FOCUSING ON PEOPLE: A REVIEW OF VA'S PLANS FOR EMPLOYEE TRAINING, ACCOUNTABILITY, AND WORKLOAD MANAGEMENT TO IMPROVE DISABILITY CLAIMS PROCESSING

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FOCUSING ON PEOPLE: A REVIEW OF VA'S PLANS FOR EMPLOYEE TRAINING, ACCOUNTABILITY, AND WORKLOAD MANAGEMENT TO IMPROVE DISABILITY CLAIMS PROCESSING

Wednesday, March 20, 2013

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The Committee met, pursuant to notice, at 10:00 a.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [Chairman of the Committee] presiding.

Present: Representatives Miller, Bilirakis, Runyan, Huelskamp, Coffman, Cook, Walorski, Michaud, Takano, Brownley, Titus, Kirkpatrick, Negrete McLeod, O'Rourke, Walz.

Also Present: Representative McCarthy.

OPENING STATEMENT OF CHAIRMAN MILLER

The CHAIRMAN. The Committee will come to order.

Good morning, everybody. Thank you for being here this morning to talk about a topic that is not new to this Committee, namely needed improvements to the disability claims processing system.

As of this week, VA had nearly 900,000 pending claims, with over 70 percent of those claims pending for longer than VA's targeted processing time of 125 days.

Recently, VA has rolled out its transformation plan as a means of addressing this growing backlog of claims. Pursuant to a quick search of Merriam Webster's Dictionary, "transformation" means the act of changing in composition or structure. Similarly, "plan" is defined as a detailed formulation of a program or action.

What we have seen from VA so far does not amount to a significant change in the culture of the organization, nor has VA provided a very detailed formulation of the plans that they have for moving forward, although it is my hope that VA is truly committed to changing the culture of the department.

Most of what we have seen so far consists of repackaging old initiatives with new PowerPoint presentations and impressive buzz words. Speaking of buzz words, VA has repeatedly stated that it plans on accomplishing its transformation plan by focusing on people, process, and technology.

Our purpose this morning is to focus on the first of these three elements, which may be the most important element, and that is people. Although much emphasis is placed on the process and technology, I do believe that we should focus more on the people that are doing the work.

There are thousands of men and women who, on a daily basis, work throughout the Department of Veterans Affairs doing a great job and those jobs should not go unacknowledged. Nonetheless, the more people VA hires to process claims, it appears the worse the department's productivity is.

[Chart]

The CHAIRMAN. Indeed, as the first chart that we will put on the screen this morning shows, in 1997, the average VA field employee processed 135 claims per year whereas in 2011, that number had dropped to 73 claims per year.

[Chart]

The CHAIRMAN. Further, as the second chart shows, VA has nearly three times as many field employees to do the work now than it did 15 years ago.

Now, one would think that working fewer cases per employee would result in higher accuracy rates, but accuracy is stagnant, and as the budget has grown exponentially, unfortunately, so, too, have the processing delays.

As I have stated many times before, there are many people including myself who are losing patience as we continue to hear the same excuses from VA about increased workload and increased complexity of claims.

Let me just give you one example from VA's own budget books, and I quote, "The effect of the military draw-down on VA's claims process is marked not only by a large volume of claims being received, but also by increasing complexity of those claims."

"As a result of the pre-discharge counseling being given to service personnel, veterans have been claiming more conditions on their initial applications. Instead of the traditional two to three disabilities per claim, regional offices are dealing with 10 to 15 issues per claim."

I could go on, but I just ask, does this sound familiar? It should because what I just read to you came out of VA's February 1994 budget submission.

Now, VA has and will encounter complications along the way. However, VA's demonstrated history shows its inability, or refusal, to forecast problems and anticipate its needs. And the only people paying a price for this failure of VA are the veterans. The time for excuses is over.

So, Under Secretary Hickey, we are here today to have an honest discussion about the people who make up VBA, from file clerks to RO directors to VA central office managers, and on how you intend to transform this workforce through better accountability and workload management practices.

I recently had the opportunity to travel to the Baltimore Regional Office. I was able to observe new employees' challenge training. I also learned more about the Station Enhancement Training that the Baltimore RO will soon undergo.

Although proper training is important, I would like to reiterate that that is not enough. VA also needs to remain focused on accountability and better workload management practices.

For example, one of the words we hear most when VA is called before us is "Nehmer." Nehmer, a class action lawsuit that requires

VA to prioritize certain Agent Orange presumptions, did add significantly to VA's workload.

However, during the 111th Congress, Secretary Shinseki testified before this Committee that VA would easily be able to fast-track those claims. I quote, "By 2013, we will be back to where we are today at about 161 days to process a claim."

Under Secretary Hickey, as you know, we are not there today. On the contrary, we are at 280 days for an initial rating decision.

Without better workload or surge capacity planning, I am fear that VA is simply one national mission away from complete collapse and utter failure. This is simply unacceptable.

So, again, we are here today to explore how the people who make up VA can prevent this scenario from happening.

I want to thank Under Secretary Hickey for being here today, as well as those who submitted statements for the record.

I now yield to our Ranking Member, Mr. Michaud, for his opening statement.

[THE PREPARED STATEMENT OF CHAIRMAN MILLER APPEARS IN THE APPENDIX]

OPENING STATEMENT OF HON. MICHAEL MICHAUD

Mr. MICHAUD. Thank you very much, Mr. Chairman, for holding this hearing today.

And I would like to take a brief moment to recognize that it has been a decade since we started Operation Iraqi Freedom. The wars in Iraq and Afghanistan have claimed 6,669 American lives with over 50,000 wounded in action and countless others suffering mental injuries as a result.

I want to thank all the veterans' advocates on this Committee and in the audience who have worked hard to assist these fine men and women who served our great Nation.

Since March of 2003, there has been much that we should be proud of: the Post-9/11 GI Bill that ensured that these veterans have the opportunity of an excellent college education, record increase in budgets for the VA programs, and services that have led to better care and access for our Nation's veterans in rural areas.

But there is still much more to be done. Despite the positive outcomes, we have a lot of challenges facing our veterans and their families.

While the VA continues to process more claims than at any other time in its history, demand continues to outpace production. Today, as you heard, VA's total inventory is approaching 900,000 claims with more than two-thirds of the claims considered to be part of the backlog.

However, despite the growing backlog, I am encouraged by some of the recent developments and by the shift in attitude of some of VA's efforts to solve the backlog problem.

Nonetheless, while I appreciate the Secretary's goal of having no veteran wait for longer than 125 days with an accuracy rate of 98 percent by 2015, I question whether this very, very aggressive, ambitious goal is achievable.

It would require the VA to complete approximately 3.4 million claims in two and a half years. To accomplish this goal, the VA

must start averaging the completion of approximately 1.36 million claims a year. That is a 33 percent increase in productivity.

These are loose numbers and I hope the VA does have better ones. But in my mind, the math does not add up and I am not sure how we are going to get there by 2015.

I also question whether the VA is being up front with Congress about its challenges. In particular, does VBA have enough employees to get the job done? I am not convinced that it does. And is VBA getting all of the information that you need from the Department of Defense in a timely fashion? I do not believe that is the case either.

VA's ability to process claims in a paperless electronic environment can only be as good as the information that goes into the system. If you do not have the resources required and you are not receiving information from DoD or other agencies, we need to know about that.

Further, I am concerned that VBA is simply trying to automate a claims process that at the end of the day does not work. I hope to hear from you—ideas as to how the workload management will change in the electronic setting.

Can VA visualize an electronic system in which veterans' claims come not in as claims but is broken down in various medical conditions?

You know, for the purpose of discussion, let's suppose that 13 medical conditions is in a claim. These 13 medical conditions are not sent through the segmented lanes of veterans' local regional office. They are sent to 13 regional offices throughout the country electronically simultaneously being adjudicated at the same time.

As you know, different ROs specialize in different medical conditions. And when you look at the different codes out there, the numerous amount of codes out there, it is very hard, for an employee to know how to move those claims forward rapidly.

I think challenged ROs should get the easy medical conditions while the ROs that do a great job might want to handle the more complex conditions. And, more importantly, veterans get paid as each medical condition is completed.

I challenge the VA to think outside the box. It is an old adage that a benefit delayed is a benefit denied. Far too many veterans are waiting far too many days to receive the benefits that they have earned.

We are all working towards the same end goal, timeliness, accuracy of disposing of these claims. If we are here to be successful, we must work together to achieve a claims system that lives up to the service and the sacrifices of our veterans and soldiers as they defended this great Nation of ours.

So I would encourage you, Madam Under Secretary, as we move forward with the VBMS system to think outside the box. It does not necessarily have to be the way it has always been in the past to approve these particular claims.

With that, Mr. Chairman, I yield back.

[THE PREPARED STATEMENT OF HON. MICHAUD APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Michaud.

I want to welcome the panel that is with us this morning. It is the only panel at the witness table this morning, General Allison Hickey, the Under Secretary for Benefits with the U.S. Department of Veterans Affairs.

We certainly appreciate your service. Thank you for being here this morning. You are now recognized for five minutes. Please proceed.

STATEMENT OF ALLISON HICKEY, UNDER SECRETARY FOR BENEFITS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS, ACCOMPANIED BY DIANA RUBENS, DEPUTY UNDER SECRETARY FOR FIELD OPERATIONS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

General HICKEY. Thank you.

Good morning, Chairman Miller, Ranking Member Michaud, Members of the Committee. Thank you for the opportunity to discuss VBA's transformation efforts and the employees that are critical to its success.

I am accompanied today by the Deputy Under Secretary for Field Operations, Diana Rubens.

As a direct result of the support provided by this Committee, VBA employees are completing more compensation claims than ever before in the history of VA, over three million in the past three fiscal years and three times the amount completed in 2000, while increasing the quality even in the last year by nearly four percentage points as well.

Yet, despite these efforts, too many veterans still have to wait too long to get the compensation and benefits they have earned and that is unacceptable.

My testimony today will focus on how execution of our transformation plan will allow VBA to eliminate the backlog in 2015 by leveraging our greatest assets, our employees.

I would first like to discuss the inventory of claims and the factors impacting our employees' timeliness. The current inventory represents claims from veterans of all eras. The largest percentage of our claims comes from our Vietnam era veterans who make up 37 percent of the inventory and the backlog.

1990 Gulf War era veterans make up 23 percent while veterans of Iraq and Afghanistan conflicts make up only 20 percent. Our World War II and Korea era veterans make up less than 10 percent.

Thirty-nine percent of the inventory are original claims, those submitted by veterans claiming a disability for the very first time from VA. Sixty-one percent are supplemental claims from veterans who are seeking additional benefits. In all, about half of the veterans in the total inventory and backlog are already receiving some level of compensation from VA.

What is clear, is the demand for this benefit is at an all time high. In the past four years, we have added more than 940,000 veterans to the VA compensation rolls which is more than the size of the active duty army and navy combined.

Coupled with this increase are two factors that have had a significant impact on the growth of the inventory and backlog. In

2009, Secretary Shinseki made the decision to add three presumptive conditions for Vietnam veterans who were exposed to Agent Orange. In response, VBA dedicated 37 percent of our staff to do these claims, over a quarter million of them, providing $4.5 billion in retroactive benefits to 164,000 Vietnam veterans and their survivors.

While this decision was absolutely the right thing to do, it did have an impact on our ability to keep up with new claims coming in the door and on the aging of claims we already had.

The second factor is the increase in the complexity of the claims themselves. There has been a 200 percent increase over the last ten years in original claims containing eight or more medical issues.

From 2009 to 2012, the number of medical issues inside the claims increased, and we completed 2.7 million to over four million last year. This 50 percent growth in medical issues is a truer measure of the time it takes to complete a claim and it is having a significant impact on our production and the growth in inventory.

Given the growing demand and the complexity of claims, it is clear that continuing a legacy approach to meet the needs of veterans will not work.

I am happy to report today that we achieved momentum with the transformation plan and that plan will improve how veterans' benefits are delivered for generations to come. And 2013, right now is the year of full deployment and change.

Our transformation represents the largest single reinvention of this organization that we have ever seen and our focus is on managing this change while sustaining production and improving quality.

VBA employees are key to that success. Fifty-two percent of them are veterans themselves. The productivity of this workforce and the accuracy of decisions are now being increased through new national training programs and standards.

New employees attended challenge training, decide 150 percent more claims per day with a 30 percent increase in accuracy.

Through process improvement design teams, VBA has launched initiatives like segmented lanes, disability benefits questionnaires, and fully developed claims. And they are showing positive results with increased implementation.

The veterans benefit management system is our Web-based electronic claims processing solution. We have deployed the first generation of VBMS in January 2013 and have 25 stations on it today.

With the integration of VBMS and the online portal e-benefits, we have achieved an end-to-end digital filing capability. Veterans can now file a claim online using a Turbo Tax like model, upload their own evidence, and all within a digital environment.

Mr. Chairman, our transformation plan, we are on track to achieve our goals for delivering that improved benefits delivery for veterans.

And this concludes my statement. I would be pleased to answer your questions.

[THE PREPARED STATEMENT OF ALLISON HICKEY APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much.

A couple of questions.

Because we only have one panel with us today, there will be an opportunity for a second round of questioning. So I will hold myself to five minutes, if you will put me on a clock.

The first question, to date, three ROs have been closed for SET. I am interested in finding out what sort of training is provided to the poorly performing ROs' management team.

You noted in career trajectory testimony that developing employees into positions of greater responsibility helps to ensure employees understand the various roles in the claims process and that institutional knowledge is preserved and enhanced.

Yet, we have been told that some management currently does not even know the basic fundamentals that go into processing a claim, but they are in charge of the office.

So what I would like to hear from you, and the Committee, I am sure, would appreciate, is what training are these managers and directors receiving when the current option of last resort, SET is deployed to that office?

General HICKEY. Thank you, Chairman, for your question. I will start and then I will defer to my colleague, Ms. Diana Rubens, for any further clarification.

Our Station Enhancement Training was actually a new effort that we started this year. It was, frankly, built upon the improvements we saw associated with our individual employee challenge training on the courses that we put out there.

And we saw such good improvements in personnel's ability to both rate claims at a higher speed, and at a higher quality level as well that we said why don't we take this in an entire station model into a regional office where not only do we retrain from top to bottom, those people physically touching the claim, but we also at the same time stand down for a period of time the leadership and review and go through how to do good work flow management, how to use all the new tools that are available for you to do that.

We go all the way up the line into the leadership environment to retrain, essentially reset, provide new information as necessary to get that regional office in good stead.

I will tell you having done it at Oakland, we saw a 27 percent increase in production and an eight percent increase in quality. And LA is on track showing some similar early benefits.

Ms. RUBENS. Secretary Hickey, thank you.

I would tell you I think that you have largely covered it. The key, if I understand the Chairman's concerns in particular around workload management, the entire team has focused on supervisors, managers, leaders of the regional office to ensure they understand how we make sure that work is getting accomplished efficiently and effectively with the resources on station.

The CHAIRMAN. So that is how you train managers and directors when an RO has been closed?

General HICKEY. So, Chairman, thanks for the opportunity to even add more.

One of the things that we have done in Oakland that we continue to do when we are involved in a set-like training where we are trying to help improve and boost both productivity and quality

in a regional office is we bring in the area directors which we have done in Oakland.

The area director for Oakland actually repositioned himself for the entire time that Oakland was going through this effort to provide increased oversight, increased coaching, mentoring of the leaders in that organization.

We have done the same thing in Baltimore. The area director for the eastern area has also positioned herself in a way in which she is providing increased oversight, very deliberate oversight for those stations.

The other thing I will tell you that I have done recently, and we started this process January of this year, I have now stood up a new VBA stat process where every single regional office has responsibility to come and sit at a table with me for an entire day digging into their data and to their performance challenges and to their successes.

I have ten regional offices at the same time with me. We go deep down dive into their data. Where they have challenges, we ask them to please produce an action plan and we assist them with doing that.

They also are sitting at the table with other regional offices about their size and complement and their mission kind of capabilities where we get to share best practices, you know, why does this particular regional office do very well, what are you doing in that environment that we could use over here.

The third thing we have done both in Oakland, LA, and now in Baltimore is we have sent in some folks who do this very well in the organization. By example, we have taken one of our best service center managers and put them in Baltimore to really dig in and help coach a service center manager at that level as well so they can gain from that person's experience in another location.

And then if there is any other things Ms. Rubens would like to add, I will——

The CHAIRMAN. I appreciate it. I have six seconds left and I am going to yield to Mr. Michaud.

But as I prepare to yield, I want you to think very carefully. Have any of your regional officers been a failure?

And I now yield to Mr. Michaud.

Mr. MICHAUD. Thank you very much, Mr. Chairman.

General Hickey, I know one of the issues of concerns that was actually brought up by our Senate colleagues is that information regarding the transformation initiatives and the performance of VA's regional office is not being shared.

Is there any information that you use to determine the effectiveness of the various transformation initiatives that you have not shared with this Committee?

General HICKEY. So thank you, Congressman Michaud, for your question.

I also thank you for spending an entire day with me up in Togus after your selection for this Ranking Member position so that we could walk you through each and every one of them and then also show you how a segmented lane looks in practice and show you the benefits of fully developed claims, those kinds of issues. So I appreciate that.

Let me just say I do measure, you know, the productivity the same way I measure productivity every single day, the same way we present to you in our Monday morning workload reports, the same way we produce and give not just you, not just veterans, but every American in any State that wants to look and see how VA is doing through our completely transparent Web site called ASPIRE.

The other thing we do is we present all of that data through our performance reporting in the *performance.gov* environment as well.

There is nothing I have that is not shared, but if you believe that you would like me to specifically go and dig something out, I will.

As we gain in the production, you will start seeing the numbers that I see on a regular basis have some impact. You will start seeing overall production as it does today, frankly. Today we have 7,500 more claims this year than we did last year at this time. Today we have 10,000 claims less waiting in inventory, a small number albeit, but I have also seen a three percent increase in our overall production across the board.

Is that big? No. But I would remind you we are making a major reinvention of this organization change right now and our employees are changing while they are producing and producing at higher quality levels than ever before.

Mr. MICHAUD. Thank you.

Can you provide us with the information that you are looking at in regards to your performance metrics? I do not expect it today, but if you can provide it for the record.

General HICKEY. I will absolutely do that, Congressman. Thank you for the request. I will take that.

Mr. MICHAUD. And you had mentioned the ASPIRE program, but it is my understanding that has not been updated since January; is that correct?

General HICKEY. Congressman Michaud, there is a lag in data that somebody has to pull it all together and acquire it and then load it into the system. There is about a one month lag while we make sure all the numbers are accurate at that point in time. But it is about a one month lag.

Mr. MICHAUD. Yes.

General HICKEY. We usually are updating it by the 10th of the following month which is when we have a majority of the data all culled together.

Mr. MICHAUD. In your testimony, you talked about the employees. The dedication of your employees' mission is evidenced by the very low turnover rate, only seven percent annually.

I assume that is a national average; is that correct?

General HICKEY. That is, Congressman.

Mr. MICHAUD. If you look at some of the poor performing sites, the Los Angeles site, the New York site, which are poor compared to the St. Paul site or the Togus site, which are pretty good, do you have that broken down as far as the turnover rates in these particular areas and, if not, could you provide that for the Committee?

General HICKEY. Congressman Michaud, I do not have the broken down ones by regional offices, but I can certainly provide that to the Committee.

What I would like to say, though, is this up front. I have 20,000 employees in VBA that are so dedicated to this mission. I mentioned that 52 percent of them are veterans themselves. What I did not tell you in the opening statement is about 98 percent of them are a direct family member of a veteran.

These people come to work every single day because they are committed to this noble mission of taking care of the men and women who have served in uniform. So I know they are working hard. I have been out to 36 regional offices and everywhere I go, they tell me how hard they are working. They show me how much they are committed.

I walk around the regional office. I see the pictures of all of the people that they show up every single day to honor and do their work for. They have been in mandatory overtime not complaining but doing it because it is necessary in order to meet this growing demand of ten years at war, of relaxing PTSD, of opening nine conditions for Gulf War veterans, of doing the Agent Orange, of increasing our outreach and access extensively.

Sixty-three hundred more events we do a year now than we did in 2008. And, by the way, in the last year, we went from 239,000 veterans we touched and talked to, to 609,000 and we are doing a good job of that, but with it comes additional claims.

Mr. MICHAUD. Yes. Thank you very much.

The CHAIRMAN. Thank you, Mr. Michaud.

Out of the 20,000 employees you have, how many were fired last year for not doing their job?

General HICKEY. Chairman Miller, I do not have that number explicitly. I mean, I do not even know. I probably could go find it and get it for you. And I am happy to do that if you would like.

The CHAIRMAN. I wish you would. Thank you very much.

General HICKEY. Okay.

The CHAIRMAN. Ms. Walorski.

Mrs. WALORSKI. Thank you, Mr. Chairman.

And thank you for your testimony this morning, Under Secretary, for being here.

As we have listened to this story unfold, and I am a freshman, so I have this story unfold for only the last couple of months, but the story is about this brave warrior sitting here in this wheelchair. That is the story. That is why we are meeting today.

And, you know, in my little district in Indiana, I have 52,000 veterans just in my district let alone the extended families because it is such a family issue.

And my question is on this issue of accountability. What if you do not reach these goals by 2015? It just seems to be a continuing story.

And, you know, I am shocked at the Chairman reading that this was a 1994 story in his opening statement. This has been going on and on. And I know we hear the issue that this is about Agent Orange and this is about, you know, the Vietnam vets and, yet, we have a disengagement coming.

We have a draw-down coming which is going to be a significant influx of new veterans. We are opening this to women now in combat in the next couple of years and cannot even address women's issues now, let alone the influx of women.

What happens if you do not meet these goals of 2015? We just continue to roll along? And where is the accountability line drawn because the story and the face of our issue is right there?

General HICKEY. Thank you, Congresswoman Walorski, and appreciate your taking this position on this Committee. It is a very vital Committee to ensure we care for our veterans across the Nation.

And I am particularly aware of the issues that you are dealing with in Indiana. We worked very closely in Indiana with your adjutant general who has been an enormous help for helping us find service treatment records, find personnel records, all of which are some of the most difficult things for us to do to do a timely claim.

And so I want to just acknowledge his contribution and his relationship with our Indianapolis regional office leadership as well.

I also know that you have had a very large redeployment over the last year and a half of Indiana National Guardsmen who have been fighting our Nation's war, forward in the fight, as has the entire national guard across the Nation.

When that happens and we have a sudden surge in the system, we do have and there are implications of that. We try to work it really hard.

And I will tell you Indiana's numbers are going in the right direction now because we are getting a hold of that. So I am excited about that.

We are positioned with this transformation plan built by not just VBA, but I will tell you many of the great ideas come from employees out there who have been looking and doing this work for a long time saying this does not make any sense, let's change it, let's do something better.

And so many of the initiatives like simplified notification letter, like disability benefit questionnaires are in there because employees recommended it. Many are in there because our veteran service organization who I invited to help build the plan, they are inside the planning horizon, many of them suggested ideas that are included in here like further growing the fully developed claim process where we have today 54,000 of those claims we have done in 108 days because we had the help of the VSOs who 60 percent of them represent our veterans coming in the door.

At that point of contact when they are filling out that claim with that veteran, they can say, okay, you are claiming this thing, do you have a piece of medical evidence for that, give me your DD–214, I can connect the dots. I can now give VA your full and complete capabilities so when it comes in the door, I am not doing that long hunt it takes us to find all that medical evidence.

The plan we have has been measured in a pilot format inside a live regional office with two requirements right up front. It had to have a VSO in it and it had to have one of our labor partners in it right up front because I wanted to know any implications anybody saw to failure in that.

And I believe that I have the support of the VSOs on the plan.

Mrs. WALORSKI. And with all due respect, I am sorry, just because of the time, I just wanted to add, just ask another question in follow-up here though.

But the accountability of this by 2015, if this does not happen, what is the contingency plan because historically if you just look at the data, it has not happened? So what is the backup plan if this VBA does not come through like it is promised to come through?

General HICKEY. So thank you, Congresswoman, for the follow-up question.

I will tell you historically we have never had a paperless IT system before. We have never been in a segmented lane process where we have an express lane where if you are veteran with one or two medical issues, it is kind of like going to the grocery store on Sunday. You just want a carton of eggs, you do not want to get behind me who shops once a month and I have two cartload fulls.

So we have a lane now where 32 percent of our claims can go through in a much faster process. I have measured that. You can take 100 days off those claims. We have seen it since October for the regional offices who were in that.

I will tell you today this month, all our regional offices will be in that new segmented lane model nine months ahead of schedule. Why? Because I saw an increase of about ten percent rater production because we were in those different lane models.

And, by the way, from a people perspective, I can now target—this gets to Congressman Michaud's idea—I can now target really complex claims to people who have lots of deep experience in those claims in that special operations lane we have.

Mrs. WALORSKI. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Ms. Kirkpatrick.

Mrs. KIRKPATRICK. Thank you, Mr. Chairman and Ranking Member Michaud.

General Hickey, I represent a large rural district in Arizona with many veterans and they have to travel hundreds of miles sometimes and bear the expense of an overnight stay out of pocket. And I have a caseworker who is devoted specifically to taking care of veterans' needs.

Since I took office in January, we have taken in 17 cases of veterans facing backlog. The majority of the backlog is over two years. We have even heard reports of veterans who passed away while waiting for their claims to be processed.

We are hearing from men and women who are stuck in the system. They are struggling. We know their names and we know their stories.

Ending the VA backlog is not just about boosting statistics. It is about bettering lives. It is about fighting for those who have sacrificed for all of us.

My question is, have you specifically looked at the obstacles that rural veterans face in the claims process? Are you addressing that and, if so, how?

General HICKEY. So thank you very much, Congresswoman Kirkpatrick, and I appreciate your sensitivity to our rural veterans.

Let me tell you in this transformation, it includes a way in which you never have to show up to an RO again to get help from us and the way it does, frankly—and it exists today. This is not

PowerPoint. It exists today. In fact, I have had 2,000 claims without even advertising it exists today.

And that is, if we have a veteran who is on e-benefits, that is our new DoD/VA shared portal, they can today go online, like you all do your taxes online with Turbo Tax, today they can go online. They can file a claim. It does not make them type it in a form even anymore. It is a question/answer kind of thing where they get all the information online.

They can now today upload their own medical evidence. Do not even have to ship off the paper to us anymore. Save that medical evidence. That medical evidence and that claim—by the way, never before have you had the ability to save date of claim which translates into money for veterans instantly. We do now.

That goes directly into our new paperless IT system rather than that veteran who has to—and I appreciate this. I commute long times, but not nearly the distances they have to. But they do not have to get in a car to deliver it. They do not have to get in a car to go to a public contact center to find out what the status of it is.

It comes right back to e-benefits and tells them on that e-benefits site what is the status of their claim, what stage is it in, what do we need still from them that we do not have in the evidence that they have provided.

Not only have we created that, in existence today we have also created the stakeholder enterprise portal because I am going nowhere, nowhere in this transformation without the support and help of our veteran service organizations. We have to have them in this process.

So we have built a stakeholder enterprise portal that mirrors e-benefits, that allows our VSOs to file those claims on behalf of people they hold a power of attorney for and then they can upload the evidence. And I never get the paper in the door. So all of that exists today.

The other thing I will tell you that will help our rural veterans, and I know you were describing, I think, more of a situation with their health, where they go for a health appointment, is the new telehealth efforts. And that is not my area, but I am certainly more than willing to get you more information on the growing telehealth efforts that my counterparts in the Health Administration are doing as well.

So we are trying to get online. We have clearly heard from our veterans. Seventy-three percent of them tell us that they want us to meet them online. So we are doing that and we provided a provision for doing that.

I will tell you my data says they have moved there. In fact, I had 10.7 million contacts in 2010 and that was 98 percent by phone. Today in 2012, I have 31.9 million contacts, 32 percent by phone, 68 percent by e-benefits. So they are coming up online.

Mrs. KIRKPATRICK. Thank you, General.

My time is almost out, but I want to ask one other question. Yesterday I spent time with Iraq and Afghanistan veterans who are calling for a commission devoted specifically to figuring out how we get rid of this backlog.

What are your thoughts about such a commission?

General HICKEY. Thank you, Congresswoman.

I will tell you that I have a lot of oversight and very effective oversight today. I have this oversight of this Committee which I really appreciate. I have the oversight of the Senate Veterans' Affairs Committee and I have many Subcommittees that provide us oversight on a daily basis.

I have the oversight of the inspector general on a real regular basis and the oversight of GAO on a real regular basis. I believe that we have a lot of great people already looking into how we are doing this and providing us great ideas and also providing us challenges. And I think that the oversight that has been presented is comprehensive and I look forward to continuing working with the existing oversight.

Mrs. KIRKPATRICK. Thank you, General.

