AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

AN EXAMINATION OF POORLY PERFORMING U.S. DEPARTMENT OF VETERANS AFFAIRS REGIONAL OFFICES

HEARING

BEFORE THE

SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS

OF THE

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

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

JUNE 2, 2011

Serial No. 112–16

Printed for the use of the Committee on Veterans' Affairs

U.S. GOVERNMENT PRINTING OFFICE

67–191 WASHINGTON : 2011

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON VETERANS' AFFAIRS

JEFF MILLER, Florida, *Chairman*

CLIFF STEARNS, Florida
DOUG LAMBORN, Colorado
GUS M. BILIRAKIS, Florida
DAVID P. ROE, Tennessee
MARLIN A. STUTZMAN, Indiana
BILL FLORES, Texas
BILL JOHNSON, Ohio
JEFF DENHAM, California
JON RUNYAN, New Jersey
DAN BENISHEK, Michigan
ANN MARIE BUERKLE, New York
TIM HUELSKAMP, Kansas
Vacancy
Vacancy

BOB FILNER, California, *Ranking*
CORRINE BROWN, Florida
SILVESTRE REYES, Texas
MICHAEL H. MICHAUD, Maine
LINDA T. SÁNCHEZ, California
BRUCE L. BRALEY, Iowa
JERRY MCNERNEY, California
JOE DONNELLY, Indiana
TIMOTHY J. WALZ, Minnesota
JOHN BARROW, Georgia
RUSS CARNAHAN, Missouri

HELEN W. TOLAR, *Staff Director and Chief Counsel*

SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS

JON RUNYAN, New Jersey, *Chairman*

DOUG LAMBORN, Colorado
ANN MARIE BUERKLE, New York
MARLIN A. STUTZMAN, Indiana
Vacancy

JERRY MCNERNEY, California, *Ranking*
JOHN BARROW, Georgia
MICHAEL H. MICHAUD, Maine
TIMOTHY J. WALZ, Minnesota

Pursuant to clause 2(e)(4) of Rule XI of the Rules of the House, public hearing records of the Committee on Veterans' Affairs are also published in electronic form. **The printed hearing record remains the official version.** Because electronic submissions are used to prepare both printed and electronic versions of the hearing record, the process of converting between various electronic formats may introduce unintentional errors or omissions. Such occurrences are inherent in the current publication process and should diminish as the process is further refined.

CONTENTS

June 2, 2011

Page

An Examination of Poorly Performing U.S. Department of Veterans Affairs Regional Offices 1

OPENING STATEMENTS

Chairman Jon Runyan 1
Prepared statement of Chairman Runyan 36
Hon. Jerry McNerney, Ranking Democratic Member 2
Prepared statement of Congressman McNerney 37

WITNESSES

U.S. Department of Veterans Affairs:
Belinda J. Finn, Assistant Inspector General for Audits and Evaluations Office of Inspector General 3
Prepared statement of Ms. Finn 38
Diana M. Rubens, Deputy Under Secretary for Field Operations, Veterans Benefits Administration, U.S. Department of Veterans Affairs 27
Prepared statement of Ms. Rubens 59

American Federation of Government Employees, AFL–CIO, James R. Swartz, Jr., Decision Review Officer, Cleveland Veterans Benefits Administration Regional Office, and President, AFGE Local 2823, and the AFGE National Veterans Affairs Council 17
Prepared statement of Mr. Swartz 56
American Legion, Ian de Planque, Deputy Director, National Legislative Commission 13
Prepared statement of Mr. de Planque 48
National Organization of Veterans' Advocates, Inc., Richard Paul Cohen, Esq., Executive Director 15
Prepared statement of Mr. Cohen 53
Veterans of Foreign Wars of the United States, Gerald T. Manar, Deputy Director, National Veterans Service 12
Prepared statement of Mr. Manar 44

AN EXAMINATION OF POORLY PERFORMING U.S. DEPARTMENT OF VETERANS AFFAIRS REGIONAL OFFICES

THURSDAY, JUNE 2, 2011

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
SUBCOMMITTEE ON DISABILITY ASSISTANCE
AND MEMORIAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:05 p.m., in Room 334, Cannon House Office Building, Hon. Jon Runyan [Chairman of the Subcommittee] presiding.

Present: Representatives Runyan, Buerkle, Stutzman, and McNerney.

OPENING STATEMENT OF CHAIRMAN RUNYAN

Mr. RUNYAN. Good afternoon and welcome. This oversight hearing of the Subcommittee on Disability Assistance and Memorial Affairs will now come to order. We are here today to examine how to improve the under-performing regional offices. One of the challenges facing our Nation's veterans is the current backlog of claims for disability benefits. As of May 31, 2011, there are over 809,000 claims for disability benefits pending rating at the U.S. Department of Veterans Affairs (VA) regional offices (ROs). Of this amount, almost 60 percent have languished past the strategic target of completing claims in 125 days. The President's fiscal year 2012 budget projects that the average days to complete a claim will rise from 165 days in fiscal year 2010 to 230 days in fiscal year 2012. The data show that while VA is producing more claims decisions than ever before, they are clearly not able to keep up with the demand. Congress is unable to truly understand the makeup of these 809,000 claims and reasons why so many of them take so long to be adjudicated correctly.

Therefore, I soon will be requesting that the VA Office of Inspector General (OIG) direct the benefit inspection division to compile copies of the 100 oldest claims awaiting adjudication at VA regional offices, and conduct a review of these claims. I will also ask that this Subcommittee be provided with a detailed analysis of the types of issues that are claimed in these files and the average age of the claim, the average age of the claimant and other characteristics of these claims, such as which regional office they were processed. I am hopeful that this analysis will allow the Subcommittee to better understand why these claims have been in the backlog as long as

they have and how the processing of these claims might be improved. In addition to seeking answers by identifying trends in these types of cases that have lingered so long past any reasonable period of adjudication, this Subcommittee is looking at VA employee performance and lack of consistency in quality rating decisions between regional offices that have been noted, and prior OIG reports.

We plan to attack this from several different perspectives. Today we will focus on underperforming regional offices. In a future hearing, I anticipate examining the training of VA employees in claims processing. As a former professional athlete, I have an understanding and respect for a healthy competition. It is one of many tools for measuring and encouraging peak performance by all. There are regional offices that consistently rank in the top tier of performance metrics and customer satisfaction.

We commend and salute those offices for consistently giving their best on behalf of the veterans they are serving. Our veterans who have given so much deserve no less. Competitive comparison can also quickly identify chronically poor performers. There may be many explanations for this underperformance, from lack of training and inadequate resources or even poor management. But regardless of the explanation, the failures of these offices are unacceptable. While there are a few bad employees that contribute to these mistakes, I believe that many more are good employees trapped in a system that makes things difficult. When our regional offices fail, those who suffer are veterans served by that office. Heroes in need should not be denied or delayed often for many years, because of the happenstance of where the claim was filed. This is unacceptable and must end. Last month I introduced a bill intended to address this problem and received some very good input at a legislative hearing from the VA and several of the veterans service organizations (VSOs) on ways to improve upon the national ideas in that bill.

I welcome today's witnesses to continue that discussion and offer their own specific recommendations on how to fix the problem of consistency in underperforming regional offices. I would now like to call on the Ranking Member, Mr. McNerney, for any opening statement he would have.

[The prepared statement of Chairman Runyan appears on p. 36.]

OPENING STATEMENT OF HON. JERRY MCNERNEY

Mr. MCNERNEY. Well, thank you, Mr. Chairman. I think it is a great idea to continue to look into how the backlog can be reduced. The stated purpose of the hearing today is to examine the VA's poorly performing regional offices, and this continues the Subcommittee's efforts from the 110th and 111th Congresses to analyze the various elements in the compensation and pension claims process, to improve performance of the system as a whole, and to ensure accurate and accountable claims outcomes for our veterans. Everyone wants to see the claims backlog reduced. I have spoken to the Secretary about it. So we want to work together as a team to find the ways forward on this and use the money that we are given to do this in the most effective way.

I have to say, since 2007, the Veterans Benefits Administration (VBA) has added over 10,000 claims processing personnel and Congress has funded these requests. And yet, the backlog still continues to grow. So that tells you that just adding people is not necessarily the answer. We have to look at the system as a whole, find out what the choke points are, and move forward in a way that addresses those choke points and uses the money wisely. So that is what I am going to continue to look for. I will turn it back over to the Chairman.

[The prepared statement of Congressman McNerney appears on p. 37.]

Mr. RUNYAN. I thank my colleague from California for that. I know we are kind of thin up here on the dais on the panel today. There are several things going on and being pushed back by some votes. I appreciate all of your patience and sticking around for that. Now we are going to call up panel one, witness is Ms. Belinda Finn, Assistant Inspector General for Audits and Evaluations with the VA OIG. She is accompanied by Mr. Brent Arronte, Director of the Bay Pines Benefits Inspection Division for the VA Inspector General. Mrs. Finn, your complete written statement will be entered into the hearing record, and I now recognize you for 5 minutes for your statement.

STATEMENT OF BELINDA J. FINN, ASSISTANT INSPECTOR GENERAL FOR AUDITS AND EVALUATIONS, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY BRENT ARRONTE, DIRECTOR, BENEFITS INSPECTION DIVISION, BAY PINES, FL, OFFICE OF INSPECTOR GENERAL, U.S. DEPARTMENT OF VETERANS AFFAIRS

Ms. FINN. Thank you, sir. Chairman Runyan and Ranking Member McNerney, thank you for the opportunity to be here today to discuss the OIG's oversight of VA's Regional Offices. Mr. Brent Arronte, Director of our Benefits Inspection Division in Bay Pines, Florida is also with me today. Our testimony summarizes systemic issues resulting from our recent inspections and audits. VBA faces challenges in improving the accuracy and timeliness of disability claims decisions and maintaining efficient regional office operations. From our inspections of 16 regional offices conducted between April 2009 and September 2010, we projected that VBA did not correctly process 23 percent of approximately 45,000 disability compensation claims. In these 16 offices, the Jackson regional office had the highest level of overall compliance, at 70 percent, with VBA policy, while the Anchorage and Baltimore offices had the lowest at 7 percent. We recommended that Regional Office Directors enhance policy guidance, compliance oversight, workload management, training and supervisory reviews to improve claims processing and regional office operations. The Directors agreed with all of our recommendations for improvement. Our review showed processing of temporary 100-percent disability evaluations had the highest error rate at 82 percent. These errors happened when staff did not follow policy and schedule future re-examinations in the electronic system. In a nationwide audit of these 100-percent disability evaluations, we projected that VBA's failure to timely ad-

dress the deficiencies could result in about $1.1 billion in overpayments to veterans over the next 5 years.

Errors in traumatic brain injury (TBI) claims were second highest at 19 percent. These errors resulted from medical examination reports that did not contain adequate information to determine the disability claim rating. We saw improved accuracy in processing for post-traumatic stress disorder (PTSD) claims after VA relaxed the rules regarding the stressor verification. This change reduced the claim processing errors in PTSD from 13 percent to about 5 percent. We also identified a number of problems in management areas that support disability claims processing. For example, the regional office employees exceeded VBA's 7-day standard by taking an average of 32 days to control claims-related mail. About 75 percent of the regional offices inspected did not process incoming mail according to policy. The employees also delayed making final competency determinations for approximately one-third of incompetent beneficiaries and did not always timely appoint fiduciaries. Seven regional offices did not always correct claims processing errors, identified by VBA's Systematic Technical Accuracy Review (STAR) program. And regional office management did not always timely complete systematic analyses of operations that are intended to identify existing or potential problems and propose corrective actions in operations. We will continue our work to identify improvements in benefits delivery during our future regional office inspections and nationwide audits.

For example, in fiscal year 2012, we will begin an audit of VA's efforts to develop and implement the next phase of the Veterans Benefits Management System (VBMS), which is intended to facilitate paperless claims processing and integrate mission critical applications. Additionally, our benefits inspection program will continue to review temporary 100-percent evaluations and traumatic brain injury claims. We also plan to add a review of VBA's homeless veterans program and continue our work in herbicide-related disabilities.

Mr. Chairman, thank you again for the opportunity to be here today. Mr. Arronte and I would be pleased to answer any questions that you or any other Members may have.

[The prepared statement of Ms. Finn appears on p. 38.].

Mr. RUNYAN. First of all, thank you for being here and thank you for your testimony. I heard Mr. McNerney sigh at a few of the statistics while you were reading them out and it is shocking. With that, I guess it is going to be more of a frank conversation with Mr. McNerney and myself being up here and really trying to figure out what we can do. We all know there are problems. And like I said in my opening statement, it is the ideas and how we are going to fix the problems that I think are lacking a lot of times. And we do need ideas to implement and to make into legislation. I look forward to your input along with the other panels as we move forward. So with that, we are going to begin questioning.

I was just curious, Mrs. Finn, as you described characteristics of the lower ranked regional office, that don't perform as well; are there any similar characteristics that they all share?

Ms. FINN. We see some characteristics. Before I address the specifics of your question, I would like to note that at some level, all

of the regional offices have performance issues. As you said earlier, none of them are meeting the strategic targets for timeliness and accuracy, so when we say an office is underperforming it is basically a matter of degree as to how their performance ranks against others. When we looked at the timeliness of claims 2 years ago and as we looked at claims that were over 365 days old, we noted that a lot of, regional offices did not have efficient workload management plans, and also that the individual performance goals weren't linked to national targets related to claims processing. What we mean by that is, although they may have had a total target of 125 days, it wasn't broken down into increments that could be more easily managed. Further, we continue to find that management and supervisors struggle with ensuring the employees follow policies and procedures.

We think this could be attributed to a lack of training, need for better guidance and better supervisory oversight procedures. We have often found that the regional offices have not necessarily implemented policy or didn't enforce policy. Further, they didn't do the quality reviews which is back to the supervisory issue.

And finally, we have correlation, we believe, between management vacancies and the performance of regional offices. In several instances, we have seen prolonged vacancies in offices that seem to really struggle to perform and rate claims correctly. Since we have only completed 16 regional office inspections for our roll-up report, we didn't make a recommendation on this yet. We are continuing to follow that trend to see how this plays out over the longer term.

Mr. RUNYAN. In any of the instances you have been through, as you are saying we have the ultimate goal, "the big goal," but we don't have the steps. Are there any specific regional offices out there that have implemented something like that, or they are just sticking to the big picture?

Ms. FINN. I would like to ask Mr. Arronte to address that because he has been actually on the ground in these offices.

Mr. ARRONTE. Yes, sir. Primarily what we see is the regional offices are supposed to follow national policy and to some extent, some of the regional offices have special missions so they are allowed to develop some local policies to meet that mission. But for the most part, the regional offices follow national policy to process the claims or to manage their service centers.

Mr. RUNYAN. Well, I think the issue is that we are not following the policy.

Mr. ARRONTE. That is correct, but what they attempt to do is to follow the national policy.

Mr. RUNYAN. And I think going through this process, have you, through your experience in the investigation, found any disciplinary action in that realm to get people motivated? I mean, I kind of said it in my opening statement. I know I have gotten some pushback from some of the other VSOs before just talking about competition.

I know human nature is to be comfortable in your spot and not worried about competition. But a lot of time, that drives and motivates people, and so does discipline and fear of losing your job.

Mr. ARRONTE. Sure. Accountability to perform your mission, regardless of what your job is key. We don't specifically go out to look

in these regional offices to see if punishment has been taken or administrative action has been taken. I can tell you at three of the offices, after our inspection results were made available to the Regional Office Directors, some staff did receive disciplinary action.

Mr. RUNYAN. Okay. I appreciate that. With that, my 5 minutes is almost up, so I will yield to Mr. McNerney for 5 minutes.

Mr. MCNERNEY. Thank you, Mr. Chairman. You do realize the Chairman can take more than 5 minutes when he wants.

Mr. RUNYAN. I will have a second round.

Mr. MCNERNEY. I am going to focus on the quality issue. I think that is really a key to getting where we need to go. You know, when DeLorean was in charge of producing cars, he had the highest output of any car manufacturer in the world. But a large number of those cars had to be recalled and it didn't really help the bottom line any. So putting out a large number of claims and adjudicating them, if they have to come back, we are not gaining anything.

So I think if we focus on the quality, we really have to balance the quality versus the production. In surveying stakeholders concerning VBA's employee work credit system, some central issues raised concluded that the system emphasizes quantity over quality. Production standards are not based on careful analysis of the tasks performed, and work credits and production standards do not reflect changes in the claim complexity. Do you have any inputs on those conclusions? Does that pretty much agree with what you understand?

Ms. FINN. We definitely see a production mentality in the offices, and we hear employees talk about the pressure of the production environment. Brent has firsthand experience working in an RO, so I think he probably can add some thoughts to that.

Mr. ARRONTE. What we see when we go out to these regional offices is, and to kind of piggyback off my answer that I gave you about disciplining staff, I think that is the exception that you find staff that are apathetic or that do not care about their mission. I think for the most part, what we see is people do care and the employees do want to do well, and they want to serve veterans. I think what they are frustrated over is the voluminous policies that VBA has, the backlog, and the production environment. And some interviews that we have performed with regional office staff, they tell us that they get so frustrated that they have to put out so many widgets, but the quality of those widgets appear to take the back seat, and that seems to frustrate the staff, I think, more than anything.

Mr. MCNERNEY. So the work credit system is kind of at the base of this, right? What do VA employees get credit for? Do they get credit for putting out a lot of claims?

Mr. ARRONTE. Right. It depends on which team in the process that they are assigned to. They have a work credit system to meet production. They have a personal production goal where, say, a rating specialist in one office, has to complete five disability decisions a day. But if every rating specialist in the regional office, let's just say there was 20 and they had to do five per day, if they all did five per day, that would still not make a dent in the backlog.

So when Ms. Finn said these are not tied to performance goals, they are not tied to the overall performance goals. They are more individual goals.

Mr. MCNERNEY. And moreover, the five-per-day goal doesn't necessarily reflect the complexity of the claims because the complexity varies from claim to claim. I mean, there has to be some way to not only have a numerical goal but a goal that includes complexity of claims and quality of output.

Mr. ARRONTE. Well, I think the quality is the key, because typically what they do is if a claim has one to seven issues you get one credit for rating that claim or making a final decision. But if that claim has eight or more issues, then they get more credit because it is a more complex claim. But the issue, I think, is the quality. And when Ms. Finn talked about supervisors or first line supervisors not performing quality reviews, when we speak to these first line supervisors they are inundated with the amount of work that they have to review. They consistently tell us that they are mandated to review five claims per person to ensure that these are quality claims. But five out of 500 is not material. So the emphasis on quality doesn't appear to be as much as the emphasis on let's get the inventory down, and the way we get the inventory down is to put out claims.

Mr. MCNERNEY. Does the Chairman intend to have another round on this panel?

Mr. RUNYAN. You can proceed if you want to.

Mr. MCNERNEY. Okay. Well, another question related to management and prolonged management vacancies. My understanding is there is a clear correlation between the quality of the output and management being present. And what I want to ask you, if you can verify that, is what is the reason for such a large vacancy record of some of these ROs?

Ms. FINN. Sir, I am sorry. I would not feel that I could give you accurate information on the reason for the vacancies. We can speak to the length of the vacancies and some of the circumstances, but I believe Ms. Rubens may be better able to address the reason for why some of the vacancies have continued.

Mr. MCNERNEY. Okay. But you can affirm that there is a strong correlation between the quality and the presence of management oversight?

Ms. FINN. From what we have seen, yes, we believe there is a strong correlation.

Mr. MCNERNEY. So one of the ways we can improve the quality is to make sure that management is present in these ROs, from your point of view?

Ms. FINN. We believe so, yes. It is not just having the manager available, it is making sure the manager is equipped with the skills and tools they need to do the job. Sometimes, not just in VBA, but many organizations may promote good technicians to be a manager, and that is not always the best manager. That person needs training and perhaps mentoring to learn the skills required to be a good manager and not just a good technician.

Mr. MCNERNEY. Okay. Thank you. I yield.

Mr. RUNYAN. Thank you. Going back and kind of revisiting quality, it seems that it is the quality issue that is lacking weight in

the metric and the measuring of what we are doing. Obviously, the lack of quality directly correlates to the backlog because then we are in, to use a phrase we use around here, "the hamster wheel" again. Do you have that sense when you look at this stuff that it is not weighted as heavily as the output?

Mr. ARRONTE. Yes. It appears not to be weighted as heavily. Even the staff, like I said, they are frustrated that they have to continue to push out numbers. There is a quality standard, but supervisors can only review so many. One of the issues is span of control for the supervisors. The standard span of control is four to six people for a supervisor. Some of these supervisors are managing 15 to 20 people. And they just can't physically get around and review enough claims for quality and then perform the rest of their missions as well.

Mr. RUNYAN. And there is, Ms. Finn, regarding misplacing loss claim folders, you said in your written statement this is happening in the VA's COVER system. They are tracked by bar code. How are we losing files like this all the time?

Ms. FINN. What we found was the location in the system doesn't correspond to where the folder is. So when you go to where the folder was last recorded, it is not there.

Mr. RUNYAN. Isn't that the purpose of the bar code?

Ms. FINN. The purpose the bar code, yes, is to provide a system for tracking it. But it requires compliance that people use the scanner to COVER it in every place it goes. And if somebody misses doing that step, and then the folder gets put into a file room, perhaps it gets misfiled and then you can't find it.

Mr. RUNYAN. Something that is a little closer to my heart; it is something I have talked about and haven't uncovered tremendously, obviously with the conflicts we have been in in the last 10 years with respect to TBI. And I know how difficult sometimes it is to diagnose something like that because there are so many different avenues of how we are going to diagnose. I know myself, coming out of professional sports, it has been a new thing. Things weren't talked about before because it was unprofessional or unmacho to do. And now we are entering a different type of environment and it is very difficult. But you indicated the examiners are not providing adequate medical exams for that. Is it an educated guess? I mean, how are you able to have a professional make a medical ruling and send it over to the VBA to have something like that?

Again, there is not a lot of metrics there and it is a process that I don't think is very sound right now.

Mr. ARRONTE. What happens with the compensation and pension exams is that for each type of examination, there is a template that the examiners are supposed to follow. And the information in those templates is what VBA needs to make an adequate decision. What we have found is that the examiners were not always following the template. They were not answering all the questions. When we spoke to a few medical examiners at one regional office that was colocated with a VA medical center, and they told us that they felt that, one, the rules were confusing. And second, this is when TBI first became an issue, they weren't sure what type of examiner should conduct the exam.

