

**STATE-OF-THE-ART IT SOLUTIONS FOR VA
BENEFITS DELIVERY**

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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MARCH 25, 2009
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STATE-OF-THE-ART IT SOLUTIONS FOR VA BENEFITS DELIVERY

WEDNESDAY, MARCH 25, 2009

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9:37 a.m., in Room 418, Russell Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Committee, presiding.

Present: Senators Akaka, Murray, Burris, and Burr.

OPENING STATEMENT OF HON. DANIEL K. AKAKA, CHAIRMAN, U.S. SENATOR FROM HAWAII

Chairman AKAKA. This hearing of the Senate Veterans' Affairs Committee will come to order.

Aloha and welcome to today's hearing. This morning we hope to learn more about VA's use of information technology to improve the delivery of benefits to veterans. VA has invested significant resources over the years in developing IT solutions to modernize how it does business. Unfortunately, the return on our investment has been mixed. This Committee has held a number of hearings on a variety of IT subjects, and stepped up oversight of VA-IT initiatives.

The current Administration has made it a priority, embracing new technology to improve the delivery of benefits. This, along with VA's move to reorganize IT, gives me hope that we will finally see significant improvements. One focus this morning is the use of IT in VA's implementation of the new Post-9/11 GI Bill. Failure simply is not an option with this program. When VA flips the switch on August 1, 2009, to implement the new Post-9/11 GI Bill, all manual and IT systems must be in place and properly functioning so that eligible recipients get their checks on time.

At last month's budget hearing, Secretary Shinseki identified eight high-risk areas related to the implementation of the new program. I want to learn more about VA's efforts to address those problems.

The Committee would also benefit from hearing about VA's other IT initiatives, including paperless processing and the use of rules-based technology for more consistent and timely adjudication of claims.

We have done a great deal of work on disability compensation. However, timely and accurate processing of disability claims remains a problem. Hiring and training more claims adjudicators is

important, but this will only take us so far. The Department must continue to work toward improving the claims adjudication process.

The results of VA's Claims Processing Improvement Study support the Administration's commitment to improve the delivery of benefits through investing in better technology. I look forward to hearing about the details of VBA's Paperless Delivery of Benefits Initiative and how it will improve services for veterans.

The processes we are looking at this morning are complex and the solutions are equally as complicated. IT can be a part of the solution, but it is not an end in itself.

I again welcome everyone to today's hearing and look forward to hearing the testimony of our witnesses.

I'd like—before I call on our Ranking Member—to tell you that the lead staffer on this hearing today is Ted Pusey; and it is with mixed emotion that I announce that Ted is leaving the Committee.

Fortunately for all of us, Ted is not going far. He will be working as Deputy Director of the Office of VA/DOD Collaboration at the Department of Veterans Affairs. This is obviously a great fit for Ted since he has been my mainstay on all VA/DOD issues here on the Committee as we sought to ensure a seamless transition for our newest veterans. And Ted has much to be proud of.

Ted and I have covered many miles together over the years. Last fall alone we toured nearly a dozen VA and DOD facilities together, including polytrauma centers, cemeteries, regional offices and clinics and hospitals. My focus with Ted's help was to listen to employees and managers to determine if they had the resources to do their jobs. And we looked at technology to improve the delivery of benefits and services.

Ted, I hope you don't mind that I will continue to work with you on our shared quest for improved VA/DOD cooperation and collaboration. After all, you are part of 'ohana—our family.

So thank you Ted. Just stand up and say aloha. [Applause.]

Now I would like to call on our Ranking Member for his opening statement.

**STATEMENT OF HON. RICHARD BURR, RANKING MEMBER,
U.S. SENATOR FROM NORTH CAROLINA**

Senator BURR. Thank you Mr. Chairman and my congratulations to Ted as well. It's hard to believe you are only 32 years old. The Chairman has aged you very quickly.

Aloha, Mr. Chairman. Welcome. And I welcome our panel today.

One of the Department of Veterans Affairs' most important missions is to provide timely and appropriate benefits to veterans and their families. Yet, for far too long, the VA's claims processing system has been challenged by large backlogs and long delays.

We are well aware of what these challenges mean for veterans back home, regardless of the State we come from. In North Carolina I frequently hear how frustrated veterans are with the long, confusing process.

Over the years, a patchwork approach has been tried to improve the claims processing system, and yet the problems and frustrations continue. I believe that more fundamental changes are necessary, and state-of-the-art IT solutions must be part of that change.

Our Nation continues to welcome home our newest generation of veterans. Many of these courageous men and women are used to cutting edge technologies. In fact, many have not known life without that technology. VA's benefits system must begin to make the necessary changes to meet 21st Century demands. By moving to a paperless benefits system, my hope is that we can reduce the inefficiencies in the claims process, lessening the frustrations of veterans and their families, and better enable veterans to access their benefits.

As a Member of Congress, I went paperless 8 years ago from a standpoint of that little thing in everybody's pocket that tells them where they are supposed to be in the next hour and in the next day. Three years ago my office went paperless. It was a scary thought. The truth is, today, I know I can walk into any office with a computer and I can find out what caseload any individual in that office has. I can check what incoming mail they have gotten. I can see whether they have processed it. I can see what is delayed.

More importantly, I can assess the effectiveness of an employee—not just my office as a whole, but a specific employee—based upon whether there is too much work going to them or whether their productivity does not meet the level of other workers.

In the 21st Century that has to be a tool that an agency like the Department of Veterans Affairs can and must use, though we cannot do that until we are paperless 100 percent.

I look forward to hearing from our witnesses today about VA's progress in moving away from the paper-based claims process to an electronic system that I think will better serve our Nation's veterans.

VA's electronic health records are a prime example of the incredible benefit that state-of-the-art information technology can yield. I hope that veterans can soon benefit from a modern, electronic system for benefits as well.

Also, I hope that the VA will draw from the many lessons it has learned over the years to make sure that implementation of the Post-9/11 GI bill goes smoothly. The last thing our veterans need, after sacrificing so much for our Nation, is to encounter confusion, frustration, or delay in accessing their well-earned education benefits. We owe them much more than that. So, I look forward to hearing from today's witnesses about how VA will have this program up and running by August 1st.

Mr. Chairman, I thank you for holding, what I think is a vitally important hearing and I look forward to working with you and other Members throughout the year to facilitate anything that the VA might need.

Thank you.

Chairman AKAKA. Thank you very much Senator Burr. Now I would like to call on Senator Murray for her opening statement.

**STATEMENT OF HON. PATTY MURRAY,
U.S. SENATOR FROM WASHINGTON**

Senator MURRAY. Thank you very much Mr. Chairman and Senator Burr. I really appreciate your holding this hearing on IT solutions for benefits delivery at the VA; and I want to thank our witnesses who are here today. All of you are on the front lines as we

attempt to transform the VA into a 21st Century organization and I look forward to hearing your testimony today.

I am eager to learn more about the VA's plans to leverage the power of IT to improve the quality and timeliness of our benefits delivery because our veterans deserve no less. We have already seen what the VA is capable of when it uses IT effectively to serve our veterans. Its electronic health records have improved the quality of health care for veterans, while at the same time reducing the cost of delivery.

The VA has proven effective at providing accessible medical information and ensuring continuity of care for our veterans.

Mr. Chairman I'm especially interested in hearing about the current status of the plans to deliver the benefits that were promised under the Post-9/11 GI Bill. Veterans who have served on our behalf since September 11, 2001, have earned these benefits and they have a right to expect them on time. The VA cannot be a day late and a dollar short when it comes to those important educational benefits that our veterans are expecting. I think we're all aware that we are less than 5 months away from when the new benefits become effective. I recognize that the implementation of benefits delivery is challenging, but because of the compressed timeline and changes to the payment structure, I look forward to hearing from the VA, especially about the two-part IT solution that they are working on to ensure that our veterans get their GI benefits on time.

Mr. Chairman we know from previous hearings that staffing alone won't solve all of the problems associated with the VA's benefits delivery process. Despite the real progress that we have made in staffing up the VA, a lot more needs to be done. So, I look forward to hearing from our witnesses today and thank you for all of your work on behalf of our veterans. And I would just add my thanks to Ted, as well, as he moves onto his new position. I wish him the best of luck and look forward to working with him.

Thank you Mr. Chairman.

Chairman AKAKA. Thank you very much Senator Murray. Let me call on Senator Burris for his opening statement.

**STATEMENT OF HON. ROLAND W. BURRIS,
U.S. SENATOR FROM ILLINOIS**

Senator BURRIS. Thank you very much Chairman Akaka and Ranking Member Burr.

I would like to extend my warm welcome as well to the panelists, and good luck to you Ted as you head out for greener pastures. You are going to be in trouble leaving our Chairman. He is the guru for all of us, so do not forget to check in with him. OK? And he will help you out.

Two weeks ago I—along with fellow members of the Illinois delegation—met with Secretary Shinseki at the North Chicago Veterans Medical Center and I was very pleased with our discussion that afternoon. The Secretary and I share a commitment to providing the best care in the world for our veterans.

Specifically, we discussed ways to streamline the disability claim process and quickly implement the Post-9/11 and the VBA IT ini-

tiatives. It was a productive meeting and I look forward to much progress in these areas.

One thing that I think we have to remember in this discussion is that the IT should always help us to deliver the best results possible to our veterans. We cannot get bogged down in creating processes and rules for IT and lose focus on the mission that we serve. Improving IT will not solve the claim backlog or ensure that the GI Bill reaches every eligible veteran.

We have to make sure we use these systems more efficiently. We must make sure that the personal element is involved in these systems and not rely on computers to solve our veterans' problems.

So, unfortunately, Mr. Chairman and members of the panel, I am going to have to duck out for another hearing, but my staff and I are focused on this issue. We must make sure that it works, but we have to keep the human element in here and make sure veterans do not get lost in the computer system, as they have gotten lost in some of the paperwork and the backlog that we are experiencing.

Thank you very much Mr. Chairman.

Chairman AKAKA. Thank you very much Senator Burriss.

I now welcome Acting Assistant Secretary Stephen W. Warren to our first panel. I really appreciate your being here today. Joining Mr. Warren is the Director of the Office of Education Service in VBA, Keith M. Wilson.

I thank both of you for joining us today and your full statements will appear in the record of this Committee. Let us begin with Mr. Warren. Will you please begin with your testimony.

STATEMENT OF STEPHEN W. WARREN, ACTING ASSISTANT SECRETARY, OFFICE OF INFORMATION AND TECHNOLOGY, DEPARTMENT OF VETERANS AFFAIRS

Mr. WARREN. Good morning Chairman Akaka, Ranking Member Burr, and Members of the Committee, I would like to thank you for the opportunity to testify today on the use of Information Technology to enhance claims processing within the Department of Veterans Affairs.

I would like to specifically address IT issues dealing with the implementation of the new Post-9/11 GI Bill and how it relates to the current delivery of education benefits, as well as the challenges of delivering benefits in the future.

On June 30, 2008, the Post-9/11 Veterans Educational Assistance Act was signed into law. The legislation provided that the new provisions of law would become effective on 1 August of this year.

In order to insure our ability to implement this new program and make benefit payments on a very aggressive time schedule, we launched an effort to implement an augmented manual approach as an interim solution.

Before describing this interim solution, I would like to assure you that we are on schedule. There are three components to this interim approach: the Front End Tool; a Back End Tool, which I have described in more detail in my written testimony; and in addition, there are modifications to 10 existing systems that support the claims and decisionmaking process. This interim solution will be in

place until a more robust, long-term solution is developed, which is projected to be deployed no later than December 2010.

