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RECLAIMING THE PROCESS: EXAMINING THE VBA CLAIMS TRANSFORMATION PLAN AS A MEANS TO EFFECTIVELY SERVE OUR VETERANS

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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RECLAIMING THE PROCESS: EXAMINING THE VBA CLAIMS TRANSFORMATION PLAN AS A MEANS TO EFFECTIVELY SERVE OUR VETERANS

Tuesday, June 19, 2012

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

The Committee met, pursuant to notice, at 10:41 a.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [Chairman of the Committee] presiding.

Present: Representatives Lamborn, Bilirakis, Roe, Stutzman, Flores, Johnson, Runyan, Benishek, Buerkle, Huelskamp, Turner, Filner, Brown, Reyes, Michaud, McNerney, Donnelly, Walz, and Barrow.

OPENING STATEMENT OF HON. GUS BILIRAKIS, VICE CHAIRMAN

Mr. BILIRAKIS. [Presiding] The Full Committee hearing will come to order.

Good morning. Welcome to our hearing, Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve Our Veterans.

Through their service and sacrifice on behalf of our Nation, veterans have ensured that our American way of life can continue long into the future.

Our Committee has the privilege of serving these heroes to whom we owe an immense debt of gratitude by ensuring that they have reasonable access to the benefits they earned.

This access to promised benefits have been made ever more difficult in recent years in my opinion as VA continues to struggle with backlogs and unacceptable delays in getting our Nation's veterans the benefits that they need and have earned.

On several occasions, Secretary Shinseki stated that the VA would break the back of the backlog in 2009. And in an effort to do just that, VBA has implemented a transformation plan and various initiatives that have great potential to ease these problems.

However, despite the development of this transformation process, the backlog continues to grow and the rate of accuracy and processing time has at best remained stagnant.

Today we will examine VBA's transformation plan and the effectiveness of these initiatives in resolving the core issue of processing time, accuracy of decisions, and eliminating the backlog.

We will specifically focus most of our attention on the veterans benefits management system or VBMS as you will hear it referred

to throughout the hearing, again VBMS, which VA has consistently referred to as the cornerstone of its transformation process.

I know that I, my fellow Committee Members, and our Ranking Member have many questions to ask as to when the system will be ready for national rollout and how issues relating to the scanning of paper documents will be handled in the future.

As a matter of fact, VA's contract with the U.S. National Archives and Records Administration, the agency currently handling VA's scanning needs, expires on June 26, just one week from today. I will ask what is going to happen on June 27th. Do you have a plan?

Unfortunately, the VA has waited until the eleventh hour to address this need and to the best of my knowledge, I understand VA is working on contract solicitations.

This hearing also will focus on several of VBA's other transformation plan initiatives including disability benefit questionnaires, simplified notification letters, fully developed claims, and the I-lab and the appeals design team.

Although I applaud VA for taking initiatives to transform the claims process, we must ensure that these transformation efforts continue to progress in the right direction and they are ultimately helping veterans obtain the benefits they have earned.

It is time for VA to uphold its responsibility to our veterans and to the American people to break this cycle and deliver the benefits that the agency was created to provide.

Also, I want to bring an additional issue to the attention of the VA witnesses. Last week, the chancellor of the Florida college system informed the Committee staff that VA has determined that 23 of the 28 Florida community colleges were not qualified to provide training under the VRAP program that was part of the VOW to Hire Heroes Act passed last November.

The reason given for this denial is that each of the 23 community colleges awards a very limited number of Bachelor degrees, most often in technical and health care fields such as Bachelor's degrees in nursing.

It is clear to me that VA is ignoring the traditional community focused approach those schools continue to offer. Unlike four-year schools that offer Bachelor's and higher degrees generally without regard to the local needs, these schools continue to provide education and training that reflect what their surrounding communities need.

In fact, using VA's narrow definition of community college, if a school awarded one Bachelor's degree along with hundreds or even thousands of Associate's degrees, that school would not qualify for VRAP training. It is like saying, and this is an analogy, that a bank that offers coffee to patrons is no longer a bank and is now a Starbucks.

This issue is not limited to the State of Florida. According to the American Association of Community Colleges, 64 of their members, again in Florida, Nevada, Georgia, Texas, North and South Dakota, Puerto Rico, Arizona, Utah, Kansas, Wisconsin, New York, Oklahoma, Pennsylvania, Hawaii, Vermont, Indiana, and Washington award or are authorized to award limited numbers of Bachelor degrees.

I will note that several of these states have high unemployment rates among veterans.

Under Secretary Hickey, the VRAP legislation is intended to retrain unemployed veterans and we cannot let even one of those slots go unfilled.

I urge you in the strongest possible way to consider the spirit of the VRAP provision in defining the term community college and to ensure that veterans in these 18 states that I mentioned are given the opportunity to retrain for high-demand jobs.

Thank you very much, and now I will yield to our Ranking Member, Mr. Filner.

Thank you. You are recognized, sir.

[THE PREPARED STATEMENT OF HON. GUS BILIRAKIS APPEARS IN THE APPENDIX]

OPENING STATEMENT OF HON. BOB FILNER, RANKING DEMOCRATIC MEMBER

Mr. FILNER. Thank you, Mr. Chairman.

Well, here we are again. I think one of the first meetings I went to 20 years ago as a Member of the Veterans' Committee was on the backlog. We have hired, in the last few years maybe 12,000 new employees.

You got 40 so-called transformational initiatives. I do not know where the name transformation comes. It does not do anything.

What have we done in the last few years? Doubled the backlogs; the rate of inaccuracy recently reported up to 25 percent. This is disgraceful. This is an insult to our veterans.

And you guys just recycle old programs. You put new names on them and here we are again. You know what the definition of one definition of insanity is? You try the same thing over and over again expecting a different result.

Somebody has to take responsibility for this. We just keep announcing new names and new pilot programs. We are up to 1.2 million in the backlog by one count. If it was not tragic, it would be ridiculous.

Now, we have not been able to do anything by what I think the Secretary called brute force. We are going to hire more and more people. We are going to hire more and more people, have new pilots, and what happens? We doubled the backlog.

I think you all know I have been trying to talk about it for many years. You got to do something different, radical, change the whole nature of the situation. Yes, maybe these pilots will work, but you have got to start from zero and try the new stuff.

How do we get it down to zero? There are ways and we have talked about them. I do not know why the fear is there. You just keep going and going and going and going on. Try something new. Try something new.

You know, the IRS used to be one of the most dysfunctional agencies in America. Nobody knew when they would get their refund check. Nobody knew what happened to their tax return. They never heard from the IRS, yet they went through a transformational process and what happens now?

If you had a refund coming when you just filed your tax return, within three weeks guaranteed you got your refund check. How do they do that?

Well, one thing they do is accept your claim subject to audit. We all have to be honest because we know we might be audited, yet they send you the check.

You all know that there has been intellectual background for adopting a similar system. And I would argue that if a claimant has help from the VSOs, either county, state, VFW, American Legion, whoever, if they get help from a certified veteran service officer which we certify in preparing their claim, grant the claim subject to audit. Send out a check, do something.

If you are given amputation, why should you wait three years for all the other parts of your claim to be adjudicated? I can tell the guy is amputated. I do not need three years of study on this. Grant the claim subject to audit. Get those things off the books. Do something different. Do something radical. It is the only way we are going to solve this.

And I will tell you what. This is not just backlogs of a year or 90 days or two years. I do not know how many of our claims, maybe, Madam Secretary, you can tell me roughly, for Agent Orange or Vietnam era. I would roughly guess a couple hundred thousand. Is that in the ballpark? Do you know off-hand, Ms. Hickey?

General HICKEY. Yes, it is 260,000.

Mr. FILNER. I am sorry. How many?

General HICKEY. It is 260,000 Agent Orange.

Mr. FILNER. No. But how many are still in the system, are waiting adjudication?

General HICKEY. We have all preexisting conditions.

Mr. FILNER. I did not hear.

Mr. BILIRAKIS. Maybe you can ask that.

Mr. FILNER. I will ask that question when you are here. But I would guess these are not three months, six months claims. These are 35-year claims. These are people who have been suffering for 35 years.

I would say to my colleagues on this Committee: let's do something. We just had an activities report approved. I am not sure what we have done with all that activity. But we have never welcomed home, as you all know, our Vietnam vets. They have never been welcomed home. Half the homeless on the street are Vietnam vets.

If you have not heard the statistic before, my colleagues, you know there have been more suicides by Vietnam vets than died in the original war. It is over 55,000. We did something wrong.

Let's grant those claims. Forget the suffering. Forget all the presumptiveness. Forget all the studies. These people have suffered for 30 or more years. That will wipe out whatever hundreds of thousands of claims there are. Say welcome home to our Vietnam vets. Let's grant their Agent Orange claims.

Yeah, one or two will slip by that should not be in there, but 99 percent are going to be okay. Let's not worry about one percent. Oh, but the cost, the cost, the cost. You know, it may cost for those Vietnam veterans, I do not know, a billion dollars. It seems to me after 30 years, it is worth it. We have got to say thank you.

You know, we have a $14 trillion debt. I do not think a billion is going to add much to that. Let's say thank you to the Vietnam vets. Let's welcome them home.

But I am telling you folks from the VA, you have got a lot of activity. I do not call it action. You got a lot of new processes. I do not call it progress. The problem has been around for decades and decades.

And I see a list of 40 initiatives. I do not know whether there is any plan to actually get to certain goals. And certainly the technology is not being used as quickly as it is available.

We got people, like in South Carolina where they are planning a protest at the claims site because they do not have tools to do their job right. This has gone pretty far if our own employees have to go on strike.

I cannot stress too much if you are going to keep doing the same thing, we are going to keep failing. It is time for something new.

Thank you.

[THE PREPARED STATEMENT OF HON. BOB FILNER APPEARS IN THE APPENDIX]

Mr. BILIRAKIS. I thank the Ranking Member.

Now I will recognize Members if they choose to make an opening statement. We will start with Mr. Lamborn from Colorado.

Would you like to make an opening statement?

Mr. LAMBORN. No.

Mr. BILIRAKIS. And I encourage that it be very brief if you do. Okay.

Ms. Brown, you are recognized.

Ms. BROWN. No, sir. I am going to wait until after the presentation.

Mr. BILIRAKIS. All right. Dr. Roe?

Mr. ROE. No.

Mr. BILIRAKIS. Okay. Very good. We do have four panels, so I really appreciate the brevity.

Let's go with Mr. Michaud. Would you like to make an opening statement, sir?

Mr. MICHAUD. I do not think so.

Mr. BILIRAKIS. All right. You are set. Okay.

How about Mr. Flores?

Mr. FLORES. No, sir.

Mr. BILIRAKIS. All right. Mr. McNerney, would you like to make an opening statement, sir?

Mr. MCNERNEY. No.

Mr. BILIRAKIS. Okay. Great. Thank you very much.

Dr. Johnson, he is not here, so he waives it.

Mr. Walz, would you like to make an opening statement?

Mr. WALZ. No.

Mr. BILIRAKIS. Thank you, sir.

All right. Mr. Runyan?

Mr. RUNYAN. No thanks.

Mr. BILIRAKIS. All right. I believe we have Mr. Barrow. Is he here?

Mr. BARROW. Thank you, Mr. Chairman. The table has been set.

Mr. BILIRAKIS. Thank you. Thank you.

Ms. Buerkle?

Ms. BUERKLE. Not at this time. Thank you.

Mr. BILIRAKIS. Dr. Benishek?

Mr. BENISHEK. No thank you.

Mr. BILIRAKIS. Okay.

Mr. FILNER. They all associate themselves with my remarks; is that correct?

Mr. BILIRAKIS. All right. I think we have just about finished here. Is there anyone else? Anyone else choose to make an opening statement?

[No response.]

Mr. BILIRAKIS. Thank you. Let's go ahead and proceed. I appreciate it very much.

As you know, veteran service organizations are the primary entities walking our veterans through the claims process and in my opinion, they do an outstanding job. They are the front lines, so to speak, and experienced firsthand what works and what does not work in the claims process. We appreciate their service to our veterans and the presence of the representatives on the first panel of this hearing.

At this time, I would like to welcome our first panel to the table. First we will hear from Mr. Jeffrey Hall, who is the Assistant Legislative Director for the DAV. And next we'll hear from Mr. Gerald Manar, who is Deputy Director of the Veteran Service on behalf of the VFW. And then we will hear from Mr. Richard Dumancas, who is the Deputy Director for claims representing The American Legion. And finally we will hear from Mr. Sherman Gillums, Associate Executive Director of Benefits for the PVA.

And I want to welcome you to the Committee and I appreciate your testimony here today.

You are recognized, Mr. Hall, for five minutes. Of course, your complete statement will be entered into the record. You are recognized, sir.

STATEMENTS OF JEFFREY HALL, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; GERALD MANAR, DEPUTY DIRECTOR, NATIONAL VETERANS SERVICE, VETERANS OF FOREIGN WARS; RICHARD DUMANCAS, DEPUTY DIRECTOR FOR CLAIMS, VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION; SHERMAN GILLUMS, JR., ASSOCIATE EXECUTIVE DIRECTOR OF VETERANS BENEFITS, PARALYZED VETERANS OF AMERICA

STATEMENT OF JEFFREY HALL

Mr. HALL. Thank you.

Good morning, Mr. Chairman and Members of the Committee. On behalf of DAV and its 1.2 million members who are wartime service-connected veterans, we are pleased to be here today to offer our views regarding VBA's claims process and transformation initiatives, especially the veterans benefits management system or VBMS.

Although there have been many positive changes and progress made over the past two years, there are troubling issues related to

VBMS which raise serious questions about whether VBA's transformation efforts will be successful.

Mr. Chairman, I would like to make clear at the outset that DAV is extremely pleased with the continuing partnership between VBA and VSOs.

We know this transformation process is challenging and we credit Under Secretary Hickey for setting a positive tone within VBA that we hope is a sign of a much needed cultural change to better serve our Nation's veterans.

However, despite General Hickey's leadership, DAV is concerned about VBA's failure to effectively resolve basic issues which we and other VSOs have repeatedly raised over the past two years, issues such as providing VSOs who hold power of attorney for claimants with access to VBMS and implementing a scanning solution to digitize paper claims files, particularly those with legacy claims.

Regardless of claims being processed in VBMS at the four pilot VAROs, as of today, DAV national service officers are still without access to the VBMS system. Instead of resolving this basic issue, a variety of questionable work-around solutions have been implemented so VSOs are able to review decisions within the VBMS.

For instance, in Providence and Wichita, our NSOs are e-mailed a PDF version of the VBMS rating decision to review but must use the old virtual VA system in order to review the evidence.

In Salt Lake City, our NSOs actually have to go outside the office to a different building where they are provided a paper copy of the VBMS rating decision to review. But in order to review the evidence, they must request the paper file which is then made available to them. And at Fort Harrison, our NSO must go to the RVSR's desk and utilize his or her computer in order to review the VBMS rating decision and evidence in the same manner as an RVSR.

DAV has been told the reason that VSOs are not able to access VBMS is because the system is unable to provide different levels of access for POA holders. As a result, the system has blocked all VSO access to veterans' files.

DAV has been assured that a partial solution to this problem will be included in the next release of VBMS scheduled for July 16th.

But, Mr. Chairman, regardless of VBA's assurance to fix this problem, the fact that such a basic prerequisite for VBMS success, POA access was either unanticipated or ignored until now makes us question whether there are similar fundamental gaps or work-arounds imbedded in other parts of VBMS.

Another issue in VBMS that should have been resolved long ago is VBA's plan and solution for scanning and digitizing paper claims folders. This issue is still unresolved today in part because VBA has not yet definitively answered basic questions about when and which legacy documents will be scanned into VBMS.

And with the next scheduled VBMS release to 12 additional VAROs only a few weeks away, this issue must be resolved.

Also concerning to DAV is VBA's recent implementation of simplified notification letters or SNLs which are an automated rating decision and notification letter combined. DAV and other VSOs have voiced concerns to VBA about the quality of the SNL since they were first implemented.

For example, I recently reviewed an SNL for PTSD that was denied by VBA and in the space of a very short letter, it contained a confusing and somewhat contradictory explanation that even an experienced service officer would have difficulty understanding.

The SNL stated that VBA had granted entitlement to hospital and medical treatment because psychosis or other mental illness was diagnosed. However, it did state that the evidence did not show a current diagnosed disability.

The SNL furthered that VBA had determined the claimed PTSD was not related to military service, so service-connection could not be granted. However, VBA did concede that the veteran experienced the stressful event in service for fear of hostile or military or terrorist activity.

Mr. Chairman, clearly the SNLs are intended to streamline the rating and notification part of the process and help reduce the backlog of claims. However, this should not be at the expense of the veteran or the quality of the rating and notification.

The issues we have found in the SNLs lead us to question the legal validity of these ratings and whether VBA has cut other corners within VBMS in order to meet these self-imposed deadlines for reducing the backlog.

So in closing, Mr. Chairman, due to the highly technical nature of modernizing VBA's IT systems, DAV believes it is more crucial now more than ever for an outside independent review to be conducted.

We suggest that the best way to accomplish this might be to invite a panel of IT experts from leading companies such as Google, Amazon, Microsoft, or Apple who may be willing to review the VBMS on a pro bono basis to provide an informed judgment about whether it is likely to be successful.

For our Nation's 3.8 million disabled veterans who rely on disability compensation to meet all or some of their needs, it is imperative that VBA be successful in transforming the claims processing system. VBMS is a critical element for that success.

Mr. Chairman, this concludes my statement. I will be happy to answer any questions from you or the Committee.

[THE PREPARED STATEMENT OF JEFFREY HALL APPEARS IN THE APPENDIX]

Mr. BILIRAKIS. Thank you, Mr. Hall. Thank you for your testimony.

Now I will call on Mr. Manar who represents the VFW.

You are recognized for five minutes, sir.

STATEMENT OF GERALD MANAR

Mr. MANAR. Mr. Chairman and Members of the Committee, thank you for the opportunity to present the views of the more than two million veterans and auxiliaries of the Veterans of Foreign Wars of the United States on VBA claims transformation.

After many years of fits and starts, VBA settled on a plan to overhaul its claims processing systems. The first step in that plan was to determine what computer and software infrastructure was necessary to support a 21st century claims processing system.

The result is VBMS, VBA's foundation for that new system. It is designed to begin fulfilling immediate needs and to be agile enough to accommodate future changes.

It is important to understand that VBMS is the foundation. We anticipate that some efficiencies will be realized from the start, but real quality and production improvements will occur when VBA adds software that includes rules-based decision-making, electronic transfer of data from DoD and private health care providers to VA, and a redesigned workflow within VBA, as well as other features.

There is a concern that rollout of VBMS may be delayed. There is a fine line between rolling out a new program too soon and delaying rollout too long while seeking to fix all the problems.

To date, VBMS is in four regional offices and we are told fewer than 800 cases have been processed to completion. This is hardly thorough testing.

We believe that rolling out VBMS prematurely is a bad business practice, bad for veterans and bad for morale of an already demoralized VA workforce.

VBA has a troubled history of deploying programs too soon. BIRLS redesign in the 1980s and RBA 2000 are just two programs which were not properly tested before rollout. Tens of thousands of man hours in lost productivity occurred while programs were being fixed.

We encourage this Committee to continue its oversight of VBA while recognizing that it may be necessary to accept modest delays in the deployment of VBMS in order to avert the major problems which often accompany premature deployment.

Simplified notification letters is an initiative thoroughly embraced by VBA. An examination of what this initiative does to veterans is illustrative of the mind set of VBA in the last year.

Decisions made following World War II contained no explanation of why a particular decision was made. Ratings contained the name of the disability, a diagnostic code, an evaluation, and an effective date, nothing more.

Over the next three decades, rating decisions began to include some of the reasons for decisions. Following creation of the Veterans Court in 1988, VA began to include more detailed explanations in its ratings, a time-consuming process for VA.

Last summer, VBA established a team to explore the idea of creating ratings which require less time to produce. The SNL program was the result. This initiative substitutes codes at the end of the rating instead of a narrative explaining the reasons and bases for VA's decisions.

The codes are used to select standard paragraphs for inclusion in decision notice letters to veterans. These notices are generic and do not provide analysis of the evidence, information required by law to enable veterans to decide whether the decisions in their cases are likely to be correct.

Veterans are faced with a choice of blindly accepting the decision or filing a notice of disagreement in order to obtain the reasons for the decision.

The VFW conducted a review of ratings and decision notice letters in the Atlanta regional office last September. We concluded

that 44 percent of the 65 cases we reviewed contained clear errors, poor judgment, or questionable rating practices.

Over the ensuing months, we pressed VA about the inadequate notice provided veterans. Under Secretary for Benefits, General Hickey, listened to our concerns and made changes in the SNL program in an attempt to address the problems we noted.

In February 2012, rating specialists were given additional instructions on providing sufficient details and discussion to explain their decisions. Restrictions on how much free text narrative they could use were removed.

At the time these changes were implemented, we concluded that it was possible to create adequate decisions and notice letters if the personnel in the field followed those instructions.

In recent weeks, the VFW has conducted a review of SNL ratings and letters from several regional offices. Fifty-three percent of the cases reviewed failed to provide adequate notice. Only a few examples of rating and notice letters complied with the latest instructions from VBA and provided acceptable notice.

In conclusion, VBA's apparent inability to compel compliance by adjudication personnel with the most recent written directives concerning the SNL program force us to renew our opposition to this initiative.

VBA's desire to increase production should not come at the expense of a veteran's legal right to know why decisions were made in his case. Generic paragraphs are not sufficient to tell them why their claims were decided in a particular way.

VBA should suspend the SNL program until it can ensure that veterans receive the adequate notice required by law.

This concludes my testimony. I would be pleased to answer any questions you may have. Thank you.

[THE PREPARED STATEMENT OF GERALD MANAR APPEARS IN THE APPENDIX]

Mr. BILIRAKIS. Thank you, Mr. Manar. Appreciate it.

Now we will call on Mr. Dumancas who represents The American Legion.

You are recognized for five minutes, sir.

STATEMENT OF RICHARD DUMANCAS

Mr. DUMANCAS. Good morning, Mr. Chairman, Ranking Member, Members of this Committee.

On behalf of The American Legion, I want to thank you for the opportunity to come here today and talk about the programs VA is deploying to change the office operational environment.

These changes in programs can fall under many headings, modernization, tools of the 21st century, but one thing anyone who has spent a lot of time around the claims process knows they are here to help and try to tame the backlog.

The American Legion has heard a lot of communication over the past few years about the commitment to fix the problem and ensure our disabled veterans are enduring needless delays of months and years to receive the benefits they earned through their hard service.

Only two years ago at our American Legion convention in Milwaukee, Secretary Shinseki boldly set forth the promise that this is the year we break the backlog and set out benchmarks, 98 percent accuracy and no claims pending over 125 days, by 2015.

As the numbers of claims filed have soared, VA has deployed multiple pilots and programs across the country with the promise of being the tools that will help tame the backlog and bring the crisis to heel.

We want to be optimistic. We want to believe the many programs being unveiled are going to fix the problems. But it is hard to find optimism when so many red flags pop up. The VBMS system is in place in only a handful of regional offices, yet already we have seen many employees using work-arounds to get the job done. That is a big red flag.

If a system cannot even operate smoothly in limited release, how badly will it bog down when it is finally rolled out throughout the Nation?

The DBQ program of disability benefits questionnaires was supposed to help alleviate the long wait times for compensation and pension exams by making it easier for private doctors to submit medical evidence in a format VA could better use to help decide cases.

However, the DBQ forms either do not have the needed space for nexus opinions or VA will not release the forms that do have the space to the private doctors. This practice is essentially undermining the point of the DBQ program. Why deploy a program that is crippled to start from the very beginning?

Finally, we are seeing red flags revolving around the scanning process for the VBMS which is deeply disturbing as accurate. Usable electronic data is the foundation stone for everything VA is hoping to do in the future.

We are told on one hand that NARA will handle all the scanning needs. We are told also that some of the regional offices have been doing scanning in-house. This does not seem to be consistent among ROs either. So it does not appear to be part of a coherent plan.

Are the ROs equipped with the same technology and expertise with OCR and other components, key components to provide workable data? Why bother to shift to electronic forms if you are not going to use siftable and sortable data?

From early conversations with NARA personnel indicated here, there was some confusion as to their role in the long run with no clear plan for what is in store following the conclusion of the fiscal year in September.

We hope to learn farther today of what is going to happen after October 1st and that most importantly the quality of that data is going to be a major factor in determining the success or failure of any operating model in the electronic environment.

Ultimately it is not the lack of confidence in VA's commitment to rolling out programs to try to address the backlog. It is that we fear an over-reliance on the ability of tools and programs to fix the problem may put us merely further down the road with a lot more money spent and the same problems we face today and have faced for many years.

The backlog is not going to go away because of a wave of a magic computer wand.

I am reminded of what this country did in the 1960s when faced with a seemingly unsurmountable challenge of putting a man on the moon and returning him safely. To be sure, NASA had large budgets. But to be fair, the technology used such as it was, was cutting edge for the time.

The bottom line, however, is that in those rooms full of guys with basic tools like slide rules, pencils, paper solved perhaps one of the greatest engineering challenges in the history of mankind. This Nation succeeded in that goal because of a mind set instilled by men like Gene Kranz and his famous motto which bears consideration even today, failure is not an option.

This concludes my briefing, my testimony, and I am happy to take any questions at this time. Thank you.

[THE PREPARED STATEMENT OF RICHARD DUMANCAS APPEARS IN THE APPENDIX]

Mr. BILIRAKIS. Thank you for your testimony.

Mr. Gillums, you are now recognized for five minutes.

STATEMENT OF SHERMAN GILLUMS

Mr. GILLUMS. Thank you, Mr. Chairman.

Mr. Chairman, Ranking Member Filner, Members of the Committee, on behalf of Paralyzed Veterans of America, I want to thank you for this opportunity to discuss VA's 21st century transformation, particularly as it is embodied by perhaps this most anticipated initiative, the veterans benefits management system.

I will begin by commending VA for recognizing the need to answer the emerging demands of our time and explore new paths toward a more efficient, more accurate, and more transparent VA claims process.

We also appreciate VBA Under Secretary Allison Hickey's standing invitation to the VSO community to participate in the constructive discussion on how the claims process can best improve and whether steps taken thus far have worked.

Paralyzed Veterans of America believes any system proffered as a solution to an inefficient claims process must be based upon modern, paperless information technology that is capable of continuous improvement. Whether VBMS meets the standard is the unanswered question here.

What is also unclear is the exact vision for VBMS and its objectives. On paper, it is one of, as was said earlier, over 40 VA pilots and initiatives launched under the 21st century VA transformation plan. Conceptually it is explained as a paperless system that enables the various processes and technologies such as rules-based calculators and fast-track processes being tested around the country.

It was originally going to be an online digital storage system for records. It has now morphed into something different begging questions on the desired end goal for VBMS. Whatever it is, this needs to be made clear to the various stakeholders who will be relied upon to make it work.

We know that VBMS was intended to enable more efficient claims process flow, to reduce cycle time through the elimination of paper claims, and to support process changes like the segmentation of complex claims and auto adjudication.

VBA launched the pilot in two locations, Providence, Rhode Island, and Salt Lake City, Utah. Its success to date is qualified by the reality that the system seems designed to handle simpler cases than those PVA typically sees.

Many of our cases entail seeking benefits for veterans with catastrophic injury or disease which often triggers entitlement to a range of monetary and ancillary benefits. None of these 484 cases processed through VBMS in Providence were ours and only approximately 10 of the 239 processed through Salt Lake City have crossed our desks. Thus, the new system remains wholly untested in our view.

Some have fancied a Turbo Tax style solution for claims processing. However, degree of disability evaluations and situations where overlapping conditions and residual impairment are present do not lend themselves easily to rules-based technologies such as special monthly-compensation calculators and disability evaluation builders.

An audiogram can provide exact measures of lost audible function which is why a hearing loss calculator makes sense. But I have yet to see a reliable rules-based tool that accurately reconciles spinal cord injury and its residuals which can include lower extremity loss of use, neurogenic bowel and bladder, neuropathic pain, need for aid and attendance of another, need for a higher level of specialized care in some cases, and severely diminished quality of life in all cases.

If it has not done so already, Paralyzed Veterans of America recommends that VBA take older previously adjudicated ratings and test them against the outcomes achieved, particularly hospital codes and ratings given under U.S. Code 1114(r)(1) and (r)(2) which is typical in the paralyzed veteran community, using rules-based calculators in order to determine their true accuracy. And, of course, we will be highly interested in those findings.

We do appreciate the other measures VA has undertaken to reduce the overall backlog, key among them the disability benefits questionnaires or DBQs, the integration lab or I-lab concept, and the fully developed claims process. For the most part, these initiatives have proven to be adequate remedies for curing some of the procedural problems noted in the claims development process. None of these are perfect solutions, however, and I can offer both pros and cons on each as reported by our field staff.

That said, we are collectively striving for progress, not perfection here. So Paralyzed Veterans of America remains optimistic about the impact potential of these initiatives.

Mr. Chairman, all these initiatives seem to have two critical aspects in common. They are wholly driven by statistics and are very resource intensive. As long as they render real results as determined through honest, objective assessment, progress is likely despite inevitable setbacks, many of which offer lessons learned going forward.

Most importantly, one cannot lose sight of the simple virtue of having well-trained people given the tools they need to do quality work.

And so in closing, Paralyzed Veterans of America appreciates VA's effort to aggressively tackle the backlog through ambitious, visionary initiatives and General Hickey's leadership throughout the process.

We look forward to making more valuable contributions to VA's 21st century transformation effort whenever possible, particularly as it impacts the lives of paralyzed and other catastrophically disabled veterans.

This concludes my testimony and I will be happy to answer any questions the Committee may have.

[THE PREPARED STATEMENT OF SHERMAN GILLUMS, JR. APPEARS IN THE APPENDIX]

Mr. BILIRAKIS. Thank you very much, gentlemen. I appreciate it very much.

I am going to go ahead and recognize myself for five minutes to ask questions.

Again, time and time again, you all pointed to deeper cultural and management issues at VBA as the root cause of the issues related to the backlog, accuracy, and processing times.

Please speak specifically to your concerns about the culture at VBA and its effect on achieving its goals. For example, VA's cultural reluctance to accept private medical evidence as adequate for rating purposes. Be as specific as possible.

And who would like to begin?

Yes, you are recognized, sir.

Mr. GILLUMS. It is my impression that these culture issues are not new, even though they relate to some of these new initiatives. The problem is when you have the cultural problems overlaid with this notion that technology is going to cure problems, all you are doing is essentially automating a lot of the issues.

We made reference to the disability benefits questionnaires and this notion that we can take a check list, give it to a doctor, and that solves all of our issues. The problem is a lot of the thought that goes into how these DBQs are viewed by VA raters, whether they are adequate is an issue here. How quickly VA resolves the problems we see with DBQs signals, whether the culture recognizes the need to adapt quickly.

And we are here today because we want to encourage more thought as to whether the VBMS is ready for rollout. The problem is we need to first take care of the underlying issues before we do that.

PVA has not seen a lot of VBMS cases and so we would like to ensure the complex cases actually work in this process before it is rolled out. We've been talking about these things for sometime. Now, whether that happens is yet to be determined.

Mr. MANAR. Mr. Chairman, if I might address this as well.

Disability benefit questionnaires are on the whole a fine tool. They are useful for standardizing data collection and providing rating specialists with the minimum that they need in order to make real quality decisions.

However, you are perfectly correct in your concerns whether the culture in VA, at least in some regional offices, has to change to allow them to accept this outside medical evidence when it comes to them without questioning it.

For many years, for decades, there has been a presumption within VBA that veterans cheat, that veterans lie in order to obtain benefits. While there may be a few veterans who do that, in my experience, and I think I can speak for my friends here that the number of veterans or percentage of veterans who misrepresent their disabilities are a very small percentage of total veterans who seek benefits.

These veterans are hurting. They are injured in service or acquire disabilities later in life because of their experiences in service and they come to the VA for help. And most VA employees are there to help them, but there is this culture that keeps them from doing that.

There are some other cultural problems: there is this mind set especially among VBA managers in regional office of the total focus on production. And what happens with that is that first you wear out employees, but also at the same time, you tell them very clearly even without saying it in words, but through their actions that quality does not matter.

And the problem with that is it drives the overwhelming number of appeals, over 250,000 appeals pending right now which is another part of VBA's backlog and it is just a travesty when it comes to serving the men and women who have served our country so well at great sacrifice.

Thank you.

Mr. BILIRAKIS. Anyone else?

Mr. HALL. Mr. Chairman, I will just expound on a couple of points that have been made by my colleagues here and not to be redundant, but a specific example might be at a time when I had approached a rating specialist at the Chicago VA regional office when I worked there with a fully developed claim, there was no need for a VA examination. Everything was current. The veteran had discharged from military service very recently prior to filing his claim. Everything was current.

When we submitted that claim, the rating specialist had told us that there was the need for an examination. After a little bit of back and forth, you know, and I approached the rating specialist to discuss why he felt that there was a need for an examination when we had all current medical evidence and he said because I am not here to give the government's money away. It is my right to set up an examination for this veteran. That is what VA does.

It was this where it led me to the coach who also supported this type of or supported the rating specialist in this and all the way up through the service center manager without resolution.

The veteran did get an examination unnecessarily and it was just a complete and unnecessary thing. The point being that it started with the culture and the very lowest level, meaning the rating specialist, who felt that he had the right to do this regardless of what he had in front of him. This was supported through this chain of command. That is a cultural problem.

I do not believe that that is much different today, especially when considering the disability benefits questionnaires as pointed out by Mr. Dumancas here about different things regarding certain sections not being on the DBQs or even in the development of them, but private medical evidence is going to be a key for that disability benefits questionnaire to be successful.

You already have raters that come to us that tell us that the disability benefits questionnaires coming back from the VA are not filled out correctly and then that requires them to set up an examination. So they are already disillusioned by the possibility of this being a positive part of the transformation initiative.

We believe that the DBQs can do that, but it is not going to be as fully embraced until private medical evidence is instituted and accepted in that.

And one final point about culture. I do believe that a lot of the leadership in VA at this level, they are putting out the right message. I think the rating specialist at the lowest level also who just started with VA is understanding that and carrying the mission. It is somewhere in between where the message is getting lost about veterans come first.

VA does not exist without veterans. I do not believe that that is necessarily true for a lot of employees in VA. And, unfortunately, these are a lot of people that are making key decisions in VA, especially local decisions which affect things like creating a workaround solution that does not make any sense when the issue should have been resolved and it should have been resolved equally across the board at every regional office or every pilot location.

So, again, I think the culture is the message is at the top and it is being done correctly. It might be received or thought of at the lowest level, but somewhere in between there is a culture issue.

Mr. BILIRAKIS. Thank you very much. I am going to ask one more question and then I will yield to my Ranking Member.

VA has mentioned that the VSOs have been actively involved in developing these initiatives. For example, DAV input into VBMS.

And I want to ask you, Mr. Hall, how much input has DAV had in this initiative. To what extent does VBA actually involve the VSOs in the process? How frequently are you asked for input?

So why don't we start with Mr. Hall.

Mr. HALL. Thank you, Mr. Chairman.

Actually, yes. And we were very pleased when VA had offered VSOs, it was offered VSO wide for to have an individual tasked to work alongside of the VBMS development team over at VA central office. And we did. We served up our Assistant National Service Director, James Marszalek, who went over and spent the first 30 days of his time here in Washington, D.C. working closely with the VBMS team, whether it was individuals from Spawar or Alan Bozeman, the Director of VBMS, and many others.

And a lot of positive and good things came out of that, I guess, tenure or that working relationship on both sides. We learned a lot about what VA was doing or what the development was of VBMS and also he was able to provide valuable input from his experience in the field as a National Service Officer.

And so we believe that that partnership was definitely worthwhile, and currently he continues to participate. That was a year

ago and he is still twice a week participating in VBMS conference calls.

Mr. BILIRAKIS. Thank you.

Mr. Dumancas, how much were you all involved in these initiatives? Go ahead and elaborate.

Mr. DUMANCAS. Okay. I apologize. I am just recently hired with The American Legion, so I am not aware of what came before. I mean, I have been with The American Legion here in Washington, D.C. for six months. So anything prior to December of last year, I am not aware of.

But recently we have been out to Salt Lake City to view the Power Point slides and hear what they had to say. And upcoming in July, I will be part of hands-on with the VBA and VBMS out in Crystal City. So hopefully we will continue to work.

Since I have been here, they have been very up front and they have been explaining the whole situation and the scenarios to me and I bring back to The American Legion. But I apologize. Before December of 2011——

Mr. BILIRAKIS. Mr. Manar.

Mr. DUMANCAS. —I have not had a chance.

Mr. MANAR. Over the last couple of years, we have seen an unprecedented reaching out and openness from VBA leadership here in Washington. General Hickey has on many occasions, even from her earliest days as Under Secretary for Benefits, included at least the major service organizations almost routinely in many of the things that she has done.