Should it be a neuro doctor, should it be a mental health doctor? And we have also found that according to one of VBA's rules, if the veterans has coexisting mental condition and a TBI, then the medical examiner has to distinguish which disability is causing the symptoms. VBA's own policy says that it is almost difficult to make that call, but we are asking medical examiners to make that call. What we are finding in some of these exams, they are not making the call because they can't. They cannot attribute the symptoms to the specific disability. They don't know if it is a mental disability or they don't know if it is a residual of the traumatic brain injury.

Mr. RUNYAN. It kind of goes right back to what I was saying. While I believe it is kind of new, I think it is such a kind of a new—I wouldn't say it was a new disease as we would call it, it is just very hard to diagnose, and I think, again, it kind of refers back to what we are saying throughout the whole process is sound criteria that we are sticking to and not taking guesses on it.

Mr. ARRONTE. Correct. We believe that if a medical examiner answered every question correctly on the TBI template, it would probably make it easier for the decision makers in VBA to make a sound decision. We are just not seeing that.

Mr. RUNYAN. That is all I have. Do you have anything else, Mr. McNerney?

Mr. MCNERNEY. Yes, actually, if you will allow me.

Mr. RUNYAN. Yes, sir.

Mr. MCNERNEY. Ms. Finn, I understand that the VA OIG made 86 recommendations to improve performance. Is that correct?

Ms. FINN. I believe the 86 refers to recommendations over the course of our 16 regional office inspection reports. In our roll-up report, we had four recommendations to VBA leadership.

Mr. MCNERNEY. Okay. And are those ranked in any kind of order, or are they just equally important, in your opinion?

Ms. FINN. I think they were equally important. Three of them dealt with improving the process for obtaining medical, good medical exams on traumatic brain injuries, and coordination between VBA and the Veterans Health Administration (VHA) on those type of exams. And the fourth issue was establishing a standard of time for when people at the regional office should make a determination that a veteran was incompetent and required a fiduciary.

Mr. MCNERNEY. So would you consider comprehensive 21st Century type reform instituting IT, paperless, you know, that kind of thing, would you consider that to be something that would have significant impact?

Ms. FINN. I think, yes, it could definitely have significant impact. I think it can also be a very difficult thing to do. We will be taking a look in 2012 at the VBMS system. My concern with that is we have a lot of veterans from the Vietnam era and it may be very difficult to ever really convert their records to any kind of paperless system in a fashion that provides any kind of real functionality.

Mr. MCNERNEY. I mean, that wouldn't stop us from starting with——

Ms. FINN. Absolutely not.

Mr. MCNERNEY. And the last question. With claims brokering, in your opinion, you know, between ROs, would that improve the situation or not?

Ms. FINN. We have seen mixed results with brokering. We believe that claims could sometimes have been addressed as quickly at the original office because brokering has some overhead in terms of time to process, package up a claim and move it from one regional office to another. At times we actually saw claims being brokered to a development center, back to a regional office, back to a rating center and then back. That was a lot of time in the mail.

Mr. MCNERNEY. Okay. All right. Well, thank you. I yield.

Mr. RUNYAN. Thank you very much. Mr. Stutzman, do you have any questions?

Mr. STUTZMAN. Yes. Thank you, Mr. Chairman.

Mr. RUNYAN. You are recognized for 5 minutes.

Mr. STUTZMAN. Thank you. Thank you for being here and I appreciate the work that you do, because it is obviously important for us and the information that you provide. Just a first question is has the VA followed up on your recommendations? And what have been the results? What kind of correspondence, what kind of reception have you received?

Ms. FINN. In the OIG, we follow-up to obtain information from management as to what they are doing on a recommendation. That is done centrally. Then the information is shared with the people in my office who actually wrote the recommendations. We make a decision as to whether or not we can close the recommendation based on the evidence so far. We also do a more traditional follow-up where we actually go out into regional offices or the environment and evaluate how well the fixes have addressed the problem. We can do far fewer of those because we have a lot of new areas we want to look at also. We have used the benefits inspection program to do is follow up on our national audits.

For example, the issue of the COVER system, claim files being lost, and the 100-percent disabilities, came up in national audits. Our Benefits Inspectors go out and give us a feel for what is going on in the field and whether or not the situation is improving. And in most areas we still see issues so we will continue to work on those.

Mr. STUTZMAN. Regarding the misplacement and the loss of claim folders, how is this happening with VA's COVER system that tracks claims by bar code?

Mr. ARRONTE. It basically boils down to compliance. When we do our inspections, we are still seeing staff that do not use COVERS to track mail or do not use COVERS to track the location of the claim folders. Now, what happens—sometimes, we see with the claims folders is somebody will be in a hurry, they will have the evidence, they want to make a decision and they will take it to the person that needs to make the decision and they don't use the system to track the folder. So it is simply a compliance issue. We see first line supervisors not holding employees accountable for using the tools that they have available.

Mr. STUTZMAN. So it is something just as simple as putting it in the envelope?

Mr. ARRONTE. Or scanning the bar code.

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

Mr. RUNYAN. Just to touch on that, I mean, is there anything that you have witnessed through your investigation that, whether it is a Regional Office Director trying to develop plans to help us through this, in the oversight process, the compliance process; is there anything that you have seen we could do to help them give us some teeth in this to make the process actually valid?

Mr. ARRONTE. I am not sure if we have seen anything that is concrete. Like I said, it is basic supervisory skills and I am not sure all the supervisors. As Ms. Finn said, we promote technicians into supervisor positions that don't have the skills or the understanding all the time what it takes to supervise. And I think part of it is experience and definitely part of it is training. Because when you are in this production environment and you stop producing to train, you have lost that production time, and you are not going to get that back. And so sometimes we have seen some regional offices purposely not train because they don't want to lose that production time.

So the thing is there is a lot of intertwined issues in the service center. And I am not sure if that is the best answer, but that is what we see. It is basically supervisors aren't holding folks accountable.

Mr. RUNYAN. Thank you. Mr. McNerney, do you have anything else?

Mr. MCNERNEY. No.

Mr. RUNYAN. Mr. Stutzman? No? I want to thank you both for being here and your testimony and look forward to continue working with you on these important matters. You are both excused and we will have the second panel up. Thank you all for being here.

Mr. RUNYAN. We will be hearing first from Mr. Gerald Manar, Deputy Director of National Legislative Service of the Veterans of Foreign Wars (VFW). And then we will hear from Ian de Planque, Deputy Director of National Legislative Commission of the American Legion. Then our third witness on this panel will be Mr. James Swartz, Jr., Decision Review Officer (DRO) at the Cleveland VBA Regional Office and President of Local 2823 of the American Federation of Government Employees (AFGE).

And finally, we will have Mr. Richard Cohen, Executive Director for the National Organization of Veterans' Advocates (NOVA). We appreciate all of your attendance here today. And your complete written statements will be entered into the hearing record. And Mr. Manar, you are now recognized for 5 minutes for your statement.

STATEMENTS OF GERALD T. MANAR, DEPUTY DIRECTOR, NATIONAL VETERANS SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; IAN DE PLANQUE, DEPUTY DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, AMERICAN LEGION; RICHARD PAUL COHEN, ESQ., EXECUTIVE DIRECTOR, NATIONAL ORGANIZATION OF VETERANS' ADVOCATES, INC.; AND JAMES R. SWARTZ, JR., DECISION REVIEW OFFICER, CLEVELAND VETERANS BENEFITS ADMINISTRATION REGIONAL OFFICE, AND PRESIDENT, AFGE LOCAL 2823, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO, AND THE AFGE NATIONAL VETERANS AFFAIRS COUNCIL

STATEMENT OF GERALD T. MANAR

Mr. MANAR. Chairman Runyan, Ranking Member McNerney and Members of the Committee, thank you for this opportunity to present the views of the 2.1 million veterans and auxiliaries of the Veterans of Foreign Wars of the United States on quality problems within VA regional offices.

In October 2008, rating accuracy for all regional offices was 86 percent. Four of those offices had quality in the '70s. Fifteen had rating quality of 90 or above.

In February 2011, the national average had fallen to 83 percent with 15 offices showing quality in the '70s.

Only six offices had scores of 90 or higher.

Quality in the Baltimore regional office plummeted from 84 percent in 2008 to 65 percent today. That means that veterans in Maryland have a one-in-three chance of receiving a rating which contains a substantive error.

In the face of this data, the VFW believes that the VA will not achieve the Secretary's goal of 98 percent quality in claims processing by 2015. Poor quality is a cancer. It creates distrust and suspicion among veterans towards VA.

Real quality problems and this atmosphere of distrust have driven appeals to record levels with over 230,000 appeals pending today, a 25 percent increase over October 2008.

VFW believes that rating quality results from certain fundamental problems. We are convinced that VBA's unrelentingly efforts to reduce the backlog, poorly trained and inexperienced managers, poor management systems and controls, and an inability to devise and bring online IT solutions, a sea of new employees and a host of other problems contribute to a breakdown of focus on VA's primary mission.

In a review of 16 regional offices as we have just heard, the VA OIG found widespread management failures including absent or untimely management reviews of operations, improper mail handing, untimely establishment of computer controls of claims, failure to maintain or review diaries in order to adjust awards, and a fascinating comparison of managerial vacancies in the five best and worst offices they visited.

These failures are real indicators of inefficient or inattentive management within some regional offices. We urge this Committee to consider a study of how VBA selects, develops and trains individuals for leadership positions. Providing well-trained effective leaders at the local level is one way to foster a culture of quality.

While there are several things that VA can do to significantly improve quality and rating decision-making today, we believe that VA cannot hope to consistently reach the Secretary's goal until VA has a computer system which uses rules based decision-making as an aid to rating specialists. The VA must find a way to reduce the opportunity for error. It is only then that these specialists can focus on getting right those decisions which require judgment, expertise and experience.

From our perspective, VBMS promises to move VA into the 21st Century. The lack of a comprehensive fully integrated paperless claims system has contributed to inefficiencies in claims processing and the backlog.

VBA is still 2 years away from rolling out a serviceable first iteration. It is for this reason that VBMS is not the answer to the current problems. Until rules-based decision capability is incorporated into VBMS, it should not have a significant impact on either quality or workload reduction.

So what can be done to improve quality especially in troubled offices? First, restore a mandatory second review of all ratings.

Today most raters have single signature authority. This means that once they sign the rating they wrote, no one reviews it. Mistakes are not identified and corrected. Even experienced raters have strengths and weaknesses. Providing a second review ensures that errors are identified and corrected, and ensures that continued learning and development occur among raters. Veterans receive better decisions and raters become better at their jobs.

Allow veterans service officers to do their jobs. Our written testimony describes a number of practices found in some regional offices which inhibit or restrict veterans service officers from representing veterans. Service officers provide the final quality review a rating receives. We can catch problems and get them corrected. We must be allowed to do our job of representing veterans. Failure to do so only results in more mistakes and appeals.

Finally, fixing problems in regional offices. VBA knows how to fix struggling offices. Our written testimony describes the actions they took to fix problems at the Washington regional office in 1999. We suggest that that experience is a roadmap for making significant improvements in similarly struggling offices today.

Thank you for the opportunity to testify before you today. I will be pleased to answer any questions you may have.

Mr. RUNYAN. Thank you Mr. Manar.

[The prepared statement of Mr. Manar appears on p. 44.]

Mr. RUNYAN. And Mr. de Planque, you are now recognized for 5 minutes for your testimony.

STATEMENT OF IAN DE PLANQUE

Mr. DE PLANQUE. Thank you, Mr. Chairman. Thank you Ranking Member McNerney and Mr. Stutzman for having the American Legion here to speak to you today. We sometimes feel like we could have gone back to last year's testimony or 2 years ago or 10 years ago or 20 years ago and we would be saying the same thing. It starts to feel like a broken record. In 1977, when a veteran wasn't getting benefits and the whole country didn't really look too well at veterans, it was still an inexcusable tragedy. But for the last 10

years, we have been at war and the country, regardless of what they felt about the wars, has been pretty much unanimous in saying we have to treat the veterans right. And we are still not doing it, and that is incredibly frustrating. Rather than go through a big litany of all of the things that continue to go wrong over and over and over again, hopefully a couple of solutions that the American Legion thinks are going to make some improvements that VA can begin utilizing now as they are switching to their new electronic system, because if they don't change the culture at the time they switch to the new tools, and we have said this before, the electronic tools are just going to allow them to make the same mistakes faster, and that is not going to help anyone. That is going to keep the poor veterans in the same hamster wheel.

VA needs to go forward and they need to increase the accuracy of the claims. Everybody agrees with this. I think everyone has unanimously said that there is a quantity over quality culture. And until they change that, they are not really going to get any effective change. To do that, you have to look at how they count work credit. Right now, there is no difference in whether you do a claim correctly or incorrectly. And when your manager is breathing down your neck and saying, I need to get another claim, I need to get another claim, you need to do this many claims, if you cut a couple of corners here, if you don't look at it as closely as you need to, you are under that pressure to do your job.

Nobody can fault the people for doing that, but that is how errors get passed on. If you create a work credit system that also takes away credit for errors, one that is not only going to be answerable for the work that you do, but also recognizes the work that is done improperly that assesses a regional office say, for example, a percentage of claims that were done wrong, then all of a sudden there is an incentive to be doing those claims right. And sometimes that means slowing down a little bit. And slowing down a little bit is a part of that.

I am sure you will hear later the VA employees talk about the amount of time that is allocated for training and the 85 hours a year that they do for training. And yet if you go into any of the regional offices, the American Legion makes a number of regional office action review visits every year where we go in and spend a week in the regional office talking with the employees, reviewing claims, looking for common errors.

It is the same thing. You talk to them and they will point out that training is lip service at best; that there is too much pressure to actually make the numbers, that they don't have the time to do the training right. Slow down. Breathe. Train, and maybe you won't make those same mistakes. If you take advantage of the computer system you have that can tell you we are getting errors on these claims out of these offices, you know, the board is noticing the same common areas. If you hear the court come before you, Judge Lance, Judge Castle, they will tell you they are seeing the same errors coming out of offices.

Now you have a computer system. You can start aggregating that data and saying we are not training people well enough on TBIs. They don't know how to do it. It is not their fault, they just haven't been trained well enough to do that. You can fix that with training.

You can pay attention to the training. And the overall net gain is going to be moving claims out of the system and bringing down the backlog. VA needs to work at efficiency, and that means putting somebody experienced at the front of the process instead of at the end of the process as a decision review officer. If you take some of those experienced people and put them up at the front, doing triage, to use a sports analogy, as a point guard, who knows how to take that case and go where the best route is for that.

VA demonstrated this recently with the Agent Orange claims and the expected volume they were getting. They set up a separate stream just to deal with the *Nehmer* cases and the Agent Orange claims they were expecting on the three new presumptive disorders, and they got those claims out of the main system in a way that it wasn't clogging up the other work that needed to be done.

If you have somebody at the front who can look at it and say this is a complicated thing, this needs to go to a more experienced person, this is a simple one, we can track this, you should have the ability with VBMS to be able to direct these better. And I think that is going to help VA. And I think they also need to be more transparent. The American Legion has asked for a while to, in addition to Monday morning workload reports, listing the number of claims that they have done, to list the accuracy rating, to list what the real accuracy is for that office. That helps show the employees, look, we care about this too. We don't just care about the number of claims you do every week, we care about the accuracy too. I think if they are more transparent, if they are more honest and open with people, then the veterans community is going to give them the time they need to get it right.

And the one thing that I do want to sum up, I think the VA employees want to work hard at this. I was speaking with a VA claims worker in one of the offices during a review. And this was an Afghan veteran who was looking at me and he said, you know each of these claims is another veteran. It is another person just like a guy in my platoon or a woman in my platoon. And here's a case file that is this thick. I have 2 hours. How am I giving that veteran justice? They are under the gun. They are under the pressure. They want to do a good job. They need to have it relaxed so that they can do that job. And I hope we can give that to them. Thank you very much and we are happy to answer questions.

Mr. RUNYAN. Thank you, Mr. de Planque.

[The prepared statement of Mr. de Planque appears on p. 48.]

Mr. RUNYAN. Mr. Cohen, you are now recognized for 5 minutes.

STATEMENT OF RICHARD PAUL COHEN, ESQ.

Mr. COHEN. Good morning Chairman Runyan, Ranking Member McNerney and Members of the Committee. On behalf of the almost 500 VA accredited attorneys and non attorneys who represent veterans for a fee, and on behalf of the thousands of veterans who we have represented, I would like to thank you for the opportunity to bring to this Committee what we have experienced working in the trenches. I am not going to go through the litany of problems that the VA has. They are of record. They are in the reports. You know about them. A question was raised about the characteristics of the worst performing regional offices. Understand that all the regional

offices are not performing their job in an accurate and timely manner, but the worst performing regional offices tend to be those which look at veterans and their representatives as adversaries, rather than as people who are trying to get benefits that the veterans have earned.

The service officers will tell you the same thing as the NOVA members. When we come to one of those worst performing regional offices, it is like pulling teeth to look at the claims file, to talk to one of the people who is in charge of doing ratings, or a decision review officer. That is one of the problems.

Now, this is not solely a problem of employees. I will echo what has already been said. This is not a problem of employees at the line level not wanting to help veterans. It is, however, a problem of middle management, which hampers the line employees from doing what they want to do. Middle management is not only hampering the employees from doing what they want to do, but middle management is undercutting the Secretary. The Secretary has come out repeatedly with statements that the VA is going to put veterans first, and is going to advocate for veterans. And then middle management comes out with regulations or proposed legislation which will hurt veterans, and NOVA ends up coming to hearings and saying how this is ridiculous, this will make the system worse. There is no reason for the VA to come out with anti-veteran legislation except that middle management has a vested interest in keeping things the way they were. This system will not change until the VA cleans house, gets rid of people who don't buy in to the new mission.

There was a report that came out in 2009, a cycle report from a company called Booz Allen. That cycle report talked about the problems created by the work credit system. It talked about the problems caused by ineffective measurement of accuracy, in which the VA says that they are measuring accuracy in the STAR system. However, if you look at what happens when those denied claims are appealed to the Board of Veterans' Appeals level, you will see that 70 percent of them, when they get to the Board, are either remanded or outright reversed. That means that the accuracy rate is 30 percent or less.

Understand, not every claim that is denied or partially granted gets appealed. Frequently, more than half the time veterans get so frustrated they throw their hands up, they go back to wherever they were, in the woods, in the basement, and they tell their friends it is useless. They say, I am not dealing with that government. I am not dealing with that government to try to get benefits and I am not dealing with that government either to get treatment. So we have veterans who are untreated and are prone to the PTSD symptoms, to the TBI symptoms and to suicide.

NOVA has said over and over again that it is not the fault of the line workers who are trying to do the best job they can. It is not the fault of Congress which has been trying to get something done.

In 2008, Congress directed the VA to change the law as to substitution to change their training and to change the work credit system. Nothing happened. NOVA recently, this year, filed a lawsuit to compel the VA to issue the substitution regulations. Now they have been issued in a proposed form. This demonstrates that the

VA is not capable of doing what it knows it needs to do and that Congress' attempts to effectuate a change have not been effective. That is why we have this decision from the 9th Circuit which now will compel the VA to put in the time limits that NOVA has said they should.

And we think that, echoing what was said before, the VA needs to understand that you don't measure accuracy at the moment. You measure accuracy when the claim is concluded. You look and you see if you have it right. I can tell you if their claim adjudication is accurate, and I can tell you that they do not have 90 percent accuracy, even though—or 80 percent that they are claiming. Their accuracy is 20 to 30 percent. Thank you. I am available to answer any questions you have.

[The prepared statement of Mr. Cohen appears on p. 53.]

Mr. RUNYAN. Thank you, Mr. Cohen.

Mr. Swartz, you are recognized for 5 minutes.

STATEMENT OF JAMES R. SWARTZ, JR.

Mr. SWARTZ. Thank you for the opportunity to testify on behalf of the American Federation of Government Employees and AFGE National VA Council. As a Decision Review Officer, I have seen firsthand the growing number of complex cases coming into the regional offices. And let's face it. Because more veterans are surviving the battlefield with catastrophic injuries and with the advancements in medical technology for the treatment of diseases such as Parkinson's, diabetes, coronary artery disease, the new rash of *Nehmer* cases nearly doubled the workload because we are looking at, as a Decision Review Officer or Rating Specialist, for some of these veterans, four decades of medical evidence to find the secondary medical evidence so that we could give the veteran the benefits they deserve.

As a VA employee and as a disabled veteran, I share that deep commitment to make sure that VBA gets it right the first time. But even at what it considered a high performing office like Cleveland, the claims process is still broken. I urge you not to rely too much on labels such as high performing and low performing, which are based, in part, on manipulations of production numbers that have been used in the past to hide old cases, in part on the extreme pressure on employees to work off the clock and take shortcuts and in part on the experience level of the managers, many of which we have at my own regional office with less than 2 years experience.

VBA is not going to break the back of the backlog unless it makes some fundamental changes. First, the new hires need experienced, skilled supervisors and mentors. They cannot be rushed into production, and they must be rotated in every position in their job category, in particular, the veterans service representative, or VSR, spot.

VBA has to start holding managers accountable for the quality of ongoing training for experienced employees. Managers regularly take credit for 85 hours of yearly training, when, in fact, the employees are told to learn complex new information on their own with much less allotted training time. Many employees will print the information out and take it home so that they are able to take the time necessary to review the information.

VBA will not break the back of the backlog if employees with only 2 years of experience keep getting promoted into management positions who are supposed to supervise, mentor, and perform quality assurance. Their skills must be tested, just like that for the frontline employees.

If VBA would finally implement the supervisor skills certification test, that would address the huge gaps in knowledge of so many supervisors. An all-skill certification test would do a better job of measuring what the employee really needs to know if VBA would start collaborating the test design with the AFGE and the members who are actually doing the job.

Also, it simply does not seem right that so few VBA managers are actually veterans. Veterans bring a unique commitment to the job itself.

We won't break the back of the backlog as long as VBA continues to use a broken work credit system. Right now the number of credits a VSR or rating veterans service representative (RVSR) has to earn in a day is very arbitrary and depends on which regional office you work in. They get too little credit for tests that are essential to getting the claim decided right the first time. The VSRs in my office only get credit for the initial development. Any additional development that is necessary to be done, such as ordering exams, the VSRs don't get any credit for.