Before discussing the long-term solution I would like to highlight several key milestones established in order to meet the August 1 target date.

We recently deployed our Eligibility Production Tool on March 9—the first phase of this interim solution—enabling us to deliver the capability to accept applications and electronically store eligibility and entitlement information. For the 10 respective supporting systems, supporting system modifications have been made and are in production. We are on track to meet the August 1, 2009, target date.

Turning to the Long-Term Solution. This is a more robust approach that will provide an end-to-end, seamless integrated claims processing system utilizing a rules engine, tight data integration strategies, and implementation of a well-defined Service Oriented Architecture. Once the long-term solution is deployed, it is envisioned that other Education Service benefits and systems will be modernized and migrated. This will ensure that all Veterans will benefit from these technological advancements.

VA is aware of the risks associated with this project and has developed several strategies to deal with those risks. A co-located, cross-functional Integrated Project Team has been put in place. A development approach using agile processes is being utilized. Defined requirements were locked down at the start of this process and a comprehensive governance structure starting from the Under Secretary and myself all of the way down to the day-to-day project manager is in place and is being utilized.

As you are already aware an outside an outside consultant was hired to conduct a “Quick-Look” at our program to provide the Post-9/11 GI Bill educational benefits. This study validated our present approach and business processes. It, however, highlighted eight additional risk factors that we have dealt with.

The study also validated that the Chapter 33 project was considered “high risk” from the moment of enactment and will remain as such due to the compressed timeframe and volume of work that needs to be accomplished.

Mr. Chairman, in closing, I want to assure you that we remain steadfast in our efforts to continuously optimize any and all information technology improvements as we strive to improve our Veterans’ benefits IT environment. Our goal is that these efforts, coupled with VBA’s partnership and the support of private industry, will greatly improve the technologies used to support the business processes that will significantly enhance the delivery of benefits to our Nation’s heroes.

Before closing, in concert with your comments about Mr. Pusey, on behalf of the Department I would like to bid Mr. Pusey farewell and thank him for his time and tireless service to our veterans and our Nation. I would like to hand over to Mr. Wilson and then answer questions when he has completed.

[The prepared statement of Mr. Warren follows:]

PREPARED STATEMENT OF STEPHEN W. WARREN, ACTING ASSISTANT SECRETARY,
OFFICE OF INFORMATION AND TECHNOLOGY, U.S. DEPARTMENT OF VETERANS AFFAIRS

Chairman Akaka, Ranking Member Burr, and Members of the Committee, I would like to thank you for the opportunity to testify today on the use of information technology (IT) to enhance claims processing within the Department of Veterans Affairs (VA), as well as the use of data from the Veterans Health Information Technology and Architecture (VistA), to assist in the processing of disability claims. I want to start by saying that these are very important issues that affect the lives of all Veterans and their entitlement to the richly-deserved benefits and services VA provides for disabling injuries and illnesses they incurred while serving our Country. Secretary Shinseki has charged us with being the tip of the spear in the transformation into a 21st Century VA, and we will succeed in this mission. There are many issues that play a role in this transformation, you have asked about, and I will specifically address IT issues related to the implementation of the new Post-9/11 GI Bill and how IT relates to the current delivery of education benefits, as well as the challenges of delivering benefits in the future.

POST-9/11 GI BILL IMPLEMENTATION

On June 30, 2008, the Post-9/11 Veterans Educational Assistance Act was signed into law. The Act established in a new chapter 33 of title 38, United States Code, a new program to provide educational assistance to Veterans, servicemembers, and members of the National Guard and Selected Reserve serving on active duty in the Armed Forces on or after September 11, 2001. This is commonly referred to as the Post-9/11 G.I. Bill. The legislation provided that the new provisions of law would become effective on August 1, 2009. In furtherance of the new program, VA's Office of Information and Technology (OI&T) was appropriated \$20 million in 2008 supplemental funding to begin the development process. An additional \$35 million was transferred from VBA's General Operating Expenses (GOE) Chapter 33 supplemental funding to plan and develop interim and long-term solutions to facilitate the delivery of the Post-9/11 GI Bill benefits. In FY 2009, Congress further supported benefits administration IT with \$50 million in the Americans Recovery and Reinvestment Act, of which \$48.5 million will fund implementation of the new education benefit.

In order to insure our ability to implement the new program and make benefit payments beginning August 1, 2009, we are currently developing an interim solution. The interim solution consists of a manual process for claims processing augmented by Information Technology (IT) tools, and is comprised of three components. These three components are the Front End Tool (FET), the Back End Tool (BET) and modifications to several existing systems applications. The FET will be implemented in three Phases. Phase I of the Front End Tool (FET), was successfully deployed on March 9, 2009, delivering the capability to accept applications and electronically store eligibility and entitlement information that claims examiners enter manually. Phase 2 will add specific data elements for processing claims under the transfer of entitlement provision of the law, provide the capability to perform payment calculations for school enrollment periods, and contain additional field validations. In addition, implementation of Phase 2 of the FET will also include deployment of the BET, which will provide finance and accounting processes to generate actual payments. Phase 3 will add the capability to perform calculations for aggregating service periods and determining entitlement amounts and benefit level. The BET is based on the existing Benefits Delivery Network (BDN) which is currently being modified to address payment processing for Chapter 33. In total, ten existing systems applications will be modified to support the claims and decisionmaking process. This interim solution will be in place until a more robust long-term solution is developed.

VA's Long-Term Solution will provide an end-to-end, seamless integrated claims processing system. The long-term solution will utilize a rules engine, tight data integration strategies, and implementation of a well-defined Service Oriented Architecture (SOA). Once the long-term solution is deployed, it is envisioned that other Education Service benefits (including Chapters 30, 1606, and 1607) and systems will be modernized and migrated to the new Chapter 33 infrastructure. This will ensure that all Veterans, from the Generation of WWII Veterans to the latest generation now beneficiaries of the Post-9/11 GI Bill, will benefit from this technological advancement.

OI&T is aware of the risks associated with this project and has developed a cross-functional Integrated Project Team (IPT) as one mitigation strategy. The team includes participants from Education Service, OI&T, Office of Resource Management (ORM), and the Office of Field Operations (OFO). On-site members of the IPT are

co-located in the Chapter 33 “Collaboration Room” to foster synergy and teamwork. This type of environment allows the team to participate in face-to-face meetings, to address change control, business requirements, testing, and optimization of other day-to-day project activities.

In keeping with the our commitment to being a results driven organization, an outside consultant was hired to conduct a “Quick-Look” study to validate our plans and procedures for executing this large new program of educational benefits. The “Quick-Look” study, completed on February 27, 2009, validated VA’s current approach and business processes and also highlighted eight additional risk factors for the VA to consider. In response to one of these highlighted risks, the Secretary appointed a single executive to whom all personnel involved in Chapter 33 will report. Mr. Keith Wilson, Veterans Benefits Administration, is the lead in this role. This single executive will ensure that critical decisionmaking actions are performed to meet the tight timeline for meeting the GI Bill’s requirements. The Secretary has also accepted the additional highlighted risks. The “Quick-Look” study also validated that the Chapter 33 project was considered “high risk” from the moment of enactment and will remain as such due to the compressed timeframe and volume of work that needs to be accomplished.

OI&T, in coordination with VBA, has also employed a tailored and responsive acquisition strategy. The interim solution will be developed “in house” using existing development resources. For the long-term solution, VA is using an Inter-Agency Agreement with Space and Naval Warfare Systems Center Atlantic (SPAWAR.) Initially, SPAWAR will develop and host the solution in their data center in New Orleans, Louisiana. Once the solution is deployed, VA intends to transition the infrastructure to the VA environment.

I would also like to take this opportunity to highlight OI&T’s key milestones, which we established in order to meet the August 1, 2009, target date. As stated earlier, we recently completed our Eligibility Production deployment milestone on March 9, 2009, enabling us to deliver the capability to accept applications and electronically store eligibility and entitlement information that claims examiners enter manually. In addition, 4 of the 14 respective supporting system modifications were made in production. Our next milestone is April 10, 2009, at which time we envision the lockdown of requirements for the Supplemental Claims Systems, needed to complete the development of the third phase of the Front End Tool in order to process supplemental Chapter 33 educational claims.

Completion of the Awards and Enrollment System in Production is scheduled for July 6, 2009, our target date for the deployment of award calculations; as well as the deployment of additional system modifications. During this same time, we envision the completion of the BET, which will provide finance and accounting processes to generate actual payments. Achieving this milestone will assure that we have the systems in place to meet the August 1, 2009, effective date. Our final interim solution goal, targeted for September 17, 2009, is to complete the FET Phase 3, which will support Chapter 33 supplemental claims processing. Implementation of this final phase will allow claims examiners to process any changes that a Veteran or his or her beneficiary may make to his or her current Chapter 33 claim.

PAPERLESS INITIATIVE

I would next like to address VA’s efforts at leveraging information technology to improve the timely delivery of Veterans’ benefits. As the President, and Secretary have repeatedly stated, our charge is to transform this organization into a 21st VA. The Office of Information and Technology (OI&T) is a critical component of that transformation, and is collaborating with VBA in the development of a comprehensive strategy to enable the achievement of their target business model. The operational concept of the Paperless Delivery of Veterans Benefits Initiative (Paperless Initiative) is to employ enhanced technology platforms to support Veteran-focused end-to-end benefits delivery, to include imaging, computable data, electronic workflow capabilities, and enterprise content and correspondence-management services. The initiative will integrate with VBA’s core business application and modernized payment system, the Veterans Service Network (VETSNET), as well as existing and planned infrastructure(s).

In response to VBA’s needs, OI&T is developing a technology strategy to ensure VBA’s mission needs are met and that appropriate enterprise architecture is employed. An existing application, Virtual VA, is currently being used to support some paperless processing in the Compensation and Pension business line. It has also enabled OI&T and VBA to identify valuable requirements and lessons learned for organization-wide paperless processing. The millions of electronic documents stored within Virtual VA will also be migrated into the new paperless system. This vast

repository of historical records, as well as the lessons learned through our experiences with Virtual VA, would not only assist our own business practices, but it will have a direct, and quantifiable positive effect on the Veteran.

Core elements of the Paperless Initiative include: Development of VBA-wide services to enable common methods for electronically and securely exchanging data with Veterans, external agencies, and other systems; development of operating standards for doing business in an electronic fashion, to include receipt and transformation of paper to electronic data, routing of work, and workload management; and integration and standardization of VBA business processes, to provide consistent, easy-to-use, and reliable services to enhance the Veteran self-service experience. By focusing on the Veteran needs as a people-centric organization, we have established a benchmark for success—the satisfaction of our client, the Veteran.

In September 2008, a Lead Systems Integrator contract was awarded to Electronic Data Systems (EDS). The Scope of Work of the Lead Systems Integrator Contractor (LSIC) is to assist VA with the development of an overarching technical strategy and elicit business requirements for the Paperless Initiative. These key deliverables will enable OI&T to begin specifying the supporting technical architecture and business application to support Veteran-centric end-to-end paperless benefits delivery. Additionally, an Independent Verification and Validation (IV&V) contract was awarded on February 11, 2009, to Innovative Management Concepts (IMC). These IV&V contractor services will provide independent quality assurance, testing, and review and monitoring of LSIC and future Application Developer Contractor (ADC) deliverables and performance. The ADC, currently scheduled for award by November 2009, will be responsible for building the end-state solution that will use the VA IT system spiral development life cycle consisting of multiple technical data release packages (TDPs). These packages will include:

- an enterprise portal providing an on-line interface for Veterans and employees;
- data integration providing the capability to access an accurate, timely, consolidated view of data regardless of the underlying system(s);
- imaging which will provide the service to securely capture, store, search, and retrieve images of forms, correspondence, medical records and other types of records;
- a “forms” service which is the mechanism to access, pre-populate and submit applications via the portal;
- correspondence functionality to generate, print, send, and record delivery of template-based correspondence including merged veteran-specific data; and
- a “messaging and workflow” service to manage the flow of data, images, and work items between users and underlying system components.

