

MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2016

THURSDAY, MARCH 19, 2015

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:30 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Mark Kirk (chairman) presiding.

Present: Senators Kirk, Boozman, Capito, Cassidy, Tester, Udall, and Schatz.

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

STATEMENT OF HON. ALLISON A. HICKEY, UNDER SECRETARY FOR BENEFITS

ACCOMPANIED BY:

JAMES E. MANKER, JR., CHIEF FINANCIAL OFFICER
THOMAS MURPHY, DIRECTOR, COMPENSATION SERVICE

OPENING STATEMENT OF SENATOR MARK KIRK

Senator KIRK. The subcommittee will come to order. We are very happy today to have Under Secretary Allison Hickey, who led a long and distinguished career in the wrong service, the Air Force.

I was joking with you why you did not join the Navy, which you should have. I would just advise you of that. Let me say that we have now Allison Hickey, the Under Secretary of the Veterans Benefits Administration (VBA), and Jamie Manker, the CFO for VBA. And I am very happy to have you here.

With that, let me recognize my good friend, Jon Tester.

STATEMENT OF SENATOR JON TESTER

Senator TESTER. Well, thank you, Mr. Chairman, and thank you for being generous with your time. Thank you very much. And, Secretary Hickey, Mr. Manker, Mr. Murphy, thank you all for being here today in front of this subcommittee.

VA compensation and pension benefits provide a lifeline of support for millions of Americans who have worn the uniform of this Nation, especially disability compensation for those who have been injured in the line of duty. And, Secretary Hickey, I appreciate your aggressive efforts that you and your colleagues have made to

reduce the disability claims backlog, streamlining the claims process, and transforming the way VBA does business.

These efforts have reduced the backlog from 611,000 in March 2013 to 215,000 claims as of today. But I think we all recognize that there is much more work that has to be done not just to eliminate the backlog, but also to position the VBA so that we do not see a future backlog, particularly given the continuing rise in filings and the complexity of the claims.

Secretary Hickey, you are facing a tough challenge, and I look forward to hearing the details of your budget request and the reforms that you are recommending to bring the VBA into the 21st century. With that, once again, thank you all for being here, and I will turn it back to you, Mr. Chairman.

Senator KIRK. Thank you. Let us go with—sure, I will do my opening statement here. Secretary Hickey, you have aggressively tackled the veterans' claims backlog. We have talked a lot about this with my obvious interest in the Chicago regional office, to make sure—the general question that I would have for you, the issue I would put before you, now I think it is an average of 172 days in Chicago.

The point that I would like to make, you know, for normal Americans, for a veteran who has suffered a catastrophic injury, like amputation, there should be a way within 24 hours of adjudicating the disability of that person. Most Americans would say if there is a missing leg, boom, we should just adjudicate that within a day. I would just highlight that point. That concludes my statement.

I wanted to recognize you for helping. You may give your opening statement.

SUMMARY STATEMENT OF HON. ALLISON A. HICKEY

Secretary HICKEY. Thank you very much, chairman. Chairman Kirk, Ranking Member Tester, members of the subcommittee, thank you for the opportunity to present VBA's 2016 budget request. In addition to Jamie Manker to my left, I also have with me today Tom Murphy, who is the director of compensation service.

Our 2016 budget request includes \$2.7 billion in discretionary funds and \$95.3 billion in mandatory funds, reflecting the ever-growing demand for VA benefits and services. Our obligation to veterans continues to grow because demand for benefits continues to increase long after war's end.

The percent of the veteran population receiving compensation was nearly constant for 40 years at 8.5 percent. Over the last 15 years, it has increased to 19 percent. The average disability rating has also increased. After 45 years with a consistent average rating of 30 percent, the average has risen to 48 percent since 2000. In addition, the number of veterans filing claims and the number of medical issues within those claims has soared. GWOT veterans separating through our Benefits Delivery at Discharge Program claim an average of 16 medical issues compared to only four issues that were claimed by our World War II veterans and six issues by Vietnam era veterans.

Despite these challenges, VBA's workforce, 53 percent of whom are veterans themselves, are making major strides in increasing productivity and reducing the claims backlog. The number of

claims completed per full-time equivalent (FTE) increased 25 percent from 2012 to 2014. A more accurate representation is the 67 percent increase in productivity at the issue level from 2009 to 2014.

As a direct result of our transformation, we have reduced the pending disability claims inventory by 46 percent and the claims backlog by 66 percent. Progress made has not come at the expense of quality. We have increased claim-based accuracy from 83 percent in June 2011 when I arrived to nearly 92 percent today, and issue-based accuracy has improved to 96 percent. Veterans are waiting less time for decisions and benefits. The average time to decide a claim has improved by 170 days, and the average age of pending claim has improved by 144 days.

In 2014, we completed a record breaking 1.32 million claims, a 35-percent increase over the 980,000 claims completed in 2009. But there has even been more dramatic growth in the number of issues completed, 2.7 million in 2009 to 5.5 million in 2014. That is a 101 percent increase over just 5 years. We expect it to grow to 115 percent increase by 2017. With investments provided by the President and this Congress in recent years, we are on track to eliminate the claims backlog by the end of 2015.

Our budget request includes critical investments in transformation initiatives and IT support. Previous IT investments helped VBA to now process over 6,500 education claims per day without any human intervention, while increasing accuracy to 99.6 percent. Our request also includes funding to right size our workforce. As VBA continues to receive and complete more rating claims, the volume of appeals, non-rating claims, and fiduciary exams correspondingly increases.

In July 2014, VBA notified Congress of a need to hire nearly 1,700 FTEs to address this increase in workload. We are grateful for funding in 2015 to hire 250 of those who are asking for funding in 2016 to hire another 770. The hiring would include 200 appeals processors.

The 11 to 12 percent appeals rate has not changed for over 20 years. However, as we complete record breaking numbers of claims, the volume of appeals continues to grow. We need your support. Our only options are for Congress to either change the complex laws around appeals or provide additional resources to address this workload. Our 2016 request would also fund hiring 320 non-rating claims processors and 85 field examiners for fiduciary.

We appreciate the opportunity to discuss our budget request and look forward to working with you to identify and prioritize spending to best serve the interests of our Nation's veterans, their family members, and their survivors. And I am prepared to take your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ALLISON A. HICKEY

Chairman Kirk, Ranking Member Tester, Distinguished Members of the Senate Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs, and Related Agencies: Thank you for the opportunity to present the President's 2016 budget and 2017 advance appropriations requests for the Veterans Benefits Administration (VBA). I am accompanied today by Mr. Jamie Manker, VBA's

Chief Financial Officer, and Mr. Thomas Murphy, VBA's Compensation Service Director.

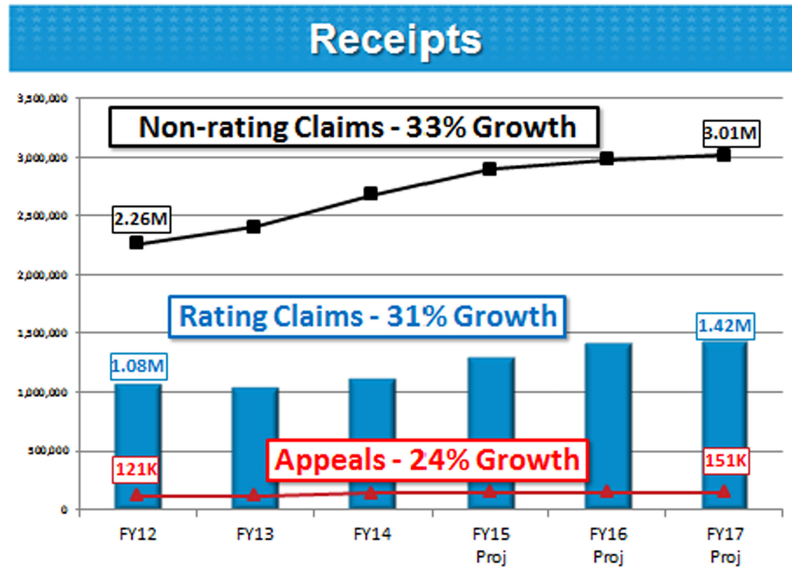
VBA has the incredibly important mission of effectively delivering the benefits our Nation's veterans and their families have earned and deserve. In carrying out its mission, VBA employees have adopted and embraced the Department's core values of Integrity, Commitment, Advocacy, Respect, and Excellence—appropriately captured in the phrase “ICARE.” Our workforce includes over 21,000 employees, 53 percent of whom are veterans themselves, and 34 percent of whom have service-connected disabilities.

SUMMARY OF 2016 BUDGET REQUEST

The President's 2016 budget for the Department of Veterans Affairs (VA) will allow VBA to manage integrated benefits and services, administered through a nationwide network of 56 regional offices (RO). The 2016 budget requests \$2.7 billion in discretionary funds and \$95.3 billion in mandatory funds for VBA. The budget also requests a first time advance appropriation of \$104.0 billion for 2017 for VBA's three mandatory appropriations, including Disability Compensation and Pensions, Readjustment Benefits, and Insurance and Indemnities. Funding for VBA is critical to continue providing the following benefits:

- Disability compensation for 3.9 million veterans with service-connected disabilities;
- Dependency and indemnity compensation for 369,000 veterans' survivors;
- Pension for 308,000 wartime veterans and 209,000 of their survivors,
- Vocational rehabilitation and employment benefits paid for over 99,000 veterans and servicemembers;
- Education and training assistance for 1.2 million veteran students and their families;
- Home-loan assistance for 2.1 million veterans with active VA loans;
- Fiduciary activities providing estate protection services for 173,000 VA beneficiaries unable to manage their own funds; and
- Life insurance programs for 6.5 million servicemembers, veterans, and their families.

