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HEARING TO RECEIVE THE REPORT OF THE VA CLAIMS PROCESSING TASK FORCE (COOPER REPORT)

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

NOVEMBER 6, 2001

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HEARING TO RECEIVE THE REPORT OF THE VA CLAIMS PROCESSING TASK FORCE (COOPER REPORT)

TUESDAY, NOVEMBER 6, 2001

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The committee met, pursuant to call, at 2:02 p.m., in room 334, Cannon House Office Building, Hon. Christopher H. Smith (chairman of the committee) presiding.

Present: Representatives Smith, Bilirakis, Simpson, Evans, Reyes, Snyder, Rodriguez and Udall.

OPENING STATEMENT OF CHAIRMAN SMITH

The CHAIRMAN. The hearing will come to order. I want to thank all of you for being here this afternoon. We are meeting to receive the report of the VA Claims Processing Task Force chaired by Admiral Daniel L. Cooper. Mrs. Carolyn Hunt, who was a member of the Task Force and is director of the VA Regional Office in Lincoln, NE, accompanies Admiral Cooper this afternoon.

VA Secretary Anthony Principi created this Task Force with a mission of examining the system at large and making recommendations that the Department could implement now—without congressional action. This was no small feat. The Task Force had just 120 days to do its work.

The Task Force was led by our witness this afternoon, Admiral Daniel L. Cooper. Admiral, I want to thank you for your leadership and your commitment to our Nation's veterans. Admiral Cooper is a graduate of the U.S. Naval Academy and went on to serve on active duty for 33 years. Among his many assignments he served as commander of the Atlantic Fleet's Submarine Force and as the Navy's Budget Officer. Admiral Cooper retired with three stars in 1991.

Secretary Principi vowed from day one to address the issues facing the Veterans Benefits Administration with respect to the delays in processing the claims of our disabled veterans.

The claims backlog stands at about 530,000, and it takes about 200 days to process a claim, up from 127 days in fiscal year 1998. It is important to note that the backlog is not just made up of disability claims but also includes claims for pension and survivors' benefits. This backlog is about the same that existed when Congress enacted the Veterans' Claims Adjudication Commission in

1994. I know of no group of individuals that want the VA claims systems to work better than do the committed VA employees who have chosen disability claims adjudication as their life's work. Indeed, as a Nation we have over 7,000 Veterans Benefits Administration employees working on disability claims every day. Many claims involve multiple requests for disability. The fact that it takes 3 years to train a journey-worker adjudicator I think is instructive regarding the complexity of the system that we have created.

Adjudicators work with over 1,000 pages of regulations, 700 different disabilities, 112 presumptive conditions and hundreds of precedents of the U.S. Court of Appeals for Veterans Claims. This is the system that Congress has authorized and that the VA is in charge of.

VBA's 57 Regional Offices process about 24 million pieces of mail and answer about 9 million phone calls annually in administering our veterans benefits system, benefits that truly are earned ones. The average VA rating specialist will make about three-quarters of a billion dollars in ratings decisions through the awards he or she authorizes over a 20-year period. Making an appropriate decision on a claim for veterans benefits is truly one of the most important things the government does every day, and it is vital that we attract insightful and highly motivated persons to perform this job. As President Bush said recently, our Federal career civil servants are part of a, quote, "noble calling and a public trust"; and I applaud and absolutely endorse that view.

I have received Admiral Cooper's report, and both I and members of our Committee, majority and minority, have welcomed it, as have our staff, and read it. I think it makes a number of very important recommendations. We look forward to your testimony, Admiral.

I would like to yield to my good friend and colleague, the gentleman from Illinois, Mr. Evans.

OPENING STATEMENT OF HON. LANE EVANS, RANKING DEMOCRATIC MEMBER, FULL COMMMITTEE ON VETERANS' AFFAIRS

Mr. EVANS. Thank you, Mr. Chairman.

Admiral Cooper, thank you for appearing before us today to testify on the report of the VA Claims Processing Task Force. You and other Task Force members are to be commended for the many recommendations that the Task Force has made to improve the claims processing.

I thank our chairman for scheduling this hearing. Claims processing and particularly the huge backlog in veterans claims is a concern to every member of this committee. Now the committee should hear soon from Secretary Principi who has made reducing the claims backlog his top priority. I request that the committee schedule this hearing just as soon as possible.

The Task Force made a number of short-term and long-term recommendations to improve the processing of claims. I agree with many of the recommendations made, in particular the critical need of the VA, the Department of Defense and the National Archives to work together to address the chaotic state of records mainte-

nance and retrieval of the National Personnel Records Center in St. Louis, MO.

I am also pleased with the emphasis the Task Force placed on improving and maintaining quality while making efforts to improve the productivity of the VA claims processing. VA should get it right the first time. Anything else is detrimental to our veterans' interest.

I thank you for your service to our Nation's veterans and look forward to your testimony, Admiral.

Yield back the balance of my time.

The CHAIRMAN. Thank you very much.

The Chair recognizes the gentleman from Florida, Mr. Bilirakis.

OPENING STATEMENT OF HON. MICHAEL BILIRAKIS

Mr. BILIRAKIS. Thank you, Mr. Chairman. I, too, want to commend you for scheduling today's hearing and want to add my welcome to Admiral Cooper and to Mrs. Hunt.

During the 103rd Congress, Mr. Chairman, I served as the ranking minority member of the Compensation, Pension and Insurance Subcommittee. Due to the serious problems plaguing the VA claims processing system, former Representative Jim Slattery, the then subcommittee chairman, and I decided that our subcommittee should focus on improving the claims process.

As the ranking minority member, I met with my local service officers to hear their suggestions of ways the process could be improved. I visited the Board of Veterans' Appeals—we both did—to observe a hearing. It increased my understanding of the appeals process. I met with representatives from the veterans' service organizations to hear their views on the process, and I sat through numerous hearings conducted by the Compensation Subcommittee.

As a result of our work, legislation was enacted that made some changes that we hoped would improve the process and reduce the length of time it took to process a veteran's claim. Unfortunately, despite our efforts, problems continue to plague the VA's claims processing system.

While there are problems throughout the system, I am particularly concerned about the situation in my home State of Florida, which has the second largest veterans population in the United States. Florida has the largest number of veterans with service-connected disabilities ages 75 and older, and the State also has the largest concentration of veterans with service-connected disabilities rated 50 percent and higher. As a result, Florida has one of the most active Regional Offices in the country.

I have been told that we also have the largest number—and I am not proud of this—the largest number of pending cases, with 38,336 pending claims. The average length of time for an original claim is 210 days, and the average length of time for processing a reopened claim is 220 days.

In addition to its current backlog of claims, the Regional Office also has a growing number of appeals waiting to be processed. Currently, there are 8,573 appeals at the Florida Regional Office, which is the one and only Regional Office in the State of Florida.

Like most Members of Congress, I receive frequent complaints from veterans about the length of time it takes the VA to process

disability claims. I am pleased, as has been mentioned earlier, that Secretary Principi recognized the problem regarding the VA's claims processing system and made improving the system one of his top priorities.

I am anxious to hear, as we all are, from Admiral Cooper. Despite our previous efforts to improve the claims processing system and shorten the length of time that a veteran must wait for a decision, the Task Force's report clearly shows that major problem still exist.

Each year, the veterans' service organizations spend millions of dollars and devote countless hours to helping veterans with their claims. I know there have been many cases where my staff members have literally spent years—I think we have all had similar experiences—years trying to assist veterans to resolve their claims.

Something, of course, must be done to fix the system. As members of this committee, it is incumbent upon us to do everything we can to ensure that veterans are served by the claims processing system, rather than caught in what seems to be certainly a seemingly endless bureaucratic maze. I look forward, Mr. Chairman, to working with you and the veterans' service organizations—I emphasize the veterans' service organizations—and reforming the VA claims processing system.

Thank you, Mr. Chairman.

The CHAIRMAN. I want to thank the distinguished vice chairman of the Veterans' Affairs Committee for his statement but more importantly for his long-standing commitment to try and resolve this issue. I thank you.

Mike Simpson, the chairman of our Benefits Committee, the former Speaker of the Idaho House of Representatives, you are recognized.

OPENING STATEMENT OF HON. MICHAEL K. SIMPSON, CHAIRMAN, SUBCOMMITTEE ON BENEFITS

Mr. SIMPSON. Thank you, Mr. Chairman. Just a few brief comments.

I certainly join you, Mr. Evans, and the other committee personnel in welcoming Admiral Cooper and Mrs. Hunt to the committee.

In the potato country of Idaho we have a saying that a handful of action is worth more than a sack of talk. In fact, we have a lot of sayings in Idaho, like never drink downstream from the herd. I could go on and on, but I won't.

I believe this report represents at least a handful of actions that the VA can take administratively to make the claims process work better, and I applaud them. I was impressed with the number and scope of recommendations the Task Force has made to wring every ounce of quality and timeliness out of the current system Congress has established.

Admiral Cooper, your efforts to identify additional direct labor resources from the current system are very, very commendable.

I am new to the veterans claims issue and have much to learn. VA's career professionals continue to take on water faster than they can pump it out, it seems. The 1996 Veterans' Claims Adjudication Commission's report to Congress projected that if the VA had closed its disability compensation program to any new original

claims in 1995, that 20 years later, in 2015, the VA would still have about 72 percent of its 1995 workload due to reopened claims—which are perfectly legitimate. It is just very difficult to get closure on claims.

I understand from a GAO report that 49 percent of almost 3,000 veterans surveyed viewed positively the idea of being given the option—and I repeat the option—of taking a lump sum disability payment for which the person would continue to receive VA health care. This and perhaps other policy issues may be something that we could think about at some point as one way of getting a handle on the volume of pending reopened claims. No single approach is going to solve this huge backlog, and I think we should be prepared to look at a number of different issues.

Happily for our veterans, over roughly the past 5 fiscal years, of the 100,000 new disability awards that the VA made annually about 80 to 85 percent have been for a zero or a 10 percent disability. Over the past 5 fiscal years, the most frequent disabilities have tended to mirror disability experiences in the general population, which includes disabilities for knees, backs, and hearing conditions. Last year, the most frequent disability compensation award was for a nontender scar.

We have had a lot to deal with up here in the last 2 months, Mr. Chairman. I commend you for holding this hearing today. I know we have had to cancel it twice because of circumstances. I look forward, with the Admiral's testimony and working with the VA, on addressing the issues that the Task Force has identified because the system VA is administering is based on laws largely written by this committee.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Chairman.

I would like to recognize the gentleman from Texas, Mr. Reyes, and thank him for his good work.

OPENING STATEMENT OF HON. SILVESTRE REYES

Mr. REYES. Thank you, Mr. Chairman. I appreciate the opportunity to make a few comments and in doing so I want to commend my chairman for his interest in many of these issues. Every time we get together for a hearing he never ceases to remind me that, without Idaho, we would have no potato chips. So I certainly am mindful of that.

But this afternoon I want to thank Admiral Cooper and Mrs. Hunt, a member of the Task Force, for joining us here; and I am looking forward to their testimony. I certainly appreciate the efforts that they have made to address the backlog of claims of the Department of Veterans' Affairs. As with my colleagues, I have been very concerned about the backlog and the steps that the VA is taking to address that backlog.

I would especially like for you this afternoon to address the Task Force's recommendation on rewarding productivity. I do so because I am very disturbed about the recent VA actions rewarding the productivity of offices with such high error rates as Columbia, SC, to the detriment of offices such as Waco, TX, where employees are working hard to improve their accuracy. I hope the committee will

be able to address these kinds of concerns with Secretary Principi in the very near future.

The Waco Regional Office, which serves my district, is the second largest office in the Nation, with over 28,000 claims and over 6,000 appeals pending on November 2, 2001. The Columbia office is much smaller, with over 7,000 claims and almost 3,000 appeals pending on that date as well. Yet in fiscal year 2001 Columbia had almost three times as many claims as Waco returned by the Board of Veterans Appeals because of the need to obtain medical records from the VA medical centers. The Columbia Regional Office was rewarded for their efficiency with overtime authorization. The Waco Regional Office, with a much better track record of accuracy and lower rate of appeals, received no over time. As a result, veterans served by South Carolina received faster wrong decisions than veterans served by Waco, who received slower correct decisions.

This sends a very bad message in my mind to dedicated VA employees in Waco and offices like Waco who take the time to obtain and review medical reports and service medical records before deciding the claim. I hope that the many helpful recommendations of the Task Force will not be lost in the recent emphasis on, quote, unquote, productivity without regard to accuracy.

I look forward to addressing these issues myself, and I hope the committee does so as well and would again like to welcome Admiral Cooper and Mrs. Hunt and thank them for being here this afternoon.

Mr. SIMPSON (presiding). Are there other members that have opening statements?

[The statement of Hon. Steve Buyer appears on p. 31.]

Mr. SIMPSON. Admiral Cooper, we look forward to your testimony.

STATEMENT OF ADMIRAL DANIEL L. COOPER, CHAIRMAN, VA CLAIMS PROCESSING TASK FORCE; ACCOMPANIED BY MRS. CAROLYN HUNT, TASK FORCE MEMBER

Admiral COOPER. Thank you, Mr. Chairman. We appreciate the chance to come today and present our report. I am just sorry it is today rather than a couple weeks ago when we could have done it.

I respectfully request that my statement and the attached recommendations to it be put in the record, if I may, please.

Mr. SIMPSON. Without objection.

Admiral COOPER. What I would like to do now is to refer to a briefing packet that you have, it will give you some background on the study we did and how we did it. I think you will find it starts out with a presentation to the Committee on Veterans' Affairs.

Let me start by saying it is much easier to do a study and to make recommendations than it is to implement and execute those recommendations. So now the people that are over there in the office have a lot of work to do in trying to make sure that these get properly interpreted and properly carried out. I am sure that they will do that.

Each recommendation that we have presented was unanimous by our group. There was no disagreement on any of the recommendations that we made. There were minor discussions concerning the narrative that went along with a couple of the recommendations,

but each one of the recommendations we have was unanimously agreed to by our group.

Every recommendation we have made has been reinforced several times by experiences that we have seen, by places we visited and by testimony that we got. There is no recommendation in here that was strictly a one shot over the transom or given by a single experience somewhere. Every one has been reinforced by the experience that we have seen.

Finally, I would like to reiterate what the Chairman said. The vast majority of the VBA employees are executing a very difficult task to the very best of their ability. So whatever we can do to help them do it better, that is the intent of our particular group.

Looking at the briefing overview, I merely point out this is the outline of the record, the report that you saw. You will find, of the 34 recommendations, 20 of them have S–1 through 20, and that stands for short term. What that means is any one of those could be implemented within 6 months, in our opinion. Obviously, you are not going to implement all 20 simultaneously, but any one of those could be done within 6 months. The ones that are medium term are those that would take a good bit longer to implement, maybe up to a couple years. But there are things we felt were important enough at least to allude to in our report.

The composition of the Task Force in chart number 3 shows that we have lots of people who had experience with the VA and with VBA. The only person on there that really didn't know much about this was the person designated as the chairman—myself. There was a time when I thought VA stood for Virginia. However, I must admit I dedicated myself, and I now understand. But each person on the team was extremely competent, very dedicated, and knowledgeable in what was going on. They asked the right questions as we went around. No member was a shrinking violet. Not a single one of those held back. We got into some very thorough and long discussions on several aspects of this report.

Looking at the charter, it is the charter that Mr. Principi specifically gave to us. As you look at the charter there on page number 4, you will have numbers in parentheses. At the end, what we did, I asked one of our smarter members to go through all of the recommendations and see which ones of those are applicable to the charter. We didn't do this as we went through so that I didn't reorient anything as we went through the study. But at the end I wanted to see how we had done.

For instance, you can see on the first part of the charter we have 24 recommendations that speak to that. And so on down. The last one, which talks about VHA medical, we have three. I was confident, once we did that, that we had in fact addressed each one of the charter recommendations that the Secretary wanted us to look at.

As you see, the first one has to do with organization and processes; the next one, shrink the backlog by increasing in efficiency. Then looking at information technology, then looking at the appeals process, and finally looking at the physical—the medical physical problems.

Looking at the goals you will know that the Secretary has advised us to the fact that he wanted to reduce the backlog by 50 per-

cent and also wanted to reduce the process time for the average claim by 50 percent.

Over the period of the study, we developed some other things that we thought were also important—and I call those Task Force specific—such as identifying and freeing up direct labor hours. Secondly, to improve the claims process itself, to enhance accountability at all levels—I will discuss these a little bit more—and finally to encourage one VA.

One VA seems to be a term that has been used off and on in the Veterans' Administration. The fact is, you have three very solid separate entities in BVA, VBA and VHA, each one to a great extent doing their own thing. One of the major points I would make in this study is that this may be a VBA problem, but it has to have a one VA focus in order to solve the problem.

The Secretary's guidance further, besides the charter itself, was that each action be under his purview today. What can he do, given the authority he has as Secretary of the VA himself, without coming back to Congress and asking for legislative change, without looking at the judiciary to see what might be done there.

Finally, he gave us a time frame of 90 to 120 days. Let me say, as I am sure many of you realize, 90 to 120 days is a pretty short time frame when you are trying to put your hands around a subject such as this.

I want to talk about methodology. I felt one of the most important things we had to do was to create credibility to ensure people, whatever we came out with, that there was credibility in what we said. They didn't have to agree with everything we said, but at least we had looked at it to the best of our ability. We did it professionally and thoroughly. We did review all the past study reports and the recommendations, the Veterans Claims Adjudication Commission, National Academy of Public Administration. We looked at all the GAO reports that seemed to be applicable and IG reports from within the VA itself.

One of the things we did, we held the open hearings. GAO, some of the staff from the Hill came over, the VSOs, VSC managers, VHA, VBA, BVA, all the ones that I have listed there. We had them come in separately and talk to us, give us whatever briefing they wanted to, answer whatever questions we had and let them ask questions.

We then visited 12 Regional Offices. What I did—because in that short time frame everybody can't become an expert in everything—we divided into three teams. One team was for process, one team for training and information technology, and one was to look at personnel, quality assurance and measurement. By doing that, then we could have each of those teams focus on those areas and then we would get together as a committee of the whole and discuss them at great length.

By doing that we could also get to more Regional Offices. We wanted to get every one of us to at least one of the best Regional Offices, as determined by the ratings system VBA had, and one of the worst ones and one somewhere in between so we could get some kind of a picture across the board of how VBA was doing. We went to the training sites, the records, and the data processing centers—the training centers both down in Orlando, FL, and up in

Baltimore; the records processing center out in St. Louis, which was mentioned in one of your statements; and finally the data processing center in Illinois.

We asked that several groups come in and talk to us. We had the FedEx Cycle Time Reduction group from Memphis University come in and talk to us about cycle time reduction. Ford had a best practices outfit who came in and talked to us. We spoke to USAA, the United Services Automobile Association, very, very highly regarded as a way of doing claims processing and as a financial services company. Just to be perfectly honest, I used to be on the board of USAA, so I knew them to be very good. They were extremely cooperative, told us everything they could to help us.

The final point that I would like to make is that last one on there, VBA was very professional in answering every question that we asked. And where a lot of times when you are doing a study on a group, and they know it is going to be controversial, you will get a slow roll. We got an answer to every question we asked. Sometimes it wasn't as fast as we wanted, but on the other hand they were doing real work while we were doing the study.

I want to talk about impacts on workload. As was mentioned in a couple of your statements, there are several things that people don't, right off the top of their head, realize.

The time to process each claim in the last decade has doubled. Every claim that they have it takes about twice as long as it did 10 years ago.

The aging claims are of great concern, particularly those for people 85 years old and older, veterans from World War II and the Korean War. In the year 2000, they figured they had 200,000 people 85 and older. The estimate is in 2010 we will have one and a quarter million veterans over 85 years.

We looked at the appeals and remands. They are extremely slow and difficult. We addressed those as we talk about the BVA.

We talk about the increase in the number of claims per military conflict. If you look at a graph, I think Joe Thompson showed you about 6 months ago, you will find if you look at World War II you have X number—I think it is about 12 percent of the veterans. You look at the Gulf War, you are up at about 30 percent of the veterans putting in for claims. All that means is you are getting a lot more claims in.

You are also getting more issues per claim. It used to be the average number of issues, that is, I have a bad arm, a bad leg, a bad eye, you would have three issues per claim about 10 years ago. Now the average number of issues is somewhere in excess of seven issues per claim. Each one of those has to be adjudicated in order to satisfy the claim.

There is obviously an increasing awareness on the part of veterans. This is a plus. We are advertising the things and the benefits that the veterans are entitled to receive. They are knowledgable in that. But, as a result, you get more claims because they realize they are entitled to those benefits.

Finally, you have the attrition of institutional knowledge as people who came in at the end of the Korean War and end of the Vietnam War are now coming to the place where they are about to retire.

The workload is a very dynamic workload. If you look over the historical workload graphs, you find that there is no normal workload. You cannot say if we have X hundred thousand that is a normal workload. That just isn't the case. It is up and down like a yo-yo.

Another impact that we found was that too much time is not focused on claims processing. As the Chairman stated in his opening statement, 24 million pieces of mail, 9 million telephone calls, 5.5 million folders to take care of. So there are a lot of things that are done that are not specifically focused on claims processing.

One thing I point out in chart number 9 are the things that were used as they did their BPR, better practices review. These were some of the assumptions they had. This was four or five years ago. It is easy to look back and say those assumptions weren't very good. It shows you it is difficult to predict. But they predicted a static workload, there would be no future wars or conflict, nominal legislative impacts, new claims by National Guard and Reserves would not occur. Nor did they account for shifting demographics. I merely point out that it is very difficult to look ahead several years and make an estimate of what is going to be happening. As I said, this is a one VA problem.

I wanted to show on page 10 the fact that there have been 10 relatively major changes in 13 years. Every one of those is a good thing. Every one of those helps the veteran. But the fact is, we all have to recognize each one has an impact on the workload. Each time you have to either go back and review some of the claims you have already adjudicated because the laws changed or you have a sudden influx because more people are eligible for those benefits, it affects the workload. It is absolutely the correct thing to do, but it has a major impact.

As we look through we very quickly came upon three what I call "overarching themes" that I think really are the backdrop to the problems that they have.

The first one is accountability. We felt, as we looked at this, that it is fine to stand up and say I am in charge of this group, but you have to know what is going on out at each one of those Regional Offices. We felt that there was a breakdown in a Central Office knowing what was going on or how those Regional Offices—each one was operating. They had a very unusual organization, and I will talk to that in a few minutes.

Communications we felt were very garbled. You had "fast letters." You had regulations and manuals. "Fast letters," as would you expect, are things that they put out as soon as something becomes appropriate, whether it is a new law that they want to get out fast so people can start working on it, where there is a change, whatever it is, you send it out in the "fast letter." But what we found is that frequently the "fast letter" was in error. So within 2 weeks you were sending out another "fast letter" to change the first letter. Further, the manuals that people are using to operate their systems were not being kept up. Therefore, the "fast letters" might be out there, but the manuals that told them what to do did not reflect some of those things.

Finally, change management. There were many changes introduced when Mr. Thompson went in. He made a lot of changes and

rightfully so. Unfortunately, we found that the change management was not very good. And even though changes were imposed, it seemed to me, as we looked at it, that each Regional Office got to vote and said, well, I will put this change in 100 percent or I will put this change in 50 percent or I will do this change next month.

In one case, we were talking to some people from the veterans service centers. I finally said, well, let me ask you a question. How long are you having trouble putting these changes in? Tell me what a couple of the changes are. They named them. I said, how long have you had that change to put in? The answer in one case was 4 years. And I thought, for pity's sake, you have a change for 4 years and now you are telling me you are having a problem putting changes in.

So all of that speaks to change management, and it was not very good.

I want to move now to findings, accountability of leadership and organization. Unfortunately, being a nuclear submariner, our philosophy is pretty much as you see there. You get what you inspect, not what you expect. Now you can't run every organization in the country that way, but it speaks to the way you ought to be leaning.

There is the lack of uniformity, that I mentioned. The Service Delivery Networks they have out there, the way the are organized—I won't go into it. It is in the report. But they just do not make sense to me from an organizational construct.