A broken work credit system leads to bad performance standards. If a DRO, like myself, is working the claim of a military retiree with 20 to 30 years of service, I am probably reviewing maybe 40 to 50 years of medical evidence because of decades of private physician care as well as service treatment records, yet I am expected to make a decision and print it out within 2 hours. You can't give the veteran the opportunity that they need and provide them benefits when you have 2 hours to review 30 to 40 years of medical evidence. It can't be done.

There is a simple fix, a fix we see every day in the private industry: Develop a new work credit system based on a true time-motion study that would show how long it really takes to complete each step of the claim process. When employees start getting credit for all the work they need to do, more claims will be decided right the first time, and there will be fewer appeals and remands that add to the backlog.

Jumping into another new initiative like H.R. 1647 will cause VBA to lose, not gain, ground on its fight to break the back of the backlog. Rather, let us build on the VBA pilots that are already in place with good training, good supervision and good performance standards that no longer reward the shortcuts.

Thank you. I am also available for questions.

Mr. RUNYAN. Thank you, Mr. Swartz.

[The prepared statement of Mr. Swartz appears on p. 56.]

Mr. RUNYAN. We will begin questioning of the witnesses now.

Mr. Swartz, talking about the skill certification test, can you describe your experience a little more and if you believe—why is there such a low pass rate?

Mr. SWARTZ. The low pass right, in my opinion, is based on the training that the VBA employees, are receiving. A lot of our training is crisis training. This is the new hot topic; here is 30 minutes

of instruction, get to it, and we expect you to make your production.

I also believe that the testing, the certification testing, that is being done isn't being done by people who perform the job. When you are going to contract out something like that to be designed, it is very difficult for them to actually realize without having to have done the job itself what questions to even ask. A lot of the questions—I, myself, have taken the RVSR certification test and passed it, but a lot of the questions that were involved were more concerned with different laws, different rules, different things that weren't really applicable to rating the case and being able to go through the evidence and provide for the veteran the disabilities that they have and the benefits they deserve.

Mr. RUNYAN. So we are walking down the issue of standardized tests at that point?

Mr. SWARTZ. Standardized tests would probably make it a lot better than it is now.

Mr. RUNYAN. Do you see any benefit in something I think we all did when we were in elementary school? For example, as you failed a test, this is the answer to the question you missed. Is there any relevance to that? This is how the process works out?

Mr. SWARTZ. I think that would make it a lot better for someone to understand the areas that they may be weak in. We do get some feedback, but as far as the actual answer to the actual question, that we don't get.

Mr. RUNYAN. You have no idea of what you actually failed on the test then?

Mr. SWARTZ. All you know is what area you may have been weak in, but you don't know what part of the area. Now, the position of an RVSR or a DRO was so specific and has such a wide range in so many different areas, just telling somebody, okay, under ordering an exam, you got three wrong, doesn't really help that person to be able to learn the position and learn where their mistakes were.

Mr. RUNYAN. And there is no process there for them to require them to have further training on what they have missed?

Mr. SWARTZ. Yes, sir. The feedback system is inadequate.

Mr. RUNYAN. I think a lot of what we are dealing with—I think as we move towards an electronic process, I think data collection on what is wrong is going to be a lot more accessible and, therefore, we'll be able to get to the issue much faster.

Mr. SWARTZ. Sir, if I could address that, the one thing I would like to say is if we have the paperless claims, speaking as somebody who does the job, to me, it doesn't matter if that claim is written on parchment, written on paper, on the computer or carved into granite. Somebody still has to read that evidence. They have to diagnose what the evidence has in it, and they have to be able to make an accurate decision. Whatever form it is in, the evidence still has to be reviewed.

Mr. RUNYAN. I was referring more to the metrics of tracking and mistakes being made. It is more accessible and at your fingertips a little more readily, and I think it has the potential to be able to head some of that off. We had a work credit system bill in Congress a couple of years ago that died in the Senate, and this may be a

time to really dust that off and revisit that. I think, as Mr. de Planque said earlier, maybe it is time to take points away for not accomplishing the task at hand, because I think all of you kind of touched on the culture and how it needs to change, and I think that would be one step. Yes, it is an uncomfortable process for people to have negativity thrown at them, but it is human nature not to let that happen to yourself. I talk about competition all the time, Mr. Swartz.

Mr. SWARTZ. Sir, the one thing I can say is that that is in place under Aspen, which is the program that is used to keep track of the work that we do. If we do make a mistake in our work, and it is caught in a review, we do get that credit removed. It is held against us, and we are held accountable for it. Once the mistake is also found, it is brought to the attention of the rating specialist or the DRO to make the correction, once it is found. So in that regard, there is something in place.

In order to do 100-percent review of any of the claims files that are being done, you would have to double the staff. For every person who is doing a claim, someone else has to be able to review the same evidence to find out where it has gone. Just realistically it is not going to be able to happen unless we doubled staff.

Mr. RUNYAN. I understand that.

Mr. de Planque, to really change the culture, do you have any ideas how to really effectively, economically, fiscally change that culture like that? Because obviously, like you said, it seems that you come here year after year with the same issues. How do we do it without breaking the bank?

Mr. DE PLANQUE. Well, effectively and economically and with the snap of the fingers, it is going to be very difficult. I mean, obviously things take time to change. But you have to commit to that, and you have to have people who are willing to go in and do that.

Mr. Swartz mentioned getting more veterans in there, veterans who understand looking at a claims file. I recall seeing cases when I was at the Board of a stressor being denied for PTSD by saying, well, we looked up the name of your friend that you said died, and, yes, we confirmed they died, but they were in Bravo Company, and you were in Charlie Company, so you wouldn't have known anyone. Well, anyone who has ever been in an actual military unit knows that that is absolutely ridiculous. But people aren't going to see stuff like that.

You can get veterans and bring them in, and there is a large group of unemployed veterans who I am sure could be trained. They know how to accomplish tasks. They know how to do things when there is pressure on their shoulders, to go in and to make life-and-death decisions and to take care of their fellow veterans. You look at World War II, and people talk about how the greatest generation came back and built this country. Well, maybe we have a generation of veterans who can come back and fix the government and get this working, get the system working for them, people who are going to be committed to understand things like that. That is a possibility.

I don't want to create the impression that we want to use these errors as a rolled-up newspaper to beat people and say, you are very bad that you made these mistakes. I am talking about cap-

turing these errors, not just from STAR review, but also from places like boards of appeals. When you see something that was done improperly at a lower level, that can be flagged and tracked back through the electronic system from the Appeals Management Center, from the courts, to take these things and use them as a training opportunity, use them as a way—like you said, if you tell somebody you have something wrong, but you don't tell them what they did wrong, that doesn't help that person. But if there is somebody who has a deficiency in training perhaps and doesn't know how to properly apply the ratings schedule for post-traumatic stress disorder, then take that opportunity to go back, fix it, get it better, because they want to do it right. I mean, the people who are there. And I think that is more the kind of system that we are looking at.

Mr. COHEN. Mr. Chairman, I think you hit the nail on the head when you were talking about metrics, and that is the difference between modern business and the way the VA operates. We are talking about tracking a case. There is that capability in the business world. There should be that capability in the VA world to see what happens with a claim and then to provide the feedback that the employees need to figure out, why did the case get reversed? Why did it get remanded? What did you miss? That is the best kind of training. That is on-the-job training.

The VA is sort of fixated on the STAR system, which is an internal review of looking at it and saying, oh, yeah, we got it right. And then they ignore the fact that if that case gets appealed, the Board says, no, you didn't. We are either granting benefits or we are remanding because you didn't adequately develop it. That information needs to get back to the people who are working in the trenches so they understand, rather than this arbitrary STAR system which doesn't accurately measure what is going on with the claims.

Mr. RUNYAN. Well, I think it goes back to my statement about your taking your test in elementary school. What did you get wrong? This is where you went wrong, and this is the answer to the question. And that is how you design your training programs around it. You are not feeding people unnecessary information. So I thank you.

Mr. McNerney, I recognize you for your questions.

Mr. MCNERNEY. Thank you, Mr. Chairman.

I thank the panel for coming up here today.

Mr. Manar, I was pretty depressed by listening to the stuff you initially said, your words about how in the last few years, the accuracy has plummeted, and that coincides with the build-up of new employees, which is consistent with what Ms. Finn said about the need for good management, the need for training. These things fit together. I am not hearing anything that is wildly outside of expectations. It is certainly not what I want to hear, but there is a consistent message here.

What I would like to do is ask Mr. Cohen, for example—I mean, your testimony was probably the most critical, and yet you said, well, Congress has tried to direct the VA and so on, and nothing has happened. What would be the best role, in your opinion, for us to play? Are there statutes that we could pass that would, in your

opinion, force the kind of changes that are needed? Or are we going to sit here and play whack-a-mole forever?

Mr. COHEN. There is some opportunity for legislative change. We have in the past raised the idea that the VA is ignoring their opportunity, which is in statute which allows them to take a private exam, which is adequate for rating purposes and use that to rate the claim as opposed to sending it out for a compensation and pension exam, which takes further time. Because the statute is written permissively and not in the form that requires them to accept the private exam, they don't do so in most cases and consume more time. So that is something that deals with the time factor.

Another thing that Congress could do is impose deadlines upon the VA and say, you must decide a claim within 3 months.

Mr. MCNERNEY. But the deadlines are going to continue to pressure for time for quantity and not quality.

Mr. COHEN. The other thing is this is the time—we have a very short window of opportunity before the backlog breaks the back of the VA and not the other way around. This is the time for a paradigm shift. This is a time when Congress needs to be thinking about why a criminal defendant is presumed to be innocent, but a decorated combat veteran is presumed to be a liar and putting in a phony claim.

Mr. MCNERNEY. What you are saying is all right, but it is not specific. I mean, you are not giving us direction.

Mr. COHEN. Well, what I am suggesting is that there could be more statutory presumptions imposed for combat veterans for the simplest type of cases. That would free up the more difficult cases. The TBI cases, cases of Lyme disease, other types of cases are difficult cases medically and legally. These cases are going to take more time and are going to be difficult to resolve accurately. But when you have a PTSD case for someone who has been deployed to an area of combat, Congress has been trying for the longest time to get legislation passed to say that if you are deployed to an area of conflict, and you say that something happened to you, that is going to be enough. And if you have a diagnosis of PTSD, end of discussion on whether you have a service-connected condition. The VA should just move on to the next step and decide how bad is it.

Mr. MCNERNEY. Basically presumption of—say, Agent Orange, which is what Mr. Filner was so interested in. Let us presume that anyone that was in Vietnam that has the symptoms that are associated with Agent Orange has Agent Orange exposure and, is therefore, entitled to benefits. Is that kind of what you are getting at?

Mr. COHEN. Presumptions will save time for the VA and allow the VA to work. If we have presumptions for the cases that are most obvious, it will save time for the VA.

I can just tell you anecdotally, it took me 10 years to get a claim decided for service-connected benefits for residuals of hairy cell leukemia. This was before the VA decided to make it a presumptive condition, and the VA kept saying, well, we don't presume it is service-connected, and we don't care that you are trying to prove it directly through a doctor's statement that he believes it is service-connected. They wasted 10 years of the veteran's time and their

time on that case, which they could have granted presumptively from the get-go.

Mr. MCNERNEY. Thank you.

Mr. Swartz, do you think that moving toward IT processing would be a big advantage? I mean, it sounds like that is something that you are advocating.

Mr. SWARTZ. Part of the problem that we have, especially—I am going to use the National Call Centers as an example. What the VA has is a lot of programs that they are using, but they are unable to talk amongst each other. If there was one centralized program that was not only used by the hospitals which plays a very important role in our ability to do our jobs as a rating specialist DRO, but also for people who are calling in.

Now, they have the National Call Center, and I can tell you from personal experience, my wait time went from 6 minutes to 23, and that was a call that I made the other day while I was preparing to come down here for this trip.

Now, with computer programs that are unable to work together or talk together, it is very difficult to actually do the job when, okay, I have to go, and I have to update this program as it comes up, I have to update this program. Now, there is one that we use for what is called a statement of the case. God help you if you open any other program while that one is up, because you are going to lose all your work. It is very unfriendly and does not play nice with other programs. And that is a problem that we have with many of the IT issues that we have. If you work in the call center, you now have Broome Closet, Genesys, Variant, RightFax. Then you have the other programs that we already had in place, none of which talk to each other.

So when you have an 80-year-old veteran who is unfamiliar with the process itself, it becomes very frustrating for the employee to try to provide any kind of real information to that veteran, because on the average you get 3 minutes to handle the call because you have to answer so many calls in so much time. So if you don't have the information before you, you pretty much give him a scripted answer that is supplied to you, and you finish the conversation with, "Is there anything else I can help you with today?" Well, yeah, you could answer the question I just called about.

And those are some of the problems that we are having on the IT front. One centralized program that everybody could use instead of several programs that are unable to communicate and do nothing really but slow you down.

Mr. MCNERNEY. Thank you. I yield back.

Mr. RUNYAN. Ms. Buerkle.

Ms. BUERKLE. Thank you, Mr. Chairman.

And thank you to our panelists for being here today.

I was going to ask all of you—and I will ask this question following up with Mr. McNerney's question—if you could each make one specific recommendation to us today about how we can help our veterans. But before I get to that—and you have 5 minutes, so you can divide it up four ways when you get there.

I do want to just follow up, Mr. Swartz, on IT. You talked about multiple systems. Is there one system that you could recommend that we could convert to one system?

Mr. SWARTZ. Ma'am, that is something I would have to get back with you on. I, myself, am lucky I can work my home computer, let alone make any kind of recommendations like that. That is not my specialty. But if you like, I will get with AFGE, and we will see if we can provide some feedback for you.

[The AFGE subsequently provided the following information:]

AFGE is not able to recommend a single system that could make a significant dent in the backlog or assist veterans in other ways. We do not believe that any IT system can replace the essential function of a VSR or RVSR thoroughly reviewing the veteran's entire file. As we have said before, there is no silver bullet for breaking the back of the backlog.

Currently, claims processing personnel struggle with multiple IT system that do not" talk to each other". VBMS shows some promise in improving coordination between these multiple systems. However, it does not appear that the benefits of VBMS will trickle down to the backlog.

More generally, it is too early in the development process to know effective VMBS will be in this coordination role. The system has not been field tested yet. We encourage the Committee to closely monitor VBMS in the design and implementation phases.

Finally, with regard to VMBS, an AFGE representative made a site visit to the VBMS pilot in Salt Lake City on August 26, 2011, and provided the following report:

Currently the VBMS platform is in its first generation. The platform will incorporate all legacy claims processing platforms into a single web based system. While the web based platform has potential to provide a streamlined operating system for claims processing, effective utilization will be dependent on employee training.

Based on past technology advancements which have been released to the field, it would be recommended that VBA begin a public relations campaign which provides insight and information of the upcoming release.

Training should be extensive and validated prior to utilization of the platform on a nationwide scale. To ensure adequate transition into this new technology, AFGE should be afforded an opportunity to have subject matter experts in the Claims Assistant, Veterans Service Representative, Rating Veterans Service Representative and Decision Review Officer positions process through the training program prior to release.

AFGE is supportive of advancing VA's ability to address the ever growing needs of our claimants, although, AFGE has trepidation about the potential impact on the human capital as a result of this platform. The VA cannot exchange human capital for technology and believe the agency will be able to continue to meet its mission.

Ms. BUERKLE. Good.

And then I will go back to my original question. If each of the panelists can give us one specific recommendation on how we could ease the burden of the veterans and be able to process their claims quicker.

Mr. Manar.

Mr. MANAR. I think I just heard you say something that is part of the problem, and I say that with all due respect. And the Chairman started off his remarks earlier in the same vein, and that is talking about timeliness. Let us do things quicker, quicker, quicker. That is the message that employees are hearing in the field.

I have been in many meetings with Acting Under Secretary for Benefits, Mike Walcoff and Deputy Under Secretary Rubens, and I have seen them out in the field conducting town hall meetings with employees where they are talking about quality. This is what they are interested in. But by the time they get back to Washington and at the end of the day, what the employees are hearing—not necessarily even from their regional office directors, but from the first-line supervisors—is that it is production, production, pro-

duction. "You didn't do five cases a day?" It doesn't matter that you had a foot and a half of material to look at today in one case or it was really difficult stuff. The message that is getting out is production and timeliness.

Now, there are some fixes for these problems—eventually some of these computer solutions will help make the easier decisions. They have already got a couple of calculators for hearing loss. I mean, you plug in two numbers, numbers for both ears, and it tells you what the hearing loss should be, the evaluation for hearing loss. The same thing is true with the special monthly compensation calculator that has come out recently. The interesting thing is that the Disabled American Veterans 30 years ago devised a slide rule with stick figures on it which does the same thing that this calculator that is computerized today does.

Be that as it may, they have these solutions, and they are finding that as they take some of these more mundane mechanical functions, decisions and computerize them, they are getting higher quality, higher consistency. They are taking the opportunity for errors out of the hands of employees and allowing them more time to work on the more difficult things that require their experience and judgment.

So I think part of the problem here is that we have to figure out what the message is. Now, in a wonderful world, we want to knock down the backlog. But do we want to do it if by VA standards they are making 20 percent errors or, by some other assessments, much higher? Are we really serving veterans if we do that?

Ms. BUERKLE. If I could interrupt, I apologize because my time is rapidly——

Mr. MANAR. I am sorry.

Ms. BUERKLE. I need one suggestion from you. But I don't mean to say that we need to rush through this, but I do think that quality service to the veterans is timely service, and veterans should have an expectation about when their process is going to be claimed. I think the two go hand in hand. If a veteran files his process, and it is undergoing a real quality review, but it takes 6 months or 9 months or a year, that is a problem. So I think we have to put the two together. We should expect timeliness.

Mr. MANAR. If I may make one suggestion. Have management focus on continuous improvement, improving something every day. If they can do that, even small things, over time, they will change the processes to allow the employees to make better decisions more consistently. Thank you.

Mr. DE PLANQUE. One thing to tag onto that, because we understand that process. What is going to help the veterans during that time—because we don't think about things from the perspective of who the veteran is who is waiting for that benefit, and the problem is that they exist in a vacuum of information. Yesterday was rent day. It was mortgage day. Maybe you have a spouse and kids who are saying, how are we going to pay our bills this month, and when is the money coming in from that, and what is going on? And you call, and you can't get any information, and you don't really know what is going on.

I think when VA has communicated better—and they have recently done some pilots where when they sent out the letters, this

is what is going on with your case, and they called and they talked to the veterans with it—those veterans feel better about the process, even if it is going to take a little bit longer. If that is communicated to them, if the veterans understand up front what the expectation is, if that expectation is managed, yes, it is going to take a little while to get this done because we are trying to get it right, and you have a complicated condition, ma'am, you know, something like that, I think that is going to help the veterans deal with the situation, because we don't want to rush people and make too many mistakes, but at the same time, being out there in that isolated vacuum of information and not knowing what is going on, that is the worst part for a veteran.

Mr. COHEN. I will agree that no one suggestion will do something, but what was just suggested is a very important key. If the regional offices start calling up veterans and their representatives and talking to them and saying, let me understand what kind of a claim are you trying to put in, what are you looking for; and this is what we have in the claims file right now, do you have anything else; do you understand you will need this in order to win your claim; communication like that takes a little bit of time, but it will allow the people in the trenches working for the VA to get it right the first time, and that is what we want. So the communication is the most important thing.

Ms. BUERKLE. Thank you.

Mr. Swartz.

Mr. SWARTZ. I am not going to reiterate on the communication, because as a veteran who has waited several years for having my claims processed and several years for the remands that were done—and I am in the system, and I know how frustrating it is for myself—but some of the things we need to do is stop developing these programs that monitor the employee and give them programs that they could use to do the job.

One of the other things is the accurate, meaningful training that the employees need. I myself, I was very fortunate when I came aboard VBA. I am also a registered nurse, and I have also spent 8 years Active Duty military, Army. I spent a lot of time in the infantry. I came into the program with two-thirds of what is necessary. I had to learn the specific legal issues in developing and working on claims, but I am one of the fortunate few.

What we need to have is, I believe, more veterans who have a vested interest in the VA being successful, especially in management, and also a training program that gives them the tools they need to do the job right the first time. Thank you.

Ms. BUERKLE. Thank you.

Thank you, Mr. Chairman. I yield back.

Mr. RUNYAN. Thank you.

I don't have another question. I want to make one statement. It may sound kind of a little different, but I think when we look at the definition of "production," I think we really have to redefine that, because it is kind of something, I think, as being new to Congress, I think we have a difficult time dealing with the definition of "budget" around here a lot of times, and that I think there is an obvious correlation there. We are losing what that word really means. I think we have to really return to that for the sake of on

the budget and our country, and on the veterans end it is taking care of our heroes.

Mr. McNerney, do you have any further questions?

Ms. Buerkle.

Gentlemen, thank you for your testimony. On behalf of the Subcommittee, I thank you for your testimony, and you are now excused.

Mr. RUNYAN. At this time I would like to welcome Ms. Diana Rubens, Deputy Under Secretary for Field Operations, Veterans Benefits Administration, United States Department of Veterans Affairs.

Welcome, Ms. Rubens. Your complete written statement will be entered into the hearing record, and you are now recognized for 5 minutes.

STATEMENT OF DIANA M. RUBENS, DEPUTY UNDER SECRETARY FOR FIELD OPERATIONS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY ALAN BOZEMAN, DIRECTOR, VETERANS BENEFITS MANAGEMENT SYSTEM, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS

Mr. RUBENS. Mr. Chairman, thank you.

Mr. Chairman, Members of the Subcommittee, I appreciate the opportunity to discuss the Veterans Benefits Administration's efforts to improve performance at challenged regional offices. I am accompanied today by Mr. Alan Bozeman, Director for the Veterans Benefits Management System.

While today's hearing focuses on challenged regional offices, I would be remiss in not noting the many thousands of exceptionally hardworking and dedicated employees within VBA's ranks that are committed to serving veterans every day. They work in our most productive offices, our challenged offices, and everything in between doing their level best to meet the performance standards, both individual and office, that we set. They are both valued and appreciated members of the workforce with great pride and the will to succeed in any mission.

We are pursuing strategic goals established by the Secretary 2 years ago to transform VBA into a high-performing, innovative, 21st Century organization that is people-centric, results-driven, and forward-looking. One of VA's highest goals is to eliminate the disability backlog by 2015, ensuring that all veterans receive a quality decision at the 98 percent rate, and taking no more than 125 days.

The performance of all of our regional offices is evaluated against national and regional office-specific targets based on our strategic goals. These targets are set at the beginning of each fiscal year across the various business lines for various measures, including quality, timeliness, production and inventory.