The President's 2016 budget request includes critical information technology investments supporting VBA's claims processing transformation and other essential initiatives to continue improving benefits delivery. For example, the Veterans Claims Intake Program makes investments in the conversion of paper claims to digital images, and the Veterans Benefits Management System facilitates electronic claims processing. In addition, the request includes funding to right-size our workforce. As VBA continues to receive and complete more disability rating claims, the volumes of appeals, non-rating claims (claims that in most cases do not require a rating decision but directly impact benefits, such as survivors pension, burial claims, dependency claims, income adjustments, and drill pay adjustments), and fiduciary field examinations correspondingly increase. We anticipate that demand for benefits will continue to grow in fiscal year 2016. VBA's request for 770 additional FTE is necessary to meet veterans' expectations for more timely actions on non-rating claims and appeals and ensure strong fiduciary oversight.



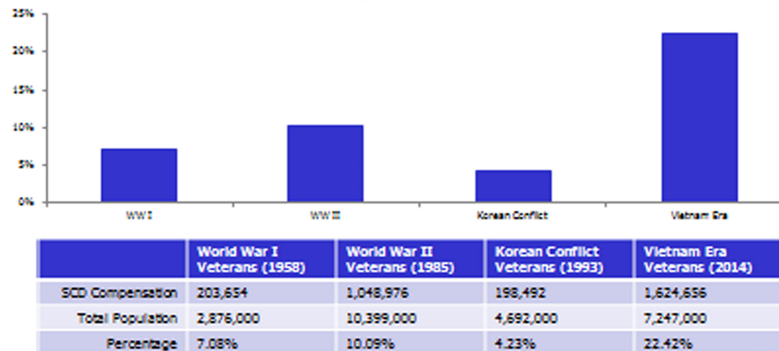
INCREASED DEMAND FOR DISABILITY BENEFITS

Our obligation to veterans grows over time because veterans' demand for benefits continues to increase long after wars end. Even as we are becoming more productive through our Transformation, the demand for benefits and services from veterans of all eras continues to increase. For example, the population of Vietnam Era Veterans receiving disability compensation has not yet peaked—40 years after the Vietnam War ended. VBA anticipates a similar trend for Gulf War Era Veterans, 26 percent of whom have already been awarded disability compensation. The total number of service-connected disabilities for veterans receiving compensation has grown from 11.8 million in 2009 to 17.8 million in 2014—an increase of over 50 percent in just 5 years. This dramatic growth portends even greater growth in claims for increased benefits as veterans age and their disabilities worsen. It is also significant to note that VA is still providing benefits to the child of a Civil War Veteran 150 years after the Civil War ended.



Service Connected Disability (SCD) Compensation

Veterans Receiving SCD Compensation: 40 years after Conflict Ends (in percent)

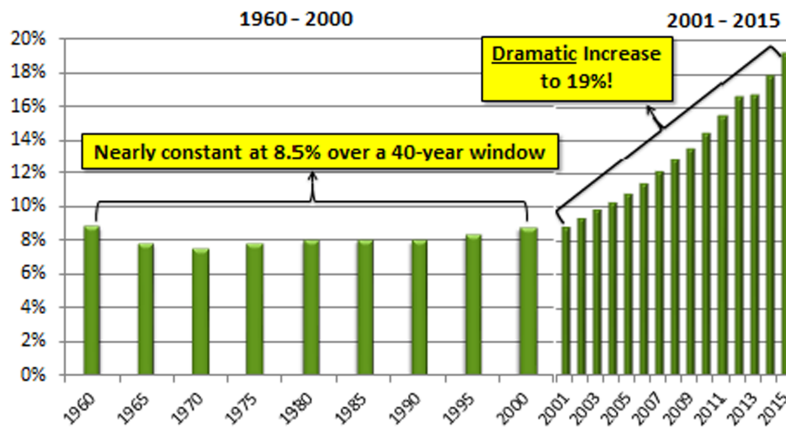


Note: Date in parentheses is the date of data used in the chart.
 Data Source: 1958: VA Annual Report; 1985: VA Trend Data 1961-1985;
 1993: VA Trend Data 1969-1993; 2014: VBA OIRA and Veteran Population Model

Fueled by more than a decade of war, Agent Orange-related disability claims, a disjointed claim appeal process, demographic shifts, increased medical issues claimed, and other factors, veterans' demand for benefits has exceeded VBA's ability to timely meet it. VBA must build the capacity now to meet current demand and ensure we are prepared to meet future demand. We look forward to working with you to identify and prioritize spending to best serve the interests of veterans and our Nation.

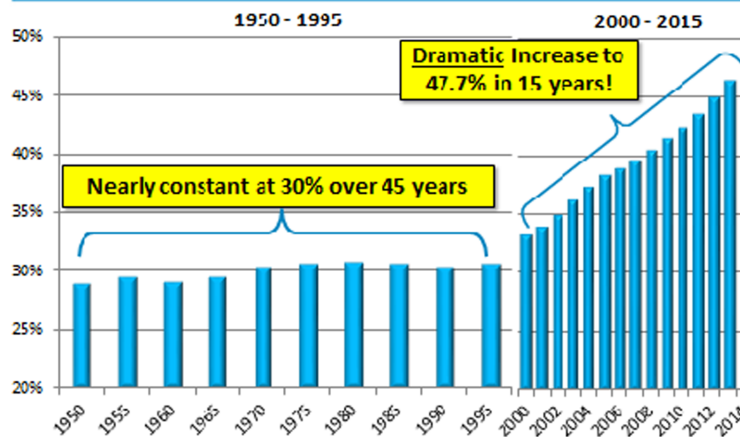
While the percent of the veteran population receiving compensation was nearly constant for over 40 years at 8.5 percent, over the past 15 years there has been a striking increase to 19 percent.

Percent of Veterans Receiving Compensation



The increase in veterans receiving disability compensation is accompanied by the significant rise in the average degree of disability compensation granted to veterans. For 45 years, from 1950 to 1995, the average degree of disability held steady at 30 percent. But, since 2000, the average degree of disability has risen to 47.7 percent. VBA's mandatory spending is projected to reach \$106 billion in fiscal year 2017, twice the amount spent in fiscal year 2009.

Average Degree of Disability



TRANSFORMATION RESULTS

In order to meet this ever growing demand for benefits, VBA is undergoing the largest transformation in its history—bringing the delivery of VA benefits and services into the 21st Century. VBA is aggressively implementing its transformation plan—a set of actions targeted to reorganize and retrain its people, streamline its

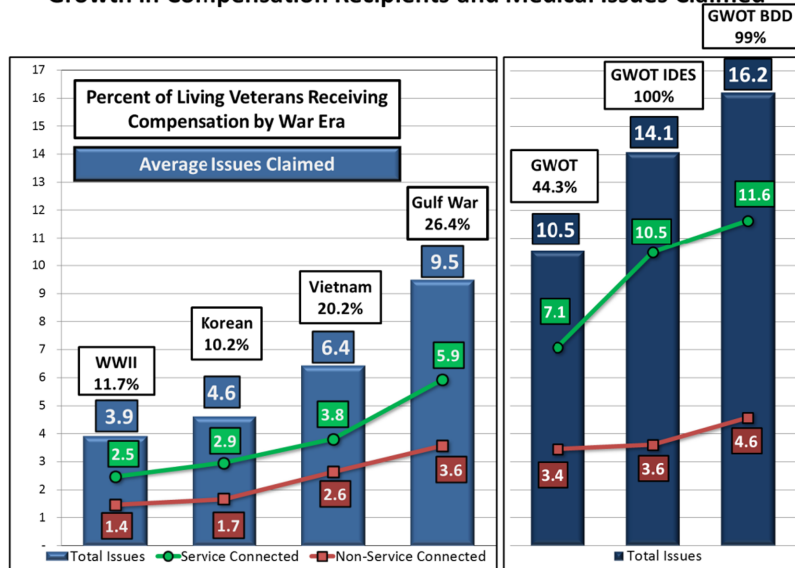
processes, and deploy technology designed to achieve VA's goal of processing all claims within 125 days with improved accuracy by the end of 2015. VBA has achieved the following transformation results:

- VBA is reducing the pending disability claims inventory.
 - Peak: 884,000 claims in July 2012.
 - Now: 477,000 claims—Improvement: 46 percent.
- The number of claims pending over 125 days and considered part of the claims backlog has decreased.
 - Peak: 611,000 claims in March 2013.
 - Now: 215,000 claims—Improvement: 65 percent.
- Rating accuracy has improved.
 - 3-month claim-based accuracy increased from 83 percent in 2011 to 92 percent, an improvement of 9 percentage points.
 - 3-month issue-based accuracy improved to 96 percent.
- Veterans are waiting less time for decisions and benefits.
 - The average time to decide a veteran's disability claim:
 - Peak: 348 days as of September 2013.
 - Now: 186 days—Improvement: 162 days.
 - The average age of pending disability claims:
 - Peak: 282 days in February 2013.
 - Now: 142 days—Improvement: 140 days.