In my written testimony, I mentioned that in July, I believe it was July of last year, she had a two-day conference where she sat down with 50 leaders from within VBA and planned out or at least began the process of planning out where they would be going through these next couple of years with the transformation project.

And she included a representative from the Disabled American Veterans and the Veterans of Foreign Wars in that two-day conference. It opened up the curtain and allowed us to see inside. And we certainly thank her for that.

As far as VBMS is concerned, DAV has participated and continues to participate in its development. We would have loved to do that, though the problem is that even though the Veterans of Foreign Wars is a major service organization, our national staff is somewhat limited and we could not participate.

On the other hand, we do meet quite regularly with VBA and other service organizations in working on some of the side issues of access for veterans, service organization representation, how eventually we will get into the computer systems to help claimants file their claims and obtain information. And VBA is responsive in many of those things.

Now, having said that, I do have to say that our access is not complete and it is regrettable that it is not. There have been many times over the last several years where we have learned of a major pilot program being implemented in one or more regional offices in the field from our field personnel. We do not hear it from the Washington staff of VBA before it is rolled out.

As a consequence, service organizations are often left on the sideline in the field and they do not have the kind of access to the com-

puter systems or voice in the change workflow and that kind of thing. But it is necessary to enable us to best represent veterans.

Mr. BILIRAKIS. Mr. Gillums, what has been your experience? Can you give me a specific example where maybe VA has taken your suggestion?

Mr. MCNERNEY. Sir, will the Chairman yield? Will the Chairman yield?

Mr. BILIRAKIS. Yes.

Mr. MCNERNEY. Mr. Chairman, I would ask that you show courtesy to the other Members of the Committee and limit your time.

Mr. BILIRAKIS. You are absolutely right. This will be the last question and then we will go. Thank you, sir.

Mr. GILLUMS. A specific example I talked about in my written testimony was the special monthly-compensation calculators and some of the inaccuracies that we had noted, particularly in higher level disabilities where special monthly-compensation becomes a complex formula that even when you do it on paper, it is pretty hard.

We have got a problem with the fact that these rules-based tools were flawed in their rules and, therefore, flawed in their outcomes.

We did address the issue with the IT team probably about six months ago. I am not sure if it is fixed across the board, but we did perceive the recommendation to be warmly received. But time has yet to tell whether it has actually been enacted. We still do get reports that the calculators still render flawed outcomes. The difference is we do have the adjudicators and decision review officers willing to entertain the notion that these calculators are flawed and review the decisions.

So that was of importance to me because, I know once you have a flawed SMC code or hospital code, we are talking years of appeals thereafter. And if VA could fix it now, I believe that it will fix what has been a big problem in VA, which is retrospective acknowledgement of error versus fixing it the first time and getting it right so we do not get into a position of having to reverse a decision later on.

I hope that answered your question, Mr. Chairman.

Mr. BILIRAKIS. Thank you very much.

Now I will recognize Mr. Filner for questioning.

Mr. FILNER. Thank you, Mr. Chair.

With all due respect to my friends in the VSOs, as I listened to you, it seemed like you swallowed the Kool-Aid. I mean, you accept the framework that has been laid out for you by the VA. You use the terminology, the bureaucracy, the acronyms that do not make any sense to your average member.

If I had a person here waiting for six month, a year, or 30 years for a rating, what you are saying does not mean anything. Why am I not getting an answer and why have I fallen into the black hole of bureaucracy?

I mean, it is like you are trying to fix a mouse trap that does not work, does not trap mice, just traps veterans. And I do not know what you are so afraid of blowing up the system. It does not work for your members. I hear it every day. It does not work.

Mr. Dumancas, you say you want to be optimistic, but you see red flags. In most sports, red flags means you are out of the game. So throw the red flag on these folks and get out of this game.

Your story, Mr. Hall, about the rating specialist shows the system does not work. The guy should have accepted what you put in. We can set up the system to do just that.

What are you so afraid of, of having to accept this massive, massive bureaucracy which you said, Mr. Hall, veterans comes first, but you yourself are not putting the veterans first? You are playing their game. What are you so afraid of blowing up the whole system here? Mr. Hall? I mean, why are you guys playing their game? You represent the veterans.

One of you guys said, oh, I have been on the phone with them twice a week for a year. Wow. They really got you pulled into this thing and it does not work. What are you wasting your time on the phone twice a week for two years? Do something real. What are you so afraid of?

You guys know the Bilmes system. Mr. Gould at the VA knows her very well. He has worked with her. She has written books about it. Why don't you go with it? Every veteran I talk to around the country says, yeah, that sounds great, but their representatives are brought into this crazy mouse trap here.

Mr. MANAR. Sir, when you blow up something, you do not know what you have left.

Mr. FILNER. We know what we have left.

Mr. MANAR. We know what we have now.

Mr. FILNER. You are so afraid that one veteran is going to commit fraud. I talked to some of your officers and they said, well, there are guys that are going to lie. Come on. Ninety-nine percent of them are not and we can live with one.

I am blowing up one part of the system. I am not blowing up the VA. I am blowing up the way we act on a claim when it comes in that has been medically documented, as Mr. Hall says, that has had the certification of a VSO. Accept that claim.

What are you afraid of about that? Represent your members. What are you afraid of?

Mr. MANAR. We do represent our veterans, sir.

Mr. FILNER. Then break this stupid system that we have been transforming it for decades and you all said that. Mr. Shinseki, I have been at speeches for the last four years, I love him, but he said this is the year we are going to break the backlog. It has not happened.

Insanity, doing the same thing over and over again and that you expect a different result. The same thing is going to happen. You have said it in your answers to the culture. You said it every which way, but you are afraid. You just accept the same bureaucracy and you are part of it. I think you ought to represent your members and break that system.

I will yield.

Mr. BILIRAKIS. Dr. Johnson, you are recognized for five minutes.

Mr. JOHNSON. Thank you, Mr. Chairman, and thank you for holding such an important hearing.

We have heard Secretary Shinseki state his goal of reducing the turnaround time for claims processing to be no more than 125

days. Now, I do not know what private sector company would still be in business today if they required 125 days to process a claim.

And I am even more troubled to hear from today's witnesses that almost 600,000, nearly 66 percent, of the claims have been pending for over 125 days.

I look forward to today's discussion on veterans' benefits administration (VBA's) transformation plan—what components may work and what still needs to be clarified or improved—and also to work with my colleagues to find real solutions to once and for all reduce the backlog.

Our veterans sacrificed everything for America and we owe it to them to see that they are receiving the benefits that they have earned and that any claims are processed efficiently and correctly the first time.

Mr. Hall, you mentioned in your testimony the issue of service officers who hold power of attorney for claimants being unable to access VBMS.

What steps have you taken to address this issue with the VA and has the VA explained how their solution to enable POAs to view unrestricted veterans' files will work?

Mr. HALL. Yes, sir. Thank you.

I mean, the issue of the POA access relatively came to light recently. And when we address that with VBA, the answer given was primarily that the electronic power of attorney, the limitation of consent may be an issue where an individual would select, they limit the access to certain things like health-related things like AIDS information or alcohol or drug.

And when that box is checked just like on the paper power of attorney, if that box is checked, then that limits what can be accessed in that particular file.

We rarely see that it is invoked even in the paper form. We have not had enough claims in the VBMS to know overall, but I would venture to guess based off of the paper form that it is probably not going to be invoked, you know, more than what it is now.

And when speaking with VBA as far as a solution to that, because here we are two and a half years into and we still do not have access to be able to provide answers to when—if you were to ask me, you know, are they on the right path. We can be optimistic that we think that they are on the right path by the signs that we see.

However, without that full access which we are being denied obviously at this point because the POA issue has not been resolved, we are not able to give a comprehensive assessment of that.

So at the last assurance which was just last week, we were told by VBA that the POA issue, we were assured the POA issue will be resolved when the next release happens on July 16th.

Mr. JOHNSON. Well, Mr. Hall, what suggestions do you have for the VA to establish consistency for notifying service officers of determinations for veterans' claims? You got any advice for them?

Mr. HALL. Could you repeat the question?

Mr. JOHNSON. Sure. What suggestions do you have for the VA to establish consistency for notifying service officers of determinations for veterans' claims?

Mr. HALL. So when the decision come in or I assume what you are asking me is within the VBMS pilot locations and that they are—or that there is different things happening at different locations, I am not sure why that even occurred to begin with.

I am not sure what was told to them as far as individual stations, as far as you figure it out. Maybe it was told to them as you figure out a solution to it. I doubt very seriously that is what happened or if they were just left—maybe their concerns about it locally were not answered from the leadership above. I am not sure what really occurred there.

As far as a suggestion, it is simply is if today my testimony is putting VA on notice that something different is happening in these four locations, I would be shocked. They have to know that these work-arounds are happening at these four locations because, again, as we are all talking about here, this is the thing that VA is banking on to revolutionize the process.

But I would caution one thing and we may, you know, we may hear that. We have heard it before in VA's testimony and that is, again, we are talking maybe back a little bit to culture. VBA has said in the past that the VBMS system is being created to break the back of the backlog when DAV has maintained along the way that the backlog is purely a symptom of a broken system.

We are looking for reform of the overall system. And without things like something as simple as what your question alludes to, what suggestions do we have. The leadership has got to make sure that that happens, that the fix, whatever it may be, even if it is a temporary fix, is done across the board.

Mr. JOHNSON. Thank you.

Mr. Chairman, I yield back.

Mr. BILIRAKIS. Thank you, Dr. Johnson.

I will recognize Mr. Reyes for five minutes now.

Mr. REYES. Mr. Chairman, in deference to the Members that were here at the gavel, I will defer to them.

Mr. BILIRAKIS. Okay. I believe you were first, but if you would like to yield to Mr. Michaud, that would be fine.

You are recognized, sir.

Mr. MICHAUD. Thank you, Mr. Chairman.

I guess my question talking about the systematic problem within the VBA, do you feel it is a problem, for instance, if a veteran goes to Veterans Health, see a doctor, the doctor there says you are probably eligible for veterans benefit, they go over to VBA and they say, well, yeah, you are probably eligible, but you have got to see our doctor first, is that a problem where VBA does not accept what a VHA doctor says is a problem with that particular veteran?

Mr. HALL. I do not think that is so much a problem.

Mr. MICHAUD. Does it occur?

Mr. HALL. I am not so sure that it occurs as you are asking me unless I misunderstood. You are asking if the veteran goes to a VHA doctor and that doctor informs the veteran that he may or she may be eligible for benefits. I am not sure that occurs.

Mr. MICHAUD. Yes.

Mr. HALL. It should occur, but there is a disconnect between VHA and VBA in that particular regard. So as far as the information coming in from VHA to VBA to satisfy their needs for the

claim, that is one of the primary reasons why DBQs are being—why they were created was to streamline that process because it answers the questions that the rater needs—I should say the physician is answering questions that the rater needs that are rating specific.

So whether or not—I do not know—I have not talked to any VHA physicians to know what their thoughts are on the DBQs.

Mr. MICHAUD. The American Legion.

Mr. MANAR. The question evinces perhaps a misunderstanding of the relative roles between physicians and the decision-makers. Physicians, of course, are trained to diagnose and treat disabilities, medical conditions of all kinds. Within VHA, that is what they do.

The disconnect here, though, is where is the decision made that that disability is somehow related to service. That is a legal decision and that is in the hands of a VBA rating specialist.

The medical information is provided to them. They look at the entire record, the nature of the service the veteran had while they were in the military, and then they determine whether it is more likely than not, sometimes based on medical opinion, but sometimes based on the evidence alone, whether that disability should be service-connected.

Mr. MICHAUD. Okay. So if I understand correctly, so you do not think there is a problem between a VBA doctor questioning the medical problems with a particular veteran versus what a VHA doctor might have said? You do not think they are duplicative in that regard?

Mr. MANAR. I do not think that there is a real duplication there. VHA doctors normally treat and the VHA doctors or contract physicians that do compensation or pension examinations are often the same doctors, however doing a more administrative kind of examination.

Mr. MICHAUD. Okay. Are there any successful pilot programs that the VA has implemented as part of a comprehensive plan that have been successful but have not been well utilized through the VA system? I know they do a lot of pilot programs.

We will start with Mr. Hall and work down.

Mr. HALL. Yes, I think the FDC program is an example of that that is currently operating. I do not have the latest statistics on that, but it definitely is one of the more positive pilot programs that have been instituted.

Mr. MICHAUD. Anyone else?

Mr. GILLUMS. The integration lab as a concept has worked well, at least in the areas where it has been tested, particularly the express lane and fast-track processes. There you have a situation where there may be a terminal illness, for example, at issue. Our service officers have enjoyed being able to quickly get these claims adjudicated. The interim pay initiative has worked well also. So I think the I-lab concept offers promise.

And I will just quickly remark on your earlier question about the VHA, VBA collaboration. I do think there is some sense, at least in my experience, that the VHA doctors are not inclined to get involved with the benefit side of things. That is just one thought.

The other thought I have is the problem may lie with the raters who see the VBA physicians' expertise or opinion as superior to a

VHA doctor because of that treating physician relationship. There is almost a sense that because a doctor treats this veteran, he is going to be overly deferential in his medical opinion. So that is something that probably would be good to address pursuant to your question.

Mr. DUMANCAS. I would also like to comment on his statement about VBA and VHA.

One of the problems out there that I have seen is when we get a specialist, a private specialist doctor out there who diagnoses and makes the links to the military service has reviewed everything the VBA requests, but then there is something that is missing and then they go with an opinion of a VHA doctor or a VHA nurse practitioner. Nothing against nurse practitioners or PAs, but they take the opinion of the PA or NP over a specialist such as a pulmonary specialist. That is very frustrating for the veteran when they go out there and they see the specialist and then the VBA turns around and says, well, you know, you see a doctor all the time so, of course, you are going to be more bias towards what you want.

And, of course, in my circumstances, that is when I have to go the appeal route and we are successful that way. But it is very frustrating that way.

And if we could just do the DBQs. Sometimes when the DBQs first came out, not all VHA facilities accepted those or would do them. Now, we have many veterans out there who rely on the VHA for their primary care because they cannot afford private health care. So we have to work with the local VHAs also. So I hope that answers.

Mr. RUNYAN. [Presiding] The gentleman yields back.

The chair now recognizes himself for five minutes for questions.

And I want to start with Mr. Hall and you can all weigh in on this, but dealing specifically with DBQs, I have three questions. I am going to get them all out and let you answer each one of them.

Have DBQs been effective in ensuring that adequate medical evidence is available to rate a veteran's disability? How effective have they been thus far in improving the claims process? And, based on your experience, are fully developed claims processed more quickly than traditional claims? If so, by how many days?

Mr. Hall.

Mr. HALL. Thank you, Mr. Chairman.

Regarding whether DBQs are adequate, we have not seen enough of them to know. So I have to rely on the feedback I get from those individuals that work closely with them, the VA raters, the RVSRs.

One of the major frustrations they have is that it seems that the or they feel that the DBQ is longer and more cumbersome to use. It takes just a longer amount of time for one for the physician to complete and maybe they are skipping things on there because they do not have the time to go through. So the complexity of it may be in question.

As far as those that have been approved, I apologize. I do not have that statistic either to know how these have impacted the outcomes of ratings specifically.

And as far as the FDC, yeah, it is intended to process claims quicker, to get them through with wait times. I am not sure. I did

not look specifically at that in preparation for today's testimony to know what, you know, the overall processing time for FDCs are.

I mean, ideally it is, I think, it is supposed to be claims decided within 120 days. I think they may still be around that particular time, but it just depends on where they are utilizing those forms, whether it is all stations or just select stations.

Mr. RUNYAN. Mr. Manar, anything to add?

Mr. MANAR. As far as DBQs are concerned, when they are received in a totally complete form, they can be very effective in moving that claim ahead more quickly, especially in an office that accepts privately completed DBQs. It can save both time and significant resources in VBA.

VBA officials in Washington have pushed ahead with DBQs because they can save significant amount of resources both in VHA and VA not just in man hours but also claims processing time.

The problem is that as they develop some of these, some of them are very simple. You want to find range of motion of an arm. You have got just a couple of measurements to take. On the other hand, if you are looking at more complex disabilities, those questionnaires can go to many pages. And even if electronically completed, they can still be difficult for the examiner to fill out.

Now, this is where the DBQs, are, I think, the forerunner of what may eventually help VA become a lot more efficient. And that is they are collecting this data in discreet form and they can eventually, the plan is to eventually take that data and directly dump it into the VBA system so that if an exam were done on you or I, then there is no printing of paper, there is no interaction.

If it is that simple range of motion, then those measurements can go right in and the computer can be programmed to propose an evaluation that is appropriate for the individual.

So the potential here is to use these things, these tools to help speed up processing and eliminate hand-offs and eliminate the potential for input errors and so on. The potential here is really good, but they still have a lot of work to do on these and I believe they know that.

Mr. RUNYAN. Mr. Dumancas.

Mr. DUMANCAS. Yeah. The concern of DBQs, they are still fairly new, but I believe that if the right blocks were in there such as providing a nexus statement, making sure that the private doctor understands what a nexus—I am sure that they do, but, I mean, making sure that they understand that they need to rate it back to the military service or service-connected condition that is already granted. I think that would be a great step forward.

Another concern I have is that there are 71 out there on the Web site, but I hear that there is over 80 DBQs. And why aren't the other DBQs releasable to the veteran? Like I say for mental health, we did not see anything for mental health.

If a veteran is seeing his or her own psychiatrist and the psychiatrist is using the DSM–IV, why not allow that psychiatrist to give an opinion or conclusion?

For a fully developed claim, yes, I have seen that in the past. Prior to me coming on to The American Legion, I was a county veteran service officer out in Minnesota. And, yes, fully developed

claims worked very well as long as the veteran understands what a fully developed claim is.

And that is where we are going to have to take the initiative also to assist the veteran and making sure that they understand what it is because providing the medical documentation and the needed links to the service and whatever else is out there, as long as we are guiding the veteran, as long as the veteran comes and sees us and the veteran is cooperative with us, too, the claims do go through.

I mean, I have witnessed claims going as fast as 45 days through the St. Paul regional office which is very great. Veterans are very helpful and they are very thankful for stuff like that. But in turn also, I have seen fully developed claims take up to six months and then, of course, one or two that took a little over a year because it needed to be further developed.

So with that, yeah, the fully developed claim does work as long as everybody is on board and everybody is working together towards it.

Thank you.

Mr. RUNYAN. Thank the gentleman.

Mr. Gillums, I am going to have to refrain from you. I want to make sure all the Members get a chance to weigh in on this.

With that, I will recognize Mr. McNerney for his questions.

Mr. MCNERNEY. Thank you, Mr. Chairman.

There is really no doubt in my mind that members of the VA that are going to sit in front of us today and sit in front of us on all these panels and the people that work at the VA want nothing more than to serve the veterans the best they can. Most of the members of the VA feel that way. Most members I have talked to are very committed to our veterans and, yet, these problems persist.

So I take Mr. Hall's comment about some loss between the top level and the bottom level. And then we see a protest at the South Carolina, Columbia, South Carolina regional office.

In private industry, there is usually a culture where suggestions from the bottom are encouraged and they are considered carefully and put into effect if they look like they are going to do any good.

Have any of you noticed whether there is a culture in any of the regional offices that encourages suggestions from the line members, from the workers that are actually doing the claims?

Mr. MANAR. Several years ago, VBA here in Washington undertook suggestion campaigns with employees in the field and they collected hundreds of ideas and evaluated them and piloted quite a number of them. However, that was from the top down.

In terms of at the regional office, the offices I have been in, they are so focused on production, so focused on moving things along even as inefficiently as they might do that, that is what they are focused on. So they don't have time or they think they do not have time to both solicit and then evaluate local ideas for improvement.

Mr. MCNERNEY. Well, it might be that in regional offices that some suggestions could be implemented. The directors would have flexibility to implement suggestions and see what works locally.

Do you think there is an important need for a uniform set of guidelines across all the regional offices or do you think that some regional offices benefit from different guidelines?

Mr. Hall.

Mr. HALL. Thank you for the question.

I think it really depends on what we are talking about. I mean, there are certain things that need to be standardized such as training. Training has got to be standardized across the board. That is something that should not be deviated from station to station.

As far as something that affects how a particular regional office goes, no, I do not think nor am I suggesting that VBA leadership micro manage each regional office. I mean, that is what a director is supposed to do.

But when they make decisions such as creating a work-around solution completely far and away from the VBMS and what it is intended to do, that is something again where the leadership must step in and say, hey, listen, this is way too important for you guys to be coming up with your own solution here. Why do we have somebody leaving the building and going to another building to review a paper copy of something that is supposed to be electronic? Let's get, you know, the resolution to the access resolved or let's resolve the access issue.

So there are certain things that must be standardized such as training and maybe a process, but, you know, as far as individuals being listened to in the regional office also, I mean, that is where the innovation——

Mr. MCNERNEY. Right.

Mr. HALL. —kind of things come from such as the SNLs, I think, was developed out of suggestions from one local VA regional office which then it was built upon. We are just not happy with the quality of it at this point.

But the fact is, is that, yes, I think things are listened to, but it probably depends on, I do not know, are working conditions or morale issues being listened to? That I could not say. But some things are.

Mr. MCNERNEY. Mr. Gillums, you seen anxious.

Mr. GILLUMS. Yeah. I think variability has plagued VA for some time and I have appreciated that both as a user and a representative.

To your question on morale, I take a different tact. Maybe the reason why we have all these pilots, I think it is 45 up to this point, is because we are listening to too many other voices. Maybe at the tactical level, that is appropriate, but I think at the strategic level, there has to be some certainty about the direction in which VA needs to go. And that is probably why we have the fits and starts as it was characterized earlier.

I think a more decisive strategy is probably in order. Maybe tactically you could have the various stations decide what is best because of maybe the regional issues that characterize their work. But I am more inclined to look for a more clear, cohesive strategy than to add more layers to the range of possible options. I articulated that in my written statement and I think that that is probably one of the issues here with a number of initiatives we are looking at.

Mr. MCNERNEY. Mr. Chairman, may I?

Mr. Manar, do you think that some of the regional offices would benefit from these different pilots that are out there now or do you—some of those underperforming offices in particular?

Mr. MANAR. I think underperforming offices are deserving. First of all, underperforming in quality are deserving of extreme attention by both their own management and also VBA management here in Washington.

It is my understanding that there is a program underway right now to retrain the staff in several regional offices because they have had problems in recent years. And we view that as a good thing. There has been too little attention paid to quality within VBA because of this overriding focus on production.

In terms of pilots, sometimes you can have too much of a good thing. A couple of years ago, there were many more pilots underway than are currently working and I think that as exciting or energetic as it might have seemed at the time, it was not very productive. And many of those have been dialed back at this point and terminated.

VBA needs to keep its focus on quality while pursuing this modernization program. With more attention to quality, no matter how long it takes to work the case, eventually veterans are going to get decisions that are appropriate and legally correct.

And eventually you are going to see appeals begin to fall if veterans become convinced that the decisions they are receiving, whether they like them or not, are legally correct, but that is a long haul.

But it has got to start somewhere and the more VBA focuses on quality, the better the organization will be down the road and the better veterans will be.

Mr. MCNERNEY. Thank you.

Mr. Chairman, I yield back.

Mr. RUNYAN. The gentleman yields back.

Dr. Roe from Tennessee is recognized.

Mr. ROE. Just a couple of very quick things. One, I could not agree more with Mr. Dumancas.

And I am sorry I missed you all's testimony, but I have read it. I had another meeting to go to.

I think one of the irritating things to me as a veteran and then as a physician outside the VA, you should be able to make a determination if you have a qualified physician.

And what I have noticed in my hometown is that we have a number of doctors who have retired from their medical practice and gone to the VA and the day before, they are out in private practice, their opinion is not as good as it is the next day. They just go over to the VA and start working. I have seen that. I can name you 15 people I know right now that have done that in my own hometown.

So I agree with you. I do not know how to get by that where a veteran goes out and sees someone, has a rating by a specialist and goes back, is reevaluated by someone at the VA and that decision is overturned. I do not know how you get by that, but we should. I totally agree with that.

I think I would like to see one of those questionnaires just so that I could go through it and see how hard it is to do. I would

like to look at one. At the end of the day, I would like to have that and just myself run through it and see how hard it is to do.

And then lastly, we talked about this a lot and it is an enormous job that they have. I mean, when you look at the amount of paperwork and stuff they have to and information they have to evaluate, it is enormous.

I have done that change from a paperless to try to make it better. And what I discovered in my own practice was the paperless part actually slowed me down a little bit to begin with until you get familiar with it.

So I think the learning curve on their part is understandable. At least we had a much smaller bite, just 70,000 charts. They have millions, maybe even billions of pieces of paper. I do not know, but lots.

So what will you all do? I mean, I have some ideas about what to do. They have ideas. But you have to deal with it every day. What would you do to speed it up? I am going to put the ball in your lap.

Mr. DUMANCAS. Well, one of the things I would do if I was in charge, which I am not, but if I was in charge is contract with one company. I mean, find that one company. I mean, right now they have got so many different software programs that they have to bounce in and out of. I am talking the lowest level workers, you know, and it is frustrating for them.

I mean, it was frustrating for me as I called down to the VA from my office when I was in Minnesota and they were like, oh, it is not there, hold on, let me check this other screen, oh, hold on, it is not there, let me check this other screen of if you called the 1–800 number, you know, they are going off of one screen that is updated by the human factor.

And when a veteran is calling, it is very frustrating to them because they do not have the information right there at hand. I mean, for instance, I would submit a form in support of veteran's claim that was filed a while ago. Veteran calls the 1–800 number and the person at the other end goes, no, was not submitted.

Well, what is the veteran going to think of me? I am not doing my job. So I have to sit there face to face with the veteran, arguing with the veteran, yes, I did send it, yes, sir, I did, yes, ma'am, I did send it.

So I have to double check. I have to take the time out of my day to double check to make sure that it is within the VA system. And normally you——

Mr. ROE. Why would that happen? Not to interrupt. Why would that happen? I mean, you are sitting there as a veteran service officer. You take the information. You are trying to help the veteran get their claim. It goes in. Why would that happen?

Mr. DUMANCAS. Multiple factors in there. I mean, it gets to the mailroom and I don't know the procedures of the mailroom. And then once it gets up to wherever it goes from there and then who is entering into the computer, I am not sure. I apologize, but I cannot answer that for the VA staff.

Mr. ROE. So you think part of the problem, and, of course, we will have Mr. Baker in a little bit to answer the software issue, but

you think part of that is just a program, that they have got multiple different ones that do not work as well as they should?

Mr. DUMANCAS. Right. It could be just, yeah, the software program itself. I mean, right now we are looking at VBMS, but we are also looking at SEP and ebenefits, how are those three going to connect together. SEP, stakeholders enterprise portal, we will be able to scan stuff, upload it into the VA system.

But where is it going to go? Is it going to go in the VBMS or is it going to go—you know, I mean, I do not know. I cannot answer those questions. I got a lot of questions, but I cannot answer them.

So, you know, I mean, the SEP, we have seen it. It looks like it is going to be great and we are hoping that it is going to be great, but is it going to solve all the everything? You know, we can do it electronically. We could submit everything, scan it in right there with the veteran, scan it in, automatically sees that we submitted it.

Mr. ROE. And at least ours did not work quite that well.

I yield back my time.

Mr. RUNYAN. The gentleman yields back.

The gentleman from Michigan, Dr. Benishek, is recognized.

Mr. BENISHEK. Thank you, Mr. Chairman.

Frankly——

Mr. RUNYAN. Excuse me.

Mr. BENISHEK. —I would like to associate—pardon?

Mr. RUNYAN. My mistake. I want to recognize the gentleman——

Mr. BENISHEK. Oh, sorry.

Mr. RUNYAN. —Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

And I want to start by also referencing the article on the protest by the VBA workers. And I do this because my first contact with the VA was in 1974. I got out of the Army in August of 1968 and in 1974 had my first contact.

But the issue here 35, 40 years later appears to be the same and that is according to these workers, and I am quoting them, it says processing a claim has become increasingly segmented with finals passing through several hands before being denied or approved which leads to no one being held accountable for mistakes because so many people are involved.

I went through this because in 1974, no one has a record of my initial medical issue with the VA. And I understand back then they were paper files. They had boxes and boxes of records. I was sent from El Paso to Albuquerque, so that increased the likelihood of something being misplaced or lost.

But here decades later in the age of technology and the age of computerization, it boggles my mind that we cannot simplify things like a questionnaire that I have seen and is extremely complex.

I cannot in my own mind resolve the issue that my colleague mentioned about not accepting a medical opinion within the same agency.

And then when the Ranking Member talks about a dysfunctional system where yet one more series of pilots, which you have commented on, are proposed in an effort to get to transformation.

In your opinion, what does VBA actually need to do to get to transformation in an era of advanced technology, in an era of a sec-

retary that I know is very serious about doing whatever is necessary to get veterans taken care of and where funding has been provided to our largest Federal agency?

And I ask that question as a veteran who today has a VA account. And I can certainly sympathize with veterans that come to my office and come to me personally and I can tell you they are very frustrated at the cyclical merry-go-round that they are forced to go through that subjects them to long waiting periods. It subjects them to conflicting medical opinions, and then the system questions their veracity even after having put their lives on the line in places like Iraq, Afghanistan and, yeah, as far back as Vietnam.

So what do we need to do in your opinions? You have been at this for a while as the Ranking Member mentioned. What do we need to do to get real transformation done? How do we get accountability? How do we get that vital service to veterans? You guys represent national organizations. I am a member of your organizations. What do we need to do?

Mr. GILLUMS. I find it interesting, that in the appellate realm where, of course, a lot of wrongs are righted, there is no way to take what we learned at that level about why a decision was wrong and then apply it proactively to the process. In law, higher court decisions have precedential value. But there is no precedential value to a decision at the appellate level in VA that will inform how we should be doing things, how we should adapt the system.

There are fundamental aspects of the process such as, reasonable doubt. That in particular is so fundamental to the process. That speaks to whether you should be able to come in with an opinion that is valid on its face and apply it to a claim. But that does not happen. That goes back to the question of culture.

But I think becoming an adaptive organization, an organization that understands its vulnerabilities and, again, I will harken back, to my earlier comment about the board and what it could teach us, maybe have those decisions carry some precedential value and maybe have the leaders understand that a lot of these appeals happen a lot of times because of poor development and a misapplication of law. And as long as that happens and we are ignoring that, then we are missing out on an opportunity to fix the system.

Mr. MANAR. You covered so many things and, unfortunately, we do not have the time to talk about all of them.

I am reminded years ago, I had an opportunity to visit a countrywide mega call center out in Simi Valley, California. And you walked in this giant warehouse and people are in their little cubicles and they are all answering the questions that people have about mortgages. And at one point, we asked about problem resolution.

So they took us over to a corner of the facility and there is another set of cubicles identical to all the rest and they said this is the Office of the President. And when a regular agent cannot complete the action that is necessary here, they refer them to these folks over here. And quite often the customer is satisfied with the resolution after they talked to somebody in the Office of the President.

I asked the question: "what extraordinary powers do they have?" and they said, well, they do not have any extraordinary powers. But what they understand is the powers that they do have.

Many VA employees operate within what they think they know, a range of what is, you know, I can make a decision in favor of the veteran between these parameters. [hands held a foot apart]

But if they really understood, if they were really properly trained and experienced, they would understand that they have got this much authority, [hands held a foot apart] that the people on the margins can receive the benefits that they are entitled to under the law.

But because of inadequate training, inadequate preparation, inadequate supervision, inadequate review of the quality of their work, people continue operating within a much narrower parameter than they can legally do so. And that is the challenge within VBA.

One of the things that I have talked to General Hickey about and other leaders in VBA over the years is this concept of a second signature on ratings. Right now in many instances, a rating specialist goes ahead and makes a decision. And unless that decision gets picked up on quality review, and only a small number of those do get picked up on quality review, there is no check on whether that decision is correct or not.

As a consequence, a rating specialist who gets single signature authority stops learning, stops growing because nobody ever comes back and says you could have made a different decision here based on the same facts and the same law.

So that is a challenge that VA has and I think that is something that they really need to tackle, figure out how they can improve the quality of review at the local level. Now, they have started doing it recently by instituting what they call quality review teams in regional offices. How that is going to work out, I think it is still too early to tell because they are really very new. But the decision makers need that additional feedback so they can continue to grow and learn.

The system as Congressman Filner points out is incredibly complex and all of us who work with veterans' benefits, if we do not learn something new every day, then it is a day wasted. There is something new to learn every day. And the job of VBA and the job of those of us who help train our own service officers to ensure that our people are learning every day so that we can help veterans.

Mr. RUNYAN. The gentleman yields back.

Now the gentleman from Michigan, Dr. Benishek, is recognized.

Mr. BENISHEK. Thank you, Mr. Chairman.

Frankly, I want to associate myself with the outrage of Mr. Filner because of the fact that, you know, this bureaucracy is so difficult to get a handle on.

And, you know, I have been conducting these like veteran roundtables where we have VSOs around my district come and we have these little meetings and what are some of the ideas that they have.

And, frankly, you know, one of the guys put together an idea that I did not have a good argument with and it kind of comes back a little bit to Mr. Filner.

You know, the audiology, you know, hearing loss and tinnitus is like 30 percent of the claims as I understand it. And it is such a simple thing to document. For example, the guy either was exposed to a situation that could cause him hearing loss or not.

And there is a simple test to determine if you have a hearing loss. There are things that are easily documented. Why does that take 18 months to get the determination that there is a disability?

Now, there has been some arguments about for and against that. I do not know. Maybe it is the cost or the—but to me, it seemed like a real good question from this VSO. Why can't that just be determined to be a hearing loss and the guy gets his benefit? Now, he might have other issues that require further investigation and I can understand that. Maybe that gets put in the list with the other one.

But why shouldn't something like this simply be granted? Now, I would like to hear your comments on that. You know, what are the downsides to that? Are there any downsides to it? I could not see any.

Mr. Hall.

Mr. HALL. It is not that we are not outraged about simple things, what appears to be simple things like if you have the evidence. Again, a fully developed claim is a prime example which I cited and Congressman Filner had responded to or comment about. It is not that we are not outraged by something simplistic such as hearing loss where again there is no subjectivity from a rater——

Mr. BENISHEK. Right. I mean, why shouldn't that be granted immediately?

Mr. HALL. Right. DIC claims, there is another one that really does not take a whole lot to decide or grant burial allowance. There is a lot of them that are still caught up in this 900,000 plus backlog, what is referred to as a backlog, but there are claims that could be plucked out easily. I think that is——

Mr. BENISHEK. The question is, is there anything wrong with the scenario that I said which we just grant these benefits to that simple case? I mean, what is the downside to that? Is there a downside to it? Like I said I could not see one. Do you see one?

Mr. HALL. I do not really see a downside to your suggestion.

Mr. BENISHEK. Right.

Mr. HALL. You know, as far as granting all claims, I do not know that that is feasible.

Mr. BENISHEK. Well, I understand that. But, I mean, if we simplify that 30 percent of the claims are hearing loss, that would free up a lot of people to work on other things it seems to me.

Mr. HALL. Agreed.

Mr. BENISHEK. Mr. Manar, do you have any comment on that?

Mr. MANAR. Yes, I do. There are a couple things here. First of all, to your ideas and suggestions. Right now in order to service-connect a hearing loss or any disability, there are three things that need to be done. You have to have an event in service. You have to have a present disability and then you have to have a medical nexus, a doctor's opinion that connects the two.

Many, many, many veterans were exposed to extreme noise while they were in service. Because of inadequacy of testing when they

were getting out, their tests at discharge showed that they had normal hearing.

Doctors know that they can detect hearing loss caused by acoustic trauma you are tested at a high enough level. If you test at the 6,000 hertz level or the 8,000 hertz level, they will see very early what they call an acoustic notch, a problem with hearing that is caused by noise exposure.

Mr. BENISHEK. So it is not as simple as I said then?

Mr. MANAR. Well, there are two things that can be done. The VFW and, I believe the, Independent Budget which is made up of four major service organizations, have proposed for years that a presumption be created that would allow service-connection for hearing loss—assume this medical nexus where somebody who was either in combat or in a job in the service that exposed them to loud noises and they now have a present hearing loss.

If they get the presumption, then VA can move very quickly to grant service-connection. That would either take legislation or it would take action by the VA to create the presumption.

The other thing that VA can do for future veterans, and I have talked to a high level VA official who actually presented this to me, and he said they considered changing the testing levels for veterans or servicemembers who are coming out of service to test at the 6,000 or 8,000 hertz level and then change the law so that if they have a hearing loss at that point, a very high frequency hearing loss, VA would automatically grant service-connection.