Finally, Mr. Chairman, I would like to highlight how the utilization of data from the Veterans Health Information Technology and Architecture (VistA) improves the processing of Veteran disability claims. The business application used by VBA to navigate and retrieve clinical data within VistA is called the Compensation and Pension Record Interchange (CAPRI). Online access to medical data housed in VHA’s VistA allows VBA personnel to obtain necessary medical information through the Federal Health Information Exchange and Bidirectional Health Information Exchange, or FHIE and BHIE. These exchanges allow the individuals responsible for determining a Veteran’s eligibility for benefits to seamlessly obtain relevant and appropriate data from the Veteran’s online health record with little to no delay.

CAPRI also provides access to some Department of Defense (DOD) medical records through integration through the FHIE framework. CAPRI was nationally deployed during fiscal year 2000, and enables users to simply “point and click” to bring necessary information onto their desktops. Since its deployment, the application has been repeatedly enhanced, as new categories of clinical data in VHA and DOD became available.

Mr. Chairman, in closing, I want to assure you that we remain steadfast in our efforts to continuously optimize any and all information technology improvements as we strive to improve our Veterans’ benefits IT environment. Our goal is that these efforts, coupled with VBA’s partnership and the support of private industry, will greatly improve the technologies used to support the business processes that will significantly enhance the delivery of benefits to our Nation’s heroes. Thank you for your time and the opportunity to address these issues. At this time, I would be happy to answer any questions you may have.

Chairman AKAKA. Mr. Wilson.

**STATEMENT OF KEITH M. WILSON, DIRECTOR, OFFICE OF
EDUCATION SERVICE, VETERANS BENEFITS ADMINISTRATION**

Mr. WILSON. Good afternoon Chairman Akaka, Ranking Member Burr, and Members of the Committee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs strategy for implementation of the Post-9/11 GI Bill. My testimony will address the information technology solutions being pursued by VA and the implementation of the Post-9/11 GI Bill, as requested by the Committee.

The processing of VA education benefits for the existing benefit programs is generally accomplished through the Benefits Delivery Network, the BDN. This system, although aging, has been modified to support many of the changes in benefit programs over the years; primarily because the basic payment structure for the programs has not changed. The basic structure is one of payments made directly to veterans or servicemembers based on an established full-time rate, adjusted by the number of credit hours attended by the individual.

The Post-9/11 GI Bill significantly changes the administration of the education benefit in a number of ways. No longer are benefits paid only to the claimant, but to both the claimant and directly to the educational institution. Further, instead of a single payment being made based on a single calculation for the number of credit hours enrolled, VA is required to make three separate payments: tuition and fees; a housing allowance; and a books and supplies stipend.

These payments are not based solely on hours enrolled, but also on the geographic location of the claimant's school. Because of these major differences, VA had no immediate IT solution available to accommodate this new benefit program, and modifications of the existing BDN system to provide a comprehensive solution was not possible by August 1, 2009.

Our short-term strategy to implement the Post-9/11 GI Bill consists of a two-part IT solution: a fiscal payment system which uses the existing Benefits Delivery Network to issue payments; and a Front End Tool to be used by VA claims examiners to augment the manual adjudication of the claims.

We are using internal VA-IT staff to build the needed payment processing and delivery mechanisms within the BDN fiscal payment system. This functionality will allow for entry of all payment types including recurring payments for the housing allowance, and provide auditing, account trails, and some reporting capabilities to meet finance and budgetary requirements.

The Post-9/11 GI Bill Front End Tool will augment the manual process, providing additional support that is accessible by processors at our Regional Processing Offices as well as VA Central Office. The VA Office of Information and Technology is delivering the functionality of the Front End Tool in three phases.

Phase 1 of this effort delivered the capability to accept applications and electronically store eligibility and entitlement information that claims examiners enter manually. Phase 2 will add specific data elements for processing claims under the transfer of entitlement provisions of the law, provide the capability to perform payment calculations for school enrollment periods, and contain ad-

ditional field validations. Phase 3 will add the capability to perform calculations for aggregating service periods and determining entitlement amounts under the benefit. Phase 1 was successfully deployed on March 9, 2009.

The functionality for Phase 2 of the Front End Tool is expected to be available for use by VA claims examiners on July 6, 2009. The Phase 2 supports payment calculations based on enrollment data; this availability date coincides with the planned production availability for the BDN payment functionality.

Phase 3, will include our lowest priority functions having the least impact and will be delivered by the end of September 2009.

In addition to the modifications to the BDN fiscal payment system, VBA is working with system developers from OI&T to enhance key existing IT systems. For example, VA-ONCE, an application that allows school certifying officials to transmit enrollment data electronically to VA, is being modified to accommodate the reporting requirements of the new program. It is important to remember that this IT approach is a short-term solution that we expect to retire in December 2010, when the new replacement system that will be used for the long term is deployed in cooperation with our partners at SPAWAR.

Our long-term strategy to implement the Post-9/11 GI Bill will rely on support from SPAWAR, to design, develop, and deploy an end-to-end solution. This end-to-end solution will utilize rules-based, industry-standard technology for the delivery of education benefits. The Post-9/11 GI Bill contains eligibility rules and benefits determinations that will work well with rules-based technology.

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

[The prepared statement of Mr. Wilson follows:]

PREPARED STATEMENT OF KEITH M. WILSON, DIRECTOR, EDUCATION SERVICE,
VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

Good afternoon Chairman Akaka, Ranking Member Burr, and Members of the Committee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs (VA) strategy for implementation of the Post-9/11 GI Bill (chapter 33 of title 38, United States Code). I want to start by saying that I appreciate that these are critical issues that affect the lives of all Veterans and their entitlement to the richly-deserved benefits and services VA provides for disabling injuries and illnesses they incurred while serving our Country. This is, indeed a sacred trust, and we are committed to the transformation into a 21st Century VA. My testimony will address the information technology (IT) solutions being pursued by VA and the implementation of the Post-9/11 GI Bill, as requested by the Committee.

The Post-9/11 GI Bill will provide Veterans, servicemembers, and members of the National Guard and Selected Reserve serving on active duty in the Armed Forces on or after September 11, 2001, with educational assistance, generally in the form of tuition and fees, a monthly housing allowance, and a books and supplies stipend, to assist them in reaching their educational or vocational goals. This program will also assist in their readjustment to civilian life, support the armed services recruitment and retention efforts, and enhance the Nation's competitiveness through the development of a more highly educated and productive workforce.

BACKGROUND

The processing of VA education benefits for the existing benefit programs is generally accomplished through the Benefits Delivery Network (BDN). This system, although aging, has been modified to support many of the changes in the benefit programs over the years; primarily because the basic payment structure for the pro-

grams had not changed. The basic structure is one of payments made directly to Veterans or servicemembers based on an established full-time rate, adjusted by the number of credit hours attended by the individual.

The Post-9/11 GI Bill significantly changes the administration of education benefits in a number of ways. No longer are benefits paid only to the claimant, but to both the claimant and directly to the educational institution. Further, instead of a single payment being made based on a single calculation for the number of credit hours enrolled, VA is required to make three separate payments (tuition and fees, a housing allowance, and a books and supplies stipend). These payments are not based solely on hours enrolled, but also on the geographic location of the claimant's school. Because of these major differences, VA had no immediate IT solution available to accommodate this new benefit program, and modification of the existing BDN system to provide a comprehensive solution was not possible by August 1, 2009.

When the Montgomery GI Bill (MGIB) was enacted in October 1984, individuals could not begin using benefits until 24 months of active-duty service after June 30, 1985, had been completed. Thus, VA had approximately 32 months to prepare to deliver benefits. VA received 5,760 claims for MGIB benefits through 1988. In contrast, the law that established the Post-9/11 GI Bill, with its far more complex payment requirements, allowed VA only 13 months to develop a payment system for what likely will be hundreds of thousands of claimants who will be immediately eligible for benefits on and after August 1, 2009.

Prior to the enactment of the Post-9/11 GI Bill, VA had been moving toward rules-based technology for delivery of education benefits. However, this initiative was not scheduled for implementation prior to 2013.

INTERIM SOLUTION

Our short-term strategy to implement the Post-9/11 GI Bill consists of a two-part IT solution; a fiscal payment system which uses the existing Benefits Delivery Network (BDN) to issue payments, and a "Front End Tool" (FET) for use by VA claims examiners to augment the manual adjudication of the claims.

We are using internal IT staff to build the needed payment processing and delivery mechanisms within the BDN fiscal payment system. This functionality will allow for entry of all payment types including recurring payments (housing allowance), and provide accounting, audit trail, and some reporting capabilities to meet finance and budgetary requirements.

The Post-9/11 GI Bill FET will augment the manual process, providing additional support that is accessible by processors in our Regional Processing Offices (RPOs) and VA Central Office. The VA Office of Information and Technology (OI&T) is delivering the functionality of the FET in three phases, which are based on VA priorities, and account for the capabilities and resources available from OI&T. Phase 1 of this effort delivered the capability to accept applications and electronically store eligibility and entitlement information that claims examiners enter manually. Phase 2 will add specific data elements for processing claims under the transfer of entitlement provision of the law, provide the capability to perform payment calculations for school enrollment periods, and contain additional field validations. Phase 3 will add the capability to perform calculations for aggregating service periods and determining entitlement amounts and benefit level. The FET will be the primary tool used by VA claims examiners in preparing and processing education awards.

Education Service conducted Phase 1 testing of the FET from January 28, 2009, through February 13, 2009, utilizing teams of subject-matter experts. Phase 1 was successfully deployed on March 9, 2009.

The functionality for Phase 2 of the FET is expected to be available for use by VA claims examiners by July 6, 2009. Phase 2 supports payment calculations based on enrollment data; this availability date coincides with the planned production availability of the BDN fiscal payment system.

Development of the BDN short-term solution is on schedule. The BDN portion of the short-term solution allows for input of multiple fiscal transactions to pay tuition and fees and Yellow Ribbon Program payments to schools, as well as recurring housing allowance payments, books and supplies stipends, and various other Post-9/11 GI Bill payments to students. Full system testing of the BDN solution is scheduled to begin on May 4, 2009, and will be conducted over a seven-week period through June 2009.

Phase 3, which includes our lowest priority functions having the least impact to our ability to process claims, is expected to be operationally ready by the end of September 2009. The most significant impact of a delay in this phase would be the inability to amend enrollment periods that have been entered into the FET. Due to

the complexity of the payment calculations, additional development time was required to address the complication in amending those enrollment periods when necessary. VA will be required to amend the enrollment periods manually if this capability is not available.

In addition to the modifications to the BDN fiscal payment system, i.e., the Back End Tool (BET) and the development of the FET, VBA is working with system developers from OI&T, as well as our Office of Business Process Integration, to enhance key existing IT systems. For example, VA-ONCE, an application that allows school certifying officials to transmit enrollment data electronically to VA, is being modified to accommodate the reporting requirements of the new program.

It is important to remember that this IT approach is a short-term solution that we expect to retire by December 2010, when the new replacement system that will be used for the long term is deployed in cooperation with our partners at the Space and Naval Warfare Systems Center Atlantic (SPAWAR).