Improving quality and reducing the length of time it takes to process disability claims are integral to our mission of providing the care and benefits that veterans have earned and deserve in a timely, accurate, and compassionate manner. The disability rating claims workload continues to increase, due to the reduction in military forces, servicemembers returning from wars, and the aging of the veteran population. Also, the complexity of the workload continues to grow because veterans are claiming greater numbers of disabilities and the nature of disabilities—such as posttraumatic stress disorder (PTSD), combat injuries, diabetes and related conditions, and environmental diseases—is becoming increasingly complex.

The number of separating servicemembers filing disability claims—and the number of medical issues within those claims—have soared in recent years. The chart below highlights this growth, with Global War on Terror Veterans separating through our Benefits Delivery at Discharge program now claiming an average of 16 medical disabilities as a result of their military service—compared to only 3.9 issues for WWII Veterans and 6.4 issues for Vietnam Era Veterans.

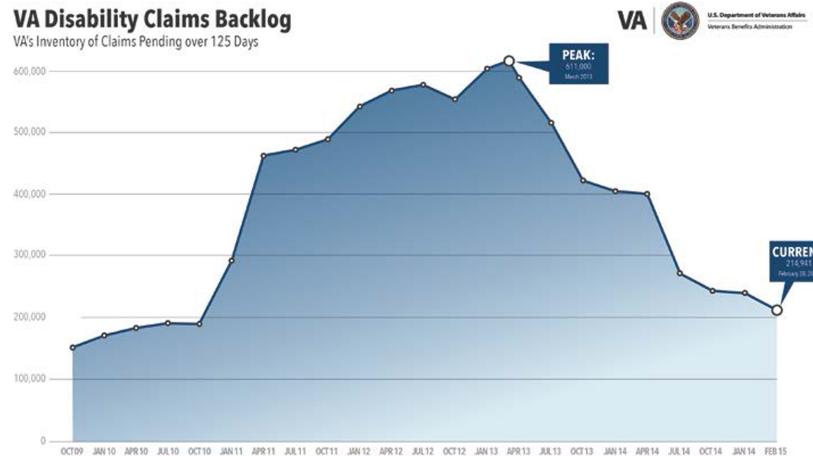
Growth in Compensation Recipients and Medical Issues Claimed



In 2009, VBA completed almost 980,000 claims. In fiscal year 2014, we completed over 1.3 million—a 35 percent increase. But there has been even more dramatic growth in the number of medical issues in claims—2.7 million in 2009 to 5.5 million in 2014, a 101 percent increase over just 5 years.



Despite these challenges, VBA has made major strides in increasing its productivity and thereby reducing the claims backlog by 65 percent since its peak in March 2013 (from 611,000 to 215,000). Through VBA's claims transformation initiatives, the number of claims completed per FTE increased 25 percent from 2012 to 2014. An even more accurate representation of VBA's increase in productivity is seen at the medical issue-level rather than the claim-level. From 2009 to 2014, VBA's issue-level productivity increased by 67 percent. VBA greatly appreciates the investments provided by the President and Congress over the past 6 years, and we are on track to meet the President's goal to eliminate the disability claims backlog and processing all claims within 125 days by the end of 2015.



TRANSFORMATION INITIATIVES IN THE 2016 BUDGET REQUEST

VBA's transformation progress is the result of an integrated series of initiatives designed to eliminate the backlog. The President's 2016 budget will allow VBA to continue building on the success of the following initiatives:

- Veterans Claims Intake Program (VCIP)*: VCIP streamlines processes for receiving digital records and data into the Veterans Benefits Management System (VBMS) and other VBA systems, transitioning VBA from a paper-based claims environment to a digital operating environment. It scans paper claims, converts them into digital format, and extracts important data for input into electronic folders. VCIP has converted and uploaded more than 1.2 billion images from paper. In addition to supporting scanning operations for incoming claims, VBA's 2016 request of \$140.8 million will allow the digital intake of military, income, and employment records from other Federal agencies and private providers. This will broaden electronic evidence exchange for processing all types of claims more accurately and more rapidly by building additional interfaces for Official Military Personnel Folders (OMPF) from DOD and interfaces with health networks, hospitals, and private clinicians.
- Centralized Mail*: Centralized mail consolidates inbound paper mail from VA's ROs to a centralized intake site. This initiative expands VBA's capabilities for scanning and conversion of claims evidence, increases electronic processing capabilities, and assists in converting 100 percent of received source materials to electronic format. VBA has deployed centralized inbound mail for all ROs. The 2016 budget request of \$18.3 million provides resources to sustain operations at all 56 ROs and positions VBA to expand centralized mail operations to other lines of business and centralize outbound correspondence to veterans.
- Veterans Benefits Management System*: VBMS, as VBA's key business transformation initiative, provides a paperless claims-processing environment and improved business processes to provide veterans and their dependents with timely, high-quality decisions. National deployment of VBMS was completed June 2013 and provides access to over 28,000 end users. VBMS allows VBA to centrally manage the claims workload at the national level and direct cases electronically across its network of ROs to more efficiently match claims demand with available processing capacity. VBA went from touching 5,000 tons of paper annually to now processing 95 percent of the claims inventory electronically in VBMS. VBA has now completed over 1.32 million claims in VBMS. In 2015, VBMS is focused on delivering the National Work Queue (NWQ) and reducing reliance on legacy systems. In 2016, VBMS enhancements will focus on the Integrated Disability Evaluation System, appeals, and pension.
- National Work Queue*: VBA will distribute claims electronically from a centralized queue based on RO capacity using the electronic NWQ, a national workload management strategy. With all claims placed in the electronic NWQ, veterans' claims will be automatically directed across all ROs to efficiently match claim

demand with available expertise and processing capacity regardless of RO jurisdiction, delivering benefits to veterans more quickly and accurately. The electronic inventory provides real-time updates, no matter where the claim is assigned for processing. Veterans are still able to receive assistance with their claims by visiting their RO for personal assistance at the public contact sites, going on-line through eBenefits from anywhere, and utilizing VBA's National Call Centers across the Nation. In 2016, VBA is requesting \$3.2 million to provide the requisite funding to resource and support 13 employees to manage the NWQ across the VBA enterprise.

—*Veterans Relationship Management*: The VRM initiative continues to facilitate an increasingly more veteran-centric digital operating environment. VRM is delivering a scalable, enterprise-wide, services-based technology environment that will be the foundation for how veterans are served and how benefits and services are delivered. This new model will provide VA an integrated services delivery platform with the approach of placing the veteran at the center of the service with all business requirements and design being driven from the veteran perspective.

Components of VRM include eBenefits, the Stakeholder Enterprise Portal (SEP), Customer Relationship Management solutions, Digits-to-Digits, Knowledge Management, and Veterans Online Application Direct Connect. Through the eBenefits portal, veterans can submit claims for benefits, administer their accounts, and receive status updates. The eBenefits Web portal standardizes claim intake and enables collaboration with VSOs to assist veterans with all interactions with VA. VA continues to expand the capabilities available through the eBenefits portal as more veterans use the site. Today eBenefits has 4.4 million registered users and over 48 million visits annually. VBA's 2016 request for \$13.8 million, in addition to the \$67 million requested for VRM in the Office of Information Technology, will support ongoing operations and continued efforts to pilot and deploy new solutions for VBA mobile applications that expand access to self-service tools and benefits/services information in VBA portal environments; develop new service features in SEP for medical providers, loan officers, fiduciaries, and funeral directors; and integrate VetSuccess with Career Center for Veterans, enabling searches for jobs posted by unique employers targeting veterans.

RIGHT-SIZING VBA'S WORKFORCE

VBA's success in reducing the disability claims backlog is also due, in part, to its strong reliance on mandatory overtime by claims processors. Staff at all ROs worked mandatory overtime for 8 months in 2014 and resumed mandatory overtime on January 12, 2015, to accelerate the reduction in the backlog following the heavy leave usage period during the holiday season, and to mitigate the impact of any additional weather-related office closures during the winter months. Employees processing disability compensation claims are working 20 hours of mandatory overtime per month. However, this strategy is not sustainable from a human capital management perspective, and VBA is investing in other initiatives, like right-sizing our workforce and training, to improve performance. We are also taking the lessons learned in eliminating the disability claims backlog and applying them to transform business processes supporting the fiduciary program, the delivery of non-rating benefits, and the appellate workload.

For 2016, VBA requests \$2.7 billion for general operating expenses, an increase of \$165.8 million (6.6 percent) over the 2015 enacted level. These resources will support 21,871 Full-Time Equivalent (FTE) employees and allow VBA to administer compensation and pension benefits totaling \$83.1 billion to over 5.2 million veterans and survivors; education benefits and vocational rehabilitation and employment benefits and services to nearly 1.3 million participants; guarantee of more than 431,000 new home loans; and provide life insurance coverage to 1.1 million veterans, 2.3 million servicemembers, and 3.1 million family members.

As highlighted earlier in this testimony, VBA continues to receive and complete more disability rating claims, resulting in corresponding increases in the volumes of appeals, non-rating claims, and fiduciary field examinations.