Now, it might be 20 or 30 years before they have a hearing loss that is compensable. But once they have that compensable hearing loss, you do not have this huge requirement of a medical opinion. You have already got service-connection. You say, okay, what do the numbers show. You assign whatever evaluation that is appropriate based on the numbers.

So there are a couple of approaches to this, presumptions and changing the testing at discharge so future veterans can be treated much more fairly and justly.

Mr. BENISHEK. I think I am out of time.

Mr. RUNYAN. The gentleman yields back.

The gentleman from Minnesota, Mr. Walz, is recognized.

Mr. WALZ. Thank you, Mr. Chairman and Ranking Member.

And thank you to all of you for being here.

And it goes without saying the frustration level for everyone in here is high. I understand that. I also think it is very evident that everyone in here's goal is to serve our veterans with the best possible care and best service they can get and try and figure that out.

We all do know it is a zero sum proposition. If one gets through or 900,000 get through without being taken care of at the proper level, there is going to be frustration. So I think we are going to hear from some folks. We are going to hear from VA folks.

But I think it is important to keep in mind when General Hickey gets up here and testifies, this is somebody who has spent a lifetime in the military and understands this. And the folks who work in the VA and the folks who are processing these claims in many cases are veterans too.

So with that being said, I share that frustration. I think the issue we have to come to grips with is it is not mutually exclusive

to care for veterans in a timely, efficient, and good manner and also be good stewards of the taxpayer dollars. This is the part that always troubles me.

And I have to be honest with you. We are not business. We are not a business, so we should not oversimplify on that. We cannot go the way of some businesses. We cannot become Enron in the VA or whatever it is. We have to maintain excellence, but there is things we should learn on best practices and how we get there.

And the Ranking Member's frustrations, I think he is exactly right. And I feel that with him, too, that it is just why are we not demanding this get done because I know there are professionals like General Hickey in there. I know they go up and down the line. I know our VSOs are unwavering supporters. And I know there are good Members of Congress that want to get this fixed.

The will of the American public is there and I think we should try and shoot for something grand. I think we should try and fix this dang thing. If not us, who is going to do it? We have been at this for so long and so that is why I am looking for all of you.

And I am pretty much to be honest with you, I am willing to try anything to get through this. You know, I was willing to go with the brute force way of getting it through or whatever. I also think we should take responsibility.

And I have pride that we did the right thing with Agent Orange claims, but we added to that backlog. We put those in there and we did that. We made the presumptions on PTSD and some of those things. That is the right thing to do.

But, again, we need to plan accordingly. I think we all here need to take some responsibilities. We did not know we were going to have a lot of veterans from these wars. We did not know we had aging veterans. Plan ahead accordingly and figure that part out.

So I have a couple things I want to ask about. We are trying to do the benefits delivered at discharge, the paperless initiative, which is one of the programs you are trying to get. Hopefully the goal is to get there. That will bring down the claims and all that.

But I have to tell you my county veteran service officers are at the point now they are recommending the veteran wait until they get back home to start the claim. They said it is too much of a hassle. They cannot get it or whatever. And I just want to ask you guys what you think on this level, the little, you know, 30,000 foot.

Do you think that is good advice they are giving at this point or is that still stymieing the chance to move to that transformational level, whatever that is, as the Ranking Member said?

So anyone who wants to try that.

Mr. MANAR. I have had this conversation with several of our service officers and although we have not taken a position nationally on it, I am certainly not telling our service officers that they should not be telling veterans or servicemembers they need to go through the BDD program rather than wait.

Right now the BDD program and the Quick Start programs for active-duty servicemembers who are getting out are broken to be honest. And in many regional offices, new veterans will get faster service if they wait a few days until they are discharged.

Mr. WALZ. Do you believe by us not participating or advising, you know, my constituents and our, you know, CVSOs and VSOs back

home or whatever, are we stymieing the chance to get to that because I am certainly not one who is stuck in the status quo?

I have to tell you I am leaning more towards this big change that the Ranking Member is saying, that we have to get there. But I want to do it in a manner that is responsible, that is systematic and all that. I wanted to believe this was the way to go, but the folks on the front lines of the processing are telling me it is simply maybe not there.

So are we going to hang on to BDD for the next 20 years and continue to try and reform it or is this just a natural growing pain? I am really struggling with this one.

Mr. MANAR. Well, I think part of it is a growing pain. They started the BDD program in Winston-Salem and moved it to Salt Lake City and they did not have the infrastructure or we were talking about VBMS. They did not have the tools. They did not have the system that would support this program.

They did not realize that you are not just dealing with a few pieces of paper when you are scanning them and putting them in the system. It is millions and probably billions at this point of paper. And they did not have the system to support it. Things ran slowly. And so even if VA employees could work at a higher speed, there was a long period when they could not simply because they could, you know, go out and get a cup of coffee between actions.

Mr. WALZ. Mr. Chairman, could I have just a little time if anybody else wants to quickly answer, 30 seconds?

Mr. RUNYAN. I remind the gentleman we have four panels here today.

Mr. WALZ. I yield my time.

Mr. RUNYAN. The gentleman from Indiana is recognized, Mr. Stutzman.

Mr. STUTZMAN. Well, Mr. Chairman, I am just going to go ahead and yield back, but I would like to say this because I had to step out for a short Budget Committee meeting.

But from the conversations I have heard, I hope that and it feels like this Committee is determined to make sure this gets right and I am willing to help do that.

So with that, Mr. Chairman, I will yield back.

Mr. RUNYAN. Thank the gentleman.

Gentleman, on behalf of the Committee, I thank you for your testimony and your service to our Nation's veterans. And you are excused.

And our second panel will please come to the witness table.

The U.S. National Archives and Records Administration or NARA has been an integral and temporary player and a standing component of VBMS.

In the second panel, we welcome Mr. William Bosanko, Executive for Agency Services at NARA.

Mr. Bosanko, you are now recognized for five minutes for your oral testimony.

STATEMENT OF WILLIAM J. BOSANKO

Mr. BOSANKO. Good morning, Chairman Runyan, Ranking Member Filner, and Members of the Committee.

Thank you for inviting me to this hearing and thank you for all that you do to honor and support our Nation's veterans.

The National Archives has a long and proud history of supporting our veterans. Every day we assist veterans and their families by providing them with the records necessary to prove military service in order to claim a benefit or receive an honor.

Our National Personnel Records Center in St. Louis, Missouri holds approximately 16 million official military personnel files and we respond to more than one million requests for these records every year.

Here at the National Archives in Washington, D.C. in College Park, Maryland, we permanently archive and provide access to the historical records of our armed services that document the actions and heroism of many generations of military veterans from the Revolutionary War to present times so that historians, film makers, and genealogists can tell the stories of those who have served.

I would also like to add that NARA, an agency of approximately 3,000 employees, is proud to employ over 480 veterans including the archivist of the United States, David Ferriero.

VBA has a primary role to play in serving our Nation's veterans. Its mission is to provide veterans, servicemembers, and their families with access to the benefits to which they are entitled.

Essential to this mission is the VBA claims process. The VBA is building a new electronic system, VBMS, to transform the paper intensive process into a faster, more efficient and secure paperless system.

One aspect of building VBMS and speeding the claims process involves the digitization of paper claims. In 2010, VBA approached NARA for advice on how to employ scanning technology and applied proven records management practices to scan and automatically extract data from paper claims forms.

NARA had recently undertaken a successful project to digitize civilian official personnel folders at the National Personnel Records Center. As part of this project, we had employed cutting-edge technology that has the ability to scan a form and to learn where to look on the form to extract the necessary data.

This technology had the potential to be useful for extracting data from VBA paper claims forms. NARA entered into a one-year agreement with the VA in June of 2010 to help design a scanning architecture and a process that would meet VBA's particular needs. Under this agreement, NARA mapped out a scanning workflow for claims processing, configured a scanning system, trained the system to recognize the data on VBA's forms, and developed a way to index the data so that it could be efficiently retrieved when needed.

NARA also agreed to perform low-volume physical scanning of paper documents and hired a limited number of temporary employees to manually scan paper VBA forms. A pilot of the system was successfully tested in two VA regional offices, demonstrating that the architecture and process had potential to meet VBA's needs.

Based on the success of the first pilot, NARA signed a second one-year agreement with the VA in June of 2011 to further refine the scanning workflow and hardware configuration and to continue to improve the system's ability to automatically recognize and compile data from paper VBA forms.

We successfully pilot tested these refinements in two additional VA offices. The system can now recognize and compile data from 170 different VBA document types.

NARA and VBA have demonstrated that the system can handle the scanning of up to 600,000 images a month from claims supplied by five VA facilities, four regional offices, and our records management facility.

We are nearing our completion of meeting the requirements to the VA under the terms of these two year-long agreements. Our current agreement with the VA ends on June 26, 2012.

Thank you again for inviting me to testify. I am happy to answer any questions that you may have.

[THE PREPARED STATEMENT OF WILLIAM J. BOSANKO APPEARS IN THE APPENDIX]

Mr. RUNYAN. I thank the gentleman for his testimony, and the Chair will begin with questions.

First let me say the Committee greatly appreciates your agency's service to our Nation's veterans. I think that being said, it is the mission of the National Archives to preserve and protect American history. While technology is an important element of such a process, NARA does not serve as the primary scanning operation for either itself nor other government agencies.

Can you please describe how NARA became involved in VBA's VBMS program, then how it developed the technology used by VBMS, and finally its current role? I know you touched on it in your testimony, but how did they approach you in the whole process?

Mr. BOSANKO. Thank you, Chairman Runyan.

Essentially we had previously had this effort with the Office of Personnel Management to scan civilian official personnel files and extract the necessary information off of those forms and make it available.

Based on the success of that, we were approached by VBA. I think we also have a clear tie-in with the VA's business process given all of our work at the National Personnel Records Center in St. Louis.

Mr. RUNYAN. I think the one question on everybody's mind, and you just brought it up, is what happens on June 27th, which happens to be next Wednesday, as this contract expires?

Mr. BOSANKO. So let me be very clear. The National Archives absolutely recognizes the significance of the support that we are providing. We are playing a very small but very important and critical role in supporting the VBA in this effort.

In no way would we envision turning off, if you will, the service delivery that we are providing right now with VBA to veterans that are being served by those four facilities.

So we are working with the VA to ensure that essentially there is no change on June 27th, that service delivery continues as it does today, and then figure out a mechanism to continue to support and ramp down our engagement as they build up private sector capability.

Mr. RUNYAN. That being said, how many SES level meetings has NARA had with the VA about the process in light of this date

looming here next week and when were they initiated? Because what I have heard is that discussions really did not come about until this hearing was actually called?

Mr. BOSANKO. So we received a request from the VA for production level scanning back in May. Prior to that, the prior year, there had not been any senior level engagement between the VA and NARA.

The pilot was able to work at the staff level. We received a new performance work statement on June 11th and based on that in the last couple weeks, we have been working much more closely with the VA to make sure that there is a clear path forward.

Mr. RUNYAN. Thank you for that.

With that, I will recognize the Ranking Member from California, Mr. Filner.

Mr. FILNER. Thank you, Mr. Chairman.

How much was NARA paid for those two years?

Mr. BOSANKO. So the two years combined, the total cost to the VA for our services was $9.7 million.

Mr. FILNER. All right, $10 million. When I hear all this stuff, by the way, I figure I can give a million dollars to some 20-year-old geek and he would solve it within a few weeks. So I just do not understand all this. This is not rocket science here. We know how to do this stuff.

And why aren't you continuing into another year?

Mr. BOSANKO. I just want to be clear. We are continuing our work. We do not want to——

Mr. FILNER. You do not have a contract?

Mr. BOSANKO. We do not have a current agreement.

Mr. FILNER. So why don't you have an agreement?

Mr. BOSANKO. We are working with the VA right now to finalize their requirements and what our response will be to those.

Mr. FILNER. So you have set up a system at these regional offices to do this.

How many employees do you think are going to be needed to do the job and why can't you do it?

Mr. BOSANKO. So we presently have 60 people that are working on the projects and those are sufficient for the work that we are doing. If your question is what would it take to do more——

Mr. FILNER. No. What my question is, what the VA's question is, how—we got a million backlogged claims. How many people do you need to scan this within two weeks or a month or two months? I do not care. How many people do you need to do it?

You already have a system which took two years to give us an answer. I could have given you an answer in a week, I tell you, but it took you two years. How many people is it going to take to do all the scanning that has to be done?

Mr. BOSANKO. So National Archives does not intend to do all the scanning. The scan requirements——

Mr. FILNER. Well, have you estimated how many employees it would take to do it?

Mr. BOSANKO. For us to do the full 60 million pages a month, our model looked at a figure of around 4,000 employees.

Mr. FILNER. So we need another 4,000 employees to do this? Hello. I mean, do I have to say any more? This is the most ridiculous thing I have ever heard. You spent two years.

You are telling us or you are not telling us, your agency said now we need 4,000 more to do the job. We do not have any budget. I am sure General Hickey is not going to tell us we need 4,000 more employees.

I do not know how we are going to do your job that you in your testimony, Secretary, that we are going to have to do this by 2015.

But I do not get it. I mean, I am not saying you at NARA are responsible. I just do not understand that we contracted for $10 million for you to give an answer that we can do this with 4,000 more employees. There is no way they are going to hire 4,000 more employees.

So how long do you think this is going to take, another 10 years, 15 years, 20 years? Which is why I go back to the so-called Bilmes plan?

We are not going to do this by brute force. Now we are going to need another 4,000. We have already hired 12,000 in the last few years.

I thank you for your work, but, I mean, I could have predicted two years ago, you know, that it is going to be exactly this. And we know how to do this. This is not rocket science.

Scanning, you know, I could go into my office and scan anything I want right now and I could pick out anything I want to scan. And I could take any veteran who comes into my office and do the scanning.

I mean, we can do this. We do not need all these thousands of employees and bureaucracy after bureaucracy after bureaucracy. It just gets worse and worse and worse and worse.

The VFW, is Mr. Manar still here, said I do not want to blow up the system. Your testimony, read your testimony, it needs to be blown up, I will tell you. I rest my case.

Mr. RUNYAN. The gentleman yields back.

And I remind the gentleman that NARA by no way is asking for more employees.

Mr. FILNER. I did not suggest that. I asked him how many would he estimate would be needed to do the job, not by him, but by the VA.

Mr. RUNYAN. I think the next question, is what is the VA asking needs to be scanned and where do we draw the line as to whether we are going backwards into the files, or are we moving forward? I think that the biggest question that the VA has to answer is what is their need on how to move this process forward.

With that, I will yield to the gentleman from Indiana, Mr. Stutzman.

Mr. STUTZMAN. Thank you, Mr. Chairman.

Mr. Bosanko, thank you for being here and for what you all are trying to accomplish.

I guess my question is, is why isn't there a contract renewed? Is it a hangup on the VA's side, your side? Why isn't there a renewed contract?

Mr. BOSANKO. Thank you, Congressman Stutzman.

We received a performance work statement on June 11th. At this time, it is a matter of us working through that, making sure that we are going to be able to deliver on the things that we are being asked to perform, figuring out what the cost of those things would be.

It is actually an interagency agreement which is a relatively fast process, so we are optimistic that in the very near future we will be able to lock that in with the VA. But, again, I just want to stress June 27th, we are going to continue to scan the materials that are coming.

Mr. STUTZMAN. But why isn't the contract done now? I mean, why does it have to be after the contract expires and we have got to go through this exercise? It is really pointless.

Mr. BOSANKO. There is no limit. We could have done one months ago. We could do another one in the near future. It is just a matter of clarifying what they need us to do and then us having the time to do the analysis.

Mr. STUTZMAN. Do you know, are the expectations in a new contract to address the million images that need to be scanned and recorded?

Mr. BOSANKO. The materials that we have received still have us performing at a up to 600,000 pages a month level. The delta between that and the 60 million that are necessary for full national rollout, I believe the VA is examining private sector solutions.

Mr. STUTZMAN. So do you have options to use private sector at all in addition to what you scan? Can you take anything that is needed and get it done outside of your capabilities?

Mr. BOSANKO. We are leveraging private sector expertise to make sure that we are using the scanning software in the most efficient, effective way, and to get advice as we work the workflow.

But as far as us being a pass-through for the VA, I think the National Archives as an agency of a total of 3,000 people, it would be far more efficient and effective for the VA to manage that part of the process.

Mr. STUTZMAN. So there are folks that you work with in the private sector that do the same thing that National Archives is doing for the VA?

Mr. BOSANKO. Yes. The particular software package that we use is one of the leading ones that is out there. And we are working closely with them and others that have leveraged that same software package.

Mr. STUTZMAN. So is it possible then that the VA could continue the contract with the VA and could also bring a supplemental contract with somebody at the private sector to help catch up?

Mr. BOSANKO. I believe so.

Mr. STUTZMAN. I mean, is that being discussed at all, do you know, or is National Archives being asked to do more to catch up?

Mr. BOSANKO. So what we are being asked to do is to continue our support to the five VA facilities and then to provide some expertise to support a national rollout so that we can take the lessons learned in the rollout to the five facilities we have done and actually be there to help roll it out into the other VA facilities.

Mr. STUTZMAN. So the $10 million, that was a previous contract; is that correct?

Mr. BOSANKO. It was a combination of two one-year contracts.

Mr. STUTZMAN. Two one-year contracts. What do you expect the price tag to be on the next one-year contract if it is a one-year contract or two-year contract, if you know?

Mr. BOSANKO. I actually do not know. And given the importance of this, I would prefer to follow up with the Committee in writing later.

Mr. STUTZMAN. Okay. All right. That would be helpful.

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

Mr. RUNYAN. The gentleman yields back.

Mr. Michaud is now recognized.

Mr. MICHAUD. Thank you, Mr. Chairman.

Thank you for coming today.

You mentioned that you are doing the work for what, five different states. From what you know about what you have been doing so far and you look at, you know, the expertise needed to do this, do you think this is something that, for instance, that is eligible for the private sector? Is there that much capacity out there in the private sector to do this and, if not, do you think the archives in each individual state, do they have the same type of software system that is needed for this particular program that the states might be able to help out with this backlog?

Mr. BOSANKO. So I think the state archives facilities have their own unique challenges, but I think you ask a very good question with respect to leveraging this capability and going forward.

In the five facilities that we have deployed it, for the volume that we are doing, we believe that there is a firm foundation now for the VA to build off of and we think there is sufficient capability in the private sector.

I think as the Ranking Member made the point, once you figure out the basic workflow and the basic scanning, after that it is a production environment and we think that that would be very appropriate for a private sector capability.

Mr. MICHAUD. You mentioned the states have unique challenges. You are talking about money?

Mr. BOSANKO. I just meant that I did not think that state archable institutions do not have the kind of capability to handle this kind of scanning volume.

Mr. MICHAUD. Okay. Thank you.

Thank you, Mr. Chairman.

Mr. RUNYAN. Mr. Walz.

Mr. WALZ. Well, thank you, Mr. Chairman. Again, thank you for your service on this. I am going to make this brief.

I am getting back to this again. The archives responsibility is just a physical handling of the paper basically and the scanning in, in a useable format; is that correct?

Mr. BOSANKO. I think we have done more than that. We essentially designed the scanning workflow and we have been teaching the system to recognize where on the forms to find the data that needs to be extracted. That is a very challenging aspect of this. The concept of basic scanning is a pretty rudimentary process, but the ability to have the software find on——

Mr. WALZ. That is right.

Mr. BOSANKO. —all the numerous iterations of forms that have been used over the decades, that is incredibly complex.

Mr. WALZ. Is it hard for you to say is necessarily having that data in a useable format, that is still not a guarantee that these will move any faster? Am I correct that if there is the decisions to make on the ratings and the decisions to make on the claims, it is not a guarantee? I mean, your assumption is like anything. Productivity should increase with workflow management, but it is not a guarantee, right?

Mr. BOSANKO. So it cuts out some of the mail time. It cuts out some of the processing time which I think is absolutely critical to resolve, but I think you are absolutely correct.

Mr. WALZ. I certainly do not want to put you on the spot to say it, but it seems to me, and you are proving it at least on some of those numbers, we should be able to be more efficient. I mean, I keep coming back to this accepting the status quo that it is just going to take a certain amount of time.

I think we can maintain those two basic things that we are trying to do, timely and appropriate care for the veterans and stewardship of the taxpayer dollars.

And what you are saying is what the National Archives does is give you the tools to do that, should give you the tools to do that, correct?

Mr. BOSANKO. Correct. The current paper-based system is inefficient. It is not secure. Moving to a paperless environment and, frankly, because of the time period that is covered, you have got paper records. This is not all born digital, so you have got to use this sort of as a bridge to deal with the paper. And I think it does make it more efficient.

Mr. WALZ. Is this the appropriate way to go about it? I mean, is this one of those situations that we are going to have to bridge the transition where we cannot, you know, scrap the whole system and start fresh? We simply have to move to that, is that——

Mr. BOSANKO. I think as far as trying to process things in a more efficient and electronic manner, yes, you have got to bridge that gap where we have the extant paper that has to be dealt with. And it is part of, you know, the history of each claim and it needs to be considered.

Mr. WALZ. Is there any reason that this entire, and this may be going out again, do you work at all with DoD on anything, Department of Defense on any record management or anything?

Mr. BOSANKO. Yes, sir, we do.

Mr. WALZ. Is there any reason that we couldn't be formulating this as a—we always talk in this Committee about seamless transition—any way these couldn't be all being funneled together? Are we going to create two separate systems again with what DoD's data collection and what we are doing on these claims?

Mr. BOSANKO. While we work with DoD on a number of efforts, with respect to this particular one, our role has been limited to, you know, the immediate aspect of figuring out how to take these paper-based claims and scan them.

Mr. WALZ. Because I keep coming back to it again. I appreciate this effort. But if we are going to start again, I want to start with all of it and why we are not doing the seamless transition if we

have got a fresh start to try and do that because now, once again, I am afraid we might get a very, at least a fairly good, efficient system in the VA. And if we have that separate silo on the DoD side, many of those source document records have to come across the bridge that in many cases is not there.

So I know that is probably not in your lane, but I appreciate the effort to help out. And I think trying to find these solutions, and I am certainly one that is willing, if there are public/private partnerships to get this, we need to get there because it is too important to miss.

So thanks for your time.

I yield back.

Mr. RUNYAN. The gentleman yields back.

Mr. Bosanko, on behalf of the Committee, thank you for your testimony and your service to our veterans. And you are now excused.

And I will ask the third panel to please come to the witness table.

Mr. RUNYAN. The VA Inspector General's Office has been conducting audits of the VA's regional offices and its appeals management process. Today on our third panel we welcome Ms. Linda Halliday, Assistant Inspector General for Audits and Evaluations for the U.S. Department of Veterans Affairs, Office of the Inspector General. She is accompanied by Mr. Nick Dahl, the Director of OIG's Bedford Office of Audits and Evaluations; and Mr. Larry Reinkemeyer, Director of OIG's Kansas City Office of Audits and Evaluations; and Mr. Brent Arronte, Director of Bay Pines Benefits Inspections Division. Ms. Halliday, you are now recognized for five minutes for your testimony.

STATEMENT OF MS. LINDA HALLIDAY, ASSISTANT INSPECTOR GENERAL FOR AUDITS AND EVALUATIONS, OFFICE OF THE INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY MR. NICK DAHL, DIRECTOR, BEDFORD OFFICE OF AUDITS AND EVALUATIONS, OFFICE OF THE INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; MR. LARRY REINKEMEYER, DIRECTOR, KANSAS CITY AUDIT OPERATIONS DIVISION OFFICE OF THE INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND MR. BRENT ARRONTE, DIRECTOR, BAY PINES BENEFITS INSPECTION DIVISION OFFICE OF THE INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF LINDA HALLIDAY

Ms. HALLIDAY. Mr. Chairman, Ranking Member Filner, and Members of the Committee, thank you for the opportunity to discuss the work of the OIG in the Veterans Benefits Administration.

Delivering timely and accurate benefits to millions of veterans who served our Nation is central to VA's mission. We conduct national audits of VBA's programs and inspections of individual regional offices to examine high risk claims processing activities. We have consistently reported the need for enhanced policies and procedures, training, oversight, and quality reviews to improve the timeliness and accuracy of disability claims processing.

Although VBA has briefed us on their transformational initiatives we have not observed enough of the process to truly assess the results. Today, I want to discuss four areas where recent audits and inspections have consistently identified weaknesses.

First, in a January, 2011 report we reported VBA did not correctly process temporary 100 percent evaluation for approximately 27,000 veterans. We reported that VBA paid veterans a net $943 million without adequate supporting evidence, and if VBA did not take corrective action it would overpay veterans a projected $1.1 billion over the next five years. VBA agreed to review all temporary 100 percent evaluations and to ensure each had a future examination date entered into their electronic record by September 30, 2011. VBA subsequently extended the national review deadline to December 31, 2011, then again to March 31, 2012, and has currently extended the deadline to June 30, 2012. VBA has not completed this national review requirement, yet monthly benefits continue to be paid despite the lack of adequate medical evidence.

Mr. FILNER. Ms. Halliday, I just want to clarify that statement. Are you saying that the entering of the date for a follow up review for these was not done? Is that what you are saying?

Ms. HALLIDAY. Yes.

Mr. FILNER. That is the only thing they had to do?

Ms. HALLIDAY. Right.

Mr. RUNYAN. Would the gentle lady please continue?

Ms. HALLIDAY. Our inspections continue to show the accuracy of temporary 100 percent evaluations remains a serious issue. We identified excessively high error rates at three California regional offices we recently reviewed. In addition, the San Diego regional office completed its review of VBA's temporary 100 percent disability evaluations but did not take appropriate actions in 22 percent of the claims. Regional office management erroneously reported that they had taken corrective action when they had not.

Second, we issued a report on regional offices' appeals management processes and reported the nationwide inventory of appeals increased over 30 percent from fiscal years 2008 to 2010. We concluded that VBA contributed to the growing inventory and the time delays by not assigning enough staff to process appeals. The Under Secretary generally agreed that opportunities exist to improve appeals processing and stated that VBA is conducting a pilot program to assess the feasibility of implementing our recommendations.

Third, we conducted an audit to provide an early assessment of VA's internal controls over the use of disability benefit questionnaires. We found that the expedited roll out of the process did not provide VBA sufficient time to design, evaluate, and implement adequate internal controls to prevent potential fraud. It is the OIG's position that it is critical to establish adequate front-end controls and identify and minimize risks before benefit payments are initiated.

Lastly, 19 of 20 regional offices inspected in fiscal year 2011 did not follow VBA policy for processing conditions related to traumatic brain injury. The errors related to inconsistent and insufficient training, VA medical examiners providing inadequate exam reports upon which to base disability claims decisions, and raters not returning these inadequate reports to the medical examiners for cor-

rection as required. We attributed the deficiencies related to training and inadequate medical examinations to a complex set of policies and procedures for processing these claims. Further, raters told us they often did not return the inadequate reports due to pressure to meet productivity standards.

VBA continues to face challenges in improving the accuracy and timeliness of disability claims decisions, along with trying to manage an every growing backlog of claims, and to maintain efficient operations. While VBA has made incremental progress through its own initiatives and in response to our prior report recommendations, more work needs to be done.

Mr. Chairman, this concludes my statement. We would be pleased to answer any questions you or the Committee has.

[THE PREPARED STATEMENT OF LINDA HALLIDAY APPEARS IN THE APPENDIX]

Mr. RUNYAN. Thank you very much, and I will begin the questioning. Dealing specifically with the temporary 100 percent disability cases and the TBI, I think you just said in your statement statistics are overriding the execution of the law and the benefit to make, in my view, to make the VA seem like they are doing their job. Is that a correct analysis? The statistical analysis that they can give us to say we adjudicated these claims up or down, it seems like it is in the forefront. I always argue with the VA that the ultimate goal should be customer satisfaction. And tell me if I am right or wrong that you just validated my point there?

Ms. HALLIDAY. My take on this is these are temporary ratings to address a medical condition at a specific period in time. They are temporary ratings because the medical condition is expected to improve, and the ratings would be readjusted downward. What VBA is not doing is actively managing these temporary ratings. Their staff is not including the reevaluation or reexamination dates within their electronic system to alert the new raters to call for a medical exam and adjust these ratings.

Mr. RUNYAN. So——we are basically saying that a medical condition is going to improve with time? That is how they are viewing the process?

Ms. HALLIDAY. On these temporary 100 percent medical disabilities claims, yes. There is an expectation and a probability that some of these claims, the medical conditions will improve.

Mr. RUNYAN. But I think most of us would agree within the human body that with aging that medical conditions do not tend to get better over time.

Ms. HALLIDAY. An example would be prostate cancer, where the treatment has taken place and after a period of time, whether they use seeds or whatever the treatment, the veteran is considered to be improved.

Mr. RUNYAN. Now is the VA actively working to implement any of your recommendations? Or is it just acknowledging a mistake and continuing with the same old thing? Because I think that is the feeling we get around here a lot of times.

Ms. HALLIDAY. I think at first there was some push back, to accept recommendations that we were offering. But I do believe under General Hickey we have a better working relationship today

to implement these recommendations. And I would reference that I had issued two reports dealing with claims processing, where originally we got nonconcurrences with recommendations. And she agreed to meetings. We resolved those issues. We found areas of consensus so that VBA could implement that recommendations.

Mr. RUNYAN. Well shifting gears to DBQs and the potential for fraud there, has the VA adequately addressed the concerns there? I know there are some issues possibly with people falsifying the forms and entering doctors' license numbers. Is there a system and process besides random selection of the claims to make sure that that does not happen?

Ms. HALLIDAY. VBA has provided a long range solution to put controls in place. Our concern is that benefits are being paid right now and that the information that is maintained in the electronic systems for VBA does not give sufficient information to really look closely at how well or how poorly the VBA disability benefit questionnaires are improving the process. For example, the system was lacking the number of veterans who had submitted claims using DBQs; the number of claims and the amount of money awarded based on DBQs; and the processing times for claims based on DBQs. There was an inability to trend information when we looked at this process. While only three DBQs had been released by VBA, information was lacking trend to DBQs with regards to locations, the same physician providing an excessive number of DBQs which might be an indication of fraud, there was an inability to trend the information.

Mr. RUNYAN. Thank you for that. With that I will recognize the Ranking Member Mr. Filner.

Mr. FILNER. I mean, I found, I find your report astounding in the following way. The only justification I have ever heard for all these backlogs, it takes time, we have got to be accurate, we have got to have all the information. So we are supposed to be accurate. And yet we find a quarter of our things are not accurate.

Now you give the simplest thing I could ever imagine in your audit of the temporary 100 percent evaluation. The simplest thing, enter the date it says here for a future examination on the electronic record. Hello? I could do it tomorrow. It has taken a year and a half. I am going to ask you, Ms. Hickey, if you are going to reach that by June 30. That is a year and a half after they asked you to do it. You still have not done it. And now you are promising us to fix the whole claims backlog in a year and a half. How do you expect us to believe the VA? You cannot even put in an evaluation date on an electronic record in a year and a half after it has been pointed out to you. The simplest thing I could imagine. I could put somebody on it tomorrow and I could do it. It will take them a week or two.

I cannot believe that this simple operation is not done, which claims, I mean we could be talking $1 billion of overpayments. Which I am not saying is happening, but that is the projection. It seems to be if someone said to me, Bob, you could save $1 billion if you did that, I would do it in the next week.

Ms. Hickey, you are coming up next. Who is responsible for this kind of sloppiness? Who is responsible for this irresponsibility? Who is, and I do not want an impersonal answer, I am warning

you, like the system is this, the system is that. We cannot get, you know, I want to know who is responsible and is it you? This is ridiculous. And again, if it was not tragic it would be ridiculous. Not only are we not serving the veterans, there is a potential for, in a budget where we cannot get, you know, a few million dollars here, we could be wasting $1 billion. And nobody has decided to take any action? Again, I rest my case.

Mr. RUNYAN. The gentleman yields back. Mr. Stutzman?

Mr. STUTZMAN. Thank you, Mr. Chairman. And thank you for the work that you have done with the audit and the information that you provided. You found a lot of egregious systematic failures in processing accuracy. For example, you mentioned that you found a 30 percent error rate for the over 4,000 high risk claims you reviewed at 50 regional offices. And you also mentioned that none of the offices that you reviewed followed protocol in assessing temporary 100 percent disability cases, and only one office followed protocol for traumatic brain injury assessments. In your opinion, I mean, what is the cause of such an error rate? And is there any effort at all to fix the problem that you know of?

Ms. HALLIDAY. Well to answer the first question on the cause, we are seeing the cause as poor and inadequate oversight of the work processes. We are often seeing that first line supervisors are not always overseeing the work of their employees and they are also making mistakes. The second issue would be that our benefits inspections have reported on fairly complex policies related to the traumatic brain injury claims. And these policies at times ask physicians to make medical diagnoses that are not always possible, which leads to insufficient medical exams and inaccurate disability determinations. I will ask Mr. Brent Arronte, who heads up our benefits inspections, if he wants to add anything?

Mr. ARRONTE. Mrs. Halliday is correct in the, regarding traumatic brain injury. That policy is extremely complex. It involves the physicians at the VA medical centers, where they have difficulty being able to assign a specific diagnosis or even make a medical decision. So the decision is not made. Then that compounds the problem when the medical examination goes to the RO for the raters to look at this evidence, evaluate it, and try to make an accurate decision. So when the evidence is not sufficient, then the decision-maker uses insufficient evidence to make a decision, then the decision becomes wrong. And we see that across the board at most regional offices, as we indicated 19 out of 20 for the TBI specifically, that these policies are just way too complex. The doctors are having problems understanding the policies, the regional offices are having problems implementing the policies. We just need a review of these policies.

Mr. STUTZMAN. Why? Why is it that complex?

Mr. ARRONTE. Because traumatic brain injury has a lot of residual disabilities or disabilities associated with that event. For example, one of the major issues we see is traumatic brain injury that may cause memory loss. The veteran also may have a coexisting mental condition. Sometimes memory loss can also be symptomatic of a mental condition. The physicians cannot distinguish which disability to attribute that symptom to. That compounds the problem as the decision-makers get this evidence. It kind of leaves them to

guess. Okay, is this symptom related to TBI or is this symptom related to a coexisting mental condition?

Mr. STUTZMAN. You mentioned, I believe that you have made a recommendation to the VA, is that correct? You have made recommendations? Are you seeing the VA actively working to implement any of them?

Ms. HALLIDAY. Yes. We have concurrences on the recommendations. I think in some cases General Hickey is trying to look at the pilots to make sure that the recommendations are fully implementable and that they would be, there would not be any claims that you might exclude from applying the recommendations. But I think there has been a receptiveness to do that. But at the same point there is a very significant focus on her implementing the transformational initiatives that have come up, more specifically the ideas that have come from her staff.

Mr. STUTZMAN. What about potential fraud related cases to DBQs? Has VBA adequately addressed any of these concerns?

Ms. HALLIDAY. We had separate meetings with General Hickey on this. They established a referral process to the OIG when their STAR reviewers actually look at a small subset of claims to see if they might have been changed, or to verify if the veteran is really a patient of the private physician, to look behind the DBQ and to ensure that it is authentic. We would like to see a more aggressive approach to it but they are looking at it as part of their STAR program. VBA started to implement a referral process, which we recommended, to the OIG so the OIG could screen those same DBQs and take it a step further and to see where there should be an investigation opened.

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

Mr. RUNYAN. The gentleman yields back. Mr. Michaud?

Mr. MICHAUD. Thank you very much, Mr. Chairman. Thank you for coming here once again. Looking at your testimony, on page four you talk about that you found VARO staff did not adequately process 45 percent of the TBI claims. Then at the end of the paragraph you mention that the rating veteran service representatives told you that they often did not return the inadequate reports due to pressure to meet productivity standards. And that continues in the fiscal year 2012 reviews. Why is that, that they're so driven to meet productivity standards? Is it because of policy from headquarters? Or is it because bonuses and increase in salaries is predicated on getting more out the door versus accuracy? And would—have you looked at that issue? And have you looked at the issue, well would it not be better when you look at bonuses or increase in salary that it is dealt more with on accuracy versus just sheer numbers?

Ms. HALLIDAY. I think it needs to be a combination of both. In an environment as large as VBA, where they are processing so many claims, you have to have some focus on productivity and you have to balance that with accuracy if you want to achieve any fiscal stewardship of the funds.

Mr. MICHAUD. Okay. You had mentioned the transformation plan that VBA has. Have you looked at that transformation plan to see whether or not they have benchmarks in place and whether VBA

is meeting those benchmarks? And do you feel that that plan is adequate to deal with the issue we are facing today?

Ms. HALLIDAY. We had some original challenges getting information on the transformation plan. Because the plan had not been approved by the Secretary at the time we started asking questions. I have reviews in process now looking at various aspects of the transformation. I cannot really comment beyond that.

