

**STATEMENT BY
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**BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

OCTOBER 25, 2001

Thank you, Mr. Chairman and other members of the Committee for the invitation to testify before you, and for allowing me to discuss this very important subject of Veterans' Benefits.

Over the past several months it has been my privilege to chair the Secretary of Veterans Affairs' Claims Processing Task Force that was charged with recommending specific steps to reduce both the veterans' claims backlog and the time necessary to adjudicate each individual claim.

In mid-April, Secretary Principi and I had our initial meeting to discuss the dual problems of the large and increasing claims backlog and the inordinate time delays to properly adjudicate each separate claim. The Task Force charter was formally issued May 22, 2001. In the interim, the Task Force had formed, convened and met in an open fact-finding session.

The Secretary's charge to the Claims Processing Task Force was:

1. to assess and critique VBA's organization, management and processes;
2. to propose measures and actions which could increase efficiency and productivity, and to shrink the backlog;
3. to evaluate potential benefits from Information Technology (IT) and to propose improvements;
4. to evaluate procedures and processes for deciding veterans' appeals of rating decisions; and
5. to evaluate and consider changes to VHA medical examinations.

The Secretary's specific goals were, and are, to reduce the backlog of claims by 50% over a two-year period and to compress the average times to process individual claims by 50%.

Further, however, the Secretary emphasized that, given the short time allowed, the Task Force should look primarily to evaluating every possible action he could take today, based on his present authority. His direction was that no Task Force recommendation would require action by either the judicial or legislative branches of our government.

Our Task Force had very talented members from VA headquarters, VBA, VHA, Veterans Service Organizations, and the consulting community. With the exception of two of us, all participants were extremely knowledgeable of the VBA organization and regional office operations. Each Task Force member was highly competent and exceedingly motivated. Further, each of us is proud of our work and confident that this report will absolutely contribute to the success of the Secretary's quest to better serve the veteran.

Given the 90 to 120 days allocated to this project, our primary goal was to achieve maximum credibility with all communities involved. We did this both by studying the reports and recommendations of several committed groups that had preceded us and by visiting as many VBA activities as possible. We met with or listened to organizations known to have been successful in activities similar to those conducted by VBA. Three very successful companies in areas of great interest to us were: Federal Express, the United Services Automobile Association (USAA), and the Ford Motor Company. We were briefed by the FedEx Center for Cycle Time Research from the University of Memphis and by Ford's Practice Replication Office. In addition, eight of our group visited the USAA Corporate Headquarters in San Antonio, TX. The individual quality and process successes of each of these highly recognized organizations are reflected in several of our recommendations. Within the VBA organization, several of us visited the record centers in St. Louis, training facilities in Baltimore and Orlando, and the information technology center in Hines, IL. Each Task Force member visited at least three individual Regional Offices; a total of 12 Regional Offices were visited. Six Veteran Service Center managers also testified before the Task Force during an open session.

We also sought the opinions, ideas and recommendations of GAO, Congressional staff, Social Security Administration, AFGE labor officials, and Veterans Service Organizations. We had two VSO representatives on the Task Force, but requested that all VSOs who desired to do so, come before the Task Force and present their thoughts, opinions and recommendations. During each visit to a VBA Regional Office, the Task Force also met with VSO representatives. Near the end of the study, we made it known that the Chair would make himself available to any and all groups who desired to meet with him individually. Several groups and individuals did so.

Each of our recommendations has been thoroughly considered by our group and each unanimously accepted. In several cases, the only discussion was the actual strength of the explanatory paragraphs – not the gist of the recommendations. Every finding and recommendation was reinforced as we proceeded; no recommendation is based on a random single idea or incident.

And, since the Task Force report was published, I have received many reinforcing comments and no disclaimers on any recommendation. The degree of agreement with our report has been both surprising and rewarding.

It is our conviction that the vast majority of VBA Regional Office employees have been executing an extremely difficult task to the best of their abilities. For more than a decade, VBA employees have been dealing with a cycle of workload crises. The current backlog is just the latest in a series of oscillations that have become an inherent characteristic of the claims process.