LONG-TERM STRATEGY

Our long-term strategy to implement the Post-9/11 GI Bill will rely on support from SPAWAR, to design, develop, and deploy an end-to-end solution that utilizes rules-based, industry-standard technologies, for the delivery of education benefits. The Post-9/11 GI Bill contains eligibility rules and benefit determinations that will work well with rules-based technology that requires minimal human intervention. VA is currently working with SPAWAR on the long-term IT solution, and expects the development of this program to be completed no later than December 2010.

Mr. Chairman, this concludes my statement. I want to conclude by stating that I am personally committed to ensuring the success of this program, as is every employee working tirelessly on this project. It is our sincere hope that you will gain a clear vision as to the process, and our progress. Our clients are the Veterans, and we are privileged to be charged with providing the Veterans with timely benefits—we will meet that charge. I would be pleased to answer any questions you or any of the other Members of the Committee may have.

Chairman AKAKA. Thank you very much Mr. Wilson.

My first question is to you Mr. Wilson. I understand that even though the new education program becomes effective on August 1, the first payments will not be made until September 1. Is that correct?

Mr. WILSON. The first payments that will go out to the veterans will be payments for training received at the end of the month following the month that they are first enrolled.

Since most enrollment periods will begin in August around September 1, we will cut the first monthly housing allowance check for the training time, attendance time during September. So the answer would be yes, that would be the first partial check. The first full housing allowance check will be generated around October 1.

Chairman AKAKA. How are the veterans being made aware of this information?

Mr. WILSON. We have a multi-phased, redundant process in which we are communicating with veterans. Our normal outreach processes are in place and we do—and have done for years—four direct mailings to servicemembers while they are on active duty.

One mailing at 12 months into active service, another at 24 months, the third at 6 months prior to separation, and then a fourth direct mailing at separation. In addition to those direct mailing we have two initiatives underway. One will be a direct mailing to all servicemembers that had at least 30 days of Post-9/11 service. That's about 2.1 million individuals, we expect that to be completed in about the next month or so.

We're also doing a direct mailing to all active duty members currently on active duty and that will go out either as a hard copy or potentially through DOD's e-mail system to all active duty mem-

bers. In addition to that we have in place our existing outreach mechanisms with organizations such as the State Approving Agencies.

The State Approving Agencies have been under contract to VA for decades and one of their missions is outreach directly to individuals and schools within their States.

Chairman AKAKA. I'm sure in your strategizing for this that you can see that there are many errors. This question is for both of you. Do you anticipate that there will be some unavoidable errors? If so, what is the mechanism in place to fix these errors quickly and to repair the underlying issue which caused the error?

Mr. WILSON. From a claims processing perspective, I think it is fair to say that there will certainly be errors. Our accuracy rate right now for adjudicating education claims is about 96 percent—a 96 percent payment accuracy. That is our goal for this year as well, and we are not prepared to back off that goal.

We process about 1.6 million education claims a year, 99.9 percent accuracy would mean some are still incorrect. We will go to the ends of the earth to make sure that we are not making erroneous payments.

Most specifically, we have been underway for months within VA training both our existing staff and the 530 additional people we have hired to adjudicate these claims on this benefit. That has been underway for some time.

Additionally, we have in place a two-step authorization process before we actually award benefits. So any individual, any claims examiner that makes the initial determination will have that decision sent through a seasoned authorizer before we actually authorize the payment and notify the veteran.

So, I believe we have a robust mechanism in place on the front end. On the back end we will continue to have our oversight mechanisms in place in terms of auditing claims for quality and as we spot any trends we will implement corrections to those errors into our training programs.

Mr. WARREN. Turning to the development process, if I may Mr. Chairman.

Chairman AKAKA. Mr. Warren

Mr. WARREN. One of the things I had mentioned in my comments was that we had moved to an agile development process. So we had broken the tradition of putting together requirements and then developing for months and months and then delivering a product to see if it works.

What we have changed with this program is, we are incrementally developing it and testing it as we go down that path so we do not find out at the end when we actually need to deliver, whether the system will work or not. We are testing it on a very routinized basis, sometimes daily, mostly on a weekly basis. Lay it out, make sure it works. The end users are testing it and anything we find that is wrong, we immediately go back and fix. So, this is one of the reasons we have been able to move relatively fast on this Mr. Chairman.

Chairman AKAKA. That you for your responses.
Senator Burr.

Senator BURR. To either one of you, give me an idea of how many claims you expect to receive this fall and what you anticipate the average number of days to be for processing those claims.

Mr. WILSON. We anticipate about a 20 percent increase in claims volume, which would translate into a total recipient pool of about 450,000 claimants during a given year. And we track that normally over a year period, so we are talking about that volume over the first year of the program essentially.

Our average processing timeliness goals for this year are 24 days. We established those goals before this program was implemented; however, we are not prepared to back off those goals. We believe that is still something that we should aggressively work through. We have confidence that we can meet those days. So 24 days for original claims. For a supplemental claim, which is a re-enrollment type of claim, 10 days is our goal for those. And again, 96 percent accuracy continues to be our goal.

In terms of the specifics concerning the volume in the fall as you asked, generally speaking, historically about 60 percent or so of our total folks that we pay over a year period are receiving benefits during the first quarter of the year. Our students may not necessarily attend the first time in the fall; it could be the spring or the summer period.

Senator BURR. OK. The “Quick-Look” study that you mentioned in your testimony found, and I quote, “because resources are limited, time is short, and requirements unstable, there is a risk that the quality of Phase 1 product will be compromised to meet the Phase 2 requirements.”

In response to that General Shinseki recently testified in front of the Committee and I will quote him, “All of that’s true, but we are where we are and we’re working to improve on those things.”

Now if there is a problem with Phase 1, what impact would it have on veterans and their families applying for benefits? Number 1. And number 2, would this problem increase the error rate in processing those claims?

Mr. WARREN. If I could Senator Burr. The “Quick-Look” study was prior to March 9 and the Phase 1 they were referring to was delivery of that piece of the system on March 9. We met that schedule. The system came online and is being used for training for the examiners. So the risk that was identified we dealt with, we overcame, and we delivered.

The risk is still high throughout the project. It is one of the reasons why the project team is basically they’re in one room. They are in a continuous meeting from dawn to dusk. It is not people all over the VA complex. They are a co-located, integrated team—Education Service folks, Benefits folks, and IT folks—working this project day in and day out.

I meet with the Under Secretary every week. We run through what is there; to manage risks, to make sure that if there is any risk we are aware of it; and we are putting in place controls and contingencies to deal with those risks. In this case, there was a high risk, we delivered on schedule. That high risk continues throughout the project, we are managing it and monitoring every single day so it does not get in the way of delivering these benefits to the veterans and their families.

Senator BURR. Share with me, if you will, how the claims processing employee will do some things manually.

Mr. WILSON. Yes. The work that they are going to be doing manually, that they would not have been doing previously, is populating the information in the Front End Tool. The Front End Tool is an IT application that for Phase 1 will store the information that we will use when we are making the eligibility determination. As Mr. Warren indicated, that tool has deployed. Our employees are being trained on that tool right now.

From the veterans perspective, what they are going to see as a result of that tool is: on May 1, we expect to begin receiving applications so that we can issue certificates of eligibility to claimants, and it will be the information that we receive from that claimant, as well as the eligibility information that we receive from DOD, that we will be populating into that tool, because there will not be that capability to pre-populate the information early on.

Senator BURR. Mr. Warren, you said that in areas that have risk that safeguards are in place. What safeguards do you have in place for the manual process that these claims processors go through?

Mr. WARREN. If I could Senator, the controls that are in place from the risk, for the manual entry, is the two-step process that was discussed in terms of having a seasoned examiner review the decisions made by the individual entering the information in.

As we have gone forward with this augmented manual approach, we are using IT tools to assist in this process; we have made adjustments. As an example, when we first started out it was all manual entry by the Education employee. Since then we have been able to implement a secondary system which actually reaches into existing databases and pulls forward any information that already exists on that veteran, either from DOD or from ourselves.

So, what we have been doing is looking at how do we decrease the quality errors that are possible as a result of manual entry. So now it is down to new individuals for which we do not have information; data gets entered in and then we have a two-step process, if you will, where somebody makes sure all of the information is correct. No errors were made and that the check for the appropriate amount is going out.

Senator BURR. A hypothetical—and I ask my colleagues to bear with me for 1 second and that way we will not require a second round of questions.

Let us accelerate, if we can, to the fall.

Mr. WARREN. Sure.

Senator BURR. I am a veteran. I have got an education benefit. I have chosen my school. I show up at school, tuition had not been paid. The registrar says, “You are not enrolled.” What happens and how long does it take?

Mr. WILSON. Perhaps the best way to address that first is to walk through the process that a veteran will experience. Beginning May 1 we will begin issuing Certificates of Eligibility. The next step—

Senator BURR. I realize how we have got this timelined out. But I am asking you to skip over everything.

Mr. WILSON. OK.

Senator BURR. Assume that everything that we have done, every communication that we have had suggested to veterans that they are approved; everything is happening.

The simplest of things did not happen. There was not a transfer of money from VA to an institution. And the reality is, as a parent with one in college, you do not have long to fulfill the financial obligation. They do not accept that "the check is in the mail."

What does a veteran do and how quick are those safeguards to address that enrollment challenge?

Mr. WILSON. The mechanism we have in place right now, which is the same mechanism we have had in place for some time is when the school submits the enrollment information to us, that is the cue to us to transmit the payments. In this case, under the new program it will transmit multiple payments. The tuition and fee payments will begin going out July 8; the housing allowance payments will begin going out August 3.

If there was something that prohibited those checks from going out—I guess I am struggling a little bit with perhaps what that would be because we are using our existing payment mechanism to send the checks in the same—

Senator BURR. Listen, there is nobody that is rooting for you more than we are.

Mr. WILSON. I understand.

Senator BURR. Because the point on your timeline that I have just mentioned is where we get involved.

Mr. WILSON. Right.

Senator BURR. We are the ones that will get the call right after you get the call from the Registrar's Office that payment has not been made. And I would only ask you in the search for thinking through the whole process, that the law safeguard asks: what do we design for the day that a veteran shows up and for some unknown reason a payment has not been made to somebody who is eligible?

Mr. WILSON. The first thing they do is call us, 1-888-GI-BILL-1 and make us aware. That is the very first thing that they do.

Senator BURR. And I would hope that at some point you could share with us what you have instructed whoever answers that phone to do and what the timeline or expectation is for the hours that that will be addressed—not days.

Mr. WILSON. Yes, understood. And I can get that information to you Senator, it is the same process that we have in place now. Obviously, we generate millions of checks; some of them do not show up. So, we do have an existing process to handle that.

Senator BURR. Thank you.

Chairman AKAKA. Thank you Senator Burr.

Senator Murray.

Senator MURRAY. Thank you Mr. Chairman.

Mr. Wilson, the current economic climate is affecting everybody, including our veterans who are coming home. These men and women are coming home and their ability to get a job in the current climate is very tough. Do you expect economic uncertainty to impact the number of service men and women who will ask for Post-9/11 GI Bill help?

Mr. WILSON. There will certainly be impacts on an individual level. Statistically, how that would impact us in terms of the administration of the program as a whole concerning 500,000 plus veterans is less clear at this point. The prime driver for usage for our program are individuals that separate from service. Generally they will begin using the program immediately or within the first 2 years, perhaps 3 years of service and then the new users will kind of taper off over the remaining 10 years that they have to use the benefit.