Mr. MICHAUD. You cannot comment on the benchmarks or whatever? And for the VA, hopefully Mr. Chairman we will be able to get a copy of that plan if we have not already. My other question is a question I related to the first panel. And PVA mentioned that there does seem to be a kind of disconnect within VA's system, as far as the doctors and VHA versus the doctors, and VBA, where VBA doctors might be asking for similar information that a VHA doctor has already done. Have you looked at that between the different, VHA and VBA, how they might be able to synergize the efforts between the two? Versus being duplicative within the two?

Ms. HALLIDAY. Not recently. We had looked at the coordination between VHA and VBA when a medical exam was needed. Our information is a little dated. I am not sure it would really help.

Mr. MICHAUD. Are there any other areas within VHA and VBA that we could speed up the process by VBA accepting what VHA might recommend?

Ms. HALLIDAY. Absolutely. I believe that the first panel actually brought up a significant vulnerability, in that there, now with the new DBQ system, the reliance on this information, VHA would be at risk of doing unnecessary compensation and pension exams.

Mr. MICHAUD. Mm-hmm, okay. My other question is when you look at the claims process, and I will be asking VA for this information, I would like to know how many are 30 days, 60 days, 90 days, to try to get a better feel of where the problem lies. In your review of what VBA is doing and to meet the productivity standards that the employees feel that they have to meet in order to be successful, have you looked at whether or not, that that is causing the more difficult claims to be pushed back further and further because they are dealing with the easier claims up front?

Mr. ARRONTE. When we conduct inspections of the regional offices we do not see in particular that the ROs are working the easiest claims. They typically work the claims first in, first out. So the oldest claims typically are the ones that are worked first. So we do not see any specialization towards one or two issue easy claims versus eight or ten issue more difficult claims.

What we do see, however, and your earlier question was it seems that they, VBA has concerns with gathering evidence quickly. Whether it is from Department of Defense or from VHA in a medical exam, they do not tend to gather that information quickly. And that, we think is where a lot of their timeliness lags in claims processing occurs.

Mr. RUNYAN. The gentleman yields back. Mr. Walz is recognized.

Mr. WALZ. Thank you, Chairman. Again, thank you for the work you do. I have many times expressed how important the work you do is and it helps us try and refine the process. I just have one, I guess a question here. Are there any comparable enterprises to what VBA is trying to do anywhere? Either across the government

or in the private sector in terms of volume, complexity, and things like that? Is it, I know this is somewhat subjective. But just to help me get my mind wrapped around what we are comparing.

Mr. ARRONTE. Not in terms of volume or even process. I am not aware of any civilian agency, or even the Department of Labor, that does workmen's comp claims, they work with evidence and medical evidence and process claims, not to this volume. I think this is unique to VA.

Mr. WALZ. I ask this, because I always think that Mr. Filner's argument on IRS is compelling when we make that. I personally think we should probably be as efficient at getting people money that we owe them as we are of taking it. That is something the public would ask for. But I am trying to figure out are we taking in all of the variables? Are we bringing all of the complexities to this? And where do we go to try and find the model to, is this just a sense of if we could scale up we could get there? Or the unique nature of it? It is challenging for me because I refused to believe all of the good people and all of the good intentions for so long have allowed us to not fix this. So I do not know if there are any insights? You see this at a micro level more than I do. But.

Ms. HALLIDAY. The area I see would be to look at the risks associated with the claims and take an approach based on that. Not just a flat out approach to pay everything at 30 percent because a 30 percent rating——

Mr. WALZ. Yes.

Ms. HALLIDAY. —includes entitlement to other programs. I believe that there would be a subset of claims that you would find represented low risks.

Mr. WALZ. And find those and process those, and then make the case to the public. Because I certainly think everyone here could understand if we processed a whole bunch or paid out a whole bunch of money that went to the wrong people we are going to be on, you know, that side of it. That is why I am trying to strike that balance between those that we can get with a high degree of accuracy, much like the IRS is able to do, I think that analogy part is good. But still understanding the complexity of those claims. And I think Mr. Michaud's point is, is that I think there is at least a belief among veterans that many times that complex cases get pushed back because it slows down processing time. And unfortunately in many cases complex claims are the ones that are most needy in terms of trying to get this done. So I yield back, Chairman.

Mr. RUNYAN. The gentleman yields back and with that thank you for your testimony on behalf of the Subcommittee. Thank you again for your testimony and your service to our veterans. And you now are excused and I welcome the fourth panel to the table.

On second thought, the Committee will stand in recess as we are probably seven minutes into a vote right now, and we will be back as soon as votes are concluded. The Committee stands in recess.

[Recess]

Mr. STUTZMAN. [presiding] Today on our fourth panel we welcome the Honorable Allison Hickey, Under Secretary for Benefits from the U.S. Department of Veterans Affairs. She is accompanied by Mr. Alan Bozeman, Director of the Veterans Benefits Manage-

ment System, Program Management Officer at the U.S. Department of Veterans Affairs; and by the Honorable Roger Baker, Assistant Secretary for the Office of Information Technology for the U.S. Department of Veterans Affairs as well. At this time we will recognize General Hickey for five minutes for your testimony.

STATEMENT OF GENERAL ALLISON HICKEY, UNDER SECRETARY FOR BENEFITS, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY MR. ALAN BOZEMAN, DIRECTOR, VETERANS BENEFITS MANAGEMENT SYSTEM, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND MR. ROGER BAKER, ASSISTANT SECRETARY FOR INFORMATION AND TECHNOLOGY, U.S. DEPARTMENT OF VETERANS AFFAIRS

STATEMENT OF GENERAL ALLISON HICKEY

General HICKEY. Good morning, Chairman Stutzman, Ranking Member Filner, Members of the Committee. Thank you for the opportunity to testify here today. I am accompanied by Mr. Roger Baker, the Assistant Secretary for Information Technology, and Mr. Alan Bozeman, the Director of the Veterans Benefits Management System, or VBMS, Program Office. My testimony today will focus on VBA's transformation plan, with particular focus on the new paperless IT system known as VBMS. Combined with 40-plus additional designed, tested, and measured initiatives in VBA's comprehensive transformation plan, VBMS will provide electronic claims processing capabilities critical to achieving the Secretary's 2015 goal of eliminating the backlog and processing all claims at 98 percent quality.

The bottom line, VA must deliver timely, first rate benefits and services with greater efficiency and effectiveness than we do today. We cannot do this by using old tools and processes. The magnitude of this change requires a comprehensive and integrated plan which VA developed in collaboration with our stakeholders within 45 days of my swearing in. We are implementing that plan today.

As we work to transform how we do business through new people, process, and technology initiatives, at the end of the day our transformation is about taking care of our veterans and our loved ones. I am proud of VBA employees, 51 percent of them who are veterans themselves, who have processed over 1 million disability claims in each of the last two years, an unprecedented number. We did this while at the same time allocating 37 percent of our rating staff to processing Agent Orange claims, putting over $3.6 billion into the hands of our Vietnam veterans and their survivors. Since October, 2010 we have dedicated over 1,200 skilled raters to completing these Agent Orange Nehmer claims. All Nehmer claims for living veterans have been completed and we are now focusing on fewer than 274 remaining that will benefit survivors and next of kin. This means we can now redirect over 1,200 skilled raters to the claims backlog.

Despite unprecedented VBA claims production, completing over 1 million claims each year for the last two, VA's backlog has grown. We have received an unprecedented growth in claims, nearly 48 percent more than three years ago. Included in this growth, 45 per-

cent of the 1.6 million veterans who have honorably served more than a decade of War in Iraq and Afghanistan and are rightfully, rightfully filing claims. But at unprecedented levels. Thankfully, these dedicated men and women are ten times more likely than previous generations to have survived the multiple deployments they have selflessly made. But they are returning home with triple the medical issues of previous generations, driving the complexity of these claims and their associated workload to an all time high.

As a result, VBA is aggressively pursuing its transformation plan, a series of tightly integrated initiatives. Our people initiatives focus on how we are organized and trained to do this mission. Our employees are key to our success, and over 51 percent of them are veterans themselves working hard for other veterans. People initiatives include segmented lanes based on claims complexity, cross functional teams designed to work claims from start to finish, and a redesign of our entire national training program with dramatic results already.

Our process improvement initiatives, some of them include our quality review teams in every office designed to assess our quality throughout the process, not just inspect it at the end. Sixteen rules based calculators built to assist decision-makers in assigning an accurate result the first time. During testing, quality improved from 83 to 92 percent.

Our VRM initiative is one of our technology initiatives. It now gives veterans to information from multiple channels, on the phone, online, and through eBenefits. All call centers have designed new technology and new call back features. Recently we deployed two and we have successfully had 3 million veterans use them. Our eBenefits portal lets our veterans, 73 percent who say they want to meet us online, do so easily. They include 41 self-service options and veterans are downloading more than 120,000 benefit letters a month. The ability to file a veterans claim online, like you file your taxes online today, and more than 1.5 million users representing a 500 percent increase since January of 2011.

VBMS is the cornerstone of our transformation plan, will dramatically reduce the amount of paper in the current process, employ a rules based claims development. The team developing VBMS is using a tailored, agile approach. Version three is currently in user acceptance testing with national deployment coming soon and to be completed by the end of the calendar year 2013.

We are developing many multiple channels of intake capabilities to include scanning, a data interface, and direct transfer of data into the VA system from our stakeholders and partners.

In conclusion, Chairman, VBMS along with 40 other people, process, and technology transformation initiatives is critical to our success in meeting the needs of our veterans, their families, and survivors, and we are committed to deliver on this plan.

This concludes my statement, Mr. Chairman. I am pleased to answer any questions.

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

Mr. STUTZMAN. Thank you, General Hickey. And I will begin the questioning. Veterans are one of the most honored and most vul-

nerable groups in our great Nation. And the American public has entrusted the VA, specifically the VBA, with providing them with the benefits that they were promised, benefits that many of them desperately require as they reassimilate into civilian life. With this in mind the backlog, processing times, and the rate of error seems to have become the norm rather than the exception and this is unacceptable. As leader of VBA it is your responsibility to ensure that the management and culture of your department align with the agency's mission and goals. Though we wholeheartedly support VBA's efforts to transform its operations, and indeed we do have faith in some of your initiatives, it is also our job as a Committee and as a Congress to ensure that VBA is not merely developing a band-aid for a bullet wound in the form of a vast array of initiatives that quite honestly lack focus and direction, and which may only serve to distract your agency from addressing the root causes of these issues.

It has been suggested that VBA lacks a sense of urgency and an ability to follow through in addressing these problems. General Hickey, one would expect that with the tough economy, the tight fiscal climate, and the failure for VA to turn the corner on quality and timely claims processing, many of these initiatives have had a moderate effect overall. But there are still highly paid VA executives. Recently the Committee received information showing 245 reports of performance bonuses to VA in the senior executive service averaging over $11,000. How many of those bonuses went to VBA employees?

General HICKEY. Chairman Stutzman, I will tell you we have a very stringent and rigorous process at VBA for bonuses for our senior executives. And we use those processes with very hard metrics. In fact, there are 98 metrics that we measure on, largely in the categories of production, quality, yes we measure our SESs against quality standards that they produce in their organizations and that they lead. We also assess them against training requirements. Yes, we check to see that they are validating training is being done and that people are being provided their training. And we also on a number of other avenues, including leadership and their ability to run their organizations.

Mr. STUTZMAN. So how many of those bonuses went to VBA employees? And then my second question would be how many went to SES employees in your central office?

General HICKEY. So most of our performance awards are awarded to the GS–12 and below. Our total awards paid in fiscal year 2011 was approximately—I am sorry, that is VA's performance, $186 million. But I will tell you our performance awards in VBA, our number of outstandings significantly lowered those in order to tie to performance standards and expectations associated with leadership in the transformation model.

Mr. STUTZMAN. You never answered the question, ma'am. I asked you how many people? Do you have that number? Do you have how many people?

General HICKEY. Chairman, I have a number that says that one-third of the total of outstandings that we had done in 2009 is what we do today.

Mr. STUTZMAN. One-third?

General HICKEY. One-third of the total we used to do in 2009, are all we give out today.

Mr. STUTZMAN. Do you know what that number was in 2009?

General HICKEY. I do not know but I can get that for you and bring it back to you for the record.

Mr. STUTZMAN. Okay. For both VBA and SES employees. How do you justify when the agency's goals and performance measures have not been met, how do you justify bonuses? I mean, you look at what people across this country are doing today. And when times are tough, and when the goal is not being met, and we continue to fall behind, how do we justify giving taxpayer dollars in bonuses to those who are responsible for the program?

General HICKEY. So thank you, Chairman Stutzman, for your question. I will say, you know, it is appropriate to note that we have very high regional offices and very good senior leaders in those offices that are driving high performance, that are exceeding the production standards, that are exceeding the quality standards, that are producing for our veterans and their families and survivors in a very good way. So from our perspective this is, it is not an all up or all down vote. From our perspective I need to encourage and I need to draw in strong leadership to lead us through this very challenging time. And oftentimes in order to really attract and retain that superb leadership you have to do things like offer bonuses for high performance.

Mr. STUTZMAN. But, the responsibility lies at the top. And if we are not meeting our veterans' needs, the responsibility that we have for our veterans and the benefits that they are waiting for and deserve, at what point does leadership step up and make changes, big changes, to meeting the problems that we have? Because I hope you understand that when the general public sees that bonuses are being given out and our veterans are waiting for benefits, this does not add up.

General HICKEY. Thank you, Chairman Stutzman, for your question. What I will tell you is that at the very top of the Benefits Administration is me. I take responsibility for what happens in the Veterans Benefits Administration. I also take very seriously and have grown up in the Department of Defense knowing the importance of really good leadership in driving performance and in driving quality. And in that respect I believe that you should reward those who do meet the mark in that respect and that is what we do in VA.

Mr. STUTZMAN. I am a small business owner. And if the job does not get done, you find somebody that do it. Whether it is bonuses or whether it is pay and salary, you find somebody to get the job done. In 2010 only 36 percent of claims took over 125 days to process. In 2011 that number jumped to 60 percent of claims. Now in 2012 the number of claims taking over 125 days to process is at 65 percent, despite hiring 3,000 new full-time employees in 2011. What is going to change?

General HICKEY. So Chairman Stutzman, thank you for bringing up that point. Because I just want to clarify that, and I said it in my opening statement but I will say it again, we have done unprecedented numbers of claims in those same last two years that you described. More than 1 million. In 2008 we did 800,000. We are

getting 1.3 million claims in the door that we are working on. During that same period of time those same senior leaders led us through the very complex, absolutely right thing to do by our Vietnam veterans. 260,000 new Agent Orange Nehmer claims that we worked at the same time as we worked today's veterans' claims. Thirty-seven percent of our workforce it took to do those claims.

At the same time those same leaders were leading our loan guarantee capability, where we kept 73,000 veterans in their homes last year. And that was even 10 percent more than the previous year. These same leaders do not just lead our compensation areas, they lead all of our five business lines. They were leaders in the areas of our education claims, where they drove the numbers down from 59 to 30 in terms of the days it took to complete our education claims. Same leaders, making those same decisions in that same effort. Not just focused on compensation claims. Focused on homeless veteran claim, focused on our efforts to bring on VBMS, many of them piloting new initiatives, many of them driving the challenge training to improve the quality of our performance.

We are not a single area senior leader at that level. We have many business lines that meet the needs of our veterans.

Mr. STUTZMAN. Thank you. I will recognize Mr. Filner for his questions.

Mr. FILNER. Let me be honest, Madam Under Secretary, I find your testimony incredibly astounding. You sat here for three hours, listening to all kinds of problems, listening to all kinds of perceptions, listening to all kinds of data that the system is broken. According to your testimony, nothing is wrong. Absolutely nothing. Everybody is all, da, da, da, blah, blah, blah. Everything is happy. I am so proud. If someone of my constituents is sitting here who has waited three years for a claim adjustment and heard your statement, they would throw up. Many have committed suicide while waiting for your bureaucracy to give them a response and they do not see one. And the respect that we have that you show for us is absolutely astounding. We said three hours worth of stuff. Not one thing did you ever mention. Not one thing did you ever respond to. Not one thing did you ever say either, "Congressman, you are wrong," or, "Congressman, you are right." You went through with your standard thing as if you did not sit here for three hours. What the hell were you here for? You hear things. You respond to things. You did not. And if you, it looked to me if you want to know what the answer is here, if everything is fine, nobody is going to fix anything. And that is what your testimony said. Everything is fine. Oh, we have all these different initiatives, we had these new Vietnam era claims. Well tell us that you had 250,000, you need more resources to do it. Do not use it as an excuse, that you could not do your job. You have not done your job, Madam Under Secretary.

We gave you 12,000 new employees over the last few years. The backlog has doubled. The error rate has gone up to 25 percent. And you say everybody is doing their job to a high level. You have 98 metrics. My constituent has one metric. Have you given him a timely and accurate answer? And you have not. You have not. And you have not explained why. And if you are at the top, and if you are responsible, as you just said you were, are you responsible for

the fact that we had a doubling of the claims that we put this incredible number of new personnel in, that our error rate is up to 25,000?

You did not answer what I said I was going to ask you. A simple little error had occurred in your temporary rating disability claims. They asked for you to put on the next date for a review hearing. A year and a half later, that has not been done. Are you responsible for that? Are you responsible for not answering how we save $1 billion potentially? Who deserves a merit pay increase for that? Who deserves a bonus for that? How is it that, we have not put on the next appointment date on the electronic records for the people who have temporary ratings of 100 percent, how long? A year and a half. Why do we not have, why do we not have that? Is that your fault, Ms. Hickey? Thank me for the question, first.

General HICKEY. If you are asking me about the temporary question, I am happy to answer that question. The temporary disability is a computer glitch. They have not put in that date yet. There was a glitch in the system that would drop the date out of the calendar——

Mr. FILNER. Oh, you know, I said to you when you were sitting there do not give me an impersonal responsibility. A glitch occurred? Oh, there was just sort of a glitch on the shelf that occurred and you have not fixed it in a year and a half. If it was so simple, Ms. Hickey, why have you not fixed it? It will be fixed. This is January, 2011 it was noted.

General HICKEY. Congressman, it was fixed on the 30th of June.

Mr. FILNER. The what?

General HICKEY. The 30th of June.

Mr. FILNER. That is a year and a half. Why did it take so long?

General HICKEY. Congressman Filner, we did not know it was a computer glitch and we were retraining everyone to make sure that they filled in the date, they were filling in the date.

Mr. FILNER. A year and a half and you did not know it. So you deserve high ranking for your leadership for that? Who is responsible for it? Do not tell me about a glitch? Who did not do their job? Who? Is it you?

General HICKEY. Congressman Filner, I have been in this job for one year this month.

Mr. FILNER. Oh, now it is going to be because you were not there. So everything starts when you arrived. So everybody should actually redo their disability claim because you arrived a year later.

General HICKEY. In fact, Congressman, in this case if I can clarify for the rest of the Committee, the 100 percent temporary disability claims are actually advantageous to the veteran when we do not redo them.

Mr. FILNER. Of course they are. So now you are telling me it is okay you went a year and a half because it was so advantageous to the veteran. It is also advantageous to give them their check the minute that their claim arrives. Why have you not done that? You have an answer for everything except personal responsibility. Who is responsible?

General HICKEY. Congressman Filner, I have already said I am responsible.

Mr. FILNER. You just arrived, or the glitch occurred. Who is responsible?

General HICKEY. I am.

Mr. FILNER. Okay. Then why should we give you any kind of merit or even a continuation of your position if you are responsible for these failures?

General HICKEY. Because we have developed a plan and that plan is a very good and a very——

Mr. FILNER. Do we have the plan?

General HICKEY. We have incorporated the great ideas——

Mr. FILNER. Do we have the plan?

General HICKEY. We do have a plan.

Mr. FILNER. Do we have the plan?

General HICKEY. Sir, I have delivered that plan to the House Veterans' Affairs Committee staff. I am happy to deliver it to anyone else in here who would like.

Mr. FILNER. Has anybody received this plan? We are into it, what, a year? A year and a half? How many years are we into it? Has anybody received this plan?

COUNSEL. We had a briefing with Under Secretary Hickey on the plan, it was some slides and a power point presentation. But I am not sure we specifically have anything that says this is the plan.

Mr. FILNER. There is no plan, Ms. Hickey. There is no transformation. It is a fossil formation. It is the same arguments, the same ideas, the same failures that we have been looking at. I have been here for 20 years looking at the same thing, and you just started so you are doing the same thing again. We do not have a plan. We have 40 initiatives. There is no focus, there is no measure, there is no continuity, there is no evaluation. There is no plan. You just put out 40 things, and we are doing the same 40 things we have done before. We are just doing them, I do not know, more rigorously. You pay $10 million for scanning advice. How much is it going to cost us to scan everything that you paid for?

General HICKEY. Congressman Filner, I would like to answer your first question that you asked, or statement that you made, and clarify that I have a difference of opinion. And that is we do not have the same plan. We are not retreading old things. We are fundamentally changing the way we do business at VBA.

Mr. FILNER. Give me one thing that we are fundamentally doing different.

General HICKEY. Fundamentally changing it, all focused on how we deliver better——

Mr. FILNER. Give me an example. If I am a veteran and I come in with a claim, what has changed?

General HICKEY. What is changed is that your claim will now be handled in a paperless environment. Your claim will now be done in a——

Mr. FILNER. Who, that is not true and you know it. You just went through pilots that they are doing it in a few places. Where is it paperless?

General HICKEY. I would be happy to talk to you about a specific example.

Mr. FILNER. No, talk to me now.

General HICKEY. I will do that, sir. So let me talk to you about rules based processing——

Mr. FILNER. And how long does it take, this new paperless process?

General HICKEY. We have completed in the pilots these claims in about 120 days.

Mr. FILNER. Oh, now it is a pilot?

Mr. WALZ. Ranking Member, I think the General has a right to answer. I think we should keep in mind here——

Mr. FILNER. She is giving us baloney.

Mr. WALZ. This is an Air Force General who was in our first class of female warriors——

Mr. FILNER. And everything is fine according to her.

Mr. WALZ. I think she should be allowed to finish her answer.

Mr. FILNER. If she was a General and gave the Commander in Chief such a report she would be fired. I will yield back.

Mr. STUTZMAN. The Chair will remind the Committee, let us let the witness answer the questions once the question is asked. Mr. Michaud?

Mr. MICHAUD. Thank you very much. I have several questions. The first few are to ask for information. You mentioned the metrics that you deal with as far as bonuses and raises. Would you provide the Committee with the metrics that you utilize?

General HICKEY. I would be happy to do that, Congressman Michaud.

Mr. MICHAUD. Okay, thank you. The second thing, there has been a lot of discussion about the transformational plan. We have seen on the Web site the initiatives but can you also provide the Committee with the actual transformational plan that you have?

General HICKEY. I will be happy to do that, and I will be happy at your request to come speak to you, talk to you about it and walk you through it.

Mr. MICHAUD. Okay, thank you. The third is last time, looking at some of the problems in the different regions as far as accuracy and timeliness of approving individual veterans' claims, I asked for a copy of the different regions, the turnover rate within those regions. Could you provide that for the Committee as well? As far as staffing? Because I find that tends to be, some of the problem areas is when you have a high turnover rate because of it is not an employer of choice, so to speak. So could you provide that to the Committee as well?

General HICKEY. I will do that, Congressman Michaud. And I will also say that some of our turnover is not related to employer of choice, it is related to normal attrition relative to retirements and populations that move to new locations. Again, I tell you that 51 percent of our employees are veterans and sometimes they move to different environments as a choice.

Mr. MICHAUD. Sure. Yeah, if you could provide that. Looking at the Inspector General's report, and I mentioned it earlier, when you look at the error rate of 45 percent for the TBI claims. But at the bottom of that paragraph it talked about the rating veterans service representatives told the Inspector General that they did not return the inadequate reports due to pressure to meet productivity standards. Is there any standards that you have set to the different

regions to just try to get the numbers up there? To get it out there? And that is why we have a lot of problems with the error rate?

General HICKEY. Congressman Michaud, I will tell you that is not an acceptable policy. That is not one that I have given and mandated and directed. We do not want to pass errors by. We want to solve errors. In fact, what we have done recently in one of the transformation initiatives is to put quality review teams in every single one of our regional offices. Never done before. Never done before. These folks are STAR trained, our big team that looks at all of our quality accuracy and is well respected by this Committee and others, they are trained by them. And they are looking for those places in our system in the process, instead of just inspecting at the end, and they are taking those in process checks and they are making sure that they——

Mr. MICHAUD. That is okay. I just wanted to know whether or not there was a policy as far as just getting claims out. And that is one of the reasons why I want the metrics, to be able to see if there is a lot of emphasis paid on that versus other areas.

Do you have a plan in place if VBMS fails?

General HICKEY. I do not believe——

Mr. MICHAUD. Is there a backup plan?

General HICKEY. So I will start this and then I will deflect or defer to——

Mr. MICHAUD. No. Well, first is there a back up plan? Yes or no?

General HICKEY. So part of the reason why we have built an integrated plan that includes people, process, and technology issues is to buy down any risk of any kind and nature.

Mr. MICHAUD. All right. So I have got a lot of questions and my time is running short. So right now you think it is going to work, there is no back up plan, correct?

General HICKEY. It is unnecessary to have a back up plan at this point. We have seen it work.

Mr. MICHAUD. All right. How do you define VA's success under the VBMS in each step of the implementation? Do you have any definitions of success under that particular program?

General HICKEY. Our success factor is and has always has been, since the moment the Secretary said it is our agency priority goals, that we will do claims in 125 days, 98 percent quality, in 2015.

Mr. MICHAUD. Okay. Now how do you, can you provide the Committee on how many, because the concern I heard from some of the VSOs and veterans is the goalpost is moving as far as what is a backlog, and what is an error rate. Could you provide to the Committee or do you have it on your Web site, I do not think it is on your Web site, but as far as an ongoing visual, like on Monday you have X claims that are 30 days behind, 60 days, 90, and exactly what the problems are in that area?

General HICKEY. So Congressman Michaud, as part of our transformation plan VBA has presented all of its metrics in the Aspire database that is available to the public. And anyone can look at it at any point in time. I will tell you that we are focused on both production and quality, and we are now adding a three-month rolling quality average to see the effects of these initiatives that we have placed them in. And we have seen a full 4 percentage point increase in our quality in the last quarter.

Mr. MICHAUD. Okay. My last question is, I heard from some veterans and I know PVA mentioned it a little bit earlier and I will follow it up with PVA, when you look at, we have a Department of Veterans Affairs. And sometimes whether it is VHA or VBA they tend to work in silos. And some of the concerns I heard was that doctors within VHA and doctors within VBA, sometimes VBA doctors since they have got to approve the claim, will not accept what a VHA doctor has to say. Is that an accurate statement? And are there ways where you can break down the silo between VBA and VHA?

General HICKEY. Congressman Michaud, thank you for asking that question and affording me the opportunity to clarify. VBA does not have doctors. VBA has VHA doctors who come and sit in our VBA resource, in our regional offices. And they help us do some of the medical decisions that we need. But we do not have doctors in VBA.

I will tell you from the perspective and VHA and VBA working more collaboratively, we are doing that. We have an entire group of people now that work on a regular day to day basis between VHA and VBA on these claims.

Mr. MICHAUD. So where do those doctors come from though? Is it in the same area?

General HICKEY. They come from the VHA. VHA has compensation exam physicians. And that is where they come from, from VHA.

Mr. MICHAUD. Okay.

General HICKEY. From the Veterans Health Administration.

Mr. MICHAUD. Well why would you not just accept a VHA doctor's recommendations versus having another maybe VHA doctor in VBA questioning another VHA doctor?

General HICKEY. So Congressman Michaud, I will clarify again, we do not have doctors in VBA. They do not exist in VBA. We have doctors in the Health Administration and we rely on them for medical opinions and we also rely on private medical physicians for their opinions.

Mr. MICHAUD. So the doctor in VHA that you use, they can question another doctor in VHA? Is that what you are saying?

General HICKEY. I am just saying that our doctors come from VHA.

Mr. MICHAUD. So they can question another VHA doctor, then?

General HICKEY. They can have an engaging conversation, I am sure they do all the time, to collaborate over issues of a veteran's health.

Mr. MICHAUD. Okay. Thank you, Mr. Chair. I think we ought to work this out. Because I heard that there is a problem. And, you know, if you have a VHA doctor saying something then there should not be another VHA doctor that works with VBA to be able to question that. So I think that might be one way we can try to streamline the process. Thank you, Mr. Chairman.

Mr. STUTZMAN. Thank you. Mr. Walz?

Mr. WALZ. Well, thank you Mr. Chairman. And I would like to note that the Ranking Member's passion for veterans is never in question. And I as a veteran have benefitted from that. So I understand the frustration. I also think it is important, though. And my

point with the General and with many in VA is that commitment is there. General Hickey was the first class of female warriors to graduate from the Academy, one of our first pilots that came out of that. So I think that part of the transformation and trying to get at this, it certainly does not relieve that responsibility. But all of us together trying to figure this out, I think we can get there.

My question to you, Under Secretary, this, I am going to go to this last one that you went to. This VBA/VHA. VBA and VHA are colocated in the Sioux Falls regional office. They had some of the best processing and highest quality of claims. The new system forced them to send those somewhere else and my veterans in Southwest Minnesota, Northern Iowa, and South Dakota have seen claims times go up. And their fear is, is that as we try to take massive claim times down in other areas, that we are pushing up and reaching the lowest common denominator instead of asking everyone to try and come to that high level of excellence. Was that taken into consideration? Because there is a feeling amongst some very highly qualified and passionate folks in your, under your command, that they were doing great work and the system actually did not really benefit them. They actually went away from that. How do you explain that? Because I think that colocation was a key point that Mr. Michaud was bringing up. They are right there. I would walk across the street from one to another.

General HICKEY. So Congressman Walz, I will tell you that we are, we have worked very hard to do and keep our claims for our veterans in the states in which they are in. There are times when a particular regional office because of a surge deployment, and I will say, you know, when you have an entire Army group that comes back from a particular region, that can get very heavy on that regional office very quickly, especially if it is a National Guard or a Reserve unit that is located in that state and stays in that state. And so there are times when we look to say, how can we rebalance the load so that we can effectively get more and more of those claims done?

Mr. WALZ. But I am trying to figure this out. I come at this in civilian sector, it is the military experience but also as a cultural studies person, trying to break this. The one thing I think we have to recognize here is too, the common denominator over the last 20 years is Congress, too. We have been here this whole time. Our job is oversight. Some of us have come and gone, and so forth. Secretaries have come and gone, Under Secretaries have come and gone. The question I ask, and I think it is an important one, this, very small, but this is the claims chart, the flow chart that comes out of this or whatever. I would challenge my colleagues, I do not know if there is anybody here who knows how this whole process works. And I struggle myself to try and figure this out. What I am trying to mesh up is, this is the current claims chart. And if our belief is the inputs going into it were greater, all kinds of external factors, we still need to come out with a claim adjudication at some point in time. How do the initiatives, the transformation initiatives, how are these going to blend together to make this thing flow? Because I am having a hard time wrapping my mind around it. I think the frustrations that are being expressed is trying to clearly articulate and know. I would like to know, and if I asked

all of you, what happens to me as a 20-year veteran who was in artillery and I am having a little trouble hearing? And I go in? Where does it all start, and what happens, and how do I come out the other end?

General HICKEY. So thank you, Congressman Walz, for your question. I will tell you that in my years since I have been on staff here, and our Secretary, our Secretary has traveled to 25 regional offices and asked exactly those questions. Show me how it works. And they have walked him through, from Alaska to Texas to Maine. And I have done the same in the last year. I have been to 26 regional offices, where I told them make me a claim and walk me through and show me how that works.

I will tell you each one of those initiatives is focused at a particular area where we have seen problems in the process. So if you do a lean six sigma, for those of you who are familiar with those kinds of activities, where you take and break a complete process apart and then you find the places where you have delays, where you have disruptions, where you have problems in the process, we have targeted those 40-plus initiatives at those historical problems. So that is what those initiatives do.

The people initiatives help us with segmented lanes, which is an IRS model that worked for them. So we are taking lessons from IRS, where we can put things that go through quickly, through very quickly. Things that are very difficult to do through a special operations lane, and the body of the rest in the middle. That has made a difference in the ways in which we can get some of those easy ones done. We have learned other things as well.

Mr. WALZ. Under Secretary, and I ask you this. You have a long, distinguished career. You have been successful where you have been at. You have taken on, and thank you for doing so, an incredible challenge. You are going to be judged by the outcomes of this. Outcomes do matter. Are you comfortable that if we came back here in 18 months that we will see a significant change? Because I would have to say, I think probably skepticism is a health point here. My fear here is, though, is not only this Committee but the veterans are moving from skepticism to cynicism on the process. Are you comfortable, I mean, to lay that on the line? Because what we are asking is, we will give you the tools necessary to get there. You are going to be looked at and asked that question. Do you have the ability to crack that cultural malaise, or whatever it is, to get through to the other side?

General HICKEY. Congressman Walz, I value what you all think of me and the end of the success. But even more than that is the 23 million veterans who are out there, many of which watching today, and I want to tell them that I am committed to do this. We are committed to get through it. Change is hard. It is hard no matter who does it and where they do it. But we are tackling it and we have put out the right kinds of resources to do this right. I have a program management office that makes sure I do everything before I have to do the next thing, and be on time, and be on track. I have engaged with Labor to make sure we are doing it right. They understand what we are doing. I have gotten every single one of the memoranda of understanding signed by our great Labor partners in everywhere we are going. We are all in on this.

Mr. WALZ. Do you feel an effort of this magnitude has ever been made on the claims process?

General HICKEY. I do not. That does not shy me away from doing it. As you have mentioned, I was an Air Force general officer on the Air staff and I led an effort in my last career assignment to stand up 140 new missions in the United States Air Force. And nobody wanted to do it. And today there are UAVs flying over Afghanistan in support of our War fighters that I got to put there despite the fact that nobody wanted to fly a UAV at that time in the Air Force. We will make it happen.

Mr. WALZ. And I appreciate that.

General HICKEY. We care about our veterans, their family members, and their survivors.

Mr. WALZ. We are all in this together. I think our charge is that this is one of those cases failure is not an option.

General HICKEY. It is not an option.

Mr. WALZ. We have to get there. So I yield back.

Mr. STUTZMAN. Thank you, Mr. Walz. I would like to do a second round of questions if anyone has any. Because I would like to just talk a little bit about the scanning issue. Why did it take this Committee calling a hearing for the VA to meet with NARA to discuss next week's scanning contract expiration? I think the frustration that is felt around here, is that it is these sorts of things that we find out about. And why is there not some sort of proactive movement before this? Can you give us an explanation of when the contract is set to expire next week, there is not a new contract? Is there some other plan that the VA, VBA is planning on implementing? Is it going to be done in house? I know for us congressional offices we have folks that we could use to scan things in. I am sure, your system is a little bit more complicated. But, we are spending $10 million a year, if I remember the number correctly. It seems like we could do it cheaper and it seems like we could get it done. Is there a plan to address that?

General HICKEY. Chairman Stutzman, yes there is. I will defer the first part of it to my Assistant Secretary for Information Technology Roger Baker.

Mr. BAKER. Thank you. So I just wanted to talk to the NARA piece. NARA has been our partner on this for two years. So let me start with will we have an agreement with them by the end of this week to continue them for the next year? I believe the answer to that is yes. I know that is in process. I checked with my staff while we were listening to this go on, and got absolutely assurances that there is really nothing standing in the way of that completing by the end of this week.

So it is a little bit different than a normal government contractor relationship, because it is a government to government relationship. It is much easier to do. We have used NARA from a development standpoint. As we developed the VBMS, the relationship with NARA has been in my organization and coming out of my appropriation. As we transition the VBMS from development into full production we will move to a production level of scanning.

NARA will continue on and work with us, I believe at the 600,000 scanning pages level. But I think you also heard them mention the kind of level we need to get to, which is about 60 mil-

lion pages a month. And that is a private sector commercial level of scanning on that. Let me just turn it to the Under Secretary for a second and talk about that acquisition that is ongoing.

Mr. STUTZMAN. Do you know the cost of that? What is that going to cost?

Mr. BAKER. We have an acquisition out right now. We do not know the exact cost of that. Because it usually is priced on a per page standpoint. So depending on the per page that comes back——

General HICKEY. And Chairman Stutzman, I would be a little concerned we have an active acquisition at this point in time, about talking too broadly around it while we are going through that acquisition.

Mr. STUTZMAN. Okay. Let us go back then, why the delay? I think that an incident like this does not give us confidence that the job is going to get done. Because this is about veterans not about contracts between agencies. And I am sure, I know that it can be done more quickly and that is good. But why is it taking a hearing? Why is it taking so long for a contract to be renewed? It seems like you are really imposing on the good will of another agency. And that, well they are going to just keep doing it. We have got to handle this like a business.