And I yield back my time.

The CHAIRMAN. Thank you very much, Ms. Kirkpatrick. And I also appreciate you bringing up the IAVA call for a commission from the President to look at this backlog. I support their efforts on that as well.

I would like to ask unanimous consent from this Committee to allow the majority whip, Mr. McCarthy, to ask questions out of order. Are there any objections?

Without any, Mr. McCarthy, you are recognized for five minutes.

Mr. MCCARTHY. Well, I want to thank the Chairman and thank this Committee for letting me be a part.

Under Secretary, I have a few questions, if I may. First, let me preface with my concerns. I do not sit on this Committee, but I am here because I have a great concern. I may be the majority whip, but this is not a partisan issue.

And all the data that I have seen, I am frustrated that it took frustration of Congress to have an audit to find out this answer. I am frustrated with the direction of where we are going, so let's walk through the GAO report.

And if we could be specific about some of the things that we have asked to do here. I know the GAO recommended the VA develop a robust plan for all of its new initiatives including performance goals to keep individuals accountable from the top down.

Do you first agree with the findings and the recommendations?

General HICKEY. So thank you, Congressman McCarthy.

I will tell you that I had some disagreements with the GAO report and I lodged those, but I am happy to answer your questions if you would like.

Mr. MCCARTHY. Okay. So you disagree with the findings?

General HICKEY. I did disagree with some of the findings in the GAO report.

Mr. MCCARTHY. Okay. What specific steps on the timeframe of the VA going to take to correct the problems that the GAO found?

General HICKEY. So, Congressman McCarthy, let me just tell you what we have already done in terms of and where we already were in terms of some of the things that they might have found. And so that was partly my reaction to the GAO report. Things we already were doing were actually then further documented in the report.

For example, we do have new performance standards that we have negotiated with our labor partners. We will continue to upgrade those performance standards as we move forward.

Mr. MCCARTHY. So you find it acceptable the number of days in the process?

General HICKEY. Congressman, no, I do not. None of us at VA find it acceptable that there are too many days and it takes too long to get a veteran the answer to their claim. But we are well on our way on a path with a good solid plan vetted by many people.

Mr. MCCARTHY. So this new plan of yours, when will it be able to be finished?

General HICKEY. Congressman McCarthy, we had provided that plan to the Congress here in January. It is full and complete, very detailed, specific milestones and the like. I did not wait to execute on that plan. I was already executing on the plan to make sure we did not have any daylight between when we—you know, all the time that we had to try and fix this problem.

I will tell you right now today we are working on our very oldest claims. As soon as we finished the Agent Orange, Nehmer caseload, we took the people who had been doing it, 37 percent of my workforce, we took and pointed them back to the claims that had been waiting, our very oldest claims, over two-year-old claims, that are right now today, and you will see it—you know, you are probably wondering why my numbers are going up—is because my regional offices were given direction to go do those oldest claims.

I could have made my numbers look better. I did not choose to do that. It was not the right and integritous thing to do by our veterans who had been waiting. I could have made that number look better by simply saying to our regional offices only do new claims and then only those days would have hit that average.

That is not the way we are with our veterans. So we are doing old claims, two-year claims right now which is inflating that number that you see in that average days to complete.

The other thing I will tell you is the other thing we did was we repointed capability——

Mr. MCCARTHY. I know I only have five minutes and I understand here, but I want to get to the crux of the problem.

Is your productivity in the time you have been there, has it risen or lowered?

General HICKEY. So, Congressman, our productivity has gone to the ability to rate a million claims, a million claims, record level, historical level for VBA in all of its history, a million claims——

Mr. MCCARTHY. So let me just go to the core. If I go to completed claims per field employee, has it increased or decreased in the timeframe of your leadership?

General HICKEY. Congressman, we have done 74 percent more claims increased over 2000——

Mr. MCCARTHY. Do we have the graph here? Maybe you can clarify. The data that I have in 1997, we were doing 136 claims per field employee. Today that number is 73.

Is that data wrong or do you disagree with that data?

General HICKEY. I disagree with that data, Congressman, and I will tell you why.

Mr. MCCARTHY. Okay.

General HICKEY. In 1997, I was potentially doing more claims per FTE, but I was also at 59 percent quality, not something anyone on this Committee wants me to ever go back to again, not

something our VSOs want me to ever go back to again. And last year, even doing a million claims, we actually increased our quality by almost four percentage points.

Mr. MCCARTHY. Then why in the LA regional office, why did you have to do a station enhancement training where you shut down the entire facility to retrain the staff this January?

General HICKEY. Congressman McCarthy, one of the things that we learned in setting up what is now called challenge training for us, which is part of this transformation plan, we did not have very good national level curriculum tested kinds of training that we were executing prior to my arriving here. We do now. And so we are providing that benefit to stations.

Mr. MCCARTHY. So is the station enhancement training, was that not taken up because the claim process was so bad in filling it out? I mean, why would you shut down the entire office for an entire day if the process was not going correctly?

General HICKEY. Congressman, we wanted to make sure we gave every advantage of every training and skill growth opportunity to every employee in LA because I know they want to be very, very good at helping the veterans that they serve, the families and survivors as well.

And we did not want to just say keep doing what you are doing. Maybe they had learned something wrong and we wanted to correct that if there was an opportunity to do so.

Mr. MCCARTHY. So what is it? What was the decision that made you shut it down for the entire day? Where did you see the problem? Was the claims not being done correctly?

General HICKEY. Where we started station enhancement training was in Oakland to begin with. And Oakland, after going through its station enhancement training, saw a production increase of 27 percent and a quality increase of eight percent. That is why I said let's go to the next station that is most challenged.

And why we went to LA to do the same thing, we learned there was goodness in doing that kind of training and retraining the force, many of which who have not had the benefit of the new challenge training.

Mr. MCCARTHY. One thing I have always learned. It is always good to have data. The data that shows under this work, your productivity is down, the performance is not there, and that goes to the core of leadership. If you are to correct this overall problem, it is going to take the leadership to make it happen.

The turnover rate is too high. The process takes too long. The correction to the problem, I think you are avoiding many of the answers to make it all happen. I think that takes from the leadership down to make sure this gets corrected.

And I will tell you from the instance of where I am at, this is a core issue and this is not a partisan issue. And this is not something that this Committee will wait to have happen. If I had seen these numbers before, it should never take another investigation from Congress to find these problems and we will not sit back to have them corrected.

I yield back.

The CHAIRMAN. Thank you, Mr. McCarthy.

Mr. Takano.

Mr. TAKANO. Ms. Hickey, recent press articles have highlighted that veterans returning from Iraq and Afghanistan who live in metropolitan areas such as Los Angeles, New York, and Chicago wait twice as long as their counterparts for their claims to be processed.

What is being done in these urban areas to properly staff as well as recruit and retain quality employees?

General HICKEY. Thank you, Congressman Takano, for the question.

And I know I said it in my initial statement, but I would like to sort of reiterate it here. Of the backlog and the inventory, 20 percent of that backlog and inventory are Iraq and Afghanistan veterans.

The things we have done for those veterans are: you do not need a claim done even by VBA to get immediate access to health care. Any veteran, Iraq and Afghanistan, who have medical issues they need to deal with can immediately go to the medical center and get five years worth of medical care to move forward.

And you do not have to wait on me anymore actually. After the latest update to the 9/11–GI Bill automation, now we are doing claims, the bulk of the work of our claims in less than six days to keep our kids in school. You do not even have to wait there anymore. You do not have to wait for a VA home loan.

What I will tell you in California many years ago, and I could not even tell you which Administration it was under, there was a decision to build a resourcing model for VBA regional offices that essentially said if you did good last year, you get more FTE this year.

That does not make any sense to me. We have been restructuring that resource model. I believe it should be based on demand. It should be based on veteran demand.

So in the case of Oakland and LA, I have actually increased in this last year FTE in both sites. So that is one of the things we are working through right now to sort of restructure and redistribute our resources that this Committee and others so generously provide us.

Mr. TAKANO. My colleague from California mentioned the high turnover rate. I understand there is a high turnover rate among veteran service representatives with one reason being that the—well, he did not mention this, but is a possible reason that the position is capped at GS10 level?

In terms of career growth and incentives, has there been any effort to delineate the different tiers of VSRs to accommodate those with more expertise and to better incentivize VSRs to stay in their current positions?

General HICKEY. So, Congressman Takano, great question and something we have been talking about inside of VBA. And I noted that our AFGE leadership would like us to look at that. I talked to the AFGE leadership and I am interested in having that conversation to see if there are better ways for us to describe how those people do the work.

What I can tell you is I do not think many people understand how complex that work really is. You are not just rubber stamping a rating and saying, yes, I see it, checkmark, there it goes. There

are serious adjudication wisdom, judgment that goes into those processes.

It is not easy to go find medical evidence. It is not easy to find the service records for the nature and character of your service either. And that is what our VSRs do every day. That is hard work and it is complicated work.

One of the things I will tell you is the new VBMS system capability. In the past, you had to remember that as a VSR, in your head, all those different things you had to check. You had to remember it in your head. Now in the new VBMS capability, we are giving you tools so you do not have to remember it. It tells you. It prompts you. It makes you look for those things that you know you need to do.

One of the areas we get challenged with in terms of our quality is the inferred medical conditions like, you know, you have diabetes, but that could mean we also need to look at all these other 13 things. We would miss those inferred things. Why? Because somebody had to remember that in their head.

Today in VBMS, you do not remember it in your head anymore. The minute you put that medical code in there, it immediately populates the inferred conditions and helping a VSR to know I need to ask for those exams, those medical exams and get that medical information.

Mr. TAKANO. You mentioned the increased caseload. I had not understood. Can you remind me just what the Agent Orange claims, what is the significance of that addition to the claims load of VA?

General HICKEY. Absolutely, Congressman. And I will tell you if you could see a chart that I have that I am happy to share with this Committee, the spike that happened when we overnight put 260,000 Agent Orange claims into our inventory, had a significant impact. It took 37 percent, all of our surge capability out of the workforce leaving 63 percent of our employees to do the entire rest of the bucket.

That was a significant impact and we did them in a really good—I know there was testimony last week in the panel that followed me in the Senate Veterans' Affair Committee where the person, the legal representative stated we did them very, very well. We wanted to make sure we did them timely and very well.

Previous times we did not. They got handed back to us and we were told to do them again. We did not want to do that.

The impact has been 260,000 claims worth in backlog or half the backlog. It had a significant impact. But absolutely, please absolutely know the right thing to do by our Vietnam veterans who have waited more than 50 years for an answer for a conditioned that they suffered in war.

Mr. TAKANO. Thank you.

General HICKEY. Thank you.

Mr. TAKANO. Thank you, Mr. Chairman.

The CHAIRMAN. And, again, nobody on this Committee is questioning opening those presumptions up one bit. But, first I think it is important to note that VA knew that it was getting those numbers into the system. VA did not prepare for the surge, did nothing, and that is the concern of this Committee. There is no

surge capacity to handle another presumption signed off by the secretary for another illness within the system.

But, I think it is also important to note you keep focusing on the record million claims that you have been able to produce in a year. How about the record 900,000 claims that are in the system today? It goes both ways.

Mr. Runyan.

Mr. RUNYAN. Thank you, Mr. Chairman.

And, Secretary Hickey, I look forward to the number because I know Secretary Shinseki always talks about accountability and the number that the Chairman requested about how many people have actually been held accountable with their job. There is a fine threshold between being able to train somebody and someone not being able to do their job which kind of leads to my next question.

We always talk about training. Is it internal all this training we do? Are you bringing people from the private sector that do insurance claims and the like? Who sets the criteria for all this training?

General HICKEY. Thank you, Congressman Runyan, for your question.

And let me address the first one which is, we have, like every other agency, Federal agency and even industry, when I was industry for three years, we used the same identical process called a performance improvement plan for employees who are having a difficult time meeting their quality or performance standards.

That performance improvement plan is designed to be very collaborative in writing, working with the employee to help them succeed. That is the desire is to take a really good employee, find out where they need additional help, and then help them succeed in coming off that PIP and being a valuable, contributing member of our organization.

So I will tell you we do PIPs all the time. People graduate from those PIPs. Some people do not. And when they do not, we do a couple of things.

One, we look back in their personnel record and say were you fully successful at a lower level doing a different job and can we offer you that opportunity to keep your passion for veterans or families and survivors in the organization. And likely you would not have made it up if you had not been there in the first place. We will offer oftentimes that opportunity.

The second thing that we do look at is, we do look at terminations and people leave us. And sometimes that is just a fit issue. That exists in any company, in any organization around the world.

So I do say we do have a process and that is an accountability process that we work closely with our employees.

Mr. RUNYAN. From the get-go when you are hiring somebody, though, is there a baseline threshold to even get their foot in the door?

General HICKEY. So absolutely we have requirements for hiring. In fact, we have increased some of those requirements of late with an exposure to the work because we will sometimes find people think it is a different experience to come in and do a rating claim.

They think that they are going to interact a lot with that veteran when they are really not having that daily interaction with the veteran. They are really working hard on getting those claims done.

And so once they get into the system, they kind of go, this is not what I expected.

So we have done a big push across the country. So when you are looking at a job in VBA in one of these rating environments, that you get to come hang out and see what it is like and talk to people who do it and get a very good feel for this work to make sure it is a really good fit.

Mr. RUNYAN. But is there a competency exam or anything that they would have to go through?

General HICKEY. There is not at this point in time, I believe a competency, again. But, I will refer to Ms. Rubens to talk about any further of that.

Ms. RUBENS. Good morning, Chairman Runyan. Yes, there is process that we are beginning to put in place. We have been working hard with our HR folks to say what kind of assessment fits within the overall OPM requirements and allowable opportunities to us to insure that we get not only those folks that are so committed to the Veterans, but have some other baseline abilities that they bring to us. We are building that now.

Mr. RUNYAN. Ms. Rubens, I think we all get that. I mean, everybody in this room is committed to Veterans, but, ultimately, as leaders of the organization, you have to put the best people in place to execute the plan. And I think that is really where we are dropping the ball here.

Talking about this and, obviously, what we are in as government, we are in the business of customer service, that is really what it is. And Secretary Hickey, you brought up the phrase, interacting with Veterans, is there any metrics in dealing with the customer service aspect of it? How do you measure that?

I hear the frustration each and every day of someone being passed on to 9,000 different hold messages and being told to call back. That frustration and the accountability of that and how do you actually apply that?

General HICKEY. So, thank you, Congressman Runyan, for your question. And there are, in fact, we use JD Powers to assess our customer satisfaction with the services that we provide.

Up until recently we did that primarily in our call centers—call center environments. I will tell you that our JD Powers score was 745, 763 is the national index for really good customer service on a call center. So, we are not far off from the national index for that in our call centers.

That doesn't mean it is not frustrating. I totally understand that. It doesn't mean it is not frustrating when you are one of the ones that are not getting through in a prompt time.

I will tell you, we have under this transformation plan built two additional capabilities to relieve some of that frustration and our Veterans are taking us up on that kind of capability in record numbers. One is virtual hold, which means you, literally, just elect the option, you hang up the phone, you go get breakfast, you do your piece of work, you feed the dog, you do whatever, run a load of laundry or get ready to work or go back to your work on your computer and we call you back. I know it works. Ninety three percent of the time we reconnect with you. The only reason why it isn't 100

percent of the time is because you leave whatever phone you were waiting at.

The other feature we now have that our Veterans are increasingly electing is scheduled call back. And this is an industry best practice and that is you elect a time in the next week where we will call you at that time. I know it works, I have done it to test the system, multiple times. It always calls me, frankly, I'm always surprised, I forgot I scheduled the appointment. But luckily I always put it on my cell phone, so it finds me anywhere.

Both of those two things have helped relieve the pressure on the calls. The other thing that has, frankly, helped relieve the pressure on the calls is, the move from calling to e-benefits. We have 63 percent of our contacts now happening on e-benefits. So, they are moving from a phone call into an electronic environment.

Because, the biggest reason they call us and you know this and I expect it is to check on a status of their claim, which they can now see on e-benefits.

Mr. RUNYAN. Thank you. I yield back, Chairman.

The CHAIRMAN. Ms. Titus.

Ms. TITUS. Thank you, Mr. Chairman. And thank you for coming to testify today. It is nice to see you again. I don't mean to sound like I am piling on, but I have to talk about what is going on in Nevada.

The regional office that serves my district of Las Vegas is located in Reno, which in itself makes no sense to me since most of the people in the Veterans are in Las Vegas as opposed to Reno, but maybe all the computerization will help make that better.

Also, the average time it takes to complete a claim out of the Reno office is almost 500 days and as one of the Members of this Committee, I think that's about the worst. I just want to get you, maybe, after this hearing or something, to give me some information of what is happening there to address that timeframe.

And then two questions. One, are there benchmarks for the regional offices or are you just going to wait until 2015 to see if they are meeting your goals, because by then it might be too late and benchmarks might be helpful.

And second, while this Committee is here to provide oversight, we also want to help you to do better to help our Veterans. Do you have any suggestions of things that we can do to make this process of getting rid of the backlog easier or quicker?

General HICKEY. Thank you, Congresswoman Titus. And I have been out to the regional office in Reno and I think I am headed back out there to talk to the Nation's county service officers here this summer, so I will look forward to seeing it again.

Let me first start by answering your Reno versus Las Vegas question, which is, we may have the office sitting in Reno, but we have intake sites in Las Vegas where Veterans in the Las Vegas area can get us that information. But, frankly, under this transformation plan that is real today, that is not power point and made up stuff, they can go online through e-benefits, file their claim, upload their evidence and get it all the way into VBMS and they can come back and check on the status of it right on e-benefits and never travel anywhere.

The second thing that I will also say is, as we have looked at the Reno problem, part of what happened in Reno, straight up, up front—and it has more of an impact in a really small office like Reno is, is when you have an employee or two that moves in a case they have had, one for family reasons to a different State where they actually joined us in a different regional office in a different State and another for health reasons and when you have, you know, people who retire and that all piles on at the same time, that creates a problem in terms of being able to continue production.

I will tell you, Reno has moved forward in terms of its staffing, it has got those positions being filled already. I will also say, though, you know, a new person versus somebody that has been there 20 years, there is a different level of coming up to speed that occurs in that process.

What I have done—what we have done, we have married Reno with the Boise office. The Boise office has some capacity to assist Reno, so they are taking on those cases.

The other thing I will let you know is, it doesn't mean every case is happening in 500 days. What Reno has been doing for the last four months or so, is doing very old claims in the system that I have committed them to do. So, that we can help those Veterans who have been waiting as we did those Agent Orange claims. So, I will allow or ask Ms. Rubens if she has anything else to add to that discussion.

Ms. RUBENS. Thank you, ma'am. I would add in addition to some of those things that the under secretary mentioned, Reno is also coming up in our next stat review. We will be able to work very closely with them to dig down into what other things we can do to support them as we look for opportunities to insure that the Nevada Veterans are being served properly.

Ms. TITUS. So, do you have benchmarks in for the regional offices?

General HICKEY. We absolutely do, Congresswoman. For not just that, but 93 other different metrics that they have to hit, because a regional office doesn't even just have a compensation responsibility, it also has a vocational rehabilitation employment responsibility. It has a loan guarantee responsibility. It may very well have an education regional processing office or all those——

Ms. TITUS. Okay. Let me ask you something else real quick. I know you mentioned in the Senate hearing about some deal you have made with the Department of Defense to get information more quickly, because right now it takes—let us see, 25 percent takes more than 60 days to get the evidence and 13 percent takes more than 90 days. Can you elaborate on that deal? Are there some checkpoints to make sure it is working? Or what if they don't comply?

General HICKEY. Congresswoman Titus, I appreciate your question and the opportunity to talk about this, because I consider this a really good news, and not just the DoD agreements, but I was also like to just share, IRS and Social Security have made game changing agreements with us and are already proceeding forward to make it happen.

By example, many of the claims that we have to do require information, Social Security or IRS has that we had in the past, only got it on an annual basis and never with a three year back look, which is what we are required to do for a decision in those cases.

What I have now agreement and I totally appreciate the leadership at both of those two agencies, I am going to get that weekly now. That fundamentally changes that piece of the evidence hunt.

With DoD I appreciate, very strongly, my new partner over in DoD who has been working some of these very difficult issues. One of which is, the evidence that we use to decide a claim, largely is owned by DoD. In most cases it is.

VHA's medical records that we use to typically do supplemental claims, those are the second time and on cases, I can get to those really easy. I have access into that system, they're electronic, I electronically pull them, I don't even make paper anymore out of them and I can just ingest them.

DoD has now given me an agreement, signed the memorandum of understanding or stepping out forward. They've stood up cells in the Army and the Air Force. The Navy is doing it a slightly different way, but they are doing it. Where they are going out and not only gathering all the medical records, but they are now going out and getting what they've never had in the medical record in the past, which is the Tri-care records, which is the contract medical records.

They are pulling it all together. They are certifying to me that they have the medical evidence in that record. And they are signing their name on it and they are giving it to me so that I don't have to go back and keep doing what I have, which is you asked about legislation, which I have in legislation since the Veterans Claim Assistant Act of 2000. I have to exhaustively look for something that we don't own and never owned in the beginning.

Ms. TITUS. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. If I can follow on with Ms. Titus's questions regarding your testimony last week before the Senate Veterans Affairs Committee. You had had, in fact, talked about the issues of getting records from DoD. I think, basically you said, three out of five times when you have an old file, the record issue is the problem. You further stated in your testimony that you were bound by law to wait 60 days after initially asking DoD before an RO can make that request again. Is that true?

General HICKEY. Thank you, Chairman Miller, for your question. I will tell you that I have learned a little bit more. You know, I have been here 16 months, so everyday I learn a little bit more. The law is in the VCAA, but it doesn't, specifically, prescribe the dates we have.

I will tell you what it does do. There are two words in the VCAA law, one says, for everything I get that is private, medical, all the rest of that, I have to reasonably go get it in a reasonable period of time. In the same law it also says, for Federal records I have to exhaustively look for all of that evidence.

In the period following the VCAA effort, the legal—the experts got together and said——

The CHAIRMAN. I am sorry—I am sorry. My question was, is it correct that you have to wait 60 days by law or not?

General HICKEY. It is correct that I have to do something exhaustively searching, which is defined in law by 60 days.

The CHAIRMAN. Is it correct that you have to wait 60 days or not?

General HICKEY. It is not in law that says 60 days.

The CHAIRMAN. It is not part of the—but you said that it was. Let me remind you that it is in your own M–21, Part 1, Chapter 1, Section C. You can make that change, yourself. So, it never was law, but you made it appear that legislatively it was an impediment to you being able to do your job. In fact, you can make that change yourself.

I would like to recognize now, Mr. Huelskamp.

Mr. HUELSKAMP. Thank you, Mr. Chairman. Madam Under Secretary, you have mentioned accountability and data and penalties. One thing I want to ask, follow up my colleagues questions about the regional offices and your benchmarks.

What penalties do you have for those regional offices that do not meet those requirements?

General HICKEY. Thank you, Congressman Huelskamp, for your question. And the penalty is, there are no bonuses for those leaders. The penalty is, there is less bonus structure for big wide, you know, RO level capability. The penalty is, frankly, and bigger than that, the penalty is, those great employees get up every single day wanting to be the very best regional office in the country serving their Veterans, their family members and their survivors and they don't feel good when they know they have given it away.

Mr. HUELSKAMP. And the bonuses—you are referencing all the employees or just the senior managers.

General HICKEY. Largely the senior managers, but even in the ranks below—G12 and below, there is a structure——

Mr. HUELSKAMP. And I appreciate that. Let me follow up a question on that, would you provide for the Committee the listing of those bonuses for those regional managers that you provide in the last five years. Can you do that for us?

General HICKEY. I can provide '11 and earlier. I cannot provide yet '12, because the Secretary has not finalized his decision on those bonuses.

Mr. HUELSKAMP. For fiscal year?

General HICKEY. '12.

Mr. HUELSKAMP. '12.

General HICKEY. They are still working on it. The Secretary has not finalized his decision on those.

The CHAIRMAN. If gentleman would yield for just a minute.

Mr. HUELSKAMP. Yes, sir.

The CHAIRMAN. I believe that out of 57 VBA SES employees that were evaluated in 2011, 30 received a performance award. I don't know who. Out of those 30, the awards ranged from $7,372 to $23,091.

Mr. HUELSKAMP. Pretty substantial. If you would follow up then, provide additional information on the regions that those folks served in, so we can match those to possibly past benchmarks.

But, one other question that I think is fundamental here is the issue of data. We heard from the GAO last week that in certain parts of your agency that there is data falsification occurring. And can you tell me how many employees in your division that have

been penalized or punished for falsifying data in the last three to four years?

General HICKEY. So, Congressman Huelskamp, I don't—I am not aware of a data integrity problem in my regional office. So, if you have something specific you would like me to address, I am happy to, for the record.

Mr. HUELSKAMP. Well, you might look at the GAO report, we discussed that and according to VA Table of Penalties, Number 26 deals with falsification of data and it is still waiting for a response from the VA, because this whole approach and the benchmarks and all your discussion here, is centered on accurate data. And if we have employees that are actually falsifying data, whether it is in your division or others as well, ma'am, you would agree that our whole discussion here is for naught if we have inaccurate data; is that correct?

General HICKEY. So, Congressman Huelskamp, I will take your concern back, for the record. I believe someone——

Mr. HUELSKAMP. No. I asked you a question. Do you think that this discussion here is data driven and if there is falsification of data as the GAO has outlined that lends little credence to the arguments here about benchmarks and progress.

General HICKEY. So, I care starts with integrity and I believe that everything that we do comes from a point of integrity first.

Mr. HUELSKAMP. Okay. So, will you provide and look at—find out if there have been any penalties or folks have been finding falsified data?

General HICKEY. I will take that for the record, Congressman.

Mr. HUELSKAMP. Okay.

General HICKEY. I don't have the data.

Mr. HUELSKAMP. Okay. I appreciate that. One other thing about data and I apologize, Mr. Chairman, I am trying to get information here, I will re-ask my question. And maybe you can provide that, because apparently budget experts hire levels of the VA have yet to find out answers, I think, to about 20 different questions about VA conferences, lavish expenditures and travels that have been an issue for months that apparently the VA cannot find the data for that. Apparently, they can find data here, they can't find data for numerous other things we ask, so have you been asked by your superiors to provide budget information or is that someone else's responsibilities to decide how you spend money on conferences and those types of expenditures?

General HICKEY. So, Congressman Huelskamp, I will tell you inside of VA and VBA we are scrutinizing every single conference, we are doing down to the paperclip. I have mentioned before our challenge training, it is an eight week long course. It is an intensive course where we bring our folks to. It is probably my major investment in terms of training in that level.

Mr. HUELSKAMP. Where does that training take place, ma'am?

General HICKEY. It takes place largely in the Baltimore Academy, but when I exceed the Baltimore Academy's capability for classes, I will centralize a class close to where we have a large population of people who are attending. I will also tell you I have tested one time and so we are looking closely at it, whether I can re-

duce the cost of that challenge training by seeing if I can do more of a blended learning option.

Mr. HUELSKAMP. I am out of time. I appreciate that. I was just trying to get some data from your superiors and it is very difficult to provide an oversight, to actually be able to trust the VA when they refuse to answer questions on basic budget data and I look forward to a response from your superiors.

One last question, if I might, Mr. Chairman. You mentioned old claims of two years. What's the oldest claim you have sitting in the system and can you provide that information or the range of claims older than two years?

General HICKEY. I can. I can tell you 4.1 percent of my backlog is older than two years. I can tell you that my oldest claim is in a regional office that is ten years old. I can tell you the reason it is ten years old is because a new claim was filed in September of last year and when our raters were going through it, noticed that ten years ago that veteran filed for a condition that had one of those inferred things that we could have found and we did not see it then. And they did not appeal it or anything else, but we saw it and so the integritous thing to do was for us to say, we have to, got to give that guy ten years back capability for that claim they filed but didn't even know—didn't even recognize we didn't even do ten years ago.

We own that time, even though it came in September of last year. We say we are responsible ten years ago for the mistake we made.

Mr. HUELSKAMP. Thank you, Madam Under Secretary. I appreciate that. I yield back my time.

General HICKEY. Thank you.

The CHAIRMAN. Mr. Walz.

Mr. WALZ. Well, thank you, Mr. Chairman. And General Hickey, good to see you again and thank you for being here. I am sorry I left for part of the time. We were actually over voting in the AG Committee on regulating credit default swaps and derivatives, so I'm actually optimistic here on this side compared to there.

But, first and foremost, I am appreciative of your service. I am appreciative of the Chairman and the Ranking Member for not giving an inch on this issue. For understanding that those folks that are sitting out there, this is the issue, it is critical, it is about our moral responsibility. It is about our national readiness and you of all people know that, General Hickey, so I thank you.