There have been many changes over the last 15 years that have affected the efficiency and productivity of the organization. Many of these changes were the result of external influences including judicial decisions and legislation. None are, in and of themselves, bad; but it must be recognized that each causes some ripple effect as claims need to be re-reviewed and adjudicated under changing guidelines. That then impacts all claims in the queue.

Early in our deliberations and reinforced throughout our meetings, it was apparent that basic flaws existed in the overarching themes of accountability, communications and change management. These are critical concepts which permeate much of the operations and processes of the organization.

A few people who have perused the document have indicated that our report - with the dual emphasis of reducing the backlog and decreasing the time delays - had somehow denigrated quality. Let me disabuse anyone of such a notion. This entire report speaks to quality. The quality of response and service to veterans is predicated on a timely, accurate, well-stated, documented process. Every recommendation made - be it the "Triage" process of claims, improved medical exam agreement, or BVA processing appeals and remands - is based on improving quality and a quicker response.

Our Task Force developed 34 recommendations; 20 "short-term" and 14 medium-term recommendations which are expected to take longer to implement. "Short-term" connotes a possible initiation of that recommendation within six months. These recommendations are attached to this statement and, Mr. Chairman, I request they be inserted into the record with this statement.

Our recommendations can be grouped into categories and many overlap into several. Those general categories are: free-up direct labor hours; eliminate the backlog; improve claims timeliness; accountability; organization, management and process; operations; quality of decisions; compensation and pension medical examinations; information technology; appeals and remands, and training.

This concludes my opening statement. Mr. Chairman, I would now like to refer to the briefing packet that has been provided to each Committee member as I address the primary points of the report that was delivered to the Secretary of Veterans Affairs on October 3, 2001. I would be pleased to address any questions or comments that you or other members of the Committee may have.

VA CLAIMS PROCESSING TASK FORCE RECOMMENDATIONS

Short- Term Recommendations

- S-1 Establish Tiger Team to Eliminate the Backlog > 1 Year Old
- S-2 Defer EVRs and IVMs for 1 Year
- S-3 Expedite Favorable Decisions
- S-4 Reduce Time Delays in Gathering Evidence
- S-5 Defer Introduction of New Information Technology Initiatives
- S-6 Extend Timeframe for Routine Compensation Reexaminations
- S-7 Require BVA Processing of Remands
- S-8 Establish Specialized Claims Processing Teams (Triage/ Specialization)
- S-9 Develop Specialized Regional Offices
- S-10 Allocate Resources to Most Effective Regional Offices
- S-11 Expedite Putting Documents Under Control
- S-12 Improve Record Recovery from Record Center
- S-13 Authorize Administrative Support
- S-14 Impose Change Management and Communication Discipline
- S-15 Revise Scorecard Measures
- S-16 Establish and Enforce Accountability
- S-17 Centralize Function of Waiving Debt
- S-18 Establish Uniform Procedures for Off Site Storage of Claims Folders
- S-19 Credit Brokered Work Equitably
- S-20 Evaluate Establishing New Pre-Discharge Centers

Medium-Term Recommendations

- M-1 Utilize Veterans Service Organizations (VSO) Effectively
- M-2 Maintain the Benefit Delivery Network
- M-3 Evaluate and Improve VHA Medical Examinations and the Process
- M-4 Maintain or Increase Competitive Sourcing of Medical Examinations
- M-5 Restructure VBA Management
- M-6 Establish Enterprise Architecture
- M-7 Determine Viability of VETSNET; Use Oversight Board to Review All Modernization Initiatives
- M-8 Centralize Training
- M-9 Use Prototype Sites for Competitive Sourcing of Pre-Determination Function
- M-10 Redefine Claims Processing Errors
- M-11 Consolidate Income Verification Match Process at One Location
- M-12 Commence One VA System Integration
- M-13 Organize Compensation and Pension Regulations
- M-14 Establish Call Centers

Short-term Recommendations

Recommendation: S-1

ESTABLISH TIGER TEAM-TO ELIMINATE THE BACKLOG > 1 YEAR OLD

- Create a Tiger Team(s) from experienced staff charged by the Secretary to expedite resolution of any Compensation and Pension (C&P) case over 1-year old especially for older veterans, including remands and substantive appeals.