General HICKEY. So Chairman Stutzman, I will say we have been in discussions with NARA for some time about our relationship. And over time we realized that as we were developing this past winter our requirements for intake, we call it ingest, meaning the ability to consume the data, we were learning more and more about that intake strategy. And we now have an intake strategy that initially does depend on scanning. But over time, but not over a lot of time, very quickly, we are going to more increasingly to a strategy that also includes data to data interface. What I mean by that is as we were discussing and briefing our stakeholders in the veterans service organizations and in your states at the directors of veterans affairs offices, they were talking to us about rather than scanning why do you not let your system connect to our system at a data to data level? That was a recently, January timeframe, new discussion that shifted some of our requirements for scanning.

So in those discussions with NARA, NARA and we both came to a mutual agreement that they would continue to sustain the level they have been doing with us, but that we probably needed a more short-term, big commercial capability to move the solution that they have developed into production as we move forward.

Mr. STUTZMAN. Staff just handed me the presentation you had given regarding the plan. And I am just reading through this and glancing through this. But it looks more like a presentation about the statistics, the problem that we know that we have. Are you going to produce an actual plan in addressing the backlog? A written out plan that could be presented to the Committee?

General HICKEY. Chairman Stutzman, we have a concept of operations that is in a written document, if you would prefer a Word document that describes all the details listed in that particular slide deck. I do not know if that is the full and complete one. It looks too short to be the full and complete, all the details. I do know that we spent several hours with the staff and I am happy

to do it again. I am happy to do whatever you need, whenever you need it.

Mr. STUTZMAN. I think that more information right now would be helpful. And this was what staff was handed at the hearing?

COUNSEL. Yes, this is the full copy of the presentation that you provided when we met with you. If it is shorter and there is more to it, we did not receive anything additional than what is right here.

General HICKEY. We will certainly provide that to the Committee.

Mr. STUTZMAN. Thank you. Any other Members? Mr. Filner?

Mr. FILNER. When you were asked do you have a plan, you said yes, we provided it to the Committee. This is not a plan. This is not a strategic plan. I will ask you again, do you have a strategic plan and why do you not just have it with you and give it to us? That is the title of this hearing. Do you have a plan to give to us this minute?

General HICKEY. I do have a plan, Congressman Filner.

Mr. FILNER. You have what?

General HICKEY. I do have a plan.

Mr. FILNER. Then——

General HICKEY. I do not have it in this book and these materials. I am happy to provide it to the Committee.

Mr. FILNER. Why are you not providing it to us in a plan of execution now. You are going to provide it to us? Why do you not have it here? You have 18 people here who work for you. Give us the plan. That is all we asked for. And you said you did it. We do not, we have some slides. We do not have a strategic plan of how you are going to execute this so called transformation which sounds more like a fossil formation. So where is the plan?

General HICKEY. So Congressman Filner, I have the plan. It is in Word document.

Mr. FILNER. Is it a secret one, or what?

General HICKEY. No, it is not a secret document. In fact I have shared it with veterans service organizations, with our Labor partners, with——

Mr. FILNER. I guess though if none of us have seen it, why do you not have it with you?

General HICKEY. I will be happy to bring it to you, sir.

Mr. FILNER. All right. Thank you. Now by the way, Mr. Walz, she does not need your defense here for her past accomplishments, and I do not need a lecture from you of her past. We are talking about what she is going to do for the VA now. I will stipulate any accomplishments that she has had. I respect her service. But if she cannot do this job, I do not care what she has done in the past, okay? So do not lecture me about how I do not have respect for someone's past. She is talking about the future, I mean the present and the future.

And she did not give one answer or one recognition that there was any problem, in all her testimony, in every answer. The Chairman asked her a number of things. She talked for three and a half minutes and did not give the answer and still does not know the answer. So let us talk about what she is doing right here, and right now. And I said if one of your veterans, and she did not answer

your question, your very good question, Mr. Walz, about the time period of what is going on in Minneapolis. She just said, "Oh, time to time we have surges." You asked are we heading toward a lowest common denominator, and that is, she never answered that. So do not, I mean, be, I think, a little bit more critical of the kind of answers we are getting.

We do not have a plan. This whole hearing was about a plan. If I were here, I would have given out the plan. But we still do not have one. And again, Ms. Hickey, if I were you, leadership comes from the top. The top is saying there is no problem. You ask any veteran in my district, in Mr. Walz' district, in Mr. Michaud's district, in Mr. Stutzman's district, is there a problem? Everyone will say yes.

Now you could say they do not understand fully, their perception is wrong, we have had a surge of this, we did this, we had the Vietnam era, I do not care what you, you have not either acknowledged a problem or say how we are going to get out of it. You gave us an assurance of a date. And Mr. Walz asked, I know you asked, it is not a very bright question, but you asked, are you committed? Is it going to happen? What is she going to say, no?

We have had these questions. We have had these commitments for years and years and years and years. And Mr. Walz asked you another softball question. Has anything been tried that is this big before? We have tried every single thing that you have as one of your initiatives has been tried, every one of them at some point. In fact we have had far more comprehensive plans than your 40 initiatives lumped together. Nothing has worked. It has gotten worse. And you refuse to admit it. You refuse to acknowledge it. And you do not give us a plan to fix it? What am I to think? Well, she was an Air Force General and did great things. Are you, if it does not happen by 2015 are you going to say, "I resign," or what? Or what are you going to make happen, if you are the top? And it is always two or three years out. It is never I am going to do this tomorrow. You have been working on this, your predecessor was working on it.

I do not have any assurance. You cannot even correct a date on the computer for a year and a half and you call it a glitch. What confidence do I have that you can do anything if it took you a year and a half to fix a glitch? On a simple, the simplest thing. Put a date in. I could have done it by hand in a few months. It took you a year and a half and you still have not done it. Well I am sure we will get a memo from you, I just bet, you want to make a bet right now, that you will ask for another extension. I just bet. When is that going to be done?

Why should we have any confidence in 2015 that a system of a million backlogs is going to be fixed when we cannot even get a glitch fixed in a year and a half? What gives me the confidence? That you were an Air Force General? Sorry, it does not work. Give me some confidence. What has worked so far? Everything has been a problem.

General HICKEY. Would you like me to answer what has worked so far, Congressman Filner?

Mr. FILNER. Yeah.

General HICKEY. I would be happy to do so.

General HICKEY. We have a rules based processing system that is being tested out of Congressman Walz' regional office.

Mr. FILNER. I am sorry, what program? Of what program?

General HICKEY. A rules based processing system that is being tested out of Congressman Walz' very good regional office in St. Paul, that has produced the results of the ability to send what is a claim that does not require a rating, which is another million claims in our bucket that we do everyday. And when we pushed it through that rules based processing system this week, it takes us four days. It used to take us 154 days——

Mr. FILNER. So when is that going to be replicated through our whole system?

General HICKEY. We saved 150 days.

Mr. FILNER. When is that going to be replicated to our whole system?

Mr. STUTZMAN. Let the witness——

Mr. FILNER. When is that going to be replicated to our whole system?

Mr. STUTZMAN. Let the witness answer the question before——

Mr. FILNER. I hear her. She said some pilot worked. When is that going to be replicated to the whole system?

General HICKEY. We are making those decisions right now as we speak, Congressman Filner. And we will have that system as soon as we go through making sure we have all the training right for our employees, so we do not ask them to do something we have not laid out in what we call a playbook that we have for every single one of these initiatives——

Mr. FILNER. You have no playbook for anything.

General HICKEY. That tells everyone how to do these new initiatives.

Mr. FILNER. You have no playbook for anything. I have not seen it. I have asked for it. You said we got it. It does not exist.

General HICKEY. Congressman Filner, would you like me to tell you something else that is working?

Mr. FILNER. I hear it worked in Minneapolis. I want to know if it is going to work in San Diego, and Seattle, and in Jacksonville, and in everywhere else, and what time, and you cannot even give me, you say we have not got a playbook yet. Give me a time that it is all going to come together.

General HICKEY. These are one of our new——

Mr. FILNER. I can do anything in one office.

General HICKEY. Would you like me to give you another thing that worked, Congressman Filner?

Mr. FILNER. Yeah, give me another thing, please.

General HICKEY. Fully developed claims. We have done fully developed claims with the support of our veterans service office who we cannot, we really depend on highly to help us in this regard. And I have great respect for what they do for our veterans every single day. Fully developed claims, we do in 117 days. That is well below the 125-day, 98 percent quality that we will do in 2015. 117 days, we do a fully developed claim.

Mr. FILNER. We passed that in 2008, Madam.

General HICKEY. Would you like another thing——

Mr. FILNER. We passed a law demanding that. And it is five years later now.

Mr. MICHAUD. Mr. Chairman?

Mr. STUTZMAN. Does the Ranking Member yield back? Mr. Michaud?

Mr. MICHAUD. Thank you. Thank you, Mr. Chairman. Quick question, will the VA be updating the disability benefits questionnaire to allow physicians to state a critical nexus opinion as recommended by the American Legion.

General HICKEY. Thank you, Congressman Michaud for your question. I will tell you next week we are actually meeting to update the DBQs with all the great inputs that people now who have been using them for about a month think and have brought forward some good ideas. And I highly encourage us, and I will take it back personally and make sure that that idea is inserted into that process to look at it for an option.

I will tell you on the DBQs, when we had them all approved and we had them available to our veterans, I made the decision to go ahead and put them out there to help our veterans as much as possible. We are simplifying those in a much easier user way for our doctors, both private medical physicians and our VHA doctors to use. And that capability is being built as we speak. And literally next week, I already took the demonstration on it. It looks great. DoD is going to use the same thing to help on our seamless process we do with our servicemembers who are leaving service.

Mr. MICHAUD. Thank you. And I just wanted to follow up from the first question I mentioned earlier as far as the Inspector General report, and I will quote, RVSRs told us they often did not return the inadequate reports due to the pressure to meet productivity standards. We continue to see this as an issue in our Fiscal Year 2012 reviews. So there evidently is some type of productivity standards out there that they have to meet. And it is because of that pressure that they are moving forward with these claims that I believe is causing part of the inaccuracy. So what is that productivity standards out there that at least that these employees feel that they have to meet?

General HICKEY. There are different standards of quality, Congressman Michaud, for different levels in the organization and different positions. But both of them are not just a production standard, there is also a quality standard. So you have to have both standards, not just one or the other. And that is helping us to focus on quality improvement as well. We have instituted those new quality review teams in the regional offices in order for us to do a less threatening but get to the point and get the claim done right, for our employees what we call an in process check. Meaning when the quality person comes and finds that you have done something in error, and you fix it right away and they instruct you on what you did wrong, it does not count against your performance standard. So that we are encouraging our employees to fix things right away, learn from that, and then not make the subsequent error down the road for the next claim.

Mr. MICHAUD. How is that weighted? Equally, as far as accuracy and production?

General HICKEY. This is important to note, our veterans of today's conflict, Iraq and Afghanistan, are coming to us with a higher number of medical issues per claim. Almost in some cases we are starting to see 15. The reason why this is important, if you can give me just a second Congressman Michaud, is because right now today our standards are if you get one of the 15 things wrong, even if that one does not affect the veteran pay, you get a big goose egg for that claim. We are looking at, and will be able to under the new VBMS technology, look at those medical issues by issue and be able to look at the quality by issue. I cannot do that today in our current paper bound process.

Mr. MICHAUD. So, wait you confused me. So the quality and the productivity standards are not weighted equally?

General HICKEY. From my perspective they are both, they are both weighted, both quality and production.

Mr. MICHAUD. They are both weighted, but are they both weighted equally?

General HICKEY. There is a balance between them, yes, Congressman Michaud.

Mr. MICHAUD. Okay. No further questions. Thank you.

Mr. STUTZMAN. Thank you. Mr. Walz?

Mr. WALZ. Thank you, Ranking Member. And fixing this thing is the ultimate goal, however we have to get there to do that. And I think it a point, and I will certainly say it, I take responsibility sitting on this Committee as being part of that. I will not be part of the problem with it. I apologize to the Ranking Member if there was any disrespect, because it was never intended to be that. Your passion for veterans is never questioned.

And I will say on this, of trying to get this thing done, we need to know. The past is prologue on certain things. We went into 2005 with a $1 billion shortfall in the VA because we were told these wars would last weeks, not months. Now we are a decade later. These are costs of war that we are talking about. These are long term prognoses. I am just fearful that if we compartmentalize and we silo again we do not bring into the greater effect of this.

We are going to have, we have aging Vietnam veterans. We are going to have aging Iraq veterans and Afghan veterans. And my thing is we will be right back here again trying to get at that.

So a couple of quick questions. Was NARA better qualified at the data entry than any private sector entity?

Mr. BAKER. I do not believe necessarily. I believe it was a good partner during the development. We needed somebody with expertise that we could access quickly. And it is much easier to access another government organization. I believe the skills for doing that work could potentially have been accessed from the private sector, which is why we are looking at the large volume being a private sector piece. But we believe they were the right partner for the development stage of VBMS.

Mr. WALZ. Because, and I will, in dealing with, and I think the frustration on the bonuses is there. But I will also be the first to say I will not allow good public servants to be thrown under the bus for trying to do their job. I will also not defend them if they are not, when we have got this. We have to use the best that we have. This is about delivering case. This is about what we know.

It is not the either/or proposition of the private sector versus the government. It is the hybrid model of public/private partnerships to get this done. I want to make sure we are utilizing those.

I want to make sure we give the tools necessary because this situation, and we feel hamstrung by this too, I guess, at certain times. Of just trying to make these command decisions to get it done. We have an opportunity here. The public is absolutely with us. They are telling me in my district, do what is necessary, but do not waste money on this. Do what is necessary to care for our veterans, do what is necessary to speed up the process, and I know there are successes everyday, and I can know there are successes on the VHA side everyday. But again, asking a veteran to wait, asking a veteran's claim to be drawn down, it is simply, if it is so complex that we cannot explain it to our constituents in a minute or two that becomes a real problem for them. And when I look at that flow chart I do not know what it means. I am really struggling with trying to get through this.

So I say again, all the frustrations here are for the right cause. I certainly do not see a softball question asking a General who has performed whether she can get this thing whipped or not and is ready to live with those consequence. I think the respect goes with that. But that is the reality, it is going to be there, Under Secretary.

General HICKEY. And I accept that, and I accept that oversight.

Mr. WALZ. I yield back.

Mr. STUTZMAN. Thank you. Thank you from this Committee for being here. Obviously we are expecting some follow-up. One, I would like the number of bonuses that VBA senior executives were given, and also for your headquarters staff. And if you do not have them here if you could please provide them for the record to the staff. And then also the plan that was being discussed and that you mentioned, if you could also have that delivered as well before closing. And then also we just want to let you know that we appreciate the testimony. We recognize that it is a tough job but our veterans are counting on it. And we have a responsibility to answer to our veterans back home. You have a responsibility to the veterans, and I know you know that. But we want to see this turn around and go the other way. With that, if any Member has any closing statements we just ask that you submit that in writing. And I ask unanimous consent that all Members have five legislative days to revise and extend their remarks and include extraneous material. Hearing none, so ordered. I thank the Members for being here, and I thank the panel for being here. You are dismissed. And this meeting is adjourned.

[Whereupon, at 3:32 p.m., the Committee was adjourned.]

A P P E N D I X

Prepared Statement of Chairman Jeff Miller

Good Morning,

Welcome to our hearing, "Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve Our Veterans."

Through their service and sacrifice on behalf of our Nation, veterans have ensured that our American way of life can continue long into the future. Our Committee has the privilege of serving these heroes, to whom we owe an immense debt of gratitude, by ensuring that they have reasonable access to the benefits they earned. This access to promised benefits has been made ever more difficult in recent years, as VA continues to struggle with unconscionable backlogs and unacceptable delays in getting our Nation's veterans the benefits they need.

On several occasions, Secretary Shinseki stated that VA would "break the back of the backlog in 2009." And, in an effort to do just that, VBA implemented a "Transformation Plan," consisting of various initiatives that have great potential to ease some of these problems. However, despite the development of this transformation process, the backlog continues to grow, and the rate of accuracy and processing time has, at best, remained stagnant.

Today, we will examine VBA's transformation plan and the effectiveness of these initiatives in resolving the core issues of processing time, accuracy of decisions and eliminating the backlog.

We will specifically focus most of our attention on the Veteran's Benefits Management System, or VBMS, as you will hear it called throughout this hearing, and which VA has consistently referred to as the cornerstone of its transformation process. I know that I, and my fellow Committee Members, have many questions as to when this system will be ready for national rollout, and how issues relating to the scanning of paper documents will be handled in the future.

As a matter of fact, VA's contract with the U.S. National Archives and Records Administration (NARA), the agency currently handling VA's scanning needs, expires on June 26th, just one week from today. Unfortunately, as is often the case when dealing with VA, they have waited until the eleventh hour to address this contract expiration and, to the best of my knowledge, are still working on contract solicitations.

This hearing also will focus on several of VBA's other transformation plan initiatives, including, Disability Benefit Questionnaires (DBQs), Simplified Notification Letters (SNLs), Fully Developed Claims (FDCs), the I–Lab, and the Appeals Design Team.

Although I applaud VA for taking the initiative to transform the claims process, we must ensure that these transformation efforts continue to progress in the right direction, and that they are ultimately helping veterans obtain the benefits they have earned.

It is time for VA to uphold its responsibility, to our veterans and to the American people, to break this cycle of un-productivity and deliver the benefits that the agency was created to provide.

Also, since I may need to leave before the end of the hearing, I want to take the opportunity to bring an additional issue to the attention of our VA witnesses.

Last week, the Chancellor of the Florida College System informed the Committee staff that VA had determined that 23 of the 28 Florida community colleges do not qualify to provide training under the Veterans Retraining Assistance Program, or VRAP, which was part of the VOW to Hire Heroes Act passed by Congress last November. The reason given for this denial is that each of those 23 community colleges awards only a very limited number of bachelors' degrees, most often in technical and health care fields, such as degrees in Bachelors' of Nursing.

It is clear to me that VA is ignoring the traditional community-focused approach these schools continue to offer. Unlike four-year schools that offer bachelors' and other advanced degrees, generally without regard to the needs of the local area,

community colleges continue to provide education and training that responds to the needs of their surrounding communities.

In fact, using VA's narrow definition of community college, if a school awarded one bachelors' degree, among hundreds or even thousands of associates' degrees, the school would not qualify for VRAP training—which is like saying that a bank offering coffee to its patrons is no longer a bank, but is actually a Starbucks.

And this issue is not limited to the state of Florida. According to the American Association of Community Colleges, 64 of its members in Florida, Nevada, Georgia, Texas, North and South Dakota, Puerto Rico, Arizona, Utah, Kansas, Wisconsin, New York, Oklahoma, Pennsylvania, Hawaii, Vermont, Indiana, and Washington also are authorized to award only limited numbers of bachelors' degrees.

I would note that several of these states have high unemployment rates among veterans.

Under Secretary Hickey, the VRAP legislation is intended to retrain unemployed veterans. We owe it to these heroes to not let even one of those VRAP slots go unfilled. I urge you, in the strongest possible way, to consider the spirit of the VRAP provision in defining the term "community college." Ensuring that veterans in those 18 states are given the opportunity to retrain for in-demand jobs at the institution of their choice.

Thank you.

With that I yield to the Ranking Member for his opening statement.

Prepared Statement of Hon. Gus Bilirakis,
Vice Chairman

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Thank you.

With that I yield to the Ranking Member for his opening statement.

Prepared Statement of Hon. Bob Filner,
Ranking Democratic Member

Thank you, Mr. Chairman.

We are here today to examine the efficiency and effectiveness of some of the elements of the Department of Veterans Affairs' Veterans' Benefits Administration's Claims Transformation Plan.

Since the beginning of 2007, the VBA has added well over 10,000 claims processing personnel and Congress has funded these requests. Yet the backlog still climbs.

However, merely adding more people to the same flawed system will not ensure proper benefits delivery to Veterans, their families and survivors. We need to continue to look at the system with fresh eyes to help VA manage its claims processing mission.

At the time of its enactment, the Veterans' Benefits Improvement Act of 2008, P.L. 110–389, was embraced by many stakeholders as a way forward for VA to revamp and modernize its claims processing system—to bring relief to those Veterans who were languishing in an antiquated system in dire need of reform.

I am pleased that P.L. 110–389 also planted the seeds for a number of initiatives that VA is currently undertaking, particularly its Veterans Benefits Management System and the Business Transformation Lab in Providence, Rhode Island.

However, the need is still there to focus on comprehensive reform that will result in a system that reflects improved accountability, accuracy, quality assurance and timeliness of claims and appeals processing for our Veterans, their families and survivors.

As the VA OIG recently concluded in its report after the inspection review of 16 VA ROs, VBA is processing 23% of its claims erroneously.

That's nearly 1 in 4 claims!

To change this, the VAOIG recommended that VA needs to enhance policy guidance, compliance oversight, workload management, training and supervisory review in order to improve claims processing operations.

Long story short, we need to focus on getting the claim right the first time!

I know that VA has developed a number of forward-thinking pilots and laboratory initiatives, but how will they actually help to put VA on track to processing its compensation and pension claims and appeals in a virtual environment using twenty-first century technology?

How will it help deliver the promise to improve the accuracy, consistency, quality and accountability of VA's claims processing system?

To deal with the massive scope of these issues, VA has a lot of irons in its transformation plan's fire, the biggest of which is VBMS (Veterans Benefits Management System).

However, let us not confuse activity for action.

Let us not confuse new processes with progress.

We all know the problem; it's been around for several decades.

I support the fact that the VBA is trying to operate more strategically under Secretary Shinseki's leadership and taking ownership of problems, the breadth of which, continue to perplex stakeholders of the Veterans community in terms of finding a workable solution.

But I must ask the tough question, **where is your plan of execution, your strategic outline to actually get there!**

Technology seems to be passing by VA and your execution is slow and sloppy!

Finally, I have said it many time before, it really is time to come up with outside-of-the box solutions and consider implementing practices like an IRS-type model system where claims are granted and then later audited.

However, these types of solutions would require a lot of buy-in— everyone is currently vested in a failed system that is hemorrhaging and all we have are band-aids.

How else will we dig out of a million-plus claims? I don't think VBMS will get us there. Nor will any of these other warmed-over pilots. The best thing I can compare the likely outcome to is a Shakespearean tragedy.

But we need to ensure that we adopt policies that show the highest trust of our Veterans —and which prevent them from waiting too long for a final decision on the benefits that have rightfully earned.

I look forward to hearing from our witnesses today. Thank you, Mr. Chairman, and I yield back my time.

Prepared Statement of Jeffrey C. Hall

Chairman Miller and Members of the Committee:

Thank you for inviting the Disabled American Veterans (DAV) to testify on the status of the Veterans Benefits Administration's (VBA) claims processing transformation initiatives, especially the Veterans Benefits Management System (VBMS). With 1.2 million members, all of whom are wartime disabled veterans, DAV is dedicated to building better lives for America's disabled veterans and their families. With the largest corps of National Service Officers (NSOs), DAV provides free representation to veterans and their survivors in seeking disability compensation and other benefits, working from within all 57 VA Regional Offices, as well as through our Mobile Service Office and Transition Service Officer programs.

This morning the Committee will examine the progress made by VBA towards reforming its system for processing veterans' claims for benefits, especially the lengthy and flawed system for determining disability compensation claims. While preparing for today's hearing, I reviewed testimony DAV has provided over the past two years in order to better present our views today, and I was struck by the change in our assessment of VBA's progress. At a Subcommittee hearing 24 months ago, we testified that, " . . . there were reasons to be optimistic about [VBA's] chances for improvement." Sixteen months ago we testified to the full Committee that there were, " . . . some positive and hopeful signs of change." And earlier this year, we testified that there were, " . . . many positive and hopeful signs that the VBA is on the right path." Although it must be stressed that there is indeed positive change and significant progress being made, there are also some troubling problems related to VBMS and other automation initiatives that now raise serious questions about whether VBA's transformation efforts will ultimately be successful.

Mr. Chairman, this Committee is well aware of the scale of the problems facing VBA. Over the past decade, the number of veterans filing claims for disability com-

pensation has more than doubled, rising from nearly 600,000 in 2000 to over 1.4 million in 2011. This workload increase is the result of a number of factors over the past decade, including the wars in Iraq and Afghanistan, an increase in the complexity of claims and improved outreach and communication utilizing new Internet tools, including social networking. Furthermore, new presumptive conditions related to Agent Orange exposure (ischemic heart disease, B-cell leukemia and Parkinson's disease) and previously denied claims related to the Nehmer decision added almost 200,000 new claims leading to a workload surge that is expected to level off this year. To meet this increased workload, VBA's workforce grew by about 80 percent, rising from 13,500 FTEE in 2007 to over 20,000 today, with the vast majority of that increase occurring during the past four years.

Yet despite the hiring of thousands of new employees, the number of pending claims for benefits, often referred to as the backlog, continues to grow. As of June 12, 2012, there were 911,450 pending claims for disability compensation and pensions awaiting rating decisions, an increase of more than 360,000 from two years ago when VBA was just beginning their transformation planning process. Almost 600,000 of those claims have been pending over 125 days (VBA's official target for completing claims), more than three times the number that existed two years earlier. But more important than the number of claims processed is the number of claims processed correctly. VBA's quality assurance program, the Systematic Technical Accuracy Review (STAR), indicates the current accuracy rate is just over 86 percent for the one-year period ending in April 2012. Although this is a slight improvement from one year prior, it is still well short of VA's target of 98 percent accuracy. Further, VA's Office of Inspector General (VAOIG) reported in May 2011 that based on inspections of 45,000 claims at 16 of the VA's 57 regional offices (VAROs), claims for disability compensation were processed correctly only 77 percent of the time.

VBA has struggled for decades to provide timely and accurate decisions on claims for veterans benefits, especially veterans disability compensation, and numerous prior reform attempts that began with great promise, sadly fell far short of success. Early in 2010, recognizing the severity of the problems they were facing, VBA's leadership committed to undertaking a comprehensive transformation of claims processing from an outdated, inefficient, and inadequate system into a modern, automated, rules-based, and paperless system. It has been two-and-a -half years since this latest reform effort began and we are nearing the point where VBA's strategies to transform its people, processes and technologies must begin to turn around this failing system.

At the outset, I want to make clear that we remain extremely pleased with the continuing partnership VBA has formed with DAV and other veterans service organizations (VSOs) to help reform the claims process. The outreach to VSOs that began about three years ago has been strengthened by Under Secretary Alison Hickey, whose commitment to working with VSOs on behalf or our nation's veterans is greatly appreciated. General Hickey has set a tone within VBA, reflected throughout her leadership team, emphasizing the importance of partnering with VSOs while designing the new systems necessary to ensure that veterans, especially disabled veterans, receive all their earned benefits in a timely manner.

In recent months VBA has begun to roll out a new operating model for processing claims for disability compensation, one that will change the roles and functions of thousands of VSRs and RVSRs at Regional Offices across the country. VBA is also launching new IT systems, including the Veterans Benefits Management System (VBMS), a new Stakeholder Enterprise Portal (SEP), an expanded e-Benefits system with VONAPPS Direct Connect (VDC), and other elements of their Veterans Relationship Management (VRM) and Virtual Lifetime Electronic Record (VLER) initiatives. VA's transformation strategy is centered around three main components: people, processes and technologies; today's hearing will focus primarily on the technology aspect, particularly VBMS.

Mr. Chairman, as you know, the VBMS has been in development for more than two years, with the first pilot location at the Providence, Rhode Island VA Regional Office (VARO) beginning in November 2010; a second testing site at the Salt Lake City, Utah VARO was initiated just over a year ago and two more pilot sites were recently stood up at the Wichita, Kansas VARO and the Fort Harrison, Montana VARO. The Providence and Salt Lake City VAROs are currently processing only original claims for disability compensation within VBMS, whereas both Wichita and Fort Harrison process all claims within VBMS and also use the new operating model developed from VBA's experience at its I–Lab in Indianapolis. Build upon the best practices developed from VBA's myriad of processing pilots conducted over the last several years, the I–Lab developed a new operating model for processing claims that relies on the segmentation of claims as its cornerstone. The traditional triage

function was replaced in the new operating model with an Intake Processing Center, putting experienced claims personnel at the front end of the process, with responsibility to divide claims along three separate tracks; Express, Core, and Special Ops. The Express lane is for simpler claims, such as fully developed claims, claims with one or two contentions, or other simple claims. The Special Ops lane is for more difficult claims, such as those with eight or more contentions, longstanding pending claims, complex conditions, such as traumatic brain injury and special monthly compensation, and other claims requiring extensive time and expertise. The Core lane is for the balance of claims with between three and seven contentions, claims for individual unemployability (IU), original mental health conditions, and others.

However, despite the General Hickey's leadership, and even acknowledging the progress that has been made, there are troubling issues related to VBMS and related IT and automation initiatives that could be harbingers of fundamental flaws with VBA's transformation plans. Although VSOs have neither the logistical capability nor IT expertise to comprehensively evaluate the complicated programming, software and hardware that make up VBMS, we are able to make firsthand observations from our interactions with VBA and VBMS that have caused us to reevaluate earlier more positive assessments. In particular, we have serious concerns about VBA's failure to effectively address some basic VBMS issues that have been raised repeatedly over the past two years: providing service officers who hold Power-of-Attorney (POA) for claimants with access to files in VBMS, implementing a scanning solution for paper claims files, particularly those involving legacy claims, and fully incorporating rules-based decision support.

Back in early 2010, when we were first invited to provide input into what became VBA's claims transformation strategy, DAV and other VSOs stressed the central importance of resolving issues related to the assignment and acceptance of POAs in VBMS. Without proper recognition of the POA by VBA, our service officers are unable to fully assist veterans with their claims, especially monitoring progress and working with VBA to get those claims done right the first time. This breakdown not only hurts the veterans we represent, it also hurts VBA since our efforts produce better claims, which in turn reduces VBA's workload.

However, despite our repeated entreaties to resolve POA issues before deploying VBMS, as of today, DAV's NSOs remain unable to access the VBMS system at the four pilot sites on behalf of any of the veterans we represent. Perhaps equally troubling is the fact that different work-around solutions have been developed at different VAROs in order to allow us to review decisions made with VBMS. For example, in Providence and Wichita, when a decision on a claim is made for one of our client veterans, rather than being notified that the "paperless" rating decision is ready to be reviewed in the VBMS system as intended, our NSOs receive an email which includes a PDF attachment of the decision that must be downloaded in order to review. Since it does not contain evidence from the claims file upon which the decision was based, our NSOs are directed to go into the Virtual VA system where a copy of the VBMS claims file is also being stored.

Contrastingly, in Salt Lake City, DAV NSOs receive email notification that a rating decision for one of our clients has been completed, but in order to see the decision our NSOs must leave their office and go to a different VBA building in order to review a paper copy of the decision. If DAV NSOs want to review the claimant's file, which is almost always done, the NSO must then make a separate request and the paper file is subsequently made available to them. Finally, in Fort Harrison, our NSO also receives an email notification that a rating decision has been made in VBMS; however, in order to review that decision and the corresponding evidence used, the NSO must go to the RVSR who performed the rating, whereupon the NSO is allowed to review the decision on the computer of the RVSR. It is not clear what the RVSR is doing while service officers are occupying their work stations and utilizing their computers, but we do know that our NSOs must spend a great deal of their workday away from their office to accomplish this necessary work.

VBA officials have told us that the reason VSOs cannot yet access the VBMS as intended is due to the Limitation of Consent section of the POA because VBMS is unable to provide different levels of access to different electronic claims files. When a veteran assigns DAV or another VSO their POA, they have the right to check a Limitation of Consent box that limits access to information relating to certain health matters, including issues with AIDS, drugs and alcohol. Although this limitation is rarely invoked, the VBMS currently provides either full access or no access to electronic claims files; it cannot provide partial or limited access. As a result, the system has blocked all VSO access to veterans' files. It is our understanding that VBA has a solution which will allow the vast majority of unrestricted POAs to be accepted by the system, thereby allowing us access to VBMS. This fix is to be included in the next iterative release of VBMS scheduled for July 16th. Even with this

solution, when a veteran does choose to limit access to this medical information, the system will continue to block the POA holder from having any access to that particular veterans rating decision or claims file in VBMS.

Mr. Chairman, VBA's failure to address this problem concerns us on two levels. First, the fact that such a basic POA issue was not addressed and resolved prior to live claims being done through VBMS raises doubts about whether VBA has given sufficient thought to the full range of POA issues we have been raising with them for years. Failure to deal with POA issues in a timely manner is not just a problem for VBMS, but also for the Stakeholder Enterprise Portal (SEP) currently under development by VBA and scheduled for release later this year.

Second, we question why VBMS does not appear capable of providing different levels of access to different files or parts of files for different users, since such basic security functions are routinely part of major software and IT systems used everyday across the nation. While we trust VBA will fix the first part of this access problem, we have concerns about whether they will be able to resolve the remaining access issues related to POAs in both VBMS and the SEP. If POA access issues are not fully addressed, it will be virtually impossible for VSOs to properly assist the veterans we represent. Moreover, the fact that such a basic prerequisite for VBMS success – POA access – was either unanticipated or ignored, and that it remained unresolved even as VBMS was being deployed, makes us question whether there may be similar fundamental gaps or work-arounds embedded in other parts of VBMS.

A second major VBMS issue that has yet to be satisfactorily resolved is VBA's proposed scanning and digitizing solution for paper documents and claims folders. Mr. Chairman, as you are aware, and will hear from later witnesses, VBA is currently relying on an agreement with the National Archives and Records Administration (NARA) to perform all of the scanning required to process paperless claims in VBMS at the four pilot VAROs. However, due to the volume of scanning required, NARA has informed VBA that they will no longer be able to perform this work, although we understand that they intend to continue supporting the scanning needs of the four pilot VAROs until a new scanning vendor is secured to perform this work. Apparently NARA's decision to stop performing this work caught VBA somewhat by surprise. We have been told that VBA will soon be soliciting contract proposals from outside vendors to perform scanning for the pilot VAROs, as well as the twelve additional VAROs scheduled to begin processing claims with VBMS by the end of this fiscal year. It is not yet clear whether the lack of a scanning vendor will delay the rollout of VBMS to the twelve additional VAROs, however the failure to properly plan for such an essential feature of the VBMS system troubles us and once again raises questions in our minds about whether there are other gaps or problems in their claims processing transformation strategy.

Mr. Chairman, even before VBMS was first conceived, it was clear that in order to have a paperless claims process there must be a comprehensive system in place to digitize paper documents. Yet VBA has failed to finalize a long-term scanning solution, in part because it has not yet definitively answered fundamental questions about when and which legacy documents will be scanned into VBMS. Although VBA has committed to moving forward with a paperless system for new claims, it has dragged its feet for more than two years in determining under what conditions existing paper claims files would be converted to digital files. Because a majority of claims processed each year are for reopened or appealed claims and because files can remain active for decades, until all legacy claims are converted to digital data files, VBA could be forced to continue paper processing for decades. We have been told that VBA's current plans are to convert claims files that have new rating-related actions, but not those with minor actions such as dependency or address changes. However, the uncertainty over the past couple of years about how much scanning would be required, and at what cost, is at least partly responsible for VBA's reliance on NARA, and its current rush to find a new scanning vendor.

While there are very difficult technical questions to be answered, and significant financial considerations involved in transitioning to all-digital processing, particular involving legacy paper files, we believe VBA would be best served by taking the most aggressive approach feasible in order to shorten the length of time this transition takes. While the conversion from paper processing to VBMS will require substantial upfront investment, it will pay dividends for VBA and veterans in the future. We would urge VBA to provide, and Congress to review, a clear plan for eliminating legacy paper files, one that includes realistic timelines and resource requirements.

Another area of concern with the VBMS system is the implementation of rules-based decision support for automating ratings. In our testimony two years ago, we called on VBA to ensure that VBMS was, "... designed to take maximum advantage

of the artificial intelligence offered by modern IT in order to provide decision support to VBA's claims adjudicators." After some initial indecision, VBA did commit to making such an element a core component of VBMS, which began initially at the Atlanta VARO as a local pilot program called the Disability Evaluation Narrative Text Tool, or DENNT. Early versions of DENNT, however, had serious flaws that included almost a total lack of sufficient information regarding the reasons and bases for rating decisions. After raising our concerns with Under Secretary Hickey, significant changes were made, and the DENTT program was rolled out nationally as the new initiative called Simplified Notification Letters, or SNLs, which provide automated rating decisions and notification letters. SNLs use automated calculators and evaluation builders to guide rating decisions and then rely on coded, standardized text to generate notification letters and rating decisions. However, many of the problems we objected to in DENTT are still present in the SNLs.