I am not going to defend what we haven't been able to get done. I do want to submit a letter from the VFW to the record that I received today. This is one quote from that that I would say. "The VFW believes Ms. Hickey's an integral part of the solution to finally breaking the backlog that this and previous administrations in Congress has helped create by under funding the critical areas of automation and staffing."

When I hear about accountability, every one of us who is here, whether we got here in this last election or before that, are part of this. So, I am at the point now, there aren't a lot of questions asked that haven't been asked. There is not a lot of things.

It is going to become what that outcome looks like and how we get there. And so, I trust these folks that are sitting there. I trust

the VFW, I trust IAVA and the folks who are here. They are pressing us and they are on your side to get this done. Now we have got to be on their side and break it and get this done, get the results.

If this is a case of asking for this, there better be the courage here, whether it is taking it from somewhere else or doing it, if it is a funding issue, put the dang money in and get it done. If it is a personnel issue, put the personnel in there and get it done.

But, sometime within the coming months, this thing has got to be broken. We have got to be—and I am optimistic, I say that not in jest now, I am optimistic we can get there. I am willing to put myself on the line and tell them, because these folks are saying, I have been here a lot of times. I have sat in this room for ten years, you are putting yourself and saying—if you want accountability and the people who said, you know, we need accountability, it is going to start with this side of the table, too, of holding it to that.

So, I have a couple questions though, trying to bring some of the things that I know on this. We keep talking about you are going to train these folks up. I am an educator. Who writes the curriculum for training?

General HICKEY. So, thank you, Congressman Walz, for your question. I will tell you the curriculum developed now in the new challenge training is written by experts who know how to do this. It is written and informed by a compensation service who watch and tracks the errors that are committed by our employees. It is written and informed by our star accuracy team who evaluate our claims in a statistically valid way, are the ones that give us that overall claim quality. But now also are measuring our individual medical issue quality, which by the way, as of right now is at 95 percent across the Nation.

Mr. WALZ. Who teaches the class?

General HICKEY. They are taught by our subject matter experts from across the Nation in previous days. I will tell you, I just hired 40 new dedicated people who will be trainers for this project.

Mr. WALZ. As an educator subject matter is critically important, but I would argue the art of—are they trained in differentiated delivery of education? Because are you going to give the same class to the four year processor, the seven year processor, the nine year processor, the high achieving, the low achieving. How are you differentiating how you are delivering this training?

General HICKEY. So, great question, Congressman, and probably we have some room to grow in that area. We are doing it by an adult learning methodology. We are doing it with a lives claim building, while you are doing it. Which, by the way, the live claim is actually helping production while you're in training.

We probably need to look at and I will take that as an idea and I appreciate your idea on that. We probably need to look at better differentiation training. We do do that between positions. We probably need to look at how do we target individual ones.

I will tell you, I would be better position now in BBMS, better position now as a result of now measuring our medical issue level quality to with precision, down to that individual employee. Not

even how many years they have had it. To be able to say this error is the one you always keep doing, let us help you fix that.

Mr. WALZ. What if they don't? Going back to Chairman Miller's question.

General HICKEY. If they don't, we do what we do with every employee—what industry does with every employee, which is, we have a performance improvement plan process.

Mr. WALZ. The big question here is, you sit in front of us, you will sit here again, General Hickey. If we come back in six months—or let us give it a year. If we come back in a year, is there significant change to the positive?

General HICKEY. There is significant change already, Congressman. I have 25 stations on VBMS today, that means the minute you go live on that system every single claim coming in the door and we take in 100,000 month nationally. So, that means half of those, 50,000 claims coming in right now are not turning into paper, making us inefficient and ineffective adding to 5,000 tons of paper our employees touch every single year.

Mr. WALZ. Do you blame those folks behind you from being a little skeptical?

General HICKEY. I don't blame anybody, but I will tell you why I am convinced today we can do it. I am convinced because I have just seen us do it in the longer term solution for our education claims, where we are now doing 95 percent of our work in less than six days. That tells me if you can take, with some automation, in the system, you can take and break that work down better, if you can change the processes to do that better, then you can achieve a fundamental growth.

February, last year, I had 200,000 education claims in inventory and you all were talking to me about that and you needed to be. Today I have 43,000 claims in the inventory for education claims for the spring semester. Twenty five percent of what we had last year. That is the same thing we are trying to parten—not trying, we are committed to parten to get the rules based automation into VBMS. It doesn't take an employee out of the process, it simplifies that work for that employee.

Mr. WALZ. I yield back. Let's do it.

General HICKEY. Thank you, Congressman.

The CHAIRMAN. Thank you very much. I was handed a note just a second ago. You may actually have a claim out there and I don't know if this is real or not, but a claim that may be 11 years old in the Jackson office on a remand.

General HICKEY. Congressman Miller, I'll have to go take and look it up. I am happy to do that if you give me the name and the contact information.

The CHAIRMAN. It came into us on our Web site. Let me ask real quick, following up on Mr. Walz' question, have you been told by employees that any management is taking actions like ordering the processing of certain claims first in order to make the numbers look better than they really are? Or, accidentally clearing old claims for station credit before they are completed and then reestablishing the claims under a 930 end product, which is not tracked by the central office?

General HICKEY. I am going to have to ask my colleague who probably knows far more about those level details than I do at this point in time, Ms. Rubens.

Ms. RUBENS. Thank you, ma'am. Chairman, I think I heard the first part of that was being directed by supervisors or managers to take action like that and I would tell you that I believe the answer to that is no. We don't have any——

The CHAIRMAN. I didn't say that management is taking actions like that, but is management doing that?

Ms. RUBENS. I don't believe that we would have any managers that would do that. General Hickey had a bit of a conversation about integrity. It is critically important to us. I would tell you that the 930 end product that you referred to is an end product that if there is a mistake that has been made in processing a claim and the end product or the decision is made and yet there is something else that we need to do to take care of that Veteran, they will utilize that as a means of doing that without, if you will, inflating the credit that we've taken and yet allow us to continue to track and insure that Veterans are being fully answered on any number of medical issues they provide us.

The CHAIRMAN. I will do a follow up to you for the record on that, because I would like to know a little bit more. Mr. Coffman.

Mr. COFFMAN. Thank you, Mr. Chairman. Secretary Hickey, first of all, thank you for your service to the United States Army and your career.

As a first Gulf War Veteran and as an Iraq War Veteran, I can't express my concern enough for this extraordinary backlog in VA claims and it is simply not fair to those who have served this country and made tremendous sacrifices in defense of our freedom.

At one location, the ONI Oversight Investigations substantiated through the Veterans Administration's own documentation that for many days in a row over a period of weeks, dozens of claim raters had no claims to rate. How is it that with the backlog such as it is, raters have no claims to rate?

General HICKEY. So, thank you, Congressman Coffman, for both your service, as well as your question. You know, when you go do some good things you learn some lessons and one of the things we learned is, we started moving claims in that express lane a whole lot faster than we thought we could.

So, we have taken some action to—and, frankly, cleared it out too fast. That is a positive from a transformation perspective because that's 30 percent of our claims right there. But, what we have learned is, we need to do something to adjust the number of people who are making those claims ready to rate in that lane, so that there is a constant feed. And we have done that. In fact, we have directed out in the regional office while we look at better ways to even do this, that we get some assistance in people helping to build cases ready to rate.

Frankly, fully developed claims will help that. Our partners in the VSO's who I am just so very pleased, they are taking a very strong leadership in this realm. The more they bring in fully developed claims, the less of a burden it is on that VSR to move it forward and then I can move more forward in that regard. And I have promised the VSOs if they bring me fully developed claim, we will

put it down that express lane. That will solve for some of those problems as well.

The other things—so, as we are learning, we learned that we are rating claims faster. There are some tools now in VBMS that used to be an initiative called, Simplified Notification Letter that help our raters rate many more claims than they ever did before.

So, as we gain advantages in a part of the process, we are looking at what the second and third order effects are through our government structure, through our subject matter experts and we are making adjustments as we speak, because no plan on its face, ever goes in a way in which you don't learn something as you go along.

Mr. COFFMAN. And according to the Veterans Administration in fiscal year 2012, 185,169 rating related claims were returned to open status for various reasons. In a particular regional office, the Oversight Investigations Subcommittee investigated and on a given day there were more than 150 claims labeled as ready for decision, but they weren't ready to be rated because they hadn't been properly developed. The claims were then denied or sent back to open status. Is this a training problem? Deficiency?

General HICKEY. So, I will say one brief thing and then I will ask Secretary Rubens to address the details of your question. And the one brief thing that I will say is, Veterans, like me, I did it to us in 2007, send in a claim and they worked my claim for many, many months and they got ready to be done with my claim and I suddenly realized I could have filed for that and I sent something new in. That will take it back out of that ready for decision process, back into the awaiting development effort and back into gathering evidence because they now have to get the evidence on that specific medical condition I just claimed. So, sometimes it is that issue, but I will defer to Secretary Rubens for her comment.

Ms. RUBENS. Thank you, ma'am. I would say you have got it just about exactly right. What we will endeavor to do if we have to return something to an open status is, if there are issues that we can make payment on, we'll work to do that. On occasion it will also happen if there is a question about a piece of evidence that a rating specialist who has got much more technical knowledge is looking for additional information or clarification on and so that exchange, if you will, is what allows us to understand what is going and we continue to work to ensure that if there are training issues, we identify those an address those.

Mr. COFFMAN. Under Secretary, give me a specific number as to what you would expect the backlog to be a year from now in terms of what you see as the success of your leadership?

General HICKEY. Congressman, I can tell you that in 2015, I will have no claim in our hands in 125 days and we will do them at a 98 percent accuracy level.

Mr. COFFMAN. One year—one year from now?

General HICKEY. I don't have that number with me, but I'm happy to provide that to you.

Mr. COFFMAN. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Ms. Brownley.

Ms. BROWNLEY. Thank you, Mr. Chair and thank you, General, for being here. I wanted to sort of follow up on understanding that we are sort of in the middle of this transformation process and it

is clearly a challenge, I think, to determine staffing levels that are currently adequate and certainly staffing levels that will be sufficient in the future. The Chair talked about planning ahead and surge capacity, et cetera.

In our Health Committee last week we examined the issues around physician staffing and staff planning and trying to come up with a data driven method of determining what those staffing levels need to be. Is there something similar going on, on the benefits side?

General HICKEY. So, thank you, Congressman Brownley, for your question. I will tell you, the—we have been looking at the staffing issue. I think I described earlier in the hearing here, but we had a resource allocation model that, frankly, from my perspective doesn't make any sense.

I think that our resource allocation model ought to be built on the demand of Veterans. It ought to be Veterans centric from that perspective. This resource allocation model, years ago was established, and so we are in the process of redoing that now. We are looking at what is the right mix of VCRs to raters, in this new environment? That is important to note, too, because the nature of the work will change in a new transformed VBA. What is the right mix of VSRs to raters? Is there a new structure? Is there a new career ladder that needs to be built into there to allow us to move forward?

And I still do believe—so, we do have a—the answer to your question is yes, we are looking at that right now. I don't have a clear defined answer for you right now because we are thrashing through it as we speak.

Ms. BROWNLEY. Thank you. And I wanted to follow up on another issue. We have talked a lot about the productivity metric and certainly that is a quantitative measurement that can be easily measured and can be interpreted differently.

But, you have mentioned several times in response to some questions about quality metrics and I am not sure what those quality metrics are. I am interested to know what they are and how you are measuring them and how they also fit into your goals.

General HICKEY. So, I appreciate the opportunity to share a little bit about that, because we have made some changes in the last year, though I will not change the numbers out there. I will keep it all exposed, all the existing numbers, but I want to further inform the dialogue.

Today—today—well, actually, yesterday, an employee in VBA was rated, no matter how many medical issues were inside that claim, they were rated on a up or down complete zero or 100 percent, did I get everything right in the claim?

And with an increasing number of claims that are in that 16 range—16 distinct, unique medical issues inside that claim, if they did 15 right they didn't get credit for the 15 in their quality, you know, they got no credit for that, which was a disincentive, frankly, to picking up a claim that had a lot of medical issues in it.

So, what I have done is—I agree with our folks in the field and I heard a lot from our bargaining unit employees on this issue and I heard a lot from our staff on this issue. It is not a really good

reflection, frankly, from a Veteran's perspective, it is not a really good reflection of our quality.

They want to know, how do I do on these? How do I do on backs, how do I do on PTSD and TBI and eyes and ears and all the—the 800 diagnostic codes we do. So now, I have instructed the staff and they have done it. We have rebuilt the systems to allow us to measure medical issue level quality all the way down to the employee. I could do it at the regional office level since October of last year.

I will tell you, looking at medical issues that way, from a quality perspective, I have 11 regional offices today that are already at 98 percent quality. I have half the regional offices at 95 percent quality. I have all but two regional offices above 90 percent quality. I have two below that, we are working hard on them. There are some of our opportunities for our set training, to improve that capability. But that's a fundamentally, I think, more accurate way of looking at how we are doing it and, frankly, informs our training better.

Instead of training to all, as we do today, I can train now moving forward to that individual employee or that regional offices area of challenge under a medical issue. So, that is where we are focused and where we're driving. But I will always leave the claim level quality up there so that everybody knows, you know, that is where—how we define it from a claim perspective.

I just want to inform the medical issue discussion.

Ms. BROWNLEY. Thank you, very much.

The CHAIRMAN. Mr. Bilirakis.

Mr. BILIRAKIS. Thank you, Mr. Chairman, I appreciate it very much. Thank you for your service, General, and your continued service.

In my district office I have several case workers that work specifically on veterans' benefits. I hear often from Veterans who are frustrated by the generated letters they receive from the VA on their claims, listing out of date timeframes. They receive letters stating that a claim should be complete in 180 days when oftentimes it is taking a year and a half.

They want to be able to plan accordingly while they are waiting for their claims to be processed. In other words, they would like to have some certainty, particularly during these troubled economic times. Since it is the 10th anniversary of the Iraq war, and a new generation of Veterans are entering the system, what is being done to ensure that the timeframes are accurate? And if the timeframe is not accurate, are Veterans being contacted with an updated estimation as to when the claim will be processed?

I know it is very, very important. We have to give them hope, but I don't want to give them false hope, either.

General HICKEY. So, thank you, Congressman Bilirakis, for your question. We are doing some things and I do know we could do better. We could do better.

So, we are trying in a couple of areas. First of which, if you have and e-benefits account, you are actually getting the regional office number updated on a regular basis. It feeds right from the data system that tell you how many days you expect your claim to take in that regional office.

It will be inflated right now as I am having folks doing the to old claims right now. Those are hitting the average, but it will at least give them some level of that.

Second, I know the letters. We create a lot of letters and, frankly, there's a whole group of people who have asked us to quite sending letters and start sending something to their email box or put it on their e-benefits account. So, they will know, you know, what—they will have a letter, they will have it electronically, they won't have it in paper.

VBMS is doing something to help us on the letters, because we create so many of them. We are doing things to try to improve those letter, to improve the readability of those letters, to simplify our language in those letters, to quit talking lawyerees and talk instead human beinease and getting a clear, concise language in those letters moving forward.

Mr. BILIRAKIS. Thank you. Second question, Mr. Chairman. In the St. Petersburg Regional Office, claims development is the largest delay with 67 percent of all claims awaiting evidence. What is VA's strategy to address such a deficiency in evidence? If you can answer that first, please.

General HICKEY. I absolutely can and thanks for asking the question, Congressman. Largely, the evidence that VA needs in order to decide a claim is not owned or generated or held by VBA, you know, over its lifetime. And it is largely—we need a couple of things. We need medical records that includes the ones while you were in your service to this country and this Nation. And we need the character and nature of your service or your personnel records. Those are the two big chunks you need.

We also need—and we'll go get it, private medical records. We actually like to ask our Veterans and it provided a means to do that with something called, a disability benefit questionnaire, where they can literally hand it to their private doc and ask them to fill it out and get it back, which gives us exactly the medical evidence we need.

We are seeing an increase in DBQs utilization, thank you. I'm sorry. But we need to do more, especially with private docs, using those DBQs. That will help us with the evidence gathering.

But the most important game changer on this was three actions that I've had as of January of this year. Social Security and IRS are now giving us not access to their data once a year, access to their data on a weekly basis. That will help us immensely.

DoD has now a new process they have agreed to with me. We have a signed memorandum of understanding where they are now stood up cells in the Air Force and the Army. Navy is doing it slightly different, but the same concept. They are gathering all of the DoD medical records. Now, to include tricare records and contract medical records, things we have a hard time getting a hold of. They are gathering all that up before a servicemember departs service, either separating or retiring. They are certifying it is 100 percent complete as of date and they are handing it to me. That has a major game changing effort on that awaiting development, awaiting evidence bucket. We then will be able to, in a much faster way, rate that case, get that decision done and move forward.

And, by the way, rate that case and do all those other actions, electronically, coming in the door to VBMS, because that will be a new claim. We will scan it, we will ingest it, it will go directly into VBMS and move along and be done without paper.

Mr. BILIRAKIS. I have one last question, Mr. Chairman, if I may? Thank you. By itself, this Saint Petersburg Regional Office has stated that it would need almost two and a half million dollars in overtime funds in order to meet the fiscal year 2013 production goal. How will the VA address this need?

General HICKEY. I will let my colleague, Secretary Ruben answer the question relative to overtime management.

Ms. RUBENS. Thank you, ma'am. Congressman Bilirakis, we every year have a set amount of money that we will look at to distribute as overtime dollars. The Under Secretary mentioned earlier the opportunity to utilize mandatory overtime to ensure that we are getting the best output from across the entire workforce. It is a difficult decision to make and as we do that, it is about the volume of people that we have and the amount of work. Looking to maximize the output, we will continue to work with the St. Petersburg Regional Office, obviously, to insure that they are getting the best outcome for the resources we have to make available to them.

Mr. BILIRAKIS. Yeah, I would like to follow up with you on that——

Ms. RUBENS. Absolutely.

Mr. BILIRAKIS. —specifically, the St. Pete Regional. Thank you, very much.

Ms. RUBENS. Happy to do so.

Mr. BILIRAKIS. I yield back, Mr. Chairman.

The CHAIRMAN. Mr. O'Rourke.

Mr. O'ROURKE. Thank you, Mr. Chairman. General Hickey, I'd also like to thank you for your service and wanted to bring to your attention a case that we handled in my office recently. We had a phone call from the wife of a terminally ill veteran who had a service related disability. She wanted our help in expediting the claim that goes through the Waco Office and we were able to help expedite it, but by the time that they got the information back on the claim, unfortunately, her husband had passed away. And at that point, the claim had been outstanding for 450 days.

When we dove in a little bit deeper, we found that the average out of Waco is 439 days and 80 percent of all outstanding claims are over 125 days. And so it is important for me to hear and more importantly the Veterans in El Paso and the region around El Paso, to hear how you plan to address this.

And I appreciate the ambition of getting to all claims under 125 days by 2015, but it really seems that there is a crisis in that Waco Regional Office and talking to the other Members of Congress whose communities are served out of that office, I sense that urgency from them as well.

So, we would love to have your comments on that and how we plan to address that.

General HICKEY. Thank you, Congressman O'Rourke and I will tell you just straight up front, we actually are activating some plans in Waco and I will let Secretary Ruben address that, but I want to talk to you first about—and I think this is an important

venue to do this, because I could use your help in this regard. We do prioritize terminally ill, Medal of Honor, former prisoner of war and homeless cases.

So, please, if you ever—if you ever have anyone that falls into any of those categories that is having a difficult time, we do prioritize them. Sometimes people don't tell us the word terminally ill and so we don't know that, but as soon as we do—I have literally moved cases in a day. We have stopped all kinds of work and gathered a whole team around to move that claim in a day to try to beat the terminally ill veteran's passing.

We do have ways to help that widow with a claim that is open afterwards and I'll defer that and the status of the Waco Office to Secretary Rubens.

Mr. O'ROURKE. Thank you.

Ms. RUBENS. Thank you. Thank you for the question. Waco was one of our last Nehmer Regional Offices to come off the rejudication effort.

What we did when we completed those rejudication claims is that brokering center, that surge capacity, turn them first to their local regional offices and so the Waco Regional Office has benefitted from that.

The other thing that I think has made a tremendous difference for the Waco Regional Office is the arrival of a new director there. And, in fact, since last year, the inventory is down almost ten percent. The rating accuracy has begun to climb and as we see in the three month rolling average, that they are now just about at 95 percent.

And so, while we are focusing on our oldest claims, causing that average days to complete number to rise, we are seeing an increase in the quality and a decrease in the inventory. We will continue to work with Waco to insure that the Texas Veterans' needs are met.

Mr. O'ROURKE. I appreciate that and I have spoken to, as I mentioned earlier, some of the other Members of Congress whose districts are served out of that office, Congressman Flores and others, and talked about periodic visits to the Waco Office to meet with the regional director and find out what we can do out of our district offices and General Hickey, you mentioned that it is helpful to you and we can notify you of those cases that need to be expedited, for example, with terminally ill veterans.

I heard you, in answer to a previous question, talk about the need for VSO's to prepare claims that are ready to go. What else can I do out of our office in El Paso to help these Veterans who are waiting, obviously, far too long to get a response back?

General HICKEY. So, Congressman O'Rourke, the Texas Commission is doing a lot to help us. The Texas Commission for Veterans. They have come together to help us create those fully developed claims, to pull those in, to give us, you know, some assistance in getting all the evidence gathered from a veteran who is filing.

And I appreciate that as much as I appreciate all our VSOs really leaning inside the wire or the fence and really doing yeoman's work to help us significantly.

So, the things that are critical to our doing a claim, bottom line, are the evidence that we need to make the decision. Private physicians in the State of Texas and their increasing willingness to com-

plete a disability benefit questionnaire, which has been created to capture, explicitly, the medical evidence we need in order to make a decision.

A private physician rolling in and helping their patients who are veterans would be a major lift in the State of Texas and something I'm asking for across the Nation is a private physician engagement in this area.

Mr. O'ROURKE. Great. Thank you. We look forward to working with you on that.

General HICKEY. Thank you very much, Congressman.

Mr. O'ROURKE. I appreciate your answers. Thank you, Mr. Chairman.

The CHAIRMAN. Under Secretary, in your written testimony, you included information on individual employee incentives. While you said that at the heart of the performance award program is a foundation focused on quality, you went on to say that the criteria for performance are determined locally and vary by office.

AFGE wrote in its statement that in practice, management incentives are almost always based upon production alone and production is always highlighted since there are several different production categories for a station to qualify for an award.

So, my question is this, how is high level quality mandated for incentive rewards if there are no national criteria?

General HICKEY. Thank you, Chairman Miller. I will tell you that I value—I highly, highly value my relationship with my labor partners. They help inform us of good ideas. In fact, many of our labor and our employees, bargaining unit employees, have created some of these really good ideas that are already showing merit for us.

I will say——

Mr. CHAIRMAN. I apologize, but my question——

General HICKEY. —to answer your question, specifically——

Mr. CHAIRMAN. —ma'am, my question, very simple. How is high level quality mandated for incentive rewards if there is no national criteria?

General HICKEY. There is, Congressman, national criteria. There is a national quality standard every single year. There are also at the Regional Office level, while there might be variance, it is not below a basic standard. They may have increased in that particular locality and may have locally negotiated an ability to hold people to a higher standard. But there is no negotiation of a standard lower than the basic national standard.

The CHAIRMAN. So, I am to believe that AFGE would negotiate a higher standard for their employees than what VA would request?

General HICKEY. There are local level negotiations that do exactly that, Congressman. And I will defer to Secretary Rubens, who has more experience on that.

The CHAIRMAN. No, that is enough on that question. I appreciate it. In December of 2012, which was just a few months ago, claims processors' and raters' performance standards were changed; is that true?

General HICKEY. That is correct, Chairman.

The CHAIRMAN. Were the employees notified of that change?

General HICKEY. I will ask Secretary Rubens to talk about the strategy for that.

The CHAIRMAN. Just yes or no. Were they notified?

Ms. RUBENS. Chairman Miller, yes, they were notified.

The CHAIRMAN. Okay. I have been told they were not. And so my question is, if they were not, how can unannounced productivity changes impact productivity? I mean, I would hope that you would, but I've been told that they weren't.

General HICKEY. So, I would tell you that the AFGE were integral partners in the teams that developed the new performance standards that were released in December. As we released those, stations were asked to inform all employees. We are, as we continue down the path of implementation——

The CHAIRMAN. Can you tell me, how do you inform all employees? How does that work?

General HICKEY. I provide the notification to the regional offices and require and ask that they have group meetings with their entire service center. That the teams have meetings and that as individual employees get the new standards, they are effectively provided with a form on the top that they will sign, along with their supervisor, to insure that they have been discussed recognizing that there was a change. We want to make sure that everybody is aware.

The CHAIRMAN. Good. So, it is documented that those changes were noticed to each employee?

General HICKEY. Yes, sir.

The CHAIRMAN. Okay. Thank you. Mr. Michaud.

Mr. MICHAUD. Thank you very much, Mr. Chairman and to follow up on something the Chairman mentioned about looking further ahead at the surge. Are you able to take care of it? I remember Paul Sullivan telling us that when he was over at VA he tried to get the Secretary to put more emphasis on VBA because of the surge they were seeing from Iraq and Afghanistan, and that wasn't done.

And I know, Mr. Chairman, Mr. Walz and I have been talking about some long term planning within the VA. We will talk to you afterwards about how we might be able to look out five, ten, twenty years.

My question, General Hickey, and I will try to phrase it in a way so that you can answer it yes or no and my last one to allow you to elaborate. In part of my opening statement, I talked about claims as well as medical conditions, which are different, and how you can quantify that.

Is it my understanding that you are willing to look at medical conditions versus claims and move that through the system since it will all be electronic?

General HICKEY. Congressman, not only willing to look at it, I think it is a great idea and it is part of our 2015 focus is, what we call Centers of Excellence.

Mr. MICHAUD. Okay. My second question: we saw a chart earlier when you look at the productivity of an employee, when you look at claims, you can have one claim that counts as one, but within a claim, you can have 13, 14, 10, 11 different medical conditions. So it's more complex. Can you provide the Committee, if you have

the information available, as far as the productivity of an employee as it relates to the medical conditions versus the claims?

General HICKEY. Congressman, I am not sure if I can do that yet, but I will try. I will see if we can do that level of productivity look. I know I will be better able to do it when we are in VBMS than I can do today. But, I will look and see if I can, and if I can, I will certainly provide it to the Committee.

Mr. MICHAUD. Yes, because I think that's very important. Sometimes the numbers might not bode out as how productive you are or not being.

Also, getting back to my original comment, when you look at some of the worst sites that we have in the system, whether it is Los Angeles or Nevada compared to some of the better sites, Togus and St. Paul.

Since the system is going to be electronic, are you going to be looking at medical conditions and having some of the more excellent sites, such as Togus, and St. Paul, deal with the more complex medical conditions and than have some of the claims that are not complex to at the poor performing sites?

General HICKEY. So, Congressman, that is a great question and this is exactly part of the look that we are taking from a strategy perspective. And I say it this way, by 2015 when we are completely paperless and we will be completely paperless earlier than that. But by 2015, we will have the availability to know at the medical issue level who are the best people across the country that do TBI, that do PTSD, that do knees, that do diabetes, that do Parkinson. And we will be able to, not by what we do today, pack up a whole bunch of big, thick claims, put them in a box, put a whole bunch of effort into the things that have to go in there to make sure we are tracking it right, mail it, check it in, put it in another place in the regional office, we won't. Today, 25 stations can move work around between themselves by pushing a button and it is brokered.

Mr. MICHAUD. So what are you saying? We can adjudicate numerous medical conditions simultaneously, in VBMS?

General HICKEY. It is part of a strategy, going into a paperless environment, is to see what the—if we have the art of that possible and we are capable of doing that and going faster as a result of doing it. And a higher quality as a result of doing it. It is an equation for me.

Mr. MICHAUD. Looking at testimony over on the Senate side from the DAV last week, Joe Violante had a lot of praises for what VBA has been doing, even though they are frustrated with the backlog.

He also had mentioned some recommendations as well, as far as VBA bringing in an independent panel of IT experts to review the plan and progress of the VBMS, such as Google, Apple, Amazon. Is that something that the Department is willing to do?

General HICKEY. So, thanks, Congressman. I don't have an OIT person or an IT person here representing us on the panel, but I will tell you there is lots of independent verification that we are doing inside of EBA for a lot of our different programs.

In fact, our claims ingest—our Veterans Claim Ingest Program, which is our way now that we're getting into a paperless environment, our scanning and the like, has now an independent

verification contract on it to help us make sure we know that we are doing it right and well.

I will take that one for the question, respond to that one for the question. I just don't have all the clean insights into everything that happens on the IT side relative to that.