The Office of Field Operations, a group at central headquarters, had a very wide-ranging span of control, to such an extent we just didn't feel that they were doing the job that was expected. They were doing a job, but they weren't doing a job for which they presumably were designed.

The communications I have spoken to—regulations, manuals and "fast letters."

The compensation and pension medical exams we felt were a real problem.

You will find in remands, by the way, that 20 to 30 percent of the remands are predicated on some medical problem. Whether it wasn't the latest exam, whether the exam wasn't done properly, whether the request for the exam wasn't correct, whatever the reason, about 20 to 30 percent of all your remands are predicated upon the medical results that were put in to justify the decision.

We felt that part of the problem was that the physical exams were being done at a low level at VHA. VHA is doing a very good job in many things, but the physical exams which had to be done for these people were being done at a low level, and there was not much visibility. So no matter how those exams were, they may be going back and forth between VBA and VHA and this is what caused part of your long delay. Yet it didn't have the visibility so you could see what the problem was and jump on it and say that is enough. So we think we addressed that.

The Records Management Center in St. Louis is run by VA and is quite well done. We visited out there. We have a National Personnel Records Center, NPRC, which is run by the National Archives. I've got to tell you, if any of you ever go out there to visit

you will be amazed at what the results are. It is very sad to see how it is.

The GAO report addressed it pretty carefully. But we went out, for instance, and got back in the stacks where they have 80 million records filed about 15 different ways. At one point, they pulled out a box of paper, here was a sheet standing up like this which indicated that record was gone, so now you go over to see when that record was taken: 1967. Now, part of that problem is that if they go in there and find they can't find the record, there is a great reticence for the organization to say we can't find the record. If they could immediately say we cannot locate that record, then VBA should be able to start doing something to reconstruct the physical evidence. But if you are still looking for the record, you are into, again, a very extensive delay.

We looked at the training and work force and felt that there were a lot of things that needed to be done in training to make it overall better, more credible. We looked at resource allocation, and we looked at integrated training across the board.

Information technology, we did not get into in great depth. However, we did feel that part of this change management problem was a lot of the IT type changes that were put out that had not been either properly tested or, if an individual one had been tested, the synergism of that particular IT change had not been effected against another change or the way another system happened so you didn't know what the synergism was as you put changes out. This causes a great problem. Therefore, control of IT, control of the changes we felt was bad.

We looked at VETSNET, and all of you are aware of VETSNET. That is a system that will eventually replace the Benefits Delivery Network (BDN). The Secretary is intimately involved in that, as is the CIO. We did not get into it in great depth. However, we did point out there were several problems.

The same thing with the BDN. This is the system that pays all the veterans. We were concerned that it hadn't been kept updated. As a result, we made some recommendations. I know they are, in fact, being carried out, so the BDN does remain as reliable as it had been, which has been very, very high.

Finally, we felt very strongly that VSO professional relationships had to be encouraged, enhanced. We were very impressed with the VSOs who came to talk to us and very pleased with some the recommendations they had. I think that they have accepted our report and will work very thoroughly with us.

I want to mention one more thing, by the way, as far as methodology went. We allowed everybody who wanted to come and talk to us to come. Nobody was precluded, preempted from coming to talk to us. At the end, I put out the word to every organization. Everybody who wanted to come in and talk to the chairman alone, I would be glad to talk to them. We had about six individuals and four or five organizations who came in, and we talked at some length to make sure I understood what their concerns were. They understood essentially where we were going. I did not talk to them specifically about recommendations but to make sure at least we all appeared to be on the same page. Credibility I felt was ex-

tremely important as we tried to put this rather difficult problem together.

Looking at your 16th slide or 16th view graph, there are a couple things we did on the backlog, one is the Tiger Team, I think you have heard about that. We have a Tiger Team in Cleveland that is looking at the 75-year-old-and-beyond group, the World War II, the Korean vets, but particularly those claims that are over a year old and trying to get on top of those. Many of those are for lost records or whatever. So we felt by having a Tiger Team that just focused on that would allow the rest of the ROs then to focus on other claims and not get bogged down by one of those more difficult ones.

We said that they should defer introduction of new IT initiatives. This does not mean that they no longer have IT initiatives. It means they can continue working at headquarters or wherever they want to work them, but don't introduce new IT initiatives until we get on top and over the hump with the backlog.

We requested that BVA be intimately involved in processing of remands. One of the longest delays you have is BVA saying they are going to remand. They remand for many reasons. Some of them are very good, some of them very problematical. We are saying we ought to be able to set up some type of organization where BVA gets the evidence when they determine you need some more medical information. BVA gets the information rather than sending it back to the RO; having the delay time in the mail; getting in the queue, which delays it even further; and, finally, the guy gets it and starts to work it, this takes more time.

If we can do it at BVA, we should be able to reduce a lot of the time necessary to take care and adjudicate the appeals and do it properly without any loss to the veteran. In fact, we expect it to be a much more expedited system.

In the record recovery from NPRC, as I say, it is really quite bad now. We hope that some of our recommendations will help.

Under the direct labor hours: I went out to the Veteran Service Center (VSC) managers last week, when I told them at a retreat, that we can come up with some of these things to increase labor hours available. But they (the managers) have to know what they are because they have to know when they have an hour or two here that they are saving. Otherwise, it is going to be frittered away.

But these things, deferring Eligibility Verification Reports (EVRs) and Income Verification Matches (IVMs), are possible things to do.

Expediting favorable decisions: as I told you, more and more claims are coming in with multiple issues. Therefore, why can't we help the veteran by saying: look, number one and number four are obvious. We can give you 10 percent disability right now on those. We can't adjudicate number two and whatever ones are left right away. But let him get started getting his money immediately for the ones that can be done easily, rather than waiting until you do all of the issues. We think that this is a thing that should be able to help the veteran.

Extend the time frame for routine compensation exams: There is an area in the manual, where it says for some types of exams you have between 2 and 5 years to come back for re-exam. It has

seemed to be the policy or at least the case that frequently they would say, come back in 2 years. If you are given a leeway of 2 to 5 years, why not just say come back in 5 years? Why make the guy come back every 2 years and therefore get back in the system and whatever problems that presents?

Then we look at competitive sourcing of predetermination. We determined it can be competitively sourced; in other words, have a company come in at a particular RO as a test and see if they can carry out the predetermination phase where you are getting all the records, you are getting all the information you need. Is that a good idea or not? I am not sure. But it is at least something we ought to look at. That was our thought.

In promoting accountability: again, we are back to change management. The communications discipline, the fact that the letters went out as I described, that shouldn't happen in any organization. What you have to have is someone who will—one person—who will clear the letters that go out so you have somebody that has a sense for what is going on in the whole organization.

Credit brokered work: Sometimes we send work from one RO to another. If one RO can't do all the work that one has, we send it over to another one. But we have no way of crediting the guy that did the work. Now, the guy that gets the credit is the guy that didn't do the work but had to send it over to another one. So we are saying, look at that system.

Restructure VBA management: as I talked before about the SDNs and the Office of Field Operations. Redefine claims processing errors: As we look at errors, if you made a bad claims decision, that is one error. If you made a misspelling in a letter, that could be an error, also. Well, that is ridiculous to have those two errors, so completely different in importance, be equal errors. So we are asking that this be looked at carefully.

The information technology: I mentioned deferring introduction of the initiatives, the BDN, the VETSNET, and commencing One VA system integration, looking at IT from a total VA prospect. So that is one of our recommendations.

Finally, I would say to you that the VBA serves the veteran best by doing it expeditiously while emphasizing quality and consistency. We talked about productivity, but the guy wants it as fast as he can get it. He wants it right, but he would like it fast. That is what we addressed.

The situation is that VBA problems require a One VA focus. VHA has to help and is; BVA has to help and will be. The VSOs and VBA must work together to continue to foster a working relationship with cooperation, professionalism and responsibility to assist the veterans as they try for these benefits.

Finally, I feel strongly that veterans deserve nothing less than full and unqualified assurance of consistent, equitable and expeditious handling of their claims.

Mr. Chairman, that concludes my statement. I will be glad to answer any questions.

[The prepared statement of Admiral Cooper, with attachments, appears on p. 32.]

Mr. SIMPSON. Thank you, Admiral, for your statement and for your longstanding service to the country and also to the veterans now. I have just a couple of observations, then one question.

First, possibly the most underrated yet important recommendations of the Task Force is to upgrade the Benefits Delivery Network, known as the BDN. Because getting roughly $2.5 million compensation and pension checks out monthly is part of keeping a public trust. We cannot let BDN fail while VETSNET languishes in its eighth year of development. The BDN recommendation alone makes this report worthwhile.

I found interesting some of your statistics—that the staff had been reduced over the years at the BDN, and apparently that was transferred over to get the VETSNET program operating and so forth. It seems like we are disintegrating one system while we are trying to implement another system.

Admiral COOPER. I would say to you, Mr. Chairman, they immediately jumped on that; and over at VBA they immediately put money into it and are hiring and doing, as I understand it, the things necessary to ensure that BDN does not fall.

Mr. SIMPSON. Secondly, a brief review of the backlog of compensation and pension claims over roughly the past 5 years shows that reopened claims typically outnumber original claims by about three to one and that about two-thirds of the pending reopened claims are from veterans who currently are receiving disability compensation or pension. About two-thirds of the appeals pending before the Board of Veterans' Appeals are also from veterans receiving benefits.

Third, I like very much the Task Force recommendation to put claims adjudication work and associated FTEs at the Regional Offices that achieve results. Veterans deserve no less than that.

Admiral COOPER. We think that should be a very helpful step.

Mr. SIMPSON. One of the other things I have noticed—I have gone through many of these things in the 3 years I have been in Congress—is whenever we do a report or Task Force or GAO report or IG report or something, it seems like there are shelves backed up with former reports with recommendations that may or may not have been followed up on.

I like particularly, as I talked to you earlier about this, your recommendation on page 5 that the Task Force recommends an oversight group external to the VBA be constituted to ensure that the remedial actions are properly and effectively implemented. I think this is one of the keys to making anything work—to make sure that you have oversight over it to ensure that things are being implemented as the recommendation is put forward.

Admiral COOPER. Yes, sir.

Mr. SIMPSON. I strongly agree with the Task Force recommendation to use veterans service officers more effectively in bringing forward ready-to-rate claims. Because the service officers, or VSOs, of State, county and city Veterans' Affairs Departments have power of attorney.

Former Under Secretary Thompson testified last year that some 3,000 service officers are in a position to help in this regard when trained, thus bringing true meaning to the VA/service officer part-

nership. That partnership could be very critical in helping reduce this backlog.

Admiral COOPER. Absolutely. And the training is an important cog. It is very important the training be looked at. Some of the training for VSOs has been done and now needs to be enhanced. But the training is a very important aspect of this.

Mr. SIMPSON. Lastly, I would like an insight from you, Admiral, regarding what seems to be 50 years of incremental policymaking by Congress in the adjudication area. The Transition Commission recommended that Congress examine the policy foundations that drive the VA's disability compensation program, and the Veterans' Claims Adjudication Commission and the GAO recommended that Congress examine various policies that drive the claims system. Would you please elaborate on what policies and statutes the Committee might examine, if any?

Admiral COOPER. I would like to take that for the record, because I have been focused for 90 to 120 days on specifically what Mr. Principi can do as Secretary. I would be glad to take that and get back to you. I really focused on group things that could be done.

As we talked—but I didn't write them down—we came to things that might call for congressional action but we just stayed away from them because we were very focused on what could the Secretary do. But I will be glad to take that for the record and try to come in with some knowledgeable statement.

Mr. SIMPSON. I appreciate that.

(See p. 160. question 3.)

Mr. SIMPSON. I notice that your report was directed by the Secretary to those actions that he could take administratively himself and not require congressional action. But, as you mentioned in your testimony, there are things that drive the adjudication process, actions that Congress takes and those types of things, that, while they are appropriate things to do, they have consequences that we have to be aware of at the time and possibly remediate at the time we take those actions.

So I appreciate, again, your service to the country and to the veterans and this report I found fascinating. Anybody that hasn't read it I think ought to get it out and read it. There are some very, very good, solid business recommendations in this report. I appreciate it. Thank you.

Mr. Evans.

Mr. EVANS. Thank you, Mr. Chairman.

Getting it right the first time is the proclaimed goal of the claims processing efforts. Can the goal of getting it right the first time be achieved in a timely manner with current resources?

Admiral COOPER. With current resources—First, everybody will never get it right the first time. You strive for that and you push very hard to get better, but you are always going to have some reason why people don't think it is the right decision——

There are enough. In my opinion, today, there are enough resources in VBA to do the job that has to be done. They have gotten in each of the last 3 years 600 to 800 people. So they have had a good influx of people. It is now a matter of training those people—and they are very smart people, by the way. The GPA of the people they are getting coming out of college is very high. I think they are

quite satisfied with the hiring they have done. But, like anything else, on a complicated process like this each one has to learn, and there has to be a learning curve. I think eventually they will get there.

But I do not think myself—and I have discussed this with the Secretary, and I don't want to quote him, but I would say right now that the resources necessary are there right now.

Mr. EVANS. Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Bilirakis.

Mr. BILIRAKIS. Thank you, Mr. Chairman.

Admiral, first, thank you. Thank you for your service all through the years for our country, for our Republic and for your services as far as this report is concerned.

You have already indicated, in response to a question I guess from Mr. Evans, that you have focused on what can be done without any congressional action or judicial action being required. Not meaning to belittle the report—because, frankly, I admit I haven't read it—I have concentrated in one area, and I very much appreciate your emphasizing the veterans service officers and the role that they can play. Frankly, I have always thought that they can play—they do play a big role. They can play even a bigger role if we do it right.

I wonder, can you tell us what percent of claims are initiated through a veterans service officer, through a VSO?

Admiral COOPER. No, sir, I cannot.

Mr. BILIRAKIS. Were you concerned about that? I mean, you have indicated here your M–1 recommendation which, frankly, I think is terrific, the utilizing of the VSOs more effectively and empowering them to accept evidence, et cetera, et cetera. I think that is all good stuff.

But I guess my concern is—and I am past commander of a post—that most of the veterans are not members of posts, unfortunately. Probably 80 to 85 are not members of posts. I would suspect most of those people, if not virtually all of them, do not even go through the post or through a veterans service officer, whether it be directly through a post or maybe it be a county service officer or whatever the case may be. So they file their claims directly with I guess the Regional Office. Is that correct?

Admiral COOPER. That is the way they would do it. But I would say to you, and I am basing what I am saying mostly on the county where I live right now, I see there is a lot of activity going on by the veterans services organization sending mailings to veterans saying, look, we can help you. It is obviously for enrollment but they are saying we can help you with claims if you have claims.

I would also say to you that certainly in my county, the county VSO service officer is extremely active. As a matter of fact, the other day I gave him my report after I had given it to the Secretary; and that day he said, you know, my lady down here, she is just working awfully hard. She gave me 23 claims today. So, obviously, that guy is working very hard.

But I would say to you——

Mr. BILIRAKIS. Would those people, those veterans who filed those 23 claims, have gone to that county VSO directly or would they have gone through the post first?

Admiral COOPER. Probably to the county directly. Because if they had gone to the post I would have expected the post to handle it.

Every week this gentleman and another man from the Vietnam Veterans have a radio program for an hour and veterans call in and ask questions. So my random sample of one would indicate that both the service organizations themselves and the county reps in some counties have gotten quite active.

Mr. BILIRAKIS. Would we agree that when the veteran goes to the VSO, county, post, both, whatever the case may be, that the chances are better that that claim is probably going to have been completed—I know the claim forms are damn complicated, which may be another area, Mr. Chairman, that we can look at. But would we agree there probably would be—the chances are better that those would have been completed correctly and, in other words, you have better efficiency that would lead you to more timeliness?

Admiral COOPER. I don't know everything I am talking about, but I would say, in answer to your question, the probability is yes, that it would be done. Because you have somebody who is experienced, has done it before, has been trained to do it and, just like anything else, knows where to plug in to find out what is being done. So in that respect logic would say to me; yes, that would be a better way or that is better for the individual veteran to be plugged in like that.

Mr. BILIRAKIS. The question I guess arises, should we then require as a part of the process that veterans go through a VSO in terms of filing for their own good.

Admiral COOPER. I would be reticent to say that. Because you are taking away an individual's chance to go in and put it in for himself. If you are requiring him to do this other thing, one of the things—I may be wrong. I will be glad to have someone correct me. But the guy joins the veterans service organization—and maybe he doesn't want to join the veteran service.

Mr. BILIRAKIS. He doesn't have to be a member of the veterans organization to put in a claim.

Admiral COOPER. Then I am in error. I would say you want to be reticent to require anything like that. You might recommend to your constituents, for instance, that they do that. But I don't think that you would want to require that they do that. Everybody recognizes a disparity across the country of the various organizations that might be helping. Some are very, very good; and some aren't quite as good.

Mr. BILIRAKIS. But even those that aren't very good probably are better than the veteran filling out that complex form himself and the form not being complete and proper information not included. Therefore, it comes right on back to them, and it has to start from scratch. And talk about delays in the filing of the claim.

Admiral COOPER. My impression is a lot of that has been rectified to an extent by the duty to assist. Now, I may be wrong in some of the things of which you are speaking. But the duty to assist addressed that.

Mr. BILIRAKIS. If they don't go through the service organization—I don't mean to really continue to harp on this, but if they don't go through that VSO in one capacity or another, then who has the

duty to insist? You are talking about the Regional Officer. But, in the meantime, that form may have gone back and forth God only knows how many times, at least one time, because the initial information that is so necessary was not there because the veteran is not—you know, not experienced in terms of filling out the form.

I don't know. It seems to me that I guess what I am saying, Admiral, is that, you know, these are great. And I think Mr. Evans brought up the oversight, you brought up the oversight, that is just important to have some sort of an oversight and these things get done. I know it is going to speed up the process. But if these claims start off badly because they haven't been filling it out correctly, then it is really going to delay it tremendously at the outset.

Admiral COOPER. I certainly can't disagree with that. It is a matter of how much do you want to impose on people. I think the service organizations, if we can continue to improve that, can be a large step. I would be very wary of requiring that some guy can't just walk in off the street and put in his application. In other words, somebody should be able to walk into the RO and say, I want to put in a claim, which someone there should be able to help him to an extent. But I do think the VSOs do a good job in helping the people.

Mr. BILIRAKIS. You have one service office in Florida. That is in St. Petersburg, FL. You have someone from the Panhandle or Miami who wants to submit a claim, they are not going to jump on a bus or plane and drive to St. Petersburg to submit the claim. They are likely to fill it out themselves and mail it in or whatever the case may be. And a lot of delays would ensue because it is not done correctly.

I know I have taken up more than my allotted time. But I feel strongly about the role of VSOs. Unless we can get them to become a bigger part in all of this, I feel like we have knocked our heads against the wall all through the years. We have worked on this committee all these years, almost 19 years now, and we haven't really seen that much of an improvement. I wonder if there isn't something like that is simply done which might really improve the process and not cost anything.

Mr. SIMPSON. I appreciate the gentleman's observations. Mr. Reyes.

Mr. REYES. Thank you, Mr. Chairman.

Just to echo my colleague's concern, when when I or my staff talks to veterans, including outreach to the homeless veterans, this is the number one issue that frustrates them and that is the fact that at some point in the process they have made an attempt to get benefits. They have been rejected and have been rejected without, according to what they are telling us, without any explanation.

They have been rejected and been rejected, according to what they are telling us, without any explanation and further builds up the frustration of not being able to tap into the benefits from the VA. So that is a very real issue and I think it is a very real issue across the country, because I know in many different areas that is the number one concern that everybody has. But I have got a couple of issues here, Admiral, and the first one deals with the recommendation that the time in which veterans have to provide information to the VA be reduced from 60 to 30 days, and that is ob-

viously an attempt to improve timeliness. But as you know, the statute provides the veteran with 1 year to provide information.

In implementing your recommendation, will this not reduce the time or, in reducing that time frame, will this not result in premature denials of the claims, a churning of these claims that really makes an office's productivity appear much better than it really is?

Admiral COOPER. We don't think so. Obviously, just like anything else, these are people that are making the determination. The idea is to try to expedite organizations whether it is a medical hospital, a doctor or somebody to get them in faster. But you are correct. The veteran has a year to put in. I think obviously it takes some policing to make sure that you aren't making decisions, bad decisions predicated on not getting information. Our thought was that this should help the veteran to say, hey, I need that in 30 days, rather than many of those organizations getting the information in a couple of days. But you delay it a while, and delay it, and then the whole system becomes bogged down. So our thought was that the veteran is protected because he is allowed a year in this type of thing. But we are trying to put a little push on other organizations to get the information that is necessary.

Mr. REYES. And again, the fact that there is that 1-year period, and certainly with the new requirement that the VA assist veterans, we are hoping that this will dramatically change that. But in lieu of that, it will require or it will give an agency or, a field office an opportunity to make that one case stretch it out to several. That is a concern that I have that feeds into what we are talking about, and that is ultimately frustrating the veteran, and with this disconnect, the veteran may walk away from the case altogether, which is not the intent.

Admiral COOPER. Well, I think that VBA has to look at that very carefully. I would say you can only put so many rules in there and you have to make sure that people are doing it right and that gets back to our case. You have to know what your Regional Offices are doing and make sure that they are doing it right and doing it consistently.

Mr. REYES. Switching to something that is related, within weeks of the Task Force's reports issuance, the VBA rewarded the Regional Office with the highest remand rate from the board, which by the way, this included a very high rate of remand to obtain VA medical records, as I mentioned in my statement, with additional overtime because it led the Nation again in, quote-unquote, productivity, which to me suggests that the VA is implementing the Task Force's recommendations in a manner which severely compromises quality. In other words, there is a way to get "tick marks" for sending these responses out without really making an effort to get the medical records and all of the things that would give us a more comprehensive and better worked out case.

I am wondering, do you have any suggestions that based again on this observation and what actually has happened that we would redefine productivity or we would somehow correct an unintended impact that this has had based on your recommendation?

Admiral COOPER. I am sorry, I cannot address the subject. I just don't know how they did it or what they did. I do know they are trying to look to see just how productive each area is and what

they are doing and quality is included. But I just can't discuss that case. I don't know the answer. I haven't looked into the operational part of it. I am sorry.

Mr. REYES. Well, perhaps we can give you some specifics and do some follow up on that.

Admiral COOPER. We will do that. I will take that for the record certainly.

(See p. 163, question 1.)

Mr. REYES. All right. Thank you. Thank you, Mr. Chairman.

Mr. SIMPSON. Mr. Snyder.

Mr. SNYDER. Thank you, Mr. Chairman. Mr. Chairman, you made the comment that the Idaho expression is never drink downstream from the herd. As a family doctor, my experience both as a doctor and in life and in Arkansas is that if you look upstream far enough you will find a herd.

Let's see. Admiral Cooper, in your opening statement, your written statement, you refer to, I think, some ripple effect, I think was your phrase, a ripple effect from changes that are made, whether judicial or statutory, that they can have impact. And in this chart on page 9, and we see that what you refer to as the pending workload, but starting in the year 2000, it wasn't just a little ripple. I mean it was this huge wave. I mean basically the system had done pretty well with all those other changes that you cited, except when we get to the year 2000. And then it goes dramatically from 389,000 to 668,000 and I assume it is still growing today. Do you lay that at all on the duty to assist?

Admiral COOPER. Certainly from everything that we learned, a great deal of it, yes.

Mr. SNYDER. So if we hadn't had, which I think we all agree——

Admiral COOPER. Let me also mention, however, that they are doing a lot and that is being eaten into, I don't want to ever indicate that duty to assist was bad. This is just what happened and now it is a matter of eating into that and seeing what can be done.

Mr. SNYDER. I understand that. But when we look back at things that have occurred in the past, I mean, we have been able to handle things before, but this just overwhelmed the system, a real wave. On this——

Admiral COOPER. But I am sorry. Let me mention one more thing, too. Along with that is the other part that I mentioned earlier, the number of claims per war has increased dramatically, the Gulf War being an example and the number of issues per claim has gone from about three a decade ago to maybe seven to eight issues a claim. And so as a result the time necessary to adjudicate each claim is also longer. So there are several things that mix in with that.

Mr. SNYDER. I understand. It is very dramatic starting the year 2000.

Admiral COOPER. Yes.