So there are really two groups that we are serving here: individuals that have Post-9/11 service; or already have service. Generally, historically 70 percent of those individuals have used some amount of their benefits already. So there are folks out there that will still have unused benefits that could come to us that would not have otherwise. We would expect to see some increase, perhaps in there.

Senator MURRAY. And are you ready for that?

Mr. WILSON. I believe we are, yes.

Senator MURRAY. OK.

Mr. WILSON. The other impact could be the individuals that are now potentially leaving service, which again is our prime driver, whether they will continue to make the decision to leave the service.

Senator MURRAY. So it could go either way?

Mr. WILSON. It could go either way. Yes, ma'am.

Senator MURRAY. OK. Mr. Warren, in the VA Inspector General's testimony last month when he went before the House, the IG's office identified a number of concerns with the VA's IT security. The VAIG testified that their audit results, and I want to read the quote, "support that a material weakness still exists related to the implementation of VA's agency-wide information security program."

Can you tell us what the VA is doing to address those security issues?

Mr. WARREN. Yes, ma'am. The report was in follow-up to the annual FISMA evaluation that takes place. The Inspector General identified that though we had made progress in putting together overarching programs and policies, that at the site level the actual corrective measures were not being implemented in a timely manner.

One of the things that we have done, is we have reached out to our Chief Information Officers (CIOs) at each of the sites and identified for them the specific things that were identified by ongoing evaluations and audits, which are actually captured at each site, are important to them, and are things they need to focus on, on a daily basis.

We have also gone out to those CIOs where there are resources available to them at the local level to apply to resolving any open findings. We track every one of those open findings in a dashboard that I receive every morning where I can actually drill down from a national level to a regional level to a VISN level to a site level to a specific medical center and track progress toward closing open actions. It has my constant attention at that level as well as with our Head of Operations to make sure he is giving the support necessary at the local level to close those open deficiencies.

Senator MURRAY. And is that going to apply for security measures related to the Post-9/11 GI Bill?

Mr. WARREN. Those security measures apply to all systems, all locations, all processes that the Department utilizes in the delivery of benefits and services. So it is more than just on the Health side, it is across the board. And the dashboard is a comprehensive view of every function and every activity at the Department.

Senator MURRAY. OK. Thank you.

Mr. Wilson, I understand that private schools are waiting for the final regulations to be issued before deciding whether or not to participate in the Yellow Ribbon Program.

Based on your preliminary conversations with some of these private schools, do you have any guess as to the level of private school participation in the Yellow Ribbon Program?

Mr. WILSON. I would be venturing a guess in terms of a precise number, but I can say that there has been significant interest. There has been a great deal of interest. I would expect a lot of schools to participate.

Senator MURRAY. So you have had a lot of conversations and you are hearing that they are interested?

Mr. WILSON. Yes. We had sent out an informational survey to kind of poll schools to find out, based on what they knew right now, whether there would be interest, and we received a very strong response to that request.

Incidentally, our regulations did clear OMB yesterday so they should be published very soon.

Senator MURRAY. I just have a few seconds left, but Mr. Wilson in a hearing before the House earlier this month the VA Inspector General's Office said they were concerned that VBA may need more staff than currently planned to successfully implement the GI Bill. Do you think those concerns are legitimate?

Mr. WILSON. The modeling that we have worked up—which we have revisited as time has gone by and have learned more—indicate that we have the capability we need to process the claims right now. We have accounted for a 20 percent increase in usage. We have also accounted for the possibility that all folks that are eligible would come in basically on day one and being able to handle those on day one.

One of the advantages that we have as we implemented this new program is, we can leverage the summer period this year because that is normally one of our slow periods. And that is why we want to leverage the Certificate of Eligibility process and get a lot of that work out of the way during the summer, so that when the fall enrollments come, basically what we will have to do then is plug in the numbers that the schools report and we can issue payments. That is going to help the fall process.

Senator MURRAY. All right. Very good. Thank you very much. Thanks to both of you. Thanks Mr. Chairman.

Chairman AKAKA. Thank you very much Senator Murray.

Mr. Wilson, on technical changes could you comment on what effect any additional changes made at this point would have on your effort to implement the new GI Bill program on August 1.

Mr. WILSON. Any kind of legislative changes could be significant for us. They could create a very high risk of us being unable to meet our August 1, 2009, deadline. And the reason for that is we have locked down what we need to in terms of functional require-

ments—business requirements to implement this program as it currently exists in statute.

If we were to be required to go back a re-baseline those functional requirements, it would potentially throw our entire timeline for deployment into question.

Chairman AKAKA. Mr. Wilson it is my understanding that there is a concern that the new Education programs could adversely affect the delivery of benefits under other Education programs in Title 38. Do you have any similar concerns and if so how do you intend to address them?

Mr. WILSON. I do not share those concerns and the reason I say that is our performance goals, which I have already indicated are 24 and 10 days, apply to all of our benefit programs. So in the normal course of business we manage the work in all of the Education Benefit programs we administer.

Chairman AKAKA. Senator Burr asked about payments, this question is for either of you. Are payments to institutions part of your IT plans? In other words, are these payments going to be automatically sent out?

Mr. WILSON. Yes, they are part of our IT plans and they will go out during the same process as adjudicating the claim for the veteran. All of the payments—the tuition and fee payment, the housing allowance payment, the books and supply stipend—are part of the same claim process and the appropriate payments will be made on each individual case.

Chairman AKAKA. Mr. Warren. How has VA's IT centralization placed VA in a better position to take advantage of new technologies to improve on the delivery of benefits to veterans?

Mr. WARREN. I believe centralization has allowed us to look across the Department and look across the multiple services and products that the Department provides to our veterans and to bring to bear the technologies that work in all of those areas. So we are now able to capitalize on the successes in any part of the Department and apply it to all of our problems, as well as to capitalize on any failed projects or approaches and use those lessons learned not just in that particular program, but across the whole of the Department.

So we are able to take advantage of all of the things that the Department is doing, the successes as well as the failures, so that we can move our delivery into the 21st Century. This project, the new GI Bill, in terms of how we have approached it, we have changed how we are managing the project. We have changed how we are using technologies and we are doing that based upon the ability to look across the Department. What has worked? What has not worked? And then bring it all to bear.

It has also allowed us to pull resources from across the Department to this program, which is in one part of the Veterans Benefit Administration. So again, we are able to draw upon all the resources, all of the knowledge, good and bad, to make sure that the projects we move out are a success.

Chairman AKAKA. Mr. Wilson my final question. You did mention about staff training and stated that staff for all of the GI Bill efforts is now on board, and has been fully trained. However, if your

IT structure has not been put in place, if that happens, will additional training be necessary to meet the August 1 deadline?

Mr. WILSON. The individuals are onboard. The training is still underway though. I just want to make sure I am clear on that. The individuals, the 530 individuals, are currently going through training. Would additional training be needed? The short answer to that is yes. The amount of additional training would depend on what part of the IT deliverables would not actually be delivered.

We have contingency plans in place for those. Generally speaking, we would be replacing the lack of the IT deliverable with simpler IT solutions such as spreadsheets, things like that. So the training would be fairly minimal depending on what IT solution would not be delivered.

Chairman AKAKA. Thank you. Senator Burr.

Senator BURR. Mr. Chairman, one last question.

I want to go to Guard and Reservists for just a minute. Guard and Reservists with some degree of active duty service could qualify for up to four different educational benefits. Now I know we have an Education Call Center. Can you share with us, is there a consultation process that will take place with these Guard and Reservists to try to put them in the most appropriate education benefit?

Mr. WILSON. There is a process. We have worked hard to make sure that our call center staff are up to speed on all of those issues. Obviously they were already up to speed on the previous programs that we have administered and we have sent our best people out to the call center to make sure that those individuals have the expertise on this program as well.

Our approach on this is to make sure that we can help the veteran identify the questions that he or she should be asking before they make the determination on what the best benefit is for them. There could be things that we cannot fully account for; for instance, a veteran might have concerns about losing their job so they would want the additional 5 years to use the benefit under Post-9/11, understanding that to do so they would receive perhaps a lesser dollar amount of benefit. Those are the type of things that we want to make sure that they account for, but we cannot really answer those questions specifically for them.

So, that is the approach that we are taking with our call center. That is the approach we are taking on our Web site as well. We have information on there that helps them answer the questions and apply their answers to the questions to several scenarios, case studies that we have on our Web site.

Senator BURR. Great. I thank you, Mr. Chairman.

Chairman AKAKA. Thank you Senator Burr.

I want to thank the first panel very much for your responses. This has been helpful to us. Thank you.

Now I would like to introduce our second panel. First, I welcome the Director of the Office of Business Process Integration in VBA, Kim A. Graves. I also welcome Scott A. Gaydos, Application Services Executive at EDS. Thank you both for joining us today. Your full statements will appear in the record of the Committee.

Ms. Graves, will you please begin.

STATEMENT OF KIM A. GRAVES, DIRECTOR, OFFICE OF BUSINESS PROCESS INTEGRATION, VETERANS BENEFITS ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS

Ms. GRAVES. Good morning and thank you Mr. Chairman.

Chairman AKAKA. Good morning.

Ms. GRAVES. Ranking Member Burr and Members of the Committee, it is a privilege to be here today to talk about the use of information technology to enhance compensation claims processing within the Veterans Benefits Administration. I will address the status of VETSNET and the Paperless Delivery of Veterans Benefits Initiative, as requested by the Committee.

VETSNET, or the Veterans Services Network, is a suite of five inter-related software applications that support end-to-end compensation and pension claims processing. VETSNET is intended to replace the C&P claims processing and benefit payment functions of the legacy Benefits Delivery Network or BDN.

Over the past 3 years, significant progress has been made in achieving our goal of migrating the C&P functions from the BDN platform. In 2005, the Under Secretary for Benefits requested an independent technical assessment of the project to identify areas of concern which were inhibiting our ability to complete the final two components of the application suite.

As a result of the assessment, the Under Secretary engaged MITRE Corporation to assist in the development and implementation of mitigation strategies. This action has resulted in significant progress in the delivery of benefits to Veterans. Today, 98 percent of all new compensation claims are processed through VETSNET and of the 2.7 million compensation records which existed on the BDN in 2006, we have converted all but 360,000 of those cases to the VETSNET platform.

With the substantial progress made in moving VETSNET forward we are able to now turn our attention to migrating C&P claims processing into a paperless environment. We have successfully used imaging technology and computable data to support claims processing in our Insurance, Education, and Loan Guaranty programs for many years. Initial pilot efforts in our C&P business line have demonstrated the feasibility of using this type of technology for those benefit programs as well.

Our current focus is the development of a comprehensive strategy to integrate the various in-progress initiatives, leveraging successes already accomplished. VBA is collaborating with the Office of Information and Technology in developing this strategy to ensure our mission needs are met and that the appropriate enterprise architecture is employed.

At the core of our strategy is the implementation of a business model for C&P processing that is less reliant on the acquisition, storage, and movement of paper documents. Our comprehensive plan, the Paperless Delivery of Veterans Benefits Initiative, will employ a variety of enhanced technologies to support claims processing. VA contracted with Electronic Data Systems, or EDS, to serve as the lead systems integrator for this effort. The LSI effort is focused on the design of the technology solution which will support enhanced paperless claims processing opportunities across VA.

To ensure we are addressing the transition to paperless processing in a comprehensive manner, we have taken steps to assess best practices from both government and industry. In January, we visited the Social Security Administration and received a demonstration of their paperless capabilities. SSA has been very helpful in sharing information about their business process and technology transformations. We also visited United Services Automobile Association Headquarters in San Antonio. USAA's use of today's technologies has helped to form our vision of how we need to serve and communicate with today's veterans.