Mr. MICHAUD. Thank you. And my last question. I know we've heard from the big six veterans service organizations and you have sat down with them continuously as they raise concerns about VBMS, because of their work with the National Service Officers.

Have you reached out to the Iraq and Afghanistan Veterans or other groups as well, even though they don't have service officers?

General HICKEY. I have two meetings that I do on a monthly basis. One meeting is with our big six VSOs with the national service officers. Another meeting is with our great organizations like MOA and others like Navy League, all those kinds of organizations.

I have invited, on that second panel, to meet with IAVA in that group and I am more than willing to do so.

Mr. MICHAUD. Okay. Thank you. I yield back, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Michaud. Real quickly, you have talked about being completely paperless by 2015, I know that is the goal. That is a great laudable goal, as are most of the goals VA sets up. But given some testimony that we received here in the Committee weeks ago regarding the individual electronic health record, it appears that VA and DoD are going on divergent paths again and DoD is fighting the change that's coming. How is that going to impact your ability to adjudicate the claims. They say they cooperate, but they don't cooperate.

General HICKEY. Chairman Miller, thanks for the question. I'll tell that I am not IEHR, that is more on the health administration side, though, when it is here it will obviously benefit us, so I would prefer to take that piece for the record. But I will tell you I am not waiting for anything like that to—I am doing right now under a different agreement with DoD, getting our hands on the complete medical record, the contract medical records, the tricare medical records, all brought together with a letter on top from DoD certifying they have gone through the complete thing and everything is there and they're presenting that to me now for point forward, all of our Veterans are coming out now.

The CHAIRMAN. Okay. And also you highlighted e-benefits. You have a great faith in that; here is a question that was brought to me that you can take for the record. Apparently, you can only download one page of documents to your e-benefits file. Then it can take upwards of 75 days before it is reflected as received in the system?

General HICKEY. Chairman, I have to say that I don't believe that that is accurate. I can tell you, I can download and I have downloaded my complete personnel records and it didn't take one page times all the rest of them. I got them in a PDF version, I download them, I have them in my little, I love me file at home and, no, it doesn't take all that time to upload and upgrade that——

The CHAIRMAN. Well, it wasn't the time to upload, it is how soon after you downloaded or uploaded all of that information did it show up as received into the system?

General HICKEY. I will go back and find out. I would love to have the information that you have and go back and check on it and I would be happy to provide you an answer to this.

The CHAIRMAN. Here it is, handwritten. Thank you very much for being here for two hours. We appreciate you testifying and providing the answers. I am sure that there are questions that we will submit for the record. I appreciate both you and Ms. Rubens being here. Once again, I want to say, thank you for being here and being part of this discussion. This hearing is adjourned.

[Whereupon, at 12:02 p.m. the Subcommittee was adjourned.]

A P P E N D I X

Prepared Statement of Hon. Jeff Miller, Chairman

The Committee will come to order.

Good morning everyone. Welcome to today's Full Committee hearing on a topic that is not a new one for this Committee, namely, needed improvements to the disability claims processing system.

As of this week, VA had nearly 900,000 pending claims, with over 70 percent pending for longer than VA's targeted processing time of 125 days. Recently, VA has rolled out its "transformation plan" as a means to address the growing backlog of claims. Pursuant to Merriam Webster's dictionary, "transformation" means the act of changing in composition or structure.

Similarly, "plan" is defined as a detailed formulation of a program or action. However, what we have seen from VA so far does not amount to a significant change in the culture of the organization, nor has VA provided a very detailed formulation of its plans for moving forward.

Although it is my hope that VA is truly committing to changing the culture of the department. Most of what we have seen so far consists of repackaging old initiatives with new Power Point presentations and impressive buzz words.

Speaking of buzz words, VA has repeatedly stated that it plans on accomplishing its transformation plan by focusing on "people, process, and technology." Our purpose today is to focus on the first of these three elements – people.

Although much emphasis is placed on the process and technology components, I believe that the "people" component may be the most important. There are thousands of men and women who, on a daily basis, work through the growing backlog of claims and their efforts should not go unacknowledged. Nonetheless, the more people VA hires to process claims, the worse the department's productivity is.

Indeed, as the first chart shows, in 1997, the average VA field employee processed 135 claims per year whereas in 2011, that number had dropped to 73 claims per year. Further, as the second chart shows VA has nearly three times as many field employees to do the work now than it did fifteen years ago. One would think that working fewer cases per employee would result in higher accuracy rates . . . but accuracy is stagnant, and as the budget has grown exponentially. Unfortunately, so too have processing delays.

As I have stated many times before, there are many people – myself included – who are losing patience as we continue to hear the same excuses from VA about increased workload and increased complexity of claims.

Let me give everyone an example from VA's own budget books: I quote, "the effect of the military drawdown on VA's claims process is marked not only by a large volume of claims being received, but also by increasing complexity of those claims;" "as a result of the pre-discharge counseling being given to service personnel . . . veterans have been claiming more conditions on their initial applications;" "instead of the traditional two to three disabilities per claim, regional offices are dealing with 10 to 15 issues per claim."

I could go on, but does this sound familiar to everyone? It should, because what i just read to you was from VA's February 1994 budget submission. VA has and will encounter complications along the way. However, VA's demonstrated history shows its inability, or refusal, to forecast problems and anticipate its needs and the only people paying a price for this failure are the veterans. The time for excuses is over.

So, Under Secretary Hickey, we are here today to have an honest discussion about the people who make up VBA – from file clerks to RO directors to VA central office management, and on how you intend to transform this workforce through better accountability and workload management practices.

I recently had the opportunity to travel to the Baltimore Regional Office. I was able to observe new employees' Challenge Training. I also learned more about the station enhancement training that the Baltimore Regional Office will soon undergo.

Although proper training is important, I'd like to reiterate that it is not enough. VA also needs to remain focused on accountability and better workload management practices. For example, one of the words we hear most when VA is called before us is "Nehmer."

Nehmer, a class action lawsuit that requires VA to prioritize certain Agent Orange presumptions – did significantly add to VA's workload. However, during the 111th Congress, Secretary Shinseki testified before this Committee that VA would easily be able to fast-track those claims. I quote, "by 2013, we will be back to where we are today at about 161 days" to process a claim.

Under Secretary Hickey, as you know, we are not there today. On the contrary, we are at nearly 280 days for an initial rating decision. Without better workload or surge capacity planning, I fear that VA is simply one national mission away from complete collapse and utter failure.

This is simply unacceptable, so again, we are here today to explore how the people who make up VA can prevent this scenario from happening. I'd like to thank Under Secretary Hickey for being here today, as well as those who submitted statements for the record.

I now yield to our Ranking Member, Mr. Michaud.

Prepared Statement of Hon. Michael Michaud, Ranking Minority Member

Thank you very much, Mr. Chairman, for holding this hearing today.

I would like to take a brief moment to recognize that it has been a decade since the start of Operation Iraqi Freedom. The wars in Iraq and Afghanistan have claimed 6,669 American lives with 50,554 wounded in action and countless others suffering from mental injuries as a result.

Thank you to our veteran advocates on this Committee and in the audience who have worked hard to assist these fine men and women.

Since March of 2003, there is much that we should be proud of: a post 9/11 GI Bill that ensures these veterans have the opportunity of an excellent college education, record increases in the administration's budget for VA programs and services that have led to better care and access for our Nation's veterans, and many others.

However, despite these positive outcomes, we all know that challenges remain.

Of great importance to not only current era veterans, but all veterans, is our need to fix the broken claims processing system.

While the VA continues to process more claims than at any other time in its history, demand continues to outpace production. Today, VA's total inventory is approaching 900,000 claims with more than two-thirds, or 632,000 of these claims considered as part of the backlog.

However, despite the growing backlog I am encouraged by some of the recent developments and by the shift in attitude regarding VBA's efforts to fix the backlog.

Nonetheless, while I appreciate the Secretary's goal of having no veteran waiting for longer than 125 days with an accuracy rating of 98% by 2015, I question whether this very, very, ambitious goal is achievable. It would require the VA to complete approximately 3.4 million claims in two and a half years. To accomplish this goal, the VA must start averaging the completion of 1.36 million claims a year; this is a 33 percent increase in productivity. These are loose projections, and I hope that the VA has better ones, but in my mind, the math simply doesn't add up.

I also question whether VA is being upfront with Congress about its challenges. In particular, does VBA have enough employees to get the job done? I am not convinced that it does. And is VBA getting all of the information that you need from the Department of Defense in a timely fashion? I don't believe it is.

VA's ability to process claims in a paperless electronic environment can only be as good as the information that goes into it. If you don't have the resources required, and you are not receiving information from DoD, or other agencies, we need to know about it.

Further, I am concerned that VBA is simply trying to automate a claims process that, at the end of the day, doesn't work. I hope to hear some of your ideas as to how your workload management will change in an electronic setting.

Can VA visualize an electronic system in which a Veterans claim comes in not as a claim, but broken down into the various medical conditions?

For our purposes let's suppose there are 13 medical conditions in a claim. These 13 medical conditions are not sent through the segmented lanes of the veterans' local regional office; they are sent to 13 Regional Offices throughout the country, electronically, simultaneously, to be adjudicated at the same time.

Different RO's specialize in different medical conditions. Challenged RO's get the easy medical conditions; Great RO's get the work that is the most complex. And most importantly, veterans get paid as each medical condition is completed. I challenge VA to begin thinking outside of the box.

It is an old adage that a benefit delayed is a benefit denied. Far too many veterans are waiting far too many days to receive the benefits they have earned. We are all working toward the same end – timely and accurate dispositions of claims. If we are to be successful we must work together to achieve a claims system that lives up to the service and sacrifices of our veterans.

Thank you, Mr. Chairman. I yield back.

Prepared Statement of Hon. Tim Walz

I want to thank Chairman Miller and Ranking Member Michaud for holding the hearing on Wednesday, March 20, 2013 titled: "Focusing on People: A Review of VA's Plans for Employee Training, Accountability, and Workload Management to Improve Disability Claims Processing." Ending the disability claims backlog is of the utmost importance to veterans and their families. The Chairman's and Ranking Member's focus on the issue is commendable.

The Department of Veterans Affairs (VA) disability claims backlog has been decades in the making, with many contributing factors. In 2009, with support from myself and other Members of Congress, Secretary Shinseki made the decision to establish presumptive service-connection for three additional illnesses associated with exposure to Agent Orange. Since this decision, VA has already reviewed more than 140,000 past claims for these diseases and is in the process of reviewing more than 40,000 additional past claims.

But more than anything else, the backlog is the result of 12 years of war. When the decision was made to invade Iraq in 2003, the country was ill-prepared to care for all the returning war veterans that would ensue. Approximately 45 percent of Iraq and Afghanistan veterans are currently seeking compensation for injuries related to their service—that marks a "historical high" compared to previous wars. Many of these veterans are coming home with severe and complex injuries; which is why today's claims include an average of 8 to 10 medical issues per claim, more than double the Vietnam era.

Needless to say, we can't allow these challenges to prevent us from delivering timely care and benefits to our returning servicemembers. Our veterans deserve to come home to a government that provides the same excellent service that we demanded of our servicemembers. Congress must work with VA leadership to break this backlog. I believe that the VA leadership possesses the will and the skill to break the backlog. My friend Bob Wallace, Executive Director of the Veterans of Foreign Wars of the U.S., recently stated it best:

"The Veterans of Foreign Wars of the United States strongly believes in holding public servants accountable, but Allison Hickey was handed a tremendous challenge less than two years ago when she became the VA Undersecretary for Benefits, a challenge that continues to be compounded by an aging veterans' population, additional presumptive service connections for Vietnam and Gulf War veterans, and the influx of new claims from Iraq and Afghanistan veterans. The VFW believes Ms. Hickey is an integral part of the solution to finally breaking a backlog that previous Administrations and Congresses helped to create by underfunding the critical areas of automation and staffing. Thanks to the President and Congress, the VA now has the necessary resources to automate the claims processing system and move in the right direction, but after years of neglect, the fix will not come overnight."

I understand that it is Congress's responsibility to provide oversight over the Department of Veterans Affairs. But any criticism directed towards VA leadership must be constructive. Pointing fingers will not help. I recently suggested to Undersecretary Hickey that VA stop taking a "one-size fits all" approach to training and begin to tailor training to the needs of employees based on their experience and location. I was pleased that Undersecretary Hickey acknowledged this shortcoming and agreed to reevaluate their training programs.

I want VA's transformation to be successful though I have concerns, particularly with: VA's ability to get records from the Department of Defense in a timely fashion; how VA plans to operate in an electronic environment; receiving qualifying data from VA regarding the transformation; proper staffing ratios at VA Regional offices. Nonetheless, I am optimistic that VA is moving in the right direction in regards to their efforts to create a paperless processing system. I am convinced that we can

break the backlog. If we can put a man on the moon, we can certainly ensure that veterans receive the benefits they've earned in a timely fashion.

I look forward to continue working with the Veteran Service Organizations, my colleagues on the House Veterans Affairs Committee and VA leadership to develop a strategy to meet the growing needs of our veterans.

Sincerely,

Tim Walz

Member of Congress

Prepared Statement of Hon. Jackie Walorski

Mr. Chairman and Ranking Member, it's an honor to serve on this Committee.

I thank you for holding this hearing on an issue that significantly affects our Nation's veterans.

This is an issue that greatly concerns me, and I stand firm in my resolve to continue the work of this Committee until real progress is made. I want the 50,000[1] veterans back in Indiana's Second Congressional District, and the approximately 22,000,000[2] veterans overall in this country to know that their voices have been heard.

The Veterans Administration cannot continue to make false promises. The VA must act now. It is completely unacceptable that the backlog grew from 180,000 claims to 594,000 claims in the period from 2009 to December 2012.[3]

The backlog and consequent wait times for the veterans is demoralizing. I have heard from veterans who feel completely helpless as a result of the way they must wait to receive the care they desperately need. These men and women and their families have sacrificed much to protect the liberties we are grateful for.

I look forward to working with my colleagues and our panelists, today, to ensure our veterans do not become another statistic lost in the system.

Thank you.

Prepared Statement of Allison A. Hickey

Good morning, Chairman Miller, Ranking Member Michaud, and Members of the Committee. Thank you for the opportunity to discuss VA's plans for employee training, accountability, and workload management to improve disability claims processing. My testimony today will focus on the employees of the Veterans Benefits Administration (VBA) and the transformation initiatives we have underway to help them deliver on our commitment to provide outstanding service and timely and accurate benefits to our Nation's Veterans, their families, and survivors.

As a direct result of the budget support provided by the Committee, VBA has completed more than one million disability compensation claims the last three years in a row – the highest numbers ever in the history of VA. Despite this stride, too many Veterans wait too long to get the benefits they have earned and deserve. VBA continues to execute a Transformation Plan that will enable us to meet the Secretary's goal of claims completed in 125 days at a 98 percent accuracy level in pursuit of eliminating the claims backlog in 2015.

Meeting the Needs of Veterans

Veterans, their family members, and Survivors deserve our very best performance and the ability to deliver an array of benefits and services that Veterans have earned – faster, more accurately, and with greater efficiency and effectiveness.

It is the growing inventory of disability claims, and our need to quickly process those claims, that is driving the urgency with which we are advancing our Transformation.

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[1] There are an estimated 53,318 veterans in IN–02. This data was compiled on 09/30/2012, based on the district lines from the 112th Congress. *http://www.va.gov/vetdata/Veteran—Population.asp.*

[1] There are an estimated 22,700,000 veterans in the United States. Department of Veterans Affairs, Office of the Actuary, Veteran Population Projections Model (VetPop), 2007, Table 5L. *http://www.va.gov/vetdata/docs/quickfacts/Population-slideshow.pdf.*

[3] Department of Veterans Affairs (VA) Strategic Plan to Eliminate the Compensation Claims Backlog. 25 January 2013. *https://www.documentcloud.org/documents/612897-va-strategic-plan-jan-2013.html.*

VBA completed over one million claims per year in fiscal years 2010, 2011, and 2012. Yet the increased productivity in claims processing was not enough to keep pace with the number of claims received in several of those years. In 2010, VBA received 1.2 million claims. In 2011, VBA received another 1.3 million claims, including claims from Veterans made eligible for benefits as a result of the Secretary's decision to add three new presumptive conditions for Veterans exposed to Agent Orange. In 2012, VBA received 1.08 million claims. Over the last three years, the claims backlog has grown from 180 thousand to 600 thousand claims at the beginning of this month.

For decades, the VBA system has carried an inventory of pending claims, and a backlog that was undefined and therefore confused with inventory. In 2010, the Secretary of Veterans Affairs defined the backlog as any disability claim pending over 125 days and increased transparency by making our performance against our established goals available on the internet. The backlog grows when the capacity does not match demand.

In 2009, based on the Institute of Medicine's Veterans and Agent Orange: Update 2008, and considering all available scientific evidence, the Secretary made the decision to add three presumptive conditions (Parkinson's disease, ischemic heart disease, and B-cell leukemias) for Veterans who served in the Republic of Vietnam or were otherwise exposed to the herbicide Agent Orange. Beginning in 2010, VBA identified claims for these three conditions for special handling to ensure compliance with the provisions in the Nehmer court decision that requires VA to re-adjudicate claims for these conditions that were previously denied. Nehmer claims for all living Veterans were completed as of April 2012. VA identified the next of kin for the last remaining Nehmer survivor claim and awarded benefits in October 2012. As of March 11, VA has processed approximately 260 thousand claims and awarded over $4.5 B in retroactive benefits for the three new Agent Orange presumptive conditions to more than 164 thousand Veterans and survivors.

Other factors that have resulted in the submission of more disability claims, and hence contributed to the backlog, include VA initiatives to increase access, and other conditions that increased demand for VA to address unmet disability compensation needs:

Increased Access

1. Increased use of technology and social media by Veterans, families, and survivors to self-inform about available benefits and resources.
2. Improved access to benefits through the joint VA and DoD Pre-Discharge programs.
3. Creation of additional presumptions of service connection resulting in more claims for exposure-related disabilities.
4. Extensive and successful use of VA outreach programs to inform more Veterans of their earned benefits, which can include compensation claims.

Increased Demand

1. Ten years of war with increased survival rates for our wounded
2. Aging population of previous era Veterans such as Vietnam and Korea, whose conditions are worsening
3. Impact of a difficult economy
4. Growth in the complexity of claims decisions as of result of the increase in the average number of medical conditions for which each claimant files.

The current composition of the inventory and backlog are claims from Veterans of all eras—from Veterans of the current conflicts to World War II Veterans who are just now filing a claim for the first time. As of January 31, 2013, the largest cohorts of claims come from our Vietnam-era Veterans who filed 448 thousand claims in FY 2012, and currently make up 37 percent of the inventory and 38 percent of the backlog. Gulf War Era Veterans make up 23 percent of the total inventory and 22 percent of the backlog. Veterans of Iraq and Afghanistan conflicts make up 20 percent of the total inventory and 22 percent of the backlog. Veterans of the Korean War and World War II and all others make up less than 10 percent of both total inventory and backlog. The remainder of the inventory and backlog is from Peacetime Veterans only.

Transformation

To meet the Secretary's goal of eliminating the backlog by 2015, we have set out to transform VBA into a 21st century organization. VBA's transformation is demanded by a new era, emerging technologies, and the latest demographic realities. In the face of increasing complexity and workloads, VBA must deliver first-rate and timely benefits and services – and they must be delivered with greater efficiency.

VBA is aggressively pursuing its Transformation Plan, a series of tightly integrated people, process, and technology initiatives designed to eliminate the claims backlog and achieve our goal of processing all claims within 125 days with 98 percent accuracy in 2015. VBA is retraining, reorganizing, streamlining business processes, and building and implementing technology solutions based on the newly redesigned processes in order to improve benefits delivery.

People

We very deliberately put our employees – our people – at the forefront of our transformation plan, as they are the heart of our mission and absolutely critical to achieving the Secretary's goal of completing all claims in 125 days at 98 percent accuracy in 2015. Our dedicated employees, 52 percent of whom are Veterans themselves, have embraced our transformation efforts and are the key to our success. In order to have the best-trained, most efficient, and highly skilled workforce, we focused our "people" initiatives on strengthening the expertise of our workforce – changing the way we are organized and our employees are trained to do the work.

Our workforce is highly skilled and educated. Sixty-three percent of our employees have a bachelors' degree or higher. The dedication of our employees to our mission is evidenced by a very low turnover rate – only 7 percent annually. The average length of service is 11 years; the average age is 44; and 14 percent are currently retirement eligible. However, over 35 percent of our claims processing employees have less than three years experience with VA. We appreciate the budgetary support provided by the Committee in recent years that allowed us to increase staffing.

Training

VBA's focus is on providing high-quality, timely, and relevant training for both new and experienced personnel. To that end, our transformation efforts include redesigned and deployed centralized programs and new tools that standardize training for the disability compensation and pension benefit programs across our 56 regional offices.

Challenge Training and Quality Review Teams (QRTs)

The productivity of the workforce and the accuracy of decisions are being increased through new national training programs and standards. VBA instituted Challenge training in 2011 and Quality Review Teams (QRTs) in 2012 to improve employee training and accuracy while decreasing rework time. Challenge training is focused on overall skills and readiness of the workforce, and QRTs focus on improving performance on the most common sources of error in the claims processing cycle; data on VBA's largest sources of error are captured and analyzed by its National Accuracy Team. Today, for example, QRTs are focused on the process by which proper physical examinations are ordered; incorrect or insufficient exams previously accounted for 30 percent of VBA's error rate. As a result of this focus, VBA has seen a 23 percent improvement in this area.

The 1,900 new employees who have received Challenge training decide 150 percent more claims per day than predecessor cohorts, with a 30 percent increase in accuracy, (i.e. these new employees decide 150 percent more claims per day than previous groups of employees at a similar stage in their development). This is a marked improvement in performance, and is being scaled across the entire enterprise as new employees are hired. Five Challenge training sessions are planned for FY 2013. As of March 1, 2012, VBA initiated a new Challenge course focused on improving the low performing regional offices called Station Enhancement Training (SET). The first regional office that completed SET experienced a quality increase of eight percentage points in three months and the number of claims processed per month increased by more than 27 percent. Similar results are being seen by the second RO that completed SET in January 2013.

VBA tracks the impact of these initiatives on accuracy through a three-month rolling average accuracy metric that is reported in ASPIRE and can be seen online by anyone inside or outside VA. FY 2012 data demonstrated a three percent increase in national accuracy standards – from 83 percent to 86 percent. The accuracy outcome objectives for the next three years are: 90 percent in FY 2013, 93 percent in FY 2014, and 98 percent in FY 2015.

The current 12-month measure of the accuracy of our disability rating decisions increased to over 86 percent – and further improved to over 87 percent when looking at just the last three months. It is important to recognize that under the existing quality review system, any one error on the claim, no matter how many medical conditions must be developed and evaluated, makes the entire claim in error – the claim is therefore counted as either 100 percent accurate or 100 percent in error, with no credit for anything in between. Issues are defined as individually evaluated medical conditions. A claim can, and often does, consist of many issues. Each issue

represents a series of completed tasks, such as development, research, adjudication, and decision, that could result in a benefit adjustment for a Veteran, family member, or survivor. Given that the average number of claimed issues for our recently separated Servicemembers is now in the 12 to 16 range, we do not believe the current all-or-nothing measure reflects the actual level of decision accuracy achieved. When we measure the same claims based on assessments of the individual medical conditions rated ("issue-based accuracy"), the accuracy of our decisions is over 95 percent. This issue-based accuracy approach also affords VBA the opportunity to target with precision those medical issues where we make the most errors with dedicated training – and improve employee level medical issue accuracy.

Training for Experienced Employees

All claims processors are currently required to complete at least 80 hours of VBA training annually. VBA's Compensation Service has published a National Training Curriculum (NTC) for claims processors and requires training at the appropriate skill level for all employees. The 80 hours includes mandatory training from NTC, electives from NTC on additional topics, and station-determined topics. Training is conducted on issues of high interest or quality concerns for claims processors, such as determining effective dates, determining examination adequacy, and rating traumatic brain injury claims – skills essential to accurately carrying out their everyday responsibilities. The breakout among these three categories is flexible to allow adjustments for urgent national and local issues with high impact on claims processing.

VBA invests annually in the development, maintenance, and management of formal training products and performance support tools. VBA's formal training system, Training and Performance Support Systems (TPSS), utilizes: web-based training for individual learning; instructor-led web-based training for virtual classroom training; job aids for standardized desktop references; and electronic performance support systems (EPSS) to provide quick access to technical and medical information that should not be memorized. All TPSS and EPSS products are professionally developed and must pass rigorous validation testing. TPSS and EPSS products are also utilized during Challenge training.

Station Enrichment Training

In March 2012, VBA initiated a new Challenge course specifically designed to focus on improving decision accuracy and raising the skill levels of employees working in low-performing regional offices. Station Enrichment Training (SET) is intensive, instructor-based training built on VBA's highly successful and redesigned Challenge training for all new compensation claims processors. It provides standardized training in the technical skills required of VSRs and RVSRs.

At the first office participating in the SET program, quality increased by eight percentage points in three months, and the number of claims processed per month increased by more than 27 percent. Since SET, this office has met or exceeded its performance goals each month. Based on the success of SET in the first office, VBA has since expanded SET to two additional regional offices in this calendar year.

Change Management Training

Our Transformation, with its integrated people, process and technology initiatives, represents the largest single reinvention this organization has ever seen –and our focus is on managing this change while sustaining production and improving quality. We recognize the importance of helping our employees fully understand and prepare for the major transformative changes being implemented. For each of the transformation initiatives, VBA developed and fielded formal training to prepare employees with consistent information – delivered at the right time. Web-based training allows employees to learn at their own pace and includes assessments for employees to confirm their learning.

Change Management Agents

VBA hired Change Management Agents (CMAs) at each regional office and trained them as front-line proponents for transformation. CMAs provide support to regional office employees to guide them through changes and help them communicate their concerns. CMAs help regional office management and VBA leadership by guiding implementation of each initiative and channeling employee feedback. CMAs also ensure that appropriate communication occurs with a variety of VA and external stakeholders. VBA remains dedicated to helping employees prepare for the changes and achieve success through improved processes and technology.

Transformation Organizational Model

VBA's new standardized organizational model incorporates a case-management approach to claims processing. VBA is reorganizing its workforce into cross-functional teams that give employees visibility of the entire processing cycle of a Veteran's claim. These cross-functional teams work together on one of three segmented lanes: express, special operations, or core. Distinct processing lanes are based on the complexity and priority of the claims and employees are assigned to the lanes based on their experience and skill levels. Claims that predictably can take less time flow through an express lane (30 percent); those taking more time or requiring special handling will flow through a special operations lane (10 percent); and the rest of the claims flow through the core lane (60 percent). Lanes were established based on the complexity and priority of the claims and employees are assigned to the lanes based on their experience and skill levels.

The Express Lane was developed to identify those claims with a limited number of medical conditions (1–2 issues) and subject matter which could be developed and rated more quickly, including fully developed claims. The Special Operations Lane applies intense focus and case management on specific categories of claims that require special processing or training (e.g., homeless, terminally ill, military sexual trauma, former prisoners of war, seriously injured, etc.). The Core Lane includes claims with three more medical issues that do not involve special populations of Veterans. Less complex claims move quickly through the system in the express lane, and the quality of our decisions improves by assigning more experienced and skilled employees to the more complex claims in our special operations lane.

Initially planned for deployment throughout FY 2013, VBA accelerated the implementation of the new organizational model by nine months due to early indications of its positive impact on performance. Given the magnitude of this change, each office transitions to the new organizational model individually. Significant support and training from VBA Headquarters have been critical in this stage. As of the end of 2012, the new organizational model was fully operational at 51 regional offices, and three more have since implemented the new model. The remaining two regional offices will implement the model by the end of this month.

Accountability

VBA holds employees at all levels of the organization accountable for performance as we continuously strive to fulfill our commitment to providing timely and accurate benefit decisions. Objective measures and performance standards are used to make basic determinations that our managers and employees are meeting or exceeding their job requirements. Procedures are in place to reward our best performers and to work with employees who need additional training to improve performance.

Accountability for Claims Processing Employees

Employees receive on-going feedback on the elements included in their performance standards. Training continues to be a priority to achieve our performance improvement goals and is provided in a variety of methods, in addition to those already highlighted in this testimony. For example, training is conducted through a national Quality Call every month, where several staffs from Compensation Service address error trends identified through national and regional office-specific assessments.

If a supervisor determines that an employee is not meeting his or her performance standards, the supervisor will identify specific, performance-related problems. The supervisor and employee will develop a written performance improvement plan to identify specific performance deficiencies, successful level of performance, actions that must be taken to be successful, and the methods that will be used to measure improvement. The performance improvement plan provides the employee a reasonable opportunity to resolve performance-related problems. Generally, the plan covers at least 90 calendar days, but it may be extended.