Traditionally, VBA rating specialists produced rating decisions that contained detailed information about the issues claimed, evidence considered, and the reasons and bases for decisions, as well as the pertinent laws, regulations and rating criteria. The rating decisions would accompany detailed notification letters that were sent to the claimant. By contrast, today's SNL decisions provide only brief information about the issues claimed, a list of evidence and the criteria for a higher evaluation, if pertinent. This accompanies a letter with formatted auto-text entries chosen by the rater through a series of codes. The rater simply indicates a specific code on each section of the rating decision (not provided to the veteran), which is then finalized by the post determination team under the Denial Reason or Explanation section boxes contained in the letter. In addition, there is a free text box to provide more detailed information about the decision; however in most SNLs that we have reviewed, such information is not sufficient and often leads to greater confusion rather than clarity.

Essentially VBA has created a rating decision that is combined with a notification letter, instead of having a separate and distinct rating decision and notification letter, in order to save time and reduce workload. However, many of the SNLs we reviewed contain so little information and explanation that even an experienced DAV NSO has difficulty determining if the rating decision was correct without reviewing the full file. Even if SNLs do lead to a reduction in processing times—and we have yet to see convincing evidence that they will—the lack of information and confusion created by such abbreviated decision letters will likely lead to more appeals, thereby shifting workload within VBA rather than eliminating it.

Let me cite as an example an SNL we reviewed for a veteran we represent who made a number of claims, including one for service connection for PTSD that was denied by VBA. In the SNL he received, under the paragraph entitled "What We Decided" VBA wrote that they had, "... granted entitlement to hospital and medical treatment because a psychosis or other mental illness was diagnosed within the required timeframe." But the letter then stated that VBA had, "... determined that the claimed PTSD was, "... not related to your military service, so service-connection couldn't be granted..." However, the box below that stated that the Denial Reason on the PTSD claim was because, "the evidence does not show a current diagnosed disability." Then to make it even more confusing, the box for the explanation of the denial states that VBA concedes that the veteran "... experienced a stressful event in service or fear of hostile military or terrorist activity."

The limited and confusing information contained in the letter above is typical of the problems that we have seen in SNLs at VAROs across the country. The common denominator in the majority of SNLs we have reviewed is an extremely limited amount of information and insufficient reasons and bases. In preparation for today's hearing, I randomly selected ten SNLs obtained from different VAROs to review for quality. Of the ten, eight were deficient due to insufficient information; inadequate reasons or bases; incorrect evidence listed or not considered; discrepancies in the raters' identified code(s) and the information in the letter; confusing or unclear language; and other similar problems. By contrast, the two SNLs that were accurate and acceptable provided sound explanations of the reasons and bases for the decision, primarily by utilizing the free text section to go beyond the coded, automated text. It was precisely for this purpose that the free text section was first added following the early problems with the DENTT program. However based upon our review, proper utilization of the free text section in order to make the SNL a clear and complete rating notification is still not being done with any consistency.

Ironically, many years ago, VBA rating decisions looked very similar to the shortened decisions contained in most SNLs: lacking detailed information and explanation. This practice was changed with the institution of RBA 2000, which required far greater detail, explanation, pertinent law and regulation, as well as holdings from the United States Court of Appeals for Veterans Claims. While we certainly

want rules-based decision support to be a central part of the new claims process and VBMS, VBA must not use technological automation to eliminate essential manual steps, such as the inclusion of sufficiently detailed free text explanations that are crucially important to the veteran. We believe that requiring raters to provide detailed, plain English explanations of their decisions will not only better inform veterans (and their representatives), but will also lead to better reasoned and more accurate decisions by the raters themselves.

It is unfortunate that SNLs were not more rigorously and systematically tested as part of a pilot program before being rolled out nationally. It would have been better to address these problems before a large number of decisions were made; however, it appears that the pressure to reduce the backlog took precedence over the goal of reforming the system so that each claim is decided right the first time. The above problems with SNLs again cause us to question whether VBA has cut other corners within VBMS in order to meet self-imposed deadlines to reduce the backlog. We would urge VBA to take steps to address the deficiencies we have identified with SNLs, and put a system in place to ensure that there is consistency in how SNLs are produced both within and amongst VAROs.

At present, VBA has finished developing evaluation builders for all of the diagnostic codes in the VA Schedule for Rating Disabilities (VASRD); however, only about half of them have been embedded directly into the VBMS system; the remaining ones are still functional but sit outside VBMS. The major difference is that evaluation builders residing outside VBMS are not able to be as easily or quickly modified when corrections or changes are necessary, a concern since the entire VASRD is currently in the process of being updated and revised. We would urge VBA to move as expeditiously as possible to fully embed all calculators and evaluation builders directly into the VBMS system.

Two other vital components to the success of both VBMS and VBA's transformation strategy are training and quality control. As VBA transitions to digital claims files, VBA's existing STAR quality assurance system must be able to access VBMS files electronically in order to conduct their reviews. We understand that such basic access is currently available and that the VBMS team is working with the STAR office to determine other business requirements. In addition, VBA must ensure that the new Quality Review Teams (QRTs) at each VARO have the ability to review claims at every stage of the process. VBMS must be focused at least as much on increasing quality control as it is on producing more claims decisions.

In order to transition employees to the VBMS work environment, web-based training modules have been developed for new users; however, trainers will be onsite when VBMS rolls out to new VAROs. Instead, each VARO will have a number of "super users" who will receive about six hours of web-based training, compared to three to four hours for normal users. Additionally, ongoing training and support, as well as a help desk at VBA central office, will be available to VAROs or individuals with problems. Since we have not had a chance to review the new VBMS training materials, we are not able to comment on whether its content or length is sufficient. However based on our experience with VBA's existing employee training programs, about which we have testified several times to this Committee, we would urge VBA to ensure that sufficient time is provided to employees to properly complete all required training. We would also recommend that testing of the training be conducted to ensure it is being properly received by employees and that it is appropriate to the task at hand. Finally, we hope that the decision to rely on web-based training was not made for budgetary reasons. The upfront cost of providing thorough training will be far less than the future cost of correcting inaccurate claims decisions.

Two years ago, when VBA was just setting out on the path towards transforming their claims processing system, DAV's testimony to this Committee offered a few major recommendations. We called on VBA to partner with VSOs and fully integrate us into the new VBMS system. We recommended that VBA make an early and clear decision on how to handle the conversion of legacy paper files. We also urged that rules-based decision support be fully incorporated into VBMS as a core component, and stressed the importance of training and quality control. Finally, we called for an outside, independent review of VBMS, since neither VSOs nor Congress have the IT expertise to make informed judgments about whether VBMS is being developed properly. Based upon the concerns raised in our testimony, we believe it is now more crucial than ever that such a review be conducted by a private sector panel of experts. Rather than a GAO audit, or a consulting company review, we envision bringing in leading systems experts from major IT companies such as Google, Facebook, Amazon or Apple, who might be interested in providing some of their leading experts pro bono to sit down and talk with the VBMS team to determine if they are on track. We believe that there are many companies looking for ways to support our nation's veterans with no other conflicts of interest. This kind of ex-

pert private sector perspective could either result in greater confidence that VBA is on the right track, or provide an informed judgment about where and why they have gone wrong. Either way VBA has something to gain and nothing to lose.

Mr. Chairman, we have long advocated that in order to achieve long-term success, VBA must make a cultural shift away from focusing on speed and production to a new culture built upon quality and accuracy. It is not enough to simply lower the backlog, after all backlogs can return. Moreover, it doesn't matter how quick a claim is completed if it is not done correctly. However, despite the problems with VBMS discussed in our testimony, we have not concluded that VBA's transformation efforts cannot be successful. Therefore, we would urge this Committee to continue to oversee and support VBA them as they seek to complete the VBMS, mindful of the concerns we have raised. For the 3.8 million disabled veterans who rely on disability compensation to meet some or all of their essential needs, it is imperative that we finally and truly reform VBA's claims processing system, and a successful VBMS must be a central component of that change.

That concludes my statement and I would be pleased to answer any questions you may have.

Executive Summary

- Over the past decade, claims for disability compensation have more than doubled, rising from nearly 600,000 in 2000 to over 1.4 million in 2011; during this same decade, VBA's workforce grew by about 80 percent, rising from 13,500 FTEE in 2007 to over 20,000 today.
- As of June 12, 2012, there were 911,450 pending claims for disability compensation and pensions awaiting rating decisions by the VBA, an increase of more than 360,000 from two years ago; over 600,000 of those claims have been pending for more than 125 days. VBA's accuracy rate according to STAR is currently 86 percent, far below the target of 98 percent.
- For the past 2 1/2 years, VBA has been developing a new claims processing model while also undertaking several IT initiatives, especially the Veterans Benefits Management System (VBMS). We are now nearing the point where VBA's strategies to transform its people, processes and technologies must begin to turn around this failing system.
- Although it must be stressed that there is indeed positive change and significant progress being made, there are also some troubling problems related to VBMS and other automation initiatives that now raise serious questions about whether VBA's transformation efforts will ultimately be successful.
- The issue of VSO access to VBMS and the scanning of information and evidence into VBMS, especially the handling of legacy paper files, remain unresolved by VBA and deeply concerning to DAV. Without access to VBMS, VSOs are not able to review decisions and corresponding claims files, leaving us unable to properly assist our client veterans, as well as VBA.
- Instead of resolving the VSO access issue, a number of questionable workaround measures have been implemented at each of the four pilot VAROs, differing from station to station. Instead of resolving the scanning of files, especially legacy files, VBA is nearing the end of a temporary agreement with NARA without a long-term solution.
- VBA has implemented nationwide a streamlined rating decision notification process called the Simplified Notification Letter (SNL). Since inception, the new SNLs have raised serious concerns amongst veterans and VSOs, primarily due to the lack of information, explanation and insufficient or inadequate reasons and bases being provided.
- VBA's plan is for the fully automated evaluation builder, rating calculator based SNLs to be integrated into the automated VBMS system; however, after 2 1/2 years since the transformation process began, problems with both the VBMS and SNLs raise serious concerns about VBA's focus and ability to be successful in the overall transformation.
- Since neither VSOs nor Congress have sufficient IT expertise to evaluate technical questions about VBMS, a panel of independent, outside IT experts from the private sector should review VBMS and provide an informed judgment about its progress and chance for success.

Prepared Statement of Gerald T. Manar

MR. CHAIRMAN AND MEMBERS OF THIS COMMITTEE:

On behalf of the more than 2 million members of the Veterans of Foreign Wars of the United States (VFW) and our Auxiliaries, I would like to thank you for the opportunity to testify today on the VBA claims transformation plan within the Veterans Benefits Administration (VBA).

Over the last 20 years we have watched VBA struggle to determine how it would modernize its claims processing systems. "Struggle to determine" because VBA has lacked a coherent vision of what a 21st Century claims processing system should be. Lewis Carol, author of Alice in Wonderland, is often quoted as saying: "If you don't know where you're going, any road will get you there." To the despair of many of us, VBA started down many roads, only to find that nearly all got them precisely nowhere.

In our view, VBA is still struggling to find its vision. Without a clear vision, an ultimate goal, it advances in fits and starts, making some progress, but often at the cost of wasted time, money and the energy of its people.

In the last year Allison Hickey, Under Secretary for Benefits, has worked hard to bring that vision into focus. Just a year ago this month she called 50 people to a Strategic Planning and Implementation Workshop. Through two grueling, 12-hour days she worked with them to define where VBA should be by 2015. By the end of the workshop they had taken the vision from its murky, ethereal shape and had developed the outline of goals and the start of a plan.

They started the process of paring away the programs and pilots that weren't working. They sought to identify those things that were working but not delivering sufficient value to continue. Then they began to examine which of the remaining initiatives would help them get to their goals, and figure out what was required to further the process.

In all of this there was a recognition that VBA could not overhaul its claims processing systems without first overhauling its computer and software infrastructure.

How best to describe the computer systems used by VBA to process claims? Imagine a house first built in the late 1970's. The house was an old design but because the plans and materials were already out of date, the price to build it was considered reasonable. The house was modest at first, and because it was new, its owners thought that it would serve them for many years to come.

Over the next 40 years many rooms were added to the house. The rooms had funny names, such as BIRLS [1], COVERS [2], RBA 2000 [3], BDN [4] and MAPD [5], to name a few. Each room was added at different times. Some doors failed to open onto hallways. Some had central air conditioning while others had none. In some rooms the plumbing worked fine while there were chronic problems in others. Visitors to this house often had to go back outside and enter through a different door just to get to another room. As a consequence of poor planning and design, the house was not very efficient and it was difficult to live in.

This analogy describes the computer systems VA uses today. While it is true that many changes and improvements have been made, the basic foundation on which all these systems are built is inadequate to support a functional claims system. It is slow, inefficient, requires repetitive input and it is difficult to update and repair.

VBMS is VBA's attempt to build a foundation for a new house. It's not just designed to sustain the software programs VBA envisions for the immediate future, it is intended to be sufficiently flexible to allow the addition of programs not yet contemplated.

It is important to understand that VBMS is the foundation. VBMS is designed to facilitate the creation of efficiencies. As such, we do not anticipate that the rollout of VBMS over the next year will initially result in significant improvements in claims processing timeliness or quality. In fact, if history is any guide, the deployment of VBMS will actually slow claims processing during the first 6 months as software problems are identified and fixes installed.

We do anticipate some efficiencies from the start. For instance, information concerning individual veterans, now scattered in multiple locations requiring separate

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[1] Benefits Identification and Records Locator System

[2] Control of Veterans Records System

[3] Rating Board Automation 2000 was an updated version of the original Rating Board Automation program

[4] Benefits Delivery Network

[5] Modern Awards Processing - Development

input, will be stored in one location. Whenever that information is required, VBMS is designed to retrieve that centrally stored data.

For instance, right now a Veterans Service Representative (VSR) must enter a veteran's address in several different programs to ensure that the address is current. Systems do not automatically update. Similarly, a veteran's Power of Attorney (POA) must be entered in different programs to allow access by veterans representatives. With VBMS, a VSR need update the system in one place only and other programs will draw from that central data point to find the most current address or POA.

There has been some discussion of late that the deployment of VBMS may be delayed. There is a fine line between rolling out a new program too soon and delaying rollout too long while seeking to fix all the problems. VBA's initial plans for rapid development and deployment of VBMS were, in our view, unrealistic from the start. It is our understanding that development and testing of VBMS was to be conducted in rapid succession: collect the business requirements in Baltimore for a few months, deploy the first version to Providence for 6 months, update and deploy the second version to Salt Lake City for 6 months then roll it out to the other regional offices. To date VBMS is in four regional offices and, we are told, fewer than 800 cases have been processed to completion.

We believe that rolling out VBMS prematurely, before it is fully stressed to identify the majority of issues and problems it contains, is a bad business practice, bad for veterans and bad for morale of an already demoralized VA workforce. Examples are replete in the history of VBA claims processing of what happens when a new software program is deployed before it is ready for prime time.

BIRLS has been a useful tool to aid claims processors for many decades. It contains, among other things, data on veterans' military service. In an effort to clean up and verify the data contained in this program, VBA undertook a project in the1980's called BIRLS Redesign. This program was rolled out to the field without adequate testing. As a result, tens of thousands of records had to be corrected or updated by hand, costing VBA thousands of man-hours of lost productivity.

In the 1990's VBA developed a program called RBA to assist rating specialists in the completion of rating decisions. In 2000, VBA updated the program and deployed it to the field without sufficient beta testing. As a consequence, creation of rating decisions slowed to a crawl while thousands of VA's most critical decision makers spent months identifying software bugs and struggled with "workarounds" while computer programmers fixed problems.

While it is counterproductive to delay release of a computer program until all the bugs are identified, these two examples are ample evidence of what happens when a new program is inadequately tested and released too soon.

We encourage this Committee to continue its oversight of VBA and VBMS while recognizing that it may be necessary to accept modest delays in deployment of this major initiative in order to avert the negative effects of rolling out a program with defects simply to meet a deadline.

VBMS is just one of many initiatives underway in VBA. A list of Transformation Initiatives[6] on VA's website offers a fascinating, though dated, summary of the dozens of ideas tried, adopted or discarded in a quest to find the most efficient way to develop and decide claims in a timely manner.

Simplified Notification Letters (SNL) is an initiative thoroughly embraced by VBA leadership. An examination of what this initiative does to veterans is illustrative of the mindset of VBA in the last year.

The veteran service organizations first became aware of this project in June 2011 when our service officers in Atlanta notified us of its existence. Initially called Disability Evaluation Narrative Text Tool (DENTT) and later Rating Redesign, a team working in the Atlanta and St. Paul regional offices designed a process which could best be described as "Back to the Future". Instead of creating a time machine in a DeLorean, this team reached back to a simpler pre-VCAA, pre-veterans court era when ratings were simply conclusions with no discussion of the evidence considered nor the reasons and bases as to why the decisions were made.

Instead, this initiative, now called SNL, required the rating specialist to include a set of codes at the end of the rating. The codes, in turn, were used by VSR's to select standard paragraphs for inclusion in the decision notice letters to veterans. While these standard paragraphs were better written and more understandable than those previously used by VA, they were generic and did not include the minimum information needed by a veteran to decide whether the decision was likely to be correct. With only general information provided by VA, veterans are faced with

[6] Transformation Initiatives; *http://benefits.va.gov/TRANSFORMATION/docs/initiatives.asp#i-lab,* November 18, 2011.

the choice of blindly accepting the decision or filing a Notice of Disagreement[7] in order to obtain the reasons for the decision.

In September 2011, the VFW conducted an on-site review in Atlanta of rating decisions made under this initiative. After reviewing 60 ratings and accompanying notice letters we concluded that the quality of the rating decisions was worse than that reported by VA through its STAR quality review program, and that veterans were not receiving adequate notice to satisfy legal and judicial requirements. Local management bragged that production was increased by 40 percent when cases were rated under this initiative.

Over the ensuing months we continued to complain about the inadequate notice being provided to veterans. To be fair, Under Secretary of Benefits Hickey listened to our concerns and changes have been made in the SNL program in an attempt to address the problems we noted.

Under the most recent changes, rating specialists were given additional instructions on providing sufficient details and discussion to explain their decisions. Restrictions on how much "free text" narrative they could insert in a rating were removed. At the time these changes were implemented in late February, 2012, we concluded that if field personnel followed the instructions it would be possible to create barely adequate decisions and notice letters.[8]

Since May 2012, the VFW has conducted a review of SNL ratings and letters from several regional offices. Fifty three (53) percent of the cases reviewed contained errors in either the rating, decision letter or both. There were only a few examples of where claimants were provided what we view as legally adequate notice.

VBA's apparent inability to compel compliance by rating and authorization personnel with the most recent written directives concerning the SNL program force us to renew our opposition to this initiative. While we understand VBA's desire to increase production, we believe that this increased output is being done at the expense of veteran's legal right to know why decisions have been made in their cases. No two veterans, nor their disabilities, are alike. Canned generic paragraphs are not sufficient to tell them why their claims were decided in a particular way. VBA should suspend the SNL program until they can ensure that veterans receive adequate notice as required by law.

Mr. Chairman, this concludes my testimony, and I look forward to any questions you and the Committee may have concerning these issues or other programs or pilots the VA is conducting to improve the claims process.

Information Required by Rule XI2(g)(4) of the House of Representatives

Pursuant to Rule XI2(g)(4) of the House of Representatives, VFW has not received any federal grants in Fiscal Year 2012, nor has it received any federal grants in the two previous Fiscal Years.

Prepared Statement of Richard Dumancas

Chairman Runyan, Ranking Member McNerney and distinguished Members of the Committee:

Thank you for this opportunity to come before you today to discuss the Department of Veterans Affairs (VA) efforts to transform the claims processing system for the 21st century and beyond. The much beleaguered claims system has been under harsh criticism for quite some time as VA has struggled under a massive backlog of claims and tried to work towards a system that could deliver earned benefits to veterans in the timely manner they deserve.

Not so long ago, in the summer of 2010, VA Secretary Shinseki boldly promised "This is the year we break the back of the backlog" and set forth the admirable goal

[7] A Notice of Disagreement is the first step in the appeal process. Upon receipt, VA is required to review the decision, determine if additional development is required, and a new decision is warranted, If no change is warranted, a Statement of the Case, which provides the reasons and bases, as well as applicable citations of law and regulations supporting the decision, is issued to the appellant. 38 CFR 19.26; 20.201.

[8] VA regulations and Federal court decisions make it clear that VA must provide claimants the reasons and bases for the decisions it makes. "Every claimant has the right to written notice of the decision made on his or her claim . . . " 38 CFR 3.103(a). "Claimants and their representatives are entitled to notice of any decision made by VA affecting the payment of benefits . . . Such notice shall clearly set forth the decision made, any applicable effective date, the reasons for the decision . . . " 38 CFR 3.103(b). See also Gilbert v. Derwinski, 1 Vet.App. 49, 56–57 (1990) and Bolton v. Brown, 8 Vet.App. 185, 191 (1995).

of 98 percent accuracy and no claim pending more than 125 days; all in a timeline achievable by 2015.

Yet here we are, two years later, and seemingly little closer if at all to solving the problems which plague VA and foster the backlog. Is VA meeting their benchmarks? In the summer of 2010, VA had 551,131 claims pending, 197,831 of those longer than 125 days. Therefore 35.9 percent of claims fell within VA's internal definition of "backlog". Fast forward to this summer, as of the June 11, 2012 Monday morning workload report, VA is now struggling under 911,450 claims, a whopping 597,237 of those are pending over 125 days. Over 65 percent of their workload now is in backlog.

Though it is more difficult to measure, VA's accuracy figures do not appear to be going in a positive direction either. Whether VA's internal Statistical Technical Accuracy Review (STAR) figures are used or outside audits such as The American Legion's Regional Office Action Review (ROAR) figures, VA is still clearly far from achieving the stated goal of 98 percent accuracy on their claims processing.

For many years now we have heard promises of changes to the system which will revolutionize claims processing. Time and time again VA has stated a strong commitment to ending this backlog, yet are we close to turning a corner or still stuck in the mire?

In order to break the backlog VA has unleashed what must be an unprecedented number of pilot programs and initiatives to tackle the Herculean task of taming the claims quagmire. The American Legion remains concerned at the lack of clear direction from VA as to how the best performing measures of the pilot programs will be implemented and standardized across the entire benefits system.

VA's Veterans Benefits Management System (VBMS) promises to be a great boon to VA in terms of the benefits of leveraged technology it offers, yet roll out has been slow; it is still unclear if it will be the panacea to the myriad ills of the claims system VA's IT professionals have been promising. Certainly there are still many questions in that area.

There have been areas of improvement in some of these programs, yet The American Legion is concerned many positive gains will be lost in the sheer volume of data VA is compiling on the success or failure of the multitude of projects and programs. It is important to recognize the achievements and problems posed by many of these programs individually, then hopefully move towards an overall model that incorporates the positive features and overcomes the negatives to ensure VA is not working from a handicap in their fight to end the backlog.

VBMS

Perhaps the most heralded and lauded method of attacking the backlog VA has put forth is the Veterans Benefits Management System or VBMS. VBMS has been the answer to most questions regarding the backlog for the last couple of years. VBMS will help VA manage their case load with greater speed, and will move the operations into a truly paperless environment. If VBMS ever ultimately delivers what is promised, it could solve a number of problems and be a great boon. However, promises that VBMS would be fully implemented by the end of 2012 have been pushed back to the end of 2013 and with only four locations currently utilizing the system; red flags have been raised about how soon we can expect an impact on reducing the backlog.

There are many benefits VBMS offers. As a web based application, the data is supposed to be accessible anywhere within the system by multiple parties if need be. This facet alone can help with communication speeds and also allow simultaneous work by VSOs and VA personnel alike, and will potentially eliminate lost files and issues with VA's COVERS system. Initial experience is showing some lag issues and delays in opening files that, while perhaps minor in terms of a single file, could represent work delays over the course of multiple files in the course of a day's work. Furthermore, these lag issues are showing up with a relatively small number of users in pilot sites, and when the whole system goes nationwide, system demands will presumably be far greater. These speed of communication issues may be hardware related. Technical problems are not uncommon in tech beta testing, and ultimately they should be able to be resolved.

Within the operating system there are errors that may or may not be fixed as more familiarity is gained with the system. When asked to comment on using the system, one of our American Legion contacts in an office where VBMS was in use made the following comment:

- *"Despite recent hardware upgrades VBMS continues to take between 15 and 20 seconds to load each page of an electronic record. When a VSR is potentially reviewing hundreds of records this delay can amount to hours of daily lost produc-*

tivity in claims processing. Within VBMS, testing is taking approximately three times longer and development is taking approximately four times longer . . . Additionally since we are back scanning entire multiple volume claim folders every old document from the claims folder shows as a new mail indicator; thus, supplemental development cannot be effectively managed. The only way to remove the new mail indicator is to singularly open each and every document in the e-folder, with a 15 to 20 second delay for each page, again resulting in hours of lost productivity."

The ease with which claims data can be shared nationwide is touted as a positive in that it better facilitates the brokering of claims without substantial shipping costs, delays, or the potential to lose a veteran's claims file in the mail. However, The American Legion is not relieved by a potential "feature" of improved ease of brokering claims. Brokering claims and the consolidation that often accompanies shifts in work have proven problematic in most cases in the past. Pension claims were consolidated in 2009 and since that time the number of claims has risen by 70 percent and the backlog of those claims has more than doubled. Consolidated Call Centers have unleashed new problems. The Appeals Management Center (AMC) is only now beginning to turn around a long history of possibly making the problem worse that had led many to speculate it would be shut down only a few short years ago.

The American Legion is wary the ease of data transfer will only encourage the process of consolidation and specialization that has proved disastrous for VA in the past. Furthermore, brokering and consolidating has usually had the end effect of utilizing a good office to cover for the mistakes and mismanagement of a poor performing office, without ever fixing the root causes at the poorly performing office. In the end, the top performing offices do not see their best practices shared as an example for others, but simply get another heaping pile of work for their troubles.

Further troubling in the implementation of VBMS is the lack of change of work culture accompanying the new operating system. In several offices where VBMS is in use, American Legion service officers have noted VA end users already spending excessive amounts of time using "work around" methods to facilitate getting through the day's business. If the program is only in pilot stages, in limited use, and already the "work around" mentality has taken root, this must be recognized as a key concern.

Finally, perhaps the largest concern looming for the full implementation of VBMS is the issue of scanning existing claims files to an electronic format. As of right now, there are far more questions about this aspect of VBMS than there are answers. Is VA prepared for the massive volume of scanning, with attendant Optical Character Recognition to ensure the new electronic files are truly searchable and useful in an electronic operating environment? Which files are to be scanned? Will only new files be electronic? Will files be converted to electronic when new actions are initiated on that file? Who will provide that scanning? Will there be a scanning division set up in every regional office, or will it be centralized? Will there be hybrid files, combining electronic and paper documents, and how will those files be handled?

The problem, with so many questions looming, is there has been little in terms of a definitive response from VA as to the long term plan that would answer these questions. In April VA announced a partnership with NARA to accommodate scanning needs, but as The American Legion understands it, NARA is unclear as to their role beyond the 2012 fiscal year. Furthermore there appears to be some confusion regarding the scope of NARA's involvement. The American Legion is hopeful testimony from both NARA and VA will help clarify these areas of confusion so concerned stakeholders can be reassured there is a comprehensive plan going forward for this lynchpin issue. A lot of weight is riding on getting the electronic scanning portion of this system done right, so ambiguity in this area is deeply distressing.

Disability Benefits Questionnaires

After many years of complaints from veterans service organizations about the lack of acknowledgment by VA of private medical opinions, VA has been working to implement an attempted fix to this issue. The Disability Benefits Questionnaires (DBQs) are standardized forms a veteran can bring to a private physician that clearly outline the necessary information needed by VA so the physician can provide all the information needed to be adequate for VA purposes. Given the problems and delays often involved in scheduling VA compensation and pension exams, these have the potential to help unclog the system for VA by allowing the private sector to share some of the burden.

However, early implementation indicated additional VA exams were almost universally being ordered even when the private physicians had filled out the DBQ forms. While at first there were concerns about long standing cultural views within VA towards private medical opinions, the redundant exams may be based on a simple error in the layout of the forms. There is no clear place on any of the 71 forms for a doctor to state a critical nexus opinion, an expert assessment of the likelihood any present disability is related to a veteran's service experience that is a critical and necessary component for service connection. Without a stated nexus opinion, the DBQ forms are useful only for increased rating claims, and not helpful at all in initial disability claims.

Thankfully, the simple addition of a clearly marked area for such opinions on each form could help make these forms a beneficial tool and The American Legion hopes VA will examine the possibility of refining the forms to include such information in the future.

I–Lab

In Indianapolis, VA has been working on an "I–Lab," an experimental process designed to maximize work from staff by directing case flow into multiple streams best suited for the type of claim being worked. Essentially, by shunting work to special productivity teams, VA can achieve a better work rate by allowing specialization on easy claims such as those with few issues or claims not requiring ratings, while more complicated claims would be developed and worked by teams with slightly lower goals but able to take the time necessary to do the complicated claims at the more deliberate pace necessary. There were separate "lanes" for the claims, such as Express, Core, Special Ops and "non-rating" for example.

While it is still too early to tell the overall success of the program, the initial feedback from our employees working in the Indianapolis regional office was that initially there was a lot of confusion and many of the claims started backing up when the system was implemented. However, once things got sorted out, some of the easier lanes started improving a good deal, with times on non-rating issues and the simple claims moving a bit faster. The "Core" claims lane is apparently still running way behind the other lanes however. The personnel in the office did feel encouraged VA was taking steps to work "smarter" in this case, rather than simply juggling numbers.

Fully Developed Claims

The potential problems being experienced in the Core claims "lane" of the I–Lab project are mirrored in some ways by problems beginning to emerge from one of the programs everyone has been supportive of, the Fully Developed Claims program. The idea behind the program was simple. If a veteran was willing to do all the hard work for the VA up front, and sacrifice a little of their due process, they would get a faster turnaround on their claim and a faster decision in return for VA having a greatly reduced burden of work to get the information necessary to decide the claim. Essentially, by doing VA's job for them, tracking down all the key information and submitting it at the outset of a claim, a veteran could expect a rapid decision because VA would not have to spend all that time developing the claim and doing the necessary research.

Unfortunately, anecdotal reports are currently indicating Fully Developed Claims veterans may be waiting longer than the standard claims process for their decisions. This could not be further from the intent of the program. Why would a veteran sacrifice their own time and energy to provide all the necessary research and voluntarily give up some of their due process rights for a claim that takes more time to process?

While it is unclear what is causing the delays, it could be as simple as the management of the "lanes" for processing. If VA only budgeted a certain number of employees to process these claims, and the volume of claims is exceeding their capacity, then it is no longer helpful to the process. Much like in traffic, when all the cars shift into the "Express Lane" it ceases to be the express lane.

Appeals

The Houston regional office currently houses an Appeals Pilot tasked with experimenting to provide a better appeals process. The most important wrinkle of the new process is the early and up front involvement of a Decision Review Officer (DRO) in the process. The DROs, some of the most experienced VA employees who review the claims and provide decisions at this first stage of the appellate process, contact the veterans right off the bat to provide a better picture of the appeal.

This informal contact with the veteran has the potential to help clarify the issues under appeal and also can help determine whether or not additional evidence is needed before the de novo review process.

The project is still in early stages, however there have been some troubling concerns raised by Legion staff working in the Houston office. The largest concerns circulate around possible encroachments on appellate rights of the veterans. We are hearing reports that some of these contacts with the veterans may be encouraging the veterans to waive the right to submit new evidence in their appeal. As new evidence is sometimes a key component to winning a claim on appeal, this would be a concern if veterans are being advised against its submission without proper counsel and guidance. Also, there are indications veterans are being told their DRO review would not be a de novo review. At every level of the appellate process a veteran is entitled to a de novo, or complete from scratch review of the evidence without concern for previous decisions. This is essential and important to ensure previous decisions which may have been flawed or faulty are not simply rubber stamped at every level. It should not even be in questions. It's simply what's right for the veteran.

If these concerns about appellate rights can be clarified, it's likely some positive moves can come out of looking at the appeals process. Even in a location as notoriously challenged as the Appeals Management Center (AMC) there are steps forward being made that are benefiting the veteran. The AMC was much maligned, and rightly so for a good portion of its history. In 2008 the AMC was taking nearly 400 days on average to complete a claim, and those claims had a remand rate of approximately 30 percent, meaning the accuracy was so poor nearly a third of the claims were continually sent back to be redone properly. The average days required to work a claim has been cut in half and the remand rate has dropped to just under 7 percent. The AMC is working with veterans' organizations to identify claims with multiple issues in which one or more issues can be rated even though others may still require further development. When these claims are identified, the AMC issues a partial rating for the completed issues and continues to work the remaining issue. The important step is the veteran gets some measure of relief with a decision letter and benefits money beginning to flow.

This is what happens with a mindset and dedication to turning a badly performing process around. The American Legion strongly encourages allowing that mindset to spread.

Summary

The VA is struggling with a massive backlog of earned benefits claims. In order to fix the backlog VA is introducing a wide assortment of pilots, projects and programs. With the raw volume of such measures, it is becoming increasingly difficult to separate the wheat from the chaff and determine which measures are truly improvements. But is it the techniques and technology, or is it a mindset problem?

Ultimately we will hear many promises from VA about the benefits of this technology or that pilot. We will hear the virtues extolled of what will finally happen when some specific tool or program is put into place. It may be a culture issue, and VA may have to look itself hard in the mirror and ask "Is failure an option?"

What The American Legion remembers however, is that America managed to put men on the Moon in under a decade's time, using rooms full of men working feverishly with basic slide rules and determination to make that happen. It's not always the modern technology that solves the problem; it's the will to take on a task and the refusal to accept alternatives to your goal. As the great NASA Flight Director Gene Kranz was fond of saying "Failure is not an option."

Executive Summary

The American Legion is concerned that despite an overpowering array of pilots, initiatives and technological improvements to the claims processing system, VA may be no closer to actually solving the issue of the claims backlog. While improvements must be made to a system that is allowing veterans' disability claims to languish far longer than is necessary for proper processing, it is becoming increasingly difficult to determine which programs offer the most hope for improvement. VA has placed a great amount of weight on the ability of the Veterans Benefits Management System (VBMS) to transform the working environment and fix the problems of the claims system. However VBMS and other programs may carry with them their own inherent faults and flaws which will only perpetuate ingrown cultural problems which continue to stymie efforts to improve the system.

Key concerns include:

- VBMS – Even though the program is in limited pilot implementation, employees are already resorting to work around solutions for flaws in the system. How much worse will this be when the system goes wide?

- VBMS – Lag and latency issues are delaying work time. Even a few minutes per document can turn into hours magnified over the hundreds of documents that must be viewed in a day.
- VBMS – The ease of data sharing may lead to increased reliance by VA on consolidation and brokering, which have had detrimental effects on performance in the past.
- DBQ – Disability Benefits Questionnaires while positive in intent, often lead to redundant VA ordered exams by doctors. This may be related to poor form design and a lack of direction for nexus opinions.
- I–Lab – Core claims "lanes" are backing up and showing slow performance, even if some of the specialty "lanes" have sped up performance.
- Fully Developed Claims – In some offices, fully developed claims are taking as long or longer than traditional claims, thus voiding any benefit to the veteran of signing away due process rights.
- Appeals – The Appeals Pilot in Houston may be denying some veterans appellate rights without benefit of proper counsel and explanation.

Ultimately, these problems may require culture shift within VA to fix. Technological fixes may not be as helpful as changing the VA mindset

Prepared Statement of Sherman Gillums, Jr.

Chairman Miller, Ranking Member Filner, and members of the Committee. Paralyzed Veterans of America (PVA) is pleased to present our views on Reclaiming the Veterans Benefits Process and the best methods of effectively serving our veterans, with particular emphasis on the Veterans Benefits Management System (VBMS). PVA thanks the Committee and the Department of Veterans Affairs (VA) for the opportunity to contribute to the discussion on the best way to promote timeliness and quality improvement in the VA claims adjudication process. We remain cautiously optimistic about the 21st century VA transformation plan moving forward and hope the transparency and collegiality enjoyed between VA and the VSO community as of late will continue.

To achieve real success, the Veterans Benefits Administration (VBA) must focus on creating a veterans' benefits claims processing system designed to "get each claim done right the first time." This goal cannot be over emphasized. This system needs to be based upon modern, paperless information technology (IT) and workflow systems focused on quality, accuracy, efficiency and accountability and must be capable of continuous improvement. VBA must evolve its corporate culture to focus on information gathering, systems analysis, identification of problems, creative solutions and rapid adjustments. If VBA stresses quality control and training, and continues to receive sufficient resources, timeliness will improve and production will increase and then and only then can the backlog be reduced and eventually eliminated.

The VBA has undertaken a number of initiatives and pilot programs to address the claims backlog and reform the claims process simultaneously, which seems to be the typical Washington response to a problem: "do a study" or "create a pilot." While PVA understands the need to explore new ideas, there are so many initiatives and pilots currently in process, that the defined outcome, if any, is obscured. PVA believes VA's effort would be well served by deciding on what is going to work and simply get it working. If the system is adaptable to changes and new information, it would allow for necessary adjustments to be implemented more rapidly. We expect progress, not perfection. If perfection is VA's ultimate goal with all these initiatives, we may get neither.