The Office of Field Operations and the area directors regularly match the facilities' achievements against its performance targets to include monthly dashboard reviews. Regional office directors and individual employees alike are held accountable for performance deficiencies, and if a regional office is not meeting performance tar-

gets, improvement plans for the office are put in place and closely monitored.

The area director will engage in more frequent communication with an underperforming office. Written electronic communications, structured telephone calls, and increased site visits are all used to ensure progress towards planned targets.

For a number of years, VBA has been pursuing a strategy that allocated additional resources to regional offices that perform at a higher level. Our strategy to recruit and expand operations in locations where we have demonstrated that we can be competitive and achieve high performance levels has been impacted in recent years as a result of dramatic workload increases and our need to rapidly and significantly increase staffing levels.

This fiscal year has been particularly challenging because VBA has been utilizing our resource center brokering capacity to readjudicate previously denied claims for the newly established Agent Orange presumptive conditions.

As we look at quality, STAR findings provide statistically valid accuracy results at both the regional office and national level. STAR error trends are identified and used as training topics to improve performance. VBA is committed to using those error trends and accuracy findings to improve overall quality and to adjust and develop employee training and curricula.

Additionally, we are reviewing and reengineering our business processes in collaboration with both internal and external stakeholders to constantly improve our claims process using best practices and ideas. We are working to simplify those processes and reduce the burden of paperwork for our veterans, and streamline the process for our employees.

The new disability benefits questionnaires are being specifically designed to capture medical information essential for timely and accurate evaluation of disability compensation and pension claims.

Regional office performance is expected to improve significantly through the integration of the rules-based processing and other calculator tools designed to increase decision accuracy, consistency, and employee productivity.

The Veterans Benefits Management System is meant to give VBA a paperless processing environment. The overarching goal of this long-term initiative for phase 1 was the development and testing of software, while ensuring integration with existing databases and legacy claims-processing systems. Claims processors at the Providence Regional Office began using this new software to process a limited number of original claims for disability compensation to validate those capabilities within phase 1 of VBMS.

Phase 2 began just last month in the Salt Lake City regional office, building upon the efforts and information gathered in Providence. Phase 3 is set to begin in November of 2011 at a site yet undetermined, and scheduled for completion in May of 2012.

VBA employees in all of our regional offices are dedicated to delivering accurate and timely benefits decisions. We recognize that there is a variance in the overall performance of our regional offices, and we must be both vigilant in identifying shortcomings and aggressive in correcting them. VBMS and our other claims transformation initiatives are critical to our future success in improving

the performance of all of our regional offices. We will continue to vigorously pursue business process and technology-centered improvements designed to break the back of the claims backlog and achieve our goal of processing all claims within 125 days at 98 percent accuracy by 2015.

Mr. Chairman, Members of the Subcommittee, this concludes my remarks. Thank you again for the opportunity to testify. I am happy to respond to any questions.

Mr. RUNYAN. Thank you, Ms. Rubens.

[The prepared statement of Ms. Rubens appears on p. 59.]

Mr. RUNYAN. At this time I will start with the first round of questions.

The Inspector General noted several regional offices that do not perform to VBA's standards and encountered long periods of time where a senior management position was unfilled. What are you doing to ensure that these positions are filled so we can have the necessary oversight?

Mr. RUBENS. Yes, sir. I feel that challenge, quite frankly, every day. We work very closely with the Department as well as our own human resources community to ensure that, one, if we have adequate notice that there will be a departure, we post positions as early as possible. I will tell you that it is a process of evaluating many applicants from both within and outside VA and VBA.

Part of our challenge when we see extended periods of vacancies are, quite frankly, due to our inability to get good quality candidates. I have a regional office position that I should have a certificate for today or tomorrow that we have now posted three separate times in an effort to find quality candidates. Our challenge is finding the right folks to do the job, because I don't think that we want to put somebody in there that we don't have the confidence in the person to make a difference for the employees and the veterans that we serve.

Mr. RUNYAN. I am kind of going down that road regarding the 80 to 85 hours of annual training all employees must receive. How can you really adjust their training to better correspond with the need of the basic employee instead of having just a list of training that they need? I know it is something where you would have to get into the weeds. I know it will probably—like I said before, it will probably be much easier with an electronic system because you can find it much quicker and tailor your system. But is there something there that you are looking into so you can tailor your program a little more instead of just having a broad range? Because obviously, as you say, even finding someone, you know, a senior member, to step in there, they don't have the qualifications. And to be able to take somebody you know is capable of doing it and tailor a program around it, I think it has some legitimacy to it.

Mr. RUBENS. Yes, sir. I would tell you that there are a variety of things that we are doing as we look at not only training for brand new employees coming into either VBA for the first time or perhaps being promoted into a new position, working with compensation service; we are looking at how we can better ramp up, if you will, those brand new employees more quickly.

Every year as we establish the training requirements for regional offices, there will be a set of requirements that we anticipate as a

portion of that 85 hours. But there is also a portion of that left to the individual regional office discretion to ensure that if they have some unique issues that are not a national concern, that they can tailor those things at the local level.

If, for instance, an employee, however, is having difficulty with performance, and they identified trends at the local level for training needs, they will be addressed then individually for that employee to ensure that if they have a unique gap, that we try to work with them to ensure we are addressing just those things to those individual employees.

Mr. RUNYAN. Kind of going down that same path with the skill certification tests, you have taken—and I know we kind of touched on standardized testing, and some of that stuff is even necessary. Even if it is not a question, if it does relate to someone actually doing their job, are you able to pull that kind of out and tailor your training to what is really being missed in general? Because obviously, I mean, you look at the low pass rates, and it is mind-boggling sometimes to look at when you are in the 50 percentile of people passing a test, to elevate themselves within an organization.

Mr. RUBENS. My observation would be that we have begun implementing certification many years ago with the VSR position as our first position. We have since expanded that to rating VSRs as well as journey-level RVSRs. So we have different certification test in place now for the decision review officers and, in fact, a new certification test in place for our supervisors.

As I go back and look at the outcomes for that VSR test, I see the increase in the scores over time. I think part of that is as we work together to understand where our gaps are and making sure that the training meets the needs of those employees, we are working to ensure that all of those tests are valid tests.

If I may, the certification tests are definitely helped by the force of a contractor coming to bear. They are not building the questions, if you will, though. We bring together subject matter experts from those positions to develop a pool of those questions that are of the utmost importance, for instance, for a VSR, who has to understand the development of a claim and gathering the evidence as well as the promulgation. So we are working to ensure that when the test has been taken, the feedback is given to the individual employee.

Mr. Swartz was accurate. We are not given the specific answers to each of the individual questions. As the tests are constructed around various components of a job, we will give them feedback on this particular type of skill set you need as a VSR. You missed those questions. The concern, quite frankly, is that it has taken us a considerable amount of time to build that pool of questions, and as we give employees multiple opportunities to take that certification test, we want to ensure that through the random chance, they aren't just getting questions that they have had before that we have, if you will, spoon-fed them back the answers. So we will make sure that the topic and scenarios and the area of training they need feedback on, they have gotten that direction.

Mr. RUNYAN. Okay. Several weeks ago at the legislative hearing, you mentioned that VBA was planning on placing quality review reports about the VA regional offices on the Internet. I had about

five interns try to find it on the Web the other day and were unable to do it. Is it there?

Mr. RUBENS. Sir, my recollection is it has been about a month since that hearing. We talked about the fact that, in fact, VBA is about to post externally the performance results for all of our regional offices. You wondered when that would be available.

We have been engaged in discussion with the highest levels within the Department for final reviews. My expectation at the time was that it would be about 60 days before it would be out, and, in fact, we have had those final reviews with some constructive criticism in an effort to ensure that the end users from the outside who may not be familiar with all of the measures that we can understand the data that they are looking at, and we are working to make some final adjustments.

We are working towards the time frame I gave you. If there are some things we can put out now and upgrade later to help ease the use, that is kind of the tack we are taking. But I would expect within the next 3 to 4 weeks, we will have that out there. I will promise to let you know when we have it publicly facing and send you a link.

[The VA subsequently provided the following information, which was included as well in the May 3, 2011, Legislative Hearing record:]

> The ASPIRE Web site went live on June 30, 2011. VBA's press release to announce this is available at: http://www.va.gov/opa/pressrel/pressrelease.cfm?id=2125.

Mr. RUNYAN. Thank you very much.

Mr. McNerney.

Mr. MCNERNEY. Thank you, Mr. Chairman.

And thanks for coming today to testify, Ms. Rubens.

I was going to follow up with that question I asked Ms. Finn. What is the reason we are missing so many managers? Is it attrition? They are just moving on and leaving holes that take forever to fill? Is that basically what it is?

Mr. RUBENS. I would tell you, sir, that it is a combination of things. In some cases it is opportunities for promotion, and folks move on. I would like to tell you that we have some crystal ball that would allow us to post those jobs to fill behind before they are empty, but, of course, we don't have that crystal ball in front of us. So it won't be until a position is vacated that we will post for that replacement. And then in some instances, employees move to other positions, whether they are promotions or not, or retire.

Organizationally, we have experienced a great deal of change in the last few years. We have about 50 percent of our staff which has less than 5 years of experience. We have had great opportunities to do a tremendous amount of hiring in the last few years, as you mentioned earlier, and that has created an ongoing opportunity, whether that is, gosh, we need more supervisors, or do we have more positions at the manager level. So it has continued to create an almost domino effect where we continue to find vacancies. We are working very hard to ensure we are attracting the right individuals to ensure that when we put them particularly into those senior manager positions, that they are going to help us be successful.

Mr. MCNERNEY. You know, you listed in your testimony a lot of things that are taking place, that are taking place under your management to improve the backlog situation. But we hear a preponderance of testimony that says we are going backwards. I just want to know if you believe, you know, that we are actually going to get there. Are we actually improving? Is the Secretary's goal anywhere near realistic? If it is not, is there a goal that we ought to be aiming that at that is realistic that we can reach? Where do you stand on this? That is a tough question. I mean, you are responsible here for that Department. So you have to defend that, and I understand that. But I would like to hear what you would say.

Mr. RUBENS. Mr. McNerney, I do believe that we have a very overarching plan that focuses not just on one thing. It includes looking at quality, and I am very cognizant of the comments regarding the concerns for quality.

There are a number of things that we are doing to ensure that we address that. Along with the production, I will say the culture of an advocacy approach for veterans, I believe that most regional offices have exactly that. When I go in, I can't tell you a single office I have ever been to where the employees don't come to work every day trying to do the right thing for veterans. And I do believe that they are excited and interested about the initiatives that we have coming and an interest in ensuring that we meet the Secretary's goals. I can't tell you that there is anybody out there that would say, gosh, it is okay to have 800,000 claims pending, because that is just not the case.

Mr. MCNERNEY. Well, just a little analogy. It is great that we have all these employees that want to work. And I know they do because I have met them, and they all want to do the best they can. But if you look in a place like Libya, there is a great revolutionary force, and they all want to go out and fight, and they just didn't have the organization. And we need that. We need to make sure that we are going in the direction that gives us the organization.

And I want you to believe that myself and the Chairman and everyone here wants to help you. We want to know what we can do. Is it a statute telling you to go make regulations? What is it that we can do that we haven't done that is going to make this better?

Mr. RUBENS. I would tell you that we have great control over many things that need to be accomplished. As we utilize the opportunity for legislative proposals, working with this Committee and others, we work to take advantage of those opportunities to identify areas where we can make a difference. We also recognize that that process can sometimes take an awful lot of time. So a lot of the focus that we are working from today is what can we do, if you will, on our own and in our own means.

And you are right, the employees are out there. And at some point it becomes, do we have the right leadership in place? Once we select those leaders, are we providing them with the appropriate training, whether it is those first-line supervisors? We have had a lot of new first-line supervisors, I would say new to VBA and new to supervision, where we have been working to ensure that they have some immediate tools; that they are ready to help them understand how best to not only move from a technical position,

but to leading and supervising people. It is a very different job. We have programs for our division-level managers, our Assistant Director of Development program, and our Senior Executive Service (SES) candidate program, where we are investing in leaders to ensure that we have folks to work with all of those employees to get the job done.

Mr. MCNERNEY. Well, again, I would like you to believe that we want to help you, and I would like us to believe that from your testimony that we are moving in the right direction.

With that, I would yield back.

Mr. RUNYAN. Thank you Mr. McNerney.

Ms. Buerkle.

Ms. BUERKLE. Thank you, Mr. Chairman.

Thank you to our panelist for being here today.

I am kind of uncertain as to where to start when I read over the report here. There are so many issues that just are of great concern. Twenty-three percent of the approximate 45,000 disability claims were processed incorrectly; 82 percent error rate with 100-percent disability. The VBA's failure to timely address these claims could result in about a $1.1 billion overpayment to veterans.

Now, when you started your testimony, you mentioned that 2 years ago you set goals for the VBA, and when this all came to light, do you feel like you are reaching any of those goals?

Mr. RUBENS. Ms. Buerkle, I would tell you that we know that at the moment we have an uphill battle in front of us with that much work. But I will also tell you that, for instance, one of the things that we know that slowed our progress over the course of this year was the processing of those *Nehmer* claims both at the resource centers, where we are readjudicating previously denied, but also at the regional offices across the country where they were engaged in processing *Nehmer* claims that were received after the Secretary made his announcement, but before the regulation became final.

At the regional offices we had about 63,000 of those claims, which we put an awful lot of effort in to ensure that we were meeting what would be the requirements of the external oversight from the plaintiffs in the *Nehmer* suit. As we have done that, it has slowed our output down, and we are now in the regional offices nearly done with those 63,000 claims, and that is allowing us to begin to ensure that we are focused on quality, but also beginning to pick up the pace in terms of the output.

At our resource centers where they are working the previously denied *Nehmer* claims, we are making great progress with the goal of September 30 being largely complete with those claims except for the most complex claims, such as where the veteran has passed away, and we have to ensure we have the right next of kin to make that payment to.

Ms. BUERKLE. I am sure you have heard the panel before you, and one of their suggestions that would make things better is communication with the veteran, a status of his claim. So even if it can't be processed as timely as he would like, at least they are hearing from the VBA, and they are understanding what is going on, that their claim hasn't been dropped, that someone didn't remember to set a calendar date so that the claim can back up.

Can you address that? Is there anything in place right now where the veteran hears from you regarding the status of their claim?

Mr. RUBENS. Actually there is. Last year we implemented a process by which when we received a claim and we began the development of that claim, essentially sending the veteran what could often be a complex letter saying, hey, we have received your claim, here are the things we need. Well, we are making that phone call at about the 10-day mark to say, did you get the letter, did you understand it; and then at the end of about 60 days after that, calling to follow up on any additional evidence.

I would add to that that we recognize the helpfulness of making that contact with veterans, and as we build the new technology, part of the opportunity we are trying to build into that is the contact with the veteran about, hey, we have your claim, this is where we are in the process, to ensure that that communication is strengthened.

Ms. BUERKLE. Is it a standard process from regional office to regional office that at X number of days we reach out to the veteran with a phone call, and we tell him what is going on with his claim?

Mr. RUBENS. That was the guidance that was issued from the Office of Field Operations last August. It was at the 10-day mark and at the 60-day mark that we are making those phone calls.

Ms. BUERKLE. Okay. Now, just one last point, and that is in your testimony earlier when you were answering a question, you said at some point we begin to look at whether or not we have the correct managers, whether we have the correct staff. At what point—when does it become apparent to you that things just aren't working here?

Mr. RUBENS. I would tell you that during that monthly review with the area directors and as well as myself, as we look at performance at regional offices, if we continue to have a trend without one of several things, an understanding of perhaps what is causing it, a sense that they are taking action to delve deeper locally to ensure that if it is local managers that aren't appropriately managing their division, we will begin to provide the feedback to them that they are just not getting the job done, and that we have to first, like any employee that we would identify performance issues with, look at are there extenuating circumstance. Or is there some training that needs to be provided? Is there some help that we can provide?

But they also come to the table with what they are going to do. And as the area directors engage in that more, I will say, consistent and close-in communication with the regional office about that performance, we will implement through the performance evaluation process appropriate steps if, in fact, we cannot, if you will, help them turn that ship around.

Ms. BUERKLE. Thank you, Ms. Rubens.

Mr. Chairman, I yield back.

Mr. RUNYAN. Thank you, Ms. Buerkle.

Any other questions from any of the other Members?

Mr. McNerney, do you have a closing statement you would like to present?

Mr. MCNERNEY. I don't really have a closing statement. I am a little nonplussed here. You know, I would like to say that, well, we can issue statutes. But the kinds of things I am hearing here, they are regulatory, they are things that ought to be coming from your office, not from Congress. So what we are going to have to do between the Chairman and I and the Members of the Committee is just make sure that we are moving along in the right direction one way or another. And I can tell you that that is my intention at this point.

I yield back.

Mr. RUNYAN. Thank you.

Ms. Rubens, on behalf of the Subcommittee, I thank you for your testimony and appreciate your past cooperation with the Subcommittee. We welcome, as the Ranking Member said, working closely with you, because it is obvious that the claims backlog—and there are many other issues besides that confronting our heroes, both past and present. Thank you for that. Based on what we have heard today, there is no small amount of work to be done.

I repeat my desire from the Subcommittee's first hearing of the year to work with Members on both sides of the aisle to ensure America's veterans receive their benefits that they have earned in a timely and accurate manner.

I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and include extraneous material. Hearing no objection, so ordered.

I thank the Members for their attendance today, and this hearing is now adjourned.

[Whereupon, at 4 p.m., the Subcommittee was adjourned.]

APPENDIX

Prepared Statement of Hon. Jon Runyan, Chairman, Subcommittee on Disability Assistance and Memorial Affairs

Good afternoon and welcome. This oversight hearing of the Subcommittee on Disability Assistance and Memorial Affairs will now come to order.

We are here today to examine how to improve underperforming regional offices.

One of the challenges facing our Nation's veterans is the current backlog of claims for disability benefits. As of May 31, 2011, there are over 809,000 claims for disability benefits pending rating at Department of Veterans Affairs (VA) Regional Offices.

Of this amount, almost 60 percent have languished past VA's strategic target of completing claims in 125 days. The President's FY 2012 budget projects that the average days to complete a claim will rise from 165 days in FY 2010 to 230 days in FY 2012.

This data shows that while VA is producing more claims decisions than ever before, they are clearly not able to keep up with the demand. Congress is unable to truly understand the make-up of these 809,000 claims and reasons why so many of them take so long to be adjudicated correctly.

Therefore, I will soon be requesting that the VA Inspector General direct the Benefit Inspection Division to compile copies of the 100 oldest claims awaiting adjudication at VA Regional Offices and conduct a review of these claims. I will also ask that this Subcommittee be provided with a detailed analysis of the type of issues that are claimed in these files, the average age of the claim, the average age of the claimant, and other characteristics of these claims such as at which Regional Office they were processed.

I am hopeful that this analysis will allow the Subcommittee to better understand why these claims have been in the backlog as long as they have and how the processing of these claims might be improved.

In addition to seeking answers by identifying trends in the types of cases that have lingered on long past any reasonable period for adjudication, this Subcommittee is looking at VA employee performance and the lack of consistency and quality in rating decisions between Regional Offices that has been noted in prior IG reports.

We plan to attack this from several different perspectives. Today we will focus on the underperforming Regional Offices. In a future hearing I anticipate examining the training of VA employees in claims processing.

As a former professional athlete, I have an understanding of and respect for healthy competition. It is one of many tools for measuring and encouraging peak performance by all. There are regional Offices that constantly rank in the top tier of performance metrics and customer satisfaction. We commend and salute those offices for consistently giving their very best on behalf of the veterans they are serving. Our veterans, who have given so much, deserve no less.

Competitive comparison can also quickly identify chronically poor performers. There may be many explanations for this underperformance, from a lack of training to inadequate resources or even poor management.

But regardless of the explanation, the failures of these offices are unacceptable. While there are a few bad employees that contribute to these mistakes, I do believe that many more are good employees trapped in a system that makes things difficult.

When our Regional offices fail, those who suffer are the Veterans served by that office. Heroes in need should not be denied or delayed help, often for many years, because of the happenstance of where their claim was filed. This is unacceptable and must end.

Last month, I introduced a bill intended to address this problem and received some very good input at the legislative hearing from the VA and several of the VSO's on ways to improve upon the initial ideas in that bill. I welcome today's wit-

nesses to continue that discussion and offer their own specific recommendations on how to fix the problem of consistently underperforming Region Offices.

I would now call on the Ranking Member for his opening Statement.

Prepared Statement of Hon. Jerry McNerney, Ranking Democratic Member, Subcommittee on Disability Assistance and Memorial Affairs

Thank you, Mr. Chairman.

The stated purpose of the hearing is to examine the VA's poorly performing regional offices.

Today's hearing also continues this Subcommittee's efforts from the 110th and 111th Congresses to analyze various elements of the compensation and pension claims process—to improve performance of the system as a whole and to ensure accurate and accountable claims outcomes for our veterans. It is our collective quest to vanquish VBA's backlog of claims and appeals, which currently exceeds one million.

Since 2007, the VBA has added over 10,000 claims processing personnel and Congress has funded these requests. Yet the backlog still climbs. However, merely adding more people to the same broken system does not expedite benefits to veterans and their families. We need to continue to look at the system with fresh eyes to help VA with managing its claims processing mission.

At the time of its enactment, the Veterans' Benefits Improvement Act of 2008, P.L. 110–389, was embraced by many stakeholders as a way forward for VA to revamp and modernize its claims processing system—to bring relief to those veterans, their families and survivors who were languishing in an antiquated system in dire need of reform.

I am pleased that P.L. 110–389 also laid the foundation for a number of initiatives that VA is currently undertaking, particularly its Veterans Benefits Management System and Veteran Relationship Management Initiatives, as well as, the Business Transformation Lab in Providence, Rhode Island; the Claims Processing Pilot in Little Rock, Arkansas; and the Virtual Regional Office in nearby Baltimore, Maryland. It also helped with eliminating confusion regarding the PTSD stressor proof requirements.

However, the need is still there to focus on comprehensive reform that will result in a system that reflects improved accountability, accuracy, quality assurance and timeliness of claims processing for our Veterans, their families and survivors.

As the VA OIG recently concluded in its report after the inspection review of 16 VA ROs, VBA is processing 23 percent of its claims erroneously. To change this, the VAOIG recommended that VA needs to enhance policy guidance, compliance oversight, workload management, training and supervisory review in order to improve claims processing operations.