Mr. SNYDER. On this chart here that you talk about the external influences and you have got the time line. Another one that caught my attention was in 1994, where you refer to both Gulf War syndrome recognized but also military downsizing begins. Is the effect of military downsizing just the natural logical one that you have

increase in veterans? Is that—or is there something more subtle there?

Admiral COOPER. I don't know whether I can answer that exactly, but in the downsizing of course if the people were going to be getting out they are going to become more cognizant of putting in claims for their military duty, and I would guess that that is it. I just don't recall off the top of my head.

Mr. SNYDER. What caught my attention about that was the fact that in my view that is inaccurate. I mean, I think military downsizing began in the late 1980s. It did not begin in 1994. For example, in the Army in 1986 there was 781,000 troops. By 1993 that had dropped to 572,000. So from 1986 to 1993 you had a drop in the Army of 208,000. And then from 1993 to the year 2000 it has been a drop of 90,000. So in fact, again, trying to account for this huge problem we have had in the last year or two, even that as an example that the system handled that. I mean even though you had a pretty good increase. I mean you can see it in your chart. It kind of goes up and then it comes back down. It is something just distinctively or a series of things really flooded the system this time. If everything in your list—both here short-term and median term chores are done—if everything is done to the satisfaction—the way you think they ought to be, where will we be?

Admiral COOPER. First, let me say that when I gave this presentation to the VSC managers, the question was, tell me, Admiral, you are saying that we haven't managed change very well and we have had too much change and now you are indicating you want more changes. And so I said, yes, that is something I have thought about a lot. The fact is you are not going to implement all of them simultaneously. It will be look and see which are the best, most productive, the ones that can give you the biggest bang for the buck to begin with and try to analyze which ones go together to do so. I would never recommend implementing all of these simultaneously. Now, as to say where will we be after they are all implemented, if say in 2 years they are all implemented, I would hope you would be at a greatly reduced backlog, but more importantly, I think, a greatly reduced time to adjudicate each claim. I think that is as important as the backlog itself, if the time is decreased.

Mr. SNYDER. I agree with you. I am trying to get a handle because granted you had a very short amount of time, I think, to really do a huge systems analysis. If you were trying to, you know, nibble at the apple or just take a huge bite that is going to solve the problem, do you understand what I am saying? I mean, if everything were done in 2 years, would it be expectation that the problem would indeed be solved if you were correct in your analysis?

Admiral COOPER. I wouldn't use the term "solved" because it is a continuing thing, just lots of people having medical problems and other people helping to adjudicate it. So this is a difficult problem no matter how you look at it. And is solving it getting it down to 250,000 backlog?

Mr. SNYDER. I would settle for that.

Admiral COOPER. We would hope that it might, but I don't have any quantifiable data to give you an analysis on that. These look like things that could be done that would in fact affect the imple-

mentation, affect the outcome, the reduction of claims and time to adjudicate.

Mr. SNYDER. I think you have talked about this before, but you used the phrase 2 years. I mean, what is a reasonable length of time? I understand what you are saying about you can't do everything and you wouldn't want to do everything at once. But what is a reasonable length of time to bring about systemwide these numbers of changes? Is 2 years a reasonable expectation?

Admiral COOPER. I would say between 2 and 3 years should be reasonable.

Mr. SNYDER. Thank you, Mr. Chairman.

Mr. SIMPSON. Thank you, Mr. Snyder, and I would just say that we live higher in the mountains because upstream is much shorter than down in Arkansas.

Mr. Rodriguez.

Mr. RODRIGUEZ. Thank you very much, Mr. Chairman. Admiral, let me congratulate you for your hard work. In all honesty, you have answered all my questions. One of them was regarding the timetable that Congressman Snyder just asked you about. You said it would take approximately 3 years. One of the things I also wanted to know was—how do you implement this assessment? I think you have talked a little in terms of how we follow up on. But the chairman had initially asked, as legislators how can we make sure the recommendations are implemented? What kind of things might be helpful in the future? You also mentioned that VA does not need any more resources to implement these recommendations. Of course we love to hear that, but I want you to kind of think about that.

What about staffing needs? We have heard that almost one-third of federal employees are scheduled in the next 5 to 6 years to retire. What kind of problems do we foresee in that area? Also, what additional training or resources might be needed?

Admiral COOPER. You know, having been a budget officer in the Navy, I always answer questions about resources with some trepidation. The fact is that people did a good job of planning and seeing that they were going to lose a lot of people. Therefore they put their head down and came over to Congress and asked for increases, and I say over the last 3 years got increases. I think it is an average of 700 to 800 a year over the 3-year period, and now it is a matter of the delay and the training time to take care of and absorb those people.

Now, could we possibly move some of these people into different positions? Yes. We recommended a couple of things. For instance, we recommended a program, an office of Program Analysis and Evaluation (PA&E) like they have in Defense. I think there has to be a certain maneuvering around, moving people around and readjusting the headquarters and how you use the headquarters, but I must say today I think that they have the resources necessary.

Now, maybe next year when they come in with a budget call it might be okay. When things have settled down and they know where they are, they may say, yes, we need a few more. I think today we could not justify asking for more resources. Now, that doesn't mean there may not be a couple of programs that they may

come in for, maybe IT programs or whatever, that they want to test and do. When I talk resources I am primarily talking FTE.

Mr. RODRIGUEZ. Any possibility you might come back in 3 years and just follow up on that?

Admiral COOPER. Oh, yeah, there is a good possibility.

Mr. RODRIGUEZ. Okay. Thank you very much. Thank you for your hard work.

Admiral COOPER. Thank you.

Mr. SIMPSON. Mr. Udall.

Mr. UDALL. Thank you, Mr. Chairman, and may I ask unanimous consent to put a statement in the record also?

Mr. SIMPSON. Without objection.

[The prepared statement of Congressman Udall appears on p. 30.]

Mr. UDALL. Thank you very much, Admiral, for your service on this Task Force and your service to the country, and I appreciate you highlighting the poor follow-up by Central Office to assure national compliance with national policies. Given the historical resistance of many VA Regional Offices to oversight visits by Central Office staff, what suggestions do you have to improve monitoring of Regional Office compliance?

Admiral COOPER. I have thought about that quite a bit and, quite frankly, communications between the leader and the field is about as important a thing as you can have. And I feel very strongly—understand I come from a background of Admiral Rickover—Admiral Rickover, I am sure all of you have heard of him, was fairly conscious of having absolute control. When you were a commanding officer of a submarine, you sent Admiral Rickover a letter at certain times. And he would read every single letter and would call you on occasion. Now, maybe that is too much, but I honestly feel that the leader at headquarters has to have a verbal and written relationship and go out and visit with the people in the ROs to see precisely what is happening and get all the necessary records and information, to also see in that way how the quality is, to see how the productivity has been. On-site looks are as important as anything. I strongly feel that you do need to have an outfit that goes out and, excuse the expression, inspect once in a while. Nobody likes to be inspected, but you can't just sit back and think that things are going to happen. And I equate it to being a commanding officer of a submarine. If you are going to be the commanding officer, you don't sit up in your commanding officer room all day and not go back out to see what they are doing in engineering.

I think that is very important. As far as changes I mentioned the fact that one answer to us was that a change hadn't been made for 4 years and now the person felt inundated because there were other changes that had to be made. My statement would be, if there is a change that we agree to, that we think is really good and will help every office better implement the process, then I would sit down with the Regional Office Director and say, okay, now, son, here is what we want to do and here is how we want to do it. Now, you tell me, a date of when that is going to be implemented 100 percent in your office, and we will agree on it. And so once we agree on it, my statement will be don't tell me anything unless there is a major problem, don't tell me anything until the day, and

that day I expect an e-mail or a letter or whatever that says, hey, we are done. Because if I don't get it on that day, on that day plus one then you better believe we are going to have a discussion.

And so the point is setting goals that are verifiable, that are quantifiable and that are understood. Once understood, then you expect those to be met, whether they are quality and or whether they are productivity or whatever, training, whatever they may be. But if you don't set the goals for the people out there and then demand that they meet them, understanding that maybe part of it is retraining. Maybe you have to retrain. I mean, you have to have some human understanding and that. But if you don't set the goals and make them quantifiable, verifiable, understandable, then you can't expect the organization to run very well. But that is easier said than done. I realize that.

Mr. UDALL. Thank you, Admiral.

Mr. BILIRAKIS. Would the gentleman yield?

Mr. UDALL. Yes.

Mr. BILIRAKIS. Admiral, you know, we have changes in the administration and every time you have a change of administration you have new appointees, if you will. You know, what you say in terms of characteristics to look—you look for a leader is wonderful and I don't think anybody here doesn't agree with you. But you can't—you can only lead someone to the water. You can't force them to drink.

Now, if you were interviewing a person to be a leader in this regard, that is what you would expect to find. But you may not be the one interviewing. So, again, should Congress take a role towards making sure that we get a type of individual that you are talking about? Now, you know, that is over managing, micro managing and that sort of thing from this ivory tower. I am the first one to say that and generally I am very much against that. But I just really wonder here. I mean we have been dealing with this problem for years and years and years and haven't hardly seen any progress to speak of. Comments?

Admiral COOPER. The responsibility for finding the people heading up the Regional Offices is the responsibility of the person who is the Under Secretary for Veterans Benefits and he is the one that has to make it happen. He is the one that has to testify before you to tell how he is doing and what he is doing and why he is doing and why this works and that doesn't. And there are always going to be cases where some things don't work very well, but that is the reason he is in that position.

Mr. BILIRAKIS. But he is in that position, with all due respect, sir, because of political appointment.

Admiral COOPER. Hopefully that sometimes they will pick people that are competent also.

Mr. BILIRAKIS. Sometimes. Hopefully. Sometimes. I am sorry.

Mr. SIMPSON. I thank you. Political appointment and competent appointment aren't necessarily exclusive, I guess. I appreciate your report, Admiral.

There is one question I would like to ask, and that is that this backlog has been building up, has been noticed for some years. It is not just something that happened yesterday or 6 months ago or 9 months ago. Relative to your goals, you said that it was to reduce

the backlog by 50 percent over a 2-year period, reduce the time to process claims by 50 percent. Looking at the composition of the Task Force: three VA headquarter leaders, two current Veterans Benefit Administration employees, one former employee, and two VSO representatives.

Given these individuals on this Task Force, do you feel that in making these recommendations, maintaining quality while at the same time trying to reduce the backlog, an important aspect of this was to make sure that you didn't decrease the quality?

Admiral COOPER. Absolutely.

Mr. SIMPSON. Thank you, Admiral. The Task Force Executive Director, Mr. John O'Hara, is with you today we see, and we want to thank him for his service as well. John, thank you very much for all you have done.

Admiral COOPER. Thank you. Let me say that he did a job for us that they had 10 people on a couple of other 2-year studies, and John occasionally only worked 20 hours a day and I had to chide him on that. But he did a super job.

Mr. SIMPSON. Well, as I have said to you, looking at this, the fact that it was done in 120 days is—generally we get this kind of report somewhere in the 5-year category when we ask for one. But I appreciate the extraordinary amount of work that went into this and the recommendations, and we look forward to working with the members of this Task Force and with the VA to see what we can do to make sure that we implement the recommendations and so forth.

Mr. BILIRAKIS. Mr. Chairman, very quickly, I am not—I don't know that you can give me the answer to this, sir. But I guess I would ask if it is gettable. Can we determine how many of the claims that are received by the Veterans' Administration have been initiated through a VSO?

Admiral COOPER. We could certainly try and I will take that for the record.

Mr. BILIRAKIS. It is something that your Task Force then can do?

Admiral COOPER. Well, my Task Force is me now, me and John O'Hara, but we will certainly take that.

Mr. BILIRAKIS. If we can get that information and somehow, Mr. Chairman, compare the timeliness, the efficiency if you will, of those versus those that go directly to the Regional Office and don't go through a VSO, it could be a very telling type of statistics.

Mr. SIMPSON. We will get that information.

(See p. 160, question 2.)

Admiral COOPER. I would like to say that I am sorry that Mrs. Hunt did not get a chance to talk today. I brought her over for appearances sake and so we were upgrading appearance.

Mr. SIMPSON. Well, we appreciate Mrs. Hunt's work on this Task Force also and all that you do. I know that, as was mentioned by Chairman Smith at the very beginning, that those employees at the VA are working to ensure that the veterans have what is coming to them and when it is due them and, as you said in your report, the veterans must be given the benefit of the doubt when making these adjudication claims and so forth. So I appreciate all you have done.

Mr. REYES. Mr. Chairman, if I could interrupt briefly.

Mr. SIMPSON. Sure.

Mr. REYES. Could we get an agreement to get some additional questions on the record on some of these issues?

Mr. SIMPSON. Sure. If you would submit questions for the record, and we will give you——

Admiral COOPER. Can I vote on that?

Mr. SIMPSON. We will give you time to respond to those. We appreciate it. Thank you very much.

This hearing is over.

[Whereupon, at 3:25 p.m., the committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF HON. LANE EVANS

Admiral Cooper, thank you for appearing before us today to testify on the Report of the VA Claims Processing Task Force. You and the other task force members are to be commended for the many recommendations the Task Force has made to improve claims processing.

I thank our Chairman for scheduling this hearing. Claims processing and particularly the huge backlog in veterans' claims is a concern to every Member of this Committee. Now, the Committee should hear from Secretary Principi who made reducing the claims backlog a top priority. I request the Committee schedule this hearing as soon as possible.

The task force made a number of short term and long term recommendations to improve the processing of claims. I agree with many of the recommendations made, in particular, the critical need for VA, the Department of Defense and the National Archives to work together to address the chaotic state of records maintenance and retrieval at the National Personnel Records Center in St. Louis.

I am also pleased with the emphasis the Task Force placed on improving and maintaining quality while making efforts to improve the productivity of VA claims processing. VA should get it right the first time. Anything else is detrimental to our veterans' interest.

I thank you for your service to our Nation's veterans and look forward to your remarks.

PREPARED STATEMENT OF HON. SILVESTRE REYES

Admiral Cooper, I would like to thank you for appearing before us today. I appreciate the efforts you and the task force have made to address the backlog of claims at the Department of Veterans Affairs (VA). I have been very concerned about the backlog and the steps VA is taking to address it. I would especially like you to address the task force's recommendation on rewarding productivity.

I am very disturbed about recent VA actions rewarding the productivity of offices with such high error rates as Columbia, SC, to the detriment of offices, such as Waco, TX, where employees are working hard to improve their accuracy. I hope that the Committee will be able to address these concerns with the Secretary in the very near future.

The Waco Regional Office, which serves my district, is the second largest office in the Nation with over 28,000 claims and over 5,600 appeals pending since October 26, 2001. The Columbia Office is much smaller with over 7,000 claims and almost 3,000 appeals pending on that date. Yet in fiscal year 2001, Columbia had almost three times as many claims as Waco returned by the Board of Veterans Appeals because of the need to obtain medical records from VA Medical Centers.

The Columbia Regional Office was rewarded for their efficiency with overtime authorization. The Waco Regional Office, with a much better record of accuracy and lower rate of appeals, received no overtime. As a result, veterans served by South Carolina receive faster wrong decisions and veterans served by Waco receive slower correct ones.

This sends a very bad message to dedicated VA employees in Waco and other offices who take the time to obtain and review medical reports and service medical records before deciding the claim.

I hope that the many helpful recommendations of the task force will not be lost in the recent emphasis on "productivity" without regard to accuracy. I look forward to addressing these issues further, and would again like to welcome Admiral Cooper and Ms. Hunt.

PREPARED STATEMENT OF HON. TOM UDALL

Mr. Chairman and Representative Evans:

Good afternoon, it is a great honor and pleasure to be here today. Thank you for holding this hearing regarding the Report of the VA Claims Processing Task Force. I am looking forward to hearing the statement from the chairman of the Task Force, Admiral Cooper, and from a member of the Task Force, Mrs. Hunt.

As we all know, the issue that the Task Force is dealing with is of critical importance. It is imperative that the VBA takes the necessary steps to reduce both the veterans' claims backlog and the time necessary to process each individual claim. I am hopeful that the recommendations made by this Task Force help achieve those very goals.

In doing so, however, I would also hope that the issue of the quality of claims processing is not sacrificed in the name of greater productivity. While it is important that we process the claims as quickly as possible, they must also be processed carefully to prevent further work for the claims processors, as well as for the well being of the veteran.

I have no doubt that the vast majority of VBA employees have performed their jobs to the best of their abilities, but are simply overwhelmed by the daunting task they face of processing a backlog or pending inventory of 533,000 veterans' claims. Nevertheless, it is imperative that these claims are processed and that changes are made to the system to ensure that backlogs of this magnitude never again occur.

The men and women who have served in the defense of our country deserve to have their claims processed effectively and efficiently. To that end, I thank the members of our panel for their work on this important issue and for appearing before the committee today to discuss their recommendations.

Mr. Chairman, thank you for the opportunity to offer my remarks today. As always, I look forward to working with you and the Members of the committee on issues important to all veterans.

Statement of the Honorable Steve Buyer
before
Committee on Veterans' Affairs
Hearing to receive the report of the VA Claims Processing Task Force
(Cooper Report)

November 6, 2001

Thank you, Chairman Smith, for holding this important hearing to receive the Cooper Report of the VA Claims Processing Task Force.

Earlier this year, I held a field hearing in Indianapolis to examine the delivery of benefits to Indiana veterans. During our hearing we learned that appeals, on average, take up to 597.4 days. I am sure that none of us here today question the need to change the current system of delivery. We must take steps to eliminate the backlog of claims, which is currently a staggering 660,000 claims. This is absolutely inexcusable. Obviously, we are pleased that Secretary Principi has made reducing the backlog of veterans' claims a top priority. We now have an excellent opportunity to make sure that our veterans will no longer be forced to experience such long delays before receiving the benefits they have earned. Secretary Principi has taken several important and decisive steps to reduce the veterans' claims backlog and the time it takes the VA takes to adjudicate each individual claim.

Today's hearing will highlight the recommendations and progress being made as a result of the formation of the VA Claims Processing Task Force. The first recommendation made by the Task Force is "the Tiger Team" initiative, which is already up and running. Tiger Team was specifically given the job of expediting the processing of older compensation and benefit claims for veterans over 70 years of age that have been languishing for a year or longer. This is good news! I hope we can learn today from Admiral Cooper what progress has been made to date.

In reviewing the Cooper Report, I fully concur with most of the recommendations. In fact, several are long overdue, such as reducing the time to 30 days for the gathering of evidence. The Task Force has outlined an ambitious agenda with short and long-term recommendations. We all have the same goal – to ensure that veterans receive their benefits in a timely manner. Adoption of these recommendations will certainly push that goal forward.

Again, I want to offer my support to Admiral Cooper, Secretary Principi and to you, Chairman Smith, and the other members of the Committee in moving this process along.

STATEMENT BY
DANIEL L. COOPER
CHAIRMAN, VA CLAIMS PROCESSING TASK FORCE

BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENATIVES

NOVEMBER 6, 2001

Thank you, Mr. Chairman and other members of the Committee for the invitation to testify before you, and to discuss this very important subject of Veterans' Benefits.

Over the past several months it has been my privilege to chair the Secretary of Veterans Affairs' Claims Processing Task Force that was charged with recommending specific steps to reduce both the veterans' claims backlog and the time necessary to adjudicate each individual claim.

In mid-April, Secretary Principi and I had our initial meeting to discuss the dual problems of the large and increasing claims backlog and the inordinate time delays to properly adjudicate each separate claim. The Task Force charter was formally issued May 22, 2001. In the interim, the Task Force had formed, convened and met in an open fact-finding session.

The Secretary's charge to the Claims Processing Task Force was:

1. to assess and critique VBA's organization, management and processes;
2. to propose measures and actions which could increase efficiency and productivity, and to shrink the backlog;
3. to evaluate potential benefits from Information Technology (IT) and to propose improvements;
4. to evaluate procedures and processes for deciding veterans' appeals of rating decisions; and
5. to evaluate and consider changes to VHA medical examinations.

The Secretary's specific goals were, and are, to reduce the backlog of claims by 50% over a two-year period and to compress the average times to process individual claims by 50%.

Further, however, the Secretary emphasized that, given the short time allowed, the Task Force should look primarily to evaluating every possible action he could take today, based on his present authority. His direction was that no Task Force recommendation would require action by either the judicial or legislative branches of our government.

Our Task Force had very talented members from VA headquarters, VBA, VHA, Veterans Service Organizations, and the consulting community. With the exception of two of us, all participants were extremely knowledgeable of the VBA organization and regional office operations. Each Task Force member was highly competent and exceedingly motivated.

Further, each of us is proud of our work and confident that this report will absolutely contribute to the success of the Secretary's quest to better serve the veteran.

Given the 90 to 120 days allocated to this project, our primary goal was to achieve maximum credibility with all communities involved. We did this both by studying the reports and recommendations of several committed groups that had preceded us and by visiting as many VBA activities as possible. We also visited or heard from organizations known to have been successful in activities similar to those conducted by VBA. Three very successful companies in areas of great interest to us were: Federal Express, the United Services Automobile Association (USAA), and the Ford Motor Company. We were briefed by the FedEx Center for Cycle Time Research from the University of Memphis and by Ford's Practice Replication Office. In addition, eight of our group visited the USAA Corporate Headquarters in San Antonio, TX. The individual quality and process successes of each of these highly recognized organizations are reflected in several of our recommendations. Within the VBA organization, several of us visited the record centers in St. Louis, training facilities in Baltimore and Orlando, and the information technology center in Hines, IL. Each Task Force member visited at least three individual Regional Offices; a total of 12 Regional Offices were visited. Six Veteran Service Center managers also testified before the Task Force during an open session.

We also sought the opinions, ideas and recommendations of GAO, Congressional staff, Social Security Administration, AFGE labor officials, and Veterans Service Organizations. We had two VSO representatives on the Task Force, but requested that all VSOs who desired to do so, come before the Task Force and present their thoughts, opinions and recommendations. During each visit to a VBA Regional Office, the Task Force also met with VSO representatives. Near the end of the study, we made it known that the Chair would make himself available to any and all groups who desired to meet with him individually. Several groups and individuals did so.

Each of our recommendations has been thoroughly considered by our group and each unanimously accepted. In several cases, the only discussion was the actual strength of the explanatory paragraphs – not the gist of the recommendations. Every finding and recommendation was reinforced as we proceeded; no recommendation is based on a random single idea or incident.

And, since the Task Force report was published, I have received many reinforcing comments and no disclaimers on any recommendation. The degree of agreement with our report has been both surprising and rewarding.

It is our conviction that the vast majority of VBA Regional Office employees have been executing an extremely difficult task to the best of their abilities. For more than a decade, VBA employees have been dealing with a cycle of workload crises. The current backlog is just the latest in a series of oscillations that have become an inherent characteristic of the claims process.

There have been many changes over the last 15 years that have affected the efficiency and productivity of the organization. Many of these changes have been initiated by external influences including judicial decisions and legislation. None are, in and of themselves, bad; but it must be recognized that each causes some ripple effect as claims need to be re-reviewed and re-adjudicated under changing guidelines. That added workload then impacts all claims in the queue.

Early in our deliberations and reinforced throughout our meetings, it was apparent that basic flaws existed in the overarching themes of accountability, communications and change management. These are critical concepts which permeate much of the operations and processes of the organization.

A few people who have perused the document have indicated that our report - with the dual emphasis of reducing the backlog and decreasing the time delays - had somehow denigrated quality. Let me disabuse anyone of such a notion. This entire report speaks to quality. The quality of response and service to veterans is predicated on a timely, accurate, well-stated, documented process. Every recommendation made - be it the "Triage" process of claims, improved medical exam agreement, or BVA processing appeals and remands - is based on improving quality and a quicker response.

Our Task Force developed 34 recommendations; 20 "short-term" and 14 medium-term recommendations which are expected to take longer to implement. "Short-term" connotes a possible initiation of that recommendation within six months. These recommendations are attached to this statement and, Mr. Chairman, I request they be inserted into the record with this statement.

Our recommendations can be grouped into categories, and many overlap into several. Those general categories are: free-up direct labor hours; eliminate the backlog; improve claims timeliness; accountability; organization, management and process; operations; quality of decisions; compensation and pension medical examinations; information technology; appeals and remands, and training.