—*Appeals*. Over the last 20 years, appeal rates have continued to hold steady at between 11 and 12 percent of completed claims. As VBA continues to receive and complete record-breaking numbers of disability rating claims in recent years (1.3 million claims completed in 2014), the volume of appeals increases concomitantly. The number of statements of the case and other appellate actions completed by VBA on veterans' appeals has increased 31 percent since

2011, from 135,000 actions to 177,000 actions. VBA currently has approximately 290,000 pending appeals.

- Non-rating claims.* VBA's success in completing rating decisions has driven an increase in non-rating claims. Despite completing a 20-year record number of non-rating claims in 2014, this work continues to grow. In 2015, VBA expects to receive 2.9 million non-rating claims and review actions, an increase of 7.4 percent over 2014 (2.7 million) and 20.8 percent over 2013 (2.4 million).
- Fiduciary program.* In 2014, VBA's fiduciary program protected more than 173,000 beneficiaries, which is a 42 percent increase in the number of beneficiaries from 2011 (122,000). Primary drivers of the growth in this program are the increase in the total number of beneficiaries receiving VA benefits and an aging beneficiary population. In 2014, fiduciary personnel conducted over 86,000 field examinations, and VBA anticipates field examination requirements to exceed 117,000 in 2016.

To ensure all aspects of the claims process are improved for veterans, VBA is requesting additional claims processors and field examiners. VBA is requesting \$85 million to fund 200 appeals processors, 320 non-rating claims processors, 85 fiduciary field examiners, and 165 support personnel (including 13 FTE for the National Work Queue (NWQ)), for a total of 770 additional FTE. VBA employees—53 percent of whom are veterans—are leading advocates for veterans, servicemembers, their families, and survivors and are key to our success. With the additional 770 employees, VBA will provide veterans with more timely decisions on their appeals and non-rating claims, and conduct thousands more vital fiduciary home visits.

VBA is able to accommodate additional staff without additional space requirements by digitalizing veterans folders:

Winston-Salem RO: Before and After Transformation:

Winston-Salem RO: Before and After Transformation:



HIGH LEVELS OF DEMAND CONTINUE IN ALL BENEFIT PROGRAMS

In addition to benefits provided through VA's compensation and pension programs, VBA's fiscal year 2016 budget request supports delivery of insurance, education, vocational rehabilitation, employment, transition, and home loan guaranty benefits.

VBA, through its Insurance program, maintains life insurance programs that give financial security and peace of mind for servicemembers, veterans, and their families. Insurance claims are currently paid in an average of 3 days at 99 percent accuracy. The Insurance program request is \$35.14 million, of which \$867,000 is in the GOE appropriation and \$34.27 million is reimbursable by the Insurance funds. This request will support 347 FTE and provides servicemembers and their families with universally available life insurance, as well as traumatic injury protection insurance for servicemembers. In 2016, VA insurance programs will provide \$1.3 trillion of insurance coverage to 2.3 million servicemembers, 1.2 million veterans, and 3 million spouses and children.

VA's education programs provide education and training benefits to eligible servicemembers, veterans, and dependents. The 2016 budget request reflects VBA's commitment to their needs. The request is \$207.5 million and 1,904 FTE to provide veterans, servicemembers, Reservists, and qualified family members with educational resources. These programs are designed to assist in the readjustment to civilian life, help the armed forces both recruit and retain members, and provide the opportunity to enhance the Nation's economic competitiveness through the development of a more highly educated and productive workforce. The most utilized of VA's education programs is the Post-9/11 GI Bill. As of February 21, 2015, VA has issued approximately \$49.5 billion in Post-9/11 GI Bill benefit payments to 1,359,148 individuals and their educational institutions since program inception in August 2009.

As a result of VA's success in automating the processing of Post-9/11 GI Bill claims, VBA is now providing benefits to the majority of Post-9/11 GI Bill beneficiaries in an average of 6 days at 99 percent accuracy.

The Vocational Rehabilitation and Employment (VR&E) program request is \$322.8 million and 1,594 FTE. VR&E is a veteran-centric program providing the services and assistance to enable veterans with service-connected disabilities become employable and obtain and maintain suitable employment or, to the maximum extent feasible, achieve independence in daily living. Through the VR&E program, VBA provides employment and independent living services including career vocational counseling, job search assistance, and post-secondary training for service-disabled veterans. VBA will also enhance outreach and service delivery of educational and vocational counseling services. These services will be delivered by Vocational Rehabilitation Counselors, Integrated Disability Evaluation System counselors, and contract rehabilitation counselors. These counseling services will also be provided through the VetSuccess on Campus programs at more than 94 schools.

VBA is also investing in the successful transition of servicemembers, building pathways to meaningful career opportunities for veterans by bringing them together with educators and employers across U.S. cities and communities and leveraging unique VA and interagency programs and resources to improve economic outcomes for veterans. VBA's plan to support these veterans includes the following strategic areas:

- Veterans Employment Center (VEC)*: Provides transitioning servicemembers, veterans, and their families with a single authoritative Internet source that connects them with job opportunities, and provides tools to translate their military skills into plain language and build a profile that can be shared—in real time—with employers. Employers have made commitments to hire over 390,000 individuals. Over 1.7 million private and public-sector jobs are listed on the VEC.
- Transition Goals, Plans, Success (GPS)*: The Transition GPS program helps separating servicemembers prepare for civilian life by providing benefits briefings and other transition activities. VBA has provided over 45,000 benefits briefings, career technical training courses, and support for capstone events to over 550,000 servicemembers and their family members (this count does not represent unique servicemembers).
- MyVA (City) Economic Opportunity Campaign*: VBA is collaborating with public and private partners in more than 20 communities across the country to help connect and amplify available resources and support for veterans and their families.

The VA Home Loan Program ensures veterans can obtain, retain, and adapt their home by guaranteeing their loan against foreclosure. The Housing program request of \$139.4 million and 907 FTE is funded through appropriations to credit accounts and helps eligible veterans, Active Duty personnel, surviving spouses, and members of the Reserve components and National Guard purchase, retain, and adapt homes in recognition of their service to the Nation. VA's partial guaranty on loans made by private lenders enables our clients to purchase homes with little or no down payment. Many of these borrowers would be unable to purchase a home without VA's assistance. VBA guaranteed 438,398 home loans and helped 80,000 veterans avoid foreclosure in 2014, while maintaining the lowest foreclosure rate (1.56 percent) in the industry for 25 of the last 27 quarters.

LEGISLATION

In addition to presenting VBA's resource requirements, the 2016 President's budget proposes legislative actions that will benefit veterans. VBA in this budget proposes changes in disability claims processes, an area where reform is greatly needed, for the benefit of all veterans who are frustrated with the time it takes to resolve claims and appeals. We are open to all ideas from the subcommittee and from VSO's to modernize this process, and make it work for veterans. Our increased manpower and great strides in automation are helping, but these cannot replace statutory changes to modernize the process.

CLOSING

We appreciate the opportunity to provide additional information on VBA's 2016 budget request and to share with you the progress we are making in transforming the delivery of benefits and services for our veterans and their families. The work we do continues and grows for decades after the end of America's conflicts. I assure you of our commitment to achieving improvements that will expedite the delivery

of benefits, improve quality, and ensure we are providing timely, accurate, and comprehensive information and assistance to all those we serve.

In today's challenging fiscal and economic environment, we must be diligent stewards of every dollar and apply them wisely to ensure that veterans—our clients—receive timely access to the highest quality benefits and services we can provide and which they earned through their sacrifice and service to our Nation.

This concludes my remarks. I am happy to respond to any questions from you or other members of the subcommittee.

SOCIAL SECURITY ERRONEOUS DEATH NOTIFICATION

Senator KIRK. Thank you, Under Secretary. I will start the questions. Let me ask you, 60 Minutes did a big, long report on the deceased Americans that were still getting benefits. Can you describe your work to make sure we are not paying people who have already passed away?

Secretary HICKEY. Thank you, chairman, for the question. And prior to the 60 Minutes show this past weekend, we had been working extensively with the Social Security Administration, as have we with other agencies, and had done some really good work with them to help move us forward on claims.

One of the conversations I had a week before the 60 Minutes show was a note to the current acting Commissioner at the Social Security Administration to ask if we could set up another team effort like we have done in the past to address whether veterans might show up on those lists, and how we can avoid sending a veteran a letter who is alive and saying you are not alive, you are deceased. And then how we can go about being part of the solution for both Social Security and preventing any of those letters from showing up to our veterans that are in error.

Senator KIRK. I would say that almost the entire private sector does not bother to send mail or sales promotions to people who are dead. We want to make sure that we are as good as any mass mailer in America with your operation. I would hope you would also work with the big list providers in America to make sure that we are following the same practices and not wasting money by issuing checks to people who are already in the great beyond.

Secretary HICKEY. So, chairman, a great question, a great comment. Certainly as I have been doing for the last several years, I am working with commercial industries that do similar work to what VBA does. In fact, I have been repeatedly over the last 2 years meeting with their chief claims officers and learning about what they do. And this is one I would be happy to discuss with them as well.

CHICAGO REGIONAL OFFICE

Senator KIRK. Thank you. Let me drill into the Chicago regional office. Right now I am told that we have about a 172-day delay in adjudicating a disability claim there. I ask you to facilitate my visit there so I could personally go through the process there.