While the use of advanced technologies is critical to our service-delivery strategy, we must also address our business processes. To that end, VBA developed strategic partnerships with two recognized experts in organizational transformation. MITRE is actively providing strategic program management support to both VETSNET and the Paperless Initiative. Booz Allen-Hamilton has recently been engaged by VBA to provide business transformation services. Booz Allen will assist us in business process re-engineering, organizational change management, and related activities to ensure VBA is well positioned to take advantage of the technology solutions being developed.

We are keenly aware that to merely apply new technology to existing business processes will likely not result in the desired end state.

As another element of our comprehensive transformation strategy, we have designated the VA Regional Office in Providence, Rhode Island, to serve as our Business Transformation Lab. The lab will serve as the focal point for convergence of process re-engineering and technology, ensuring that service delivery is optimized and that best practices are developed and deployed throughout VBA.

We recognize that while technology is not a panacea for our claims-processing concerns, it is, however, the hallmark of a forward thinking organization. Our paperless strategy combines a business-focused transformation and re-engineering effort with enhanced technologies, to provide an overarching vision for improving service delivery to our Nation's veterans.

I assure you VA leadership is committed to implementation of the Paperless Initiative. We believe this goal is not only attainable, but it is imperative to ensure our clients, the Nation's veterans, are afforded the service they have deserved or that they have earned.

Thank you for the opportunity to address these issues. This concludes my prepared testimony, Mr. Chairman and I would be happy to answer any questions you or the Committee Members might have after the next panelist. Thank you, sir.

[The prepared statement of Ms. Graves follows:]

PREPARED STATEMENT OF KIM A. GRAVES, DIRECTOR, OFFICE OF BUSINESS PROCESS INTEGRATION, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

Chairman Akaka, Ranking Member Burr, and Members of the Committee, It is a privilege to be here today to talk about the use of information technology to enhance compensation claims processing within the Veterans Benefits Administration (VBA). I will address the status of CAPRI, VETSNET, and the Paperless Delivery of Veterans Benefits Initiative, as requested by the Committee.

CAPRI is the Compensation and Pension Record Interchange, which allows VBA users to access Veterans Health Administration (VHA) information. This function assists in a seamless share of relevant, but necessary information between the two systems. Functionality used by VBA personnel includes requesting medical examinations, obtaining examination results, review and retrieval of outpatient treatment records, and review and retrieval of information available through the Federal Health Information Exchange and bidirectional Health Information Exchange, or FHIE and BHIE, respectively. In addition, CAPRI provides the examination templates used by medical personnel in conducting and reporting the results of requested medical examinations. Over the past several years, much progress has been made in updating and enhancing the exam templates to facilitate their use in the disability examination and rating process. A number of other non-template enhancements are pending completion, which will benefit VBA end users as they access these records across systems.

To ensure that all CAPRI users' needs are met, a governance board was recently convened, consisting of VHA, VBA, the Office of Information & Technology (OI&T), and other interested stakeholders. The charge of this group of professionals is to review and prioritize enhancement requests and to champion the CAPRI project. Investment and governance of the CAPRI project are imperative, as CAPRI is a core Compensation and Pension business application, providing enhanced access to critical information required to render decisions on Veterans' claims.

VETSNET, or the Veterans Services Network, is a suite of five inter-related software applications that support end-to-end compensation and pension claims processing. VETSNET is intended to replace the C&P claims processing and benefit payment functions of the legacy Benefits Delivery Network (BDN).

Over the past three years, significant progress has been made in achieving our goal of migrating the C&P functions from the BDN platform. In 2005, the Under Secretary for Benefits requested an independent technical assessment of the project to identify areas of concern which were inhibiting our ability to complete the final two components of the application suite: Awards and the Finance and Accounting System (FAS). These two components provide benefit award generation (the payments to the Veteran), as well as payment and accounting interfaces.

As a result of the assessment, the Under Secretary engaged MITRE Corporation to assist in the development and implementation of mitigation strategies, to include establishing a rigorous interdisciplinary governance process, and the development of a comprehensive schedule. This Integrated Master Schedule, for the first time, identified and scheduled all elements of the project necessary to transition compensation and pension claims processing capabilities from the legacy Benefits Delivery Network (BDN) to the more agile and responsive VETSNET corporate platform.

This approach has resulted in significant progress in the delivery of benefits to Veterans. At the end of September 2006, a total of 10,385 Veterans were receiving their monthly benefit payments via VETSNET. We have increased field usage of VETSNET to 98% of all new compensation claims. The remaining cases have potential dual entitlement to pension and should be transitioned in the next few months. Of 2.7 million compensation records existing on the BDN in 2006, we have converted all but 360,000 to the VETSNET platform, and have plans in place to convert those remaining records within the next 12 months.

We are committed to the Secretary's charge of providing timely benefits to our Nation's Veterans and are expanding the number of pension and dependency and indemnity compensation claims processed in VETSNET. We anticipate VETSNET will be used to process three-quarters of all pension claims within the next year. We are working in parallel to convert the existing pension records from the BDN, and will be converting the first segment in May 2009.

To date, we have attained quantifiable success in areas having the most significant impact on VBA end users. In addition, we delivered capability to address legislative mandates and changes in business processes. Significant accomplishments in this area include support for the Disability Evaluation System pilot program between VA and the Department of Defense, and regulatory changes related to the Veterans Claims Assistance Act of 2000. While we did not achieve every milestone established in the Integrated Master Schedule developed in 2006, we capitalized on our successes and also quickly made system modifications to deliver Filipino Veterans Equity Compensation payments and payments to Veterans under the American Recovery and Reinvestment Act of 2009. VBA looks forward to enhancing this flexibility, which is critical to VBA's organizational needs and will be very valuable in the future as we strive to create a 21st Century VA.

VBA and OI&T continue to work collaboratively to address the small functional areas requiring completion. We believe we are on track to meet the goal of BDN replacement for the entire Compensation and Pension benefit program, including

conversion of all records from the legacy system, within 24 months—approximately a full year before our initial projections.

With the substantial progress made in moving VETSNET forward, we are able to turn our attention to migrating VBA compensation and pension claims processing to a paperless environment.

VBA has made significant strides in the use of information technology to improve claims processing in all of our benefit programs. We have successfully used imaging technology and computable data to support claims processing in our Insurance, Education, and Loan Guaranty programs for many years. Initial pilot efforts in our Compensation and Pension business line demonstrated the feasibility of using this type of technology for these benefit programs as well.

Our current focus is the development of a comprehensive strategy to integrate the various in-progress initiatives, leveraging successes already accomplished. VBA is collaborating with the OI&T in developing this strategy to ensure our mission needs are met and that the appropriate enterprise architecture is employed.

At the core of our strategy is the implementation of a business model for Compensation and Pension processing that is less reliant on the acquisition and storage of paper documents. Our comprehensive plan, the Paperless Delivery of Veterans Benefits Initiative, is envisioned to employ a variety of enhanced technologies to support end-to-end claims processing.

In addition to imaging and computable data, we will incorporate enhanced electronic workflow capabilities, enterprise content and correspondence management services, and integration with our modernized payment system. We are also exploring the utility of business-rules-engine software both for workflow management and to potentially support improved decisionmaking by claims processing personnel. This is also known as rules based automated claims processing, and where appropriate, we will embrace this technology to deliver compensation to the Veteran as quickly as possible.

VA contracted with Electronic Data Systems (EDS) to serve as the lead systems integrator (LSI) for this effort. Fiscal year 2010 is our target year for release of the initial hardware and software in support of the large-scale expansion of the Paperless Initiative. The LSI effort is focused on the design of the technology solution which will support enhanced paperless claims processing capabilities across VA. By committing to a paperless system, we will improve the efficiency and speed of claims processing.

To ensure we are addressing the transition to paperless processing in a comprehensive manner, we have taken steps to assess best practices in paperless processing from both government and industry. On January 14 and 23, 2009, we visited the Social Security Administration (SSA) and received a demonstration of their paperless processing capabilities. SSA has been very helpful in sharing information about their business process and technology transformation. We also visited United Services Automobile Association (USAA) Headquarters in San Antonio. USAA's use of today's technologies has helped to form our vision of how we need to serve and communicate with today's Veterans.

While the use of advanced technologies is critical to our service-delivery strategy, we must also address our business processes. To that end, VBA developed strategic partnerships with two recognized experts in the field of organizational transformation. MITRE Corporation, a manager of federally Funded Research and Development Centers, has been supporting VBA on the VETSNET project since 2006. MITRE is now actively providing strategic program management support, as well as support for the overall Paperless Initiative, addressing multiple areas of focus. Booz Allen-Hamilton has recently been engaged by VBA to provide business transformation services. Booz Allen will assist VBA in business process re-engineering, organizational change management, workforce planning and organizational learning strategies to ensure that VBA is well positioned to take best advantage of the technology solutions being developed. We are keenly aware that to merely apply new technology to existing business processes will likely not result in the desired end state.

As another element of our comprehensive transformation strategy, VBA designated the VA Regional Office in Providence, Rhode Island, to serve as our Business Transformation Lab. The Business Transformation Lab will serve as the focal point for convergence of process re-engineering and technology, assuring that service delivery is optimized and best practices are developed and deployed throughout VBA.

We recognize that while technology is not a panacea for our claims-processing concerns, it is, however, the hallmark of a forward looking organization. Our paperless strategy combines a business-focused transformation and re-engineering effort with

enhanced technologies, to provide an overarching vision for improving service delivery to our Nation's Veterans.

I assure you VA leadership is committed to implementation of the Paperless Initiative. We believe this goal is not only attainable, but is imperative to ensure our clients, the Nation's Veterans, are afforded the service they have earned. Thank you for the opportunity to address these important issues.

Mr. Chairman, this concludes my prepared testimony. I would be happy to answer any questions you or the Committee Members may have.

Chairman AKAKA. Thank you very much for your testimony Ms. Graves.

Mr. Gaydos.

**STATEMENT OF SCOTT A. GAYDOS, APPLICATIONS
SERVICES EXECUTIVE, EDS, AN HP COMPANY**

Mr. GAYDOS. Mr. Chairman, Senator Burr, Members of the Committee, thank you for the opportunity to discuss EDS' role in the U.S. Department of Veterans Affairs Paperless Delivery of Benefits Initiative. EDS is pleased to support our Nation's veterans and is committed to success for the overall initiative.

We are proud of our contributions, specifically working side-by-side with VA since 1997 to evolve the Veterans Health Information Systems and Technology Architecture, or VistA, into one of the world's premier electronic health records. As we partner again with VA, this time to improve the benefits claims process, we strive to facilitate the successful design, acquisition, and implementation of enabling information technology within a transformed business process. VA required an industry partner to help guide the overall technical aspects of the program focused on objective, quantifiable, and measurable positive results. This role, known as the Lead Systems Integrator Contractor, or LSIC, is being fulfilled by EDS, an HP company.

As the LSIC for the Paperless Initiative, EDS is assisting VA in defining the overall system solution, developing functional requirements, and defining systems architecture.

To reduce the risk our contract is performance-based and payments are tied to deliverables.

As system components are developed, the LSIC will assist in installing and integrating components into the solution, as well as testing, operating, maintaining, and transitioning the solution to the Government. In developing the overall program, the LSIC will be separating the system construction into incremental release packages that focus on services provided to the veteran. These release packages will be developed by a separate Application Developer Contractor, or ADC.