This concludes my opening statement. Mr. Chairman, I would now like to refer to the briefing packet that has been provided to each Committee member as I address the primary points of the report that was delivered to the Secretary of Veterans Affairs on October 3, 2001. I would be pleased to address any questions or comments that you or other members of the Committee may have.

VA CLAIMS PROCESSING TASK FORCE RECOMMENDATIONS

Short- Term Recommendations

S-1 Establish Tiger Team to Eliminate the Backlog > 1 Year Old
S-2 Defer EVRs and IVMs for 1 Year
S-3 Expedite Favorable Decisions
S-4 Reduce Time Delays in Gathering Evidence
S-5 Defer Introduction of New Information Technology Initiatives
S-6 Extend Timeframe for Routine Compensation Reexaminations
S-7 Require BVA Processing of Remands
S-8 Establish Specialized Claims Processing Teams (Triage/ Specialization)
S-9 Develop Specialized Regional Offices
S-10 Allocate Resources to Most Effective Regional Offices
S-11 Expedite Putting Documents Under Control
S-12 Improve Record Recovery from Record Center
S-13 Authorize Administrative Support
S-14 Impose Change Management and Communication Discipline
S-15 Revise Scorecard Measures
S-16 Establish and Enforce Accountability
S-17 Centralize Function of Waiving Debt
S-18 Establish Uniform Procedures for Off Site Storage of Claims Folders
S-19 Credit Brokered Work Equitably
S-20 Evaluate Establishing New Pre-Discharge Centers

Medium-Term Recommendations

M-1 Utilize Veterans Service Organizations (VSO) Effectively
M-2 Maintain the Benefit Delivery Network
M-3 Evaluate and Improve VHA Medical Examinations and the Process
M-4 Maintain or Increase Competitive Sourcing of Medical Examinations
M-5 Restructure VBA Management
M-6 Establish Enterprise Architecture
M-7 Determine Viability of VETSNET; Use Oversight Board to Review All Modernization Initiatives
M-8 Centralize Training
M-9 Use Prototype Sites for Competitive Sourcing of Pre-Determination Function
M-10 Redefine Claims Processing Errors
M-11 Consolidate Income Verification Match Process at One Location
M-12 Commence One VA System Integration
M-13 Organize Compensation and Pension Regulations
M-14 Establish Call Centers

Short-term Recommendations

Recommendation: S-1
ESTABLISH TIGER TEAM-TO ELIMINATE THE BACKLOG > 1 YEAR OLD

- Create a Tiger Team(s) from experienced staff charged by the Secretary to expedite resolution of any Compensation and Pension (C&P) case over 1-year old especially for older veterans, including remands and substantive appeals.

Recommendation S-2
DEFER EVRS AND IVMS FOR 1-YEAR

- Waive Eligibility Verification Report (EVR) processing and Income Verification Matching (IVM) for 1-year (effective FY 02) in order to facilitate the allocation of C&P labor hours to higher priority disability claims.

Recommendation: S-3
EXPEDITE FAVORABLE DECISIONS

- When the veteran is entitled, the Regional Office should make a partial grant as soon as possible in a multiple issue case. Other issues that are not resolved should be worked as information becomes available.

- Quality checks need to be instituted to assure compliance.

Recommendation: S-4
REDUCE TIME DELAYS IN GATHERING EVIDENCE

- Revise the operating procedures reflected in VBA manual (M21-1) provisions to provide that evidence requested from a claimant, private physician, or private hospital must be received within 30 days.

Recommendation: S-5
DEFER INTRODUCTION OF NEW INFORMATION TECHNOLOGY INITIATIVES

- Defer the deployment of new Information Technology (IT) initiatives, including the testing or prototyping at any Regional Office, until claims workload is under control.

- Immediately reevaluate recent IT initiatives to test their impact on productivity (e.g. RBA 2000, CAPS, etc.).

Recommendation S-6
EXTEND TIME FRAME FOR ROUTINE COMPENSATION REEXAMINATIONS

- All currently scheduled medical examinations should be extended for 5 years from date of the initial examination or to the maximum extent allowed by law. Establish a diary for all routine medical (compensation) examinations for 5 years from date of initial VA examination conducted.

Recommendation: S-7
REQUIRE BVA PROCESSING OF REMANDS

- Require that BVA handle the current workload of appeals, including development of appeals rather than issuing remands.

- VBA should return BVA remands for priority processing. Priority should be given to working the approximately 1,800 cases that were remanded prior to Fiscal Year 1998.

- Acceptance of new evidence should only occur at the BVA level. Cases should not be remanded because of new evidence submitted subsequent to the date the appeal was sent to BVA.

- An organizational realignment is required by VBA to support BVA's remand and decision process. VBA should place an appeal decision-processing unit within the BVA to support the appeals process and to reduce, if not eliminate remands.

- Establish a method of accountability for BVA in developing cases for decision (that is, to ensure that development is undertaken by BVA rather than returning the appeal to the Regional Office).

- Continue to track errors that result in remands for cause and report on the type and rate of errors to the originating office for quality and retraining purposes.

- Responsibility for processing Veterans Health Administration (VHA) appeals and remands in an expeditious manner must be transferred to VHA.

Recommendation: S-8
ESTABLISH SPECIALIZED CLAIMS PROCESSING TEAMS (TRIAGE/ SPECIALIZATION)

- Establish claims processing teams within the defined claims processing functions of: Triage, Pre-Determination, Rating, Post-Determination, Appeals, and Public Contact.

- Establish Triage Units in Regional Offices to assign work to the appropriate function team or work the case in the triage unit if the issue can be quickly resolved (one-time actions).

Recommendation: S-9
DEVELOP SPECIALIZED REGIONAL OFFICES

- Designate specialized Regional Offices to work specific maintenance tasks in order to increase efficiency, quality, and timeliness of decisions.

- Short-Term: Establish specialized units to process non-rating actions subsequent to a carefully planning process.

- Implement consolidation of the maintenance portion of pension processing to free-up VBA C&P labor hours to support higher priority claims.

- Prototype the competitive sourcing of pension claims processing with a demonstration contract in FY 02.

- Mid-Term: Develop staffing standards, performance measures, quality control, and skill sets. Perform a study to determine the best location for specialized operations. Factors to be considered in the relocation should be ability to recruit a good workforce, proximity to veteran population centers (although not mandatory), availability of space, as well as quality and timeliness of work consistently produced.

- Mid-Term: Outreach offices need to be expanded and placed in close proximity to veteran population to increase service to veterans and their beneficiaries.

- Long-Term: Develop necessary Information Technology (IT) support; consolidate processing in Special Processing Service Centers.

Recommendation: S-10
ALLOCATE RESOURCES TO MOST EFFECTIVE REGIONAL OFFICES

- Preferentially allocate new staffing resources to high performance and high quality Regional Offices. Further, develop a budget allocation model reflecting this approach.

Recommendation S-11
EXPEDITE PUTTING DOCUMENTS UNDER CONTROL

- Decrease time delay necessary to place incoming claims under control.

Recommendation S-12
IMPROVE RECORD RECOVERY FROM RECORD CENTER

- Provide training to Regional Office claims development staff in records retrieval. The training should stress the need for identifying key veteran service information to aid the searcher, and the availability of certain service information in VA systems. The training must strongly emphasize the need to address all issues in the initial request to National Personnel Record Center (NPRC). (Cross-reference Task Force Recommendation: M-8 Centralize training).

- VA should consider a Memorandum of Agreement with the NPRC or parent organization to provide dedicated staff to search for (pull) and re-file VA requested service information (service medical and personnel records).

- Establish a protocol to define the point at which no further search activity can or should be performed for service information at the NPRC, and the requesting Regional Office should be notified that the information is not available.

- The Records Management Center's National Personnel Records Center Liaison Office should give priority to requests for information based upon the earliest date of claim.

Recommendation S-13
AUTHORIZE ADMINISTRATIVE SUPPORT

- Authorize VBA Regional Offices to hire administrative staff and contract for administrative services to support claims processing.

- Establish an office within VBA Central Office with authority and responsibility for policy, procedures, and resources associated with the range of administrative and record management activities supporting the claims process.

Recommendation S-14
IMPOSE CHANGE MANAGEMENT AND COMMUNICATION DISCIPLINE

- Implement a formal process to control change by overseeing the planning, initiation, organization, and deployment of any new VBA initiative.

RECOMMENDATION: S-15
REVISE SCORECARD MEASURES

- Expand scorecard measures to include discrete types of work products and other performance measures.

- Establish a measure that delineates the timeliness of processing steps, which are within VBA's direct control.

    - Timeliness measurement from date of claim to the date that all development actions have been taken should be clearly provided and articulated.

    - Timeliness measurement from date of receipt of all pending development items to claim authorization or denial letter (final action) should be clearly provided and articulated.

- Eliminate scorecard measures by Service Delivery Network (SDN) under current ineffective SDN organizational framework.

RECOMMENDATION: S-16
ESTABLISH AND ENFORCE ACCOUNTABILITY

- Hold Regional and Central Office officials accountable to individualized, measurable, and meaningful performance standards; rewarding appropriately for outstanding performance.

- Measure and evaluate accountability at the Regional Office and individual performance level.

Recommendation: S-17
CENTRALIZE FUNCTION OF WAIVING DEBT

- Centralize the debt waiver function at the Debt Management Center in St. Paul.

Recommendation S-18

ESTABLISH UNIFORM PROCEDURES FOR OFF SITE STORAGE OF CLAIMS FOLDERS

- Establish standard operating procedures for Regional Offices off-site storage of active folders.

Recommendation: S-19
CREDITING BROKERED WORK EQUITABLY

- Develop a system that fairly and completely apportions end product credit between Regional Offices that perform the brokered work.

Recommendation: S-20
EVALUATE ESTABLISHING NEW PRE-DISCHARGE CENTERS

- VBA must evaluate the advantage of opening additional Pre-Discharge Centers serviced by Regional Offices whose staffing resources are not adequate to support both the new Center and the present claims processing workload.

Medium-term Recommendations

Recommendation: M-1
UTILIZE VETERANS SERVICE ORGANIZATIONS (VSO) EFFECTIVELY

- Empower Certified Veteran Service Officers to:
  - accept evidence in support of a claim,
  - provide VBA with certified copies of necessary documents, and
  - assist in gathering testimonial evidence (statement in support of a claim).
- Accelerate the Training, Responsibility, and Involvement in Preparation of Claims (TRIP) Initiatives as a high priority.

Recommendation: M-2
MAINTAIN THE BENEFIT DELIVERY NETWORK

- Sustain and upgrade the Benefits Delivery Network (BDN) to assure:
  - uninterrupted processing and payment of compensation and pension, education, and vocational rehabilitation claims;
  - payments to veterans; and
  - functionality changes to the system are made to enable timely user, legislative, and cost of living adjustments.
- Immediately remedy the Hines ITC critical workforce shortfall through near term actions to retain critical retirement eligible staff, rehire retirees, and remove constraints on hiring and use of contract services. Develop and fund a succession plan for Hines and Philadelphia ITC leadership and technical staff.
- Operationally test and evaluate the current BDN disaster contingency plan and provide the resources necessary to achieve a viable contingency capability.

Recommendation: M-3
EVALUATE AND IMPROVE VHA MEDICAL EXAMINATIONS AND THE PROCESS

- The Compensation and Pension Examination Project (CPEP) office should:
  - monitor the ongoing quality, timeliness, and cost of VHA C&P medical examinations;

- review, monitor, and provide training to Regional Office staff to improve the quality of C&P examination requests and assure that the flow of C&P examination requests proceeds in an orderly and cost-effective manner;

- coordinate VHA C&P examiner training and continuing education; additionally develop methods for disseminating "best practices" to the field; and,

- keep the *Clinician's Guide* (formerly the Physicians Guide) and Examination Worksheets up-to-date and disseminate changes to the field in an expeditious manner.

- assess the feasibility of establishing examination centers which co-locate VHA/VBA staff. RVSR ancillary duties may include: Paragraph 29 and 30 ratings, as well as assessing the need for scheduling routine future examinations.

- VBA should evaluate the accuracy and the sufficiency of VHA medical compensation examinations for rating purposes. If after 1-year of implementation of the VHA-VBA Compensation Examination Project Office's Improvement Plan, the accuracy and the sufficiency of the examinations have not improved then VBA should critically evaluate the CPEP progress with the possibility of further utilizing private vendor(s).

Recommendation: M-4
MAINTAIN OR INCREASE COMPETITIVE SOURCING OF MEDICAL EXAMINATIONS

- Maintain or increase the present level of competitive sourcing of medical examinations.

- Request that a General Service Administration Contract or Federal Supply Schedule be established for medical examination providers for selection by VBA on an as needed basis.

- Monitor continuously the quality and timeliness of the contract medical examinations.

Recommendation: M-5
RESTRUCTURE VBA MANAGEMENT

- Eliminate the Service Delivery Network (SDN) organizational structure and establish an appropriate number (at least four) of Offices of Field Operations with line authority to the Regional Offices.

- Establish an independent Performance Analysis and Evaluation office at the VBA Central Office level that reports directly to the Under Secretary for Benefits.

- Establish at each Regional Office a staff management analyst (without ancillary duties) to assist station management. These management analysts should be managed as a workforce group and work with the Central Office PA&E Office.

Recommendation: M-6
ESTABLISH ENTERPRISE ARCHITECTURE

- Establish an IT program, which includes standards for an enterprise processing system for all Regional Offices.

- Establish uniform core programs for C&P claims processing that define a core set of enterprise programs and mandate usage.

- Develop a national letter package, the use of which must be mandated as the only package to be used by the Regional Offices.

- Require the e-mail address of each Regional Office to be shown on all external correspondence.

Recommendation: M-7
DETERMINE THE VIABILITY OF VETSNET; USE OVERSIGHT BOARD TO REVIEW ALL MODERNIZATION INITIATIVES

- Determine the viability of VETSNET. Strategically move to develop functional requirements for a new system to support a redesigned and integrated VBA, BVA, and VHA claims process.

- Determine the core set of business applications that are required to be used by all and mandate implementation in all RO's.

- Stop new IT initiatives until there is a formal mechanism in place to evaluate the need for new and on-going initiatives as well as to develop and evaluate the realism of implementation plans and their impact on the field. This formal mechanism should take the form of an IT Oversight Board.

Recommendation: M-8
CENTRALIZE TRAINING

- VBA's Office of Employee Development and Training should develop and be held accountable for a fully integrated training plan and program. This should include creation of a fully integrated training infrastructure (staff, resources, priorities, and requirements determination processes).

- The Office of Employee Development and Training should:

1. Develop a documented hiring strategy addressing measurably effective training prior to hiring new employees in FY 02.

2. Develop immediately a process to certify instructors.

3. Assess immediately the effectiveness of the recent VSR/RVSR training including the impact on employee's performance.

4. Hire retired VBA employees to serve as instructors and mentors for employees.

5. Establish skill requirements and competencies for each grade level of VSR and RVSR job series.

6. Design Training for each grade level within the VSR and RVSR job series.

7. Certify VSR and RVSR staff as proficient at each grade level in the job series.

8. Establish a training plan for each employee consistent with the requirements of their job series.

9. Develop a separate Training and Performance Support System (TPSS) module for PIES; especially the NPRC service records procedures.

10. Fully utilize the capacities of the VBA Training Academy and the VBA Orlando Instructional System Development (ISD) Training Group.

11. Provide broadcast training capabilities for the VBA Baltimore Academy and use the VBA satellite channel for VSR and RVSR training.

12. Local RO training coordinators should be assigned as full time positions and be made responsible for local training plans and programs. The VBA field training coordinators should be managed as a workforce receiving guidance and direction from the VBA's Office of Employee Development and Training. While the local training coordinators should be accountable to the RO Director, the training coordinators should be fully integrated into the ISD development and implementation process.

13. The VBA Orlando ISD Training Group should conduct for management an assessment to determine the resources and structure for integrating training throughout VBA including the ISD Training Group.

Recommendation: M-9
USE PROTOTYPE SITES FOR COMPETITIVE SOURCING FOR PRE-DETERMINATION FUNCTION

- Establish prototype site(s) for contracting out the pre-determination claims development function.

Recommendation: M-10
REDEFINE CLAIMS PROCESSING ERRORS

- Redefine substantive claims processing errors as those that effect entitlement, amount of benefit awarded and effective date of award.
- Correct substantive errors and take steps to prevent future mistakes.

Recommendation M-11
CONSOLIDATE INCOME MATCHING PROCESS AT ONE LOCATION

- Consolidate the function of Validating Reported Income for the Veterans Health Administration and the Veterans Benefits Administration at one location.
- Short-Term: Establish a joint VHA and VBA Project Team to determine operational needs, review notification letters and procedures.
- Mid-Term: Conduct joint match with IRS and SSA records.

Recommendation: M-12
COMMENCE ONE VA SYSTEM INTEGRATION

- Utilize a System Integrator to develop an IT solution for VBA's benefit delivery system.
- Utilizing the Department's Enterprise Architecture process, integrate VBA's IT system with VHA, National Cemetery Administration (NCA), and department systems.
- Long-Term - Sponsor a commission/Task Force with representation from relevant federal agencies to identify an enterprise solution and integration plan for records for all veterans.

Recommendation: M-13
ORGANIZE C&P REGULATIONS

- First, rewrite and reorganize the C&P Regulations in a logical coherent manner, incorporating regulatory materials now found in manuals as well as binding court precedents.
- Second, rewrite operations manuals as soon as regulatory basis for the claims process is established.
- Establish a viable user-friendly search engine to aid in the researching of regulations and procedural requirements.

Recommendation: M-14
ESTABLISH CALL CENTERS

- Establish several General Inquiry Call Centers nationwide to handle the routine and more general case status questions.

Presentation to

Committee on Veterans' Affairs
U.S. House of Representatives
on
VA Claims Processing Task Force
Report to the Secretary of Veterans Affairs

November 6, 2001

Briefing Overview

- Task Force Composition
- Charter and Goals
- Secretary's Guidance
- Methodology and Problem Identification
- Impacts on Workload
- Overarching Themes
- Charter and Functional Compliance
- Findings
- Task Force Recommendations
- Conclusion

2

Task Force Composition

- Naval Officer (1)
- VA Headquarters Leaders (3)
- VBA Present Employees (2)
- VBA Past Employee (1)
- VSO Representatives (2)
- VHA Representative (1)
- Consultants (3)
- Full Time Staff (1)

3

Charter

- **Assess and critique VBA's organization, management and processes (24)**
- **Propose measures and actions to increase efficiency and productivity and shrink the backlog (22)**
- **Evaluate potential benefits from IT and propose improvements (6)**
- **Evaluate procedures and processes for deciding veterans appeals of rating decisions (5)**
- **Evaluate and consider changes to VHA medical examinations (3)**

4

Goals

General:

- Reduce backlog by 50% over a two-year period
- Reduce time to process claims by 50%

Task Force Specific:

- Identify and "free-up" direct labor hours
- Improve the basic claims process
- Enhance accountability at all levels
- Emphasize, enhance and encourage ***One VA***

5

Secretary's Guidance

- Actions must be within purview of the VA Secretary – Today
- No Congressional or Judicial action will be required
- Time Frame – 90 to 120 Days

6

Methodology

- Reviewed past study reports and recommendations
- Held open hearings (GAO, Hill Staff, VSOs,VSC Managers, VHA, BVA, SSA, OIG, AFGE)
- Visited 12 Regional Offices
- Visited training, records and data processing centers
- External sources:
  - > FedEx
  - > AON
  - > UNUM Provident
  - > QTC
  - > Reliance Standard Life Insurance
  - > Ford
  - > USAA
  - > Prudential
  - > PKC
- VBA supported every data and briefing request expeditiously and professionally

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Impacts on Workload

- Time to process each claim has doubled
- Aging claims are of great concern
  - ➢ WWII and Korean veterans
- Appeals and Remands
  - ➢ BVA must be active participant
- Increase in number of claims per military conflict
  - ➢ Increase awareness of veterans
- Attrition of institutional knowledge - retirements

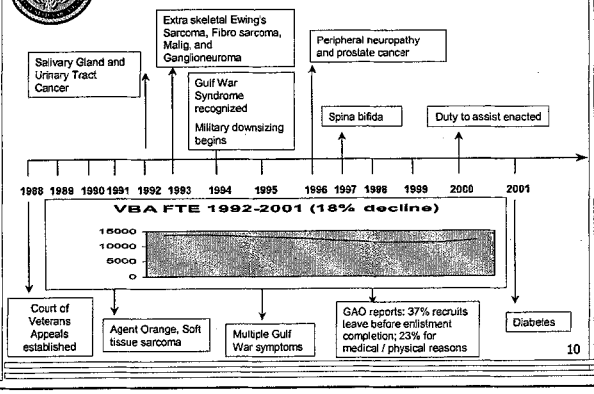
8

Impacts on Workload

- Too much time is <u>not</u> focused on claims processing
- Planning assumptions made several years ago:
  - Static Workload
  - Future Wars and Conflicts Decreasing
  - Nominal Legislative Impacts
  - New claims by National Guard and Reserves
  - Shifting Demographics
- This is a *One VA* problem – all VA must participate in the solution

9

External Influences on Compensation Workload



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Overarching Themes

- **Accountability**
- **Communications**
- **Change Management**

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Findings

Accountability, Leadership, Organization

- "You get what you inspect, not what you expect"
- Lack of uniformity
- Service Delivery Network (SDN)
- Office of Field Operations (OFO)

Communications

- Regulations, manuals, and "Fast Letters"

Compensation and Pension Medical Exams

- Adequacy, competition, VHA-VBA MOA

12

Findings

Records

- Records Management Center (RMC)
- National Personnel Records Center (NPRC)

Training and Workforce

- Variability of productivity, timeliness and quality
- Resource allocation
- Integrated training

13

Findings

Information Technology

- System introduction and implementation
- VETSNET
- Benefits Delivery Network (BDN)

VSO Professional Relationships

14

Task Force Recommendations

15

Reduce the Backlog

- Establish Tiger Team (S-1)
- Defer introduction of new IT initiatives (S-5)
- Require BVA processing of remands (S-7)
- Improve record recovery from NPRC (S-12)

16

Free-Up Direct Labor Hours

- Defer EVR's and IVM's for 1 year (S-2)
- Expedite favorable decisions (S-3)
- Extend timeframe for routine compensation re-exams (S-6)
- Competitive sourcing of pre-determination (M-9)

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Promote Accountability

- Impose change management and communication discipline (S-14)
- Credit brokered work equitably (S-19)
- Restructure VBA management (M-5)
- Redefine claims processing errors (M-10)

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Information Technology

- Defer introduction of new IT initiatives (S-5)
- Maintain Benefits Delivery Network (BDN) (M-2)
- VETSNET viability review; and use Oversight Board (M-7)
- Commence ***One VA*** system integration (M-12)

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Conclusion

- VBA serves the veteran best by processing claims expeditiously, emphasizing quality and consistency.
- This situation is a VBA problem. VBA, VHA and BVA must energize their organizations to permanently solve the problem. This requires a ***One VA*** Focus.
- VSOs and VBA must continue to foster and strengthen cooperation, professionalism and responsibility to best assist veterans.
- Our Nation's veterans deserve nothing less than the full and unqualified assurance of consistent, equitable and expeditious handling of their claims.

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VA Claims Processing Task Force

Report to the Secretary of Veterans Affairs

October 2001

Memorandum

Department of Veterans Affairs

Date: October 3, 2001

From: Chairman, VA Claims Processing Task Force

Subj: Report of the VA Claims Processing Task Force

To: Secretary of Veterans Affairs (00)

The VA Claims Processing Task Force is pleased to present its report in accordance with the Task Force Charter of May 22, 2001.

It has been our pleasure to work with the various components of VA to develop these short-term, and some longer-term, recommendations meant to attack and alleviate the current claims backlog. While these specific recommendations are not of a nature to provide long-term solutions, the underlying reasons for the problem can be ascertained and a reasoned long-term set of solutions developed.

Each of us is honored to have been allowed to assist VA in its quest to better serve our Nation's veterans.