Secretary HICKEY. So, chairman, happy to do so. In fact, I would love to join you in that process. And I think when you get there, what you would find is that we are phenomenally different than we were even a couple of years ago.

Senator KIRK. There may be some deep dish pizza and some Italian beef in it for you.

Secretary HICKEY. I will do that. I would love that. I have had good food in Chicago before, and I would look forward to the opportunity to do so again.

VETERANS BENEFITS MANAGEMENT SYSTEM

Let me just tell you nationally, I mentioned in my opening statement we have fundamentally transformed this organization. We are now 95 percent of our work is done in a digital environment where we have scanned over 1.3 billion images into Veterans Benefits Management System (VBMS), and now processing just about everything we do in a digital way. That did not exist 2 years ago, and it certainly did not exist in Chicago 2 years ago, and it made us very inefficient. We were touching 5,000 tons of paper every single year with little rubber fingertips on our fingers trying to make a very ineffective and inefficient process better.

We now today have VBMS built. There are 28,000 or more users on it, and that has resulted in some very good effects for our veterans, their family members, and survivors. By example, in Chicago, since they peaked in their backlog in June 2012, they now have reduced that backlog by 65 percent, and they are on target to bring it all the way down. And they did not trade speed for quality.

I think it is worthy to know they have increased their quality at the claims level by more than 11 percentage points, and at the issue-based level they are now at 92, almost 93 percent in their quality. So doing better answers and faster service to our veterans. And they will be part of our getting all the way down in this backlog this year.

Senator KIRK. Thank you. Mr. Tester.

Senator TESTER. I am going to defer to Senator Schatz.

ELIGIBILITY DETERMINATION AND CLAIMS PROCESSING

Senator SCHATZ. Thank you, Senator. Schatz, yes, you got it right. Thank you, Senator Tester. Thank you, Mr. Chairman. Ms. Hickey, thank you for your great work, and I know you have been making good progress.

I want to ask—I want to drill down a little bit on where the choke points are in terms of eligibility determination and claims processing—disability claims processing. The specific question I have is obviously you are getting into the modern era. You are making the IT investments, the software investments that are necessary. But presumably, there is a sort of suite of solutions that you have had to apply, and maybe it is personnel. You know, obviously you have had shortfalls in terms of clinicians. Sometimes it is clerical, and then sometimes it is policies and procedures.

Can you describe to me where the various choke points are and how you kind of do real time assessments, because it seems to me you could add clinicians, but if you are not processing the claims, then you are stuck. You could add clerks or you could improve IT, and if you do not have the clinicians, you are stuck.

And so, how do you kind of make those assessments, and then how do you report back to the Congress, because presumably those are operational questions. But we have a tendency to sort of say we did 1,500 additional FTEs; therefore, go do your thing. And I

am concerned that we are not giving you enough flexibility, and there is not enough of a dialogue about where the actual choke points are where we fix last year's choke point and there may be a new emerging one.

Secretary HICKEY. So, Senator, thanks for the question, and what you are describing basically is the transformation plan. When I came into this job in June 2011, I had to deliver to the Senate within 45 days a transformation plan that we have largely executed to today 45 different initiatives. Let me give you a sense of some of the big ones—people, process, and technology that we did.

First thing we did is what industry has done, which is we looked at how could we segment the work. So we took and segmented the work by complexity of the claim. Obviously lower numbers of medical issues and claims that have really sort of a simple answer go now in our express lane, and we do those much faster. Really hard ones, like Parkinson's, and diabetes, and even military sexual trauma (MST) that have much—many more implications and inferred conditions on them go into our most senior people in our special operations lane. And then the rest goes into body of work. Simply doing that process and breaking up the work gained us about a 10 to 12 percent improvement in our productivity.

The second thing we did was obviously move out of this lumbering paper-bound—by the way 5,000 tons of paper, touching, looks like 10 Mount Everests stacked end to end, and 200 Empire State Buildings stacked that we were doing in paper-bound ways. So we have looked lots of things. You asked about really those big muscle movements of what we really depend on. First and foremost, when I came here in June 2011, we did not have a particularly effective relationship with DOD. We have moved mountains in that respect between us and DOD.

One of those big muscle movements is getting a hold of the complete service treatment record from the day they signed up for the MEPs exam to get in the door until the day they leave in a separation health exam. That did not exist then and that relationship with DOD does now. First in the discussion, DOD had the impression they were giving us all those things within 45 days, and they did not understand why we were sort of not feeling good about that.

We now measure them all, and the first data points that we showed them about a year and a half ago that showed them, no, in fact, 83 percent of them were late to us, very late to us. That woke them up, and they went into high gear to resolve that. We now still get about 37, 40 percent late, but they have made major movement to reduce the late Service Treatment Records (STRs) that we get. That was one big issue.

Another big issue that we solved for is getting the fully developed claims. We were getting claims that were only partially ready to be looked at. So we have implemented, with the help of our great veterans service organizations out there, a fully developed claim process whereby the veteran comes in with all the parts and pieces that help us move immediately into the adjudication process.

REAL TIME VISIBILITY AND ACCOUNTABILITY

Senator SCHATZ. So just one final question. How are you in terms of visibility into the process in real time? I mean, if the analogy is a private healthcare delivery system, you should be able to run reports about current claims, about, you know, all of your personnel. You should be able to literally press a button and kind of know where you are at. I am assuming that you are not quite where you need to be eventually in terms of having the visibility that gives you the leverage for accountability to make sure that—first of all, you are making real time adjustments, but second of all, you are able to hold people down the chain accountable. Are you there—are you where you need to be yet?

Secretary HICKEY. So, Senator, I am probably further than you would expect me to be. So let me just describe a VBA that might be different than some of the things you have heard about relative to data, very quickly. My data is held—our VBA data is held at a national level. It is not held at the local level. It is turned over every night, so, in fact, if you would allow me for at least a 24-hour view, I do see data every single day, and I get reports, detailed reports, every single day. I make those reports available to you and the free world every Monday morning that we put out that data. I do not give it to you daily. I think you could not do your job if I was giving the amount of data I have daily, but we do it every single Monday so you get that.

I have also a VBA stat that I do and have been doing now for 3 years. Eight to 10 regional office directors sitting across from me once a month, all the rest on the phone, where we dig into in a 6-hour meeting their data in ways that are eye opening. And we do it in a lead-up way to make sure I know of any anomalies in the system, and they are accountable for describing what is going on.

Senator SCHATZ. Thank you very much, Madam Secretary. I really appreciate the work you have done. It is very impressive.

Secretary HICKEY. Thank you, Senator.

Senator KIRK. Mr. Boozman.

APPEALS FTE INCREASE REQUEST

Senator BOOZMAN. Thank you, Mr. Chairman, and thank you for being here, Madam Secretary, you and your staff, and we appreciate all of your hard work. In the 2016 budget, you requested an additional 200 employees to work on appeals, and I know you mentioned that earlier. I guess the question is, how many people do we have working on appeals now, and if the 2016 budget were enacted, how many would—what would be the total number of people that we have working on appeals?

Secretary HICKEY. So thank you, Senator. So you are right. There is a request for 200. It is not the full requirement. We also had a 2015 omnibus add that I really appreciate that gave us the ability to hire 250. Some of those—100 of those we put into appeals, so that would take us up to 300 in appeals.

But the real requirement is north of about 750, about 769, to get us to the point where we take appeals down to a year-long process. Today it is far too long. I know that. I hear it every single day be-

cause I am getting between 200 and 300 emails from veterans that I answer myself. But to get that down from sort of that 3-year unacceptable level, it would get us down to a 1-year level.

Senator BOOZMAN. So how many employees now?

Secretary HICKEY. Do you have that? I can get that for you, Senator, and I am happy to give you the breakout for that.

[The information follows:]

Senator BOOZMAN. In the 2016 budget, you requested an additional 200 employees to work on appeals. How many people do we have working on appeals now, and if the 2016 budget were enacted, how many would be the total number of people that we have working on appeals.

VA Response. If VBA's fiscal year 2016 budget request is fully funded, VBA would have 1,440 FTE working on appeals. VBA currently has approximately 950 employees on board dedicated to working on appeals in regional offices and 190 employees at the Appeals Management Center. VA is leveraging the funding provided in the 2015 appropriation to increase appeals staffing levels by 100 FTE, and the 2016 President's budget includes a request for an additional 200 FTE for appeals.

Senator BOOZMAN. And so, how did you arrive at the 200 number?

Secretary HICKEY. So we looked at the—there are several things that are key indicators for work required in appeals. The first is responding to the notice of disagreement, so when you get a notice of disagreement, it triggers something called an SOC, which is a statement of the case. And that is where somebody has to write the statement of a case, and then send that out to the veteran, and then have the veteran decide whether they wish to go forward with their appeal. So we take that number and see in general how many we have there and what the requirements for those statements of the cases are.

Then we also take and look at—once we move past that point, there is another trigger called a supplementary statement of the case. If after the veteran has moved forward in the appeals process, which, by the way, is a really open process that is not one that is described anywhere else like it. If we get information back that says the veteran now has created more evidence post the decision we made, it comes back to us to write another statement of the case to see if we can resolve that without it having to go through the full Board of Veterans Appeals and court process.