These conclusions echo many of the provisions in P.L. 110–389 and the continued chorus from Congress and other stakeholders that say time and again that the backlog is just a symptom of the problem: the current system is broken and in need of a major overhaul. We need to focus on getting the claim right the first time.

I look forward to hearing about how VA plans to implement these recommendations. While I know that VA has developed a number of forward-thinking pilots and laboratory initiatives, how will they help put VA on track to processing its compensation and pension claims in a virtual environment using a twenty-first Century processing platform and ensuring quality outcomes.

How will it help deliver the promise to improve accuracy, consistency, quality and accountability of the claims processing system?

However, I must caution, that with all of the irons that VA has in the claims processing fire: let us not confuse activity for action or confuse processes with progress. The Committee will continue to stringently conduct oversight to ensure that this confusion does not occur.

I look forward to hearing from our witnesses today. Thank you, Mr. Chairman, and I yield back my time.

Prepared Statement of Belinda J. Finn, Assistant Inspector General for Audits and Evaluations, Office of Inspector General, U.S. Department of Veterans Affairs

EXECUTIVE SUMMARY

The Veterans Benefits Administration (VBA) faces challenges in improving the accuracy and timeliness of disability claims decisions and maintaining efficient VARO operations. In general, based on our inspections of 16 VA Regional Offices (VAROs) from April 2009 through September 2010, we projected that VBA did not correctly process 23 percent of approximately 45,000 disability compensation claims.

Our claims sampling showed processing of temporary 100-percent disability evaluations had the highest error rate (82 percent), due to staff not putting reminders to schedule reexaminations in the electronic system. In a nationwide audit of 100-percent disability evaluations, we projected that VBA failure to timely address these claims processing deficiencies could result in about $1.1 billion in overpayments to veterans over the next 5 years. Errors in traumatic brain injury (TBI) claims processing were second highest (19 percent), primarily due to inadequate TBI medical examination reports on which to base disability claims decisions, and raters' not returning these inadequate reports to the hospitals for correction. We saw improved accuracy in processing post-traumatic stress disorder (PTSD) claims due to VA's relaxation of its rule regarding stressor verification. This change reduced PTSD claims processing errors from 13 percent to 5 percent.

We identified a number of problems in disability claims processing in need of improved management:

- Approximately 75 percent of the VAROs inspected did not process incoming mail according to VBA policy.
- VARO employees delayed making final competency determinations for approximately one-third of incompetent beneficiaries and did not always timely appoint fiduciaries to manage their funds.
- Seven VAROs did not always correct claims processing errors identified by VBA's Systematic Technical Accuracy Review program.
- VARO management did not always timely complete Systematic Analyses of Operations which are intended to identify existing or potential problems and propose corrective actions in VARO operations.

Based on our inspections work for the period of April 2009 through September 2010, the Jackson, Mississippi, VARO had the highest level of overall compliance (70 percent) with VBA policy while the Anchorage, Alaska, and Baltimore, Maryland, VAROs had the lowest (7 percent). We recommended that VAROs enhance policy guidance, compliance oversight, workload management, training, and supervisory review to improve claims processing and VARO operations. VBA agreed with all of our recommendations for improvement.

We will continue to look for ways to promote improvements in benefits delivery operations during our future VARO inspections and nationwide audits. For example, in FY 2012, we will begin an audit of VA's efforts to develop and implement the next phase of the Veterans Benefits Management System, which is intended to facilitate paperless claims processing and integrate mission critical applications.

INTRODUCTION

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to discuss issues related to the performance of Department of Veterans Affairs (VA) Regional Offices (VAROs) as identified in reports by the Office of Inspector General (OIG). The reports include audits of the programs and operations of the Veterans Benefits Administration (VBA) as well inspections conducted in individual VAROs. I am accompanied by Mr. Brent Arronte, Director, Benefits Inspection Division, in Bay Pines, Florida.

BACKGROUND

Delivering timely and accurate benefits and services to the millions of veterans who provided military service to our Nation is central to VA's mission. VBA, specifically the Office of Field Operations, is responsible for oversight of the nationwide network of 57 regional offices that administer a range of veterans benefits programs, including compensation, pension, education, home loan guaranty, vocational rehabilitation and employment, and life insurance. These programs will pay out over $72 billion in claims to veterans and their beneficiaries in fiscal year (FY) 2012, and comprise approximately half of VA's total budget.

For years, however, the disability compensation claims process has been the subject of concern and attention by VA leadership, Congress, and veteran service organizations, due in part to long wait times for benefits and services and the large backlog of claims pending decisions. VA also faces challenges improving the accuracy of disability claims decisions.

As part of our oversight responsibility, we conduct inspections of VAROs on a 3-year cycle to examine the accuracy of claims processing and the management of Veterans Service Center (VSC) operational activities. After completion of our inspection, we issue a separate report to each VARO Director of the results. In their responses to our reports, VARO Directors have concurred with our recommendations for improving the operations of their specific VARO. Recently, we issued a summary report of the results of our inspections conducted at 16 VAROs from April 2009 through September 2010 (*Systemic Issues Reported During Inspections at VA Regional Offices,* May 18, 2011). This summary report included four recommendations. The Acting Under Secretary for Benefits concurred with all recommendations.

Since September 2009, we have consistently reported the need for enhanced policy guidance, oversight, workload management, training, and supervisory review to improve the timeliness and accuracy of disability claims processing and VARO operations. Of those 16 VAROs inspected from April 2009 through September 2010, the Jackson, Mississippi, VARO (70 percent) had the highest level of overall compliance with VBA policy in the areas that we inspected while the Anchorage, Alaska, and Baltimore, Maryland, VAROs had the lowest (7 percent).

Our Statement today will focus on the summary report as well as nationwide audits of related areas such as mail processing and fiduciary management to promote broad improvements in VBA programs and operations.

DISABILITY CLAIMS PROCESSING

Our inspections of 16 VAROs from April 2009 through September 2010 disclosed multiple challenges that management teams face in providing timely and accurate disability benefits and services to veterans. We focused our efforts on several specific types of disability claims processing, including temporary 100-percent disability evaluations, post-traumatic stress disorder (PTSD), and traumatic brain injury (TBI). In total, we projected that VARO staff did not correctly process 23 percent of approximately 45,000 claims from April 2009 through September 2010. We found that the Wilmington VARO had the highest accuracy rate (89 percent) for claims processing, whereas the San Juan VARO had the lowest (59 percent). However, we did not review temporary 100 percent evaluations processing at these VAROs.[1] If we had, these VAROs' accuracy rates could have been much lower, given the high number of errors we typically have identified in processing this type of claim.

Temporary 100 Percent Evaluations

In January 2011, we projected VBA did not correctly process temporary 100 percent evaluations for about 27,500 (15 percent) of 181,000 veterans (*Audit of 100–Percent Disability Evaluations,* January 24, 2011). We reported that since January 1993, VBA has paid veterans a net $943 million without adequate medical evidence. If VBA does not take timely corrective action, it could overpay veterans a projected $1.1 billion over the next 5 years. The Under Secretary for Benefits agreed with our seven report recommendations for implementing training and internal control mechanisms to improve claims processing timeliness. To date, VBA has implemented two recommendations, and plans to implement the remaining five recommendations by September 30, 2011.

We followed up on these audit results during our VARO inspections. We found VARO staff incorrectly processed 82 percent of the temporary 100-percent disability evaluations we reviewed, resulting in approximately $82 million in overpayments to veterans. About 42 percent of the improper payments were due to human errors. These errors occurred when VARO staff did not input reminder notifications in VBA's electronic system to request reexaminations of these veterans as required by VBA policy.

Traumatic Brain Injury

From April 2007 through FY 2009, based on outpatient screening of veterans requesting VA health care treatment following military service in Operation Enduring Freedom and Operation Iraqi Freedom, VA determined that over 66,000 could possibly have TBI. Of those identified through the screening, VA ultimately confirmed

[1] In September 2009, we included the review of temporary 100 percent claims to our protocols because it is a high risk area.

that 24,559 had sustained TBI; claims processing workloads corroborated that amount.

Our VARO inspections showed that staff had made errors in 19 percent of the TBI claims we reviewed. Most of the errors related to either VA medical examiners providing inadequate TBI medical examination reports on which to base disability claims decisions, or Rating Veterans Service Representatives (RVSRs) not returning these inadequate reports to the hospitals for correction as required. RVSRs often did not return the inadequate reports due to pressure to meet productivity standards. A common scenario in TBI claims processing involved veterans who had TBI-residual disabilities as well as co-existing mental conditions. When medical professionals did not ascribe the veterans' overlapping symptoms to one condition or the other as required, VARO staff could not make accurate disability determinations. RVSRs' difficulty in following complex TBI claims evaluation policies also contributed to the TBI claims processing errors.

Post-Traumatic Stress Disorder

VARO staff did not correctly process 1,350 (8 percent) of approximately 16,000 PTSD claims completed from April 2009 through July 2010. Approximately 38 percent of the errors were due to staff improperly verifying veterans' alleged stressful events, a requirement for granting service-connection for PTSD. VARO staff lacked sufficient experience and training to process these claims accurately. Additionally, some VAROs were not conducting monthly quality assurance reviews. For these reasons, veterans did not always receive accurate benefits.

Effective July 13, 2010, VA amended its rule for processing PTSD disability compensation claims. The new rule allows VARO staff to rely on a veteran's testimony alone to establish a stressor related to fear of hostile military or terrorist activity, as long as the claimed stressor is consistent with the circumstances of service. This change significantly reduced processing errors associated with PTSD claims. Prior to the rule change, we identified a 13 percent error rate in PTSD claims processing. From the date of the rule change until September 2010, however, that rate had dropped to 5 percent.

Opportunities to Improve Disability Claims Processing Timeliness

In September 2009, as a result of a nationwide audit, we identified opportunities for VAROs to improve timeliness and minimize the number of claims with processing times exceeding 365 days (*Audit of VA Regional Office Rating Claims Processing Exceeding 365 Days,* September 23, 2009). As of August 2008, VBA had 11,099 claims that had been pending rating decisions more than 365 days. On average, these claims were pending 448 days. A primary cause for the slow claims processing times was VARO workload management plans and VSC staff production credits that were not linked to timeliness goals, such as the national target to complete claims ratings within 125 days. VSC execution of the workload management plans was also inadequate. Although VBA has performance standards to monitor and evaluate VARO staff performance in elements such as service delivery (accuracy), claims processing, customer service, and workload management, those standards are tied to neither timeliness goals for claims processing phases nor the national target.

In addition, VARO workload management plans did not adequately address ten inefficient VARO practices, such as improperly identifying delayed claims, untimely initial requests for evidence, and untimely follow-up on requests for evidence. These inefficient practices caused claims processing delays averaging between 47 and 224 days. For individual claims, the delays were as long as 817 days (27 months). We projected that the inefficient VARO workload management plans and practices unnecessarily delayed benefit payments totaling about $14.4 million for 3,501 claimants an average of 8 months. This report contained four recommendations to establish goals and revise workload management policy to help improve claims processing timeliness. The Under Secretary for Benefits agreed with our findings and recommendations and VBA implemented all recommendations.

DATA INTEGRITY

Our inspection results showed that VARO staff did not timely control Notices of Disagreements (NODs)—written communication from claimants contesting claims decisions. A NOD is the first step in the appeals process. VARO staff did not input NODs in VBA's electronic system in 7 days for 37 percent of the claims we reviewed, although they generally met VBA's pending timeliness goal of 145 days for NOD processing.

Untimely recording of NODs in VBA's electronic system affects data integrity, misrepresents timeliness in NOD processing, and provides an inaccurate account of the total appeals inventory. Such data integrity issues make it difficult for VAROs

and senior VBA leadership to accurately measure and monitor regional office performance. Further, VBA's National Call Centers rely upon this information to provide accurate customer service to veterans regarding their appeals. VARO Directors concurred with our recommendations to train staff to properly identify NODs and establish plans to ensure these disagreements are controlled within VBA's 7-day standard.

MAIL PROCESSING AND CLAIMS FOLDER MANAGEMENT

Timely and efficient mail processing is key to completing claims processing and providing benefits and services to veterans as quickly as possible. In September 2009, as a result of a nationwide audit, we reported that VAROs needed to improve the handling, processing, and protection of claim-related documents, as well as meet mailroom security and other operational requirements *(Audit of VA Regional Office Claim-Related Mail Processing,* September 30, 2009). In FY 2008, VBA placed 82 percent of claims under control (i.e. entered claim information into the electronic application to officially establish a claim) in 7 days or less after receipt; however, it took an average of 32 days to place the remaining 18 percent of claims under control. The Under Secretary for Benefits concurred with our findings and recommendations for addressing these issues. VBA implemented all recommendations by instituting controls and new policies to improve mail processing and ensure VARO staff do not improperly destroy applications for benefits and other official documentation.

In September 2009, based on another nationwide audit, we reported that VBA had inadequate procedures in place for locating veterans' claims folders (*Audit of VBA's Control of Veterans' Claims Folders,* September 28, 2009). VBA managers did not track the number of lost or rebuilt folders, consistently enforce Control of Veterans Records System (COVERS) policies, and establish effective search procedures for missing claims folders. Misplaced claims folders can cause unnecessary claim processing delays, reduce the time regional office personnel have to spend processing claims, and place additional burdens on the veterans awaiting benefits.

As of February 20, 2009, VBA had assigned about 4.2 million claims folders to regional offices for benefit claims processing and safeguarding. We projected that claims folders for an estimated 437,000 (10 percent) veterans were misplaced. Approximately 296,000 (7 percent) veterans had claims folders at locations different from those shown in COVERS. Of these misplaced claims folders, we projected about 55 percent were in other locations inside the regional office, and the remaining 45 percent were at the VA Records Management Center with no certainty as to why.

We concluded that the remaining 141,000 (3 percent) veterans had claims folders that were lost. Most of the 141,000 lost claims folders were for veterans with denied claims or for deceased veterans with no current payments. VBA officials agreed that some of these folders were lost, but also Stated that many may never have existed. However, we discovered evidence in COVERS and the Beneficiary Identification and Records Locator System that the folders did exist and at one time were located at Federal Records Centers, the Regional Management Center, or regional offices. Our report included nine recommendations to improve tracking and accountability for veterans' claims folders. The Under Secretary for Benefits concurred with our findings and recommendations. VBA has implemented seven of the recommendations and plans to implement the remaining two by August 31, 2011.

Our inspections disclosed similar findings with regard to mail processing and claims folder management. We found that 12 (75 percent) of the 16 VARO mailrooms did not always control and process mail according to VBA policy. This occurred because VARO management and staff were generally unaware of mail processing requirements, including accurately and timely date stamping mail received at VA facilities. Further, VARO workload management plans contained unclear mail processing procedures or first-line supervisors did not always follow the guidance delineated in these plans. Consequently, beneficiaries may not have received accurate or timely benefit payments.

Our inspections also showed that Triage Team staff improperly managed claims-related mail at 10 (63 percent) of the 16 VAROs inspected. Triage Teams are responsible for reviewing, controlling, and processing or routing all incoming mail received from the VARO mailroom. Untimely control and processing of mail can cause delays in processing disability claims. Triage Team members did not timely record receipt and process 21 percent of the incoming mail. In addition, staff did not properly use COVERS to track the location of 24 percent of claims-related mail. At one VARO, we found 1,462 pieces of mail waiting to be associated with veterans' claims folders.

INFORMATION SECURITY

Securing veterans' personal information is critical while processing VA benefits and services. Unauthorized release of veterans' personal information can result in compromised data and lost veterans' confidence in VA operations. In September 2009, we reported VARO staff had inappropriately placed some claims-related documents in shred bins *(Audit of VA Regional Office Claim-Related Mail Processing,* September 30, 2009). Our inspections at nine VAROs also showed that VBA's policy for safeguarding veterans' personal information was not being followed. Specifically, we identified 78 instances of improper safeguarding of veterans' sensitive information. While VBA policy requires that supervisors perform routine inspections of workstations, some VAROs were not performing these inspections as directed. Although we found no evidence of improper document destruction, we did find evidence of improper storage of documents and other materials containing PII. We discontinued our review of this topic because the majority of the material found was of relatively low-risk, such as unredacted training materials, and its improper safeguarding did not seem intentional.

FIDUCIARY AND ELIGIBILITY DETERMINATIONS

VA must consider the competency of beneficiaries in every case involving a mental health condition that is totally disabling or when evidence raises a question as to a beneficiary's mental capacity to manage his or her financial affairs, including VA benefits. When a veteran is deemed incompetent, VA appoints a fiduciary, which is a third party that assists in managing funds for an incompetent beneficiary.

Our inspections found staff at seven VAROs unnecessarily delayed making final competency decisions in 54 (34 percent) of 159 cases we reviewed. Delays ranged from approximately 17 to 530 days. VARO workload management plans did not make competency determinations a priority or include measures for oversight of this work. As a result, incompetent beneficiaries received their benefits directly without fiduciaries in place to manage their financial resources. While the beneficiaries were entitled to these payments, fiduciary stewardship may have been needed to ensure effective funds management and the welfare of the beneficiaries. The risk of incompetent beneficiaries receiving benefit payments without fiduciaries assigned to manage those funds increases if staff do not complete competency determinations promptly.

At the time of these inspections, VBA did not have a clear, measurable standard to ensure timely completion of these determinations. Its policy required "immediate" action to make a determination following a beneficiary's due process period. However, VARO managers had different interpretations of "immediate." One VARO Director Stated the term "immediate" was unrealistic while four Veterans Service Center Managers defined "immediate" as a period from 3 to 30 days. In response to our recommendation, in May 2011 the Acting Under Secretary for Benefits determined VBA would implement a 21-day standard to ensure timely completion of competency determinations (*Systemic Issues Reported During Inspections at VA Regional Offices,* May 18, 2011).

In addition to the inaccuracies related to delays in processing competency determinations, VARO staff did not follow VBA policy when determining if beneficiaries were competent to handle VA funds. Staff incorrectly determined beneficiaries were incompetent without adequate medical evidence demonstrating they could not manage their affairs. Additionally, VAROs determined beneficiaries were incompetent without providing the mandatory 65-day due process period for the beneficiaries to provide evidence to the contrary.

Further, in March 2011, we reported VBA improperly managed retroactive and one-time payments of $10,000 or greater awarded to incompetent beneficiaries served by appointed, professional (non-spousal), legal custodians (*Audit of Retroactive and One-Time Payments to Incompetent Beneficiaries,* March 3, 2011). VBA did not effectively ensure these payments valued at $10,000 or greater were effectively coordinated among VBA offices, or that Fiduciary Activities completed required account management and estate protection actions. Fiduciary Activities failed to conduct at least one required account management or estate protection action for 72 (40 percent) of the 180 payments reviewed. VBA used manual notification processes, lacked policies and procedures to perform required program actions, and did not ensure sufficient management oversight. Moreover, Fiduciary Activities either did not provide training specific to the management of retroactive and one-time payments to incompetent beneficiaries, or the training was informal and unstructured. This report included five recommendations for improvements in VBA's Fiduciary Activities. The Acting Under Secretary for Benefits agreed with our findings and recommendations and provided responsive implementation plans.

QUALITY ASSURANCE AND OVERSIGHT

In addition to OIG inspections and audits, VBA has its own processes for assessing the quality of its disability claims processing. Our assessment of VARO management controls found weaknesses associated with correcting errors identified by VBA's Systematic Technical Accuracy Review (STAR) program. Of the 16 VAROs inspected, seven did not follow VBA policy when correcting errors identified by VBA's STAR staff. VARO staff did not properly correct 11 percent of the errors reviewed. However, VSC management erroneously reported to STAR staff that all corrective actions were completed. In all instances, VSC management did not provide oversight to ensure correction of the errors identified.

Further, VARO management did not always conduct complete Systematic Analyses of Operations (SAOs). SAOs provide an organized means of reviewing VSC operations to identify existing or potential problems and propose corrective actions. VBA policy requires VSCs annually perform SAOs, covering all aspects of claims processing, including quality, timeliness, and related factors. Our inspections found six (38 percent) of the 16 regional offices did not follow VBA policy to ensure SAOs were timely and complete. We determined 53 (30 percent) of 175 SAOs were untimely and/or incomplete. VARO management did not provide oversight to ensure SAOs addressed all necessary elements and operations of the VSC. By not completing SAOs as required by VBA policy, management may fail to identify existing or potential problems that could hamper effective delivery of benefits and services to veterans. We recommended VARO Directors develop plans to improve oversight and thereby ensure timely correction of errors identified by STAR staff and the completion of SAOs. The VARO Directors concurred with the recommendations and corrective actions are ongoing.

We noted a correlation between VAROs producing complete and timely SAOs and VSC compliance with other VBA policies. We found that five VAROs, where managers ensured SAOs were timely and complete, were the most compliant in other operational activities we inspected. Conversely, of the six VAROs that had untimely and/or incomplete SAOs, five had the lowest performance in other operational activities, such as claims processing, mail handling, and data integrity. The manager of one of these VAROs considered SAOs to be of little or no value toward improving VARO performance. At five of the six least compliant VAROs, vacancies in senior management positions contributed to delays in completing SAOs and implementing corrective actions. These VAROs had Director or Veteran Service Center Manager positions vacant or filled with temporary staff for periods of 5 months or greater. For example, during the 8-month absence of the Anchorage Veterans Service Center Manager, that office did not have any senior leadership physically in place to manage and oversee operations.

We did not provide a recommendation on this issue. However, VBA would benefit from conducting further analysis on improving the timely selection and replacement of key VARO leadership positions. We will continue to look at the effect of management vacancies on VARO operations during future reviews.

CONCLUSION

VBA continues to face challenges in improving the accuracy and timeliness of disability claims decisions and maintaining efficient VARO operations. Our inspections and audit work repeatedly have shown that VAROs do not always comply with VBA's national policy and struggle with implementing effective workload management plans and clear and consistent guidance to accomplish their benefits delivery mission. Our inspections disclosed a wide disparity between the most and least compliant VAROs in the areas we reviewed. VBA's own oversight and quality assurance processes have not been fully effective in closing this gap and ensuring identification and correction of deficiencies in VARO operations. Prolonged vacancies in the VARO leadership needed to drive internal review and promote performance improvement only exacerbate the situation.