We recognize the importance of assessing the impact of our transformational initiatives on employees' job requirements and appropriately adjusting performance standards. Performance standards and objective measures are used to make a basic determination that an employee is meeting their job requirements. We recently revised our performance standards, and are still within the 90 day period of implementation. The new performance standards account for segmented lanes and ensure that work credit is assigned appropriately. VBA established a new team to work in conjunction with AFGE to continue to develop standards that will better serve Veterans as we move into an electronic environment.

This past year, the VBA Mid-Term Bargaining Committee, comprised of members representing the American Federation of Government Employees (AFGE) and VBA management, worked in partnership and through pre-decisional involvement to sup-

port the design and deployment of all our transformation initiatives. VBA leadership ensures that all pilots of potential transformation initiatives include our labor and VSO partners to build the process with the employee in mind. In addition, predecisional briefings on transformation were provided to help pave the way for negotiations. The team resolved many issues and reached agreement on approximately twenty memorandums of understanding.

Skills Certification

VBA incorporated its skills certification program in the Transformation Plan, as it is an important tool to ensure accountability for claims processors. Public Law 110–389, Section 225, required skills certification testing for employees and supervisors who process claims for compensation and pension benefits. Since August 2003, VBA has maintained a skills certification testing program. Tests are currently administered on a regular basis for the following positions: VSR, RVSR, Supervisory VSR, Pension Management Center VSR, Decision Review Officer and Coaches. Employees and supervisors are required to achieve certification and recertify every two years.

Public Law 112–154, Section 703, added the requirement that VBA regularly assess the skills and competencies of appropriate employees and managers responsible for processing claims for compensation and pension benefits, as well as take appropriate personnel action if employees and supervisors are unable to pass the test following training and reassessment. We have developed a plan to regularly assess the skills and competencies of employees who process claims for compensation and pension benefits. Implementation of this plan will occur after notification and appropriate action is taken with labor partners to address its impact and implementation.

As a result of extensive labor-partner input obtained in a labor and management forum, VBA is considering various options to implement the provision of the law requiring VBA to take "appropriate personnel action" if training and reassessment does not result in satisfactory skills and competencies. VBA is reviewing the input of our labor partners to formulate options for those employees who do not pass the skills certification test after additional training and reassessment. Regardless of which option is selected, VBA will bargain on issues related to impact and implementation, as is required by the AFGE Master Agreement.

Workload Management and Accountability for Senior Managers

ALL VBA senior managers of regional offices are held accountable for effective workload management and the resulting performance of their offices. Performance is evaluated against national and regional-office-specific targets that are based on our strategic goals. The targets are established at the beginning of each fiscal year and account for a variety of measures, including timeliness, production, and inventory. Performance expectations are established based on the previous year's performance, giving consideration to current staffing and anticipated receipts at each regional office. VBA's Office of Field Operations and the Area Directors routinely review the performance of regional offices and their leadership teams. The performance is measured against established targets, workload, and staff turnover.

VBA aggressively monitors regional office workload trends and performance, and as negative trends develop, Area Directors establish and monitor performance improvement plans for regional office directors to ensure appropriate attention is given to problem areas. The performance improvement plans identify any deficiencies such as productive capacity, quality, or timeliness. Often, a challenged regional office will engage a high performing station to share best practices and identify opportunities for improvement.

VBA's office of Field Operations and the Area Directors actively participate in rehabilitating an underperforming regional office. VBA established a Workload Management Training Program to train new supervisors in workload management. VBA will also host classes at the facility to re-engage claims processors and management staff. The new SET program previously discussed is an important new tool for performance improvement. The Area Directors will engage in more frequent communication with an underperforming office, through frequent site visits, teleconferences, and written and electronic communications. If a Director cannot successfully lead a regional office to improvement, subsequent performance action will be taken during performance appraisal periods. These actions may include retirement, reassignment, or downgrade.

Stat Reviews

VBA's Stat Reviews are a performance technique and tool using statistical data (Stat) and visual displays of that data to monitor progress and improve performance. This process involves in-depth performance metric reviews with the Under Secretary of Benefits (USB) and other top VA leaders, as well as VBA's Office of

Field Operations and other members of the VBA leadership team, to analyze and manage performance more effectively.

VBA's Stat Reviews are based on highly successful performance management programs conducted government-wide. As USB, I sit at the table with regional office directors in the day-long meeting to discuss challenges and successes, using extensive data driven performance measures for accountability. This allows VBA leadership to more easily identify what improvements are needed to produce desired performance results. Stat Reviews also help VBA leadership understand what is or is not working, while motivating regional office managers and employees to focus their energy and creativity on achieving specific results.

The Stat Review process encourages:

1. Focus on accountability to achieve workload performance metrics.
2. Information-sharing of best practices across VBA regional offices and VBA leadership.

As a monthly event with Directors and a bi-weekly update with the USB, the Stat Reviews identify patterns occurring at various regional offices, and every regional office participates either in person or by teleconference. These reviews help to ensure we have alignment across ROs on Transformation and that best practices and lessons learned are shared quickly across leadership teams.

Career Trajectory

VBA believes very strongly in providing employees with growth opportunities and therefore provides a career trajectory for claims processing employees working across the nation. Over the past two fiscal years, VBA promoted 1,061 claims processing employees, including:

- 258 claims assistants promoted to Veterans Service Representatives (VSRs),
- 542 VSRs promoted to Rating VSRs (RVSRs); and
- 261 RVSRs promoted to Decision Review Officers (DROs).

The knowledge and experience our employees bring to their jobs as they are promoted to more technical and leadership positions are invaluable to our organization. Developing our employees for positions of greater responsibility helps to ensure employees understand the various roles in the claims process and our institutional knowledge is preserved and enhanced.

Helping employees understand the skill requirements of their current and potential future positions is a key component of VBA's succession planning. VBA has built competency models that describe in detail the general and technical skills and competencies required for 15 critical and nationally standardized positions across its six lines of business. VBA is now focusing on developing a repeatable process of curriculum mapping, using the VSR position as a proof of concept. When complete and loaded into VA's Talent Management System, employees and their supervisors will use the competency models to evaluate and address learning needs and performance improvement opportunities for employees. The competency models will help to specify the learning, experience, and other qualities necessary to perform job tasks. Employees and those who desire to work with VBA will also benefit from these models, as they provide the foundation for VA's on-line career mapping tool MyCareer@VA, which itself has a broad audience of some 575,000 users (to date, since October 2011).

VBA has planned for employee growth in both leadership opportunities and technical expertise to ensure the long-term health of the organization. For all business lines, VBA's Office of Employee Development and Training develops and manages leadership and professional development programs. Our five national leadership development programs reach a wide population of leaders and potential leaders throughout our organization with programs for emerging leaders (GS 5–9) through our executive development series (SES). These competitive programs are available to employees from all regional offices and centers. Each program provides instructional and experiential learning opportunities as well as mentoring to enhance each participant's growth.

Incentives

VBA utilizes a three-tier incentive program to recognize individuals and regional offices for excellent performance during the fiscal year. Individual recognition (level I), awards are given to those employees whose performance significantly exceeds their performance requirements. All performance requirements for claims examiners contain critical elements for both quality and timeliness/production. At the heart of the performance award program is a foundational focus on quality. Funding for level one of the program is distributed to regional offices based on a percentage of total

salary for each office. Level one funds are paid out to individual employees locally as incentive awards, and the criteria for performance are determined locally and vary across regional offices.

Group awards (level two) are made to offices or elements of offices that achieve and exceed performance targets. Funding for level two of the program is distributed to regional offices for meeting key performance targets during the fiscal year, including all claims accuracy goals. Funding for level two awards is pro-rated based on total salary for employees in each business line for which the regional office met the level two criteria.

Special contribution awards (level three) of the program are reserved for recognition by the Under Secretary for Benefits. Recommendations at this level are made by the Deputy Under Secretary for Field Operations.

Employee Morale

Today VBA and our employees face enormous challenges – and we need the talents of each and every one of our employees to overcome those challenges and succeed in our Transformation. Our employees demonstrate every day that they are motivated to make a difference in the organizations where they work and in the lives of those they serve. Their strongest motivation is their dedication to our unique mission of service to America's Veterans, their families and Survivors.

We recognize our responsibility for developing, sustaining, and nurturing our employees – highlighting their accomplishments, addressing their concerns, and giving them the training and tools they need to deliver quality benefits and services to the Veterans and families who are turning to them for assistance.

Our directors use a number of innovative methods to facilitate communications, identify and address issues of concern, and help employees understand the importance of the work that they do. Many have invited OIF/OEF Veterans to the office to meet and speak with employees so they gain a better understanding of the daily challenges our disabled combat Veterans face. Town Hall meetings are held with employees to improve communications between the management team employees, and some managers also hold morning team sessions to ensure that employees are kept up-to-date. CMAs also facilitate communications between employees and managers related to our Transformation initiatives.

VBA encourages all employees to participate in the annual All Employee Survey, the results of which are carefully assessed and analyzed to focus on areas needing improvement to promote a healthy and motivated workforce. Regional office directors are required to select two measures where they have influence to demonstrate improvement in metrics. These metrics are evaluated by their Area Director at the end of the performance period.

Process Initiatives

Through process-improvement initiatives, VBA is rapidly developing and testing streamlined business processes, focusing on eliminating repetition and rework. VBA established a "Design Team" concept to support business-process transformation, and the ideas and input of our employees are the key elements of this concept. Using design teams, VBA conducts rapid development and testing of process changes and automated processing tools in the workplace. The direct involvement of our employees in the design team process enables us to demonstrate through pilot initiatives that changes are actionable and effective before they are implemented nationwide.

Since 2009, VBA has actively solicited innovative ideas for process improvement not only from our employees, but also from Veterans and industry stakeholders through a variety of structured mechanisms. Literally thousands of ideas were received and culled down to those with the largest potential to attack the backlog. For example, automated Disability Benefits Questionnaires (DBQs) (discussed below) – arguably one of the most highly leveraged changes – came from one of the VBA employee idea competitions. Additionally, VBA also conducted Lean Six Sigma and Kaizen events on these selected targets of opportunity, all focused on five major areas of focus: wait time, rework, productivity, digital intake, and variance.

Simplified Notification Letters

The Simplified Notification Letter, another employee-recommended initiative, has reduced keystrokes and automated production language in preparation of the Veteran's decision letter, thus improving rating decision productivity and accuracy. VBA implemented this initiative nationally on March 1, 2012, and it decreased the number of claims "waiting" for a rating decision by 55 percent. This translated into over 10,000 more rating decisions in the month of December (94,292) than in the month of March (84,115). The SNL process does not change the way we consider and decide claims, but rather changes the primary focus of what appears in the final

decision document. We do this in part through the use of an internal coding system designed to streamline processing and communicate standardized reasons and bases from the decision makers to the award processors (who generate the final notice letters, authorize the monetary awards, and perform other ministerial functions). SNL increased the number of auto-text selections available for raters to use to explain decisions, thereby improving decision accuracy and productivity. SNL allows VBA to meet the requirements of the Plain Writing Act focused on simplifying communications with benefit recipients.

Calculators and Evaluation Builder

VBA is building new decision-support tools to make our employees more efficient and their decisions more consistent and accurate. We have already developed rules-based calculators for disability claims decision-makers to provide suggested evaluations. For example, the hearing loss calculator automates decisions using objective audiology data and rules-based functionality to provide the decision-maker with a suggested decision.

The Evaluation Builder is essentially an interactive disability rating schedule. The VBA decision-maker uses a series of check boxes that are associated with the Veteran's symptoms. The Evaluation Builder determines the proper diagnostic code out of over 800 codes as well as the level of compensation based on the Veteran's symptoms. The Veteran receives an accurate rating decision every time the Evaluation Builder is used. This saves employees time that would have been spent looking up the rating schedule in a paper format. To date, five of the 15 body systems in the VA Schedule of Rating Disabilities have been embedded into VBMS, and the Evaluation Builder will have complete functionality (all body systems) in VBMS by November of this year.

Disability Benefits Questionnaires (DBQs)

DBQs replace traditional VA examination reports and are designed to capture all the needed medical information relevant to a specific condition at once and up front so that claims can be developed and processed in a more timely and accurate manner, with the end result being faster service for Veterans. DBQs change the way medical evidence is collected, giving Veterans the option of having their private physician complete a DBQ that provides the medical information needed to rate their claims – minimizing the need for a VA exam which adds additional time to the claim development process. Information in the DBQs maps to the VA Schedule for Rating Disabilities, and provides all of the necessary information to decide a disability claim. Fully and properly completed DBQs, whether from private providers or within the internal VA examination processes, have the potential to reduce rework, the largest category being exams with insufficient information.

The Veterans Health Administration has completed more than 1.5 million DBQs to date. In FY 2013 to date, nearly 600,000 DBQs have been completed by VHA examiners. Since their introduction, VBA has received over 12,000 DBQs outside of the traditional examination process. Using DBQs, VA examination and examination-request accuracy improved to 92 percent nationwide, compared to the legacy quality program, which showed accuracy of 84 percent when last conducted in 2009. Seventy-one of eighty-one individual DBQs, unique forms designed to document specific health conditions are available to private physicians. VBA is reaching out to stakeholders, particularly Veterans Service Organizations (VSOs), State and County partners, and private medical doctors to request their support in encouraging Veterans to use DBQs for more timely and accurate rating decisions. VA recently secured DoD concurrence to pilot the use of DBQs within the Integrated Disability Evaluation System (IDES) process. VBA's future goal is to turn DBQ objective responses into data to drive a calculator-based business-rules engine in VBMS to achieve automated decision support to improve consistency and accuracy of decisions and reduce processing time per case.

Acceptable Clinical Evidence (ACE)

ACE is a new approach that was implemented in October 2012. This process allows clinicians to review existing medical evidence and determine whether that evidence can be used to complete a DBQ without requiring the Veteran to report for an in-person examination. For many Veterans, this means they no longer need to travel and take time off for an examination, which can be a significant burden requiring them to leave work and interfering with their family life. Clinicians also have the option to supplement medical evidence with telephone interviews with the Veteran, or to conduct an in-person examination if determined necessary. To date, VA has processed 1,931 claims using the ACE initiative.

Compensation and Pension Records Interchange (CAPRI)

CAPRI software provides VBA employees with a standardized, user-friendly method to access Veterans' medical records throughout the VA healthcare system. In November 2011, VBA stopped printing Veterans Health Administration (VHA) treatment records, saving the effort and dollars associated with printing, filing, and storing these records. Under a partnership with VHA, the CAPRI program has recently been enhanced to send records electronically to VBA's paperless repository with just a few mouse clicks, further simplifying the process and reducing the task time. As of March 1, 2013, 45 sites within VBA have received this upgrade, with deployment for remaining sites scheduled to begin on March 31, 2013. To date, VBA has avoided printing more than 90 million pages of digital medical records (currently averaging six million/month) and spending over 422,000 man hours printing and filing – saving time and resources that are redirected towards backlog elimination. Because of these CAPRI enhancements, VBA estimates a $2.5 million cost avoidance annually on paper and toner that is also being used to support staffing resources to help eliminate the backlog.

Fully Developed Claims (FDCs)

FDCs are critical to achieving VBA's goals and provide a method for our VSO and DoD partners to assist in gathering the necessary evidence to decide a claim. A fully developed claim is one that includes all DoD service medical and personnel records, including entrance and exit exams, applicable DBQs, any private medical records, and a fully completed claim form. An FDC is critical to reducing "wait time" and "rework". VBA currently receives 4.8 percent of claims in fully developed form, which equates to 5,600 claims this fiscal year through February. When a qualified FDC is received, VBA is able to discharge its evidence-gathering responsibilities under the Veterans Claims Assistance Act much more efficiently than in traditional claims. This evidence-gathering period is a major portion of the current 262-day process. Today, VBA completes these FDCs in 117 days. VBA's target for FY 2013 is to increase these FDCs to 20 percent with our VSO partners– meaning VBA will have the ability, if this goal is reached, to decide 153,000 additional claims in 117 days.

Internal Revenue Service and Social Security Administration Data Sharing

In February 2013, VA developed an expanded data-sharing initiative with the Internal Revenue Service (IRS) and Social Security Administration (SSA) for up-front verification of income for pension applicants and to streamline income verification matches. This initiative enabled VBA to eliminate an annual reporting surge of 150,000 work items and redirect significant FTE to address the backlog of Dependency and Indemnity Compensation (DIC) claims from Survivors. We have doubled our output of DIC claims with this effort.

Technology

Key to VBA's transformation is ending the reliance on the outmoded paper-intensive processes. VBA is deploying technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations. VBA's digital, paperless environment also enables greater exchange of information and increased transparency to Veterans, the workforce, and stakeholders. Our technology initiatives are designed to transform claims processing from the time the Servicemember first enrolls in the joint VA and DoD eBenefits system and submits an on-line application to the issuance of the claims decision and receipt of compensation payments.

Veterans Benefits Management System (VBMS)

VBMS is a web-based, electronic claims processing solution complemented by improved business processes. It will assist in eliminating the existing claims backlog and serve as the technology platform for quicker, more accurate claims processing.

National deployment of VBMS began in 2012, with 18 regional offices operational as of the end of the calendar year. Deployment to the 38 remaining stations is ongoing. We estimate that once VBMS is fully developed in 2015, integrated, and implemented, it will help improve VBA's production by at least 20 percent (in each of fiscal years 2014 and 2015) and accuracy by at least eight percent.

The evolution of VBMS is occurring across four distinct phases, or generations of development. Generation One of VBMS began in 2010 with the conceptualization, piloting, development, and deployment of baseline system functionality with improved quality (required actions and automation) and efficiency (no paper). Generation One of VBMS concluded with the successful implementation of Release 4.1 in January 2013. This generation culminated in a foundational web-based, electronic claims processing solution featuring:

- Integrated claims establishment, development, and rating capabilities;
- Basic baseline automation via features such as automated letter generation and data population; and
- Basic workflow and workload management capabilities.

With the deployment of the latest system release, integration with VONAPP Direct Connect (VDC) and the Stakeholder Enterprise Portal (SEP) further enhanced the system's capabilities by improving data exchange and status transparency with applicants, VSO partners, State and County Veterans agencies, and other stakeholders.

At the end of February, 2013, 1,084 paper-based and electronic claims have been rated using VBMS and 77,393 electronic folders (eFolders) have been created in VBMS. Claims are being completed in VBMS in an average of 92.4 days. There are over 12,000 users of VBMS to include VHA and VSOs. VBMS has also successfully received over 2.5 million documents and over 32.2 million images.

As we move into Generation Two of VBMS, the focus is on building additional system capabilities while leveraging simple automation features and deploying the system to all remaining sites. Upcoming system releases include planned improvements to correspondence and work queue tools, additional rating calculator functionality, and more extensive data exchange and system integration capabilities.

National deployment of VBMS to all 56 regional offices is on track for completion in 2013. Each VBMS site deployment is supported by organizational change management practices (including training) to ensure business lines are able to adapt to and adopt the new technologies and solutions.

Generation Three of VBMS in 2014 will focus on continuing to improve electronic claims processing by providing increased system functionality and more complex automation capabilities for all VBMS end-users. VBMS enhancements will reduce dependency on legacy systems for claims establishment, development, and rating. VBMS will have the capability to accept electronic Veterans' Service Treatment Records (STRs) and Personnel Records from DoD in support of the VOW to Hire Heroes legislation. Additionally, VBMS end-users (to include VA Medical Center personnel and VSOs) will be able to leverage enhanced system functionality to perform their work more efficiently and accurately. Development of functionality will provide end-users with the ability to process claims electronically from receipt to payment. The addition of functionality throughout 2014 and stabilization of system capabilities, in conjunction with business process improvements, will increase production and quality of claim decisions. This period of stability will also allow VA an additional opportunity to assess and validate the effectiveness of the model as a whole and implement improvements as needed.

Generation Four of VBMS in 2015 will capitalize on efficiencies and quality improvements gained during the year of stabilization. These enhancements will allow employees to focus on more difficult claims by reducing the time required to process less complex claims. This period will also allow VA to identify additional automation and process improvement opportunities, enabling VA to meet the Secretary's goal of processing all claims within 125 days at 98 percent accuracy.

When a claim is granted in VBMS, a payment is processed, and notification is sent to the Veteran through eBenefits and stakeholders through Stakeholder Enterprise Portal (SEP). This notification completes the full lifecycle of paperless claims processing, from portal to payment.

Veterans Relationship Management (VRM)

VRM engages, empowers, and serves Veterans and other claimants with seamless, secure, and on-demand access to benefits and service information. Veterans now have access to benefits information from multiple channels – on the phone, on line, or through our shared DoD/VA portal called eBenefits. VRM provides multiple self-service options for Veterans and other stakeholders.

eBenefits

eBenefits – a joint VA–DoD client-services portal for life-long engagement with Servicemembers, Veterans, and their families – is a key component of VRM. eBenefits currently provides users with over 45 self-service options and greater access to benefits and health information at the time and method of their choosing. Through the eBenefits portal, users can now check the status of claims or appeals, review VA payment history, obtain military documents, and perform numerous other benefit actions. Veterans can also view their scheduled VA medical appointments, file benefits claims online in a Turbo Claim-like approach, and upload supporting claims information that feeds our paperless claims process.

There are currently over 2.5 million eBenefits users, a more than 800 percent increase since June 2011. Through self-service, eBenefits users have generated over

228,000 requests for official military personnel documents, 198,000 requests for VA Guaranteed home loan certificates of eligibility, 16.5 million claim status requests, and over 1.7 million self-service letters. Additional functionality and features will continue to be added to the site in the future, and VA will use milestones and life events to proactively notify Veterans about benefits they may be eligible to receive.

VDC (Veterans Online Application, Direct Connect)

VDC incorporates a complete redesign of the legacy VONAPP application system, leveraging the eBenefits portal. Claims filed through eBenefits use VDC to load information and data directly into the new VBMS application for paperless processing. Veterans can now file both original and supplemental compensation claims through VDC. Since the expanded version of VDC deployed in October 2012, over 1,500 claims have been received.

Stakeholder Enterprise Portal (SEP)

SEP is a secure web-based access point for VA's business partners. This portal provides the ability for VSOs and other external VA business partners to represent Veterans quickly, efficiently, and electronically. Because SEP is a new release, specific results are not yet available.

VCIP

VBA recently established the Veterans Claims Intake Program (VCIP). This program is tasked with streamlining processes for receiving records and data into VBMS and other VBA systems. Scanning operations and the transfer of Veteran data into VBMS are primary intake capabilities that are managed by VCIP. As VBMS is deployed to additional regional offices, document scanning becomes increasingly important as the main mechanism for transitioning from paper-based claim folders to the new electronic environment. The VCIP contractors began scanning on September 10, 2012. The ramp-up volume mirrored the VBMS deployment plan for the 18 regional offices on VBMS as of the end of CY 2012. By the end of December 2012, the VBA contractors were providing five million images per month. By the end of CY 2013, the contractors will be providing up to 70 million images per month as they convert paper records to electronic format.

Strategic Planning and Governance

VBA's Office of Strategic Planning (OSP) coordinates VBA's strategic planning and the governance process for developing new transformation initiatives. The focus of this office is on creating a culture centered on advocacy for Veterans, reengineering business processes, integrating new technologies, and redesigning our organization and infrastructure. New ideas are approved through a governance process that includes senior VBA leadership who serve on the VBA Transformation Governance Board responsible for evaluating and making recommendations for my approval. This ensures VBA's focus is on implementing initiatives that will achieve the greatest gains, without degrading current performance.

The VBA Implementation Center/Operations Center (VBA–IC/OC) is a division of the Office of Field Operations. The VBA–IC/OC prepares, executes and assesses the implementation of transformation initiatives, managing the project lifecycle through a comprehensive Work Breakdown Structure (WBS) and Critical Path methodology. The VBA–IC/OC also serves as the liaison between the field and Headquarters throughout the implementation process, providing channels of communication that are essential to successful implementation. The VBA–IC/OC monitors and supports regional offices through an end-user hotline, which is open during normal business hours. In addition, I hold weekly three-hour "pulse-check" calls with the employees of all regional offices adopting new initiatives to ensure all issues are raised and properly assessed. The VBA–IC/OC gathers and reports implementation performance metrics to provide support for VA leadership decision-making.

Partnerships

Support from our partners and stakeholders is critical to better serving our Veterans, Servicemembers, and their families. Our transformation changes our interactions with employees, other Federal agencies, VSOs, and State and County service officers. VBA has worked to create partnerships through pilot projects with these organizations to improve benefits delivery. I continue to meet monthly with the Executive Directors of six national VSOs and have established quarterly stakeholder meetings with a larger group of VSOs directly affected by new processes and initiatives. VBA engages these organizations for their feedback and input at the beginning stages of the various initiatives.

While stakeholder engagement is important to nearly all of VBA's transformation initiatives, support from VSOs and State and County service officers will be espe-

cially critical to the success of four initiatives: eBenefits, SEP, FDC, and DBQs. VBA has involved stakeholders in development, user-access testing, and training for these initiatives, and we are now partnering to increase Veterans' awareness and utilization in order to expedite the claims process.

VBA is exploring incentives for its VSO and State and County partners to increase FDC submission because of the game-changing impact this can have on claims-decision timeliness and eliminating the disability claims backlog. A 20-percent FDC submission level is estimated to increase annual production by 70,000 claims and reduce overall average days to complete by 18 days.

VBA has an agreement with DoD to provide 100-percent-complete service treatment and personnel records in an electronic, searchable format for the 300,000 annually departing Active Duty, National Guard and Reserve Servicemembers. This will further increase the number of FDCs. When implemented, this action has potential to cut as much as 60–90 days from the "awaiting evidence" portion of claims processing, and reduce the time needed to make a claim "ready for decision" from 133 days currently to 73 days for departing Servicemembers.

VBA will continue to pursue various partnerships with Federal agencies, VSOs, as well as profit and non-profit organizations to expand and enhance our transformation initiatives.

Conclusion

VA is in an era of unprecedented production and unprecedented demand, and our Transformation Plan is critical to achieving our goals for improving the delivery of benefits to our Veterans, their families, and Survivors. We will continue to vigorously pursue our people, process and technology-centered improvements designed to eliminate the claims backlog and achieve our goal in 2015 of processing all claims within 125 days with 98 percent accuracy.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or other Members of the Committee may have.

Statements For The Record

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO AND THE AFGE NATIONAL VETERANS' AFFAIRS COUNCIL

Overview

The American Federation of Government Employees and the AFGE National Veterans' Affairs Council (hereinafter "AFGE"), the exclusive representative of employees processing disability claims at Veterans Benefits Administration (VBA) Regional Offices (ROs) supports the Department's Transformation efforts and appreciates the opportunity to share our concerns and recommendations regarding employee training, accountability and workload management in order to improve the timeliness and accuracy of disability claims processing.

Summary of Recommendations

Training: AFGE urges flexibility to address training needs of individual ROs, while maintaining national consistency and quality. Also, new employees need sufficient training before being rushed into production. Management should be held accountable for providing sufficient time for training, including adequate classroom training with actual cases incorporated into the curriculum. Front line employees and their AFGE representatives should have input into ongoing efforts to develop and improve training programs.

Effective Performance Measures and Workplace Morale: VBA needs to create a valid, evidence-based time motion study for all aspects of claims process in order to implement fair and accurate performance standards. Management should constantly monitor morale and address morale issues as a critical component of workplace management.

Career Opportunities and Management Incentives: VBA should develop better VSR incentives to encourage experienced VSRs to stay in their current positions through using different tiers, e.g. Super VSRs. Managers should credit time already spent in a current position if an employee seeks to move from a VSR to an RVSR or DRO position. Pathways for promotion should be clearly communicated to employees. Management incentives that reward quality should be strengthened. All RO employees should be rewarded performance incentives, rather than only managers.

Greater input from front line employees and their AFGE representatives: AFGE and its local officers should be regular participants in weekly calls with General Hickey, and have a meaningful opportunity to contribute and share their views.

AFGE surveyed its members processing disability claims to address workforce issues. We received responses from the following ROs that are discussed below:

- Winston Salem, NC
- Detroit, MI
- Huntington, WV
- Columbia, SC
- St. Paul, MN
- Newark, NJ
- Waco, TX
- Milwaukee, WI
- St. Petersburg, FL
- Pittsburgh, PA
- Jacksonville, FL
- Louisville, KY
- Chicago, IL
- Anchorage, AK
- Togus, ME
- Cleveland, OH
- Los Angeles, CA
- Portland, OR

VBA employees responding to the Subcommittee's request consistently expressed their dedication and sense of purpose in serving the veterans. Over half (52%) of VBA employees are veterans themselves, and many of these employees receive benefits from the VA. Therefore, many have direct personal experiences with the claims backlog. Despite their frustrations, VBA employees uniformly remain steadfast in their goal to serve veterans, work hand in hand with Veteran Service Organizations, and do all that they can to work with VA to lower the unacceptably high backlog of cases. As was described by an employee at the Huntington, WV RO, "I, like most of my coworkers, love the job itself. We love serving veterans and their families; and take great pride in doing so . . . However, I believe there are better, more productive ways to get results."