Specifically, we note that VA has presented over 40 initiatives as components of its transformation plan, spanning all aspects of the claims adjudication process. This signals a commendable effort on VA's part to comprehensively confront issues that have long plagued its systems and processes. However, the success of this litany of initiatives depends heavily on whether the VA Regional Offices are properly staffed and resourced, training is adequate, and the cost-benefit analyses are thorough and honest. PVA remains concerned about whether VBA will successfully extract and then integrate the best practices from so many ongoing initiatives, while simultaneously meeting the Secretary's ambitious goal of "breaking the back of the backlog" in the foreseeable future. One could argue that so many initiatives launched at once illustrates a lack of focus and a "whack-a-mole" approach to problem solving that presents the illusion of progress with little return on investment. Given the enormous pressure to reduce the backlog, we are also concerned that there could be a bias towards process improvements that result in greater production over those that

lead to greater quality and accuracy. We urge the Committee to continue oversight, as with this hearing today, of the VBA's myriad ongoing pilots and initiatives to ensure that best practices are adopted and integrated into a cohesive new claims process and that each pilot or initiative is judged first and foremost on its ability to help VA get claims "done right the first time." Once pilots are found to be inefficient or fail to support improvements, those pilots need to end immediately.

Without question, PVA supports any effort to make the claims adjudication process more efficient, and we are optimistic that many of these initiatives will ultimately prove their worth. However, our first duty is to ensure the real needs of every veteran we serve remain the central focus, not abstract statistics and novel business processes that satisfy VA leadership's idealistic aims yet miss the mark when viewed in the difficult, hard-hitting reality many of our members live within. The bottom line is we must remain sober in our assessment of whether we have done enough to fix the problems we face, no matter how deep our desire is to be encouraged by slight successes.

With this in mind, I will discuss the most notable VA initiatives, including VBMS, Nehmer claims, Disability Benefits Questionnaires (DBQ), rules-based calculators, Integration Labs, and the Fully Developed Claims pilot and their impacts as reported by our field staff and the veterans we serve. We offer these assessments with the hope that our criticisms and compliments alike are received with equal appreciation.

VA's most anticipated initiative, the Veterans Benefits Management System (VBMS), pioneered the development of a paperless claims IT solution to improve future business process and integrate with Veteran Relationship Management and Virtual Lifetime Electronic Record. It was intended to enable more efficient claims process flow to reduce cycle time through the elimination of paper claims and to support process changes like segmentation of complex claims and auto-adjudication. VA launched the pilot in two locations: Providence, Rhode Island and Salt Lake City, Utah. Conceptually, the VBMS could be the answer to adjudicating claims quicker and more accurately; however, this is yet to be determined. Its success to date is qualified by the reality that the system is designed to handle simpler cases than those PVA typically sees. Many of our cases entail seeking benefits for veterans with catastrophic injury or disease, which often triggers entitlement to a range of monetary and ancillary benefits. None of the 484 cases processed through VBMS in Providence have been this type, and approximately 10 of 239 processed through Salt Lake City have been. Thus the new system remains untested in our view. Incidentally, we have found that not using VBMS is preferred by our service officers as they believe the current process of handcarrying these claims through works best as they most often result in a 2–3 day turnaround. This may explain why we have seen very few of our cases processed through VBMS, making it difficult to ascertain its efficacy. PVA believes it will prove valuable as a utilitarian measure to reduce the sheer number of simpler claims, but ineffective in its current form for more complex claims. This is critical to note when touting the success of VBMS and considering its expansion.

While PVA may have criticisms of the VBMS, we believe it does offer hope and is ready for wider implementation. That said, VA has not completely stated what the expectations are for the VBMS. It was originally going to be an on-line digital storage system for records. It has now morphed into something different. What is the end goal? PVA does not know, and we wonder if VA knows. A good plan is like a roadmap, with a final destination and the best ways to get there identified. VA needs to present a good plan for VBMS.

The success of VBMS will greatly depend on the process design changes, like rules-based processes, and supportive technologies like Special Monthly Compensation (SMC) calculators, that undergird this new system. The problem with rules-based systems is they treat all veterans the same and can be flawed by imperfect rulemaking and application. This is the challenge for a rules-based computer system; it does not have the human interaction to fully understand the circumstances of a specific injury. The numerous issues often faced by veterans with catastrophic injuries create a complex set of outcomes that cannot be easily reconciled by logic-based systems that cannot appreciate nuance in disability assessments. Rules-based systems are composed of a series of algorithms that determine the outcomes of the inputs. Depending on who designs the rules for the algorithms, very different outcomes are possible with calculators historically failing to compute the right ratings for persons with multiple issues. PVA believes VA cannot simply create a "Turbo Tax" for claims processing. Whereas something as simple as hearing loss can easily be identified on a graph or chart, the impact of bladder conditions, susceptibility to skin ulcers, and need for regular aid and attendance must be more closely examined to determine the extent of the problem. If it has not been already done, PVA rec-

ommends taking older previously adjudicated ratings and testing them against the outcomes achieved using rules-based calculators in order to determine their true accuracy.

In the area of the Agent Orange Nehmer claims processing initiatives, it sought to quickly reduce the backlog in claims for disability or death caused by herbicide exposure during the Vietnam War era. The plan provided for the consolidation of these cases from around the country to thirteen Resource and Day-One Brokering Centers. This was an important step toward making Vietnam veterans whole after decades of neglect, apathy, and even disrespect where their needs were concerned. To its credit, VA did a remarkable job in tackling this issue head on and clearing these cases from the claims backlog. Our field staff reported that many of these claims were timely and accurately adjudicated. The question that remains, however, is whether diverting an arguably inordinate amount of resources on these cases was worth the cost of under-resourcing other areas. Many VA employees who worked these Nehmer claims, and these claims only, during the two-year period required retraining in other processes, which tapped the human resources needed to function at regular capacity. Also, the backlog swelled in non-Nehmer cases, forcing VA to yet again tackle another issue. This "rob-Peter-to-pay-Paul" approach to reducing the backlog has proven to be an adequate short-term solution, particularly for Vietnam era veterans whose claims certainly deserved much-needed focus. But the problem persists in other areas in the form of a two-year backlog of non-Nehmer claims, which merely shifted the problem rather than eliminate it.

VA proffers Disability Benefits Questionnaires (DBQ) as a possible remedy for reducing this backlog. DBQs are intended to provide medical exam evidence needed to render an accurate and timely disability decision. Ideally, this would reduce the wait time for VHA exams and update exam templates. For the most part, DBQs have proven to be a good remedy for the procedural problems noted in the claims development process. VA exams are scheduled timely and veterans can proactively pursue medical evidence that may help prove their claims. The problem, however, lies in the substance of many of the DBQs. Some service officers believe they raise more questions than answers, particularly where questions regarding "loss of use" and "effective remaining function" are contemplated. We recommend the continuous assessment of their accuracy and timely revision when necessary.

An additional area for discussion is the so-called Integration Lab, or I–Lab. The I–Lab concept was launched in Indianapolis as a single place to test multiple initiatives within a new end-to-end processing model. The I–Lab bundles claims based on complexity and tests the following initiatives concurrently: lean claims, intake processing center, comprehensive screening, express lane, case management, and private medical records. Regarding the "lean claims processing" initiative, this measure sought to eliminate time lost from handoffs, improve communication between Veterans Service Representatives and Ratings Veterans Service Representatives, and draw upon their expertise during development. According to field reports, the claims process was improved when the teams were first formed, but has been hampered by the need to hire and train additional staff as well as confront a growing claims inventory. The "express lane for limited issue claims" initiative removed single-issue claims from the queue and processed them with higher productivity as part of the I–Lab initiative. PVA's St. Paul, Nashville, and Muskogee service officers reported this to be an effective solution to reducing the adjudication period for single-issue cases from over 120 days to 30, in some cases as quickly as 4 days following examination. This has benefited many veterans where time was of the essence, as seen in ALS cases. The Interim Ratings / Quick Pay initiative launched in St. Petersburg allowed for timely payment of benefits (2–3 days in many cases) once the VA Regional Office received all the necessary information. This was of particular benefit to veterans with ALS and prostate cancer (Agent Orange) claims where, again, time was of the essence.

The I–Lab initiative's success is buttressed by the successful implementation of another VA initiative: the "Fully Developed Claims" pilot. This pilot, enacted under Public Law 110–389, tested the expedited processing of fully developed claims at 10 stations using a checklist mailed to assist the veterans in submitting evidence, thus streamlining the claims process. PVA's St. Paul, Albuquerque, Newark, and Muskogee service officers have reportedly had much success with the fully developed claims process, particularly in time-sensitive cases such as terminal illness. Notwithstanding these successes, we remained concerned that due process will be the unintended casualty in this otherwise successful campaign as veterans unwittingly exchange their rights to appeal for quickly adjudicated, inaccurate decisions that would otherwise warrant review.

Chairman Miller, all of these initiatives seem to have two critical aspects in common: they are driven by statistics and very resource intensive. As long as they

render real results, as determined through objective assessment, progress is likely despite imperfections. And as stated earlier, PVA appreciates VA's effort to aggressively tackle the backlog through ambitious, visionary initiatives. But one cannot lose sight of the simple virtue of having well trained people do quality work. An organizational culture that places more emphasis on rules than results, statistical validity than solid outcomes, deludes itself and is doomed to mediocrity at best, at the expense of those it purportedly serves.

Historically, due to the nature of our catastrophically disabled membership, PVA has been the subject matter expert for claims involving multiple injuries or conditions. PVA has enjoyed the privilege of providing VA with help in field studies and advice on processes that best meet the unique needs of veterans with catastrophic injuries. PVA National Service Officers have even participated in the training of VA claims processors. This valuable service has tremendously benefited both organizations and illustrates an important, enduring partnership. In recent years, PVA acknowledges more willingness by VA senior leadership to involve VSOs in strategic planning sessions and brainstorming activities. That said, we caution this committee and VA not to construe the VSO community's participation as unmitigated support for all VA programs and initiatives. A few meetings or presentations where VA is ostensibly seeking VSO input does not imply, on its face, that the exchange was mutually beneficial or that the discussion went beyond a Powerpoint presentation that simply outlined VA plans, especially in instances where such plans remained unaltered by VSO input. PVA looks forward to continuing to make valuable contributions to VA programs and processes whenever possible, particularly as they impact catastrophically injured veterans.

Ultimately, it is imperative for all key stakeholders—the VA, Congress, and Veterans Service Organizations—to be fully involved in the reformation of the claims processing system as a whole. Moreover, there remains a broader range of issues within the scope of the claims processing system that can be addressed. In the end, it must not be forgotten that the people who are ultimately affected by changes within the benefits system are the men and women who have served and sacrificed so much for this nation. We hope that they will always be forefront in your minds as you consider how benefits are provided and how best to speed the access to these benefits earned by virtue of their sacrifice in service to our great country.

This concludes my testimony. I will be happy to answer any questions you may have.

Executive Summary

To achieve real success, the Veterans Benefits Administration must focus on creating a veterans' benefits claims processing system designed to "get each claim done right the first time."

- A system based upon modern, paperless information technology.
- Workflow systems focused on quality, accuracy, efficiency and accountability.
- Must be capable of continuous improvement.

The VBA has undertaken over 40 initiatives and pilot programs to address the claims backlog and reform the claims process simultaneously.

- PVA understands the need to explore new ideas.
- There are so many initiatives and pilots currently in process, that the defined outcome, if any, is obscured.

VA's Veterans Benefits Management System (VBMS) initiative pioneered the development of a paperless claims IT solution to improve future business process and integrate with Veteran Relationship Management and Virtual Lifetime Electronic Record.

- Its success to date is qualified by the reality that the system is designed to handle simpler cases than those PVA typically sees.
- None of the 484 cases processed through VBMS in Providence have been this type.
- Approximately 10 of 239 processed through Salt Lake City have been.
- The new system remains untested in our view.
- While PVA may have criticisms of the VBMS, we believe it does offer hope and is ready for wider implementation, but VA needs to present a good plan for VBMS.

The success of VBMS will greatly depend on rules-based systems.

- These systems treat all veterans the same.
- They can be flawed by imperfect rulemaking and application.

- Does not have the human interaction to fully understand the circumstances of a specific injury.

All of these initiatives are driven by statistics and very resource intensive.

- PVA appreciates VA's effort to aggressively tackle the backlog
- Cannot lose sight of the simple virtue of having well trained people do quality work.

Historically, due to the nature of our catastrophically disabled membership, PVA has been the subject matter expert for claims involving multiple injuries or conditions.

- PVA has enjoyed the privilege of providing VA with help in field studies and advice on processes.
- PVA looks forward to continuing to make valuable contributions.

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 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.

Fiscal Year 2010

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation—National Veterans Legal Services Program— $287,992.

Prepared Statement of William J. Bosanko

Good morning Chairman Miller, Ranking Member Filner, and members of the Committee. Thank you for inviting me to this hearing, and thank you for all that you do to honor and support our Nation's veterans.

The National Archives has a long and proud history of supporting our veterans. Every day, we assist veterans and their families by providing them with the records necessary to prove military service in order to claim a benefit or receive an honor. Our National Personnel Records Center in St. Louis holds approximately 60 million Official Military Personnel Files, and we respond to more than one million requests for these records every year. Here at the National Archives in Washington, DC, and College Park, MD, we permanently archive and provide access to the historical records of our Armed Services that document the actions and heroism of many generations of military veterans, from the Revolutionary War to present times, so that historians, filmmakers, and genealogists can tell the stories of those who served. I would also like to add that NARA is proud to employ over 480 veterans, including the Archivist of the United States, David Ferriero.

The Veteran's Benefits Administration (VBA) has a primary role to play in serving our Nation's veterans. Its mission is to provide veterans, service members, and their families with access to the benefits to which they are entitled. Central to this mission is the VBA claims process. The VBA is building a new electronic system, the Veterans Benefits Management System (VBMS), to transform the paper-intensive process into a faster, more efficient, and secure paperless system.

One aspect of building VBMS and speeding the claims process involves the digitization of paper claims. In 2010, the VBA approached NARA for advice on how to employ scanning technology and apply proven records management practices to scan and automatically extract data from paper claims forms. NARA had recently undertaken a successful project to digitize Civilian Official Personnel Folders at the National Personnel Records Center. As part of this project, we had employed cutting-edge technology that has the ability to scan a form and to "learn" where to look on the form to extract the necessary data. This technology had the potential to be useful for extracting data from VBA claims forms.

NARA entered into a one-year agreement with the Department of Veterans Affairs (VA) in June 2010 to help design a scanning architecture and a process that would meet VBA's particular needs. Under this agreement, NARA mapped out a scanning workflow for claims processing, configured a scanning system, trained the scanning system to recognize the data on VBA's forms, and developed a way to index the data so that it could be efficiently retrieved when needed. NARA also agreed to perform physical scanning of paper documents, and hired a limited number of temporary employees to manually scan paper VBA forms. A pilot of the system was successfully tested in two VA regional offices, demonstrating that the architecture and process had potential to meet VBA's needs.

Based on the success of the first pilot, NARA signed a second one-year agreement with the VA in June 2011 to further refine the scanning workflow and hardware configuration and to continue to improve the system's ability to automatically recognize and compile data from VBA forms. We successfully pilot-tested these refinements in additional VA offices. The system can now recognize and compile data from 170 different VBA document types. NARA and VBA have demonstrated that the system can handle the scanning of up to 600,000 images a month from claims supplied by 5 VA facilities.

We are nearing our completion of meeting the requirements to the VA under the terms of the two year-long agreements. Our current agreement with the VA ends on June 26, 2012.

Thank you again for inviting me to testify. I am happy to answer any questions you may have.

Prepared Statement of Linda A. Halliday

INTRODUCTION

Mr. Chairman and Members of the Committee, thank you for the opportunity to discuss the work of the Office of Inspector General (OIG) in the Veterans Benefits Administration (VBA). I will highlight audits and inspections results that identified areas that VBA should address as part of its strategy to improve claims processing. I am accompanied today by Mr. Larry Reinkemeyer, Director of the OIG's Kansas City Office of Audits and Evaluations; Mr. Nick Dahl, Director of the OIG's Bedford Office of Audits and Evaluations; and Mr. Brent Arronte, Director of the OIG's Bay Pines Benefits Inspections Division.

BACKGROUND

Delivering timely and accurate benefits to the millions of veterans who served our Nation is a central VA mission. VBA's Office of Field Operations is responsible for oversight of the nationwide network of 57 regional offices that administer a range of veterans benefits programs, including compensation, pension, education, home loan guaranty, vocational rehabilitation and employment, and life insurance. These programs will pay out over $72 billion in benefits to veterans and their beneficiaries in fiscal year (FY) 2012.

VBA claims processing has been the subject of concern and attention by VA leadership, Congress, and veteran service organizations, due to the large backlog of claims and inaccurate compensation decisions. As of May 2012, VA reported over 850,000 pending rating-related claims; almost 66 percent of them had been pending for more than 125 days—VBA's target time frame for claims completion.

As part of our oversight responsibility, we conduct national audits of VBA programs and processes, such as appeals processing, fiduciary management, and implementation of disability benefits questionnaires. In 2009, we began inspections of individual VA regional offices (VAROs) to examine high-risk claims processing activities and Veterans Service Center (VSC) management operations. By the end of FY 2012, we will have reviewed 56 VAROs in the past 3 years[1]. We have consistently reported the need for enhanced policies and procedures, training, oversight, quality review, and other management controls to improve the timeliness and accuracy of disability claims processing and enhance the effectiveness of VSC operations.

DISABILITY CLAIMS PROCESSING

Our inspections of 50 VAROs from April 2009 through May 2012 disclosed multiple challenges that VBA faces in providing timely and accurate disability benefits and services to veterans. We focused our efforts on specific types of disability claims

[1] We will not inspect the Washington, DC, VARO because of the low volume and the type of claims it processes.

processing, including temporary 100 percent disability evaluations, post-traumatic stress disorder (PTSD), traumatic brain injury (TBI), and herbicide exposure, which we considered at high-risk for processing errors.

Based on the 50 inspections completed, we determined that VARO staff did not correctly process 1,442 (30 percent) of the 4,812 high-risk claims we reviewed. Of these, about 32 percent affected veterans' benefits and approximately 68 percent had the potential to affect veterans' benefits. The errors we identified resulted in a total of approximately $15 million in overpayments and $800,000 in underpayments to veterans.

We adjust our inspection protocols as needed, with some review areas continuing year-to-year while others are replaced because VAROs have demonstrated improvements in performance of that review area. For example, we are discontinuing our review of PTSD claims because only two of 20 VAROs inspected in FY 2011 did not follow VBA policy when processing PTSD claims. This constituted an improvement from the 8 of 16 VAROs that did not follow VBA policy in processing PTSD claims, as previously reported in our FY 2010 inspection summary report.

Herbicide exposure-related claims represent an area where initially we saw a consistent error rate of about 45 percent. VBA policy states for veterans claiming exposure to herbicide agents during active military service, certain disabilities should be service-connected, provided VBA has verification of the herbicide exposure and the disease manifested to a degree of 10 percent disabling or more at any time after discharge from service. In our first inspection summary report, covering inspections completed from April 2009 to September 2010, we reported that 7 of 16 VAROs did not follow VBA policy. For those VAROs inspected in FY 2011, 9 of 20 did not follow VBA policy when processing herbicide exposure-related claims. However, for inspections completed to date in FY 2012, the error rate was 8 percent. We will discontinue reviewing these claims in FY 2013.

Temporary 100 Percent Evaluations

VBA grants veterans temporary 100 percent disability evaluations for service-connected disabilities requiring surgery, convalescence, or specific treatment. At the end of a mandated convalescence or cessation of treatment, VARO staff should review the veteran's medical condition to determine whether to continue the temporary evaluation. In January 2011, we issued a report, *Audit of 100 Percent Disability Evaluations,* in which we projected VBA did not correctly process temporary 100 percent evaluations for about 27,500 (15 percent) of 181,000 veterans. We also reported that since January 1993, VBA paid veterans a net $943 million without adequate supporting medical evidence. We concluded that if VBA does not take corrective action, it could overpay veterans a projected $1.1 billion over the next 5 years.

In response to the report, the Acting Under Secretary for Benefits agreed to review all temporary 100 percent disability evaluations and ensure each had a future examination date entered in the electronic record. The Acting Under Secretary stated the target completion date for the national review would be September 30, 2011. However, VBA did not provide each VARO with a list of temporary 100 percent disability evaluations for review until September 2011. VBA subsequently extended the national review deadline to December 31, 2011, then to March 31, 2012, and then again to June 30, 2012. To date, VBA has not completed this national review requirement and monthly benefits continue to be paid despite a lack of adequate medical evidence.

Our inspections continue to show that accuracy of temporary 100 percent disability evaluations is a systemic issue. None of the 20 VAROs we reported on in

FY 2011 followed VBA policy in processing temporary 100 percent disability evaluations and the early results of our FY 2012 inspections indicate that this remains an area of concern. Our recent inspections of the three California VAROs emphasize the need for continued management attention to these types of claims we randomly sampled. Our results showed the Los Angeles VARO to be one of the poorest performers, with an error rate of 97 percent in processing temporary 100 percent disability evaluations. The San Diego VARO ranked near the middle of all VAROs inspected, with an error rate of 77 percent. Oakland's error rate was also high at 53 percent. At the time of our inspections, collectively, overpayments for these errors in the California VAROs totaled over $1.5 million, while underpayments were about $21,000.

Further, the San Diego VARO completed its review of VBA's temporary 100 percent disability evaluations, but did not take appropriate actions in 17 (22 percent) of 78 claims involving prostate cancer. VARO management erroneously reported to VBA's Western Area Office that staff had requested VA medical reexaminations to determine whether the veterans' disabilities warranted the continued evaluations.

However, evidence in the veterans' claims folders revealed VARO staff had neither requested the medical reexaminations, nor put controls in place to manage these cases. Without appropriate action to justify the need for continued payments, these 17 claims have the potential to cost just over $400,000 annually.

Traumatic Brain Injury

From April 2007 through September 30, 2009, based on outpatient screening of veterans requesting VA health care treatment following military service in Operation Enduring Freedom and Operation Iraqi Freedom, VA determined that over 66,000 veterans could possibly have TBI. VA ultimately confirmed that just under 25,000 veterans had sustained TBI. Claims processing workloads corroborated that amount.

Nineteen of the 20 VAROs inspected in FY 2011 did not follow VBA policy in processing claims for residuals [2] of TBI. We found that VARO staff did not adequately process about 740 (45 percent) of 1,650 TBI claims that we reviewed. Generally, the errors related to inconsistent or insufficient training, VA medical examiners providing inadequate TBI medical examination reports on which to base disability claims decisions, and Rating Veterans Service Representatives (RVSRs) not returning these inadequate reports to the medical examiners for correction as required. A common scenario in TBI claims processing involved veterans who had TBI-residual disabilities as well as co-existing mental conditions. When medical professionals did not ascribe the veterans' overlapping symptoms to one condition or the other as required, VARO staff could not make accurate disability determinations. RVSRs told us they often did not return the inadequate reports due to pressure to meet productivity standards. We continue to see this as an issue in our FY 2012 reviews.

Disability Claims Processing Timeliness

Ensuring timely claims processing is a widespread concern. VBA policy requires that division managers conduct monthly reviews of all claims pending more than 1 year. Due to concerns raised about processing claims at the California VAROs, we reviewed their compliance and found this was not done. Our examination of the ten oldest claims at these VAROs showed all three unnecessarily delayed processing of some of the claims. We found that processing of 80 percent of the claims we reviewed at the Los Angeles VARO had been unnecessarily delayed, while 50 percent had been unnecessarily delayed at the San Diego VARO. The Oakland VARO had a delay rate of about 29 percent in processing its oldest claims. Reasons for the processing delays included pending appeals on other conditions, lost or misplaced files, and unresolved claims issues. One claim at the Oakland VARO remained incomplete for nearly 8 years because VARO rating staff overlooked the contentions the veteran made when the claim was initially submitted. If division managers conduct monthly reviews of the VAROs' aged workload as required, they can take appropriate actions to avoid additional delays in processing veterans' claims. Due to issues identified, we will include a review of the implementation of this policy and a review of a sample of the oldest completed claims during our inspections conducted in FY 2013.

APPEALS PROCESSING

In May 2012, we issued a national report, *Audit of VA Regional Offices' Appeals Management Processes* (May 30, 2012), that reported the nationwide inventory of appeals increased over 30 percent from about 160,000 appeals in FY 2008 to about 209,000 in FY 2010. The inventory of compensation rating claims also increased by 40 percent—from 380,000 to 532,000 claims. We concluded that VBA contributed to the growing inventory and time delays by not assigning enough staff to process appeals, diverting staff from appeals processing, and not ensuring appeals staff acted on appeals promptly because compensation claims processing was their highest priority. Also we identified through a comparison of Veterans Appeal Control and Locator System (VACOLS) and Veterans Service Network Operations Reports that regional office staff did not properly record 145 appeals in VACOLS, which delayed processing for an average of 444 days.

We recommended the Under Secretary for Benefits identify and request staffing resources needed to meet VBA's appeals processing goals and conduct de novo reviews on all appeals. *De novo* reviews will result in quicker decisions on the veterans' appeals because they allow decision review officers to render new decisions without waiting for new evidence as required with traditional reviews. VBA should revise productivity standards and procedures to emphasize timely processing of ap-

[2] The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral. VBA policy requires that staff evaluate these residual disabilities.

peals and implement an oversight plan that ensures staff record appeals in VACOLS promptly.

The Under Secretary generally agreed that opportunities exist to improve appeals processing at regional offices. VBA is conducting a pilot program to assess the feasibility of implementing our recommendations on staffing resources to meet processing goals and conducting *de novo* reviews on all appeals; revising productivity standards for decision review officers; implementing criteria to initiate a review or develop Notices of Disagreements (NODs) and certified appeals within 60 days of receipt; revising policy to conduct *de novo* reviews on all appeals; and implementing a plan for adequate oversight to ensure staff record NODs into VACOLS. The Under Secretary for Benefits concurred with another recommendation to take appropriate action to complete appeals and provide decisions on the 145 appeals that were not properly recorded in VACOLS.

Notices of Disagreement

At 20 VAROs in FY 2011, we inspected controls over the processing of NODs—the first step in the appeals process. Sixteen of 20 VAROs did not timely control NODs in VACOLS. VARO staff exceeded VBA's 7-day standard for 204 (34 percent) of 600 NODs reviewed. Staff took an average of 20 days to record the 204 disagreements in VACOLS.

The untimely recording of NODs in VACOLS occurred because of inadequate oversight. The VAROs' workload management plans and local procedures did not incorporate provisions to ensure prompt control of NODs in VACOLS. Further, there was a lack of staff training on this portion of the appeals workload. Two VAROs were unable to record NODs timely due to personnel shortages.

The data integrity issues identified resulting from untimely control of NODs make it difficult for VAROs and senior VBA leadership to accurately measure and monitor the performance of regional offices. Delays in recording NODs in VACOLS provide inaccurate information on VBA's NOD inventory and timeliness—both critical elements for consideration in workload decisions.

To address timely establishment of NODs, in FY 2011, we recommended Regional Office Directors develop and implement plans for providing adequate oversight to ensure staff timely record NODs in the VACOLS within 7 days as required by VBA policy. Regional Office Directors reported they implemented improvements in response to our recommendations. These actions are key to reversing the steady rate of NOD processing errors we have noted since our Benefits Inspection program began.

DISABILITY BENEFITS QUESTIONNAIRES

As part of a major initiative to reduce the claims backlog, VBA and the Veterans Health Administration (VHA) collaborated in the development of Disability Benefits Questionnaires (DBQs) to replace the compensation and pension examination reports previously used. DBQs are streamlined medical examination forms designed to capture essential medical information for purposes of evaluating VA disability claims. DBQs can be completed not only by VHA and VA-contracted clinicians, but also by veterans' private physicians. Currently, 81 DBQs are available, of which 71 are approved for use by non-VA clinicians.

We conducted an audit to provide an early assessment of VA's internal controls over the use of DBQs (*Audit of VA's Internal Controls Over the Use of Disability Benefits Questionnaires,* February 23, 2012). Once VBA personnel make a decision on a veteran's disability benefits application, awarded claims result in recurring monthly compensation payments. Therefore, it is critical to establish adequate front-end controls to identify and minimize risks before benefit payments are initiated.

We found the expedited rollout of the DBQ process did not provide VBA sufficient time to design, evaluate, and implement adequate internal controls to prevent potential fraud. VBA does not verify the authenticity of medical information submitted by veterans and private physicians prior to awarding disability benefits, track disability-rating decisions where DBQs were used as medical evidence, or electronically capture information contained on completed DBQs.

Further, while VBA has a quality assurance review process to verify a limited number of DBQs completed by private physicians, in our opinion, the quality assurance reviews do not provide reasonable assurance that fraudulent DBQs will be detected. Currently, VBA conducts quality assurance reviews on 100 claims completed by private clinicians each month. The reviewers use online resources, which are available to the public, to attempt to validate the medical license information listed on each DBQ. They then fax and/or mail the DBQ to the clinician's office for them to validate its authenticity. If they cannot validate the DBQ, they forward the case to both the appropriate regional office and the OIG for further review. As of May

2012, VBA had referred over 50 DBQs to the OIG for review. The OIG assesses the merits of these referrals and accepts those cases deemed to be high fraud risks for further review. For example, a claim submitted by a veteran confirmed not to be a patient of a private physician would represent a high risk. We have continued to work with VBA on strengthening its quality assurance process. VBA reports it is developing a new standard operating procedure to refine its validation review process.

Developing and implementing additional controls for DBQs—as recommended in our report—should reduce the risk of fraud, allow for greater fraud detection, and help VA identify disability compensation claims that carry an increased risk of fraud. The Under Secretary for Benefits agreed to provide a long-term solution for verifying the identity and credentials of private physicians. We will follow up on the implementation of corrective actions to determine their effectiveness in preventing and detecting fraud.

ONGOING REVIEWS OF VBA TRANSFORMATION ACTIVITIES

We have recently begun to assess VBA transformation initiatives. Specifically, we have started an audit of the Veterans Benefits Management System (VBMS)—VBA's web-based, paperless claims processing solution to support improved business processes. VBMS is intended to help eliminate the claims backlog and serve as the enabling technology for quicker, more accurate, and integrated claims processing in the future. Since November 2010, VBA has worked to develop and test this software to provide the required claims processing functionality. VBA plans to begin phased deployment of VBMS to its regional offices beginning in July 2012. As such, it is too early for us to fully assess the effectiveness of this initiative.

We are currently reviewing the claims intake portion of VBA's claims processing transformation. We are examining VBA's plans, pilots, and work with the National Archives and Records Administration to digitize existing hard copy claims for processing in the VBMS environment. We expect to report on our results by the end of the year.

In May 2012, we began an evaluation of the effectiveness of VBA's Quick Start Program to process claims accurately and timely. Quick Start is an element of the Pre-Discharge Program, which VBA established to allow service members to submit disability claims before separation from active duty. This program is expected to ensure veterans receive their benefits quickly after separation from active military service. Although our work is in progress, we have concerns that in FY 2011 the Quick Start Program completed only 22,234 (2 percent) of the more than 1 million disability compensation claims processed. The average days to complete Quick Start claims was 234 days—more than double the target of 105 days and significantly higher than the 188-day average for all disability claims. We expect to publish our results in the fall of this year.

CONCLUSION

VBA continues to face challenges in improving the accuracy and timeliness of disability claims decisions and maintaining efficient VARO operations. Our inspections and audit work consistently have shown that VAROs do not always comply with VBA's national policy and struggle with implementing effective workload management plans and clear and consistent guidance to accomplish their benefits delivery mission. Such claims processing and operational problems result in not only added burdens and delayed or incorrect payments to veterans, they also mean wasted Government funds through improper payments that VBA will not likely recover. While VBA has made some incremental progress through its own initiatives and in response to our prior report recommendations, more work remains to be done. We will continue to look for ways to promote improvements in benefits delivery operations during our future nationwide audits and VARO inspections.

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

Prepared Statement of Allison A. Hickey

Good morning, Chairman Miller, Ranking Member Filner, and Members of the Committee. I am accompanied today by Mr. Alan Bozeman, Director, Veterans Benefits Management System (VBMS) Program Office.

My testimony will focus on VBA's Transformation Plan, with a particular focus on VBMS's role in improving electronic claims processing capabilities to help meet VA's goal of eliminating the claims backlog in 2015 to ensure timely and quality delivery of benefits and services to our Veterans, their families, and survivors.

Transformation Plan

VBA's transformation is demanded by a new era, emerging technologies, the latest demographic realities, and our renewed commitment to today's Veterans, family members, and survivors. In the face of dramatically increasing 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 quality in 2015.

VBA's Transformation Plan is based on more than 600 ideas solicited from our employees, Veterans Service Organization partners, and other stakeholders, including this Committee and your staffs. After evaluating a multitude of innovative ideas, we focused on the 40+ most promising, tested, and measured initiatives for inclusion in our Transformation Plan. As we implement these initiatives, VBA is closely tracking current metrics (the number of claims considered part of the backlog, which VA defines as claims pending over 125 days; claims production; quality of rating decisions; decision timeliness; etc.) to assess results and, if necessary, adjust our efforts. We are also working to expand what we measure to more clearly show the impact of the Transformation Plan, both at local and national levels. VBA continues to review the initial 600 ideas for process improvements to ensure all potentially valuable transformation actions are evaluated. We will also continue our quest for additional new and innovative ideas to further transform our claims processes.

VBA's Implementation Center, established at VBA headquarters as a program management office, is streamlining the process of transformation by ensuring new ideas are approved through a governance process, and that implementation and training are carefully planned and executed utilizing a comprehensive change management approach. This allows us to focus on implementing initiatives that will achieve the greatest gains, without degrading current performance.

People-Focused Initiatives

Our employees are the key to our success. We are strengthening the expertise of our workforce by changing the way we are *organized* and *trained* to do the work. A new standardized operating model is being implemented in all regional offices beginning this year that incorporates a case-management approach to claims processing. VBA is deploying the new model in a phased implementation schedule that will be in use at 16 regional offices by the end of fiscal year 2012 and at all regional offices by the end of calendar year 2013. Distinct processing lanes are being established based on the complexity and priority of the claims and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims processing issues to minimize rework and reduce processing time. Less complex claims move quickly through the system in a designated "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. The new operating model also establishes an Intake Processing Center at every regional office, adding a formalized process for triaging claims and enabling more timely and accurate distribution of claims to the production staff in their appropriate lanes. We predict that our people-focused initiatives will contribute to a 15–20 percent improvement in productivity and 4 percent improvement in quality.

At VBA we are increasing the productivity of our workforce and the quality of our decisions through national training programs and standards. Our redesigned and expanded 8-week centralized Challenge Training Program for new claims processors has achieved dramatic results. On completion of the training, employees work significantly faster and at a higher quality level. Trainees from the most recent class averaged 1.62 cases per day with 94 percent accuracy at the eight week point, compared to the legacy Challenge curriculum, following which trainees averaged one-half case per day and 60 percent accuracy at the six month point. Our training and technology skills programs continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace. We have already seen a four-percent improvement in quality as a result of this new training initiative.

Process-Improvement Initiatives

VBA has established a "Design Team" concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, and automated processing tools in the workplace to assure that changes will be actionable and effective before they are implemented.

The goal of our Design Teams is to implement, execute, and measure an improved facet of our operating model with a mindset toward increasing productivity and improving quality towards our goal of 98 percent accuracy. We are focusing on streamlining processes and eliminating repetition and rework in the claims process while delivering optimal service. We expect our process initiatives to contribute to a 15–20 percent increase in productivity and a minimum four percent improvement in claims quality as it relates to current processing initiatives. As we continue to find new, promising initiatives and scale these initiatives nationally, these estimates could change.

Initial process improvements include:

Quality Review Teams: We transformed our local quality assurance process by establishing dedicated teams of quality review specialists at each regional office. These teams evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to identify and eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance (Statistical Technical Accuracy Review or "STAR") staff to assure local reviews are consistently conducted according to national standards. An initial focus of these teams is to reduce medical examination errors, which currently represent 30 percent of our benefit entitlement quality errors. In addition to quality improvements, the need for reexaminations will be minimized, thereby reducing claims processing time in 39-day increments for every reexamination avoided.

Simplified Notification Letter: In January 2012, we implemented a new claims processing initiative developed by our first Design Team that will result in meaningful improvements in the service we provide to our clients. The new decision notification process will streamline and standardize the communication of claims decisions. Veterans will receive their simplified notification letter, which contains the substance of the decision, including a summary of the evidence considered and the reason for the decision. Design-Team testing of this initiative at the Atlanta and St. Paul Regional Office resulted in productivity increases of 15 percent, while sustaining accuracy rates, and reductions of 14 days in average processing time.