Daniel L. Cooper
Chairman

EXECUTIVE SUMMARY

At the outset, the Department of Veterans Affairs (VA) Claims Processing Task Force emphasizes its conviction that the vast majority of Veterans Benefits Administration (VBA) Regional Office employees have been executing an extremely difficult task to the best of their abilities. For more than a decade, VBA employees have been dealing with a cycle of workload crises. The current backlog or pending inventory of 533,000 veterans' claims is just the latest in a series of oscillations that have become an inherent characteristic of the claims process.

The Task Force was cognizant that many studies and reports have been completed on the VBA compensation and pension claims processing issue. In the past few years, the Veterans Claims Adjudication Commission, the National Academy of Public Administration, and the Congressional Commission on Service Members and Veterans Transition Assistance have called for fundamental legislative and strategic changes to achieve a total system cure for processing veterans' claims. The Task Force has reviewed, and concurs, with the vast majority of process improvement conclusions of these and other groups.

There has been no lack of dedication and vision at VBA to focus on alleviating the claims processing problem. Over the last few years, VBA has developed many initiatives in the belief that these initiatives would produce a better capability to adjudicate claims. The Task Force would be remiss if it did not acknowledge that VBA has indeed instituted some change at a time when it was sorely needed.

While some of VBA actions have been important first steps, the Task Force believes that VBA Central Office decisions regarding choices about how to improve the processing of claims has exacerbated the claims backlog crisis. VBA has also created many problems through poor or incomplete planning and uneven execution of claims processing improvement projects. VBA Central Office choices have essentially served to reduce the availability of skilled labor for processing claims, while diverting experienced staff to implement unproven process changes that were poorly planned or managed. At its core, the Veterans Benefits Administration serves the veteran best by getting claims processed expeditiously and in a quality fashion.

While it is difficult to develop new solutions for a problem that has been studied repeatedly and addressed by many, the Task Force focused on actions that, if implemented, could generate or free-up more direct labor hours to attack the immediate problem. Eight short-term and three medium-term Task Force recommendations address this approach. A couple of recommendations are one-time deferment of tasks that could provide some immediate relief.

All who are interested in solving the problem and helping veterans understand that external factors have played a large role in the current situation. The VBA workload has fluctuated dramatically over the years for a variety of reasons, and there is no reason to expect some eventual settling into a stable predictable level. The Task Force has concluded, therefore, that systemic problems need to be addressed. The Task Force has attempted to identify those systemic problems but time has precluded a serious development of any in-depth solutions. Although previous 1-year and 2-year studies have addressed the need for a system cure, the actions that were recommended, and in many cases agreed to, have been tried to a limited degree or not addressed at all.

A systematic analysis was applied by the Task Force to determine the manner and extent to which veterans' compensation and pension claims are adjudicated. The basic overarching theme of the Task Force findings is that flaws exist in Accountability, Communications, and Change Management. There are other topics described in Part I of the report, but these three are the critical ones that, if not addressed properly, will ensure that VBA continues to be perceived as a reactive, short-term focused, uncoordinated entity. If prompt comprehensive corrective action is not taken, the veteran's attention will be dominated by delays and irritations rather than on the basic high purpose of the organization and the dedicated hard working VBA employees, many of whom are themselves veterans.

In addition to critiquing claims processing within VBA, the Task Force recommended actions to improve the appeal resolution time of veterans' claims at the Board of Veterans' Appeals. The Task Force also proposed actions to improve the timeliness and quality of compensation and pension medical examinations conducted by the Veterans Health Administration.

The Task Force is optimistic that its 120-day effort will help to improve the short-run situation, and that this report will provide the Secretary of Veterans Affairs with actions that are within his immediate authority, and that he can implement now. Part II of the report contains a description of 20 short-term recommendations and 14 medium-term recommendations.

The Task Force hopes this report will stimulate VA to see claims processing as a *One VA* issue and that improving the process can be achieved only if the entire organization sees it as "their" problem. The tentacles of helping the veteran understand and receive his or her benefits expeditiously extend throughout the Department of Veterans Affairs. Solving the problem will demand full cooperation and understanding at all levels. America's veterans deserve nothing less.

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PART I – DISCUSSION

SECTION A - INTRODUCTION

BACKGROUND

In fulfillment of a promise made during his confirmation 1 year the Secretary of Veterans Affairs signed a charter establishing the Department of Veterans Affairs' Claims Processing Task Force on May 22, 2001 (Appendix A). The goal of the Task Force was to recommend specific actions that the Secretary could initiate within his own authority, without legislative or judicial relief, to relieve the current veterans' claims backlog and make claims processing more efficient.

The Secretary instructed the 12 member Task Force to provide its findings and recommendations to him in approximately 120 days (Appendix B). To accomplish this goal, the Secretary directed the Task Force to:

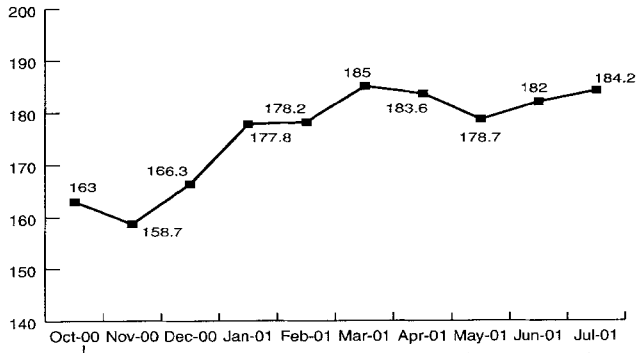
- Assess and critique the VBA organization, management, and processes in order to develop recommendations to greatly improve VA's ability to process veteran's claims for disability compensation and pension.
- Propose measures and actions to increase the efficiency and productivity of VBA operations, shrink the backlog, reduce the time it takes to decide a claim, and maintain or improve the validity and acceptability of decisions.
- Evaluate the potential benefits of improving the information technology on VBA claims evaluation and propose improvements.
- Evaluate the procedures and processes for handling veterans' appeals of VBA rating decisions.
- Evaluate and consider changes to the VHA medical examinations in order to better coordinate with the Department of Defense (DoD), better utilize military detachment physicals, and expedite the veteran's entry into the VA system.

On March 23, 2001, the VBA backlog of pending work was 521,483 claims. By June 29, 2001, the number had grown to 535,258 claims, and as of September 1, 2001, the VBA pending workload was 533,029 claims.

Information pertaining to the average number of days to process a rating case rose from 163 days in October 2000 to 184 days in July 2001, as displayed in Exhibit 1:

Exhibit 1

Average Processing Days for Rating Cases in VBA



The types of claims that are bundled into the category of "rating cases" in Exhibit 1, include the following end products:

010 – Original disability compensation 8 or more issues

110 – Original disability compensation 7 issues or less

140 – Original dependency and indemnity compensation

180 – Original disability pension

020 – Reopened disability compensation

120 – Reopened disability pension

310 – Review for future exam

320 – Review based on hospitalization

TASK FORCE APPROACH

VBA's claims processing and institutional problems have been well documented. Given the urgency of the situation and the requirement that recommendations be provided to the Secretary within

approximately 120 days, the Task Force began by reviewing findings from previous studies on VBA to identify potential areas for leverage that would offer high payoff in terms of increasing available staff resources. The Task Force devoted significant time to developing a consistent baseline to describe the totality and composition of VBA's workload, current and past.

With increasing workload, VBA Regional Offices face the practical problem of having to allocate a fixed level of direct labor hours to accomplishing an increasing volume and complexity of work. VBA's workload produces a variety of veteran disability rating and non-rating work products. Additionally, VBA's workforce is faced with the challenge of having to allocate direct labor hours to non-claim tasks, such as the planning and implementation of training and modernization initiatives.

The Task Force concluded, that in the near term, the best strategy was to seek ways to generate or free-up direct labor hours that could be directed to high priority claims processing activities. In reviewing prior studies and during data collection activities, the Task Force sought to find work tasks that could be eliminated or, at least deferred for a period of time, thus allowing more direct labor hours to be spent on the primary objective of reducing the claims backlog. The Task Force also looked for changes that might not expedite overall processing times, but would benefit veterans who had filed claims, especially those longstanding claims filed by aging veterans. Finally, the Task Force identified priority changes critical to VBA's strategic and long-term success.

The Task Force members were aligned into three sub-groups to focus on issues related to claims processing, information technology, personnel training, workforce performance, and quality assurance. These teams worked independently, but interacted frequently and shared information on the system-wide impacts of identified problems and solutions.

TASK FORCE FACT-FINDING

The Task Force engaged in extensive data collection activities. The Task Force conducted four public fact-finding meetings featuring presentations from Congressional Committee staff, VBA, General Accounting Office, Office of the VAInspector General, Social Security Administration, Board of Veterans Appeals, Veterans Health Administration (VHA), American Federation of Government Employees, and representatives from Veterans Service Organizations (Appendix C).

The Task Force solicited ideas and advice from private sector organizations such as AON, UNUM-Provident, PKC, Ford Motor Company, USAA, FedEx Center for Cycle Time Reduction, and QTC. The Task Force also visited 12 Regional Offices and other key claims processing support sites: the Hines Information Technology Center (ITC) in Chicago, VBA Records Management Center and the National Personnel Records Center in St. Louis, and VBA Training Offices in Baltimore and Orlando (Appendix D). During site visits to VBA Regional Offices, the Task Force also met with VHA staff involved in C&P medical examinations. Additionally, the Task Force reviewed previous studies on VBA claims processing and met with any interested party who wished to provide relevant information.

ORGANIZATION OF THE REPORT

Part I of the report describes the nature and composition of VBA's workload. Subsequent sections of the report are organized around seven major categories of conclusions and findings that, in the aggregate, describe the underlying causes that contribute to the present VBA claims processing situation. The major categories of findings include:

1. Accountability, Leadership, and Organization
2. Communications
3. Change Management, Planning, and Control
4. Claims Development (Records and Medical Examinations)
5. Training and Workforce
6. Information Technology
7. VSO Relationships

Part II presents the Task Force recommendations. These recommendations identify immediate, near-term and longer-term actions that will directly reduce the current backlog while redirecting VBA activities to achieve a more efficient and effective organization. Part III contains Appendix A through Appendix E.

The first set of recommendations identifies actions that the Secretary has the authority to execute immediately in order to stabilize the current work environment and free-up direct labor hours that can be applied to the current backlog. The second set of recommendations identifies intermediate actions that are also within the purview

of the Secretary to initiate, but that may take some time to complete. Several recommendations highlight actions that must be taken to deal with long-standing VBA institutional as well as claims processing problems.

Exhibit 2 is a *Charter Matrix* identifying which short-term and medium-term recommendations are aligned with the five elements of the Task Force charter. Exhibit 3 is *Functional Compliance Matrix* that aligns the Task Force recommendations with the key activities to improve the processing of veterans' claims.

The Task Force is confident that, if these recommended actions are carried out in the spirit intended without attempts to obfuscate, undermine, or use some trivial misstatement to discredit a specific proposal, VA can achieve the Secretary's goal to reduce the backlog and decrease the average time to decide claims without compromising quality. To this end, the Task Force recommends that an oversight group, external to VBA, be constituted to ensure that remedial actions are promptly and effectively implemented.

SECTION B - VBA'S WORKLOAD AND THE CLAIMS PROCESS

VBA's workload will continue to remain dynamic. To expect the workload to return to some normalized, predictable level is not reasonable. As illustrated in Exhibit 4, external influences have repeatedly had a direct impact on the compensation workload. While the Task Force has concentrated on the current backlog, short-term actions to deal with it should be viewed in the context of the overall C&P workload and the trends driving VBA's volume of work.

Immediate actions are required to deal with aging cases over one year old, including appeals and remands. In this regard, the Secretary has already taken action by establishing a Tiger Team to deal with those specific cases.

VBA'S WORKLOAD

VBA's workload is normally discussed in terms of the number of pending claims or the backlog in VBA Regional Offices. Pending claims are generally assumed to be original and reopened claims for disability compensation. However, this shorthand description of the workload over-simplifies what is, in reality, a heterogeneous collection of 37 different compensation and pension end products

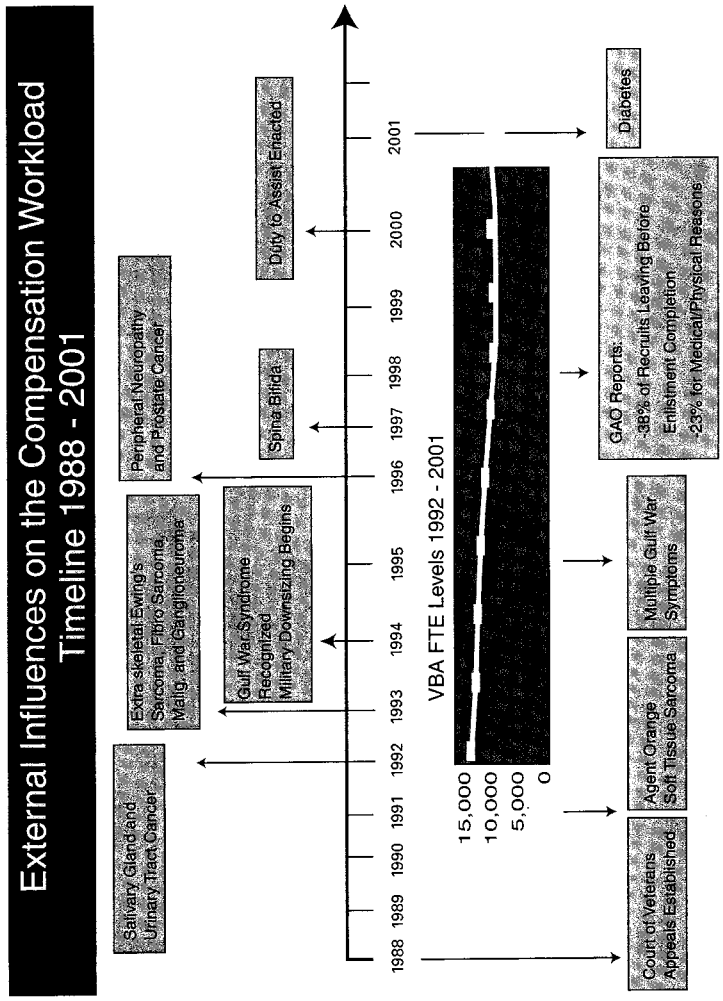
Exhibit 2 - Charter Maxtrix

Charter Task #1 Task Force will assess and critique VBA organization, management and processes in order to greatly improve VA's ability to process veterans claims for disability compensation and pension	Charter Task #2 Task Force will propose measures and actions to increase efficiency and productivty of VBA's operations, shrink the backlog of claims, reduce the time it takes to decide a claim and maintain, or improve the validity and acceptability of decisions	Charter Task #3 Task Force will evaluate the potential benefits of improving the information technology on VBA claim evaluation and process improvement	Charter Task #4 Task Force will evaluate the procedures and processes for deciding veterans appeals of VBA rating decisions	Charter Task #5 Task Force will evaluate and consider changes to the VHA medical examinations in order to better coordinate with the DoD, better utilize military detachment physicals" and expediate the veterans entry into the VA system
S-1	S-1	S-14	S-1	S-20
S-2	S-2	M-2	S-7	M-3
S-3	S-3	M-3	S-8	M-4
S-7	S-4	M-6	S-12	
S-8	S-5	M-7	M-4	
S-9	S-6	M-12		
S-10	S-7			
S-11	S-8			
S-12	S-9			
S-13	S-10			
S-14	S-11			
S-16	S-12			
S-17	S-13			
S-18	S-14			
S-19	S-15			
M-1	S-17			
M-4	M-1			
M-5	M-4			
M-6	M-9			
M-7	M-10			
M-8	M-11			
M-11	M-14			
M-12				
M-13				

Exhibit 3 - Functional Compliance Matrix

	Free Up Direct Labor Hours	Eliminate the Backlog	Improve Claims Timeliness	Accountability	Organization Management Process	Operations	Quality of Decisions	C&P Physical Exams	Information Technology	Training
S-1		✓	✓		✓	✓				
S-2	✓	✓	✓		✓	✓				
S-3	✓	✓	✓		✓	✓				
S-4		✓	✓			✓				
S-5	✓	✓	✓			✓			✓	
S-6	✓	✓	✓			✓		✓		
S-7	✓	✓	✓		✓	✓				
S-8	✓	✓	✓	✓	✓	✓	✓			✓
S-9			✓	✓	✓	✓	✓			
S-10		✓	✓	✓	✓	✓	✓			
S-11			✓		✓	✓				
S-12		✓	✓		✓	✓				
S-13		✓	✓		✓	✓				✓
S-14				✓	✓					
S-15				✓		✓				
S-16	✓			✓	✓					
S-17	✓		✓		✓	✓				
S-18					✓					
S-19				✓	✓					
S-20					✓			✓		
M-1	✓	✓	✓		✓	✓	✓			✓
M-2					✓				✓	
M-3							✓	✓	✓	
M-4		✓	✓	✓	✓	✓		✓		
M-5				✓	✓	✓				
M-6				✓	✓		✓		✓	
M-7				✓	✓				✓	
M-8			✓	✓	✓		✓			✓
M-9	✓	✓	✓		✓	✓	✓			
M-10			✓	✓		✓	✓			✓
M-11	✓	✓	✓		✓	✓				
M-12			✓		✓		✓		✓	
M-13					✓		✓			
M-14			✓			✓	✓			

Exhibit 4


External Influences on the Compensation Workload
Timeline 1988 - 2001
Salivary Gland and Urinary Tract Cancer
Extra-skeletal Ewing's Sarcoma, Fibro Sarcoma, Malig. and Ganglioneuroma
Peripheral Neuropathy and Prostate Cancer
Gulf War Syndrome Recognized Military Downsizing Begins
Spina Bifida
Duty to Assist Enacted
1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001
VBA FTE Levels 1992 - 2001
15,000
10,000
5,000
0
Court of Veterans Appeals Established
Agent Orange Soft Tissue Sarcoma
Multiple Gulf War Symptoms
GAO Reports:
-38% of Recruits Leaving Before Enlistment Completion
-23% for Medical/Physical Reasons
Diabetes

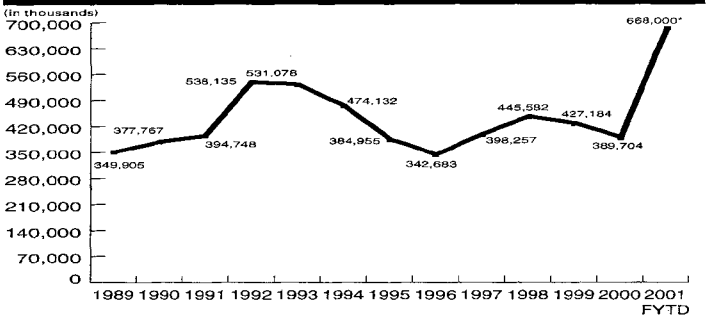
that consume direct labor hours of the C&P workforce. To complicate matters further, these end products do not account for all categories of work required in the Regional Offices, such as the following:

- Receiving and analyzing over 24.5 million pieces of mail received per year;
- Determining if a claim should be established;
- Responding to over 9 million phones calls a year; and
- Administering over 5.5 million claim folders in Regional Offices.

One of the challenges in analyzing VBA's backlog of work has been to develop a data baseline of the pending workload that accounts for discrete work activities in a consistent manner over time. Exhibit 5 depicts the ebb and flow of VBA's total pending workload from FY 1989 through FY 2001 as of August 21, 2001.

Exhibit 5

VBA's Total Pending Workload FY 1989 - FY 2001 YTD



*The Pending Workload number of 668,000, as reported to the Secretary by VBA on August 21, 2001, is the sum of 532,000 claims counted as work in progress; 93,000 appeals; 31,000 duty to assist cases; and 12,000 diabetes claims not reflected in workload count.

VBA's Business Processing Reengineering (BPR) analysis and other improvement initiatives, including case management and merging of the Adjudication and Veterans Assistance Divisions, have been based on several assumptions, some of which have been invalid: VBA's workload would remain static or decline in the out-years; there would be no future wars, military conflicts, or major legislative C&P benefit changes; and claims processing performance was not influenced by the number and size of Regional Offices. Several of the key trends that merit mention because of their continued or future impact on claims processing are:

- In 1991, VBA began experiencing an increase in the volume of pending claims. VBA cited several reasons for the increased backlog of claims including the impact of judicial review, military downsizing, the Gulf War, increasingly complex claims, the changing mix of claims, and staffing levels. The advent of Judicial Review in 1988, and its consequences, while certainly a contributing factor to the complexity of VBA's workload, is but another legislative fact of life that has always been, and will continue, to impact VBA's workload.
- The number of armed conflicts involving U.S. deployment of forces increased during the 1990's and the volume and frequency of legislative and regulatory benefit changes have continued. For example, during the tenure of this Task Force, the Congress has been considering a proposal for a 10-year extension of the December 31, 2001, deadline to file for Gulf War presumptive disabilities. VBA continues to react to these fact of life changes as being unusual, rather than recognizing that they are, and will continue to be, an inherent part of doing business.
- The Task Force is also concerned that inadequate attention is being paid to the potential for life-cycle impact of a large number of new and reopened disability claims to be filed by National Guard and Reserve personnel. VBA does not separately track claims filed by Guard and Reserve personnel. Under current rules, Guard and Reserve personnel called to active duty can file a claim following completion of each period of active duty. The Task Force is concerned about the volume of claims that might be generated from this population of veterans, as well as the problems associated with the documentation and timely access to service and medical records for Guard and Reserve personnel. The potential for

this group of veterans to file claims in the future will be determined by two factors – the number of people called to active duty and the number of days these individuals serve on active duty. Exhibit 6 depicts the increase in the number of Guard and Reserve personnel called to active duty from January 1989 to August 2001.

Exhibit 6 – Guard and Reserve Personnel on Active Duty

Guard and Reserve Personnel on Active Duty		
Major Conflict	Period of Service	Guard and Reserve Personnel Called Up to Active Duty Status
Just Cause (Panama)	1989 - 1990	7,323
Desert Shield / Storm (Iraq)	1990 - 1991	265,322
Haiti	1994 - Present	8,338
Bosnia	1995 - Present	43,523
Northern Watch (Turkey)	1996 - Present	15,842
Desert Thunder / Southern Watch (Iraq)	1997 - Present	23,346
New Horizons (Central America)	1998 - 1999	24,220
Kosovo	1999 - Present	13,595
		Total 401,509

- Although the VBA Records Management Center in St. Louis has made significant progress in reducing the turnaround time for retrieving records, the timely availability and completeness of service and medical records continues to be a nexus of problems contributing to delays. These problems may be worse for Guard and Reserve records that are under the control of DoD. Myriad issues relate to service and medical records for Guard and Reserve personnel who served on active duty. These include documentation of service and medical conditions, inventory control, and records format. At the moment, it is not clear how many records exist or where they are located. There have been some discussions between DoD and VBA concerning these records but at this time, no agreement has been reached on how to resolve these issues.

- While the estimated number of veterans in the population declined by 10.5 percent between 1990 and 2000, the total number of service-connected disabilities managed by the VBA workforce increased 48 percent during the same period.

Since the last directed study of the VBA claims process in 1997, the total inventory of service-connected disabilities managed by the C&P workforce increased 8.6 per cent through FY 2001, while the total veteran population decreased by 6 percent during the same period. The number of disabilities cited by a veteran when a claim is established and the actual number of disabilities that are rated during the adjudication process are key drivers of direct labor hour requirements.

- Dramatic changes are underway for the cohort of older veterans. The number of veterans aged 85 and older is projected to increase from 511,000 in the year 2000 to 1.23 million in 2010 (+141 percent). The aging factor will significantly impact VBA's workload of reopened disability claims, pension claims, and other types of work. Currently, the administration of pension benefits accounts for 23 percent of C&P direct labor hours, with cyclical impacts due to income and eligibility verification requirements. Administration of the pension program, even if simplified, will continue to consume large fractions of C&P direct labor hours.

- Shifting demographics have created a situation in which VBA now has several super-sized Regional Offices. In FY 2000, 19 Regional Offices accounted for 58 percent of the C&P workload. At the other end of the spectrum, 17 Regional Offices collectively accounted for only 10 percent of the total national C&P workload. VA forecasts of the veteran population suggest that these shifting demographic patterns will continue. It is not reasonable to think that the method of resourcing and organizing in order to process claims at a small Regional Office with less than one percent of the national workload should be different than at an Regional Office with 3 to 8 percent of the national workload. The changes in veteran population have major implications for Regional Office staffing, the structure of Service Delivery Networks (SDNs) and how work is organized within a Regional Office.