So it is based on all those sort of work requirements built into our side of the process, but Senator, that brings us to a broader point on appeals. Appeals for us is an issue that I need your help on, and at the end of the day, it is so wired in law, it looks worse than tax code. I need a solution that either changes the law or gives me the people that we need to do this. There is no other resolution that I can find that does a fundamental shift in it. Fully developed appeals will help with the margins, but they will not solve this for the long haul without law or people.

LITTLE ROCK, ARKANSAS AND OLD CLAIMS INITIATIVE

Senator BOOZMAN. Right. Thank you. We had a situation in Little Rock where a number of old claims were found, and there was some confusion as to what you do with old claims that were found. And some of these were very old, and they were told to stamp them as current. I guess the question is, is this a problem throughout the

country? How do we have these old claims? What are we doing with them?

If you find like an old claim that goes back to 1998, and you might comment on maybe the oldest that you are finding, okay? How do you—are we going ahead and putting those—are we treating those as old claims in the sense that they need to be done immediately, or are they just putting in—being put into the current day that they are found? And then also if a person is in that situation, do you go back and pay them back to the time that they made the initial claim, or are we doing it—post-dating to the situation where they were found?

Secretary HICKEY. Thank you, Senator, and I am glad you asked that question because I would like to get this on the record for everyone. Back when we were starting the old claim initiative, I asked the staff to bring the 10 oldest claims in the inventory, and when they did, here is the backdrop I got on most of them. It was a claim that came in—

Senator BOOZMAN. But these are claims, like I said, that were not really in the inventory that have just kind of popped up that they are finding behind desks?

Secretary HICKEY. No, sir, not at all. That is why I would like to explain it to you very quickly. And I will do it with one—and frankly I will do it with one that we have got in Little Rock. Here is the claim. It is more than 20 years old, but it came in 2 weeks ago. And you would go, that does not make any logical sense, and it did not to me either. So I said, how do I rationalize a 20-year-old claim that came in 2 weeks ago?

And what happened is when it came in 2 weeks ago, that Little Rock employee picked it up and did what a Little Rock employee is supposed to do. They go back through the entire claims folder looking to scrutinize everything that has happened over that veteran's life. When they did, they found that 20 years ago someone in the VBA system could have noticed there might have been a way to do a claim on something that they did not do 20 years ago, but they just got the claim 2 weeks ago. Then I said this does not make any sense to me. Why can we not go ahead in a policy and give the veteran the benefit, that gets to your second question, on the effective date of 20 years, but not charge that employee who just got this claim from the veteran 20 years later that he just started working on 2 weeks ago, 20 years against that in the system?

So what I said is let us be smart about this. Let us take the disincentive out of the system to go, well, the veteran did not know it is even here, and I found it, and let us instead put an incentive in the system for that employee to pick it up, do it, and give it to that veteran effective the 20 years ago date. So I did a policy that I briefed everyone on. We briefed the veteran service organizations (VSOs), we briefed the inspector general, we briefed the staffs of the four corners of the two veterans committees. We sent it out in a mail message. We did a public affairs address on it. We got out there saying we were going to do this.

We put controls on it. You could only have them—if the director or the assistant director signed it off, you had to write them on a sheet and send them up to Comp Service so they could track them. In fact, even the inspector general report on this one clearly states

the Little Rock regional office did nothing wrong. In fact, they exceeded the requirement I had in policy for them.

I have subsequently in the last month met with one of the very large VSOs, who looked at me and said we actually think that is a good policy. Why did you cancel it? And I said, because I had recommendations from my counsel and because we did not understand what we were doing. They want me to restart it because they think it puts a good incentive in the system for the employee to do the right thing by old things they find.

Senator BOOZMAN. Good. Thank you. That is very helpful. Thank you, Mr. Chairman.

Senator KIRK. Mr. Tester.

Senator TESTER. Udall has a meeting, so I am going to defer to Senator Udall.

Senator UDALL. Thank you, Senator Tester, for your courtesy. Really appreciate that. Secretary Hickey, thank you for your service, and we really appreciate your hard work. Hearing some of the things that you have talked about where you have moved from a paper system to a computerized system, I think in the long run that is really going to make a difference. And I know that you are making tremendous progress there.

This subcommittee has taken the lead effort to reduce the VBA claims backlog, and this has been a resource and efficiency issue since the beginning, as you know. And I am proud to have supported the increased appropriations which have led to the national decline in the claims backlog. And I am going to show you a graph here behind me, and I think you have a copy of that up there in case you cannot see all the details here.

CLAIMS BACKLOG AND ALBUQUERQUE REGIONAL OFFICE

This increase in funding also had an initial positive impact in New Mexico, and I think you can see right about here where the money came in, you saw a dramatic drop. But then what happened after that, we had a leveling off in terms of the claims process. And I think most veterans would say, you know, we made some progress initially, but what happened with that? I know we have a new director of the VA in New Mexico dealing with some of the problems, but I am wondering if you could focus in and see—what is your explanation for why there has been a national increase in the claims backlog, but in the case of New Mexico we are seeing not only stagnated progress, but an uptick in the percentage of backlog claims?

Secretary HICKEY. So, Senator, I would be happy to address that. First, I would like to tell you, your regional office run by Chris Norton in New Mexico is doing an awesome job. In fact, they have reduced the backlog in Albuquerque by almost 53 percent. And their quality is through the roof, 95 percent at the claim-based level and 98.9, almost 99 percent at all those medical issues inside of it. So doing an amazing job.

Here is what I would share with all of you on this issue. We have not stagnated on taking the backlog down. In fact, the Monday morning workload report this week shared with you that the backlog was 209,000. This morning it is 206,000, and it will start increasingly cycling faster as we have literally cut the inventory in

almost half. You will start to see over the next several months a really significant bend in the curve.

Here is a phenomenon I would share with you that happens every single year, and it is a—I am sorry, but I am stuck to the way the calendar was built. The fall—first quarter of every year, which you can sort of see there is when it starts to stagnate, has more Federal holidays and more holidays in it that affect productivity and production. It is a fact of the calendar. You will always see us do better the second, third, and fourth quarters routinely. So I have to try not to react to a calendar problem in the first quarter, but you will see that we have made significant progress second, third, and fourth quarters.

What I will share with you is I have been—we have done that increased productivity, that 67 percent increase in productivity, largely because we have transformed. So to the paper issue, we can simultaneously in parallel operations now share the electronic record between the hospital that has got to do the exam, the reviewer who is looking at it, and the VSO who is helping move it through. All of them can see it at the same time. Could not do that before. We are not mailing things around. We are taking that out of the system.

The centralized mail is going to take another 20 days out of the process. We are starting to see the effects of going into the full centralized mail now. Days are coming down out of the system because they are doing and scanning those in in 5 days rather than 22 days. So we will see, and we will get to, functional zero; I will say that. I am going to have people in the backlog by their choice or by the really unique circumstances of their life. But functional zero, you will agree with who is in functional zero and understand and nod their heads. And even a veteran in many cases who is in there will say that was by my choice. I do not want to do the exam yet. I want to add a new contention now.

I think you are going to be very happy with where Albuquerque gets. That is one station I was headed to when I got changed up on. I still have to get there, and I am looking forward to a visit.

Senator UDALL. Well, we look forward to having you, and we look forward to working with you on continued decline in terms of those numbers. And we really appreciate, as I said before, all of your work. Thank you, Mr. Chairman.

Senator KIRK. Ms. Capito.

Senator CAPITO. Thank you, Mr. Chairman, and I want to thank the witnesses for their hard work, and would really like to tell the Under Secretary and those who are working for you that after our meeting yesterday, really have a full appreciation of the volume of what you are doing. But appreciate that you are able to, you know, with the data show all the improvements that you are making, and certainly appreciate that.

DOD TUITION ASSISTANCE PROGRAM

I have a question surrounding the tuition assistance issue. On January 1, 2014, the Army issued a policy change to its Federal Tuition Assistance Program (TAP), and this change requires soldiers for all three components—Army components to wait 1 year after they complete advanced individual training or a basic officer

leadership course before receiving tuition assistance. You know, we have talked with our National Guard, and there are some questions. This could have some negative—the year wait—negative impacts on recruiting and educational levels within our Guard.

In the State of West Virginia, 65 percent of our National Guard has either a college education or is working towards that, and it is a good recruitment tool. I can vouch for that. Could you explain the reasoning and how you plan to address the already declining numbers of students that are utilizing this benefit?

Secretary HICKEY. So, Senator, thanks for the question. I will tell you that tuition assistance is a DOD program. I own seven other education programs that we process claims for in VBA, the 9/11 GI Bill and other kinds. There are seven other chapters——

Senator CAPITO. Right.

Secretary HICKEY [continuing]. Seven other chapters that I know you are well aware of.

Senator CAPITO. Right.

Secretary HICKEY. And I appreciate, by the way, your National Guard in the State of West Virginia, having been active Guard and Reserve, have a strong heart and family feeling for the National Guard.

Here is what I can tell you. We expect any time there is an implication to DOD programs on tuition assistance, there is going to be a reciprocal load request to utilize the benefits that they may be entitled to on our side. National Guard and Reserve has a unique opportunity on the 9/11 GI Bill perspective because they are both a still serving member, but maybe a qualifying veteran who can access resources while they continue to serve. So there are other changes I know that DOD has talked about in tuition assistance that could put further pressure on the GI Bill. We will have to respond to that if that is the case.