Such claims processing and operational problems result in not only added burdens and delayed or incorrect payments to veterans, they also mean wasted Government funds through improper payments that VBA will not likely recover. While VBA has made some incremental progress through its own initiatives and in response to our prior report recommendations, more remains to be done. We will continue to look for ways to promote improvements in benefits delivery operations during our future VARO inspections and nationwide audits. We will also conduct work in related areas, such as an audit in FY 2012 of VA's efforts to develop and implement the next phase of the Veterans Benefits Management System, which is intended to integrate mission critical applications and facilitate data sharing across the Department. This audit will include examination of project management activities, architectures, and security for the system development effort.

Mr. Chairman, this concludes my Statement. We would be pleased to answer any questions that you or other Members of the Subcommittee may have.

Prepared Statement of Gerald T. Manar, Deputy Director, National Veterans Service, Veterans of Foreign Wars of the United States

Chairman Runyan, Ranking Member McNerney and Members of the Committee, thank you for this opportunity to present the views of the 2.1 million veterans and auxiliaries of Veterans of Foreign Wars of the United States on quality problems within VA regional offices.

Secretary Shinseki has committed VA to achieving a 98 percent quality level for disability claims by 2015. While we have grown to appreciate the Secretary's unrelenting focus on improving the Department of Veterans Affairs, especially those elements affecting claims processing, and we accept that VA is undergoing significant and lasting change, I believe we can State without fear of being proven wrong that the VA will not achieve this goal within the next 4 years.

One need only examine the data to see why we arrived at this conclusion.

In October 2008, VA's Statistical Technical Accuracy Review (STAR) report for Benefit Entitlement Accuracy showed that the national accuracy rate was 86 percent. This reflects 12 month cumulative data for 56 regional offices. Four (4) of those offices had quality in the 70's; 15 offices had rating quality of 90 or above.

In February 2011 (the most recent data available to us) the national average had fallen to 83 percent and 13 offices had quality results of 79 or below. Only 6 offices had rating quality of 90 or above.

Quality levels in the Baltimore regional office plummeted from 84 percent in 2008 to 65 percent today. That means that one veteran in three is given a decision which contains at least one material error affecting service-connection, evaluation or effective date.

Poor quality is a cancer. It is incredibly frustrating to VA employees, nearly all of whom want to do quality work for veterans, their families and survivors. Poor quality has also resulted in an immense well of distrust and suspicion by veterans towards the VA.

Real quality problems and this atmosphere of distrust have driven appeals to record levels. While national rating quality has dropped from 86 percent in October 2008 to 83 percent in February, 2011, appeals backlogs increased from 183,496 to 230,219 (25 percent).[1]

Real problems, practical solutions

There are many reasons to explain VBA's inability to process claims accurately and consistently from office to office. More than poorly trained personnel, the main cause of these problems rests with a culture that has lost its focus. It is our belief, our conviction that most people within VBA want to do a good job. However, conditions beyond their individual control keep them from achieving consistently good work.

We are convinced that VBA's unrelenting efforts to reduce the backlog, poorly trained and inexperienced managers, poor management systems and controls, an inability to devise and bring online effective IT tools and systems, and a sea of new employees and a host of other problems, many not of VBA's making, contribute to a breakdown of focus on VA's primary mission: to help veterans and their families to the fullest extent the law allows.

Management

The VA OIG recently released a report summarizing its findings from reviews of 16 regional offices from April 2009 through September 2010.[2] In addition to quality issues, the OIG found widespread management failures, including absent or untimely Statistical Analyses of Operations (SAO's),[3] improper mail handling, untimely establishment of computer controls, failure to maintain or monitor proper

[1] From February 28, 2011, to May 23, 2011, the backlog increased an additional 5,301 appeals. Monday Morning Workload Report, May 23, 2011. http://www.vba.va.gov/reports/mmwr/.

[2] "Systemic Issues Reported During Inspections at VA Regional Offices". VA Office of Inspector General, 11–00510–167, May 18, 2011.

[3] "SAOs provide an organized means of reviewing VSC operations to identify existing or potential problems and propose corrective actions. VBA policy requires VSCs perform SAOs annually, covering all aspects of claims processing, including quality, timeliness, and related factors.", pg 14, ibid.

diaries to review or adjust certain awards, and a fascinating comparison of managerial vacancies in the five best and worst offices they visited.[4]

We believe issues such as improper mail handling, failure to maintain proper computer controls and diaries and similar breakdowns to be first and foremost an indication of ineffective or inattentive management. In any large organization, and some VBA offices are quite large enterprises, it is reasonable to assume that systems and processes will break down from time to time. The break down is not the problem; the problem rests with failing to have effective monitoring systems to quickly identify a developing situation and procedures in place to fix the problem before it creates much damage. The creating and maintenance of these systems is strictly a management function. Where they are neglected indicates a problem with management.

SAO's are established to force local management to examine specific areas of their operation on a regular basis. Once per year a manager or a trusted subordinate is expected to conduct a review of the targeted function, identify problems and propose solutions.[5] Regional office directors are charged with ensuring that SAO's are completed on time and any identified problems are corrected. Further, VA Central Office (VACO) routinely conducts staff visits to examine every aspect of regional office operations and is tasked with ensuring that local management is performing required activities such as reviews. That the OIG was able to find so many deficiencies in so many offices points to a serious breakdown in managerial oversight.

At one time some SAO's were required quarterly or semi-annually. We suggest that returning to more frequent formal reviews of operations would help ensure that problems are identified early and corrected. Further, we suggest that these SAO's be included in whatever monthly or quarterly summary of operations to VACO which may currently be required of regional office directors.

We also suggest that an independent study be conducted to determine how managers, from the Assistant Service Center Manager position through regional office Director are developed and selected for their positions. Years of experience in various Veterans Service Center positions should be examined. In addition, this study should examine the extent and nature of training offered to managers at all levels and the relative quality of such training. It would be interesting to see how this training differs with that offered to managers of similar levels of responsibility and pay in both the military and major corporations. Any study of managers should include other areas of interest as thought appropriate. The results of this study may be useful in identifying ways in which VBA can better identify, select and develop individuals to become more effective leaders within VA regional offices.

Rating quality and Single Signature Authority

We believe all VA employees want to make quality decisions. That they fail to do so is a result of poorly constructed systems, sometimes inadequate training, inadequate or absent mentoring, and quality reviews which may be adequate to assess regional office quality but are inadequate to determine individual quality with any assurance.

VA employees should be able to work within a set of systems which ensure that the opportunity to make mistakes is minimized. In an industrial setting, employers devise machines that can only be operated in such a way that the employee cannot put fingers and other body parts at risk of injury. If somehow an employee is injured, the whole process is reexamined to identify what must be changed so that future employees cannot be hurt.

In our view, the rating decision process should be structured in such a way that errors are impossible in those areas where judgment is not a factor. That is why we are pleased to see the Compensation Service adopt new calculators which make purely mechanical computations, such as field of vision, special monthly compensation (SMC) and hearing loss, for the rater.

We have been told that use of the SMC calculator has greatly reduced errors in that area. Development of additional tools to aid rating specialists will go a long way to increase accuracy and consistency between raters.

In the last year VA has reviewed its training program for rating specialists and is introducing changes which promise to better prepare students for their new jobs. However, we remain concerned that new raters receive only limited training once they return to their home offices.

Once formal training is complete, on-the-job training helps solidify learning, ensure proper application of the material to real world claims and fosters continued

[4] Ibid, pg 15.
[5] VA Manual M21–4, 5.03, pg 5–1.

long term growth and development. We have heard far too many instances of new raters rushed into production with little mentoring or experience.

Even worse, many new raters have been given single signature authority well short of their first anniversary on the job. Single signature authority means that a rater is allowed to write a rating without further review by a seasoned specialist. Mistakes go uncorrected; differences in judgment, which might benefit a veteran, are never explored.

At one time ratings required the review and approval of three rating board members. One of the three was a medical doctor. As a result of court decisions, physicians were removed from the rating boards. Still, two trained raters were required to review and approve each rating.

Single signature authority was first allowed nearly 20 years ago. Originally restricted to the most experienced senior raters, its use slowly expanded to less exceptional raters. In recent years, single signature authority has been given to more and more new or nearly new raters as the pressure to resolve an ever growing workload mounted.

If VBA did nothing else to improve rating quality, elimination of single signature authority and the reinstitution of a mandatory second review would show immediate and significant improvement in quality. Just last week a VBA director disclosed that a recently trained group of raters in his office produced over 660 rating decisions with 85 percent quality, an error rate better than the national rate of 83 percent.

It is no mystery how this group of new raters was able to achieve what the rest of the Nation could not. Each new rater had a mentor who reviewed every rating with them. Not only did the mentor ensure that the veteran receive a more correct rating, every identified problem was an opportunity for the rater to learn something new.

This suggestion is not new. Highly placed VBA leaders have been reminded that second and third reviews were once required before a rating could be promulgated. However, their response has been that the second review was always pro forma; that the second reviewer blindly signed the rating to move the work along. While this was undoubtedly true in some offices and among some employees, the fact remains that where this process is rigorously followed, quality improves. If this process has no value, then perhaps VBA can explain why a large portion of *Nehmer* cases, those with potential for a significant retroactive award, require two signatures.[6]

Veterans Benefit Management System (VBMS)

VA management has extensively briefed veterans service organizations throughout the early stages of development of the VBMS. We have asked many questions and provided substantive feedback. It appears that many of our concerns are being addressed as this project moves forward. Recently a service officer with extensive field experience from the Disabled American Veterans spent a month working with the VBMS team. From all reports, the collaboration was very successful.

From our perspective, VBMS promises to move VA into the 21 Century. A system like this is decades late. The lack of a comprehensive, fully integrated, paperless claims processing system has surely contributed to inefficiencies in claims processing and the backlog.

We believe that VBMS holds great promise for the future. Once fully functional, it promises to allow VBA to move claims, or parts of claims, anywhere in the country with the touch of a button allowing specialists to work on individual elements separately and simultaneously. The system should be able to electronically capture VA and military health care records, import data into rules based decision trees and, in general, allow VA to revolutionize and improve development and rating decision-making.

However, none of this will happen tomorrow. VBA is still 2 years away from rolling out a serviceable first iteration. We have been told not to expect rules based decision capability for several years after that. While VA's ability to move work electronically will surely produce immediate efficiencies, it will be years before the full capability of VBMS can be realized.

It is for this reason that VBMS is not the answer. It provides some answers, the promise of improved processes and enhanced capabilities. However, until rules based decision capability is incorporated into VBMS, it should not have a significant impact on either quality or workload reduction.

---

[6] C&P Fast Letter 10–41, pg 4. September 28, 2010.

Service Organizations

Congress has recognized that properly trained veteran service officers can provide a vital service to veterans and their families in the preparation and presentation of claims within VA. With a veterans permission, we can review their records, help them develop their claims and represent them before VA and the Board of Veterans Appeals.

However, our job is not just that of claims preparer. Our role is that of advocate. To that end we train our service officers in the same laws, regulations and policies that VA teaches to their staff. Our goal is to train our service officers to be as good as or better than the VA employees they deal with on a daily basis.

There are two recurrent problems which frequently arise within VA regional offices which inhibit efforts by service organizations to help VA make the most correct decisions possible in disability ratings.

- VA policy provides that accredited service officers holding a veterans power of attorney must be given 2 business days to review each completed rating. That means that our service officers provide the very last quality check that those ratings receive before those decisions are promulgated. This service is provided to veterans and the VA for free. Other than office space, this service doesn't cost the government a dime.
- Why is it, then, that we regularly hear from service officers that they were denied the opportunity to review ratings prior to promulgation? The Acting Under Secretary for Benefits has Stated, often and loudly, that VSO's must be given those 2 days to review ratings. To his credit and that of his senior staff, they have intervened when we have alerted them to a problem at a particular office. Somehow, however, that policy, that message, is periodically ignored in the field.
- What happens when a service officer finds a problem with a rating? In the past, he or she would take it back to the rater, discuss the issue and, often, get it fixed before the decision is promulgated. When the rating specialist is right, the service officer learns something new. When the decision is not changed and the service officer remains convinced a problem exists, they must decide whether to file an appeal. Whatever happens, this simple common sense process allows for informal discussion and correction of problems without having to resort to a lengthy and resource intensive appeal.
- It is unfortunate that management in many offices forbid service officers from conferring with rating specialists. They are forced to go to a rating team coach, or, in some offices, the service center manager, with their concerns. All too often, these managers have less rating experience than the rating specialist who made the decision.
- While the stated objective is to protect the rater from irregular interruptions, hence maximizing the opportunity for doing more work, the reality is that the supervisor acts as a filter, and often not a very good one. If they agree that the rating needs correction, they must still go back to the rater and explain the problem as it was explained to them. This is a totally unnecessary step. What happens all too frequently is that the supervisor fails to take any action, forcing the service officer to appeal the decision.
- We urge VBA to restore the former practice of allowing service officers to meet directly with decision makers. This is an efficient method to resolve problems short of the appeal process.

Both of these examples illustrate a problem with the attitude of management in some VA regional offices. They have come to believe that allowing service officers a review of ratings prior to promulgation, and speaking directly with a rating specialist when a problem is perceived, gets in the way of their production goals. Even if this were true, and it is not, it shows that they care more about production than quality.

They are simply not interested in having ratings reviewed and problems corrected prior to promulgation if it means that a little less work is produced.

An Illustrative History

The Committee has asked us to discuss our ideas for improving VA regional offices with the worst quality. We have already mentioned several things that can be done to improve the quality of decision-making. We understand that adoption of some of these suggestions, especially the reinstatement of a second review of every rating, will reduce production. It has to reduce production. Every hour mentoring another person is an hour of lost production.

However, if we are indeed serious about improving quality to ensure that veterans receive the benefits they have earned by their service, without either over or under payment, then changes must be made.

What can be done to help improve those VA offices with the worst quality? The past offers a possible answer.

In 1999 the Washington, DC regional office (WRO) was floundering. Because of its location near VA Central Office, decades of poaching the best and brightest employees from the WRO ensured a continuous struggle by the remaining workforce to make decisions with acceptable quality and in sufficient numbers. Leadership turned over frequently, with some Directors and senior managers from outside either moving sideways or down a once promising career path. It was not the office of choice for those who sought to show their talents and move up. VA internal reports of the time described the WRO as in "disarray".[7]

Faced with a failing office and negative publicity, VBA decided to make changes. Senior managers were replaced. The new Service Center Manager had a proven track record of managing adjudication divisions in different regional offices. He was given the authority to recruit a half dozen experienced raters from around the country, using bonuses, and in some cases promotions, to encourage them to move to Washington. He established a rating training coordinator position, someone who could set up a training regimen and also mentor rating personnel. He also had authority to replace those who left with other experienced staff.

WRO rating personnel underwent total retraining. Each was assigned a mentor and 100 percent of the work was reviewed and corrected before it was approved. Every case provided an opportunity for learning. Regular classes continued long after the retraining program was completed. The Compensation and Pension Service provided a staff physician to conduct specialized training on anatomy, physiology, different medical conditions and the rating schedule.

In the end, these measures produced results. Independent reviews showed improving quality. Initially, production fell as time was devoted to retraining and mentoring; however, as employee skills and confidence grew, so did production. Under intense scrutiny, some employees left, but those who remained became better raters.[8]

In our view, VBA should undertake similar actions at failing offices. Finding qualified and experienced managers and rating specialists who are willing to move to the affected offices will be the most difficult task. That and accepting that production at those offices will fall off for months, and may never fully recover to previous levels, while quality improves. But that is the vital factor: quality improves.

Once VBA makes a serious commitment to improving poorly performing regional offices, veterans in those States will grow to understand that their government is serious when it tells them that "we are here to help you."

Mr. Chairman and Members of the Committee, this concludes the VFW's testimony. We again thank you for including us in today's most important discussion and I will be happy to answer any questions you may have.

Prepared Statement of Ian de Planque, Deputy Director, National Legislative Commission, The American Legion

Executive Summary

The American Legion shares concerns regarding underperforming Regional Offices. While this problem is systemic and ongoing, with little change to address the underlying concerns over many years, it is not unreasonable to believe change can occur if VA is willing to break the current culture of placing quantity over quality.

The American Legion recommends the following measures to help each office achieve the goal of becoming a model Regional Office and avoiding the pitfalls of underperforming Regional Offices.

1. ***Accuracy***—The VA *must* change the present culture that places a premium on quantity of claims processed and merely pays lip service to quality concerns. The system clogs up with unnecessary errors and this endless cycle of appeals

[7] "VA Report Says Regional Office Is in Chaos", Steve Vogel, Washington Post, April 10, 1999.

[8] I would like to say that there was a happy ending to this story. Unfortunately, I cannot. Several years after this effort began, VBA decided to create the Appeals Management Center (AMC). What's worse, they placed it in Washington in the same building as the WRO. In the end, virtually every employee at the WRO in claims adjudication moved to the AMC. Washington's claims are now processed in Roanoke, VA.

and remanded claims more than any other factor contributes to the unconscionable backlog. VA *must* elevate accuracy rate to the same relevance as the simple number of claims processed and must back this up with systemic changes which illustrate this importance to staff at all levels. To this end, the creation of a new work credit system that not only credits work done, but penalizes work done improperly will strike a balance between speed and accuracy that will best serve veterans. VA must move away from present work credit systems that fail to distinguish between work done right and work simply passed on to the next level.

2. ***Efficiency***—Reports from the VA Office of the Inspector General (VA–OIG) indicate that over 90 percent of the claims pending over 1 year in 2008 had been delayed over half a year because of inefficiencies in the Regional Offices. The American Legion believes the simplest measure to increase efficiency of operation and best utilize the new electronic tools becoming available with the Veterans Benefits Management System (VBMS) is to add an additional experienced claims evaluation to the front of the claims process to better triage claims and where they should be directed through the system. By utilizing the experienced eyes of this "point guard" the claims could be directed into tracks where they could be handled more efficiently. Claims for presumptive disorders such as those associated with Agent Orange could be processed in efficient manners similar to those developed to deal with the influx of cases seen with the addition of three new presumptive disorders in 2010 and more complicated claims could be directed to the experienced personnel more capable of dealing with those claims without error.
3. ***Transparency***—In order to restore trust, VA must become more transparent in their operations and communicate better to stakeholders in the community. Publishing accuracy numbers alongside the usual Monday Morning Workload reports would be a clear indicator that error rate is just as important as number of claims processed. Providing more information on how VA offices are meeting the standards will demonstrate VA's commitment to achieving their stated goals of achieving an end state with no claim pending over 125 days and an accuracy rate of 98 percent.

Mr. Chairman and Members of the Committee:

The American Legion welcomes this opportunity to address the issue of underperforming Regional Offices (ROs) of the Department of Veterans Affairs (VA). For well over a decade now, The American Legion has conducted regular site visits as a part of a dedicated quality review system of the disability claims system. These visits, now entitled Regional Office Action Review (ROAR) visits, have enabled Legion personnel to see firsthand the actual operating environment in which VA conducts the business of adjudicating claims for disability and other benefits. Obviously, this firsthand knowledge provides ground truth for assessing the challenges VA faces and in providing analysis of the obstacles VA continues to stumble over to fulfill their charge to serve veterans.

How do we even know what "Poorly Performing" means to a Regional Office without clear parameters? By what standard should we measure the performance of a Regional Office? The American Legion believes that accuracy should be paramount, coupled with the timeliness of delivering earned benefits. A model Regional Office needs to be error free and smooth of operation to deliver benefits to those veterans who have earned them on time, fairly and consistently.

Sadly, there is little to be said addressing poorly performing offices of a truly groundbreaking nature. Perhaps the most tragic aspect of testimony such as this is the broken-record refrain of VA's inability to deliver benefits to deserving veterans in a timely and accurate manner. Congress, The American Legion, and many other voices have continued to ask VA why they fall short of meeting their mission to deliver benefits to these veterans and all are treated to the familiar replies. VA acknowledges errors have been made in the past, but insists they are working on the problem, and the next great management tool is going to fix all the errors of the past and present a rosier future to the veterans of America. The rosy future has stubbornly refused to arrive.

Congress and Veterans Service Organizations such as The American Legion are not alone in their harsh criticisms of VA for their failure to meet the needs of veterans. VA's performance has fallen so far short that the United States Court of Appeals for the Ninth Circuit issued a scathing decision in the matter of *Veterans for Common Sense* v. *Shinseki* that charged VA with no less than violating the Con-

stitutional rights of veterans. The chorus call from concerned stakeholders for VA to set their house in order is growing by levels of magnitude.

Perhaps the system suffers largely from a lack of accountability for failure. What consequences are in store for VA officials who fail to address the chorus of complaints leveled at the organization by veterans and Congress and the rest of the public? The sad answer is there is little consequence that must be borne by the VA for failing to meet the needs of the veterans and the public. Sadly, the consequences of failure are felt not by VA but by the veterans they were created to serve.

Recently VA Secretary Eric Shinseki set forth the admirable goal that by 2015 no VA disability claims would be pending over 125 days, and VA's accuracy rate for claims would be 98 percent. However, not only has VA failed to make substantial progress towards those goals in the past year, VA overall has fallen further behind in both categories.

VA's backlog of cases pending over 125 days rose from just under 180,000 claims to over 290,000 claims. Accuracy was also a casualty. According to a GAO report from March 2010 VA's own self reported STAR accuracy figures noted a drop from 86 percent accuracy to below 84 percent accuracy. The news gets worse. According to a VA Office of the Inspector General report issued May 18, 2011 VA Regional Offices are expected to inaccurately process 23 percent of all claims, dropping their accuracy numbers even further to a dismal 77 percent.

VA is moving backwards, not forwards, and what fear is being placed into the hearts of those responsible? VA distributed bonus payments to Senior Executive Employees (SES) in the Veterans' Benefits Administration (VBA) averaging $14,000 last year. The figure of $14,000 is interesting, because if an indigent veteran seeking non-service-connected pension received $14,000 for an entire year's wages they would be told they earned too much money to be eligible for pension. VA SES executives can watch over a VBA that saw the Secretary's key goals leap backwards for a year, making the claims process worse for veterans, and at the end of the year take home a *bonus* payment greater than what thousands of indigent veterans are forced to survive on for an entire year.

This is not solely an issue of money. Several years ago a massive scandal within VA was exposed relating to the shredding of personal documents and evidence sent to VA by veterans. In Detroit alone, over 14,000 documents were found waiting to be shredded improperly, jeopardizing legitimate benefits for veterans. The documents to be destroyed included original birth certificates, death certificates, marriage certificates and discharge documents. These documents were going to be destroyed, along with any hopes of receiving the disability benefits due to those veterans. This was not limited to one or two offices. This problem was found to be systemic and pervasive throughout the entire system. The implication was clear. VA employees were destroying veterans' documents, cutting corners to improve their numbers, and throwing disabled veterans onto the trash heap.