These and other trends have served to increase the dynamic nature of VBA's work. At the same time, the decreased productivity trends in processing C&P claims, that started in FY 1990 and FY 1991, continues. The average task time, as expressed in number of hours expended on an original compensation claim with 7 or less issues has gone from 3.0 hours in FY 1990 to 6.36 hours in FY 2000, a 53

percent increase. For the same time period, the average number of hours spent on a reopened disability compensation claim was 2.45 hours in FY 1990, as compared to 5.21 hours in FY 2000, also a 53 percent increase in direct labor hours.

VBA has continued to push new projects to the field as if these trends that obviously require more direct labor hours per claim, did not exist. As a result, Regional Offices have to divert direct labor hours from processing C&P claims to planning and implementing projects that have generally failed to improve overall performance, and certainly have not reduced time to process claims.

CLAIMS PROCESS

Two major types of claims – claims that are older than 1 year and claims that are caught in the appeals-remand cycle – trouble the Task Force. The C&P claims process was designed as a serial work flow: establish the claim, collect and develop evidence, evaluate and rate the issues or make a non-rating decision, award the benefit, pay the veteran, and then work on the next claim. This process was not designed to deal efficiently with rework that is continually reintroduced into the workflow. Rework includes remands, cases under special review, and pending cases that have aged for some reason. These claims have been introduced back into the workflow process more than once over a period of time because of the need to develop new evidence or for other reasons. These rework cases essentially "churn" in the system at each Regional Office, as they are reassessed on an ad hoc basis.

"OLDER CLAIMS"

The number of claims that have been in process for a period in excess of more than 1 year are of real concern and, except under very unusual circumstances, hard to justify. As of August 31, 2001, almost 170,000 claims were pending for 6-12 months; approximately 56,500 were pending for over 1 year with a few claims pending for almost 10 years. Many of those claims are from World War II and Korean War veterans who, as a group, are becoming older and dying in greater numbers. The Task Force believes that continuing to administer these aging claims through the current claims process at each Regional Office will only further delay providing service to veterans. To that end, the Task Force has included a recommendation to create a Tiger Team empowered to cut red tape in order to resolve claims affecting aging veterans. This initiative, besides being the right thing to do, should make a major impact on the most difficult claims and should reduce the average time delay.

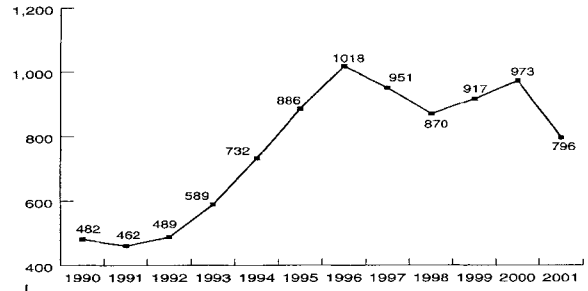
APPEALS AND REMANDS

The entire VA appeals and remand process must be redesigned into a fairer and more viable system. Currently, both the time delays to handle appeals and then the time to correct remanded decisions are both unreasonable and unfair to veterans awaiting decisions.

The processing time from the point at which a veteran submits a Notice of Disagreement (NOD), then through the various steps in the appeal process until the Board of Veterans' Appeals (BVA) renders a decision is much too long. Exhibit 7 shows the processing time from receipt from the NOD to a BVA decision (either final or remand) over the last decade:

Exhibit 7

Elapsed Processing Time - Days



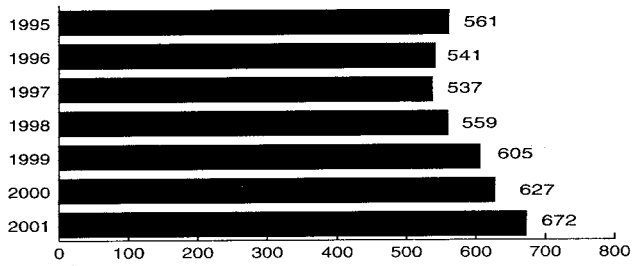
The average number of days for handling remands (from the date of the BVA decision to the date VBA returns the package to BVA for further consideration) is shown in Exhibit 8:

On April 9, 2001, the Secretary of Veterans Affairs directed BVA to help with the remand problem and reduce the time veterans have to wait for an appellate decision. The Task Force believes that BVA has been excruciatingly slow in implementing this directive. The Task Force is particularly concerned about the large number of BVA Travel Board Hearings and Video Conferencing Requests pending in the field, and the aging of these claims. As of August 23, 2001, there were 7,874 pending Travel Board Requests and 1,740 Video Conferencing Hearing Requests. There appears to be a greater con-

cern in BVA about running out of cases than being creative in the use of resources. With BVA's current significant decrease in workload, the expertise of BVA staff could be used creatively to reduce VA's claims backlog.

Exhibit 8

Average Days for VBA to Process Remand



On June 4, 2001, VBA issued guidance to the field on implementing new VBA-initiated regulatory provisions providing the veteran with an option for a *de novo* review of the claim and an additional option for an informal hearing with a Decision Review Officer after receiving notice of a rating decision. The Task Force is concerned that this policy may have the unintended consequence of generating more requests for hearings when VBA is already faced with a tidal wave of pending work.

The appeals process today is ill-suited to serve the veteran or VA. Most remanded cases are returned to the Regional Office from which they originated, where the claim languishes while awaiting its turn. A more responsive VA appeals and remand process must be designed, and BVA must be an integral part of the equation. Otherwise, there is no way the veteran can be served expeditiously and fairly. There must be some method by which cases that are currently remanded could, instead, be processed at a specific location, with a trained staff and the necessary capacities to manage the life-cycle of an appeal and remand. In redesigning the administrative appeals and remand process, VA needs to consider strategies to decentralize some BVA staff to Regional Offices and specialized sites for appeals and remand processing.

At one time in VBA's history, Regional Offices had specialized "appeals teams" to manage the life cycle of appeals and remands. Most Regional Offices abandoned this strategy as case management was introduced into the Veteran Service Centers. Until such time as VA can redesign the appeals and remand process, the Task Force believes that each Regional Office should establish, as a priority, a specialized team to manage and process appeals and remand actions locally.

SECTION C - CONCLUSIONS

C.1 ACCOUNTABILITY

The term accountability includes not only the proposition that a leader is responsible for the actions of the group but also is accountable for the results of those actions or inactions. Accountability also assumes that systems are in place to both measure results and to require positive actions when the objective is not achieved or when adjustments must be made. It is important to establish direction, to expect that action will be taken, and to provide the tools necessary to execute the action. It is vital for leadership to visit and inspect Regional Offices, analyze reports, and verify compliance with basic directives throughout the organization. Leadership must pay attention to details.

The Task Force was surprised by the apparent lack of uniformity in interpreting directives, compliance and ultimate accountability at the vast majority of the Regional Offices visited or represented in discussion groups. VBA's Central Office leadership gives the impression of neither demanding adherence to nor of being completely aware of the actual compliance to directives at the individual Regional Office level. While there is and should be room for individual initiative and leadership at each Regional Office, there must be required processes and mandated actions that are implemented across VBA. If there is no base structure, there cannot be reliable measurement or any reasonable assurance that claims decisions will be made as uniformly and fairly as possible to the benefit of the veteran.

The Task Force is convinced that VBA's Service Delivery Network (SDN), as now constituted, is ineffective. VBA created 9 geographical SDNs in 1998, and assigned between 5 and 9 individual Regional Offices to a specific SDN. These SDN's are "virtual entities" in the sense that no individual is either responsible or account-

able for SDN performance. The theory behind the SDN structure is that the Regional Office Directors will work together to arrive at a consensus on issues ranging from training to resource allocation to workload brokering. The Task Force visited 12 Regional Offices that were assigned to 8 different SDNs. Only one of the SDNs visited was perceived to be successful by a Regional Office Director while the Directors in other SDNs perceived them as having little to no credibility. The SDN concept does not impose the discipline that effective management requires, and it seems to have little effect on accountability.

Similarly, the VBA Office of Field Operations (OFO) is not organized properly to function in a leadership role. (A case could be made that the office was never expected to be effective in that role.) Not only do the incumbents have an exceptionally large span of control which cannot be exercised effectively but also the obvious friction that seems to exist between the OFO offices and the Central Office Program Offices (especially C&P) which is debilitating to both headquarters and Regional Office organizations. This single attribute - accountability - is the most serious deficiency in the VBA organization. The problem underlies many of the Task Force recommendations. A total of 13 recommendations address accountability in some form, and the following recommendations address accountability specifically:

S-16 Establish and Enforce Accountability

M-5 Restructure VBA Management

C.2 COMMUNICATIONS

While it is clearly necessary to promulgate information about important headquarters' decisions or recent judicial and legislative actions, there is an excessive volume of headquarters-generated mail. The plethora of frequently uncoordinated communications from headquarters has led to a perception that VBA Central Office is charting a course that is often unclear, confusing and contradictory. Poor follow-up compounds the problem. At the same time, the process of making prompt changes to the regulations or to the manuals, used on a daily basis, is deficient.

Legislation, new precedents established by court decisions, and various policy changes precipitate a large volume of changes, which need to be incorporated first into the regulations and then into the operating manuals. The failure to accomplish this important

task in a timely fashion serves neither the veteran nor VBA employees well. The regulations and the manual are in dire need of updating and reorganizing to allow easier access to information that is vital in providing a timely, correct decision on a veteran's claim. Further, the need for a user-friendly, rapid search engine for the Veterans Service Representative (VSR) and Rating Veterans Service Representative (RVSR) to reference pertinent information is sorely needed.

The proliferation of information and directives generated by VBA Central Office and the methods of their promulgation has resulted in confusion, lack of direction, misunderstanding and–most importantly–a lack of uniformity in execution. Frequently, there is confusion in the field as to what Central Office wants. This opinion was reinforced during visits to Regional Offices, where the Task Force found misinterpretation of specific procedures. When the Task Force suggested the need to address the confusion, VBA disseminated a clarification; but much of that specific communication in a headquarter's "fast letter" reiterated that the relief requested had been promulgated earlier and should have been understood to be in effect at the time.

Further, after visits to Regional Offices the Task Force members reported a widespread impression that headquarters' communications were poorly coordinated. To exacerbate matters, the number of individuals empowered to send directives to the field was excessive, leading to disparate instructions that subsequently needed to be rescinded or changed. It was further indicated in the field that occasionally, C&P directives are specifically undermined by tepid support or no support from members of the OFO organization.

Inconsistent and inadequate implementation of VBA Central Office directives at Regional Offices was prevalent. Not only did interpretations differ as to their meaning, but also many at the working level frequently seemed unaware of the existence of certain policy changes or did not realize the importance of the information when it was received. There maybe a system, but it is improperly coordinated and less effective than it must be to ensure both fairness to the veteran and efficiency in processing claims. The following recommendations address communications specifically:

S-14 Impose Change Management and Communication

M-13 Organize Compensation and Pension Regulations

C.3 CHANGE MANAGEMENT, PLANNING, AND CONTROL

The most important factors in the VBA claims process are fairness and equal treatment for the veteran in cases, and for issues that are frequently difficult, both medically and humanely. With an organization as widely dispersed and as important as VBA, the need for the maximum degree of uniformity should be unquestioned. This is particularly the case in IT program enhancements. When software applications that will assist each of the various field offices have been developed, those tools must be properly tested and introduced to the field with concomitant buy-in and feedback, which can lead to upgrades, changes, and complete implementation. VBA has done a poor job introducing change. Either the planning and execution were ill conceived or the volume of new plans and programs caused the entire system to falter.

On the other hand, once the command decision is made to utilize a system or a change, there must be assurance that the upgrade will be implemented completely in every activity concerned. Obviously, changes and upgrades must be continually reviewed, but they also must be developed and promulgated under centralized enterprise architecture control.

The Task Force was discouraged by the varying degrees of implementation of software application programs at different Regional Offices. Some of the programs had been in-place for several years but were used sparingly. Unless the uncontrolled variability between Regional Offices is dramatically changed, fair and equal treatment for all veterans cannot be assured.

Leadership is vital and innovation is critical; but the basic tools and processes are just that – basic. The tools are an aid to assist VBA employees in making the right decision based on knowledge, fairness and the accumulation of the facts. Once VBA headquarters has decide to implement a particular tool; there can be no option by a Regional Office not to use it. Full implementation according to the established time schedule is mandatory.

This variability of change implementation and the apparent acceptance (passive or active) of that variability by headquarters seem to be major contributors to the present situation. The following recommendation addresses change management specifically:

S-14 Impose Change Management and Communication Discipline

C.4 CLAIMS DEVELOPMENT

C.4.1 C&P MEDICAL EXAMINATIONS

The scheduling and performance of C&P medical examinations have been, for many reasons, a key factor affecting the timelines and quality of the C&P process. Over the last several years, an average of 33 percent of all remand reasons have been attributed to medical examination deficiencies. When a veteran's appeal is remanded for insufficient medical information, one or more of the following reasons may apply: clarify diagnosis, stale record, assess pain/functional loss, Nexus opinion, incomplete findings, and consider new criteria.

The Task Force believes the C&P medical examination process, both in terms of timeliness and quality, has exacerbated the problem for several reasons:

- The request for medical exams may be poorly researched or stated, and thus filling out the AMIE forms is long, cumbersome, and difficult;
- At VHA Medical Centers, the C&P examination is often regarded as a minor matter in their overall responsibility for health care, and it has historically been treated as a low priority; and
- At the Regional Office and Medical Center Director levels, working agreements are known to have existed that obfuscate accurate reporting of deficient medical examinations, thus preventing higher-level identification and correction of problem areas.

Congress has seen fit to permit the contracting out of medical examinations on a pilot basis. Regional Office Directors and other VBA personnel involved have been very positive when discussing the quality and responsiveness of the contracted examinations.

The vast majority of C&P medical examinations are still provided under the auspices of the VHA. Until recently, VHA leadership has not appeared to be actively involved in the management of the C&P medical examination process. There has been no organized training or continuing education of C&P clinician examiners. The *Physician's Guide* has been unavailable for several years and VHA has provided little systematic review of on-going practices and quality control, except to monitor average examination timeliness

and the number of examinations returned by BVA as inadequate for rating purposes. Although VHA performs many C&P medical examinations each year - 322,596 in FY 1998; 307,750 in FY 1999; and 263,938 in FY 2000 - VHA does not specifically monitor costs for its C&P medical examination program, thus making comparisons with private contractors difficult.

To improve the C&P medical examination process, VHA and VBA have recently entered into a Memorandum of Agreement (MOA) which encompasses the following actions:

- Establish a jointly coordinated, funded, and staffed national VBA/VHA project office to lead the effort to improve the C&P examination process and to be accountable for its outcomes;
- Identify liaison coordinators from each VHA facility and Regional Office to lead that examination process; and
- Initiate a combined training process, as well as a process to produce continuous performance measurement.

The Task Force recommends that the C&P Examination Project Office (CPEP) should also be responsible for:

- Coordinating training at Regional Offices to improve the quality of the examination requests;
- Ensuring VHA C&P training on methods of conducting C&P medical examinations;
- Improving quality of medical examinations and promoting effective continuing education;
- Enhancing accuracy, adequacy, and timeliness of VHA examination reports;
- Expediting completion and distribution of the *C&P Clinician Guide*; and
- Monitoring the cost of the examination program.

These are good first steps. The fact that it has taken so long to focus on the problem of medical examinations, both ordering and executing, is difficult to understand. The problem cannot be resolved unless VHA and VBA work closely together. Clear communications is a must at all levels in both organizations.

C.4.2 RECORDS

A major problem and cause for inordinate delay in the claims process has been the retrieval of historical information, both medical and service records, from the two major record centers in St Louis. Since 1994, VA's Record Management Center (RMC) has been the repository of all DoD Service Medical Records (SMR) for discharged personnel (the Coast Guard started in 1998). In the last several years, this center has improved its operations dramatically and is now working toward a goal of a 48-hour turnaround of claims files and SMRs.

The General Accounting Office recently released a report criticizing the National Personnel Record Center (NPRC). Historically, VA has experienced excessive delays in obtaining SMRs maintained by NPRC. Despite a January 2001 Memorandum of Agreement with the RMC, and the addition of 47 personnel supplied by VA to do work originally expected to be done by NPRC employees, the inability of VA people to enter the archives and retrieve records has resulted in a average of 60 days to deliver records. The overall average for last year was 123 days. This situation is highly detrimental to the entire VBA claims process and ensures inordinate time delays.

It is difficult to conceive of a more complicated filing process than the one that is extant at NPRC. The stacks of millions of records are filed using eight separate systems. There is no way to decide if a record is not available even if it had been signed out in 1967; and there is virtually no way to retrieve a record that had been pulled earlier, then returned to the room for refiling. This is a major roadblock to timeliness of claims processing in VBA.

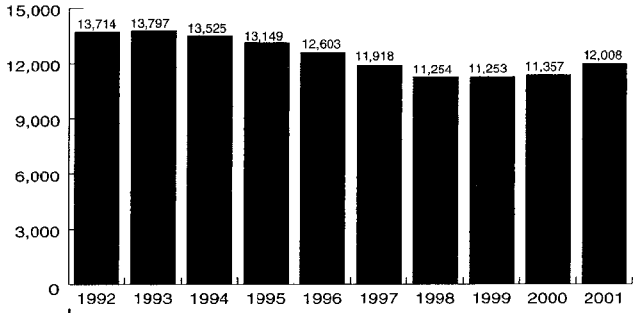
The Task Force made recommendations to help improve the situation, but, until such time that VA, DoD, and the National Archives and Records Administration reach a comprehensive agreement on major changes at the NPRC, little improvement can be expected.

C.5 TRAINING AND WORKFORCE

During the past decade, the number of people in the VBA workforce remained even or reduced slightly while at the same time, the workload increased dramatically. However, during the last 2 fiscal years (and anticipated in the FY 2002 budget), the Congress has provided VBA an average increase of 800 full time employees (FTE) each year. Exhibit 9 reflects staffing levels for VBA from FY 1992 to FY 2001, as of July 31, 2001.

Exhibit 9

Staffing Levels - VBA Workforce



Productivity, quality, and timeliness vary considerably among Regional Offices. The Task Force is concerned that the recent substantial hiring and the allocation of those resources, based on vacancies or the specific Regional Office's ability to hire, is extremely inefficient and, ultimately unproductive. VBA needs a new model for resource allocation, one that accurately measures productivity and distributes FTE more effectively, so that the most productive Regional Offices will be recognized and rewarded.

One of the Task Force's strongest recommendations is that those offices that have been most successful and which continue so today, should receive primary consideration for increased resources – both FTE and funding. Claims could then be reassigned (brokered) from those offices that experience chronic problems, despite resource increases, to those that are most effective. Once work has been completed, those claims would be returned to the office where originally filed for any required further activity involving the Decision Review Officer and the veteran.

When the Task Force began deliberations, it was deeply concerned that the new centralized training programs for VSRs and RVSRs had been planned quickly and executed poorly. As the Task Force received more information over time, and the results of the auditors' monitoring turned out to be positive, the Task Force became more encouraged.

However, VBA appears to have no apparent fully integrated training plan and program. The VBA Office of Employment Development and Training appears to be neither encouraged, nor equipped, to develop a comprehensive plan. There are components of such a plan available now in the Orlando Training Group Instructional System Development (ISD) process and the Baltimore Training Academy, but VBA has not put together a sorely needed training infrastructure. The following recommendation addresses training specifically:

M-8 Centralized Training

C.6 INFORMATION TECHNOLOGY

Information Technology has been regarded as a critical component for improving the quality and timeliness of claims processing. A National Academy of Public Administration's study issued in late 1997, noted that VBA predicted "IT investments alone will reduce the average days to complete these claims by 43 percent." But NAPA questioned this estimate, concluding that VBA was continuing to invest in "complex IT modernization projects that exceed its management and technical capabilities and that have unproven benefits," and that there was a "high risk of failure" in implementation. That situation is in large part unchanged.

A recent internal report assessing the Veterans Service Network (VETSNET), including assorted C&P claims processing applications, describes that the C&P modernization effort as having "no shared vision, no authority/control; that it has been isolated/fragmented and overly IT oriented & lacking detail." There has been "no central authority/coordination" resulting in failure to "identify explicit objectives, deliverables and expectations." The report concludes that there is a need to "accurately define user requirements and functional specifications." The "contract deliverables are not well defined" with the consequence that "requirements definition is often left to the contractor." The report employs a "green, yellow, or red stoplight" rating system to assess subproject status: Project Management, Schedule, Cost, Performance , and Risk are all marked red, with the overall subproject status also marked red. Individually, 10 projects are red, 6 yellow, and none green.

This gets to the gist of the innovative, rapid upgrade problem: namely, rollout of a system with the concomitant planning, testing, and indicators for success. The specifics expressed in the BPR plan were certainly based on the proper deficiencies identification and recovery goals. However, execution of the program, testing production

and ultimate rollout were poor. Further, it does not appear that the effect on other programs or the claim process itself, of each change in the IT programs was fully analyzed.

Information technology is a critical component in processing veterans' claims. The VBA leadership chose to make radical rapid changes in the computer programs used by the claim examiners. The Task Force believes that information technology is not a solution to shorten the time frame for claims processing significantly but that capacity of technology and the understanding of how technology can be integrated within the claims process are mandatory. A certified IT infrastructure is absolutely critical to the success of VA in delivering benefits to veterans and their beneficiaries.

Given its short duration, the Task Force concentrated on looking closely at the current Benefits Delivery Network (BDN) payment system. It is mandatory that BDN continue its relatively unblemished record of paying benefits to the veterans in an accurate and timely manner for the next three to five years. The proposed BDN replacement system, VETSNET, is of concern and under close scrutiny by the Secretary. The real question is - "Does VBA have in place a policy and process for product development that enhances the claims processing system?"

A basic principle, the requirement that programs once properly and officially introduced, must be fully implemented in the most reasonable but expeditious time possible should be inviolate. This has not been the case in Regional Offices. VBA Central Office has not mandated that several important IT initiatives be implemented with in a specified timeframe, as a result, each Regional Office Director has decided when and how these IT initiatives have been implemented.

The following recommendations address Information Technology specifically:

S-5 Defer Introduction of New Information Technology Initiatives

M-2 Maintain the Benefits Delivery Network

M-7 Determine Viability of VETSNET; Use Oversight Board to Review All Modernization Initiatives

C.7 VSO RELATIONSHIPS

The full partnership and cooperation between VBA and Veterans Service Organizations (VSOs) are vital elements in assuring timely service to the veteran. A well-developed network of VSOs and State Departments of Veteran's Affairs (SDVAs) is in place and should be used to improve the delivery of services to veterans.

Service organizations can assist in gathering evidence for the development of a well-documented and "ready-to-rate" claim, help deter frivolous claims, and increase veteran satisfaction by providing timely information on claim status. The Office of the VA Inspector General *Summary Report on VA Claims Processing Issues,* dated December 9, 1997, endorsed such cooperation: "VA and Veteran Service Organizations should build a claims processing partnership." (Appendix III, page 86).

VBA has taken some initial steps to encourage the participation of VSOs in the benefits delivery process. Initiatives like the Training, Responsibility and Involvement in Preparation of Claims (TRIP) and the State and Other Benefit Reference System (SOBRS) have demonstrated the willingness of VBA to engage the VSO and SDVA communities. Since 1999, VBA has trained 1,076 VSO staff members in TRIP; and 985 individuals have been certified.

VBA needs to make sure that training and certification of VSOs and SDVAs continue, that impediments to the acceptance of information provided by the service community are removed, and that the veteran service community is recognized as an active partner in the claims development and maintenance function. The NAPA report *Management of Compensation and Pension Benefits Claims Processes for Veterans,* dated August 1997, put forth this recommendation. VBA's *Roadmap to Excellence* also discussed the concept of working with service organizations in claims development.

VA must do everything possible to allow the VSOs and SDVAs to assist in solving the problem at hand. Both State and County organizations, as well as the National VSOs are capable and willing to work with VBA. However, it must be understood that to best serve and be fair to the veterans, and force the system to work well, an accreditation and certification process for veteran representatives needs to be implemented.