After the government selects an ADC, the LSIC's primary role will be to provide systems engineering support throughout the development of the program. At the start of the LSIC contract in 2008, EDS immediately began working closely with VBA and VA OI&T offices. Focus groups have been formed within each VBA Line of Business and EDS has worked closely with these groups to understand how each Line of Business interacts.

Together, EDS and VA have identified business value drivers and critical success factors, assessed the "as-is" enterprise situation, documented business requirements, and are currently forming the vision of the anticipated enterprise architecture.

These efforts will help guide the program to a design and transformation strategy that will be sequenced into an integrated delivery blueprint. The establishment of sequencing will be focused on the benefit to veterans, and on the measurable and demonstrable improvement of service using state-of-the-art paperless technologies implemented within a service-oriented architecture.

Current technology components envisioned for the future architecture include: a Veteran Facing Web Portal, enabling veterans and veterans' representatives to conduct benefits activities via the Internet; an Internal Facing Web Portal, enabling VBA employees to process benefits through electronic access to necessary information for claims processing; Enterprise Content Management that provide a reliable, cost-effective, computer-based utility and the necessary network services for managing the extremely large numbers of electronic images anticipated; a Correspondence Processing component that provides a simple, accessible, computer-based utility for creating and managing form letters and generating output fulfillment packages; and Workflow and Rule-Based Decision Support components that enable configuration and change of the rules-driven processes in the portals and their associated utilities and enabling the routing of workload within Regional Offices and across geographic regions.

The sequencing of the program is currently envisioned in multiple, agile, iterative, and incremental stages. Early stages will focus on establishing the necessary foundation and infrastructure to support the solutions deployed to Regional Offices. We're including plans for an enterprise solution to capture paper as electronic images and developing a Veteran Facing Portal enabling veterans to check the status of a claim and eventually submit a claim with electronic supporting documentation.

EDS will coordinate with the business and technology organizations to identify the timing of when new releases will be implemented to facilitate a smooth, well-managed transformation.

EDS is working with other Government partners to ensure that the work of the LSIC incorporates existing Government investment. For example, as Ms. Graves mentioned EDS, Booz Allen Hamilton, and MITRE recently accompanied VA personnel on a site visit to the Providence, Rhode Island Regional Office, which has been selected as VA's Business Transformation Lab. The improvement in claims processing times enabled by best practices under development at this lab will provide valuable design recommendations into the overall Paperless Initiative.

EDS is proud to be part of a key initiative that will enrich the services provided to veterans and assist in the transformation of VA into a 21st Century organization. We are committed to the success of the overall initiative and look forward to continued partnership with VA to enable positive claims processing reform.

Thank you Mr. Chairman. I would be happy to answer any questions you or Members of the Committee may have.

[The prepared statement of Mr. Gaydos follows:]

PREPARED STATEMENT OF SCOTT A. GAYDOS, APPLICATIONS
SERVICES EXECUTIVE, EDS, AN HP COMPANY

Mr. Chairman, Senator Burr, Distinguished Members of the Committee, Thank you for the opportunity to discuss EDS' role in the U.S. Department of Veterans Af-

airs (VA) Paperless Delivery of Veterans Benefits Initiative. EDS is pleased to support our Nation's Veterans and is committed to success for the overall initiative. My name is Scott Gaydos, and I am the Applications Services Executive for the Veterans Affairs/Military Health program at EDS, an HP Company. My company has a portfolio that spans printing, personal computing, software, services and IT infrastructure and is among the world's largest IT companies. Hewlett-Packard Company (HP) focuses on simplifying technology experiences for all of its customers, which range from individual consumers to the largest businesses to the Federal Government.

We are proud of our contributions, specifically working side-by-side with VA since 1997 to evolve the Veterans Health Information Systems and Technology Architecture (VistA) into one of the world's premier electronic health records. As we partner again with VA, this time to improve the benefits claims process, we strive to facilitate the successful design, acquisition, and implementation of enabling information technology within a transformed business process that is sequenced for maximum benefit to Veterans. VA required an industry partner to help guide the overall technical aspects of the program focused on objective, quantifiable, and measurable positive results. This role, labeled the Lead Systems Integrator Contractor (LSIC), is being fulfilled by EDS, an HP company.

ROLE OF THE LSIC

As the LSIC for the Paperless Delivery of Veterans Benefits Initiative, EDS is assisting VA in defining the overall system solution, developing functional requirements, developing Program Office planning and guidance, and defining systems architecture. As system components are developed, the LSIC will assist in installing and integrating components into the solution, as well as testing, operating, maintaining, and transitioning the system solution to the Government. In developing the overall program and end-state solution, the LSIC will be separating the solution construction into incremental release packages that focus on services provided to the Veteran. These release packages will be developed by a separate Application Developer Contractor (ADC). After Government selection of the ADC, the LSIC's primary role will be to provide systems engineering support throughout the system development life cycle of the program. At the conclusion of each release cycle, the LSIC will receive release packages from the ADC, integrate them into the overall solution architecture, and test the packages. A third company, the Independent Verification and Validation (IV&V) contractor will perform independent assessment of the release and the LSIC will then work with the Government to support the deployment of each iterative release. Steady-state operations and maintenance services will be furnished by the Government.

ACCOMPLISHMENTS TO DATE

EDS understands that the goal of VA's strategic plans is to enhance the delivery of benefits to our Nation's Veterans and their beneficiaries. Achieving VA's measurable goals, such as improving claims processing times, increasing accuracy through technology, and enhancing business processes to accelerate the overall claims workflow, requires large-scale business process and technology transformation.

At the start of the LSIC contract in October 2008, EDS immediately began working closely with the Veterans' Benefits Administration (VBA) and VA's Office of Information and Technology (OI&T) to prepare program office guidance, elicit and validate requirements, and initiated a well-founded, integrated set of suggested improvements that will feed into a roadmap for success. Focus groups have been formed with each VBA Line of Business toward this ultimate goal. EDS has worked closely with these focus groups to understand the detailed mechanisms of each Line of Business and how they interact.

EDS and VA have worked through the initial phases of discovery, enterprise analysis, and technical opportunity analysis in order to assess and align the current "as-is" environment with the business requirements and potential technical solutions. Together, we have identified business value drivers and critical success factors, assessed the "as-is" enterprise situation, documented business requirements, and are currently forming the vision of the anticipated enterprise architecture. These efforts will help guide the program to a design and transformation strategy that will be sequenced into an integrated delivery blueprint. The establishment of sequencing will be focused on the benefit to Veterans, and on the measurable and demonstrable improvement of service using state-of-the-art technologies in areas such as high-speed scanning, enterprise content/image management, correspondence management, rules-based workflow and decisions support, and creating a secure Veteran-focused web portal built over a service-oriented architecture (SOA). The trans-

formation strategy will include sequencing tactical short-term projects while laying groundwork for strategic long-term projects in order to demonstrate measurable progress. This Paperless Initiative delivery blueprint will also integrate with existing infrastructure and ongoing parallel efforts in the portfolio of VA projects to reach the desired end-state.

PLANNED TECHNOLOGY COMPONENTS

State-of-the-art technologies are required to assist in reducing the inefficiencies in the claims process resulting from the handling and movement of large volumes of paper. Current technology components envisioned for the future architecture include:

Veteran Facing Portal—enables Veterans and Veterans' representatives to conduct benefits activities via the Internet.

Internal Facing Portal—enables VBA employees to process benefits through electronic access to necessary information (e.g., electronic images, or electronic data) for claims processing.

Enterprise Content Management (ECM)—provides a reliable, cost-effective, computer-based utility and the necessary network services for managing the extremely large numbers of electronic images to be captured and accessed anywhere they are needed.

Correspondence Processing—provides a simple, accessible, computer-based utility for creating and managing form letters and generating output fulfillment packages.

Workflow and Rule-Based Decision Support—enables configuration and change of rules-driven processes in the portals and their utilities throughout their lifetime. Workflow capabilities allow for the routing of workload within Regional Offices and across geographic regions.

SOA, ESB, and Data Integration—SOA standards enable integration within the mission of VBA as well as federation with other Governmental entities and with private facilities. The Enterprise Service Bus (ESB) provides management services for SOA where needed, particularly for federation. These and other technologies support Data Integration to a level not previously feasible.

SEQUENCING PLAN

The sequencing of the program is currently envisioned in multiple, iterative, and incremental stages. Early stages will focus on establishing the necessary foundation and infrastructure to support the solutions deployed to Regional Offices and throughout the organization to manage and support large numbers of electronic images to be captured, transferred, and accessed anywhere as they are needed. Early stages also include plans for an enterprise solution to capture paper as electronic images, significantly increasing control, speed, and flexibility. A Veteran Facing Portal will also be implemented to enable Veterans to check the status of a claim and eventually to submit a claim with electronic supporting documentation. Future stages will combine other elements of the technology solution, including the capture of all information as data for maximum reliability and consistency and for VA employees to access Veteran claim information at any location to assist in processing claims.

EDS will coordinate with the business and technology organizations to identify the timing of when new releases will be implemented to facilitate a smooth, well-managed transformation. As the LSIC, EDS will work closely with VA to identify capable developer contractors who will use agile methodologies to execute on the architectural blueprint and sequence plans.

INCORPORATING EXISTING VA INVESTMENT

EDS is working with other Government partners to ensure that the work of the LSIC incorporates existing Government investment. For example, EDS, Booz Allen Hamilton, and MITRE recently accompanied VA personnel on a site visit to the Providence, RI Regional Office, which has been selected as VA's Business Transformation Lab. The improvement in claims processing times enabled by best practices under development at this lab will provide valuable design recommendations into the overall Paperless Delivery of Veterans Benefits Initiative. EDS will continue to work closely with Booz Allen Hamilton to identify the strategy and timing of rolling changes into the organization so that we will be able to leverage their knowledge and recommendations to VA. Additionally, MITRE's deep involvement with VBA is proving valuable to understand and execute the LSIC contract in order to provide the most value to the business.

CLOSING

EDS is proud to be part of a key initiative that will enrich the services provided to Veterans and assist in the transformation of VA into a 21st century organization. We are committed to the success of the overall initiative and look forward to continued partnership with VA to enable positive claims processing reform.

Chairman AKAKA. Thank you very much Mr. Gaydos.

Ms. Graves what effect has centralization of IT functions to VA's CIO had on the developing IT solutions for improving the claims process?

Ms. GRAVES. One of the benefits of the centralization process has been that we have established governance processes and procedures to enable and facilitate good communication between the mission owners and the information technology folks who are charged with delivering the tools that we need to deliver the benefits and services.

I think that the processes and procedures that have been put into place and the structure that has been added around it has supported our ability to develop good, solid business requirements, and have open dialog throughout the development process. As Mr. Warren noted in his testimony, working very closely together with the mission owners and the IT community ensures that we deliver benefits and services and deliver the technology solutions along the way, that we are constantly checking to make sure that what we are delivering or what we are developing is the right solution.

So, I believe that the very effective communication and continued collaboration is very important and has been a benefit of the centralization.

Chairman AKAKA. Mr. Gaydos, in the past there have been difficulties with VA writing contracts that clearly spell out the requirements and results that can be measured. And as we look at things that we have to do under contracting, we need to pay more attention to the specifics. Now this was a major part of the problem with the now infamous Core FLS costing taxpayers nearly \$300 million.

My question to you is what role will EDS play in developing VA's contracts for the Paperless Initiative?

Mr. GAYDOS. Thank you Mr. Chairman. As the Lead System Integrator for the Paperless Initiative, EDS is assisting the VA in the development of what are known as the Technical Data Packages. Those packages ultimately form the business requirement, the business benefit, the technological components necessary to be rolled out in an incremental fashion.