Recommendation S-2

DEFER EVRS AND IVMS FOR 1-YEAR

- Waive Eligibility Verification Report (EVR) processing and Income Verification Matching (IVM) for 1-year (effective FY 02) in order to facilitate the allocation of C&P labor hours to higher priority disability claims.

Recommendation: S-3

EXPEDITE FAVORABLE DECISIONS

- When the veteran is entitled, the Regional Office should make a partial grant as soon as possible in a multiple issue case. Other issues that are not resolved should be worked as information becomes available.
- Quality checks need to be instituted to assure compliance.

Recommendation: S-4

REDUCE TIME DELAYS IN GATHERING EVIDENCE

- Revise the operating procedures reflected in VBA manual (M21-1) provisions to provide that evidence requested from a claimant, private physician, or private hospital must be received within 30 days.

Recommendation: S-5

DEFER INTRODUCTION OF NEW INFORMATION TECHNOLOGY INITIATIVES

- Defer the deployment of new Information Technology (IT) initiatives, including the testing or prototyping at any Regional Office, until claims workload is under control.
- Immediately reevaluate recent IT initiatives to test their impact on productivity (e.g. RBA 2000, CAPS, etc.).

Recommendation S-6

EXTEND TIME FRAME FOR ROUTINE COMPENSATION REEXAMINATIONS

- All currently scheduled medical examinations should be extended for 5 years from date of the initial examination or to the maximum extent allowed by law. Establish a diary for all routine medical (compensation) examinations for 5 years from date of initial VA examination conducted.

Recommendation: S-7

REQUIRE BVA PROCESSING OF REMANDS

- Require that BVA handle the current workload of appeals, including development of appeals rather than issuing remands.
- VBA should return BVA remands for priority processing. Priority should be given to working the approximately 1,800 cases that were remanded prior to Fiscal Year 1998.
- Acceptance of new evidence should only occur at the BVA level. Cases should not be remanded because of new evidence submitted subsequent to the date the appeal was sent to BVA.
- An organizational realignment is required by VBA to support BVA's remand and decision process. VBA should place an appeal decision-processing unit within the BVA to support the appeals process and to reduce, if not eliminate remands.
- Establish a method of accountability for BVA in developing cases for decision (that is, to ensure that development is undertaken by BVA rather than returning the appeal to the Regional Office).
- Continue to track errors that result in remands for cause and report on the type and rate of errors to the originating office for quality and retraining purposes.
- Responsibility for processing Veterans Health Administration (VHA) appeals and remands in an expeditious manner must be transferred to VHA.

Recommendation: S-8

ESTABLISH SPECIALIZED CLAIMS PROCESSING TEAMS (TRIAGE/SPECIALIZATION)

- Establish claims processing teams within the defined claims processing functions of: Triage, Pre-Determination, Rating, Post-Determination, Appeals, and Public Contact.

- Establish Triage Units in Regional Offices to assign work to the appropriate function team or work the case in the triage unit if the issue can be quickly resolved (one-time actions).

Recommendation: S-9

DEVELOP SPECIALIZED REGIONAL OFFICES

- Designate specialized Regional Offices to work specific maintenance tasks in order to increase efficiency, quality, and timeliness of decisions.
- Short-Term: Establish specialized units to process non-rating actions subsequent to a carefully planning process.
- Implement consolidation of the maintenance portion of pension processing to free-up VBA C&P labor hours to support higher priority claims.
- Prototype the competitive sourcing of pension claims processing with a demonstration contract in FY 02.
- Mid-Term: Develop staffing standards, performance measures, quality control, and skill sets. Perform a study to determine the best location for specialized operations. Factors to be considered in the relocation should be ability to recruit a good workforce, proximity to veteran population centers (although not mandatory), availability of space, as well as quality and timeliness of work consistently produced.
- Mid-Term: Outreach offices need to be expanded and placed in close proximity to veteran population to increase service to veterans and their beneficiaries.
- Long-Term: Develop necessary Information Technology (IT) support; consolidate processing in Special Processing Service Centers.