The following recommendation addresses VSO Relationships specifically:

M-1 Utilize Veterans Service Organizations (VSOs) Effectively

PART II - RECOMMENDATIONS

SECTION A – SHORT-TERM RECOMMENDATIONS

ESTABLISH TIGER TEAM TO ELIMINATE THE BACKLOG >1 YEAR OLD

RECOMMENDATION: S-1
Create a Tiger Team (or Tiger Teams) from experienced staff charged by the Secretary to expedite resolution of any C&P case over 1-year old especially, for older veterans, including remands and substantive appeals.

DISCUSSION
Veteran claims that have been pending for older veterans over 1 year should not be tolerated. VA must initiate a high priority, national strategy to expedite resolution of aging claims that continue to delay delivery of benefits. Ignoring these aging claims impacts productivity, delays claim resolution, and – most importantly – is unfair to veterans and their families.

As of June 1, 2001, approximately 123,600 claims, or about 21 percent of the C&P workload, had been pending for over 1 year. Of these claims, 91 percent were original and reopened claims (disability, pension, death compensation/DIC, initial death, burial, and other). For claims pending 6 to 12 months, 90 percent were categorized as original and reopened claims.
The Task Force utilized the VBA COIN DOOR 1015 Report and VACOLS of August 31, 2001, as a reference to examine the age of claims. There were 44,947 claims over 1 year old and 71,712 appeals in VACOLS over 1 year old for total of 116,659. Exhibit S-1.1 indicates the total number of cases pending as of August 31, 2001, and the number of cases pending for +365 days by major subgroups of end products:

Exhibit S-1.1 Compensation and Pension Claims Pending

	Cases Pending	Cases Pending + 365 Days
Original Claims	154,063	14,234
Adjusted and Supplemental Claims	338,569	28,440
Ancillary Claims	36,414	2,155
Special Reviews	914	40
Eligibility Determination	3,069	78
Total Claims	533,029	44,947
Appeals (VACOLS 8-27-01)	91,840	71,712
Totals	624,869	116,659

As of August 15, 2001, a total of 823 original and reopened disability claims have been pending over 1,000 days.

The C&P claims process, as depicted in Exhibit S-1.2, was designed as a sequential workflow.

Exhibit S-1.2

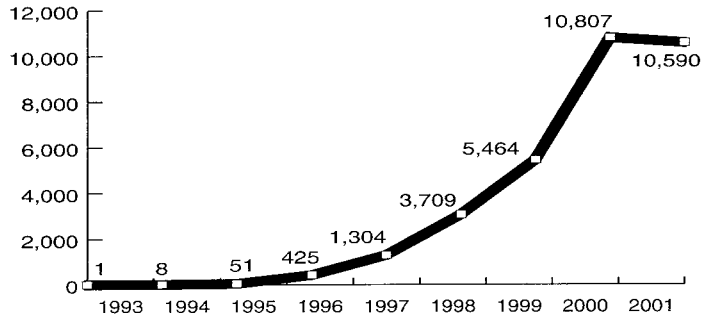
The current C&P sequential workflow was not designed to deal efficiently with rework reintroduced into the process. Rework includes such items as remands, cases under special review, and pending cases that have aged for some reason, requiring that they be introduced back into the workflow more than once over a period of time.

The Task Force recognizes that older claims are frequently left in a pending status because of an inability to locate service medical or personnel records at the National Personnel Records Center (NPRC) or the Center for Unit Records Research (CURR). These claims will continue to age, and potential benefits to the veteran will be further delayed, unless these cases are taken out of the Regional Offices and resolved through an expedited, streamlined process that will attack the oldest disability and pension cases, while giving priority consideration to the World War II and Korean War veterans and those veterans with urgent conditions.

The Task Force is also concerned with the timely processing of appeals that the Board of Veterans' Appeals has remanded to VBA Regional Offices. In FY 2000, remands returned to BVA spent an average of 630 days at Regional Offices. From October 2000 through July 2001, remands had been at Regional Offices for an average of 671 days.

Exhibit S-1.3 indicates the number of remands still residing at Regional Offices and the year the appeals were remanded. Based on data provided July 16, 2001, there are a total of 31,730 remands pending some type of action in VBA.

Exhibit S-1.3 Aged Remands Still at VBA



The law requires that all claims remanded by the Board of Veterans' Appeals or by the United States Court of Appeals for Veterans Claims for additional development or other appropriate action must be handled in an expeditious manner. [See The Veterans' Benefits Improvements Act of 1994, Public Law 103-446, § 302, 108 Stat. 4645, 4658 (1994), 38 U.S.C.A. § 5101 (West Supp. 2001) (Historical and Statutory Notes). In addition, VBA's Adjudication Procedure Manual, M21-1, Part IV, directs Regional Offices to provide expeditious handling of all cases remanded by the Board and the Court. See M21-1, Part IV, paragraphs 8.44-8.45 and 38.02-38.03.]

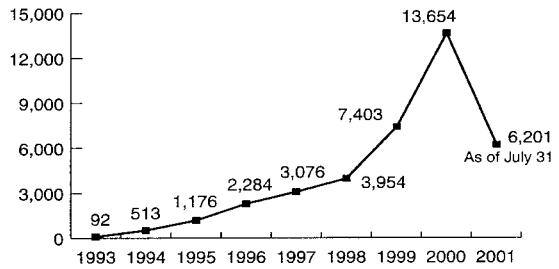
In addition to original claims, reopened cases, and remanded files, the Task Force has determined that attention must be given to the timely processing of substantive appeals. When a veteran is dissatisfied with a VBA rating determination or a Decision Review Officer judgment, the veteran can elect to have the denied claim reviewed at the appellate level. Within a specified time period, a veteran must provide VA with a signed *Form 9* to initiate the appeal process.

For the period October 2000 through July 2001, substantive appeals that eventually reached the Board spent an average of 604 days at Regional Offices. Exhibit S-1.4 reflects the number of substantive appeals pending, and the fiscal year received by VBA. As of August 28, 2001, there were 38,353 substantive appeals residing at VBA Regional Offices. Of this total, almost 4,000 substantive appeals

were 1-6 months old; nearly 6,800 substantive appeals were 7-12 months old; approximately 27,400 substantive appeals were over 12 months old:

Exhibit S-1.4

Pending Substantive Appeals and Year Received



It should also be noted that as of August 23, 2001, VACOLS showed 7,874 pending Travel Board Hearing Requests within VBA; of this total, 1,860 were shown as ready for a hearing. For the same time period, there were 1,740 pending Video Conference Hearing Requests, of which 404 were indicated as ready for a videoconference.

Once older claims, remands, and substantive appeals are resolved, the Tiger Teams may focus on critical cases less than a 1 year old or until the Secretary decides that aging cases are no longer a major problem. The Tiger Team infrastructure and lessons learned, could lead to the creation of a permanent and dedicated VBA capability to expedite the resolution of other types of special cases.

Defer EVRs and IVMs For 1 Year

RECOMMENDATION: S-2
Defer Eligibility Verification Report (EVR) processing and Income Verification Matching (IVM) for 1 year (effective FY 2002) to facilitate the allocation of C&P direct labor hours to higher priority disability claims.

lead to the creation of a permanent and dedicated VBA capability to expedite the resolution of other types of special cases.

DISCUSSION:
Eligibility Verification Report (EVR) and Income Verification Matching (IVM) processing creates cyclical workload demands affecting the continuity of original claims processing. The next round of EVR and IVM workload will begin to affect claims production in late Fall 2001. The deferral of EVR and IVM processing and maintenance will allow Regional Offices to concentrate labor hours on higher priority backlog work.

Exhibit S-2.1 indicates the number of direct labor hours expended on specific pension maintenance tasks as of August 1, 2001. The 362,723 direct labor hours, is equivalent to 230 FTE, as calculated by the VBA work rate standard of 1,576 available production hours per FTE.

EVR and IVM adjustments do not delay entitlement decisions; they confirm continuing entitlement. Beneficiaries who pay medical expenses would not be affected since they are aware that they provide the information for adjustment of their award.

Competitive sourcing of the pension maintenance workload will allow VBA to increase available direct labor hours to support core

Exhibit S-2.1	End Product Number	Units of Work Produced	Work Rate Standard	Standard Staff-Hours of Direct Labor
Eligibility Verification Report (EVR)	050	30,776	.24	7,386.2
Income, Estate, Election	150	127,129	1.42	180,523.2
EVR Referrals	155	101,513	.98	99,482.7
Income Verification Matching (IVM)	154	21,835	3.45	75,330.8
				362,722.9

See Recommendation S-8

EXPEDITE FAVORABLE DECISIONS

RECOMMENDATION: S3

When the veteran is entitled, the Regional Office should make a partial grant as soon as possible in a mutliple issue case. Other issues that are not resolved should be considered as information becomes available.

Quality checks need to be instituted to ensure compliance.

DISCUSSION:

To withhold a partial grant awaiting all evidence on all issues to be compiled is a disservice to the veteran, in that it unduly withholds monetary benefits or other entitlements. It also does not comply with VBA procedural requirements (M21-1).

As a follow-up to a letter from the Task Force Chairman, the Under Secretary for Benefits reminded all Regional Offices, in VBA Letter 20-01-28, dated June 18, 2001, to make a partial rating decision when sufficient evidence has been received to grant any benefit at issue under M21-1, Part VI, Chapter 3, paragraph 3.31.

Greater attention at all levels needs to be placed on these ratings. The C&P Service can assist in this effort by granting Regional Offices the authority to assign multiple end products in those cases in which these end products are in order. When a veteran files claims sequentially, each new claim should be assigned its own end product. C&P Service will need to monitor this process very carefully through its Data Integrity Program to ensure that Regional Offices do not "game" the system by reporting more work accomplished (end products) than actually earned.

REDUCE TIME DELAYS IN GATHERING EVIDENCE

RECOMMENDATION: S-4

Revise the operating procedures in VBA manual (M21-1): Evidence requested from a claimant, private physician, or private hospital must be received within 30 days.

DISCUSSION:

VBA manual (M21-1, Pat III, paragraph 1.04e), covering procedures for processing claims, requires that Regional Offices allow claimants 60 days from the date of request to submit requested evidence. Reducing the time limit to submit evidence from 60 to 30 days will significantly assist VBA in meeting their processing goal of 100 days.

Under VA regulations, a claimant has 1 year from the date of request of the information in which to submit that evidence. Therefore, the date of entitlement is still protected by the "1 year rule" so veterans will not be harmed by this recommended change.

DEFER INTRODUCTION OF NEW INFORMATION TECHNOLOGY

RECOMMENDATION: S-5
Defer the deployment of new Information Technology (IT) initiatives, including the testing or prototyping at any Regional Office, until claims workload is under control.

Immediately reevaluate recent IT initiatives to test their impact on productivity (e.g., RBA 2000, CAPS).

DISCUSSION:
VBA is in a workload crisis, and the successful management of implementing new initiatives is critical. A review by the Task Force showed that as VBA has implemented new initiatives, production has dropped. There must be a plan to manage change and determine the impact of a new initiative on Regional Office workload. VBA should be immediately defer from any testing, introduction, or any action that impacts the number one task at hand until the workload is under control.

(Cross Reference: Recommendation M-7)

EXTEND TIMEFRAME FOR ROUTINE COMPENSATION REEXAMINATIONS

RECOMMENDATION: S-6
Extend all currently scheduled medical examinations for 5 years from date of the initial examination (or to the maximum extent allowed by law). VBA should establish a diary for all routine compensation medical examinations for 5 years from the date of the last (or initial) VA examination conducted.

DISCUSSION:
As an immediate short-term solution to freeing-up direct labor hours for the processing of backlogged claims, defer all routine compensation medical examinations currently scheduled to occur for at least 5 years from the date of the last (or initial) VA examination conducted. Based on data available as of FY 2000, VBA requested approximately 25,000 routine future examinations, which expended almost 53,000 standard direct labor hours.

The provisions of 38 CFR § 3.327 – (b) Compensation cases (1) Scheduling reexaminations states that "following initial Department of Veterans Affairs examination, reexamination, if in order, will be

scheduled within not less than 2 years nor more than 5 years within the judgment of the rating board, unless another time period is elsewhere specified."

Where regulations require examinations in less than 5 years, those examinations must be conducted. At a strategic level, this should be reviewed as a permanent modification to claims backlog of these types of examinations.

Require BVA Processing of Remands

RECOMMENDATION: S-7

Require that BVA process the current workload of appeals, including development of appeals, rather than issuing remands.

VBA should return BVA remands for priority processing. Priority should be given to working the approximately 1,800 cases that were remanded prior to FY 1998.

Acceptance of new evidence should occur only at the BVA level. Cases should not be remanded because of new evidence subsequent to the date the appeal was sent to BVA.

An organizational realignment is required by VBA to support the BVA remand and decision process. VBA should place an appeal decision-processing unit within BVA to support the appeals process and to reduce, if not eliminate, remands.

Establish a method of accountability for BVA in developing cases for decision rather than returning the appeals to the Regional Offices.

Continue to track errors that result in remands for cause and report on the type and rate of errors to the originating office for quality and retraining purposes.

Transfer responsibility for processing VHA appeals and remands in an expeditious manner to VHA.

DISCUSSION:

Remands are a major problem in claims processing, not only to the underlying reasons causing the remand action, but also to the time delays resulting from processing by different organizations. VA must create a better system to manage appeals, one that obviates the need for cases to be returned to the Regional Offices (remands) and produces quicker responses to requests for additional evidence from BVA. Exhibit S-7.1 reflects BVA work product information:

Exhibit S-7.1

BVA Work Products

	1997	1998	1999	2000
Apeals Sent to BVA by VBA	33,907	28,154	27,203	22,576
Cases Remanded by BVA	19,592	16,024	13,560	10,173
Percent of Dispositions	45.2%	41.2%	36.3%	29.9%
Remands Returned to BVA	10,254	10,681	12,124	11,334
Cases Granted by BVA (Reversed)	7,226	6,707	8,270	8,961
Cases Affirmed by BVA	15,872	15,368	14,881	14,080
BVA Cases sent to Court of Appeals for Veterans Claims (CVA)	2,229	2,371	2,397	2,442
Percent of BVA Decisions Appealed to CVAC	5.1%	6.0%	6.4%	7.2%
BVA Cases Affirmed by CVAC	414	535	666	526
Number of CVAC Remand/Reversal Decisions	657	817	1,380	1,030

There are two types of remands: (1) cases that are not ready for BVA review; and (2) cases subject to the discretionary authority of BVA to request additional evidence or examination. Both types are manageable if given the proper attention.

On April 9, 2001, the Secretary of Veterans Affairs directed the BVA Chairman and the Acting General Counsel to review and amend the regulations that would allow BVA to develop evidence and decide cases without remanding them. The Memorandum of Agreement between BVA and the C&P Service, signed on May 18, 2001, provides that:

(i) if the actions requested on the remand will take a long time to accomplish, then BVA will remand rather than develop;

(ii)if an examination is needed (or requested), then BVA will remand.

The Task Force is concerned that the Secretary's directive is not being carried out by BVA as intended. The Task Force also questions whether the Memorandum of Agreement between BVA and VBA will carry out the intent of the Secretary.

Implementing the new requirement that BVA perform its own development rather, than remanding appeals back to Regional Offices, will assist in achieving a zero remand rate and significantly reduce the extended processing time typical of remanded appeals.

VBA should establish a VSR/RVSR unit at BVA to rate and authorize awards based on BVA decisions. This process would ensure that cases would not be returned to the Regional Office until the appeals are fully completed through the decision implementation function. It will also result in more timely decisions and authorization of awards, as well as less confusion for veterans.

The VBA Appeal Unit will also work closely with the BVA Development Unit to track the number and types of remands by Regional Office and share the information with the appropriate Regional Office for processing improvement. VBA should consider this unit as one that would be staffed on a rotating basis; that is, temporarily assigning VSRs and RVSRs to duty at the BVA. This would provide excellent on-the-job training and provide BVA with information and processing strategies.

Currently, if a veteran appeals a decision at the Regional Office level, the following opportunities for review are provided:

- A Decision Review Officer (DRO) conducts a *de novo* (a new review) with the opportunity for the veteran to submit additional evidence;
- An informal hearing with the veteran, a DRO, and the representative possessing a Power of Attorney (POA if there is one) and an opportunity to submit additional evidence; and/or
- A formal hearing with the veteran and the representative before a second DRO (formerly a Hearing Officer) who did not participate in the decision on appeal nor in the *de novo* review or informal DRO processes, with the opportunity to provide additional evidence.

If, after all the above steps (provided the veteran has requested them) the decision still remains unfavorable, the case goes to the BVA for its decision after the veteran has given VA a signed *Form 9*.

Remanded cases should be analyzed as to cause to ensure accountability and to eliminate future remands for similar reasons. This analysis must also be used as a training tool for the RVSR to make sure that errors are not repeated.

The present situation – with VHA appeals at VBA Regional Offices – has resulted in extremely long delays in receiving additional information from VHA necessary to decide a claim. Since VBA Regional Offices have no jurisdiction over processing and personnel at a VHA facility, control over VHA appeals should reside within VHA.

ESTABLISH SPECIALIZED CLAIMS PROCESSING TEAMS (TRIAGE/ SPECIALIZATION)

RECOMMENDATION: S-8

Establish claims processing teams within the defined claims processing functions of Triage, Pre-Determination, Rating, Post-Determination, Appeals, and Public Contact.

Establish Triage Units in VBA Regional Offices to assign work to the appropriate function team or work the case in the triage unit if the issue can be quickly resolved (one-time actions).

DISCUSSION:

The Task Force observed that the current work management system in many Regional Offices contributes to inefficiency and an increased number of errors primarily due to the broad scope of duties performed by decision-makers. Currently, Veteran Service Representatives (VSRs) are responsible for all tasks of benefit delivery: claims establishment, claims development, public contacts, veteran contacts, authorization, administrative decision-making, and appeals. According to the training module developer in Orlando, FL, the VSR must understand over 10,900 separate tasks.

The Task Force noticed that some Regional Offices and/or employees are applying a "first-in-first-out" approach in processing claims. This approach is not consistent with the inventory management guidance the VBA Deputy Under Secretary provided at each case management orientation session. A basic tenet of VBA's inventory management is that cases are worked when they are ready to be worked.

The Under Secretary of Benefits has authorized the Regional Offices to screen their rating work to expedite Pension, Dependency and Indemnity Compensation, Death Pension, and Hospital Adjustment claims: to screen their authorization actions to expedite the "quick"

and "no action needed" cases. Separating the VBA Service Center into teams within distinct functional areas will allow for greater workload control, development of expertise by the staff, higher quality of decisions, and more efficient and timely processing. Triage of cases upon receipt by the pre-determination unit will result in improved timeliness of decisions.

The VBA claims processing workflow should be reorganized to reflect the requirement for specialization. By specialization, the Task Force means the organization of C&P claims processing work into common discrete tasks:

- Triage
- Pre-Determination
- Ratings
- Post-Determination
- Appeals
- Public Contact.

The model for this recommendation is now used by one office that has been consistently one of the 10 best performing Regional Offices.

Before implementation of the current case management approach, many Regional Offices had specialized appeals units, which aided in more efficient processing of appeals that were remanded by BVA. These Regional Office appeals units were required to be disbanded when case management was institutionalized. In a letter from the BVA Chairman to the Task Force Chairperson, dated May 31, 2001, BVA indicated that specialized Appeals Units "materially improve the quality of cases handled." BVA further indicated that appeals units should be "...regularized [and] comprised of at least two adjudicators in each field station designated as appeals coordinators or specialists." Regional Offices need to establish appeals control teams and the DRO position should be maintained.

The Task Force strongly encourages triage of cases within the specialty team. The Office of the VA Inspector *General Summary Report on VA Claims Processing Issues* dated December 9, 1997, states: "For claims requiring rating decisions assign specially trained examiners or rating specialists responsible for (a) determining evi-

dence requirements, and (b) performing follow-up." (Appendix III, page 86).

The Task Force further believes that much can be gained by asking the FedEx Center for Cycle Time Research to visit the Milwaukee Regional Office, and develop best practices that can then be applied to other Regional Offices.

Exhibit S-8.1 reflects a proposed organizational chart that provides for a reengineered claims process.

Exhibit S-8.2 indicates the relationships with the Triage Team framework:

TEAM TASKS WITHIN SPECIALIZED CLAIMS PROCESSING

- Triage Team has bilateral exchange of information relationships with Public Contact Team.
- Triage Team will prioritize incoming work and direct it to the proper activity:
  1) Pre-decision Team
  2) Rating Team
  3) Decision Implementation Team
  4) Appeals Team
- The Rating Team will receive information from the Pre-Decision Team, Triage Team, and Decision Implementation Team;
- The Decision Implementation Team will receive information from the Rating Team, Triage Team, and Beneficiaries;
- Beneficiaries will first be directed to the Public Contact Team and will have direct contact with the Pre-Decision Team and the Decision Implementation Team as well as the Appeals Team; and
- Public Contact Team is the liaison between Triage and Beneficiaries.

Exhibit S-8.1

Proposed Organizational Chart for Service Center
Team Function and Required Workforce Skills

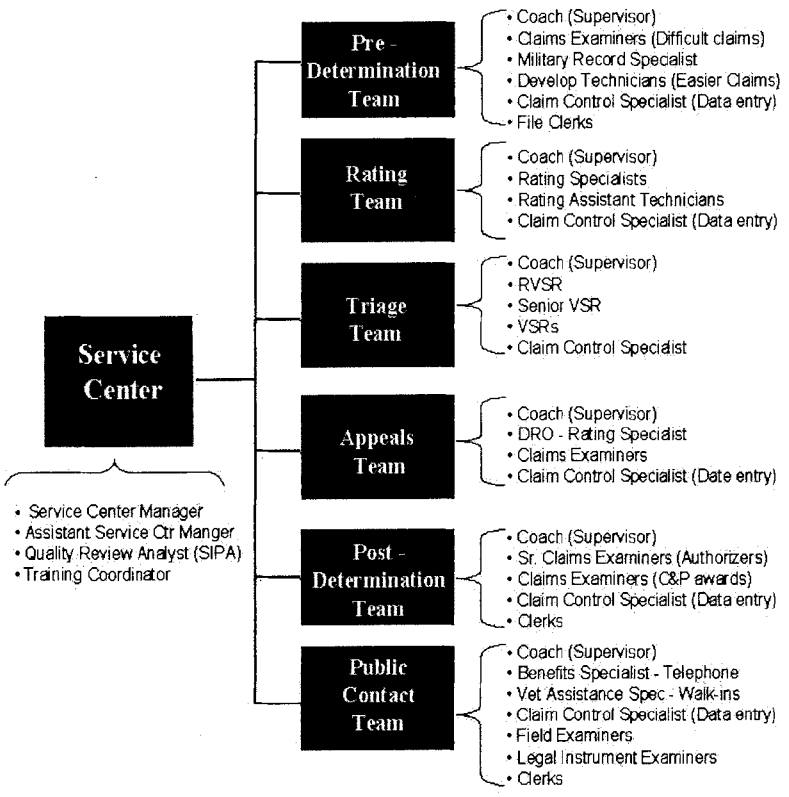
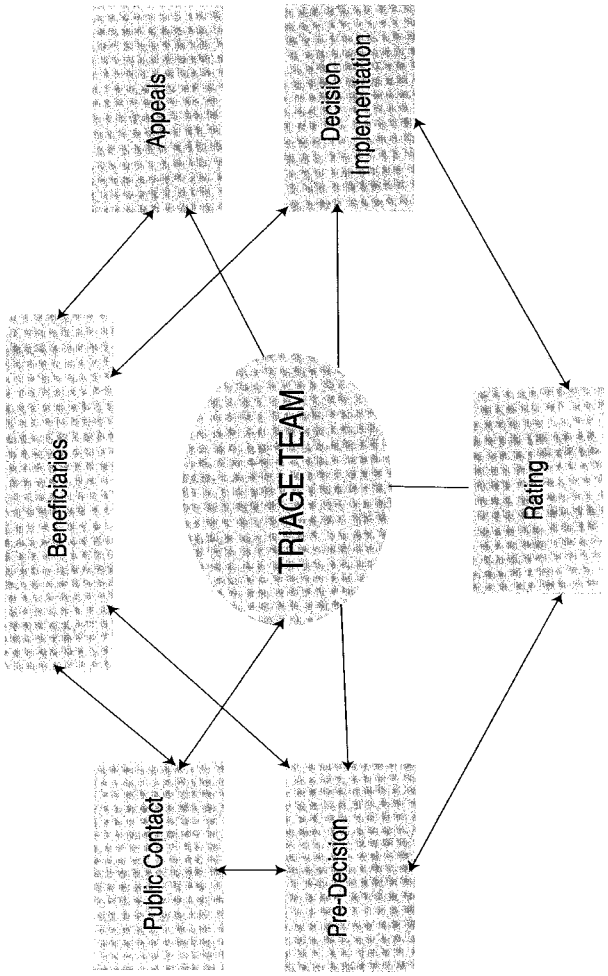


Exhibit S-8.-2

Relationships in Triage Team



Develop Specialized Regional Offices

RECOMMENDATION: S-9
Designate specialized Regional Offices to work specific tasks in order to increase efficiency, quality, and timeliness of decisions.