Yet in the aftermath, there were no public waves of firings. VA expressed remorse, yet very little was publicly seen in terms of accountability. Perhaps worse, instead of losing jobs, jobs were created. Because of the shredding fiasco, each Regional Office now has a GS–12 level government employee tasked solely to overseeing the destruction of documents. If this job could truly be seen as something that was a real protection of veterans' personal data, perhaps there would be justification. However, even VA's own employees internally joke about "The GS–12 who has to initial even a blank post-it note before you can throw it out." When pressed about such statements, under the assumption they were exaggerations, VA employees shake their heads and state "Yes, we really have a GS–12 who has to initial everything we are going to throw out, and it even includes blank paper."

To change VA requires a commitment to fundamental cultural change within VA. The American Legion does not believe this to be out of the realm of possibility, to the contrary by a few simple yet far reaching actions, VA can take advantage of the new technologies available to them and change the culture to a system more meaningful to veterans and more likely to be able to address their needs. VA must move forward to be more accurate, to be more efficient, and to be more transparent. Only when VA truly commits to these goals and ceases mere lip service to those aims will any real change occur.

VA ACCURACY:

The Monday Morning Workload reports posted regularly by VA on their Web site represent an interesting window into what publicly matters to VA. These reports publish raw number of claims on hand, claims decided, almost anything but the figures continually asked for by veterans' advocates, figures on accuracy. While VA continues to maintain that accuracy is equally important to the number of claims

processed, but if it is then Central Office's resistance to putting these figures forward is something of a conundrum.

If you listen to the words spoken in front of Congressional hearings by VA officials, absolutely accuracy is vitally important. However, if you talk to VA employees in the actual offices in the field, they will tell you point blank that the number one driving concern, the familiar refrain they are told day in and day out, is to move files across their desks, no matter what the cost. Somewhere there is a disconnect between the competing statements. Somewhere along the way the stakeholders are being told one thing while the office environment tells a different story.

VA cannot simply give lip service to accuracy. As stated before, accuracy numbers are falling, not rising. VA is getting worse. Simply increasing the number of claims processed merely shifts the problem to another desk. The backlog exists not only in every Regional Office, but at the Board of Veterans Appeals and at the Court of Appeals for Veterans Claims. Both of these bodies also must deal with the crippling backlogs brought about by sloppy work at the lower level where quality is sacrificed on the altar of speed.

Accuracy can and must be brought to equal standing with speed in the claims process. To begin with, VA must change the way they count work credit, or the message will never filter down to ground level. Until work done right counts more than work simply done, VA employees will never see that their leadership frowns upon cutting corners at the expense of veterans. As the system presently stands, it doesn't matter whether a claim is properly adjudicated, you get credit when it leaves your desk. With the additional power to track claims afforded by VBMS, VA should be able to track the eventual outcome of claims. When claims are found to be done in a sloppy or slipshod manner, when a Decision Review Officer or Veterans' Law Judge finds that the lower rater never bothered to consider medical evidence, or blatantly ignored supporting evidence in a veteran's file, the credit for completing that claim should be removed.

Yes, credit is due for completing a veteran's claim, but credit must be taken away for error. This is not dissimilar to the workings of a checkbook. When work is done positively, you generate credit in the black, but when your work is riddled with errors and omissions, you deserve debits to place you in the red. If Regional Offices know their numbers will be adjusted in accordance with their error rates, and this is transparently disclosed to all stakeholders, the pressure shifts from simply moving files from one desk to the next and instead creates an environment supportive of accurately moving files on when they've been properly considered. There will always be a balance, to be sure, but such a simple change in the way work credit is counted has the potential to shift that balance towards accurate work and away from the decades old VA culture of purely numbers driven motivation.

VA EFFICIENCY

In a September 2009 audit of VA by the Office of the Inspector General (VA–OIG) an important yet disturbing trend was outlined. As of August 2008, when VBA had 11,099 claims pending over 1 year VA–OIG determined that inefficient workload management in the Regional Offices delayed 11,063 of those claims, nearly all of them. VA–OIG went on to state:

> *"Inefficient VARO workload management caused avoidable processing delays averaging 187 days for a projected 10,046 (90.5 percent) of the 11,099 rating claims."*

Possibly the greatest single change VA could enact to improve their efficiency involves shifting experienced workers to the front end of the claims process. As the system stands now, there is little rhyme or reason to VA's workflow, but that could change. On the battlefield, triage exists to sort rapidly through the ranks of the injured to determine which would benefit most from immediate work. This same sort of triage is absent from VA's process, but need not be.

Some claims VA must deal with, such as those for a clear cut presumptive illness associated with Agent Orange, a simple rating increase based on severity of an existing injury, or a claim in which all of the material needed to grant the claim have been submitted up front by the veteran, can be processed more quickly. With an experienced hand to spot these claims as they are incoming, these claims can be shunted to "fast lanes" and swiftly handled, allowing for more time to be spent on the more complex claims. VA needs to average a certain amount of time per claim to keep up with their inventory and ensure veterans are not getting left behind. With a little triage to help align the claims with the best route to servicing those claims, the average time for all claims can be reduced.

VA's use of the new VBMS system can help here as well. The tracking potential within this system should give VA a great amount of control of workflow. When

claims are electronic in format, the data can easily be shifted to the teams or rating specialists best suited to deal with those claims. In many training programs for service officers, new employees begin with simpler, one issue and straightforward claims to ensure they understand the overall process. As they gain experience and comfort with the VA system then they delve into claims of greater complexity. We are often reminded by VA of the complexity of adjudicating claims, and that it can take up to 2 years to become fully proficient. A good gatekeeper at the beginning of the process can ensure that the more inexperienced and green claims processors are receiving simpler claims within their skill level, and not being tossed into a deep end over their head with claims too complex for the newer employees to fairly adjudicate.

The addition of an experienced triage point guard to direct workflow has the potential to transform efficiency in an extremely positive way for VA. Furthermore, this is not a radical systemic overhaul requiring massive changes on behalf of VA and taking years and studies to develop a plan to implement. This can be initiated with relative swiftness and can start having immediate impact, and The American Legion urges VA to consider this addition as they are already in the transformative process of installing VBMS in all offices. As these new electronic tools are installed in each office, make this small adjustment to the work environment come with them to truly help maximize the impact of the new VBMS tools.

VA TRANSPARENCY

While Secretary Shinseki's stated goal to achieve an operational state for VA in which no claim is pending over 125 days and all claims have an accuracy rate of 98 percent is admirable, as stakeholders outside VA's inner workings it is difficult to track whether this culture is taking hold. Put quite simply, it seems apparent VA is tracking what is important to VA, and that is solely the number of claims processed by each station and the number of claims received. For all of VA's rhetoric about changing the culture and how important they view accuracy of claims, when VA publishes their Monday Morning Workload reports it's still just a numbers game for claims moved from one desk to another. Until this changes the veterans on the outside have to remain skeptical about any promises of culture change.

The American Legion has called on VA many times to add tracking of accuracy rates for Regional Offices to the Monday Morning Workload reports. These reports on VA's public Web site aren't solely accessed by veterans' group policy experts or concerned veterans on the street, VA's own employees look at these reports, and in dozens of Regional Office review visits conducted by The American Legion a familiar refrain has come from the employees themselves: "I know what my boss is looking at, and if error rate was important it would be on those reports too. It's numbers. It's how many of these claims I can move on by the end of the week. That's what my boss cares about."

Employees are motivated to perform work to meet and exceed the expectations of their boss. Much as we can be unaware of our non-verbal cues and the messages they send in social situations, we also must be aware of what cues we are sending institutionally. VA's institutional cue is quite clear. We care about the number of claims we process.

There are swaths of data veterans would love to know about their VA to understand what VA is doing for them. How accurate is the Regional Office handling my claim? How accurate is VA when it comes to rating my illness? How many veterans work in my Regional Office? How successful is the Voc-Rehab group in that Office?

VA regularly makes press releases regarding their agenda and how they're serving veterans, it's time for VA to regularly publish status updates on how they're doing. If VA states they are committed to reducing error rates, they ought to start publishing those error rates in a place and manner easy to find and be understood.

When VA has discovered problems in hospital operations, such as sterilization issues in Florida, Georgia, St. Louis and other places, they embarked on an aggressive awareness campaign to let veterans know what they were doing to ensure these things wouldn't happen again. When they did happen again they again aggressively reached out to those veterans and tried to restore their faith. A broken claims system is just as devastating as a broken hospital system. Both erode public trust in something essential, in the belief the government is set up to serve you the veteran in the manner that you the veteran served the Nation.

Years of obfuscation, lies, manipulation, stall tactics and similar ill will have taken their toll on the veteran population. There is only a finite amount of trust in veterans. VA has squandered much of this trust. In order to win it back, it's time to start being truly transparent. VA needs to pull back the curtains, admit to what is broken, admit to where they fail, and show veterans on a day-to—day basis how they are improving.

CONCLUSION

It's easy to look at the challenges of the veterans' disability claims process in a vacuum and forget what ultimately the process is all about. VA is given a pass on this to a certain extent, and continues to fall short because to the people who work at VA, from the bottom to the top, there is little in terms of consequences for failure. The lack of consequence for failure does not extent to the veteran on the street however, and perhaps therein lies the greatest tragedy.

We don't often think about what it means to be a veteran waiting for benefits, or even what it means to be a veteran applying for benefits. Soldiers, sailors, Marines and airmen are not people who are conditioned to admit something is wrong and ask for help. It's not in their nature to begin with. Many of these veterans have families, and they seek benefits to help take care of those families only when they can no longer exist without them.

Dropped into a seemingly endless web of delays and denials, these systemic properties of the system only further exacerbate the existing personal doubts and poor self image of the veteran. Nobody talks about what it feels like to have your spouse question every day "When is the VA going to give us the benefits?" Nobody talks about how it feels around rent time every month when a veteran is paying their bills and wondering how they are going to keep for on the table for a child when they can't work because of what their service cost them.

We, as America, are failing these veterans. Veterans band together in groups to take care of each other, as we learned in our most basic training, but we also cannot get by entirely on our own. As painful as it may be to admit, veterans need the aid of the government to get by at times, to compensate for the toll on our bodies that we willingly expended to help carry the government through the execution of its policies in far off lands. When our country asked, we didn't even stop to say 'Yes sir' we just did what we were asked. Now when we ask, we must navigate a labyrinth that would have thwarted Theseus himself.

With electronic tools such as VBMS coming online VA has the potential to break this maze apart and actually deliver on the promise to veterans, but without systemic cultural change these new tools will only allow VA to repeat the errors of the past with greater speed. VA needs to take steps to be a new VA, and not simply the old VA with thin facade. Accuracy needs to be a top priority, or the current hamster wheel of wrongfully denied claims clogging the appeals process will prevail and the backlog will continue to grow. Efficiency needs to be addressed, and VA needs to shift work in smarter ways to maximize the advantages of the electronic system. Finally, VA must pull back the curtains and stop hiding behind their smokescreens of the past. If VA is truly proud of their record they need to show that record to the veterans, and if they're not proud then they need to step up, admit where they are failing, and show the veterans how they are working to make the system better. If VA cannot do these things, then the question remains—how much longer can they continue before the trust is irrevocably broken?

Prepared Statement of Richard Paul Cohen, Executive Director, National Organization of Veterans' Advocates, Inc.

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to present the views of the National Organization of Veterans' Advocates, Inc. ("NOVA") concerning the under-performing Regional Offices ("ROs") of the Department of Veterans Affairs ("VA").

NOVA is a not-for-profit § 501(c)(6) educational membership organization incorporated in 1993. Its primary purpose and mission is dedicated to train and assist attorneys and non-attorney practitioners who represent veterans, surviving spouses, and dependents before the VA, the Court of Appeals for Veterans Claims ("CAVC"), and the United States Court of Appeals for the Federal Circuit ("Federal Circuit").

NOVA has written amicus briefs on behalf of claimants before the CAVC, the Federal Circuit and the Supreme Court of the United States of America. The CAVC recognized NOVA's work on behalf of veterans when it awarded the Hart T. Mankin Distinguished Service Award to NOVA in 2000. The positions stated in this testimony have been approved by NOVA's Board of Directors and represent the shared experiences of NOVA's members as well as my own 19-year experience representing claimants before the VBA.

THE ROs HAVE A LONG HISTORY OF REFRACTORY PROBLEMS

NOVA's previous testimony, together with the June 2009 "Veterans Benefits Administration Compensation and Pension Claims Development Cycle Study" by Booz Allen Hamilton ("the Booz Allen report") and many reports from the United States Government Accounting Office and by Department of Veterans Affairs Office of Inspector General have detailed the persistent problems of the Veterans Benefits Administration ("VBA"), including:

- an antiquated and insecure paper file;
- inadequately trained employees;
- ineffective supervision;
- inadequate metrics leading to inability to determine whether work is performed correctly;
- a work credit system which induces employees to rate claims which have not been properly developed;
- an institution which is more concerned with finding fraudulent claims than timely granting meritorious claims; and
- an institution which is so out of control that it takes years to promulgate needed regulations and which is incapable of effectively communicating policy to its employees.

Indeed, in a recent decision, the United States Court of Appeals for the 9th Circuit found that the VA's dilatory adjudications of veterans' claims denied veterans due process and that time limits for adjudicating claims must be imposed by the courts. *Veterans for Common Sense* v. *Shinseki,* ____F.3d____ (9th Cir. 2011) (No. 08–16728).

Because the ROs are laboring under an avalanche of claims and employees are judged by a work credit system which rewards paper pushing over efficient, effective and accurate claims adjudication (see, Booz Allen report, p.16) the number of pending appeals continues to increase, thus adding to the frustrations of veterans and other claimants. During the past year, from May 22, 2010 to May 31, 2011, the VBA's Monday Morning Workload Reports show a 23 percent increase in pending appeals from 193,134 to 236,141. Equally startling is the fact that pending claims have increased by 54 percent and those claims pending over 125 days have increased by 126 percent. http://www.vba.va.gov/REPORTS/mmwr/historical/2010/index.asp; http://www.vba.va.gov/REPORTS/mmwr/index.asp.

There is no one legislative, nor one administrative, initiative which can rearrange and reconstitute the VA into an efficient and effective claims processing organization, however, NOVA has some suggestions which might yield positive results.

ALTHOUGH THE PRIOR ATTEMPT BY CONGRESS TO IMPROVE THE WORK CREDIT SYSTEM AND VA TRAINING AND SUPERVISION HAS NOT YIELDED RESULTS, IT SHOULD NOT BE ABANDONED

During October 2008, Congress passed P.L. 110–389, which required, among other things, that the VA implement an employee certification exam, that the Comptroller General of the United States evaluate the VA's employee training program and that the VA study the effectiveness of the current employee work credit system and work management system, consider methods for improvement, and report back to Congress.

It is apparent that these tasks have not been accomplished in over 2½ years and they will not be completed without firm direction from Congress. By way of example, the VA had not issued proposed substitution regulations, which were also required by P.L. 110–389, until February 2011. This followed, and was the result of, a lawsuit which NOVA filed in the United States Court of Appeals for the Federal Circuit, to compel compliance with the Congressional directive.

Congress was wise to pass this legislation, and enforcement should be pursued.

THE VA MUST BE REQUIRED TO MEASURE AND TO REPORT OBJECTIVE ACCURACY

Reports from the United States Court of Appeals for Veterans Claims show that over 70 percent of the appeals which are decided on the merits result in the determination that the VA's actions were not substantially justified. This results in punishment to the VA by an award of Equal Access to Justice Act fees to the veteran. http://www.uscourts.cavc.gov/annual__report/. Similarly, in the Board of Veterans Appeals, almost 70 percent of the appeals are allowed or remanded, and when the veteran is represented by an attorney, the positive outcome goes up to 75 percent. http://www.bva.va.gov/Chairman__Annual__Rpts.asp.

In the face of this clear showing of RO and BVA accuracy of only 30 percent, the VA continues to rely upon internal estimates showing accuracy of 80 percent or more.

Congress should require the VA to include remand and reversal rates by the CAVC and by the BVA in the Monday Morning Workload reports and should further require that tracking of claims through the appeal process be part of the VA's employee training program. This would allow a true picture of accuracy and provide relevant on-the-job training.

PRE-ADJUDICATION REVIEW AND CONFERENCES CAN IMPROVE THE VA'S ACCURACY

Apparently, as a result of the VA's awareness that improperly developed claims lead to erroneous decisions and that, in the rating process, the most time is consumed by claim development, the VA continues to try different plans to generate "fully developed claims" prior to rating. Remarkably, the VA has never advocated for veterans to have the right to hire a lawyer, for pay, during the time that the claim is initially filed and developed, to assist in the claim development. It is equally remarkable, that the VA appears to be opposed to working cooperatively with the veteran and his or her representative to obtain the most complete claim development prior to adjudication.

Therefore, 38 U.S.C. § 5103(a) should be amended to require the VA to prepare a claim-specific pre-adjudication review of the claim which should state precisely what additional evidence is necessary to substantiate the claim. That written information should also be communicated, if possible, by phone, to the veteran and to the veteran's representative, during a pre-rating decision conference. The result of providing for a meaningful Veterans Claims Assistance Act notice conference, rather than a useless generic notice, and of working cooperatively with the veteran and with the veteran's representative will be to eliminate avoidable remands and avoidable reversals resulting from inadequate or hasty VA claims development. It will also result in some unjustifiable claims being withdrawn.

ELIMINATION OF THE SUBSTANTIVE APPEAL CAN SAVE TIME AND SIMPLIFY THE PROCESS

Presently, in order to place an unfavorable rating decision into appellate status, a veteran must file a Notice of Disagreement ("NOD"), with the RO, showing an intent to appeal and, after receiving a Statement of the Case from the RO, which in many cases merely restates the information contained in Rating Decision, the veteran must file a second document to perfect the appeal.

It would be quicker, and in most situations would eliminate the possibility of the veteran becoming enmeshed in a procedural trap, to eliminate the second step. Thus 38 U.S.C.§ § 7105 (a) and 7105A should be amended to eliminate the need for a veteran to submit a "substantive appeal" or a "formal appeal" as is presently required after the NOD is filed. Instead, once a veteran submits an NOD, 60 days would be provided to allow for the submission of additional evidence, and, so long as no additional evidence is submitted, the appeal would be directed to the BVA for *de novo* review. However, in cases where the claimant requests a hearing or submits additional evidence, then the appeal will remain at the RO for a new decision, which addresses the additional evidence and/or argument, and either confirms the prior denial or grants in whole or in part the relief requested.

CONSIDERABLE TIME AND MONEY COULD BE SAVED BY THE VA BY ELIMINATING UNNECESSARY EXAMS

Presently, the VA will delay rating a claim until after reviewing a VA generated Compensation and Pension ("C&P") exam even if there is a suitable private exam report in the file. Even if a veteran submits a complete and well-reasoned supporting medical opinion from a treating or examining physician, the VA's general procedure is to request yet another medical examination, referred to as a C&P examination. The VA physicians who provide these medical examinations are employed by VBA, which is separate and distinct from the VA physicians who provide medical care to veterans and are employed by the Veterans Health Administration (VHA). Last year, a report by the VA's Inspector General revealed that, although C&P exam reports are required to be returned to the RO within 30 days, there are times when it takes over 180 days for the RO to receive the exam report. "Audit of VA's Efforts to Provide Timely Compensation and Pension Medical Examinations", March 17, 2010, 09–02135–107, p. 5. *www.va.gov/oig/52/reports/2010/VAOIG-09-02135-107.pdf.*

NOVA recommends amending 38 U.S.C. § 5125 to eliminate waiting for those unnecessary medical exams. The title of Section 5125 should be amended to read "Acceptance of Reports of VHA and Private Physician Examinations." The body of the statute should be amended to read as follows: "For purposes of establishing any claim for benefits under chapter 11 or 15 of this title [38 USCS § § 1101 et seq. or 1501 et seq.], a report of a medical examination administered by a VHA treating physician or a private treating or examining physician that is provided by a claimant in support of a claim for benefits, including a claim for increased benefits, under that chapter, if requested by the claimant, shall be accepted without a requirement for confirmation by an examination by a VBA physician, so long as the report is sufficiently complete to be adequate for the purpose of adjudicating such claim." By doing this, the VA would be able to diminish delays and save money by eliminating unnecessary medical exams and the subsequent C&P exam reports.

MEASURES IN THE NATURE OF A PARADIGM SHIFT ARE REQUIRED TO SOLVE THE VA's BACKLOG

In addition to the suggestions provided to eliminate unnecessary delays and to improve the decision-making procedure, nothing short of a major change will enable the VA to get control over its burgeoning backlog which is now over one million claims.

The VA must change its culture to operate under the assumption that veterans, especially combat veterans, file meritorious claims which should be fully and quickly granted. Such a change in outlook would naturally lead to a triage system for claims management which would dramatically cut backlogs of initial claims and appeals.

The creation and utilization of new presumptions of entitlement to benefits would eliminate the need for unnecessary and time consuming development of evidence regarding the incidents of military service for all those who were deployed to a war zone regardless of their military occupational specialty or place of assignment within the war zone. Thus, for example, anyone who was deployed to a war zone, whether during WWII, Korea, Vietnam, the Gulf War or the GWOT who is subsequently diagnosed with PTSD should have the sole inquiry, during the rating stage of their claim, concentrate on the severity of their symptoms. Anyone who is diagnosed with a medical condition while on active duty and who is presently being treated for that condition should not need to prove a medical nexus between the conditions. Also, veterans who are receiving Social Security Disability or Supplemental Security Income benefits based on conditions which are related to service should be presumed to be unemployable.

Prepared Statement of James R. Swartz, Jr., Decision Review Officer, Cleveland Veterans Benefits Administration Regional Office, and President, AFGE Local 2823, American Federation of Government Employees, AFL–CIO, and the AFGE National Veterans Affairs Council

Dear Chairman Runyan, Ranking Member McNerney, Members of the Subcommittee:

Thank you for the opportunity to testify on behalf of the American Federation of Government Employees and the AFGE National VA Council (hereinafter "AFGE"). AFGE is the exclusive representative of Department of Veterans Affairs (Department) Veterans Benefits Administration (VBA) employees who process disability claims.