VBA has rolled out new standardized training to try to improve timeliness and accuracy of the work product. However, ROs consistently reported that the new training technique and methodology did little to improve timeliness and accuracy. Several of the problems are listed below.

One Size Fits All Training

A consistent theme throughout the ROs is that VBA management takes a "one size fits all" approach when creating their training materials. The training is not broken up between specific offices, and longtime employees receive the same training as newer employees. There is also no consideration of areas of performance when determining which type of training to give which employees. The Jacksonville, FL RO stated: "Employee training is too rigid as far as the mandatory national training core subjects and hours required. There needs to be more flexibility in order to tailor training to the needs of the RO. We wind up training on the same subjects year in, year out without being able to have training to accommodate our needs at the local level."

For example, in Anchorage, AK, we heard an issue regarding training and the new lanes VBMS uses. With VBMS, Veterans Service Representatives (VSRs) and Rating VSRs (RVSRs) are placed into different lanes in order to allow for quicker cases to move through the claims process faster and to give more time and care to the longer cases. However, training does not differentiate between the different lanes, meaning all VSRs attend training together regardless of which lane they have been assigned. This applies for RVSRs as well.

ROs also consistently mentioned that the training was not dynamic and did little to capture listeners' attentions. Training tends to consist of reading information off a PowerPoint. They also would prefer more group and practical exercises to increase productivity. Many employees also complained about the lack of question and answer available to them during trainings. The ROs believe that if training sessions provided greater opportunity for questions, especially about specific cases, training would be that much more effective.

We recognize that VBA does need to have some sort of standardization across ROs in order to maintain consistency. However, different ROs face different challenges

and have different strengths and weaknesses. Training should have some level of flexibility so that different ROs can adjust to better prepare employees.

Insufficient New Employee Training

In recent years, VBA has significantly cut the amount of time dedicated to training new employees. VSRs and RVSRs are given an initial training period of eight weeks, which is far shorter than new employees received in the past (often this training took up to a year to complete). A new employee in Winston Salem expressed that though her training has been helpful, other employees were not prepared for the Challenge training yet were still pushed onto the floor upon completion. She recommends that employees not be rushed into processing claims until they are fully prepared.

Management does recognize that training is the cornerstone for any success in reducing the backlog. As reported in St. Petersburg, FL, they have openly stated that it takes two years to learn these jobs.

Training for experienced employees is weakened by reduced hours and significant, national shift away from classroom instruction.

VBA is required to provide a significant amount of training on a weekly basis. However, the time is often not allotted fairly. For example, the St. Petersburg RO reported that often times, managers will use "email training." The manager will email pages of reading material that states the amount of time expected to complete the training (i.e. 2.5 hours). However, management will inform employees that they will only approve a fraction of that time (e.g. 30 minutes for a 2.5 hour curriculum) for them to read and review the materials.

As mentioned in Anchorage, AK, trainers are allowed a maximum of 20 hours of credit per fiscal year to spend preparing for training. VBA constantly changes procedures due to changes in the law or new developments in allocating benefits. It is very difficult for trainers to adequately prepare without the proper preparation time to most effectively reach employees and explain new procedures.

Workplace Morale

Almost across the board, workplace morale was described as continually declining and in certain cases, historically low. ROs described high turnover rates, high levels of stress, fear of retaliation, and concerns with their own abilities to lower the backlog. Employees were very concerned about the way they are portrayed publically due to the increasing publicity surrounding the backlog. The Los Angeles, CA RO stated: "As long as the expectation is that the employees should perform miracles to decrease the backlog, morale will be low."

Arbitrary Performance Standards Lower Production and Accuracy

With VBA's recent Transformation and upcoming national rollout of VBMS, VBA unveiled new performance standards. However, in offices currently using VBMS, the performance standards have been incredible difficult to achieve. One office reported that only 20% of their employees were able to achieve the new performance standards.

Winston Salem, NC described that employees struggle to make unreasonable performance standards while sandwiched in between pressure from management and computer systems that too often fail.

Many ROs report VBA's emphasis on production above all else. Despite recent claims that VBA is placing equal emphasis on quality, managers are provided many more incentives to increase production rather than quality. This creates a difficult atmosphere for employees and lowers morale.

Despite the mandate of Public Law 110–389 and corroboration by IBM, VBMS has still not conducted a comprehensive, evidence-based, scientifically designed time motion study to determine how long certain tasks should take for employees to complete. VBA must develop and implement this time motion study with regular input from front line employees and their AFGE representatives before releasing performance standards for employees. When employees work under achievable performance standards, accuracy, production and morale will all increase.

Favoritism in the Promotion Process

On the issues of employee opportunities for career growth, AFGE member feedback was mixed. ROs consistently reported a level of favoritism for certain employees who got along well with management as the leading candidates for promotions, rather than promotions being based off of performance. As mentioned before, management received strong incentives for increasing production. Employees also consistently reported that they did not know of opportunities for career growth or at the very least, the career path for promotion was not clearly outlined. Many ROs used the term "good ol' boys' network" to describe the opportunities available for

possible promotions. The Winston Salem RO mentioned a glass ceiling in place for minorities and women.

Lack of Incentives for Internal Promotions

Although RVSRs typically have more experience than VSRs, VSRs in two ROs (Huntington and Waco) reported that they had little incentive to try and move up to RVSR positions because they could currently make more as VSRs. This is because VBA does not accept "time-in-grade" when switching careers for timely promotion. For example, if you take an RVSR position in the middle of a grade, when your career ladder promotional date is due, VBA restarts it from the date you hired as an RVSR (rather than the time you spent working as a VSR).

High Turnover

The VSR position experiences very high turnover rates. Highly skilled and trained VSRs are extremely valuable to the claims process and play an essential role in lowering any backlog. VSRs are currently capped at a GS–10 ($45,771-$59,505). Huntington, WV reports that in the past, there was a position for Senior VSRs (SVSRs), who still worked as VSRs but had more seniority and played a bigger role in the claims process. If VBA offered more SVSR positions, this would provide effective incentives for VSRs to both stay longer and work towards a higher performance level for promotion. VBA also loses VSRs to other federal agencies, such as Social Security, who offer higher grades to their experienced claims processors.

Rewards for RO–Wide Achievement Should Be More Widely Distributed Throughout the RO

Another consistent theme was that ROs tend to provide superior performance awards to certain employees while simultaneously excluding others who were also involved in the process. Often times, in order to reach a goal for an entire RO, the work must be exceptional from the Claims Assistants all the way up to the top line supervisors. If ROs could also receive incentives as a whole, morale could increase and lower wage employees could be recognized as a major part of the process.

Weak Management Incentives for Quality

Management incentives are almost always based on production alone. The Milwaukee, WI RO reported that VACO sets production and quality targets for offices to qualify for these programs. Production is always more important since there are several different production categories that must be met in order for a station to qualify. VA leadership has outlined its desire to achieve 98% quality; however, VBA must improve incentives for management to focus on quality and not just on production levels.

Need Greater Opportunity for Front Line Employee Input into VMBS Rollout

General Hickey testified at a Senate VA Committee Hearing on March 13, 2013 that employees in the twenty ROs currently using VBMS have the opportunity to provide feedback to her through weekly conference calls. While AFGE applauds General Hickey for stating her interest in hearing directly from front line employees and their AFGE representatives, this phone call still appears to be a work in progress, and does not include sufficient input or participation for others besides management. For example, when AFGE asked the Winston Salem RO to provide the names of the employees on the call, the only names mentioned were those of supervisors and managers. Although some front line employees are participating, General Hickey should encourage greater input from them by working more closely with AFGE leadership. Without the union present, many employees may be concerned about retaliation from management for any negative feedback related to VBMS. General Hickey has stated clearly that she would like to hear any negative feedback related to VBMS so that we can all continue to improve the system. With active, ongoing union involvement, this can accomplished.

It is positive that in Winston Salem, with the consent of the Director, AFGE has appointed two stewards to be a part of these weekly calls and we encouraged both of them to engage in conversation about both the benefits and problems with VBMS.

In terms of dealing directly with the union, General Hickey did commit to AFGE National VA Council President Alma Lee that she would be willing to participate in the monthly VBA phone call that the AFGE National VA Council conducts. This would also present a more meaningful and effective opportunity for General Hickey to hear from employees who have direct hands-on experience with VMBS and other Transformation changes.

Thank you for the opportunity to share the views of AFGE and its National VA Council.

THE AMERICAN LEGION

In 2010, when Secretary Eric Shinseki laid out the laudable goal of achieving 98% accuracy on veterans' disability claims with no claim pending over 125 days, the Veterans Benefits Administration (VBA) had 509,423 claims pending with 39 percent of those claims pending over 125 days. Just this week, on March 18, 2013, VBA's figures show 895,838 claims pending, with a full 70.3 percent of those claims pending over the 125 day deadline. The Department of Veterans Affairs (VA) is moving backward, and veterans across America are deeply concerned.

On behalf of National Commander James Koutz and the 2.4 million veterans of The American Legion, we would like to thank this Committee for the opportunity to address the critical issue of the claims backlog affecting veterans across the nation.

The disability claims backlog affects millions of American veterans. The VA has been aggressively pursuing technological solutions to attack the backlog and deliver decisions in a timely manner through the Veterans Benefits Management System (VBMS). However, technological solutions will not be the sole key to reducing the backlog. The American Legion believes there are other important, transformative steps VA must take to fix the system. Three of the most important changes are:

1. Fix a broken work credit system that currently gives the same credit for work whether or not it is performed correctly.
2. Develop a system to aggregate common errors in processing and use this to create a training plan for employees.
3. Hire more veterans to process claims to increase understanding of the military in those who are interpreting the claims files.

The Work Credit System:

Under the current work credit system, a VA employee gets credit when a file moves off their desk on to the next station in the chain. Unfortunately, this system doesn't take into account whether or not the claim was processed correctly. Error rate continues to be a problem among VA claims adjudicators. When an error is made processing a claim, that claim must be appealed. The lengthy appeals process means a claim that should have been decided in a few months now will take years to be resolved for the veteran. This keeps the system clogged with work that could have been removed from the work flow if it had been done correctly the first time.

Employees are only human. Pressure to move a claim off the desk is evident because raw volume is the standard VA uses to set productivity goals. To fix the system would not necessarily require a major overhaul. It could be as simple as giving credit for when a claim is finished, but also applying a negative credit or debit when it is determined work was done in error. If an office finishes 5,000 claims, but only at an 80 percent accuracy rate, then they would get credit for 4,000 claims.

This is a simple step which would help mold the operational climate in VA offices. The ability to work hard and accomplish a high work volume would still be prized; however the ability to work carefully and achieve high accuracy would then be equally prized. This incentive structure would help raise VA's accuracy rate to achieve Secretary Shinseki's goal of 98 percent accuracy.

Common Error Training:

Another factor towards increasing accuracy is improving the quality of VA's training for claims adjudicators. Software and operating system solutions such as VBMS are important, but the vast amount of information VA possesses about veterans' claims should be harnessed for the purposes of training. With everything shifting to an entirely electronic operating environment, VA should have unprecedented ability to track common errors in their claims processing work.

By aggregating common errors found by the Board of Veterans Appeals (BVA), the Court of Appeals for Veterans Claims (CAVC), and the internal Systemic Technical Accuracy Review (STAR) VA should be able to develop effective computer models of where their employees are making the most mistakes and adjust training accordingly. If the BVA is consistently finding that Regional Offices (ROs) are not applying DeLuca factors in rating skeletal-muscular disorders, then VA Central Office (VACO) should develop training modules for dissemination to correct the problem. Similarly, if the CAVC finds a consistent pattern of failure to apply proper evidence standards for Posttraumatic Stress Disorder (PTSD) cases involving combat zones, refresher material can be developed and delivered to the ROs to get everyone back on track.

As VA moves towards such a powerful electronic model for the office environment, they must utilize those tools to be a support to their employees' decision making skills. Training is already inconsistent from RO to RO, and developing a centralized plan based on real time data about where VA can best use their training resources.

Hiring Veterans:

At any given time, less than one percent of the population is serving in the military. Far fewer people in the population at large truly understand the sacrifices and day to day realities of military service. The average person on the street doesn't know the difference between a Battalion and a Battery, or even that a Battery in a military context can mean a Company of Artillery soldiers and not the thing that powers your Smart Phone.

In terms of the claims backlog, military experience is a plus for claims adjudicators because it enables easy familiarity with the military records in the claims files. Veterans don't have to spend extensive time looking up the myriad military acronyms, they just know that the initials CIB mean a service member has seen combat and thus the provisions of 38 USC § 1154b apply to their claim.

Veterans have seen unemployment rates two thirds higher than their civilian counterparts in past years. Boosting the number of veteran employees at VBA would serve a dual purpose. It would both increase the institutional knowledge within VBA of the military, and it would reduce veteran unemployment. To this end, greater work can be done through vocational rehabilitation programs to encourage veterans to work for VBA and to ensure they have the skills necessary to be successful there.

Conclusion:

These three simple steps are by no means an exhaustive solution to taming the claims backlog. However, they do represent three simple actions, with a specific scope, which can improve the operational environment and help VA achieve their goals of accuracy and timeliness. Nobody, not VA, not Congress, and certainly not the veterans' community, is satisfied with the current state of the claims system. It will take work to reduce the claims backlog, but not all of the work needs to be overly complicated. The American Legion believes that with a couple of simple initiatives, VA could move forward with their transformation and help the human side of their offices as their tech people work diligently on the electronic side of the process.

The American Legion again thanks the Committee for its diligent attention to the claims process. For additional information regarding this testimony, please contact Mr. Ian de Planque at The American Legion's Legislative Division, (202) 861–2700 or *ideplanque@legion.org*.

IRAQ AND AFGHANISTAN VETERANS OF AMERICA

Statement of Tom Tarantino
Chief Policy Officer, Iraq and Afghanistan Veterans of America

Chairman Miller, Ranking Member Michaud, and Distinguished Members of the Committee:

Iraq and Afghanistan Veterans of America (IAVA) would like to thank you for holding this hearing today on this critically important topic, and for your continued dedication to improving the functioning and capabilities of the Department of Veterans Affairs (VA) through oversight. We also appreciate this opportunity to share our views on finally ending the VA claims backlog.

IAVA is the country's first and largest nonprofit, nonpartisan organization for veterans of the wars in Iraq and Afghanistan and their supporters nationwide. Founded in 2004, our mission is to improve the lives of these veterans and their families. With over 200,000 members and supporters, we strive to create a country which honors and supports veterans of all generations.

My name is Tom Tarantino and I am the Chief Policy Officer for IAVA. I proudly served 10 years in the Army, beginning my career as an enlisted Reservist, and leaving service as an Active-Duty Cavalry Officer. Throughout those 10 years, my single most important duty was to take care of other soldiers. In the military, they teach us to have each other's backs, both on and off the field of battle. And although my uniform is now a suit and tie, I am proud to work with this Congress to continue to have the backs of America's service members and veterans.

The VA claims backlog has frustrated veterans across the country since IAVA's inception. After a decade at war, more than half a million veterans are stuck in the

VA disability claims backlog. According to the VA's own estimates, 70 percent of claims are backlogged by more than 125 days. The VA has reported that the average wait time was 273 days. But if it's your first claim, like it is for most Iraq and Afghanistan veterans, it's actually 316 to 327 days. Regionally, the problem is worse. Veterans returning from Iraq and Afghanistan who live in major metropolitan areas wait up to twice as long – 642 days in New York, 619 days in Los Angeles, and 542 days in Chicago.

Disability benefits are designed to fill the gaps in loss of earnings potential that are caused by injuries sustained during military service. Long wait times have a devastating impact on veterans and their families who are trying to successfully transition to civilian life. After 10 years of war and billions of dollars spent, veterans are still languishing in a VA disability system that was obsolete before most veterans of Iraq and Afghanistan veterans were born. For our brothers and sisters from previous conflicts, this fight has gone on for decades.

Alone, these numbers would be shocking, but what makes them tragic is that they represent the stories of real people.

Take the case of Zack McIlwain. Zach is an Army veteran who served two combat tours in Iraq. He has been waiting nearly three years (973 days) to get all of his disability benefits. Zach tried to be proactive and filed his initial claim nearly a year before leaving the Army, but he heard nearly nothing for 18 months. In that time, a service related injury required surgery at the VA that lead to an infection that permanently damaged his left hand. This was added to his claim. When the VA finally ruled, it rated on all but his permanently damaged hand. Although service connected, the VA said that it lost the paperwork that related to his surgery, and he would have to appeal and send any new evidence later. That was a year ago. Zach has the paperwork that the VA lost and is ready to send it in but has heard nothing from the VA.

And then there is the case of Charles Gardner, a Navy Corpsman whose first day at Hospital Corpsman School was September 11, 2001. After six years of honorable service, including a deployment to Iraq from 2004–2005 with the 5th Marine Regiment, Charles began filing his VA disability claim toward the end of his term of service. After receiving conflicting information that initially delayed the filing of his claim, Charles eventually managed to file the claim correctly. But since doing so, Charles has been waiting for more than three years for a decision on his initial submission.

And finally, the story of John Wypyszinski. After serving for sixteen years in both the Army and the Navy, John filed a disability claim with the VA only to have his first claim lost. From 2007 through 2009, John pushed and waited for his claim to be completed with no results. Finally fed up, John retained an attorney and notified local media about his problem. In the end, the VA regional office that had been so slow to make progress on John's file for all those years somehow managed to process his claim and get him his rating within days of being contacted by a local news affiliate.

These stories are just a few of the nearly half a million voices of the VA claims backlog. This week IAVA is brining veterans from around the country to Storm the Hill to call for an end to the VA claims backlog. Although the VA is in the process of modernizing the claims system, the backlog continues to grow with no end in sight. Although well intentioned, it is clear that the VA can't solve this problem on its own. We must utilize all the resources and ingenuity that America has to offer to break the claims backlog and keep the promise we made to the millions of veterans who have sacrificed to defend our nation.

The time to act is now. IAVA is calling on President Obama to establish a presidential commission to end the claims backlog. We are asking the members of the committee to join us in this call while also continuing to investigate the causes of the backlog and to hold the VA's leadership accountable. Veterans did not hesitate or delay in answering the call to serve their country. Now that they have returned, we owe it to them to answer their call to end the backlog.

Thank you for the opportunity to offer the views of our membership on this topic of critical importance, and we look forward to continuing to work with you and with the VA to improve the lives of Iraq and Afghanistan veterans and their families. Thank you for your time and attention.

NATIONAL ORGANIZATION OF VETERANS' ADVOCATES

Prepared Statement
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The National Organization of Veterans' Advocates, Inc. (NOVA) thanks Committee Chairman Miller and Ranking Member Michaud for the opportunity to testify about the disability claims process at the Department of Veterans Affairs (VA). NOVA is honored to share our views for this hearing, "Focusing on People: A Review of VA's Plans for Employee Training, Accountability, and Workload Management to Improve Disability Claims Processing."

NOVA is a not for profit 501(c)(6) educational membership organization incorporated in the District of Columbia in 1993. NOVA represents nearly 500 attorneys and agents assisting tens of thousands of our nation's military Veterans, their widows, and their families obtain benefits from VA. NOVA members represent Veterans before all levels of VA's disability claim process. This includes the Veterans Benefits Administration (VBA), the Board of Veterans' Appeals (BVA or Board), the U.S. Court of Appeals for Veterans Claims (Veterans Court or CAVC), and the U.S. Court of Appeals for the Federal Circuit (Federal Circuit). In 2000, the CAVC recognized NOVA's work on behalf of Veterans when the CAVC awarded the Hart T. Mankin Distinguished Service Award.

On April 18, 2012, NOVA testified before this committee and addressed several issues:

1. The need for Access to Veterans Electronic Records by Private Practitioners
2. Entering Information Sent to VA in a Correct and Timely Manner
3. Improving Access to VBA Points of Contact for Private Practitioners
4. Decreasing Blocked Calls and Incorrect Information Given by VA

These issues all relate to VA's workload management and attention thereto will improve disability claims processing by allowing VA to dedicate employee resources to disability claims processing rather than responding to status inquiries and record copy requests and will help assure accuracy of incoming and outgoing information. Yet, a year after its testimony, NOVA can report no meaningful progress in any of these areas despite repeated attempts to work with Agency personnel through a variety of channels. NOVA would like to summarize and clarify its observations and concerns in these areas as relates to accredited attorneys and agents and the Veterans they represent.

1. *Access to Veterans Electronic Records (VBMS)*

On two occasions last year, NOVA formally raised its concerns to Congress relating to the need for timely, accurate, and complete access to a VA claimant's file by a Veteran's authorized representative. This is absolutely vital in order to protect the rights of our Veterans and, without question, will positively contribute to the improvement of claims processing.

Congress has proscribed that "[a]ll files, records, reports, and other papers and documents pertaining to any claim under any of the laws administered by the Secretary … shall be confidential and privileged, and no disclosure thereof shall be made except as provided in this section." See 38 U.S.C. § 5701(a). The statute mandates thereafter that the Secretary "shall make disclosure" of these protected VA records to "a claimant or duly authorized agent or representative of a claimant as to matters concerning the claimant" when such disclosure would not be injurious to the claimant. See 38 U.S.C. § 5701(b).

The information and evidence that serves the basis of a Veteran's claim comprises the VA claims file as we know it today. For the vast majority of our Veterans, this file is in paper format and, as such, is perhaps the single impediment to accurate and timely VA claim processing.

Access by a claimant to his or her VA case file heretofore has been possible only by visiting the VA Regional Office (VARO) by appointment to review the file or by requesting a paper copy of that file. In our experience, neither process is effective. Request for paper copies result in response delays of many months, with 6 to 12 months or more being common. The records are copied individually and by hand and

the result is less than optimal. Forms are copied in no order whatsoever, are provided out of sequence with other, nonrelated documents intermingled within another's pages, are often upside down, with backside information lacking, or are illegible due to poor copying techniques or VARO overprinting of facility identification markings. Worse, portions of the record are frequently missing and, in many cases, contain confidential and privileged records from other VA claimants unrelated to the case at hand. Accordingly, the information provided is less than optimal for assisting the representative in the claims development, adjudication and appeals processes.

The Veterans Benefit Administration (VBA) claims file is still in paper format for nearly all Veterans. Health records, created and maintained by the Veterans Health Administration (VHA), to the contrary, are presently and have been in electronic format for some time. The paper claims file is a dinosaur that is at the heart of VA's inability to improve disability claim processing. Its very existence results in manpower, copier and postage expenses that are entirely unwarranted in today's technologically advanced society. Worse, a paper system invites inaccurate information through misfiling, impedes a Veteran's ability to obtain timely information regarding his or her claim so he or she can assist in the claims development process, and represents a misuse of limited VA resources. Other government agencies, like the Social Security Administration (SSA), have long-ago recognized the inherent difficulties and expenses of a paper based system and have effectively transitioned to a secure, on-line electronic format, entitled "Appointed Representative Suite of Services" (ARSS).

VBA's e-Benefits system, also known as the Veterans Benefits Management System (VBMS), was to address the deficiencies noted above but the progress from NOVA's perspective has been dismal, with no viable solution in sight. This is the top complaint of NOVA members who work with Veterans every day. The lack of access undermines our Veterans' due process and property rights but also directly contributes to the delays in claims processing.

VA has provided electronic access to Veteran Service Organizations (VSOs) but has yet to even define what files will be accessible or what steps must be taken to grant this same access to private attorneys and agents despite the clear advantages for it to do so. For instance, VHA record access has yet to be defined, much less assured. Yet, NOVA has been advised that HVAC committee staff were recently given a briefing by VA officials where they were told that private attorneys and agents presently have access. This is not true. What is true is VA has not determined how access will be provided and what information is to be included. NOVA has been informed that security training will be required but that remains to be undefined further. NOVA has also been told that everyone will be required to have PIV cards and must purchase card readers to enable private access, after undergoing fingerprinting and security background checks. Apparently, VA's assertions of modeling VBMS after the ARSS system successfully used by SSA are not to be taken seriously. Rather, it has chosen to utilize its limited resources in needlessly developing a complicated process for access that only helps prolong the processing of VA claims.

2. *Timely Entry by VA of Veteran Claim Information*

It has been the experience of NOVA's members that there are substantial time delays between receipt of a claim inquiry, or the submission of evidence, and when it is available to VA claim decision makers. Besides the usual delays associated with receiving and processing the mail, an additional delay is incurred because VA must then determine if it can respond to the inquiry or accept the evidence provided. If the inquiry or evidence submitted is not from the VA claimant, then VA must validate that the information was obtained from the Veteran's authorized representative. The Veteran conveys his/her authorization by appointing a representative through submission of a VA Form 21–22a. Yet, this appointment is meaningless unless and until VA has taken the effort to enter that information into its system. Such entry in most cases takes several months and much longer many times. NOVA has been informed that these forms are not being submitted timely because no specific VA employee has been directed to assume this responsibility and no work credit is given for this process. Consequently, the form is submitted by whomever, whenever it can be worked in and additional work effort is required either returning the materials submitted or in making further inquiry to verify that the representative has been properly appointed.

Access to a fully functional on-line system, as that employed by SSA, would permit the electronic submission of correspondence and evidence directly to the file without the delays inherent with a paper driven system. This process would help assure that information is filed in the correct Veteran's file. Moreover, it would eliminate the need for VA to manually receive and process the appointment of a rep-

resentative. Such access represents considerable time savings to VA, allowing them to devote resources instead to claims development and processing.

3. *Access to VBA Points of Contacts*

Private representatives have no meaningful access to VBA contacts. Last year we noted that Attorney Fee Coordinators (AFC) at VBA Regional Offices may serve as liaisons with attorneys and agents, many of whom are NOVA members. In most cases, AFCs are cooperative and helpful to NOVA members, providing prompt and accurate status updates on Veterans' claims; but in many cases, like the Detroit VARO, the AFC has been instructed to restrict assistance to fee related issues only. Instead, the private representative must waste additional time by submitting written inquires that take weeks or months, if ever, for a vague response as to claim or appeal status. Alternatively, a representative may call the VA "800" system but those contacts, without exception, provide even less specific information and afford no guidance on what may be needed to move a claim forward. This is also true for telephonic contact to the Board of Veterans' Appeals. More promising, but no more effective, is an electronic inquiry though VA's Inquiry Routing & Information System (IRIS), which provides email and telephonic responses to a Veteran's representative. Again, the responses are extremely vague and most often result in a simple recitation of the adjudication history i.e., date of claim, notice of disagreement, substantive appeal filing, etc. Too often the response is denied because a power of attorney appointing the Veteran's representative has not been electronically recorded, despite the fact the form had been filed months earlier. Typically, the response is too vague to be of value i.e., awaiting a decision, awaiting a medical examination, awaiting Decision Review Officer Review, etc.

Access to a fully functional on-line system, as that employed by SSA, would permit timely access to information about a Veteran's claim, such that evidentiary deficiencies or responses could be addressed by the claimant without delay. Moreover, such access represents considerable time savings to VA, allowing them to devote resources instead to claims development and processing.

4. *Decreasing Blocked Calls and Incorrect Information Given by VA*

As with the preceding issues, on-line access to Veteran file information will provide accurate, real time information that will obviate the need for telephone inquiries which will, in turn, allow VA to dedicate resources to claims development and processing.

In summary, VA's timely transition to a fully electronic claims files system that assures full access to all stakeholders, Veterans and representatives alike, is the single most important factor in improving claims processing. VBMS, when and if fully implemented, will allow VA to allocate resources in a meaningful manner and reduce the challenges of an overburdened disability claims processing system.

In conclusion, the matters we testified about in April 2012 still continue a year later, with little or no progress. NOVA has met with VA officials on numerous occasions to try to resolve these and other issues with limited success. The training of individuals within VA needs to address these and other similar issues that will aid Veterans in obtaining their rightful benefits. A cultural change is necessary within VA.

As always, NOVA stands ready to assist the Committee or VA in whatever way possible to further improve and enhance the systemic issues that negatively affect the lives of our Veterans and their families.

We thank you for this opportunity to provide our testimony.

PARALYZED VETERANS OF AMERICA

Chairman Miller, Ranking Member Michaud, and members of the Committee, Paralyzed Veterans of America (PVA) appreciates the opportunity to submit a statement for the record concerning the Department of Veterans Affairs' (VA) performance with processing claims. We are particularly pleased to see the focus you have placed on VA's plans for employee training, accountability, and workload management to improve disability claims processing. This issue deserves a great deal of oversight as the number of veterans waiting on ratings decisions continues to grow.