Rules-Based Calculators: This initiative provides a new automated employee job-aid that uses rules-based programming to assist decision makers in assigning an accurate service-connected evaluation. These new calculators will significantly contribute to improvements in rating quality and consistency. During testing, the initiative resulted in improved quality, from 83% to 94%. Sixteen stand-alone calculators are currently being used by claims processors. Additionally, the following three calculators have already been embedded in VBMS:

1. Hearing loss calculator: Generates stand-alone paragraphs for use in rating decisions.
2. Special monthly compensation (SMC) calculator: Determines the total SMC award based on disabilities input by the decision-maker.
3. Evaluation builder: Helps assign correct evaluations and generates text to explain a disability grant as well as criteria for the next higher rating.

The release of VBMS version 3.0 in July 2012 will embed the rules for the majority of the musculoskeletal system. Future releases of VBMS will continue to embed the calculator rules allowing for rapid changes to automated rules sets as needed.

Disability Benefits Questionnaires: In March, we released 68 more Disability Benefits Questionnaires (DBQs) to the public, bringing the total number of DBQs publicly available to 71. DBQs are templates that solicit the medical information necessary to evaluate the level of disability for a particular medical condition. Currently used by Veterans Health Administration examiners, the release of these DBQs to the public will allow Veterans to take them to their private physicians, facilitating submission of fully developed claims packages for expedited processing. The closer we get to fully developed claims the faster we can make decisions. Currently, claims submitted under the Fully Developed Claims initiative are processed in an average of 120 days.

Technology Initiatives

Key to VBA's transformation is ending the reliance on the outmoded paper-intensive processes that thwart timely and accurate claims processing. VBA will deploy technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations. VBA's planned digital, paperless environment will also enable greater exchange of information and increased transparency to Veterans, the workforce, and our stakeholders. We know that 73 percent of our Veterans prefer to interact with VA online. We are therefore taking a new approach,

which includes online claims submission. Our strategy includes participation of stakeholders such as Veterans Service Officers, State Departments of Veterans Affairs, County Veterans Service Officers, and Department of Defense (DoD)) to provide digitally ready electronic files and claims pre-scanned through online claims submission. This will be accomplished through electronic data sharing and utilizing a stakeholder portal.

Our Transformation Plan also includes the following major technology initiatives that are expected to improve access and contribute to an additional 15–20 percent increase in productivity and a four to six percent improvement in claims quality:

Veterans Relationship Management Initiative (VRM): VRM engages, empowers, and serves Veterans and other claimants with seamless, secure, and on-demand access to benefit and service information. VRM is transforming VBA's National Call Centers through the introduction of new Veteran-friendly technologies and features. In October 2011, VA deployed Virtual Hold technology. During periods of high call volumes, this system enhancement allows callers to leave their name and phone number instead of waiting on hold for the next available operator, and the system automatically calls them back in turn. Over 2 million return calls have been made through the Virtual Hold system since November 2011. This represents an acceptance rate for callers of 51 percent, exceeding the industry standard of 30 percent, and our successful re-connect rate is 93 percent.

In December 2011, VA deployed Scheduled Callback technology, allowing callers to make an appointment with us to call them at a specific time. Since deployment, over 785,000 scheduled callbacks have already been processed. The J.D. Power and Associates client-satisfaction scores for our National Call Centers indicated a four-point uptick in overall satisfaction, from 738 to 742, for those callers that utilized the Virtual Hold option from November 2011 to March 2012.

VRM also deployed a pilot of our new "Unified Desktop" technology. This initiative will provide National Call Center agents with a single, unified view of VA clients' military, demographic, and contact information and their benefits eligibility and claims status through one integrated application, versus the current process that requires VA agents to access up to 13 different applications. Agents will benefit from not switching between multiple applications or being timed out. These new developments provide functionality not previously available, such as real-time analytics and reporting, "smart" scripts, and caller contact history and appeals information, all from one screen. This will not only help ensure our Veterans receive consistent, comprehensive, and accurate responses, but will increase the speed to answer calls, and provide better "first-call resolution" for our clients.

eBenefits Portal: eBenefits, the joint VA/DoD client-services portal for life-long engagement with Servicemembers, Veterans, and their families, is a fundamental component of the VRM initiative. Our life-long engagement now begins with the Servicemember's entry into military service and extends throughout his or her lifetime – and will include access for Veterans' survivors. The eBenefits portal provides users with self-service options and greater access to benefits and health information at the time and method of their choosing and a new single-sign-on exchange with My HealtheVet. We have reduced the burden on obtaining an eBenefits Premium (Level 2) account by allowing beneficiaries to register online or over the phone. In September 2011, VA and DoD, in a collaborative partnership, registered its one-millionth user on eBenefits. Current eBenefits enrollment exceeds 1.5 million users, representing a 500-percent increase since January 2011. This year, DoD is making enrollment in the eBenefits portal mandatory for all Servicemembers upon entry into military service.

The eBenefits portal provides an online capability to check the status of a claim or appeal; review the history of VA payments; request and download military personnel records; secure a certificate of eligibility for a VA home loan; generate letters to verify Civil Service employment preference eligibility; and numerous other benefit actions. We continue to aggressively expand and update on-line self-service and access capabilities. We are engaging our Veterans Service Organization partners in registering Veterans for eBenefits accounts. In 2012, Servicemembers will complete their Servicemembers' Group Life Insurance applications and transactions through eBenefits. Enhancements scheduled in 2012 will also allow Veterans to 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. In 2013, funding supports enhanced self-service tools for the Civilian Health and Medical Program of VA (CHAMPVA) and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare. eBenefits can be accessed via *https://www.ebenefits.va.gov.*

VBMS Overview

To improve the efficiency of the claims process, VA is transitioning to a business model that relies less on the acquisition and movement of paper documents. VBMS is a business transformation initiative supported by technology to improve service delivery. VA recognizes technology is not the sole solution to improving regional office performance and eliminating the claims backlog; however, it is the critical hallmark of a forward-looking organization. Without VBMS, we cannot succeed in meeting our goal of processing all claims within 125 days with 98 percent accuracy. It is the critical component of our Transformation Plan. VBMS is designed to assist VA in eliminating the claims backlog. The centerpiece of VBMS is a paperless system, which will be complemented by a new operating model, enhanced tools and training, and improved business processes and workflows. VBMS will dramatically reduce the amount of paper in the current disability claims process, and will employ rules-based claims development and decision recommendations utilizing rating calculators where possible. Additionally, by using a service-oriented architecture and commercial off-the-shelf products, VA will be positioned to take advantage of future advances in technology developed in the marketplace to respond to the changing needs of Veterans over time. The VBMS initiative uses incremental technology releases to modernize the benefits adjudication process. VBMS is currently in user-acceptance testing with national deployment scheduled to begin in mid-July 2012 and completed by the end of calendar year 2013.

During fiscal year 2011, VA developed, tested, and began processing a limited number of original claims for disability compensation using VBMS at the Providence and Salt Lake City Regional Offices. These efforts validated the ability of users to enter and process claims to completion within the new, web-based, electronic claims processing system, while ensuring successful integration with existing databases and legacy applications.

During fiscal year 2012, VA added new system functionality, which was deployed to the Providence and Salt Lake City Regional Offices, and recently expanded VBMS to the entire Wichita and Fort Harrison Regional Offices to align with VBA's transformation efforts. VBMS will release additional system functionality in July 2012 prior to national deployment. VBMS will be deployed to an additional 12 regional offices bringing the total to 16 regional offices by the end of fiscal year 2012.

Development

VBMS is being developed through a "Service-Oriented Architecture methodology" meaning the system is developed in layers including a data layer that stores image data for VBMS; a service layer that allow VBMS and other systems to put data into and get data out of the system through an interface; a business-logic layer which defines and executes business logic necessary to support claims processing; and a user-interface layer. This architecture allows one layer to change without forcing the other layers to change. This allows the VA to take advantage of commercial off-the-shelf products as much as possible, and allows for rapid response to new requirements.

Under an inter-agency agreement, VA is working with the Department of the Navy's Space and Naval Warfare Systems Center (SPAWAR) to develop the architecture for VBMS. SPAWAR is assisting VA by leading VBMS's system engineering and development efforts, providing user interface and infrastructure support, and managing development and testing efforts. VA and SPAWAR work together on defining the scope for each VBMS release, which occurs approximately every six months.

The team is using a tailored, agile development approach to create the VBMS application and infrastructure. An agile framework allows for functionality to be released in a phased approach as software is developed, tested, and released to the field. Additionally, subject matter experts from regional offices provide requirements for system development every three weeks.

Functionality

Once VBMS is fully developed, it will enable end-to-end electronic claims processing for each stage of the claims life cycle. The current functionality of VBMS 2.0 software includes the ability to establish claims, view and store electronic documents in an electronic folder, and rate electronic or paper claims. The system also provides the ability to track evidence requested from beneficiaries. The rating application provides users with web-accessible, rules-based tools, and rating calculators to ensure consistency in rating decisions and improve the overall quality and timeliness of decisions.

In the upcoming software release for VBMS 3.0, scheduled for July 16, 2012, new functionality will include the ability to generate a guided evidence development

plan, which will assist users in identifying required evidence supporting Veterans' claims. This plan will then automatically generate a Veterans Claims Assistance Act letter and a medical record request to private physicians. In addition, new functionality will include the ability to broker claims electronically to any VA regional office where VBMS is deployed, allowing fluid movement of pending work and work load balancing.

System Performance

From June through early July 2012, the Office of Information and Technology (OIT) will be conducting a series of end-to-end performance tests to ensure the system and network can perform effectively under the projected user load at national deployment. The VBMS performance testing strategy will apply a simulation of production workloads in a pre-deployment environment to measure system performance and gauge user experience. The strategy includes "break testing" – applying a full load of up to 20,000 users to get a quick gauge of system breakpoints and bottlenecks. The goal is to identify performance problems under expected production loads, allowing the development and infrastructure teams time to analyze and resolve critical issues before production release.

Ingest

VA currently has an inter-agency agreement with the National Archives and Records Administration (NARA) to develop and provide a smart scanning solution for VA claims documentation going into the VBMS pilots. The piloted solution includes recommendations VA can use to revise and/or improve business processes to promote efficiencies of smart scanning and optical character recognition.

NARA has been performing scanning services for production claim documents as part of the pilot since January 2011. The pilot will end in June 2012, and OIT will continue an inter-agency agreement with NARA for continued development, maintenance, and enhancement of the scanning solution. VA issued a performance work statement last week to acquire the services of a commercial vendor to support long-term scanning needs.

In addition to the scanning strategy, VA is developing additional ingest capabilities to enhance the data exchange infrastructure. The Veterans Relationship Management Initiative (VRM) Program Office is collaborating with state Veterans Service Organizations (VSOs) to provide a direct interface, which will enable direct transfer of data into VA systems. Additionally, Veterans will be able to file a claim for benefits utilizing Veterans Online Application Direct Connect through eBenefits. This will facilitate the Veteran's ability to leverage self-service capabilities when filing a claim for benefits. Furthermore, the Stakeholder Enterprise Portal will allow third-party personnel, such as VSOs to file and track claims on a Veteran's behalf.

Implementation Approach

VBMS is one of several major transformation initiatives currently being implemented across VBA. In 2011, VBA established a transformation Implementation Center to streamline and coordinate the transformation process. In preparation for national deployment of VBMS, the VBMS Program Management Office has worked closely with the Implementation Center to align the deployment strategy and schedule for VBMS with larger organizational transformation efforts. A coordinated approach to implementation was used to successfully expand the use of VBMS from two initial pilot sites in Providence and Salt Lake City to the Fort Harrison and Wichita Regional Offices in March of this year. All four sites are currently processing claims in VBMS and providing input to improve and refine the system prior to national deployment.

Workforce and Performance Support During Transition

The VBMS Program Management Office's deployment approach includes a robust organizational change management component to prepare the VBA workforce for the transition to a new system and associated business process changes. VBMS conducts numerous pre-deployment activities with local transformation Change Management Agents. In addition, the VBMS Program Management Office has developed a robust web-based training approach and curriculum to train end-users on the system prior to deployment.

VA is also leveraging input and feedback from the pilot sites to refine the deployment strategy, inform training development, and identify impacts to the workforce. Recent focus groups held at the Wichita Regional Office are just one example of activities underway to help prepare the workforce and organization as a whole as it transitions from a paper-based to an electronic claims processing environment.

Metrics

From October 1, 2011 through June 12, 2012, approximately 3,100 disability compensation claims have been successfully established through VBMS, and 950 claims have been completed electronically. In March 2012, original and subsequent rating compensation claims such as re-opened claims, claims for increase, or secondary claims, were being processed in VBMS. However, there are exclusions such as claims from Veterans living in foreign countries and claims related to radiation or spina bifida. On average, claims are taking approximately 135 days to complete in VBMS. Although the number of days to complete is higher than VA's goal of 125 days, VBMS is still developing business rules and automated decision recommendation support tools to assist claims processors in adjudicating claims faster and more accurately.

Veterans Health Administration (VHA) and VSOs

The VBMS Program Management Office is working with our VHA partners on multiple levels to develop and deploy the claims processing solution. Our collaboration with VHA includes the participation of VHA subject matter experts in VBMS requirements gathering sessions, development and delivery of VHA-specific web-based training courses, and ongoing communication with VHA's Disability Examination Management Office. To enhance inter-administration communication and collaboration, the VBMS Program Management Office provides periodic updates during VHA's Network Directors' conference calls and participates in biweekly meetings with VHA's Disability Examination Management Office. This collaborative approach and system access for VHA clinicians will help improve the integration of disability examination processes into the larger claims process.

VBA is engaged at the design stage with our VSO partners in VBMS development and all transformation initiatives. In April 2011, a subject matter expert from a VSO participated in early requirements gathering sessions during a 30-day detail with VA. VBA continues to involve the VSOs in requirements gathering activities as the system evolves. Additionally, the VBMS Program Management Office is building VSO-specific system training into its web-based training curriculum to meet the needs of VSO end-users. Representatives from VSOs also participated in recent VBMS training sessions at the Wichita and Fort Harrison Regional Offices as part of the VBMS deployment to those sites. As committed partners in ensuring the timely and accurate processing of Veterans' benefits claims, VSO end-users continue to provide valuable insight into system requirements and are helping to identity system issues at the current sites.

Labor Partners

VA has fully engaged our labor partners on all transformation initiatives including VBMS. We have conducted numerous briefings and demonstrations to our labor forums and mid-term bargaining teams. Additionally, we have established Memorandums of Understanding on all of our major transformation initiatives. Based on frequent communication with our labor partners, VA is adopting their feedback into VBMS development and deployment activities. We remain committed to closely collaborating with our labor partners as we move forward with VBMS.

Conclusion

VBMS, along with over 40 other people, process, and technology claims transformation initiatives, is critical to our success in improving the timeliness and accuracy of the claims process. We will continue to vigorously pursue business 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.

Statement For The Record

American Federation Of Government Employees, AFL–CIO And The AfGE National Veterans' Affairs Council

American Federation of Government Employees and the AFGE National Veterans' Affairs Council (hereinafter "AFGE") appreciate this opportunity to provide a statement for the record on VBA Transformation.

As the exclusive representative of Department of Veterans Affairs (Department) Veterans Benefits Administration (VBA) employees who process disability claims,

AFGE lends a unique perspective to discussions about the claims backlog, including agency efforts to improve training and claims accuracy and implement new information technology (IT) systems.

We appreciate VBA's increased willingness to listen to AFGE and our members. The VBA workforce has always been a key stakeholder in efforts to improve the claims process, along with veterans' groups, VA and Congress. Our members have had some, but not enough, participation in VBA Transformation pilots. *We urge the Committee to establish a mechanism for regular collaboration of* **all** *stakeholders, consistent with Executive Order 13522, Establishing Labor Management Forums, including the mandate to "allow employees and their union representatives to have predecisional involvement in all workplace matters to the fullest extent practicable."*

Transformation will also benefit from greater transparency; too often, new VBA initiatives and policies are developed behind closed doors, and during implementation, limited information is provided to front line staff most directly affected by changes.

Employees also need more opportunity to share insights with each other during the Transformation process. As one VBA employee observed, "Communication on and in between teams was discouraged rather than encouraged. This is the opposite of what was intended."

AFGE's greatest concern with the Transformation Plan is VBA's deviation from that plan, in search of "quick fixes". Even in the middle of an extremely complex Transformation Plan involving over 40 initiatives, VBA continues to act almost impulsively by starting entirely different initiatives that decrease production and waste significant taxpayer dollars. Two recent examples:

1. *Failed, Illegal Contract for Claims Development:* Last year, VBA entered into a $54 million three-year contract for claims development with ACS Government Systems, a Xerox-subsidiary. ACS has a very poor record as a government contractor, and no familiarity with the VBA disability claims process. VBA employees were taken out of production to train ACS employees. Significant taxpayer dollars were also spent to prepare and move files between offices. The result? ACS performed so poorly that on June 14th, VBA ordered regional offices (RO) to stop sending new cases to ACS to ensure that the contractor "resolves their timeliness and development issues." Now, VBA employees must handle the additional cases that ACS did not complete. (AFGE received a report that of the 80,000 claims sent to ACS, only 200 were returned.) This contract was wasteful and diverted resources and staff away from Transformation initiatives. It also violated federal law, specifically the statutory prohibition against direct conversion in 41 U.S.C. §439(a). *AFGE urges Congress to hold VBA accountable for the costs of its failed contracts, and require the agency to respond to the March 21st Congressional letter of inquiry (Appendix A).*

2. *30–Day RO Shutdowns:* Last month, VBA shut down all production at the Oakland RO and Sacramento Satellite Office and mandated full-time employee training to respond to recent Inspector General reports of low performance. (We note that ACS received more claims from this RO than almost every other RO.) Our members at this location report that VBA did not seek any input from front line employees or AFGE regarding the training curriculum, and management did not ask front line employees who are experienced Challenge instructors to provide training. We recently learned that plans for similar shutdowns in LA and other locations have been put on hold. Initial reports from Oakland indicate that its 30-day training program left a lot of room for improvement.

Generally, AFGE echoes many of the concerns raised by veterans' groups in their testimony regarding training, quality review, and the need for a better balance between quality and quantity. Our specific concerns, including examples from the field, are set forth below.

RO Staffing Allocation: More generally, on the issue of low performing ROs, we urge Congress to look at VBA's current system of staff allocation. We question whether VBA is in fact "starving" low performing offices of staff while "rewarding" high performing offices with more staff, rather than looking at relevant factors such as number of new hires, number of veterans filing claims at each RO and experience level of managers. *To address the specific barriers to high performance at each RO, it is critical that RO managers seek greater input from front line employees and their representatives.*

Training: The quality of VBA's training program continues to lag, especially training provided at the ROs after completion of new employee training. VBA's growing reliance on web-based training, rather than classroom training, is most likely driven

by the goal of minimizing the amount of lost production time. (To quote one employee, "I can't remember the last classroom training I had.") However, production decreases when employees fail to comprehend complex new material. Similarly, web-based training allows pressured managers to rush employees through training modules; it is more difficult to hold managers accountable for failing to comply with VA Central Office (VACO) mandates for "excluded" time for training that is provided outside the classroom.

The lack of expertise among instructors continues to weaken VBA classroom training. For example, at the St. Petersburg RO, management recently prepared for upcoming Challenge training by soliciting volunteers who were asked to perform self-assessments of abilities to instruct as subject matter experts. In addition, VBA regularly promotes managers to positions involving supervision and quality assurance after only a few years of "floor" experience

VBA has still not fully implemented another valuable tool for ensuring quality supervision: the supervisor skills certification test mandated by Section 225 of Public Law 110–389.

Outdated Work Credit System: Public Law 110–389 also mandated a study to overhaul VBA's system for assigning work (also known as "time motion studies" or "elapsed time studies"). The ability to measure the amount of time needed to perform specific tasks is a basic building block of production in the private sector and is equally essential to properly transforming the VBA claims process, especially given Transformation workflow initiatives such as express lanes. We urge the Committee to take a closer look at VBA's progress on this mandate as well. It is especially urgent that VBA provide adequate credit for case development (rather than undervalue this function by contracting it out to a contractor lacking expertise.)

VBMS: At the Ft. Harrison, MT RO, where the Veterans Benefits Management System (VBMS) has been fully implemented, employees are experiencing many system "glitches". Some of them are being addressed, but others are more fundamental and are slowing down production. Generally, employees find that VBMS does not interface well with other systems used to process claims.

Document Scanning and VBA Job Opportunities for Veterans: A Win-Win: National Archives and Records Administration (NARA) has estimated that VBA needs 4,000 additional employees to convert VBA to a paperless system. AFGE strongly urges the Committee to mandate that this function be performed by veterans working for VBA, rather than a contractor. This will: (1) create thousands of entry level jobs for unemployed veterans consistent with Secretary Shinseki's pledge to increase the percentage of veterans in the VA workforce by ten points; (2) save taxpayer dollars that would have been spent on the contracting process and on moving files between the VA and contractor; and, (3) lower the risk of security breaches because personal information is kept in-house. And yes, new employees can be brought in more quickly than a contractor: VBA can use the same flexible hiring authorities (term and temporary appointments) it has used in the recent past to quickly hire new claims processors.

Thank you again for the opportunity to present AFGE's views on the VBA Claims Transformation Plan.

Question For The Record

To Hon. Eric K. Shinseki, Secretary, U.S. Department of Veterans Affairs, from Bob Filner, Ranking Democratic Member

JULY 10, 2012

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, "Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve Our Veterans" that took place on June 19, 2012, I would appreciate it if you could answer the enclosed hearing questions by the close of business on August 21, 2012.

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 in a word document to Carol Murray at *Carol.Murray@mail.house.gov*. If you have any questions, please call 202–225–9756.

Sincerely,

BOB FILNER
Ranking Democratic Member

KR:cm

Post-Hearing Questions for VA's OIG

1. In order to better understand the efforts to improve underperforming Regional Offices, please provide a copy of the training and review guidelines for VA OIG staff who completed the Benefits Inspection Reports for the Oakland, San Diego, Los Angeles, Houston, Waco, and St. Petersburg VBA regional offices. Please include the definitions for the following terms used in VA OIG reports, including "errors," "inaccurately processing," "claims incorrectly processed," "Affecting Veterans' Benefits," and "Potential to Affect Veterans' Benefits."

2. The VBA and VA OIG have reported different rates of error for claims processing. Please provide an evaluation of the difference between VBA's STAR report indicating a nationwide disability claim processing error rate of approximately 13 percent for VBA and VA's OIG testimony on June 19, 2012, indicating a nationwide VBA error rate of approximately 30 percent. Please include comments on the scope, depth, integrity, transparency, reliability and accuracy of the two review methods.

3. A full understanding of the different types of errors that occur is critical for a comprehensive picture of the underlying issues of the claims processing error rates. Please provide a list of the types of errors VBA makes processing claims, and the frequency (in percentage) that VA's OIG observed for each of those types of errors when auditing veterans' disability compensation claims aggregated for the 50 regional offices audited since 2009.

4. At the June 19, 2012 hearing, the VA testified that they were taking steps to fix the computer glitch removing the future exam dates for veterans with temporary 100% disability ratings. Please provide an evaluation of the likely success of VBA's planned training and computer system upgrades regarding the entry into VBA computer systems a future exam date for veterans in receipt of disability compensation for temporary 100 percent disability ratings.

Responses to Bob Filner, Ranking Democratic Member from Hon. Eric K. Shinseki, Secretary, U.S. Department of Veterans Affairs

OCT1 7 2012

DEPARTMENT OF VETERANS AFFAIRS
INSPECTOR GENERAL WASHINGTON DC 20420
The Honorable Bob Filner
Ranking Democratic Member
Committee on Veterans' Affairs
United States House of Representatives
Washington, DC 20515

Dear Congressman Filner:

This is in response to your July 10, 2012, letter that contained additional questions for the Office of Inspector General following a Full Committee hearing on June 19, 2012, entitled "Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve Our Veterans ." We received your letter on September 28, 2012.

Enclosed are our responses to those additional questions. If you have any further questions, please have your staff contact Catherine Gromek, Congressional Relations Officer, at (202) 461–4527 or Catherine .Gromek@va.gov .

Thank you for your interest in the Department of Veterans Affairs.

Sincerely,

GEORGE J. OPFER

Enclosure

VA Office of Inspector General Responses to Questions for the Record for a Hearing Before the House Committee on Veterans' Affairs on June 19, 2012, on "Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve Our Veterans

Question: In order to better understand the efforts to improve underperforming VA Regional Offices, please provide a copy of the training and review guidelines for VA OIG staff who completed the Benefits Inspection Reports for the Oakland, San Diego, Los Angeles, Houston, Waco, and St. Petersburg VBA Regional Offices. Please include the definitions for the following terms used in VA OIG reports, including "errors," "inaccurately processing," "claims incorrectly processed," affecting veterans' benefits," and "potential to affect veterans' benefits."

Response: The VA Office of Inspector General (OIG) Benefits Inspection Division is comprised of former Veteran Benefits Administration (VBA) staff and managers who previously held various positions within VA Regional offices (VAROs), including such supervisory roles as Veterans Service Center (VSC) Manager and Assistant VSC Managers, a member from VBA's Systematic Technical Accuracy Review (STAR) program, Veterans Service Representatives, Rating Veterans Service Representatives, and Decision Review Officers. Our benefits inspectors have an average of 11 years experience in VBA operations.

Annually, our Benefits Inspectors complete VBA training related to the protocols selected for review during the subsequent fiscal year. Attached is specific VBA related training completed by our staff. Additionally, each Inspector reviews a range of Federal and VBA policy related to the VARO inspections, including 41 unique sections of Title 38 of the Code of Federal Regulations (parts 3 and 4) related to VBA compensation and pension benefits, and VBA's policies, guidance letters, and training letters. Benefits Inspectors use the guidance to develop inspection processes and checklists for examining each protocol. Our Inspectors also keep abreast of new VBA policy as it becomes available from VBA or VA during the course of the year.

Following are explanations of various terms used in our inspection reports:

- *Errors, inaccurately processing, and claims incorrectly processed*—Used synonymously and interchangeably to refer to errors identified in claims processing.
- *Affecting veterans benefits*—Indicates that errors identified in claims processing were either overpayments or underpayments of monetary benefits to veterans.
- *Potential to affect veterans benefits*—Indicates that the monetary impact of errors identified in claims processing could not be determined due to lack of evidence, insufficient evidence, or no monetary change in disability benefits.

Question: The VBA and VA OIG have reported different rates of errors for claims processing. Please provide an evaluation of the difference between VBA's Systematic Technical Accuracy Review (STAR) report indicating a nationwide disability claim processing error rate of approximately 13 percent for VBA and VA's OIG testimony on June 19, 2012, indicating a nationwide VBA error rate of approximately 30 percent. Please include comments on the scope, depth, integrity, transparency, reliability and accuracy of the two review methods.

Response: The OIG's process differs from VBA's STAR process in that we review specific types of disability claims, such as traumatic brain injury (TBI), herbicide exposure, and temporary 100 percent disability evaluations, considered to be at high-risk of processing error. OIG Benefits Inspectors select for review statistical samples of completed claims, typically from among claims processed three months prior to each scheduled inspection. Any noncompliance or inaccuracy we identify in claims processing is reported as an error; we report no degrees of errors. We share this approach and methodology with each VARO prior to inspection. We also include a discussion of our inspection scope and methodology in our published reports. We conduct our reviews independent from VBA.

In contrast, VBA's STAR process entails review and analysis of all types of compensation and pension claims processed at the VAROs. STAR utilizes regular, random sampling of completed claims from specific time periods to assess local VARO and national claims processing accuracy rates. STAR includes reviews in three key claims processing areas: rating, authorization, and fiduciary workloads. In March 2009, we reported that VBA understated its claims processing error rate by 10 percent (*Audit of Compensation Rating Accuracy and Reviews*)

Published STAR data provides a monthly snapshot of VARO claims processing accuracy. Each VARO has a 12-month cumulative accuracy rate, which is rolled up

into a national accuracy rate for all VAROs. In recent months, STAR implemented a "3–Month Accuracy Review Report," which provides a snapshot of the national accuracy rate. Each month, the sample size for review is expected to be approximately 1,200 cases. From April through June 2012, STAR staff reviewed 85 percent of the total 3,600 sample cases expected for the 3-month period. Because the report included an incomplete sample, the 3-month national accuracy rate may not reflect overall accuracy.

Both review methodologies are appropriate. The OIG focuses on examining higher risk medical disability claims. Our inspections assess management controls to determine whether VARO management adhered to VBA policy regarding correction of errors identified by VBA's STAR staff. We report those instances where staff did not properly take corrective action on those errors identified by STAR staff.

Question: A full understanding of the different types of errors that occur is critical for a comprehensive picture of the underlying issues of the claims processing error rates. Please provide a list of the types of errors VBA makes processing claims, and the frequency (in percentage) that VA OIG observed for each of those types of errors when auditing veterans' disability compensation claims aggregated for the 50 regional offices audited since 2009.

Following is a list of the categories of errors we identified for four types of medical disability claims we reviewed from April 2009 to June 2012. It should be noted that during our inspections, we provide VARO officials the opportunity to review each error and comment if they believe the error we identified is incorrect. We work together to resolve any disagreements on the errors identified before completing each inspection. VARO officials also provide formal written comments in response to our inspection reports. We include copies of the comments in their entirety as appendices to the reports. VARO officials have concurred with all recommendations we have made on improving disability claims processing and overall VARO operations since we began conducting our inspections and reporting the results.

Temporary 100 percent Disability Evaluations	Percentage in Error
• Confirmed and Continued evaluations	36.2%
• Medical reexamination reminder notifications not processed	30.9%
• Final disability decisions delayed or not completed	13.5%
• Rating decision inaccuracies	12.2%
• Improper processing of immediate medical reexaminations	7.2%

Traumatic Brain Injury Claims	Percentage in Error
• Inadequate medical examinations	55.5%
• Incorrect disability evaluations	28.1%
• Lack of evidence showing the veteran sustained a TBI	8.5%
• Improperly identifying residual disabilities associated with TBI	7.3%
• Incorrect effective dates of payment	.6%

Post Traumatic Stress Disorder Claims	Percentage in Error
• Incorrect disability evaluations	24.0%
• Improper stressor verification	18.0%
• No nexus between diagnosis and event in service	18.0%
• Inadequate medical examinations	18.0%
• Incorrect effective dates for payment	11.0%
• Additional benefits not considered	11.0%

Herbicide Exposure-related Disability Claims	Percentage in Error
• Incorrect disability evaluations	35.9%
• Improperly granting or denying benefits	24.8%
• Incorrect effective dates for payment	17.6%
• Improperly identifying secondary conditions related to primary conditions related to the primary herbicide exposure-related disability	11.8%
• Additional benefits not considered	9.8%

Additionally, the following table reflects the error rates, by fiscal year, for each category of disability claim we reviewed.

Claim Type	Error Rate 2009/2010	Error Rate 2011	Error Rate 2012 [1]
Temporary 100% Disability Evaluations	78%	64%	69%
Traumatic Brain Injury Claims	24%	42%	35%
Post Traumatic Stress Disorder Claims	10%	5%	Not reviewed [2]
Herbicide Exposure-Related Disability Claims	10%	11%	12%

[1] These statistics are based on 14 VARO inspections conducted through June 2012.

[2] We discontinued our review of PTSD claims because only 2 of 20 VAROs inspected in FY 2011 did not follow VBA policy when processing PTSD claims. This constituted an improvement from the 8 of 16 VAROs that did not follow VBA policy in processing PTSD claims, as previously reported in our FY 2010 inspection summary report.

Question: At the June 19, 2012 hearing, VA testified that they were taking steps to fix the computer glitch removing the future exams dates for veterans with temporary 100 percent disability ratings. Please provide an evaluation of the likely success of VBA's planned training and computer system upgrades regarding the entry into VBA computer systems a future date for veterans in receipt of disability compensation for temporary 100 percent disability ratings.

Response: VBA policy requires a temporary 100 percent disability evaluation for a veteran's service-connected disability following surgery or when specific treatment is needed. At the end of a mandated period of convalescence or treatment, VARO staff must request a follow-up medical examination to help determine whether to continue the veteran's temporary 100 percent disability evaluation. For temporary 100 percent disability evaluations, VARO staff must input dates in VBA's electronic system to alert staff to schedule the future reexaminations.

Based on our inspection results, however, the most frequent errors occurred when VARO staff did not manually enter dates in the electronic record as required to generate reminders to schedule future reexaminations for confirmed and continued (C&C) evaluations where rating decisions do not change veterans' payment amounts. We reported similar issues in our national report, Audit of 100 Percent Disability Evaluations (January 24, 2011). In response to a recommendation in this report, VBA modified its electronic system to establish a mechanism that automatically populates future examination dates from the rating decision documents to the electronic record. This system modification is reported to retain dates from the rating decision document even when an award document is not generated.

We did not identify any malfunctions causing these future dates to disappear from VBA's electronic record. We cannot determine the impact of VBA's recent computer system modifications on addressing the issue of missing future examination dates related to temporary 100 percent disability ratings. As part of our inspections, we observed a small number of recently processed temporary 100 percent disability evaluations related to C&C decisions and noted that the routine future examination

dates populated the correct fields in the electronic record. However, since the dates for the claims reviewed will occur in the future, we cannot ensure that the electronic system will generate notifications to alert VARO staff to schedule medical reexaminations as required. We are also unaware of any VBA-wide training plans specifically related to processing temporary 100 percent disability evaluations and, as such, cannot comment.

In response to our January 2011 audit report, the Under Secretary for Benefits also agreed to review all temporary 100 percent disability evaluations and ensure each evaluation had a future examination date entered in the electronic record. The review was to be completed by September 2011. However, VBA did not provide VAROs with a list of temporary 100 percent disability evaluations for review until September 2011. VBA subsequently extended the national review deadline to December 31, 2011, and then to June 30, 2012. To assist VAROs in their reviews of temporary 100 percent disability evaluations, we provided the VAROs with lists of veterans who may be receiving improper temporary 100 percent disability benefit payments. VBA was expected to complete this national review by September 30, 2012. As of this date, they have not completed this review.

ATTACHMENT A

BENEFITS INSPECTOR TRAINING

Protocol/Topic	Training	Training Updated by VBA
TBI.		
TBI Exam Request: Rating Training	Provides requirements for sufficient VA TBI examination	05/12
TBI Development	Provides requirements for proper development of TBI claims	02/12
Temporary 100s.		
Effective Dates: Journey Level RVSR Training	Provides requirements for assigning effective dates	06/12
Effective Dates: CUEs and New and Material**	Review of Clear and Unmistakable Errors in conjunction with Effective Dates and New and Material Evidence	04/12
Effective Dates: Challenge Training Material with detailed scenarios	Review of Challenge and Post-Challenge RVSR Training for Effective Dates. Also includes RVSR Assistant-Effective Dates EPSS	05/09
Subordinate Issues	Review to identify inferred issues presented during claims processing	06/12
Rating Reductions	Review of due process procedures	11/09
Duty to Assist/DEV.		
Workload/Management of Aging Claims: M21–4 2.05, f.10	Provides for review of cases by division management for cases pending for more than 1 year	06/10
Duty to Assist	Review of statutory requirements of VCAA, includes COVA case, FLs, checklist	06/12
Review of Development	Review VCAA and claims development/overview	01/07
Application of the Amputation Rules; Pyramiding (Exclude GSWs)	Application of the amputation rule; avoidance of pyramiding (Exclude GSWs)	01/11

Protocol/Topic	Training	Training Updated by VBA
Duty to Assist-RVSR	DTA and development for all records	10/11
Telephone Development	Good reference for development issues, including telephone development	06/12
General Policy in Rating	BASIC: but lays out part 3 and 4 and includes short review of each section	04/08
DBQs.		
DBQs and Medical Opinions**	Key changes in HL, T, Diabetes, PTSD and Gulf War DBQs. MEDICAL OPINION DBQ training	06/12
DBQ: Entry Level	Overview of DBQs, includes FLs, DUSB call, FAQ	12/11
DBQ FL 12–11	Provices information and guidance pertaining to the 81 DBQs available for VA use, including the 71 DBQs approved by OMB for public use	03/12
MISC Training.		
DRO Training Videos**	Quality Puzzle, Quality Review, IU, Effective Dates: VBA Intranet/Training/What's New	04/12
SNL	Review of the SNL program	02/12
Dependency for Comp	Evidentiary requirements for establishing dependents	12/11
SMC	Levels of Special Monthly Compensation *CALCULATOR*	08/10
RVSR Evaluation Builder/Text Generator	Provides an introduction to the Evaluation Builder and guidance on its use	07/11
Intake Processing Center-Implementation Handbook	Overview of the implementation of the Intake Processing Centers in ROs	01/11

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