact VA, both positively and negatively, could aptly inform such regulations.

Secondly, many modernization efforts within the Department have suffered from not having the right stakeholders involved in critical decision points and communication plans. As such, this amendment would have required VA to create a governance structure that touches on all stakeholders involved in the implementation, organization, and maintenance—from the end users who may be using such technology, to the information technology professionals that may be ensuring that such usage does not impact other VA functions.

Lastly, the amendment called for the publication of a comprehensive strategy that places a specific focus on staffing levels across the Department, particularly within VA's modernization workforce, as well as the schedule of other substantial projects VA is taking on, like the Electronic Health Record Modernization (EHRM), the Financial Management Business Transformation (FMBT) program, and supply chain. Without understanding where gaps exist in VA's modernization workforce, the Department may face significant pauses or even failures when it comes to implementation of a technical shift on outdated VA systems.

IT capacity at VA is being severely eroded while multiple efforts are underway to expand and accelerate other modernization efforts like those substantial efforts listed above. Adding yet another new technology that either must align itself to a new system, or requires that system, and the employees that work on it, to adjust their workflows is likely to lead to complications and incomplete projects.

MARK TAKANO,
Ranking Member.