Historically the Veterans Benefits Administration (VBA) was funded based on workload demands and staffing budgets were predicated based on the perceived need to provide quality service to veterans. The number of authorized Full-Time Equivalent Employees (FTEE) was based on anticipated workload and could also include additional services that were deemed to be of value to veterans. The allocation of resources, as funded by Congress, was based on the need to provide adequate and timely services. As this paradigm shifted to a more capricious budgetary process

which formulated FTEE requirements based on available funding rather than workload demands, the dynamics of claims processing became inextricably intertwined with issues unrelated to the quality of service.

The clamor that then accompanied the steadily increasing backlog in the number of claims quickly garnered the attention of Congress, and the previously esoteric internal affairs of the VA quickly became the object of external review. As the pressure on VA increased to reduce the backlog of pending claims, employees were strongly encouraged to maximize their productivity. The short term dividends achieved in part by reduced training time were followed by long term losses fostered by lack of expertise. As the error rate climbed, a new clamor loomed; this time to improve quality. By this point the VA was forced to defend a situation that it did not have sole responsibility in creating. Every oversight hearing conducted by Congress or other government agencies has basically centered on finding fault, as if success could be equated with determining why something failed. This then fostered a culture in VA of "it's OK if something failed, as long as it's not my fault."

The VA felt increasing pressure from Congress to demonstrate improvements in the overall accuracy of claims processing. This pressure elicited responses from VA top leadership from the Secretary on down. The cry from veterans' service organizations merely echoed the universal agreement that change was essential. While no one disagreed on the requirement for accuracy, there were other components that entered into the equation.

We live in a highly sophisticated world of technology where ubiquitous sources of statistical data lead us to conclusions that are not always reinforced by logic. Errors are often evaluated by the scale on which they deviate from the established process. While the traditional process can have great value, it cannot summarily dismiss the value of applied logic and common sense. VA employees who know their jobs well should not live in fear of being punished for exercising judgment in the processing of VA claims. The adjudication of VA claims must not be limited by the application of algorithmic technolologies. If this were the case, we would not need a Board of Veterans' Appeals or the Court of Appeals for Veterans Claims.

While the Department of Veterans' Affairs has made great progress in streamlining their overall system of claims processing, they have overemphasized the role of technology and have underestimated the capacity of individual innovation. Technology is a tool that offers great advantage to a competent work force. It is not a substitute for qualified employees. While VA is paving the way for the future with their implementation of the Veterans Benefits Management System (VBMS), they are missing the opportunity to empower their people by fostering and recognizing creativity.

We have to ask how VA Regional Offices like Baltimore and Oakland were allowed to get to the point where any semblance of quality workmanship was difficult to recognize? Could it be that people in these geographic areas are less qualified? While this question is obviously rhetorical, it does lend credence to the probability that the likely root cause of the problem can be traced to poor management.

First line supervisors are responsible to evaluate those working under their direction and to take whatever corrective action is deemed necessary to achieve an acceptable level of employee performance. This responsibility continues up the supervisory chain and ultimately rests with the Director of a Regional Office. All employees are challenged to do the best they can with the resources that are available to them. When forced to work in an environment that is far from ideal, innovation and empowerment become more important than ever.

We would offer an example of a situation PVA is currently facing. PVA is handling the claim of a veteran for amyotrophic lateral sclerosis (ALS) where the veteran had deteriorated rapidly and was rated as R–2, which is the highest possible VA rating. The rating was completed in January and as of this writing, has not been promulgated. After numerous inquiries, PVA's Benefits staff was told that since the retroactive payment was in excess of $25,000, a third signature was required, and that there was no one in the office that week that could authorize this payment. While this determination was made by a very senior level employee who was "following the rules," we would argue that the delay was needless. The obvious purpose of the $25,000 rule is to prevent costly errors that could easily occur in large retroactive benefits payments. In this case, however, the veteran's R–2 rating resulted in a $5,000 monthly increase for the previous six month period. Simple math shows that the veteran should receive $30,000 as a retroactive payment. There really isn't any potential vulnerability in this instance and the high level supervisor in question could have considered the intent of the audit procedure and assumed the risk of taking an appropriate action under the circumstances.

Generally speaking, procedures are set in place for a reason, but the application of common sense must somehow be facilitated. Employees must be trained and em-

powered to follow the intent of established practices. The Hippocratic Oath, "Do no harm," should be valued as much by VBA as it is by VHA. Quality cannot be determined by an overlay approach of the process

The bottom line is that VA was forced to react to mounting criticism of poor quality and they ultimately relied too heavily on the rules rather than on results. The only resolution that we see to this issue is a more objective measure of quality that focuses on results more than procedural issues. VA employees should be recognized for creativity and innovation on how they comply with the intent of the law. Quality reviews should include a focus on claims processing which objectively evaluates how a claim was processed from start to finish as opposed to reliance only on incremental reviews of each of the multiple components of the process.

Paralyzed Veterans of America appreciates the Committee's continued concern with the massive problem that the VA faces in getting claims decisions done in a timely manner while ensuring that they are done right the first time. With the Committee's diligent oversight and the VA's willingness to change, we believe VBA can achieve Secretary Shinseki's goal of eliminating the claims backlog.

Thank you again for the opportunity to submit a statement for the record. We would be happy to take any questions.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2013

No federal grants or contracts received.

Fiscal Year 2012

No federal grants or contracts received.

Fiscal Year 2011

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—National Veterans Legal Services Program— $262,787.

Questions For The Record

HVAC Majority Members Questions to VBA

Chairman Miller: Of VBA's approximate 20,000 positions, how many employees were fired in the year 2012?

Mr. Huelskamp: Provide the list of bonuses (amount, recipient, region) awarded to regional managers over the past 5 years. (VBA noted that this would be provided for years up to and including 2011, as the bonuses for 2012 have not yet been finalized)

Mr. Huelskamp: We heard from GAO that in certain parts of the agency there is data falsification occurring. How many employees have been penalized or punished for falsifying data in the last three to four years?

Mr. Huelskamp: Provide budget information as to how money is spent on VA conferences and those types of events.

Chairman Miller: Review a situation that was presented to us from the Jackson, MS RO, regarding an 11 year old remanded claim that was reported to be sitting with RO; please respond. Under Secretary Hickey requested the name and contact information, which is veteran Richard C. Lancaster, C–File # 28150889.

Chairman Miller: Has VA received any reports from employees that any management has advised or ordered employees to process certain claims first to inflate the RO numbers? Has VA received any reports from employees that any management has advised or ordered employees to "accidentally" clear old claims for station credit and then reestablish the claims under a 930 end product, which is not tracked by central office?

Mr. Coffman: In accordance with the VBA's goals, we have heard VBA's target for 2015 but in terms of interim goals, provide the specific number as to what you project the backlog to be at in a year (as of early of 2014).

Mr. Bilirakis: Specific to the St. Pete RO, please specifically provide information as to how VA will address St. Pete RO's stated need for $2.5 million in overtime funds for FY 2013. Will $2.5M be provided to the St. Pete RO for overtime?

Chairman Miller: In e-Benefits, how soon after uploading documents, such as medical records, will the system reflect that the materials/information was received?

Chairman Miller: Noting a 2015 laudable paperless goal, we received testimony a few weeks ago regarding the individual electronic health record and it now appears that DoD and Va are going on divergent paths. If Dod and VA do not cooperate on creating the single record, how is that going to impact the ability to adjudicate claims?

Responses From VBA to HVAC Majority Members Questions

Chairman Miller: Of VBA's approximate 20,000 positions, how many employees were fired in the year 2012?

Response: For this question, VBA defined "fired" as any VBA initiated termination actions on employees based on performance, conduct, delinquency (attendance/dereliction of duty/refusing reassignment), removal during probationary period, and/or failure to meet suitability requirements. Please see the chart below for the requested data.

Fiscal Year	VBA Employees "fired"
2000	74
2001	105
2002	152
2003	61
2004	68
2005	43
2006	90
2007	128
2008	152
2009	180
2010	283
2011	138
2012	126
2013 (through Feb 28)	37

Mr. Huelskamp: Provide the list of bonuses (amount, recipient, region) awarded to regional managers over the past 5 years. (VBA noted that this would be provided for years up to and including 2011, as the bonuses for 2012 have not yet been finalized)

Response: The 56 regional offices are separated into four areas, and each Area Director is responsible for oversight for his/her respective regional office. Information on bonuses for Area and Regional Office Directors is attached.

Mr. Huelskamp: We heard from GAO that in certain parts of the agency there is data falsification occurring. How many employees have been penalized or punished for falsifying data in the last three to four years?

Response: Yes, please see the chart below for the number of VBA employees disciplined each fiscal year for falsifying data. These counts include a variety of falsified data, ranging from information related to attendance/leave to data for production.

FY	Employees Disciplined
2010	13
2011	30
2012	55
FYTD 2013	15

Mr. Huelskamp: Provide budget information as to how money is spent on VA conferences and those types of events.

Response: Please see the attached report for VBA's conference spending in the first quarter of FY 2013.

Chairman Miller: Review a situation that was presented to us from the Jackson, MS RO, regarding an 11 year old remanded claim that was reported to be sitting with RO; please respond. Under Secretary Hickey requested the name and contact information, which is veteran Richard C. Lancaster, C–File # 28150889.

Response: Pending with VBA

Chairman Miller: Has VA received any reports from employees that any management has advised or ordered employees to process certain claims first to inflate the RO numbers? Has VA received any reports from employees that any management has advised or ordered employees to "accidentally" clear old claims for station credit and then reestablish the claims under a 930 end product, which is not tracked by central office?

Response: VA takes data integrity very seriously. Any reports from employees or stakeholders which imply that a regional office may be falsifying data are investigated immediately. Certain claims can be expedited based on various factors, to include if the Veteran is homeless, terminally ill, or facing financial hardship. The 930 end product is used to review cases that may require correction or referral. This end product is tracked at both the Central Office and regional office level.

Mr. Coffman: In accordance with the VBA's goals, we have heard VBA's target for 2015 but in terms of interim goals, provide the specific number as to what you project the backlog to be at in a year (as of early of 2014).

Response: Pending with VBA.

Mr. Bilirakis: Specific to the St. Pete RO, please specifically provide information as to how VA will address St. Pete RO's stated need for $2.5 million in overtime funds for FY 2013. Will $2.5M be provided to the St. Pete RO for overtime?

Response: The Office of Field Operations distributes overtime funding allocations quarterly, based on RO performance, staffing, individual missions and workload levels. While overtime funding is constrained by the overall funding level in the VBA budget, every effort is made to fund individual ROs at a level that is sufficient to support their accomplishment of the National mission. Fiscal year to date, the St. Petersburg RO has spent approximately $868,000 on overtime and will receive $450,000 to start Quarter 3. RO balances are regularly monitored during the quarter, and individual RO requests are evaluated and funded on a case-by-case basis, as funding allows.

Chairman Miller: In e-Benefits, how soon after uploading documents, such as medical records, will the system reflect that the materials/information was received?

Response: When a user uploads documents into eBenefits, they are immediately available to field personnel for access within the Veterans Benefits Management System, and the system will reflect a new mail indicator.

Chairman Miller: Noting a 2015 laudable paperless goal, we received testimony a few weeks ago regarding the individual electronic health record and it now appears that DoD and VA are going on divergent paths. If DoD and VA do not cooperate on creating the single record, how is that going to impact the ability to adjudicate claims?

Response: The Department of Veteran Affairs (VA) and the Department of Defense (DoD) are not moving away from a joint, integrated electronic health record. This is still the plan and while the strategy used to accomplish this goal has changed, the end goal remains the same.

HVAC Minority Members Letter and Questions to VBA

Letter and Questions from Rep. Michael H. Michaud, Ranking Democratic Member

April 3, 2013

The Honorable Eric K. Shinseki
Secretary
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Mr. Secretary:

In reference to our Full Committee hearing entitled, "Focusing on People: A Review of VA's Plans for Employee Training, Accountability, and Workload Management to Improve Disability Claims Processing" that took place on March 20, 2013, I would appreciate it if you could answer the enclosed hearing questions by the close of business on April 30, 2013.

In an effort to reduce printing costs, the Committee on Veterans' Affairs, in cooperation with the Joint Committee on Printing, is implementing some formatting changes for materials for all Full Committee and Subcommittee hearings. Therefore, it would be appreciated if you could provide your answers consecutively and single-spaced. In addition, please restate the question in its entirety before the answer.

Due to the delay in receiving mail, please provide your response to Jian Zapata at *jian.zapata@mail.house.gov*. If you have any questions, please call (202) 225-9756.

Sincerely,

Michael H. Michaud
Ranking Democratic Member

MHM:jb

People Questions

1. Are there certain types of medical conditions that could possibly be automated in VBMS for immediate verification and payment? Please provide the specific medical conditions if so.
2. In the hearing, it was suggested that the productivity of VBA employees had gone down over time. Does VBA believe this to be accurate?
3. Does VBA believe that the complexity of an individual claim has gone up and therefore the time required to adjudicate an individual claim has gone up?
4. Could training be better focused if individual VARO's focused on specific medical conditions versus all medical conditions that a veteran might apply for?
5. AFGE has provided us with training recommendations in their Statement for the Record. They raise some important points, such as:

a. How much training is provided to new employees prior to allowing them to process cases?

b. In addition to the Change Management Agents that have been placed at each RO, how is employee input and other feedback included to improve current training or to develop new training programs?

c. How often are live cases used in trainings?

6. AFGE's statement also suggests implementing a time motion study to better determine appropriate performance standards. Has VA explored conducting such a study?
7. AFGE points out that management incentives are largely based on quantity of production. How are incentives calculated to also take into account quality of production?
8. The Committee was informed that the VBA does not have a unified system for aggregating and analyzing the results of both the coach reviews and the STAR reviews.

a. What has been done to strengthen the Systematic Technical Accuracy Review (STAR) program and to create a more unified review system that ensures proper follow-up, remediation, and training?

9. Have there been any updates or improvements to the work credit system to also focus on accuracy?
10. In consideration of moving into a new processing system, when does VBA plan to reconsider the work-credit system?

Process Questions

1. Does it make sense for VA, in a paperless processing system, to have high performing stations specialize and focus on the difficult claim types?
2. Does VBA believe that focusing on a "claim" is an effective way to evaluate their workload? Is there a more accurate way to estimate the actual workload and to distribute and specialize it?
3. What proportion of all claims in the past fiscal year had a medical condition that was paid in advance of the complete adjudication of the claim?

a. What proportion of claims at the Togus VARO, in the past fiscal year, had a medical condition that was paid in advance of the complete adjudication of the claim?
b. What proportion of claims at the Los Angeles VARO, in the past fiscal year, had a medical condition that was paid in advance of the complete adjudication of the claim?

4. What factors inhibit a "pay as you go" process in a paper based adjudication model?

a. Will all of these concerns be eliminated in a paperless processing system?
b. How will VBA be better situated to pay medical conditions as they are completed?

5. Under the Fully Developed Claims program (FDC) program:

a. How many are new claims vs. an increase in ratings?
b. Currently, claimants are unable to go use the FDC process if they have other claims pending adjudication that aren't in the FDC program. Has VA explored changing this?
c. What sort of incentives is VA exploring for VSO, State, and County partners to increase FDC submissions?
d. Is there any way that VSO's can assist in providing all of the information required for an instantaneous benefit decision and payment for certain types of medical conditions or presumptions? For instance, could a VSO National Service Officer certify that a Vietnam veteran was in country and had Ischemic Heart-Disease and then subsequently provide VBMS with the required information for an immediate approval?

6. I understand that 71 of 81 individual Disability Benefits Questionnaires (DBQs) are available to private physicians. What 10 are still unavailable and why?
7. In testimony at a previous hearing, the American Legion suggests a place on each DBQfor a doctor to state a critical nexus opinion, or an assessment of the likelihood any present disability is related to a veteran's service experience. Has this suggestion been explored?
8. Can you provide an update on what has been done to strengthen the quality review process for DBQs to verify private physicians, track disability ratings that used DBQs, store completed DBQs electronically, and other fraud prevention controls?
9. Can you provide an update on the revision of the VA Schedule for Rating Disabilities and timeline for when the review of the 15 different body systems will be complete?
10. What challenges do you face in regards to receiving electronic Service and Personal records from the National Guard or Reserves for the purposes of adjudicating claims?

a. Does both the Guard and Reserve a central location in which these records are stored?
b. Does both the Guard and Reserve have a standardized format in which they complete and store these records?
c. What challenges does this present to VA in trying to adjudicate these men and women's claim in a timely fashion?
d. Are VA employees receiving specific training on dealing with the records and attendant problems of Guard and Reserve members?

11. I understand that some of the veterans' service organizations had issues with Simplified Notice Letters being confusing and overly generic.

a. Has VA worked with the VSOs to fine tune some of the SNL language so that they provide sufficient and specific information to inform veterans about the reasons and basis for rating decisions?

Technology Questions

1. I understand that we are contracting out the work to scan documents into VBMS, but there are concerns that pages are sometimes not in order, that pages are missing, or that files contain pages of information from other veterans.

a. What quality metrics are we holding these contractors up to and how are the various contractors performing?

2. In regards to latency issues with VBMS, is this due to data storage in one location?

3. The National Organization of Veterans Advocates points out that currently, claimants are only able to access their case files by either requesting a paper copy, which often takes months, or by visiting the VA Regional Office by appointment.

a. Once VBMS is fully implemented, will veterans have electronic access to look at their own case files?

4. I understand that VSOs have electronic access VBMS.

a. Are the VSOs able to access all files of the veteran they are working with?

b. Will private attorneys be able to have access down the line?

5. Blinded Veterans of America raises the issue that VA has had internally identified American Disabilities Act (ADA) Disability Section 508 Compliance issues in the past 18 months and one of the significant barriers for blinded veterans trying to file or track their claims electronically is lack of accessibility.

a. What sort of resource planning for addressing ADA 508 Accessibility for FY 2014 is being made now and for FY 2014?

b. What is the time frame for fixing eBenefits Program to meet ADA 508 Access?

Implementation Questions

1. What is being done to prepare for the estimated 774,000 claims (from FY 2013 to FY 2015) that are anticipated as a result of the Veterans Opportunity to Work Act/Veterans Employment Initiative and the Camp Lejeune legislation?

2. What sort of outreach and public education is being conducted to educate veterans on all of these new initiatives?

3. Can VBA please compare the performance of the paper based model versus the new transformation model at stations that have been in VBMS and the Transformation Organization Model since January? In particular, can VBA clearly identify and articulate increases in efficiency and the accuracy of claims processing.

Questions from Rep. Dina Titus

1. General Hickey, Reno is taking 478 days on average to complete a claim. While it sounds like VA is working hard to move towards an electronic system the numbers continue to head in the wrong direction.

a. Do you have any information that you can share with the committee regarding the transformation that indicates that your team is heading in the right direction?

b. When can we expect the Reno VA Regional Office to begin reducing their average time?

2. General, can you please explain to me how you have determined that a VA Regional Office should receive the station enhancement training and have you considered Reno?

3. General Hickey as I am sure you know over 240,000 of the claims in your inventory is stuck in a holding pattern known as awaiting evidence. 25% of those claims have been awaiting DoD personnel records for more than 60 days and 13% have been waiting for more than 90 days. In addition, Service Treatment Records take on average 55 days to be received. This is a long time for VA to be waiting for information from DoD and leads to delays for our Veterans.

4. Now, in your testimony before the Senate you indicated that VA and DoD had reached an agreement that DoD would provide you with certified to be complete medical and personal records. You also indicated that this would not reach full operational capability until 2017, can you further elaborate on this timeline and what was agreed to?

a. What would occur if DoD does not honor this agreement? What impact would that have on the backlog in your opinion?

b. Do you have any other concerns in regards to receiving information from other federal agencies?

5. In a previous Subcommittee hearing last Congress, we examined how veterans who suffer from Military Sexual Trauma (MST)-related PTSD have only a 1 in 3 chance of having their claims approved.

a. I understand that VA policy requires that Veterans who have MST-related PTSD be informed that they may use information from sources other than their service records to establish credible evidence of the stressors from MST they have endured before VA can deny their claim. In your observation of MST cases, is this being done?

b. Has VA looked at creating a separate lane for MST claims?

c. What more do you think VA can do to improve training of its employees who adjudicate MST claims so prevent improper denial for lack of evidentiary documentation?

6. Can VBA please provide a detailed roadmap of how it expects to reach its goal of no veteran's claim pending longer than 125 days with 98% accuracy by 2015. This should include a detailed analysis of each of the 56 VA regional offices with the productivity and benchmarks they expect from each of these offices to reach the goal and reduce the backlog.

Responses From VBA to HVAC Minority Members Questions

Questions from Rep. Michael H. Michaud, Ranking Member

People Questions

Question 1: Are there certain types of medical conditions that could possibly be automated in VBMS for immediate verification and payment? Please provide the specific medical conditions if so.

Response: The Veterans Benefits Administration's (VBA) goal is to turn the information contained in the Department of Veterans Affairs' (VA) Disability Benefits Questionnaires (DBQ) into data that will drive calculator-based engines in the Veterans Benefits Management System (VBMS) to provide automated decision recommendations on levels of disability. For example, objective results of hearing exams could be entered into an automated decision process. Such automation would improve decision consistency and accuracy as well as reduce processing time. The development of automated decision-support capabilities is a priority effort in the future.

Question 2: In the hearing, it was suggested that the productivity of VBA employees had gone down over time. Does VBA believe this to be accurate?

Response: The productivity per employee was calculated as rating claim completions per direct full-time equivalent employee (FTEE) on the chart presented at the hearing. This data was taken from VA's budget. This measure does not provide the full picture of VBA's current workload and the productivity of our employees. As mentioned at the hearing, today's Veterans are claiming many more disabilities (between 12 and 16 for recently separating Servicemembers), resulting in an increase of medical issues rated per claim and adding to the complexity of the process and the time to complete the claim.

Productivity when measured by medical issues rated per claim shows that the number of issues decided per FTEE is increasing. In the first quarter of fiscal year (FY) 2008, VBA employees completed approximately 3.2 issues per each claim. In the fourth quarter of FY 2010, productivity improved to 3.8 issues per each claim. This represents a 13 percent increase in issue-based productivity. During FY 2011, productivity on both issues and claims decreased due to the intensive review and adjudication of the Agent Orange claims, which are subject to court oversight pursuant to the Nehmer court order.

Issue-based productivity reached a 4-year high in the fourth quarter of FY 2012. At the issue level, productivity was up by 31 percent over the first quarter of FY 2008 and 17 percent over the fourth quarter of FY 2010. The net issues per completed claim also increased to over four issues per claim.

Question 3: Does VBA believe that the complexity of an individual claim has gone up and therefore the time required to adjudicate an individual claim has gone up?

Response: Yes, there has been an increase in claims complexity. As described in response to question 2, claims decided now contain more than four issues per claim on average. A March 2013 survey indicates 18 percent of pending original claims for compensation have 9 or more medical issues claimed and nearly 9,000 of them have 20 or more medical issues. VBA expects that the trend of increasing medical issues per claim and the concomitant complexity of these claims to continue to increase.

Question 4: Could training be better focused if individual VARO's focused on specific medical conditions versus all medical conditions that a veteran might apply for?

Response: VBA has already consolidated claims for specific types of work (e.g., radiation claims, mustard gas claims, etc.). One of the key advantages of the paperless processing system is the ability to manage workload on a national basis, unconstrained by the geographic limitations of paper claims. The advent of a national workload assignment system will allow specialization in specific and more complex claims or disabilities by employing targeted training. The assignment of more complex claims or disabilities to specialized stations will free up other stations to focus on high claims-processing output.

Question 5: AFGE has provided us with training recommendations in their Statement for the Record. They raise some important points, such as:

a. How much training is provided to new employees prior to allowing them to process cases?

Response: New employees go through at least 6 weeks of training before they process real cases and spend another 4 weeks in a centralized environment where they work cases under the direction of nationally recognized instructors. These instructors provide daily individual mentoring and feedback. VBA tracks the production and accuracy of each student. At the end of the centralized training, students return to their home offices where they continue to work cases under the guidance of local subject matter experts (SME).

b. In addition to the Change Management Agents that have been placed at each RO, how is employee input and other feedback included to improve current training or to develop new training programs?

Response: Training Managers from each regional office participate in monthly calls with the Training Staff of Compensation Service to provide input and feedback on VBA's training programs. In addition, the Training Staff has a special e-mail box that all field personnel can use to submit ideas and feedback. The National Training Curriculum workgroup, which includes field Training Managers, meets yearly to ensure that VBA training is consistent and aligned with organizational goals. VBA also receives feedback during training sessions from field instructors and SMEs. VBA further develops new training products and updates current training based on quality review trends, skills certification testing results, and inter-rater reliability results.

In addition, Quality Review Specialists (QSR) at the regional offices review cases and compile error trends at the local level. The quality review information is used to develop training at both the local and national levels. The QSRs also provide feedback on accuracy, mentoring, and training to claims processors.

c. How often are live cases used in trainings?

Response: Live cases are used during both Challenge Training and Station Enrichment Training (SET). The cases are worked under the instruction and guidance of nationally recognized subject matter experts. Regional offices (RO) also use live cases during local training. The cases are reviewed and the results are used to pinpoint knowledge gaps among claims processors to provide targeted training.

Question 6: AFGE's statement also suggests implementing a time motion study to better determine appropriate performance standards. Has VA explored conducting such a study?

Response: VBA conducted a time and motion study at six ROs that was completed on April 30, 2013. The study focused on identifying time associated with key claims processing activities and defining labor requirements for completing specific end products. The results of the study will be evaluated and used to generate a capacity analysis for claim processing resource allocation and performance standards evaluation.

Question 7: AFGE points out that management incentives are largely based on quantity of production. How are incentives calculated to also take into account quality of production?

Response: The evaluation of RO Directors is based on performance in five critical elements, including leading change, leading people, business acumen, building coalitions, and results driven. Weights are assigned to each of the five elements when evaluating the full responsibilities of an RO Director. Each element factors in quality when evaluating an executive's overall performance.

Question 8: The Committee was informed that the VBA does not have a unified system for aggregating and analyzing the results of both the coach reviews and the STAR reviews.

a. What has been done to strengthen the Systematic Technical Accuracy Review (STAR) program and to create a more unified review system that ensures proper follow-up, remediation, and training?

Response: VBA has created dedicated Quality Review Teams (QRT) at all ROs to reach the strategic goal of 98 percent rating accuracy by 2015. All QRTs have received, and will continue to receive, training conducted by VBA's Quality Assurance Staff to help ensure consistency.

VBA has implemented an internal QRT within the STAR staff that reviews STAR errors that impact national quality. The STAR QRT conducts periodic quality reviews to promote consistency of the reviews performed by the STAR rating and authorization employees. The STAR QRT also reviews and assesses the results to identify training needs for the QRTs in ROs.

Question 9: Have there been any updates or improvements to the work credit system to also focus on accuracy?

Response: In December 2012, VBA revised the performance standards to shift the evaluation of claim processor quality from claim-based to contention-based. Evaluating quality at the contention level allows management to identify employee deficiencies on specific disabilities and provide focused training. The Automated Standardized Performance Elements Nationwide (ASPEN) tracker was upgraded to reflect the shift in performance standards. Enhancements such as drop-down menus will increase data-entry accuracy and simplify the entry of work credit for claims processors.

Question 10: In consideration of moving into a new processing system, when does VBA plan to reconsider the work-credit system?

Response: VBA recognizes the importance of assessing the impact of our transformation initiatives on job requirements and appropriately adjusting the work credit system for claims processors. VBA established a new team in April 2013 to work on shifting employee work credit entry from ASPEN to VBMS as we move into an electronic environment. The team will work in concert with VBMS programmers to ensure the requirements and functionality for individual employee work credit entry is incorporated into VBMS.

Process Questions

Question 1: Does it make sense for VA, in a paperless processing system, to have high performing stations specialize and focus on the difficult claim types?

Response: As previously discussed, one of the key advantages of the paperless processing system is the ability to manage workload on a national basis, unconstrained by the geographic limitations of paper claims. The advent of a national workload assignment system will allow specialization in specific and more complex claims or disabilities by employing targeted training. The assignment of more complex claims to specialized stations will free up other stations to focus on high claims processing output.

Question 2: Does VBA believe that focusing on a "claim" is an effective way to evaluate their workload? Is there a more accurate way to estimate the actual workload and to distribute and specialize it?

Response: Claim level productivity does not provide the full picture of VBA's current workload and the productivity of our employees. As mentioned at the hearing, today's Veterans are claiming many more disabilities (between 12 and 16 for recently separating Servicemembers), resulting in an increase of medical issues rated per claim and adding to the complexity of the process and the time to complete the claim. There is no limit on the number of issues an individual can claim.