Recommendation: S-10

ALLOCATE RESOURCES TO MOST EFFECTIVE REGIONAL OFFICES

- Preferentially allocate new staffing resources to high performance and high quality Regional Offices. Further, develop a budget allocation model reflecting this approach.

Recommendation S-11

EXPEDITE PUTTING DOCUMENTS UNDER CONTROL

- Decrease time delay necessary to place incoming claims under control.

Recommendation S-12

IMPROVE RECORD RECOVERY FROM RECORD CENTER

- Provide training to Regional Office claims development staff in records retrieval. The training should stress the need for identifying key veteran service information to aid the searcher, and the availability of certain service information in VA systems. The training must strongly emphasize the need to address all issues in the initial request to National Personnel Record Center (NPRC). (Cross-reference Task Force Recommendation: M-8 Centralize training).
- VA should consider a Memorandum of Agreement with the NPRC or parent organization to provide dedicated staff to search for (pull) and re-file VA requested service information (service medical and personnel records).
- Establish a protocol to define the point at which no further search activity can or should be performed for service information at the NPRC, and the requesting Regional Office should be notified that the information is not available.
- The Records Management Center's National Personnel Records Center Liaison Office should give priority to requests for information based upon the earliest date of claim.

Recommendation S-13

AUTHORIZE ADMINISTRATIVE SUPPORT

- Authorize VBA Regional Offices to hire administrative staff and contract for administrative services to support claims processing.
- Establish an office within VBA Central Office with authority and responsibility for policy, procedures, and resources associated with the range of administrative and record management activities supporting the claims process.

Recommendation S-14

IMPOSE CHANGE MANAGEMENT AND COMMUNICATION DISCIPLINE

- Implement a formal process to control change by overseeing the planning, initiation, organization, and deployment of any new VBA initiative.

RECOMMENDATION: S-15
REVISE SCORECARD MEASURES

- Expand scorecard measures to include discrete types of work products and other performance measures.
- Establish a measure that delineates the timeliness of processing steps, which are within VBA's direct control.
 - Timeliness measurement from date of claim to the date that all development actions have been taken should be clearly provided and articulated.
 - Timeliness measurement from date of receipt of all pending development items to claim authorization or denial letter (final action) should be clearly provided and articulated.
- Eliminate scorecard measures by Service Delivery Network (SDN) under current ineffective SDN organizational framework.

RECOMMENDATION: S-16
ESTABLISH AND ENFORCE ACCOUNTABILITY

- Hold Regional and Central Office officials accountable to individualized, measurable, and meaningful performance standards; rewarding appropriately for outstanding performance.
- Measure and evaluate accountability at the Regional Office and individual performance level.

Recommendation: S-17
CENTRALIZE FUNCTION OF WAIVING DEBT

- Centralize the debt waiver function at the Debt Management Center in St. Paul.

Recommendation S-18
ESTABLISH UNIFORM PROCEDURES FOR OFF SITE STORAGE OF CLAIMS FOLDERS

- Establish standard operating procedures for Regional Offices off-site storage of active folders.

Recommendation: S-19
CREDITING BROKERED WORK EQUITABLY

- Develop a system that fairly and completely apportions end product credit between Regional Offices that perform the brokered work.

Recommendation: S-20

EVALUATE ESTABLISHING NEW PRE-DISCHARGE CENTERS

- VBA must evaluate the advantage of opening additional Pre-Discharge Centers serviced by Regional Offices whose staffing resources are not adequate to support both the new Center and the present claims processing workload.