I will tell you that as we are taking military members through TAP, 75 percent of them are telling us at the point of meeting in TAP that they will plan to leverage their GI Bill. So I expect this benefit to continue to have a high demand.

One last thing I might offer is that I need your help across the entire Congress. We appreciate the benefit that came out in the Choice Act for Section 702 that gives veterans and service members the opportunity to use in-State tuition no matter where they have been based. We think it is a tremendous benefit. I went out immediately with letters to every governor and all the schools asking them to please comply by the required 1 July date.

We do have now—every State now has signaled intent to comply, but I only have four that are in compliance with the requirements for that in-State tuition that goes on the 1st of July. I need help from you all getting the word out across all the States to please comply as soon as possible. We are not going to let our student veterans suffer, so we will have to be prepared for our Secretary to take some kind of authority he has been granted to keep those veterans in school. But we really need the States to be in full compliance absolutely as soon as possible.

Senator CAPITO. Do you have those States?

Secretary HICKEY. I do. I will tell you the four that are in compliance.

Senator CAPITO. The four that are in compliance.

Secretary HICKEY. The four that are in compliance are Georgia, Texas, Kentucky, and Wyoming.

Senator CAPITO. Thank you.

Secretary HICKEY. All others——

WOMEN VETERAN ISSUES

Senator CAPITO. Okay, second question. Thank you for that, and we will follow up with the DOD on that on the tuition assistance. As you know, and I think we might have talked about this yesterday slightly, there are 200,000 women who have served in Iraq and Afghanistan, and now approximately 20 percent of the recruits are females, which creates more female veterans. I did not know if you were—if there were any specific—I know some of the hospitals have created women's clinics for the returning women's veterans. I did not know if there was anything specific that you are doing to address women's issues maybe in the area of sexual assault or any kind of mental health coverages along that area.

Secretary HICKEY. We are, and as you might imagine as a woman veteran myself, I have a great deal of advocacy for my sisters in service. So let me just give you a little bit of a drumbeat on that. We have in every single regional office a woman veterans coordinator, and that person is—we post it in public context so they all know who it is. We also have in every single one of our regional offices a military sexual trauma coordinator, one woman and one man, for the choice of the veteran who would like to speak more privately with them.

MILITARY SEXUAL TRAUMA

Of recent times, and this is a function of my email going viral and my willingness to actually answer them all myself last sort of May/June timeframe, that somehow I ended up as a person that was taking care of MST victims, which I have a special place in my heart for them as well. And now I have got a lot of requests for ways in which we could put people on very high density sites that are specifically addressing that to try to get better information out there.

About 2 months ago, I put an MST coordinator on one of those blog sites, and she has been actively helping. And at the same time, I released the names in the public domain for every single MST coordinator in every single regional office, their emails, so that people could reach them, and talk to them, and get help from them for this really difficult and sensitive topic. When I arrived——

Senator CAPITO. If you could just tell us, "MST?"

Secretary HICKEY. Military sexual trauma or MST.

Senator CAPITO. Right, I just wanted to make sure we had it out there, yes.

Secretary HICKEY. Right after I arrived, one of my first steps to do because I just know far too many people that have dealt with this, and it is just—we have got to do something about this. I asked, because I had heard that we were rating these lower than—granting these lower than we were doing our regular PTSD claims for combat, and fear, and terrorism. And, in fact, in the review, we

determined we were substantially about 20 percentage points lower.

I mandated that we go through an extensive effort to train, and we did that in conjunction with the Veterans Health Administration (VHA) folks together, the examiners. And as a result of that, in very quick fashion we got those levels up to par with the normal grants that we do for PTSD, and they remain there because I keep watching it. We do a review and I demand a review every 6 months, and we have remained on par with those claims.

Senator CAPITO. Thank you. Thank you very much. Good work. Thank you.

Secretary HICKEY. Thank you.

Senator KIRK. Mr. Tester.

AVERAGE DISABILITY RATING AND PTSD

Senator TESTER. Yes, thank you, Mr. Chairman, and once again, thank you for being here. I have got a chart here from the VA. You mentioned in your opening statement about the average disability rating being at 30 percent for basically 45 years, and now it is at 48 percent. I know we went into war in Iraq in 2000, but the question is why the difference. Why when it was static for 45 years at 30 percent, why today we have it at 48?

Secretary HICKEY. Really good question, Senator Tester, and lots of good data to show the following. Today's veteran is 10 times more likely to survive their wounds of war than World War II, Vietnam, and every other conflict, Korea and all the rest. So 10 times more likely to survive wounds means you are coming back with many more. That jumps you up.

Also we relaxed the rules for PTSD. We had 47,000 people on the PTSD rolls in the 1990s. Today we are breaking 800,000 on the rolls for PTSD. That is not just today's veteran. Those are World War II veterans who were never able to file before because of the threshold level to be able to have to produce proof—

Senator TESTER. Gotcha.

Secretary HICKEY [continuing]. Of what you endured at the Battle of the Bulge. It is also—we also—

Senator TESTER. So could you just give me an idea what—the veterans that served—of the overall veterans that served, the numbers that have served since the war in Iraq, how many of those veterans have post-traumatic stress disorder (PTSD) issues as a percentage?

Secretary HICKEY. I think—I do not know that I can do it as—

Senator TESTER. Is it half?

Secretary HICKEY. I do not even know that I could do that.

Senator TESTER. That is all right.

Secretary HICKEY. I do not know if I have it in that way.

Senator TESTER. If it possible and you can get it easily—

Secretary HICKEY. I can get that back to you.

Senator TESTER. It is just for my edification.

[The information follows:]

Senator TESTER. So could you just give me an idea what of the overall veterans that served since the war in Iraq, how many of those have post-traumatic stress disorder issues as a percentage?

VA Response. As of December 2014, 12.7 percent, or 262,904 of 2,065,944 GWOT veterans were service-connected for PTSD.

APPEALS PROCESS

Senator TESTER. So, okay. Let me talk about appeals, and I know you want to talk about legislation because I heard it in your answer to Senator Boozman, and I will let you get to that in a second. But how long does it take for a decision on an appeal currently, start to finish?

Secretary HICKEY. Sadly it is upward in the neighborhood of 800 to 1,000 days depending on the station.

Senator TESTER. Okay. And you talked about the appeal process being disjointed. You said in your opening statement that it is a complex law.

Secretary HICKEY. It is a complex law.

Senator TESTER. Which indicates you may need some help. Do you have a proposal?

Secretary HICKEY. I do. We have put one in front of you, and this one has come over before, our proposal frankly to fix it once and for all, is the legislation we have in front of you that says close the evidentiary record at the time the decision is made. And then what you are doing—

Senator TESTER. So the question is, have you put this proposal in front of the VSOs also?

Secretary HICKEY. I have.

Senator TESTER. And what has been their response?

Secretary HICKEY. In transparency, they do not favor closing the evidentiary record at the time the appeal is made. They prefer instead, and I give great credit to Disabled American Veterans (DAV®), who has taken the charge to do and try a fully developed appeal, which also requires a legislative fix from the Congress that allows us to move 25 percent of those people who will say here is all my stuff, I am not going to add anything else to it, move me through the appeals process. And the current approach they have is 25 percent of those would be allowed to do that. That could help at the margins. That is not going to solve anything for the long haul, and it is not going to solve anything soon.

Senator TESTER. This is absolutely your subcommittee, Mr. Chairman, but this may be something that we could have a hearing on to talk about the proposals and the ups and the downs. I think it would be very difficult to get legislation passed unless you get the VSOs on board. It is just going to be tough to do.

Secretary HICKEY. I agree.

Senator TESTER. But if there are ways we can make it work, because the VSOs are going to represent the veterans, quite frankly, that is who the chairman and I represent, too. Then we can try to figure out solutions. There has got to be middle ground here. There has to be.

Secretary HICKEY. Senator, I would love to find any solution. Right now, I have done everything possible within people, process. There is a little technology we need to do on the board side to get them more efficient. But I have done everything on my side I can do short of changing law or a lot more people.

MILITARY FAMILY RELIEF ACT

Senator TESTER. Okay, and I am going to be very brief with this because I think this is a slam dunk. There is a bill called the Military Family Relief Act. What it does is it expedites the process for recently widowed spouses of disabled veterans to receive their benefits. In other words, a veteran dies, their spouse get their benefits. Right now, it could take up to a year. It does not make a lot of sense to me, quite frankly.

Is there any reason why we could not just make it immediate? I mean, you are given the veteran, they are not divorced, they are married, whether it be a man or a woman that is the veteran. Is there not an easier way to get this done, because I cannot imagine what they are going—I mean, I just cannot. Someday it will probably happen to me or my wife, but I cannot imagine what they are going through. Is there some way to make it more streamlined, and would you support this bill?

Secretary HICKEY. Senator, I am fond of saying in my offices with my employees that I have a flat spot on the back of my head from banging my head on a wall on this very issue. Though it sounds a little bit trite, I could hug you or anyone else who would move forward this legislation to do this right thing by people who are suffering, and who deserve this, and are poverty level veterans and now poverty level survivors.

Senator TESTER. We will do that. I do not want a hug right now because I got a cold, but I will take a raincheck. Mr. Chairman.