Each issue may require VBA to take specific action to obtain evidence in support of the claim, including Federal records, private medical records, VA examinations, employment information, and Veterans Health Administration (VHA) medical records. VBA is currently implementing transformation initiatives aimed at reducing time to complete claims and eliminating the claims backlog. One aspect of this effort is implementing segmented lanes at each RO. The claims are triaged and assigned to lanes based on the number or complexity of contentions identified. The new method will allow for claims with fewer or less complex contentions to be worked by a separate team than those claims with numerous or more complex contentions.

One of the key advantages of the paperless processing system is the ability to manage workload on a national basis, unconstrained by the geographic limitations of paper claims. The advent of a national workload assignment system will allow specialization in specific and more complex claims or disabilities by employing targeted training. The allocation of high complexity claims to specialized stations will free up other stations to focus on high claims processing output.

Question 3: What proportion of all claims in the past fiscal year had a medical condition that was paid in advance of the complete adjudication of the claim?

Response: Intermediate rating decisions were made on approximately 12 percent of claims. It should be noted that roughly 77 percent of Veterans who have a supple-

mental (subsequent) claim pending are already receiving monetary compensation for disability. Supplemental claims make up 61 percent of the claims inventory.

a. What proportion of claims at the Togus VARO, in the past fiscal year, had a medical condition that was paid in advance of the complete adjudication of the claim?

Response: Intermediate rating decisions were made on 13.4 percent of disability claims. About half of the Veterans with open claims in VBA's inventory are already receiving some level of compensation from VA.

b. What proportion of claims at the Los Angeles VARO, in the past fiscal year, had a medical condition that was paid in advance of the complete adjudication of the claim?

Response: Intermediate rating decisions were made on 17 percent of disability claims.

Question 4: What factors inhibit a "pay as you go" process in a paper based adjudication model?

Response: VA is not prohibited from awarding benefits to a claimant prior to resolving all contentions. The VA claims adjudication manual (M21–1MR, III.iv.6.A.1.a) requires intermediate rating decisions be made if the record contains sufficient evidence to grant any contention(s), including service connection at a non-compensable level.

a. Will all of these concerns be eliminated in a paperless processing system?

Response: VA is not precluded from awarding a claimant entitlement to benefits prior to deciding all contentions.

b. How will VBA be better situated to pay medical conditions as they are completed?

Response: When fully implemented, VA's paperless processing system, VBMS, will assist claims personnel in finding information faster and managing workload more efficiently. This will allow VA to more quickly and consistently award benefits to Veterans.

Question 5: Under the Fully Developed Claims program (FDC) program:

a. How many are new claims vs. an increase in ratings?

Response: FY to date, VA has completed 19,722 FDCs. Of these, 11,278 were original rating claims and 8,444 were supplemental rating claims, including claims for increased evaluations.

b. Currently, claimants are unable to go use the FDC process if they have other claims pending adjudication that aren't in the FDC program. Has VA explored changing this?

Response: Yes. VA designed the FDC program as an optional means for a claimant to receive a decision faster. If a claimant files a new claim while another claim is already pending with VA, that new claim, regardless whether it is fully developed, will often extend the time it takes to complete processing both claims because VA must often complete new, unanticipated development actions. These new actions thwart the promise of expeditious processing of the FDC.

At the request of stakeholders, VA made an exception to this rule if the pending claim is an appeal and the claims folder is located at the station of jurisdiction and not at the Board of Veterans' Appeals. Such a claim would not impact the timely completion of the newly received claim.

c. What sort of incentives is VA exploring for VSO, State, and County partners to increase FDC submissions?

Response: VA is currently working with the American Legion, Disabled American Veterans, to expand and enhance the FDC program. As part of this initiative, VA is exploring a program that would recognize outstanding achievements of VA partners, including Veterans Service Organizations (VSO) and other entities, which demonstrate exemplary support of the FDC program.

d. Is there any way that VSO's can assist in providing all of the information required for an instantaneous benefit decision and payment for certain types of medical conditions or presumptions? For instance, could a VSO National Service Officer certify that a Vietnam veteran was in country and had Ischemic Heart-Disease and then subsequently provide VBMS with the required information for an immediate approval?

Response: As previously mentioned, VA makes intermediate rating decisions if the record contains sufficient evidence to grant any contention(s). VA encourages VSOs to assist claimants in providing all evidence needed to immediately decide a claim or contention.

Question 6: I understand that 71 of 81 individual Disability Benefits Questionnaires (DBQs) are available to private physicians. What 10 are still unavailable and why?

Response: Ten of the 81 DBQs are for internal use only and VA does not plan to make them available to the public because they require C&P examiners to complete specialized training provided by VHA. The 10 DBQs are for compensation, pension, Gulf War, specialty exams for cold injury residuals, former Prisoner of War protocol, initial Post-traumatic Stress Disorder (PTSD), initial and review of traumatic brain injury, hearing loss and tinnitus, and the medical opinion DBQ.

Question 7: In testimony at a previous hearing, the American Legion suggests a place on each DBQ for a doctor to state a critical nexus opinion, or an assessment of the likelihood any present disability is related to a veteran's service experience. Has this suggestion been explored?

Response: Yes, VBA explored the suggestion. VBA considered adding a question about medical nexus on every DBQ; however, VA examination request data shows that a medical nexus opinion is generally not required on a compensation and pension examination. For example, if an examination pertains to a claim for increased rating, a medical nexus opinion is not needed because service connection has already been established. In an overwhelming number of cases, requesting a physician to dedicate the time and resources to research and opine on the likelihood of a relationship existing between any present disability and military service would be unnecessary. Therefore, VBA decided not to include a specific question on medical nexus on DBQs.

Question 8: Can you provide an update on what has been done to strengthen the quality review process for DBQs to verify private physicians, track disability ratings that used DBQs, store completed DBQs electronically, and other fraud prevention controls?

Response: Current guidance requires a special issue "flash" in the claims file indicating whether a VA or private DBQ was received as medical evidence to be used when claims processors input claims in the system. In January 2013, VBA completed validation of 1,276 DBQs completed by private physicians. VBA concluded that there is little evidence of increased fraud risk. VBA will continue its quality assurance reviews on at least a biannual basis to verify the authenticity of information on DBQs completed by private providers.

VA is developing a long-term strategy for secured electronic submission of DBQs received outside the VA examination process via an electronic portal that will enable VA to more easily verify physicians' identity and credentials. VBA has also revised the DBQ notifications to Veterans and physicians to inform them that information submitted on DBQs is subject to verification.

Question 9: Can you provide an update on the revision of the VA Schedule for Rating Disabilities and timeline for when the review of the 15 different body systems will be complete?

Response: VBA expects to complete the initial update of the VA Schedule for Rating Disabilities for all body systems by the end of 2016. The current status of the regulations is below.

- Draft regulations for the endocrine and hemotologic/lymphatic systems are under review by VA's Office of General Counsel.
- Draft regulations for the digestive and dental/oral systems are under review within the Compensation Service.
- Draft regulations genitourinary, audiology, cardiovascular, respiratory and infectious diseases systems are under peer review.
- Draft regulations for ears, nose, and throat, eye diseases, skin disorders, and neurological/convulsive systems are currently being written.
- Workgroup discussions are under way for gynecological/breast, musculoskeletal/rheumatology and mental disorders.

Question 10: What challenges do you face in regards to receiving electronic Service and Personal records from the National Guard or Reserves for the purposes of adjudicating claims?

a. Does both the Guard and Reserve a central location in which these records are stored?

Response: VA does have access to military personnel files of Reserves and National Guard members through the Department of Defense's (DoD) Defense Personnel Records Information Retrieval System (DPRIS). DPRIS currently provides personnel files for:

- Air Force – October 2004 to the present;
- Army – October 1994 to the present;
- Navy – 1995 to the present; and
- Marine Corps – January 1999 to the present.

However, there is not a central location to obtain service treatment records (STR) for Reserve and National Guard units. Because the locations of STRs vary for National Guard and Reserve units, when VA develops evidence for original disability compensation claims, it asks Reserve/National Guard Veterans to provide the name, address, and phone number of their units.

The Army and the Air Force have implemented centralized cells where Servicemembers can forward STRs when they separate or retire, including Reserve or National Guard units. The central cells verify whether the Veteran has a VA claim and forward the STRs to the RO if a claim is pending. If there is no pending disability claim, the Army or Air Force central cell forwards the STRs to the Records Management Center (RMC). Currently the Navy, Marine Corps, and Coast Guard forward all STRs to the RMC.

b. Does both the Guard and Reserve have a standardized format in which they complete and store these records?

Response: All of the military branches maintain a single STR for each Servicemember that contains documents in both electronic and paper formats. In 2012, DoD and the National Archives and Records Administration, updated DoD's Standard Form (SF) 115, Request for Records Disposition Authority. The SF 115 specifies requirements for systems of medical records, transfer of STRs between DoD and VA, and disposition of STRs in both paper and electronic formats.

c. What challenges does this present to VA in trying to adjudicate these men and women's claim in a timely fashion?

Response: The law requires that VA's efforts to obtain Federal records shall continue until it obtains the records unless it is reasonably certain that such records do not exist or that further efforts to obtain those records would be futile.

The challenge that VA faces in obtaining Federal records varies depending on the location or system in which the record is maintained. Current procedures require VA to mail a letter directly to the Reserve unit or the Adjutant General's office to obtain these records. Additional problems in obtaining STRs occur when Veterans transfer between units, redeploy, or separate from the military during the claim processing cycle.

d. Are VA employees receiving specific training on dealing with the records and attendant problems of Guard and Reserve members?

Response: VA employees receive training on records management prior to developing disability claims and also receive refresher training throughout their careers. This training contains instruction on how to process requests for records from all service departments and each component, including Reserve, and National Guard.

Question 11: I understand that some of the veterans' service organizations had issues with Simplified Notice Letters being confusing and overly generic.

a. Has VA worked with the VSOs to fine tune some of the SNL language so that they provide sufficient and specific information to inform veterans about the reasons and basis for rating decisions?

Response: VBA sought input from the VSOs when first developing the Simplified Notification Letter (SNL). VBA also held several training and discussion sessions with VSOs during the introduction of the SNL. VBA continues to provide training to and have discussions with our VSO partners on the SNL. The VA remains committed to improving the decision notice for Veterans.

Technology Questions

Question 1: I understand that we are contracting out the work to scan documents into VBMS, but there are concerns that pages are sometimes not in order, that pages are missing, or that files contain pages of information from other veterans.

a. What quality metrics are we holding these contractors up to and how are the various contractors performing?

Response: Since execution of the contract for the document conversion services, VBA has employed multiple tools to ensure high quality. VBA provides document conversion SMEs on-site to provide rapid feedback to the vendors. In addition, quality control checks are performed by each contractor as part of their internal process.

VBA recently procured independent validation and verification (IV&V) services to replace VBA quality assurance checks. This contract enables VBA to utilize data-driven, statistically valid sampling methodologies to ensure document conversion standards are met. IV&V will ensure objective future reporting of quality metrics. The metrics include image quality (99 percent standard), indexing quality (99 percent standard), and extraction (95 percent standard). If the document conversion services vendors do not meet the contractually required quality levels, VBA may refuse to pay them.

Question 2: In regards to latency issues with VBMS, is this due to data storage in one location?

Response: "Latency" is a term that has been misused or used in multiple contexts. It has been used to describe the time difference between new and old ways of doing work, between the time difference in loading files of varying sizes, impacts of Internet connection issues, and many other descriptions. We believe the question is attempting to refer to the time it takes for a folder and its contents to load once clicked. At this time, the document storage location has not been determined to be a factor in perceived latency for VBMS, because the network times and download rates are not major contributors to observed latency. Outside of occasional system issues, which can be expected in incremental delivery approaches, VBMS is meeting production demands and not experiencing latency issues.

Question 3: The National Organization of Veterans Advocates points out that currently, claimants are only able to access their case files by either requesting a paper copy, which often takes months, or by visiting the VA Regional Office by appointment.

a. Once VBMS is fully implemented, will veterans have electronic access to look at their own case files?

Response: When VBMS is fully integrated with online claims submission functionality through eBenefits and the Stakeholder Enterprise Portal (SEP), Veterans will be able to view all the documents in their eFolder.

Question 4: I understand that VSOs have electronic access VBMS.

a. Are the VSOs able to access all files of the veteran they are working with?

Response: VSOs can access and view records of Veterans who they represent. If the Veteran does not authorize VA to disclose information related to treatment for drug abuse, alcoholism or alcohol abuse, infection with the human immunodeficiency virus, or sickle cell anemia, the VSO will not be able to view the Veteran's record.

b. Will private attorneys be able to have access down the line?

Response: The plan for the SEP includes providing access to many VA business partners who serve our Veterans. Private attorney access is included in the future vision for SEP functionality.

Question 5: Blinded Veterans of America raises the issue that VA has had internally identified American Disabilities Act (ADA) Disability Section 508 Compliance issues in the past 18 months and one of the significant barriers for blinded veterans trying to file or track their claims electronically is lack of accessibility.

a. What sort of resource planning for addressing ADA 508 Accessibility for FY 2014 is being made now and for FY 2014?

Response: Making VA accessible for all Veterans, beneficiaries, and employees is important not only because it is the law, but because it is the right thing to do. Previously, VA's Section 508 information technology compliance efforts were divided between the "Section 508 Program Office" within the Office of Information and Technology (OIT), and the "Health 508 Office" in VHA. In FY14, all 508 efforts will be centralized within OIT.

In FY14, the combined government information technology staff for both offices will be 11 FTEE. The FY14 President's Budget has $37,265,000 identified for "Product Development (PD) Tools Management Competency." This line item includes funding for PD's "Product Assessment Competency Division" of which $11,871,309 is for VA's 508 program." Non-pay funding will cover:

- Contracted resources to support the development and execution of Section 508-related training for developers, testers and non-technical staff.
- Testing support services to: (1) bring new software into compliance with Section 508 requirements; and (2) audit existing Section 508-compliant software to ensure that it remains compliant.
- Maintenance of hardware and software that is used to test IT systems for Section 508 compliance.
- Development of an enterprise-wide approach to bring all VA SharePoint repositories into compliance with Section 508 requirements.

b. What is the time frame for fixing eBenefits Program to meet ADA 508 Access?

Response: VA expects to have the eBenefits portal conformant with ADA 508 access requirements within the next 6 months.

Implementation Questions

Question 1: What is being done to prepare for the estimated 774,000 claims (from FY 2013 to FY 2015) that are anticipated as a result of the Veterans Opportunity to Work Act/Veterans Employment Initiative and the Camp Lejeune legislation?

Response: VBA's transformation is designed to improve benefits delivery by better leveraging employee skills and streamlining the claims adjudication. In the face of dramatically increasing workloads, VBA is vigorously pursuing its Transformation Plan that includes a series of tightly integrated people, process, and technology initiatives designed to increase Veterans' access, eliminate the claims backlog, and achieve our goal of processing all claims within 125 days with 98 percent accuracy in 2015.

Over the last 24 months, VA has implemented several "process" initiatives such as DBQs, SNLs, evaluation builders and rules-based calculators, and the FDC initiative. In addition, VA established local QRTs to provide timely, responsive quality assurance and training to its workforce. VBMS, VBA's tool for paperless claims processing, will provide functionality to allow specialization by RO, team, and employee. Functionality built into VBMS provides flexibility to allow us to better manage our workload as we move into the fully paperless environment. VBA continues to work with partners and stakeholders to identify requirements for the full functionality of VBMS. VBA estimates that once VBMS is fully developed, integrated, and implemented it will help improve our production performance by at least 20 percent (in each of FYs 2014 and 2015) and quality by at least 8 percent.

The Louisville RO is our centralized site for the processing of Camp Lejeune claims. The RO has averaged 246 claims per month since the enactment of the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012. The Louisville RO is poised to alert any significant increase in these claims. Any change in the volume of claims will be addressed and an increase in capacity to handle any surge will be made. Should a surge occur, VBA is prepared to leverage the use of its transformation initiatives to manage this workload.

Question 2: What sort of outreach and public education is being conducted to educate veterans on all of these new initiatives?

Response: VBA uses several avenues to communicate with and educate Veterans, Servicemembers, families, and other stakeholders on the new initiatives. These include Facebook Office Hours, Twitter Town Halls, and VA YouTube videos. VBA has also redesigned many external facing Web pages to provide current information on the initiatives and how to access benefits. Through our partnerships with VSOs and Non-Profit organizations, we are able to push out information through their communication vehicles including publications and Web sites. In addition, VBA partners with DoD to expand and improve information sharing, refine processes of records retrieval, and identify procedures to improve benefits process. Specific to outreach, this data sharing has allowed for the deployment of early communication messages to Servicemembers informing them of eligibility for benefits based on life and career event triggers.

Question 3: Can VBA please compare the performance of the paper based model versus the new transformation model at stations that have been in VBMS and the Transformation Organization Model since January? In particular, can VBA clearly identify and articulate increases in efficiency and the accuracy of claims processing.

Response: Productivity is measured by Rating Veterans Service Representatives (RVSR) individually and by combined Veterans Service Representatives (VSR) and Claims Assistants (CA). The percent change in productivity is measured by monthly averages for the most recent end of month data compared to the same period of the previous year.

Analysis of productivity for all stations in the organizational model and VBMS for end of month February 2013, compared to the same month in 2012, indicates improvement in productivity per RVSR by 15.3 percent and 0.5 percent for VSRs and CAs. The data includes the whole of transformation and the 40 plus transformation initiatives which are designed to improve production by 45–60 percent and quality by 14 points in calendar year 2015 as an integrated business transformation model. It is difficult to extract each initiative from the combined people, process, and technology model to provide detail-level analysis toward the contribution to productivity outcomes.

VBA began deployment of VBMS Generation One in September of 2012, concluding the year with a total of 18 stations on the system. It is important to note that early adopters of first generation technology participated heavily in the development and refinement of efficiencies and functionality of the system, which had a direct impact on productivity as a result of the live test environment. These stations paved the way for the accelerated deployment of VBMS which will enable VBA to track and measure productivity outcomes in a consistent and accurate manner, once all stations are operating with the new technology and after a period of stabilization. The first 18 stations enabled VBA to also test business processes and functionality for the establishment of eFolders in VBMS and the model for tracking and shipping of paper-based claims with two scanning vendors.

Questions from Rep. Dina Titus

Question 1: General Hickey, Reno is taking 478 days on average to complete a claim. While it sounds like VA is working hard to move towards an electronic system the numbers continue to head in the wrong direction.

a. Do you have any information that you can share with the committee regarding the transformation that indicates that your team is heading in the right direction?

Response: The Reno RO is focusing all available resources on working claims in the backlog. In addition, the RO is actively engaged in implementing VBA's people, process, and technology transformation initiatives. In November 2012, the RO implemented the Transformation Organizational Model, in which claims are processed through segmented lanes based on their complexity and need for case management. The RO implemented VBMS, VBA's paperless processing tool, in April 2013. The office continues to work closely with the VSOs to increase the number of FDCs submitted to enhance RO performance. Monthly meetings are held with all VSOs on the FDC process. The increase in FDCs reduces development time and resources needed for claims development

b. When can we expect the Reno VA Regional Office to begin reducing their average time?

Response: The Reno RO is actively engaged in increasing production and focusing on their oldest claims. As the RO works its oldest claims, the average days to complete will continue to increase. However, once these oldest claims are completed, the average processing time will decline. We anticipate significant improvements in processing time beginning in FY 2014.

Question 2: General, can you please explain to me how you have determined that a VA Regional Office should receive the station enhancement training and have you considered Reno?

Response: In March 2012, VBA initiated SET, focused on improving the performance of low performing ROs. In deciding whether to provide SET, VBA considers such factors as production, accuracy, feedback from Congressional stakeholders, and input from oversight groups such as the Office of the Inspector General or General Accountability Office. The Baltimore RO is currently receiving SET, which began on April 8 and concluded on May 2, 2013. VBA is working to finalize the schedule and locations of SET to be held in the remainder of FY 2013 and FY 2014. VBA will consider your request to provide SET to the Reno RO.

Question 3: General Hickey as I am sure you know over 240,000 of the claims in your inventory is stuck in a holding pattern known as awaiting evidence. 25% of those claims have been awaiting DoD personnel records for more than 60 days and 13% have been waiting for more than 90 days. In addition, Service Treatment Records take on average 55 days to be received. This is a long time for VA to be waiting for information from DoD and leads to delays for our Veterans.

Response: VBA continues to regularly and diligently work with DoD to obtain complete STRs faster and more efficiently.

Question 4: Now, in your testimony before the Senate you indicated that VA and DoD had reached an agreement that DoD would provide you with certified to be complete medical and personal records. You also indicated that this would not reach full operational capability until 2017, can you further elaborate on this timeline and what was agreed to?

Response: Effective January 1, 2013, all military services began complying with the Department of Defense Instruction (DoDI) 6040.45, Service Treatment Record (STR) and Non-Service Treatment Record (NSTR) Life Cycle Management, dated October 28, 2010, and the December 06, 2012, agreement with revised language for the certification of STRs.

a. What would occur if DoD does not honor this agreement? What impact would that have on the backlog in your opinion?

Response: All military services are honoring the agreement to certify the completeness of the STRs. DoDI 6040.45 mandates that personnel at military treatment facilities (MTF) certify they have made all attempts to ensure the STRs are complete and include certain forms. MTF personnel must transfer the complete STR to their respective out-processing center no later than 30 business days after the member's retirement, discharge, or end of active obligated service. If MTF personnel discover additional documents later, the records are immediately transferred VA. VA and DoD continue to collaborate to ensure that the military services continue to comply.

b. Do you have any other concerns in regards to receiving information from other Federal agencies?

Response: VBA generally receives STRs from DoD faster than records from the, Defense Finance and Accounting Service, Public Health Service (Department of

Health and Human Services), and National Oceanic and Atmospheric Administration (Department of Commerce).

Question 5: In a previous Subcommittee hearing last Congress, we examined how veterans who suffer from Military Sexual Trauma (MST)-related PTSD have only a 1 in 3 chance of having their claims approved.

a. I understand that VA policy requires that Veterans who have MST-related PTSD be informed that they may use information from sources other than their service records to establish credible evidence of the stressors from MST they have endured before VA can deny their claim. In your observation of MST cases, is this being done?

Response: Yes. The law requires VA to advise claimants who submit PTSD claims based on military sexual trauma (MST) that evidence from sources other than their service records may constitute credible supporting evidence of the stressor to substantiate the claim. Accordingly, VA routinely sends a special notice to Veterans filing MST claims explaining the other types of evidence that may constitute credible supporting evidence of the MST stressor (such as records from sources other than the military or evidence of behavior changes). VA advises Veterans to submit any such evidence in their possession or identify the location of such evidence so that VA can attempt to obtain it on their behalf.

b. Has VA looked at creating a separate lane for MST claims?

Response: VBA reorganized its workforce into cross-functional teams that work together on one of three segmented lanes: express, special operations, or core. Claims that predictably can take less time to process (about 30 percent of claims) flow through an express lane); those taking more time or requiring special handling (about 10 percent of claims) flow through a special operations lane; and the rest of the claims (60 percent) flow through the core lane. VBA now processes MST claims in the special operations lane to ensure the most experienced and skilled employees manage these complex claims.

c. What more do you think VA can do to improve training of its employees who adjudicate MST claims so prevent improper denial for lack of evidentiary documentation?

Response: VBA provided mandatory comprehensive training for evaluating MST cases in 2012. VBA is also developing robust training to assist adjudicators in determining the effective date of MST awards under such reviews.

In addition, recent efforts by VBA have dramatically improved VA's overall sensitivity to MST-related PTSD claims and have led to higher current grant rates. However, we recognized that some Veterans' MST-related claims were decided before these efforts began. To assist those Veterans and provide them with the same evidentiary considerations as Veterans who file claims today, VBA is planning to notify Veterans of the opportunity to request that VA review their previously denied PTSD claims based on MST. Those Veterans who respond will receive review of their claims based on VA's heightened sensitivity to MST and a more complete awareness of evidence development. VBA will also continue to work with VHA medical professionals to ensure they are aware of their critical role in processing these claims.

Question 6: Can VBA please provide a detailed roadmap of how it expects to reach its goal of no veteran's claim pending longer than 125 days with 98% accuracy by 2015. This should include a detailed analysis of each of the 56 VA regional offices with the productivity and benchmarks they expect from each of these offices to reach the goal and reduce the backlog.

Response: VBA established the VBA Operations Center within the Office of Field Operations in 2013 to focus on accountability to achieve workload performance metrics and sharing of best practices across VBA ROs and VBA leadership.

The VBA Operations Center oversees VBA's monthly Stat Review program, which is a critical performance technique and tool VBA has employed using statistical data (Stat) and visual displays of that data to improve performance of ROs and monitor transformation progress. This process involves in-depth performance metric reviews of each RO designed to analyze and manage performance more effectively. VBA's Stat Review is based on the highly successful New York City Police Department's CompStat performance management program.

As a monthly event, the Stat Review identifies patterns occurring at various ROs, and every RO participates either in person or by teleconference. This program is an effective leadership tool to guide efforts to reach the Secretary's goal of processing disability claims in 125 days with 98 percent accuracy.

During the Stat Reviews, VBA top leaders discuss RO challenges and successes in day-long meetings, using extensive data-driven performance measures for accountability. This allows VBA to identify improvements that are needed to produce desired performance results. These Stat Reviews help VBA more clearly understand what actions are being taken to improve performance, what is or is not working,

while motivating RO managers and employees to focus their energy and creativity on achieving specific results. These reviews help to ensure that best practices and lessons learned are shared quickly across leadership teams and that we have alignment across ROs on transformation.

VA's "ASPIRE" Web site provides detailed monthly performance dashboards that include claims processing targets for each regional office and tracks performance against those targets. *http://www.vba.va.gov/reports/aspiremap.asp*

VBA is aggressively pursuing its Transformation Plan, a series of tightly integrated people, process, and technology initiatives designed to eliminate the claims backlog, and achieve the goal of processing all claims within 125 days and with 98% accuracy in 2015. VBA is retraining, reorganizing, streamlining business processes, and building and implementing technology solutions based on newly redesigned processes in order to improve benefits delivery. As part of our transformation we have done the following:

- Developed and implemented a new claims processing model – one that better leverages employee skills, and streamlines claims adjudication. All 56 ROs are operating under this model as of the week of March 25.
- Developed, tested, and deployed requisite software and hardware to process disability claims paperlessly. From submission/receipt/scanning to display/review/decision, we now have the capability to complete a claim without touching paper. As of May 10, 46 ROs and our Appeals Management Center have fielded this capability, called VBMS. The remaining ROs will field VBMS by the end of this year. As of April 28, over 82,000,000 individual pieces of paper from Veterans' records have been converted to images, and over 15 percent of our claims inventory is now in VBMS. Clearly, information technology plays a critical role in eliminating the claims backlog, and the Department's information technology budget has and will enable VA to develop and deploy these important tools.
- Designed and implemented new training programs to prepare employees for the changes being implemented. The entire VBA claims processing workforce was trained on the new processing model, and over half the workforce has been trained on VBMS. The 2,431 employees who have received the new Challenge training decide 150 percent more claims per day than predecessor cohorts, at a similar stage in their development, with a 30-percent increase in accuracy.
- Designed and implemented the Veterans Relationship Management (VRM) initiative to expand and improve access to VA benefits and services. Capabilities and programs integrated within VRM include eBenefits (an online portal for Veterans and Servicemembers with self-service capabilities); SEP (for external partners such as VSOs); Customer Relationship Management (to improve service in our contact call centers); myHealtheVet (for enrollment in health benefits); Blue Button (for access to individual medical records), and Veterans On-Line Application Direct Connect (for electronic claims submission).
- Implemented the QRT and the SNL initiative nationwide. VBA tracks the impact of these initiatives on accuracy through a 3-month rolling average accuracy metric that is reported in ASPIRE (*http://www.vba.va.gov/reports/aspiremap.asp*) and can be seen online by the public. FY 2012 data demonstrated a 3-percent increase in national accuracy standards – from 83 percent to 86 percent. The accuracy further increased to 89 percent when looking at just the last 3 months of accuracy reviews.
- Completed over 1,000,000 million claims per year in FYs 2010, 2011, and 2012, the 3 highest production years in VBA history. This included 260,000 claims resulting from the decisions to add 3 new presumptive conditions for Veterans exposed to Agent Orange. VA's regulation changes that made it easier for Veterans to establish PTSD as a service-connected disability and created presumptions for nine diseases related to service in the Gulf War also contributed to this growth in claims receipts.
- Added more than 940,000 Veterans to its compensation rolls over the past 4 years, which is more than the size of our active duty Army and Navy combined.

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