We are helping the VA in really assessing what the actual acceptance criteria should be for each of these packages so that one, as Mr. Warren testified earlier on the Chapter 33 program, the same approach is being used here where as application components are developed they will be developed in small chunks, released out to the field, and evaluated for acceptance. That way that you do not have to wait years and years and years as was the case with Core FLS—flip the switch and hope that everything goes OK. The intention here is quite different in that it is an evolutionary, incremental, and iterative process; thereby mitigating a lot of the risk that is associated with major programs such as this.

So, we are assisting in the development of those Technical Data Packages to help measure the business value that is going to be delivered by each component piece.

Chairman AKAKA. Thank you.

Ms. Graves, on contract specifications what has VBA done to clearly state its goals and expectations for EDS as a lead on this Paperless Initiative?

Ms. GRAVES. Thank you Mr. Chairman. VBA and OI&T are working very closely with EDS to ensure that they understand our goals for the project. As we were developing the Statement of Work or the Statement of Objectives to contract for this effort, we also had independent support from the MITRE Corporation to help us very clearly delineate the goals and objectives for the contract effort. We plan to continue to have this type of very collaborative process as acquisition packages are developed so that we are clearly stating the goals and objectives of those acquisitions. And again, working closely with EDS on a day-to-day basis we are continually communicating and checking and making sure that we are all moving forward together on the same page, to make sure that what is being developed is what we need to better serve our Nation's veterans.

Chairman AKAKA. Senator Burr.

Senator BURR. Thank you Mr. Chairman. Ms. Graves, much of your testimony is focused on the technical aspect of integrating the IT solutions into the delivery of the VA benefits. At the end of the day, share with me what you think that transition means to our Nation's veterans and their families.

Ms. GRAVES. Thank you, sir. Ultimately, anything that we do, whether it is related to Information Technology or changing the business process, is focused on how we can best serve our Nation's veterans. As a veteran myself, I take it very seriously and am very honored to be able to be a part of this effort.

I believe the current effort, the Paperless Initiative, has promise to really take us to the next level in our claims process. We see it in industry and we recognize that some of the issues that we have in our claims process are largely the result of just acquiring and managing those large volumes of paper. We believe this will help us streamline some of those areas, gain efficiencies in those areas, and help us move forward to ensure that we are delivering the benefits and services.

Senator BURR. And I would take for granted from the standpoint of the veterans and their families it is a more timely response. It is a more accurate response. That is the goal.

Ms. GRAVES. Certainly, sir. I think one of the clear examples is in the evidentiary gathering in a claims process. One of the things that can happen are pieces of information are coming in at different times. When those pieces of information come in, we have to manually go associate those with the claims file to ensure that the decisionmaker has all of the information in front of them when they are ready to make that decision.

If all of those things do not happen at the right time, it is possible that the decisionmaker will not have the full evidentiary package. So, an incomplete decision may be made and then when we get that next piece of information associated with the claim, we

must review the decision again. Certainly that takes away from processing the next claim.

Senator BURR. So, is it safe to say yeah, this is a lot about technology, but this is a lot about redesigning the way we process a claim within the Department of Veterans Affairs?

Ms. GRAVES. Certainly the business process re-engineering aspect is crucial to this effort. Again, as I stated in my testimony we recognize that just applying technology to all of our current processes will likely not result in the type of service improvements that we want to see. By the same token there are things that the technology will allow us to do that are just not possible when you are dealing with large volumes of paper.

Senator BURR. Scott, as a consultant on this project, when fully implemented how much of a problem do you estimate we will still have that is cultural?

Mr. GAYDOS. Thank you Senator Burr. One of the keys to overcoming any cultural issue when you are going through large—both business and technology—transformations such as this program, one of the keys to success in doing that, though, is doing it in an incremental fashion. So, as functionality rolls out the door and as business transformation takes place in an incremental and iterative fashion, that allows the culture to evolve along with the solution. So it is not a big bang, and please change your culture tomorrow when we turn everything on. That is very difficult to do and very traumatic to organizations going through cultural change. So the simple fact that the program itself is expected to be an evolutionary program allows the cultural change to evolve along with the change in the program as well.

Senator BURR. I would take for granted that one of the goals of this entire process is the ability, at the end of the day, to look at a particular reviewer to accurately know what the process time is of a claim, to begin to establish some type of baseline so that we can then look at whether productivity can be improved. Am I correct at making that assumption?

Mr. GAYDOS. Yes, Senator. In fact, as you stated in your opening statement around the use of your BlackBerry and other components to say how well are you actually doing—are people performing the work that they are supposed to be performing? The workload components that are part of this initiative, as well, allow for the ability to do just that. What regional offices are performing better than other regional offices? And then for the electronic ability to quite literally shift work from one regional office to another to allow comparisons between these offices, and really add some cultural pressure as well to help the underperforming offices come up to speed with where the others are is expected.

Senator BURR. But Scott, for any company going through this massive of a transition—transformation let us say—the expectation would be or the result would be and the expectation of that goal would be that the productivity per employee involved would change dramatically. Is that right?

Mr. GAYDOS. It should. You are right Senator. Over time as the new processes are understood, both in the business transformation as well as the technology transformation, productivity should in-

crease really resulting in that visible, demonstrable benefit to the veteran who is trying to navigate through this process.

Senator BURR. OK. Ms. Graves, over the years VA has tried to improve the delivery of benefits for our veterans. For example, over the decade that VA has been transitioning from Benefits Delivery Network to the more modern payment system VETSNET. What lessons has the VA learned from these endeavors that are being applied to the current initiatives to help smooth this transition to a Paperless Delivery System?

Ms. GRAVES. Senator, I hope that we have done a good job of learning lessons from these past efforts. Certainly having spent the last 3 years very focused on getting us over the finish line in VETSNET, I have been on the front lines of learning those lessons. I believe in the strategy that we have undertaken: establishing the governance process with the Office of Information Technology; having a business focus to this effort; ensuring that we have developed and declared or are developing and declaring demonstrable milestones, clear schedules, clear performance metrics that we hope to obtain through the effort; and a constant and a consistent team working on this project.

In the past we have had efforts, including VETSNET—on the business side of the house is specifically where I can speak—we have had folks who have ancillary duties. They were working on VETSNET, but have other things that they may be responsible for doing. To the extent possible we have tried to minimize that. My office was established in VBA really for the major purpose of having business oversight and coordination, responsibility for the Paperless Initiative.

We believe that is a significant lesson that was learned through the VETSNET process and establishing my office was done by the Under Secretary for Benefits recognizing the importance of having a focal point and people who are dedicated to moving this process forward.

I think one of the other lessons that we have learned is demonstrated by our engagement with Booz Allen Hamilton. Your last questions discussed organizational transformation or cultural change, and certainly one of the things that we have specifically contracted with Booz Allen for is to assist us, not only in the business process re-engineering, but in the cultural transformation ensuring that we have looked at these things, not just the systems level and the process level, but also at the people level to ensure that our people are ready for this, that we are making incremental progress. That we have established appropriate performance metrics so that our people can be measured effectively with the new systems and technologies and so that we are prepared to make adjustments and re-vector as necessary to make continuous improvement.

Senator BURR. The Chairman has been very kind to me. Let me just ask one last question, if I can.

Chairman AKAKA. Sure.

Senator BURR. Are there any specific statutory impediments that stand in the way of further improvement; and if so, what are they? Or will you share them with us later if you want to think about it?

Ms. GRAVES. I would certainly take that back to get the real policy experts to answer that question. But I can tell you one of the things that has recently been done. The Director of the C&P Service, Mr. Brad Mayes, has established a cross-functional, chartered work team specifically for the purpose of going through the regulations, the statutes, policies, and procedures to ensure that we have looked at everything that we need to look at as we transform into this paperless environment. To ensure that we don't get too far down the path and find that we have a procedural or a regulatory stumbling block that we might need to come back and get some assistance with.

So, that is one step that we are taking, but with respect to anything specific I can certainly take that back for the record sir.

Senator BURR. Well, I want to thank both of you for your testimony and for the last panel and leave you with this reminder. That I think government becomes increasingly more insulated from its customers. Agencies know that they are designed to execute a specific function. And the one unique thing that is different between the Federal Government and private businesses is that private business not only recognizes their customers, they listen to their customers. And, even though we are going through this huge transformation to process things that are brought to the agency, never forget that you've got to listen to your customers, and that is not limited to the focus groups and outreach sessions that you do.

If you really want to get some idea of what veterans think of the VA, then try to get in chat rooms where veterans talk to veterans about the VA. Try to go in where they communicate, because that will give you a great understanding of the challenges that we still have to overcome, but more importantly, their impression of what this agency is. And I think it will point you in directions of things we have yet to think about that are not structural changes, but they are certainly cultural things that we might have the opportunity to change as we are going through a very transformational period. I thank you.

Chairman AKAKA. Thank you very much Senator Burr. Tell me if you have further questions.

Senator BURR. None.

Chairman AKAKA. Let me ask Ms. Graves this. I am concerned about VETSNET's role in the claims process. I understand that currently Rating Specialists literally have to deal with a combination of paper records and multiple computer screens.

I saw this firsthand at Chicago's Regional Office and it seems like an inefficient system to me and I am looking for improvements in that. Will you please comment on that?

Ms. GRAVES. Certainly, sir. Thank you.

With respect to VETSNET specifically, it is a suite of five inter-related applications and throughout the claims process individual claims processing personnel may very well indeed have to toggle between one or more of the applications to get to a particular piece of information or to complete a specific action. We also have applications that are outside of the VETSNET suite that our claims processing personnel must access. CAPRI, for example, where they access information from the Veterans Health Administration, is a separate system.

So, we recognize that it can be a cumbersome process for our claims processing personnel. And certainly, we believe that in the work that EDS is doing—taking a landscape view—they will help us identify areas where we may be able to put a new face on some of those very good and very powerful tools, and perhaps make them more easy to use for the claims processing personnel.

We do, with respect to VETSNET specifically, we do continuously evaluate ways that we can improve the interoperability of the suite of applications. And as we find those where we believe we can make improvements, we evaluate and prioritize those with the other application changes we need. And we will certainly go back and continue to look at that to ensure we are doing everything that we can to make it a smoother process.

Chairman AKAKA. Thank you for that response. We certainly are looking forward to a time when we can improve these systems. Let me ask my last question to Mr. Gaydos. As the Lead Systems Integrator, what difference do you think the Paperless Initiative can make in improving the timeliness and accuracy of claims processing?

Mr. GAYDOS. Thank you Mr. Chairman. I think that the key to that is, in fact, the measurement of the success of the program. So, when we look at things like what the VA and VBA have been coming up with, which is those key business values and those key performance measures, if not measured by how much did this particular implementation of new business process and technology, for instance, cut the claims development time by X days? That is the appropriate business value that is applied to each release over time.

So the overall impact absolutely, unequivocally must demonstrably improve that business process overall. And at the end of the day make a visible impact for the veteran going through the process to say, I can get through this process quicker than I did last time I tried to go through. So, it is absolutely imperative.

Chairman AKAKA. Well, thank you for that. I think that is a good note to end this hearing on. I really appreciate your responses.

In closing, again, I want to thank all of our witnesses. Your testimony has given us a better understanding of how our Information Technology is being used for VA to improve on the delivery of benefits, especially for the delivery of the new Post-9/11 GI Bill. It is good to hear what you are doing to meet the deadline and I want you to know that we are supporting you as much as we can and we want to bring this about for the benefit of our veterans and that is why we exist.

So thank you very much again, this hearing is now adjourned.
[Whereupon, at 11:05 a.m., the Committee was adjourned.]