AFGE welcomes *all* opportunities to provide input into efforts to break the back of the backlog, and it is our view that these efforts cannot succeed without front line employee input. Our members work on every aspect of the claims process, and many AFGE members working at VBA are, like me, service-connected disabled veterans who have applied for VA benefits. Quite simply, we know best which elements of the claims process work, or do not work.

We take great pride in our strong working relationship with veterans' service organizations (VSO) on VBA issues and other matters, and our longstanding support for the Independent Budget. In contrast, VBA continues to exclude AFGE from a meaningful role in key elements of the claims process including training, skills certification and performance measures.

While AFGE members have been directly involved in some of the current VBA pilot projects, we have had minimal or no input into others. For example, the Subcommittee asked for our views on the Veterans Benefit Management System (VBMS). Other than a briefing earlier this year, we have had virtually no role in

VBMS. The first phase of the VBMS pilot was implemented at the Providence RO, but only a handful of employees are working on it, and the Providence AFGE local was not given any role. We were pleased to learn that the VBMS contractor communicates regularly with the employees assigned to the pilot.

We understand that the next phase of VBMS will take place at the Salt Lake City RO. We hope AFGE will have a greater role in VBMS at the Salt Lake City site and during all future phases of the pilot.

As a service-connected disabled veteran, I especially appreciate this Subcommittee's oversight of the claims process. I also faced long delays in getting my claim decided. It simply is not right for a veteran to wait 18 months for a claims decision. Waiting 2 to 3 years is absolutely unacceptable.

However, as this Subcommittee has been advised on many occasions, *there are no quick fixes to the claims process.* We share the view expressed by veterans' groups at an earlier hearing that VBA should complete the current pilot projects before starting others, such as the pilot proposed by H.R. 1647, that might interfere with their progress, hinder VBA's ability to manage its workload or have other unintended consequences.

Within the next 2 years, VBA should see a reduction in the backlog. Many new hires will have acquired sufficient experience to increase their production levels. The recent surge of complex *Nemer* cases will have subsided. A number of the current pilot projects should be ready for a national rollout (and will no longer need to divert personnel from other functions.)

We especially caution against new initiatives that would restructure VBA based on labels like "underperforming" or "low performing" ROs. These are questionable labels that should not be the basis for major policy changes. RO performance data varies from RO for many reasons, including:

- Number of new hires;
- Number of veterans filing claims at each RO;
- Experience level of managers;
- Quality of employee training;
- Whether staff is being detailed to another office (e.g. managers from Cleveland and other ROs have been detailed to other offices);
- Impact of brokering on performance data (e.g. often two ROs get credit for the rating of one case);
- Finally, and quite significant: How well local managers manipulate performance data.

Rather than resort to new pilot projects or a major restructuring of VBA, AFGE urges the Subcommittee to build on current momentum by addressing three essential components of RO performance: training, quality of supervision and performance measures.

IMPROVED TRAINING WILL REDUCE THE BACKLOG

VBA training continues to be left too much to the discretion of RO managers preoccupied with "making the numbers" at all costs. It is widely acknowledged that it takes at least 2 to 3 years for new hires to get close to "full production" Yet, new hires returning from Challenge training are not getting the on-the-job training, supervision and mentoring they need to reach that level. They are rushed into production before they receive adequate hands-on training. Also, rather than rotating new hires to all stations, many are kept at stations experience the most problems, which prevents them from being able to handle a full range of claims later on.

Current employees also face widespread deficiencies with training provided by VBA to meet the mandatory 85 hour yearly requirement. Simply put, too often, 85 hours are *not* 85 hours. Our members frequently report that managers substitute fixed hours of classroom training on complex concepts with significantly less "excluded time" to learn this information online without any instruction.

As a former Rating Specialist (RVSR), I can say with certainty that if RVSR training was nationally consistent and of good quality, variations in performance between ROs would greatly diminish.

On numerous occasions, VBA has made a commitment to Congress to develop a cadre of national trainers teaching the same curriculum based on similar interpretations of law and regulations. To date, it has not delivered on that commitment.

I am not aware of any performance measures that reflect the quality of training provided by managers or the degree of management compliance with the 85 hour requirement.

QUALITY SUPERVISION WILL IMPROVE ACCURACY AND TIMELINESS

Given the growing complexity of claims coming into VBA and the immense pressure to rush new hires into production, it is all the more urgent that they receive supervision and mentoring from experienced managers with sufficient expertise.

In addition to mentoring and supervision, RO managers are responsible for conducting quality assurance and managing the workflow without sacrificing accuracy. Unfortunately, many VBA managers have been promoted after only a few years of "floor" experience regardless of their own skill levels.

In 2008, a unanimous Congress enacted Public Law 110–389 that provided for another needed reform: **supervisor skills certification**. This exam is *still* not in place. Like the skills certification exams that VSRs and RVSRs must pass, a supervisor certification exam can be a valuable tool for ensuring that managers know their subject matter—especially because they are not on the floor processing claims themselves every day.

As a veteran, I also am troubled by how few managers are veterans themselves, despite clear veterans' preference rules that apply to VBA. I know firsthand how veterans' status gives VBA employees a vested interest in making sure that a veteran gets what he or she earned, and in a timely fashion. In my RO, only about 5 percent of managers are veterans, in contrast to at least 40 percent frontline employees with veteran status.

FLAWED PERFORMANCE MEASURES HURT QUALITY AND PRODUCTION

The 2008 also law mandated that VBA develop **an evidence-based work credit system** to ensure that performance measures count *all* work that goes into getting a claim processed correctly *the first time,* including full claims development. Three years later, VBA still imposes arbitrary, unrealistic performance measures set through local management discretion that reward quantity at the expense of quality. It is urgent that VBA finally comply with the 2008 law, and include front line employees in the development of these critical measures.

OTHER COMMENTS

Is mandatory overtime cost effective? The current national 20 hour per month mandatory overtime requirement for all employees has been in place for a month. We fear the added costs of this requirement far outweigh the benefits. First, many ROs were already selectively using mandatory overtime (at a lower number of hours) to increase production. The new overtime requirement is imposing undue pressure on many employees with family commitments, and is already leading to resignations, shortcuts and lower workplace morale. The VBA workforce was already under intense pressure to make production; mandating more hours of work may lead to marginal returns at a great cost.

Bonuses: We also urge the Subcommittee to address the issue of excessive bonuses. Managers at my RO and many others continue to receive large bonuses regardless of performance, at the expense of taxpayers, veterans and workplace morale.

National Call Centers: AFGE urges the Subcommittee to look closely at the National Call Centers (NCC) and assess whether these resources would be better spent back at the ROs or on a centralized, automated tracking system for claims. The new Genesys system deprives NCC employees of adequate time to complete other tasks between calls and at the end of their shifts. They now have on average only five seconds (instead of fifteen) between calls. At the end of the day, they have less than 15 minutes to complete other work, down from 30 minutes under the old system. As a result, employees are pressured to take shortcuts and work off the clock.

Genesys is also causing real hardships for veterans. They are on hold much longer. Employees are expected to work from scripts rather than provide individualized help. Calls longer than 6 minutes are discouraged and employees are pressured to keep most calls to 3 minutes. It is simply wrong to limit an 80-year old veteran to a *3-minute call,* especially when it takes 2 minutes just to get him through the ID protocol!

We also recommend a reexamination of the costs and benefits of the Broome Closet templates used by NCC employees to answer callers' questions and create correspondence. In addition to a significant error rate, this program creates additional steps in the process that cause unnecessary delays.

Consistency Studies: VBA has been conducting interreliability studies in the field to test the consistency of DRO and RVSR decisions. AFGE supports efforts to improve national consistency, but we are concerned that VBA is not producing reliable data or using these studies to make real improvements.

High Cost of Poor Personnel Practices: The number of labor-management problems at ROs is skyrocketing. Rather than working with employees and their representa-

tives, RO managers are threatening many hardworking employees with terminations and "performance improvement plans." These wasteful actions hurt the ability of front line employees to do their jobs and divert dollars from direct services to veterans. Holding front line employees responsible for management failures is not going to solve the backlog. Rather, we should all be working together on a meaningful solution.

Thank you again for the opportunity to share AFGE's views on this important issue.

Prepared Statement of Diana M. Rubens, Deputy Under Secretary for Field Operations, Veterans Benefits Administration, U.S. Department of Veterans Affairs

Mr. Chairman and Members of the Subcommittee, thank you for providing me with this opportunity to discuss the Veterans Benefits Administration's (VBA) efforts to improve performance at challenged regional offices. I am accompanied today by Mr. Alan Bozeman, Director, Veterans Benefits Management System (VBMS), VBA.

The Subcommittee has indicated special interest in learning about the operations of underperforming Department of Veterans Affairs (VA) regional offices and our efforts to improve performance to ensure higher quality and consistency of disability claims decisions. We will address these areas and also provide an update on VBA's implementation of recommendations made by the Office of Inspector General to improve regional office operations. In addition, we will update the Subcommittee on our progress in developing VBMS and the timeline for its implementation.

While today's hearing focuses on challenged regional offices, I would be remiss in not noting the many thousands of exceptionally hard-working and dedicated employees within VBA's ranks that are committed to serving Veterans every day. They work in our most productive offices, our challenged offices, and everything in between, doing their level-best to meet the performance standards—both individual and office—that we set. They are both valued and appreciated members of a workforce with great pride and the will to succeed in any mission.

Regional Office Performance

Let me begin by stating that we constantly strive to find new ways to improve the performance of our regional offices. We are pursuing strategic goals established by the Secretary 2 years ago to transform VBA into a high-performing and innovative, 21st Century organization that is people-centric, results-driven, and forward-looking. One of VA's highest priority goals is to eliminate the disability claims backlog by 2015 and ensure all Veterans receive a quality decision (98 percent accuracy rate). VA has defined the claims backlog as any claim pending more than 125 days

VA is attacking the claims backlog through a focused and multi-pronged approach. At its core, our transformational approach relies on three pillars: changing our culture to one that is centered on accountability to, and advocacy for, our Veterans; improving our business processes through collaboration with stakeholders and industry experts on best practices and ideas; and deploying powerful 21st Century IT solutions to simplify and improve claims processing for timely and accurate decisions. Our strategic initiatives seek to improve the quality and timeliness of benefits delivery; expand accessibility to VA benefits and services; increase Veterans' satisfaction; and improve VA internal management systems to successfully perform our mission.

The performance of all of our regional offices is evaluated against national and regional office-specific targets that are based on our strategic goals. These targets are set at the beginning of fiscal year, across all the business lines and for a variety of measures, including quality, timeliness, production, and inventory. In setting targets, consideration is given to the previous year's performance and current staffing levels.

VBA's Office of Field Operations and the Area Directors regularly match a facility's achievements against its performance targets, to include a monthly dashboard review. Several factors influence performance including workload, workforce experience, and staff turnover. VBA closely monitors regional office performance, and should negative performance trends develop, Area Directors require improvement plans from regional office directors to correct problem areas.

Area Directors visit each regional office at least annually to conduct an in-person review of operations. On-site reviews of regional office operations are also conducted by the VBA's Compensation and Pension Services. In addition, monthly Statistical

Technical Accuracy Reviews (STAR) provide a consistent and objective review of regional office decision quality.

Regional office directors and individual employees alike are held accountable for performance deficiencies. If a regional office is not meeting performance targets, improvement plans for the office are put in place and closely monitored. The regional office director must identify efforts that can be taken locally to improve performance. If productive capacity is the issue, a regional office will frequently broker work to another regional office. If the deficiency is a quality issue, there are several options that can implemented, often in a complementary fashion, such as a "Technical Assistance Team" from the Compensation Service; additional training provided by the STAR staff on identified error trends; and training for local quality reviewers. Challenged regional offices will also engage an identified high-performing "sister" or "mentor" station to share best practices and identify opportunities for improvement.

Claims processing timeliness is affected by factors ranging from the regional office's workload management to the responsiveness of outside entities. VBA has established a Workload Management Training Program to train new supervisors in the use of reports that help in timely decisions on workload that can enhance office performance.

As an improvement plan will involve any or all of the approaches outlined above, the Area Director will also engage in more frequent communication with an underperforming office. Written and electronic communication, structured telephone calls and site visits are all used to ensure progress toward the improvement plan targets.

If the Director cannot successfully lead the regional office to improvement, subsequent performance action will be taken during performance appraisal periods.

Resource Allocation Strategy to Optimize Organizational Performance

For a number of years, VBA has been pursuing a strategy to allocate additional resources to regional offices that perform at a higher level. This strategy was intended to increase the VBA organizational performance and capacity to assist regional offices experiencing workload challenges and performance difficulties due to unexpected staffing losses or workload increases. Resource Centers have been established at thirteen high-performing offices throughout the country, and claims are brokered to these centers for processing. However, our strategy to recruit and expand operations in locations where we have demonstrated that we can be competitive and achieve high performance levels has been impacted in recent years as a result of the dramatic workload increases and our need to rapidly and significantly increase staffing levels. In a number of cases, we have had to add resources to regional offices based on the availability of space in existing facilities rather than high performance.

This fiscal year has been challenging because VBA has been utilizing our Resource Center brokering capacity to readjudicate previously denied claims for newly established Agent Orange presumptive conditions (ischemic heart disease (IHD), Parkinson's disease (PD) and Hairy Cell (B–Cell) leukemia (HCL)). VA must adjudicate or readjudicate approximately 147,000 claims for IHD, PD, or HCL filed by *Nehmer* class members (Vietnam Veterans and their survivors) and, when appropriate, provide retroactive benefits. Due to the complexity of readjudicating these claims, all *Nehmer* readjudication claims are being processed at VBA's Resource Centers. Our Resource Centers are therefore temporarily not available to assist in balancing claims workload across regional offices or support underperforming or challenged regional offices. There has been some capacity for brokering identified in other regional offices, and Areas have taken advantage of that to continue helping challenged offices this year.

VA currently has 1,300 employees at Resource Centers around the country devoted to the readjudication of *Nehmer* claims. There are approximately another 1,800 VA employees across VA's 56 regional offices that are adjudicating Agent Orange claims received after October 13, 2009. All other regional office employees continue to process non-Agent Orange workload.

Higher Quality and Consistency of Disability Claims Decisions

STAR is the component of VBA's quality assurance program that focuses on improving regional office claims processing accuracy. STAR reviews evaluate the quality of the rating decision product that VBA provides for Veterans. From the Veteran's perspective, there is an expectation that we understand the claim, evaluate it accurately and fairly, and provide proper compensation under the law. The purpose of STAR reviews is to ensure that rating decision outcomes meet these expectations. STAR findings provide statistically valid accuracy results at both the regional office and national level. STAR error trends are identified and used as training topics to improve performance.

Training continues to be a priority to achieve our performance improvement goals, and is conducted using a variety of methods, including a monthly national Quality Call, where the Compensation Service's training, policy, and procedures staffs collaborate with the STAR staff to address national error trends identified in STAR assessments.

Regional offices are provided explanations on all error calls, and they are required to take corrective action. On a quarterly basis, regional offices are required to certify to VBA headquarters the corrective action taken for all errors identified by STAR. The reported actions are validated during the oversight visits conducted by the site survey teams.

VBA is committed to using the error trends and accuracy findings to improve overall quality. VBA uses nationwide error patterns identified by STAR reviews, as well as information from other components of the Quality Assurance Program, to adjust and develop the employee training curricula.

All employees, regardless of training level, must receive 80 hours of instruction annually. Instructional methods may include Training Performance Support System (TPSS) modules, lectures, or practical application exercises. For intermediate and journey-level employees, the 80 hours must include 40 Core Technical Training Requirement (CTTR) hours. These involve standardized training curricula of essential topics and information. Employees must complete an additional 20 hours of training from a list of standardized topics provided by VBA. The final 20 hours may be used by regional offices to train on local issues and areas of concern. This approach ensures that new and experienced employees are grounded in standardized claims processing fundamentals.

Data from STAR reviews, consistency reviews, special focus reviews, and regional office site visits are used to develop training for our new hires, as well as our intermediate and journey-level employees. Claims processing personnel are informed in a timely manner of errors, and inconsistency trends, and provided with constructive feedback to include instructions on how to avoid such errors in the future. The error trends identified in STAR reviews provide us the information we need to assess the effectiveness of our training programs and make necessary adjustments. This promotes our goal of providing accurate, fair, and consistent claims processing. Performance support training tools allied to TPSS modules continue to show high and increasing usage, reflecting their utility to the field. For example, the Medical Electronic Performance Support System provides computerized visual images of the various human body systems. It was developed with STAR review input to assist with identifying the appropriate rating codes associated with different body systems and to facilitate medical examination requests.

Last month the Compensation STAR staff completed seven special training programs for select employees from each regional office currently responsible for performing local quality reviews. This training was designed to help achieve consistency between national and local quality reviews. Another training session is schedule in June for the remaining regional offices. Additionally, specialized quality review positions are being created in each regional office to further drive quality improvements.

Claims Transformation Plan

We are reviewing and reengineering our business processes in collaboration with both internal and external stakeholders, including Veterans Service Organizations and Congress, to constantly improve our claims process using best practices and ideas. We're relying heavily on technology and infrastructure by deploying leading-edge, powerful 21st Century IT solutions to create a smart, paperless claims system which simplifies and improves claims processing for timely and accurate decisions the first time.

VBA is working to simplify processes and reduce the burden of paperwork for our Veterans. Improvements in efficiency and customer service include new policies to promote the use of simple telephone contacts with Veterans to clear up evidence questions and add dependents, reducing requirements for second signatures in medical reports where appropriately trained practitioners are capable of providing health evaluations, and implementing the Fully Developed Claims Initiative to promptly rate claims submitted with all required evidence.

New disability benefits questionnaires are being specifically designed to capture medical information essential for timely and accurate evaluation of disability compensation and pension claims. VA published the first set of these forms in October 2010 and dozens more of these forms are in development for various disabilities. The content of these disability benefits questionnaires is being built into VA's own medical information system to guide in-house examinations. Veterans can provide them to private doctors as an evidence guide that will speed their claims decisions.

The result will be more timely rating decisions, fewer duplicated examinations, a reduced need for VA examinations, less time needed to evaluate examination results by claims processors, and a potential to improve rating accuracy.

Regional office performance will also be significantly improved through the integration of rules-based processing and other calculator tools designed to increase decision accuracy and employee productivity. We are working on more than a dozen such logic-based calculators with VA's Office of Information and Technology to equip VA decision-makers with rules-based, online tools that automatically calculate evaluations and certain award actions. VA recently completed and deployed tools for cases regarding hearing loss and special monthly compensation. These types of calculators free up time and create efficiencies that allow employees to concentrate on more complex claims that require detailed review and analysis.

Office of Inspector General

The Office of Inspector General (OIG) established its Benefits Inspection Program in March 2009 as a major initiative to help ensure timely and accurate delivery of Veterans' benefits and services. On May 18, 2011, the OIG issued a report, *Systemic Issues Reported During Inspections at VA Regional Offices,* which identified issues at 16 VA regional offices inspected from April 2009 through September 2010. OIG found that VARO management teams face multiple challenges in providing benefits and services to Veterans. As a result of the 16 inspections, OIG made several recommendations to improve VARO operations. Of those recommendations only four remain open.

One of OIG's recommendations was that the Acting Under Secretary for Benefits revise the policy on evaluating residuals of Traumatic Brain Injuries (TBI) and provide training to medical examiners conducting TBI medical examinations to ensure compliance with current examination requirements. VBA is collaborating with the Veterans Health Administration (VHA) to ensure that all compensation and pension examination providers are trained on TBI examinations. This initiative is approximately 70 percent complete; all clinicians performing TBI medical examinations will be trained by June 30, 2011.

OIG also recommended that the Acting Under Secretary for Benefits develop a clear and measurable standard for timely completion of competency determinations. VBA has determined that a 21-day standard is sufficient for timely completion of competency determinations. This will be measured from the date of expiration of the notification to the Veteran to the date of completion. Guidance is currently being written for formal distribution. Notice will also be provided and reinforced to regional offices through regularly scheduled conference calls.

VBA is collaborating with VHA to address the remaining two recommendations covered in the OIG's report. Our target for completion of these recommendations is June 30, 2011.

Veterans Benefits Management System (VBMS)

VBMS is a business transformation initiative supported by technology to improve VBA service delivery. VBMS is currently in a developmental state with nationwide deployment scheduled to begin in calendar year 2012.

To improve the efficiency of the claims process, VA is transitioning to a business model that relies less on the acquisition and movement of paper documents for benefits delivery. Phase 2 of VBMS began in November 2010 at the Providence Regional Office. The overarching goal of Phase 1 was the development and testing of software, while ensuring integration with existing databases and legacy claims processing systems. Additionally, Phase 1 focused on identifying and correcting critical defects, optimizing scanning operations and procedures, and developing functionality enhancements for future iterations.

During the second quarter of fiscal year 2011, claims processors at the Providence Regional Office began using the new software to process a limited number of original claims for disability compensation to validate capabilities within VBMS. The measure of success, which was achieved for Phase 1, was the capability to enter claims into a paperless system and process the claims to completion. As of May 18, 2011, 175 claims were established through the VBMS interface and were being processed in a paperless environment.

Phase 2 began in May 2011 at the Salt Lake City Regional Office, building upon the efforts and information gathered in Providence. The Providence Regional Office will continue using VBMS to process claims and provide recommendations for system improvements.

Phase 3 is scheduled to begin in November 2011, at a site yet to be determined. Phase 3 is scheduled for completion in May 2012. These successive phases validate

and refine system requirements. The three phases will be followed by a national rollout to all regional offices, which is scheduled to begin in calendar year 2012.

VBA recognizes that technology is not the sole solution for our claims-processing challenges; however, it is the hallmark of a forward-looking organization. Combined with a renewed commitment and focus toward increasing advocacy for Veterans, the VBMS strategy combines a business transformation and re-engineering effort with enhanced technologies, giving an overarching vision for improving service delivery to our Nation's Veterans.

Conclusion

VBA employees in all of our regional offices are dedicated to delivering accurate and timely benefits decisions. We recognize that there is variance in the overall performance of our regional offices, and we must be both vigilant in identifying shortcomings and aggressive in correcting them. VBMS and our other claims transformation initiatives are critical to our future success in improving the performance of all of our regional offices. We will continue to vigorously pursue business process and technology-centered improvements designed to "break the back of the claims backlog" and achieve our goal of processing all claims within 125 days with 98 percent accuracy by 2015.

Mr. Chairman and Members of the Subcommittee, this concludes my remarks. Thank you again for the opportunity to testify. I am happy to respond to any questions.

○