Medium-term Recommendations

Recommendation: M-1

UTILIZE VETERANS SERVICE ORGANIZATIONS (VSO) EFFECTIVELY

- Empower Certified Veteran Service Officers to:
 - accept evidence in support of a claim,
 - provide VBA with certified copies of necessary documents, and
 - assist in gathering testimonial evidence (statement in support of a claim).
- Accelerate the Training, Responsibility, and Involvement in Preparation of Claims (TRIP) Initiatives as a high priority.

Recommendation: M-2

MAINTAIN THE BENEFIT DELIVERY NETWORK

- Sustain and upgrade the Benefits Delivery Network (BDN) to assure:
 - uninterrupted processing and payment of compensation and pension, education, and vocational rehabilitation claims;
 - payments to veterans; and
 - functionality changes to the system are made to enable timely user, legislative, and cost of living adjustments.
- Immediately remedy the Hines ITC critical workforce shortfall through near term actions to retain critical retirement eligible staff, rehire retirees, and remove constraints on hiring and use of contract services. Develop and fund a succession plan for Hines and Philadelphia ITC leadership and technical staff.
- Operationally test and evaluate the current BDN disaster contingency plan and provide the resources necessary to achieve a viable contingency capability.

Recommendation: M-3

EVALUATE AND IMPROVE VHA MEDICAL EXAMINATIONS AND THE PROCESS

- The Compensation and Pension Examination Project (CPEP) office should:
 - monitor the ongoing quality, timeliness, and cost of VHA C&P medical examinations;
 - review, monitor, and provide training to Regional Office staff to improve the quality of C&P examination requests and assure that the flow of C&P examination requests proceeds in an orderly and cost-effective manner;
 - coordinate VHA C&P examiner training and continuing education; additionally develop methods for disseminating “best practices” to the field; and,
 - keep the *Clinician’s Guide* (formerly the Physicians Guide) and Examination Worksheets up-to-date and disseminate changes to the field in an expeditious manner.
 - assess the feasibility of establishing examination centers which co-locate VHA/VBA staff. RVSR ancillary duties may include: Paragraph 29 and 30 ratings, as well as assessing the need for scheduling routine future examinations.
 - VBA should evaluate the accuracy and the sufficiency of VHA medical compensation examinations for rating purposes. If after 1-year of implementation of the VHA-VBA Compensation Examination Project Office’s Improvement Plan, the accuracy and the sufficiency of the examinations have not improved then VBA should critically evaluate the CPEP progress with the possibility of further utilizing private vendor(s).

Recommendation: M-4

MAINTAIN OR INCREASE COMPETITIVE SOURCING OF MEDICAL EXAMINATIONS

- Maintain or increase the present level of competitive sourcing of medical examinations.
- Request that a General Service Administration Contract or Federal Supply Schedule be established for medical examination providers for selection by VBA on an as needed basis.
- Monitor continuously the quality and timeliness of the contract medical examinations.

Recommendation: M-5

RESTRUCTURE VBA MANAGEMENT

- Eliminate the Service Delivery Network (SDN) organizational structure and establish an appropriate number (at least four) of Offices of Field Operations with line authority to the Regional Offices.
- Establish an independent Performance Analysis and Evaluation office at the VBA Central Office level that reports directly to the Under Secretary for Benefits.
- Establish at each Regional Office a staff management analyst (without ancillary duties) to assist station management. These management analysts should be managed as a workforce group and work with the Central Office PA&E Office.

Recommendation: M-6

ESTABLISH ENTERPRISE ARCHITECTURE

- Establish an IT program, which includes standards for an enterprise processing system for all Regional Offices.
- Establish uniform core programs for C&P claims processing that define a core set of enterprise programs and mandate usage.
- Develop a national letter package, the use of which must be mandated as the only package to be used by the Regional Offices.
- Require the e-mail address of each Regional Office to be shown on all external correspondence.