Senator KIRK. Mr. Cassidy.

Senator CASSIDY. Hello, Secretary Hickey. Thank you again for coming by yesterday afternoon. It really helped. Now, one thing you mentioned just to follow up, and my staff has done a good job subsequent, and this may have been talked about earlier. I apologize; I was in another committee hearing. You had mentioned the progress you all have made in terms of accuracy of claims, expeditious, et cetera. And you had mentioned that even though there might be some centers which do not perform as well as others, that nonetheless it is constant across all centers as regards to percent accuracy, et cetera.

GAO REPORT ON REGIONAL OFFICE CLAIMS DATA

Now, the GAO report, though, seemed to take a little bit of issue with that from November of last year. And when they ranked the different sites, I cannot help but notice—I always take a city that has a pro football team is a big city. So in the bottom half we have 15 different, if you include Los Angeles, 15 different NFL football cities, which are poorly ranked in terms of accuracy of claims. And in the top we have seven. And in the bottom we have New York, Los Angeles, Baltimore, St. Louis, Houston, some really big cities, Philadelphia. And in the north, in the kind of top half we have New Orleans, Milwaukee, St. Paul, Twin Cities, so relatively small cities.

Long context to ask. As you look at your—the criticism was that you are not weighting according to the number of claims processed in each office the percent accuracy, which artificially inflates your accuracy. What are your comments on that?

Secretary HICKEY. Senator, first of all, the Government Accountability Office (GAO) report, if you look back to the dates that they pulled the data, are well—a long time ago for the range where they pulled the data, not reflective of today's quality improvements that we have made across the system. Second, there is variance across regional offices, but I will tell you there is not one I cannot identify where they have not made significant improvements in their accuracy and their quality. And that is what has driven up the full nine percentage point increase in claims quality.

The other thing I will tell you about the GAO study that was released last year, one of the—they make two points that I would say listen to as well. One of the points was they said that we were over sampling—first they validated that we had a statistically valid sample, but they said you are over sampling, you know. You do not have to do that many, and maybe if you did not do that many you could take some of those auditors and point them towards other things you want to do. I actually agree with them. We have done some work with two, now three independent parties looking at our quality process. We are likely to move forward in that regard.

The second thing that they said was, well, you are over sampling for the small cities or regional offices, under sampling for the large ones. So I said, good, let me see what happens if I change the—if I look at the data and I weight it based on size of what is being done. We did that. It made a 0.6 percent difference when we did that, so not much moving the needle at all on the differences between what we are showing you in our quality and our accuracy today.

But I still will probably likely do that because we could always do what we should do to even make it more refined and better. But you are right also, New Orleans has done a phenomenal job on their quality. Today, by example, their quality is 95 percent at the issue—claims-based level and 97.34 percent at the issue-based level. And they have reduced their backlog by a full 65.5 percent.

Senator CASSIDY. Well, let me compliment Fort Harrison, Montana, who apparently has been number one for a while. And so, whatever they are doing in Fort Harrison we need to export across the rest of the country, particularly to Baltimore and Los Angeles who are the worst.

I have no more questions. Again, thank you for coming by yesterday, and thank you for you all's good work in addressing the issue.

Secretary HICKEY. Thank you, Senator. And if I might just add, I do not have Baltimore and—oh, I do have Baltimore in front of me and L.A. But I will tell you in both cases, significant improvements made, and I thank this subcommittee for the additional resources you gave me to apply to the new training that we did where we literally stood the offices down and retrained everybody top to bottom. So I thank you for those resources to do that. And we are seeing improvements as a result.

Senator CASSIDY. Thank you. I yield back.

Senator KIRK. Mr. Tester.

FT. HARRISON MONTANA REGIONAL OFFICE

Senator TESTER. Thank you, Mr. Chairman. I have got just a couple of questions. And thank you, Senator Cassidy, for recog-

nizing Fort Harrison, Montana. The first one is a bit parochial. Recently Fort Harrison's VBA facility created 25 work spaces. Does the VBA intend to fill those spaces with people?

Secretary HICKEY. So, Senator Tester, some of that depends on what you all do in my budget. I will tell you I have—any of the people that you give me up to my full requirement, not even my budget, I will have room for because, guess what? I am not using paper anymore, and I have got lots of space to be able to put people in to effect it. So I know they have space for an additional 25. Depending on the budget, we might have the opportunity to grow the footprint.

Senator TESTER. So let me ask you, if they hire another 25, if we give you the budget authority and the money, and we hire another 25 additional folks, we would be up to 100 in Montana. Would that mean we would also get a VBA director in Montana then, or are there numerics around that kind of a thing?

Secretary HICKEY. Typically, when you are crossing into the 100 category, we are starting to think of you as a standing RO, so we would look at that. You would be considered a small one, and those are typically run by GS-15s. That would require a few extra—you know, not a lot, but a few extra FTEs because with that comes requirements for support services, things of that nature. So we are not talking a lot, but it could be upwards of a dozen more people.

SERVICE TREATMENT RECORDS

Senator TESTER. Okay. One of the most time-consuming pieces of the claims process is collecting evidence, and much of that evidence is gathered not by you, but by the DOD. Last summer, I wrote to Secretary Hagel after the DOD inspector-general-issued report revealing that the DOD was taking entirely way too long to transmit complete records to the VA. This is an issue that not only I have been involved in, but several on the Senate side. There have been reforms implemented, and your communication and cooperation with the DOD has strengthened over the last couple of years, and I commend you for that. Can you elaborate on how the transmission is going with the DOD of documents?

Secretary HICKEY. So we have—so thanks, Senator, for that, and they are doing better, and I am really appreciative of that because they are a critical supplier to our process. A year ago, about 80 to 83 percent of everything they sent us was late. We were getting it in paper. We were not getting it digitized. But that has all changed.

Now, they have built their Health Artifact and Image Management (HAIMS) system. Basically they are scanning all of their full and complete service treatment records at central cells at different places across the country. And then they are uploading them into this HAIMS system. Our VBMS system has been built and coded such that when we say—when we get a request for a claim, it automatically goes into the HAIMS system, no human intervention, asks for that record, finds that record, pulls it back across, and puts it into VBMS so it is ready to be looked at and worked by a VBA employee.

They have gotten better. They are now down to about 37 to 40 percent of them are still late, but they are doing better, and they

are really working hard at it. So we will continue to keep pushing so that we get them all the way down only because it is so critical to our ability to get and stay at 125. So we need them to stay eyes on target as much as we are right now.

Senator TESTER. Yes, and I appreciate that. I would just ask you if—I mean, there are many people on this subcommittee—I am not one—but they do serve on Armed Services. And there can be pressure applied to make sure that the DOD is doing their part in this transaction because it is an important part. I want to talk about National Guard and their records. Are they also as timely?

Secretary HICKEY. No, they are not, Senator, and I need more work there in rapid fashion.

Senator TESTER. And what is the pressure point to make that happen?

Secretary HICKEY. They have recently stood up a National Guard single point of entry cell as well. And as you well know, with a State that has a lot of National Guard in it, the National Guard has not always served with the same units and in various places. And as you well know, chairman, as a naval reservist, you often went as an IMA or an individual mobilization augmentee, and nobody was keeping track of your records anywhere. This is a real problem.

We actually let a contract to try to go understand better how we could figure it out because we were not getting enough in-depth understanding of how this could be made better on the DOD side. That is literally coming to me here in the next couple of weeks to tell me what they have discovered and found. As I see that and I look for opportunities to improve, I will be taking that to DOD from my perspective.

We need to do more about this. We have nearly a million in the Guard and Reserve who have served this country well and faithfully over this last 15 years of war and beyond.

Senator TESTER. Yes. I would just say, and then this will just be a side comment, that if you need help, we will help. I mean, we are using the Guard in a way that they have never used before. And so, I think it is important that we meet their needs, too. And if we are falling down, we have just got to figure out where to apply the pressure. We will work on it.

So once again, Secretary Hickey, thank you for your good work. I very much appreciate it.

Secretary HICKEY. Thank you, Senator.

Senator KIRK. Let me conclude with one last question. Is there any way we could establish something I would call the Hickey process for any amputee where in 1 day we could adjudicate that claim?

Secretary HICKEY. Chairman, when we have very seriously injured individuals, we put them at the top of the priority list along with POWs, Medal of Honor recipients, and terminal veterans. It will sometimes take a little bit longer than a day to do them, but we do prioritize them well in front of the rest.

I usually will find someone who is a double amputee has many more conditions we need to address. Can we take one and do it? Yes, we do that to try to get something started for that veteran all the time.

Senator KIRK. All right, thank you.

Secretary HICKEY. Thank you, chairman.

Senator KIRK. Thank you. Well, I remind members that we will keep the record open until close of business, and we will meet next week, Thursday. For those members who may want to submit additional questions, they can do so for the record.

SUBCOMMITTEE RECESS

Senator KIRK. The subcommittee will be meeting again on March 26 at 2:30 p.m. With that, we will close the hearing.

Secretary HICKEY. Thank you, chairman.

Senator KIRK. Thank you.

[Whereupon, at 11:26 a.m., Thursday, March 19, the subcommittee was recessed, to reconvene Thursday, March 26, which was later postponed to Thursday, April 15, at a time subject to the call of the Chair.]