Recommendation: M-7

DETERMINE THE VIABILITY OF VETSNET; USE OVERSIGHT BOARD TO REVIEW ALL MODERNIZATION INITIATIVES

- Determine the viability of VETSNET. Strategically move to develop functional requirements for a new system to support a redesigned and integrated VBA, BVA, and VHA claims process.
- Determine the core set of business applications that are required to be used by all and mandate implementation in all RO's.
- Stop new IT initiatives until there is a formal mechanism in place to evaluate the need for new and on-going initiatives as well as to develop and evaluate the realism of implementation plans and their impact on the field. This formal mechanism should take the form of an IT Oversight Board.

Recommendation: M-8
CENTRALIZE TRAINING

- VBA's Office of Employee Development and Training should develop and be held accountable for a fully integrated training plan and program. This should include creation of a fully integrated training infrastructure (staff, resources, priorities, and requirements determination processes).
- The Office of Employee Development and Training should:
 1. Develop a documented hiring strategy addressing measurably effective training prior to hiring new employees in FY 02.
 2. Develop immediately a process to certify instructors.
 3. Assess immediately the effectiveness of the recent VSR/RVSR training including the impact on employee's performance.
 4. Hire retired VBA employees to serve as instructors and mentors for employees.
 5. Establish skill requirements and competencies for each grade level of VSR and RVSR job series.
 6. Design Training for each grade level within the VSR and RVSR job series.
 7. Certify VSR and RVSR staff as proficient at each grade level in the job series.
 8. Establish a training plan for each employee consistent with the requirements of their job series.
 9. Develop a separate Training and Performance Support System (TPSS) module for PIES; especially the NPRC service records procedures.
 10. Fully utilize the capacities of the VBA Training Academy and the VBA Orlando Instructional System Development (ISD) Training Group.
 11. Provide broadcast training capabilities for the VBA Baltimore Academy and use the VBA satellite channel for VSR and RVSR training.
 12. Local RO training coordinators should be assigned as full time positions and be made responsible for local training plans and programs. The VBA field training coordinators should be managed as a workforce receiving guidance and direction from the VBA's Office of Employee Development and Training. While the local training coordinators should be accountable to the RO Director, the training coordinators should be fully integrated into the ISD development and implementation process.

13. The VBA Orlando ISD Training Group should conduct for management an assessment to determine the resources and structure for integrating training throughout VBA including the ISD Training Group.

Recommendation: M-9

USE PROTOTYPE SITES FOR COMPETITIVE SOURCING FOR PRE-DETERMINATION FUNCTION

- Establish prototype site(s) for contracting out the pre-determination claims development function.

Recommendation: M-10

REDEFINE CLAIMS PROCESSING ERRORS

- Redefine substantive claims processing errors as those that effect entitlement, amount of benefit awarded and effective date of award.
- Correct substantive errors and take steps to prevent future mistakes.

Recommendation M-11

CONSOLIDATE INCOME MATCHING PROCESS AT ONE LOCATION

- Consolidate the function of Validating Reported Income for the Veterans Health Administration and the Veterans Benefits Administration at one location.
- Short-Term: Establish a joint VHA and VBA Project Team to determine operational needs, review notification letters and procedures.
- Mid-Term: Conduct joint match with IRS and SSA records.

Recommendation: M-12

COMMENCE ONE VA SYSTEM INTEGRATION

- Utilize a System Integrator to develop an IT solution for VBA's benefit delivery system.
- Utilizing the Department's Enterprise Architecture process, integrate VBA's IT system with VHA, National Cemetery Administration (NCA), and department systems.
- Long-Term - Sponsor a commission/Task Force with representation from relevant federal agencies to identify an enterprise solution and integration plan for records for all veterans.

Recommendation: M-13
ORGANIZE C&P REGULATIONS

- First, rewrite and reorganize the C&P Regulations in a logical coherent manner, incorporating regulatory materials now found in manuals as well as binding court precedents.
- Second, rewrite operations manuals as soon as regulatory basis for the claims process is established.
- Establish a viable user-friendly search engine to aid in the researching of regulations and procedural requirements.

Recommendation: M-14
ESTABLISH CALL CENTERS

- Establish several General Inquiry Call Centers nationwide to handle the routine and more general case status questions.