SHORT-TERM:
Establish specialized units to process non-rating actions subsequent to a careful planning process.

Implement consolidation of the maintenance portion of pension processing to free-up C&P labor hours to support higher priority claims.

Develop a prototype for the competitive sourcing of pension claims processing with a demonstration contract in FY 2002.

MEDIUM-TERM:
Develop staffing standards, performance measures, quality control, and skill sets.

Perform a study to determine the best location for specialized operations. Factors to be considered in the relocation should be ability to recruit a skilled workforce, proximity to veteran population centers (although not mandatory), and availability of space, as well as quality and timeliness of work consistently produced.

Outreach offices need to be expanded and located in close proximity to veterans to increase service to them and their beneficiaries.

LONG-TERM
Develop necessary Information Technology (IT) support; consolidate processing in Special Processing Service Centers.

DISCUSSION:
Currently, all 57 VBA Regional Offices possess a full range of claims decision-making responsibilities. Some of the issues that need to be resolved occur infrequently. In these cases, additional VSR direct labor hours are often needed to research and work a case. These additional hours would not be required in a setting where the issues occur more frequently as a result of specialization in workload.

A restructuring of VBA field offices to emphasize a more specialized approach is needed. Initial claims for compensation and pension, appeals, and claims for increased compensation should be separated from benefit maintenance actions that do not require rating action. Establishment of Pension Maintenance Centers, a concept

currently under study by the C&P Service, is a good example of the specialization the Task Force believes is necessary.

In the long term, VBA should consolidate all pension processing using competitive sourcing strategies. Such strategies will allow VBA to concentrate on core disability claims processing. In FY 2000, there were over 300,000 adjustment actions that consumed almost 394,000 direct labor hours, the equivalent of 250 FTE.

While the Task Force concurs with VBA's initiative to ultimately consolidate pension maintenance, it has concerns with the accelerated implementation while questions of training and communications remain unsettled.

The establishment of Pension Maintenance Centers must be carefully planned and implemented. The VBA Education Service and VBA Loan Guaranty Service have already been through a similar consolidation process. Their input should be solicited when developing these plans. Deferring income verification work would provide VBA with breathing space to get these centers established.

While many maintenance actions result in adjustments to the amount of benefits paid to veterans, decisions are usually based upon beneficiary-reported information. These decisions do not require significant developmental actions or physical contact with the beneficiaries or veteran service organization representatives.

Specialization of Regional Offices to accomplish maintenance activities will provide for quicker, more consistent service to veterans and their beneficiaries. Facilitating specialization should enhance the quality and timeliness of actions taken. VBA should improve the delivery of benefits by creating specialized processing offices to adjudicate the following types of actions (this list is not meant to be all inclusive):

Pension Adjustments

- Annual Income and Net Worth Determinations
- Apportionments
- Dependency for spouse and children
  - -School Allowance
- Aid and attendance adjustments
- House-bound adjustments
- Guardianship Decisions
- Unusal Medical Expense Verifcation
- System Message Write-Outs
- Notice of Death
- Death Claims and Burial Expenses
- Incarerated Veterans

Compensation Adjustments

- Adapative Equipment
- Clothing Allowance
- Dependency for spouse and children
  - -School Allowance
- Unemployability Maintenance
- Guardianship Decisions
- Incarcerated veteran adjustments
- Notice of Death
- Income issues
  - -Military retired pay
  - -Active Duty for training pay

Specialization within Regional Office service centers will increase productivity, improve accuracy of decisions, and ensure a timely delivery of service to veterans, thereby increasing customer satisfaction while decreasing rework and appeals. VSRs will be able to specialize in the pre-determination actions needed to fully develop cases for rating. Removal of maintenance issues will gain direct labor efficiencies by lessening the amount of time required to research policy, procedures, and changes in laws. It will also increase the quality of decision-making. As VSRs become experienced in handling specific types of casework, they can rotate within the specialized Regional Office to handle more difficult cases.

Regional Offices not identified for rating or specialty work would be staffed with Public Contact VSRs, Decision Review Officer (DROs), and VSRs who do outreach work (e.g., Homeless Veterans, Minority Veterans, Women Veterans, and Prisoner of War Coordinators) to enhance VA's outreach presence in the community. For example, mini-veterans' service centers, similar to VHA Community Based Outpatient Clinics, could be established.

The Office of the VA Inspector General *Summary Report of VA Claims Processing Issues*, dated December 9, 1997, Appendix III, page 88, directs VBA to "use specialization selectively to concentrate on certain categories of complex rating cases."

(Cross References: Recommendations S-2 and S-9)

ALLOCATE RESOURCES TO MOST EFFECTIVE REGIONAL OFFICES

RECOMMENDATION: S-10
Preferentially allocate new staffing resources to high-performance and high-quality Regional Offices. Develop a budget allocation model reflecting this approach.

DISCUSSION:
VBA's current hiring strategy is not integrated into a well-understood business plan. The Task Force was briefed that new C&P employees are hired and placed primarily based on available space and Regional Offices' ability to recruit. A contention of the Task Force is that VBA's current resource allocation system does not provide an equitable distribution of resources based upon workload, efficiency, and demonstrated need.

In order to alleviate the growing backlog in compensation and pension claims, available resources–funding and FTE–should be allocated to those Regional Offices that have consistently demonstrat-

ed high levels of quality and productivity in relation to workload and staffing levels. Regional Offices that are consistently less effective should not automatically be allocated additional staff. For staffing Regional Offices that cannot consistently achieve high levels of quality and productivity, see Recommendation S-8: Develop Specialized Regional Offices.

Congress has authorized additional staff for VBA to reduce the growing backlog in veteran and beneficiary claims and to compensate for turnover through retirements. The allocation should be based upon a viable and well-reasoned management resource allocation plan, developed to address the amount and type of work to be performed, and the ability to recruit and train well-qualified staff. A basic workforce analysis of the number of employees and the skill level requirements is needed before hiring additional staff. The rationale behind making decisions regarding assignment of work and resources should be clearly defined, measurable, objective, and open to public scrutiny.

The development of a productivity-based resource allocation model should be based upon the development of the new Regional Office structure, which emphasizes the need to have specialized offices to meet the workload demands. Changes in resource allocations should be made as staff attrition occurs, from the least productive to the most productive offices. Resource allocation is the key to future VBA effectiveness.

(Cross Reference: Recommendation M-8)

EXPEDITE PUTTING DOCUMENTS UNDER CONTROL

RECOMMENDATION: S-11
Decrease the time delay necessary to place incoming claims under control.

DISCUSSION:
Not placing a claim under immediate control is a disservice to the veteran in two ways:

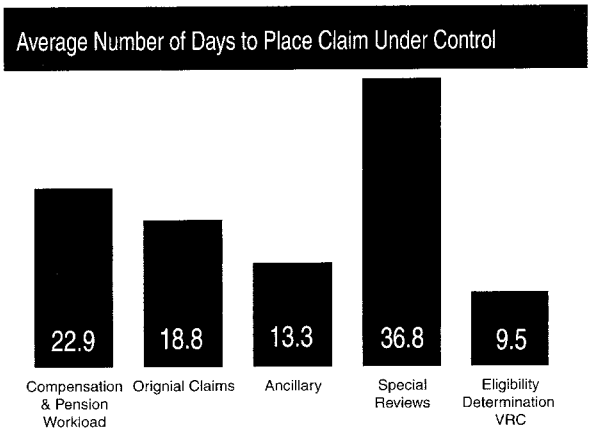
- First, there is no computer record to reference if the claimant calls with an inquiry during the period the claim is not under control.
- Second, no substantive work or development of the case ensues until the claim is put under Claims Establishment (CEST) control.

As of June 1, 2001, the average number of days to get a C&P related document under control was 22.9 days. The average number of days for all original claims was 18.8 days; original claims with 1-7 issues, 20.7 days; and for original claims with over 8 issues, 25.4 days. Exhibit S-11.1 depicts the average time in days to control C&P workload for all end products and by major subgroups. This is a completely controllable time delay; numbers in excess of a few days are unacceptable. VBA needs to lower the number of days to get all files under control with special attention to compensation claims.

VBA should establish CEST control within 2 days of receipt in the mailroom. Claims not meeting this standard should be brought to the immediate attention of the Regional Office Director. To ensure data integrity, VBA must establish a new way of measuring average days to control claims that would include the number of days to control claims that are transferred from another Regional Office.

If a Regional Office consistently exceeds 3 days in establishing claims under CEST control, VBA Central Office should require a performance improvement plan (PIP) and closely monitor the Regional Office progress toward meeting this standard.

Exhibit S-11.1



IMPROVE RECORD RECOVERY FROM RECORD CENTER

RECOMMENDATION: S-12
Provide training to Regional Office claims development staff in records retrieval. The training should focus on identifying key veteran service information to aid the searcher, and the availability of certain service information in VA systems. The training must strongly emphasize the need to address all issues in the initial request to National Personnel Record Center (NPRC). (See Recommendation M-8: Centralize Training)

VA should consider a Memorandum of Agreement with the NPRC or parent organization to provide dedicated staff to search for and refile, VA requested service information (service medical and personnel records).

Establish a protocol to define the point at which no further search activity can, or should be, performed for service information at the NPRC, and notify the requesting Regional Office that the information is not available.

The Records Management Center's NPRC Liaison Unit should give priority to requests for information based upon the earliest date of claim.

DISCUSSION:
VBA Records Management Center entered into a Memorandum of Agreement with the NPRC to assume the duties of processing information requests made by Regional Offices in support of veteran's claims. The Liaison unit, with 47 FTE, was formed when the NPRC was unable to keep up with VA's request for information.

At the time of assuming the duties for processing requests, VA had approximately 62,000 requests backlogged. As of August 6, 2001:

- The unit has approximately 56,000 requests back logged;
- Of those, approximately 4,600 are over 1year old; and
- Approximately 60 percent of the 1 year old requests (2,700) are charged out to operating elements in the NPRC and could not be located.

VA requests for information constitute about 20 percent of the NPRC workload. Given that the Records Management Center liaison staff is not permitted to pull or refile VA requested service med-

ical and personnel records folders from the NPRC stacks, VA must negotiate a revised Memorandum of Agreement with the NPRC or parent organization.

Requests for information are not terminated when efforts to find the information are unsuccessful. The NPRC does not report that the requested information cannot be located if the file is charged to an operating unit within the NPRC. The Task Force observed one charge card that indicated a specific case had been pulled and sent to the correspondence unit at the NPRC in 1967.

The NPRC reluctance to admit that a file cannot be found results in requests for service records that are pending for over 1 year and delays the processing of the veteran's claim. VBA needs to establish a protocol to delineate the criteria for a failed search. Veterans should be notified when the information cannot be located and told what additional steps, if any, they may take.

Significant problems occur when files need to be pulled many times at the NPRC to respond to requests for information that could have been answered with a single action. The VA Liaison staff estimates that 40 to 50 percent of all requests result in multiple pulls. Regional Office development personnel need training to make sure that they ask for all information in one request. In addition, because of the different systems used to file information at the NPRC, it is imperative that training be given on the need to provide key veteran identifier (locator) information. The VA Personnel Information Exchange System (PIES) needs to be enhanced to aid Regional Offices in providing as much veteran identification information as possible.

The Records Management Center processing unit works requests for information on the "first-in-first-out" basis. Regional Office requests for information are made via PIES. The requests are stored on VA's computer at the NPRC and are printed once a week. The printing usually takes about 5-6 hours and is done overnight. The PIES request is hand sorted, according to the information requested, veteran period of service, service department, and location of information at the NPRC. If the information request can be handled by looking at current databases (BIRLS, PIES), the Liaison Unit responds to the request. When a file pull is required, the requests are dispatched to the NPRC unit responsible for the service records requested. The request for information is not placed under priority control until a file is associated with the request. This system per-

mits the working of information requests for which service records (case files) are available, but does not ensure that the oldest requests are worked first. The Liaison Unit can process approximately 4,000 requests per week and on average, receives about 500-700 requests each workday.

The VBA Liaison Unit does not pull cases from the NPRC stacks except in rare instances. Although management does not feel there is an advantage to working the oldest cases first, the Task Force believes that priority should be established based upon earliest date of claim. Efforts should be made to either answer the oldest requests first, or notify the requester that the information is not available.

AUTHORIZE ADMINISTRATIVE SUPPORT

RECOMMENDATION: S-13
Authorize VBA Regional Offices to hire administrative staff and contract for administrative services to support claims processing.

Establish a unit within VBA Central Office with authority and responsibility for policy, procedures, and resources - associated with the range of administrative and record management activities – to support the claims process.

DISCUSSION:
The effective management of paper documents is a critical success factor in C&P efforts to process claims in a timely manner. However, VBA reduced the size of its Regional Office administrative workforce based on unrealistic assumptions about the benefits of case management and information technology. As a result, VBA Regional Offices are not staffed with the number and types of personnel with the skills necessary to plan and manage a complex administrative support process.

VBA's vision of a paperless claims process is a worthy goal. The practical reality is that today, and far into the future, Regional Offices and supporting organizations – such as VHA, DOD, and the VBA Records Management Center (RMC) – must deal with a constant stream of incoming mail from veterans, with the acquisition and analysis of veteran health, personnel, and other records; and, with the administration of millions of claims folders.

The value of administrative support personnel has been demonstrated by BVA. They have established dedicated administrative teams composed of paralegal and legal specialists to review, ana-

lyze, and manage the life - cycle of claims files. The RMC has created a liaison office at the NPRC staffed with experts in records management, document research, and administration.

IMPOSE CHANGE MANAGEMENT AND COMMUNICATION DISCIPLINE

RECOMMENDATION: S-14
Implement a formal process to control change by overseeing the planning, initiation, organization, and deployment of any new VBA initiative.

DISCUSSION:
The proliferation of IT initiatives and communications from VBA Central Office to Regional Offices gives every indication of being burdensome, uncoordinated, and poorly documented. In FY 2000, the Offices of Field Operations issued 62 "fast letters" and C&P Service issued 97 transmittals. Many of these communications have called for rapid material change or system enhancements to the claims handling process, which have negatively affected the timeliness and quality of disability claims decision-making.

Material deficiencies and inefficiencies in the strategic planning and tactical deployment of new and enhanced IT initiatives within the VA system have had a deteriorating effect on the organization. They have interfered with the consistency of timeliness and decision-making. In addition, there is little evidence of accountability for decisions and operations. VBA must develop a standard protocol for accepting or declining process initiatives within the administration, specifically addressing interdepartmental and intradepartmental communication and coordination. This protocol must include clear objectives for strategic and tactical planning expectations.

To implement formal processes to control change, the Under Secretary of Benefits should:

- Establish a program integration office that reports to the Under Secretary with responsibility for VBA-wide project and initiative integration policies, control, planning, and assessment of project performance.
- Implement a formal configuration control process to assess, integrate, and control major changes across VBA, especially as it impacts claims processing policies, procedures, process tasks, training, and information system support.

- Expand the scope and use of the C&P Decision Assessment Document that goes to Regional Offices each quarter. This document outlines the Court of Appeals Veterans Court (CAVC) decisions rendered during the previous quarter to include an impact assessment of significant CAVC decisions as well as an analysis of all VBA resources, activities, projects, processes, training, and information systems impacted by the decisions.

(Cross Reference: Recommendations S-5 and M-7)

REVISE SCORECARD MEASURES

RECOMMENDATION: S-15

Expand scorecard measures to include discrete types of work products and other performance measures.

Establish a measure that delineates the timeliness of processing steps that are within VBA's direct control.

- **Timeliness measurement from date of claim to the date that all development actions have been taken should be clearly provided and articulated.**
- **Timeliness measurement from date of receipt of all pending development items to claim authorization or denial letter (final action) should be clearly provided and articulated.**

Eliminate scorecard measures by Service Delivery Network (SDN) under current ineffective SDN organizational framework.

DISCUSSION:

Much of the positive impetus behind the *balanced scorecard* approach was to ensure that in attempting to accomplish certain goals, other objectives were not ignored. The Task Force questions whether VBA's current scorecard accomplishes this effectively and whether the assigned weights to various factors are appropriate.

The Task Force is convinced that "you get what you measure" and "the more you measure, the more you get." Average processing time for all rating related actions is not as useful in management decision-making as processing times for particular end products (specific work accomplished). Generally, it takes more time to process a disability compensation claim than a pension claim, and still

more time to process a Post Traumatic Stress Disorder compensation claim than a hearing loss claim from a recently discharged veteran. Simply put, there are different time expectations for different types of claims. To the extent that there are clearly defined outcome expectations for various types of claims, measurement and accountability should be premised on those expectations.

More discrete measurement allows "apples-to-apples" comparisons among the claims processing teams and the Regional Offices, fosters accurate accountability, and more effectively accomplishes the general goal of the scorecard while preventing "gaming" of the system.

VBA needs to track and report the timeliness of claims processing within its direct control. A measurement of development timeliness and post-development timeliness (in addition to the current overall process) is needed to both access and report actual processing time. The specific measurements should include "date of claim to date all development actions have been taken" and "date of receipt of all pending development items to claims decision." This information is readily available when the CAPS system is used properly. Gathering this information would not require an IT initiative.

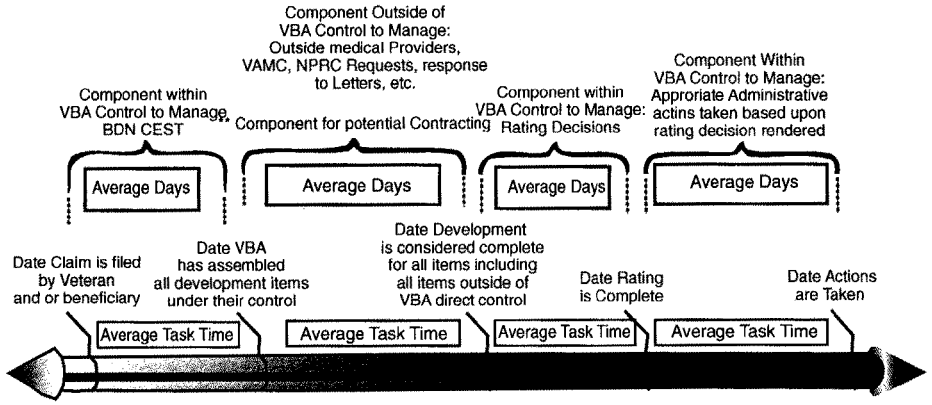
The Task Force recognizes that the time interval that occurs between a request for information in support of the claim and the receipt of that information is outside VBA's immediate control. Still, VBA must continue to proactively pursue securing all information needed to process a veteran's claim at the earliest opportunity.

The average total time to process a C&P claim is extended due in large part to the length of time VBA spends in the development phase. This is further exacerbated by those development phase activities that are outside the direct control of VBA claims processing personnel.

Exhibit S-15.1 depicts the timeline of processing a claim and the activities within the process that the Task Force recommends be reviewed for competitive sourcing. This is discussed in more detail in Task Force Recommendation M-9. Examples of activities outside of VBA control and the number of days associated with waiting for the specific information are also shown in Exhibit S-15.1:

Exhibit S-15.1

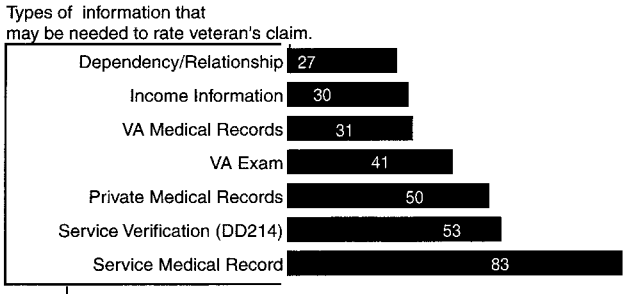
VBA Timeline for Work Measurement



The average total time to process a C&P claim is extended due in large part to the length of time it spends in the development phase. This is further exacerbated by those activities within the development phase that are outside the direct control of VBA claims processing personnel. These activities are the component of the process that the Task Force recommends be reviewed for competitive sourcing within Recommendation M-9

At this time VBA doesn't collect the information necessary to allow the organization to conduct a cycle time reduction study that meets the criteria established by the FedEx Center for Cycle Time Research.

Exhibit S-15.1 Average Number of Days VBA Waits for Information



ESTABLISH AND ENFORCE ACCOUNTABILITY

RECOMMENDATION: S-16

Hold VBA Regional Office and VBA Central Office officials accountable to individualized, measurable, and meaningful performance standards. Reward appropriately for outstanding performance.

Measure and evaluate accountability at the Regional Office and individual performance level.

DISCUSSION:

Accountability for performance according to a plan is key to a successful organization from the top down. Performance agreements must be detailed, explicit, and measurable. There must be appropriate rewards for outstanding performance and negative consequences for those who do not perform according to agreement. The Task Force believes such accountability has not been demonstrated. In December 2000 – at a time when performance for the system as a whole was considerably below management goals and when there were significant performance variations among Regional Offices – VBA leadership initially recommended to the Acting

Secretary that 82 percent of its senior managers receive either a performance bonus or an increase in Senior Executive Service rank.

VBA organizational performance goals, objectives, and actual performance do not appear to be tied to formal accountability at all levels. As a result, there are no consequences for individuals with line responsibility and positional authority in the Central Office and Regional Offices for claims processing productivity shortfalls.

Much of the problem of transforming the current claims processing system into an efficient system rests on an inadequate management plan; implementation that too often has been undisciplined and incoherent; and a failure to establish priorities and achievable completion dates. Additionally, there were insufficient requirements for feedback reporting and accountability by Regional Office managers to the Under Secretary and senior VBA managers. The variability within the system and among the Regional Offices indicates a lack of follow-through at VBA Central Office. Task Force members frequently found programs that had not been implemented fully or according to schedule and, at times, not implemented at all.

Much of the success of VHA in transforming its health care system is due to establishing detailed performance standards for its senior managers. The Task Force recommends that similar detailed performance agreements be incorporated into the performance standards of each Regional Office Director. The full and timely implementation of programmatic and organizational changes should be a critical performance standard.

Centralize Function of Waiving Debt

RECOMMENDATION: S-17
Centralize the debt waiver function at the Debt Management Center in St. Paul, MN.

DISCUSSION:
The debt waiver process is not consistent between Regional Offices or even within a Regional Office. A 1997 Office of the VA Inspector General *Report of Audit* found a wide variance in waiver decision results among the 57 Regional Offices, with individual Regional Offices granting from 27 percent to 85 percent of waiver requests.

VBA's manual (M21-1) and current-operating procedures require that the Regional Office Committee on Waivers and Compromise

(COWC) process beneficiary claims for waiver of a debt. Currently, membership on the Regional Office COWC is assigned as an ancillary duty to VSRs (as is the Chairperson's job). Movement of this additional assigned work to a dedicated centralized office would provide for more uniform waiver decisions (grants and denials) and would result in more timely decisions. Transfer of these decisions to the St. Paul Debt Management Center will generate additional C&P direct labor hours to process claims. Compromises are currently handled by the Debt Management Center; therefore, there is a precedent for moving this type of work.

In FY 1999, VBA processed a total of 30,398 waiver decisions; in FY 2000, there were 31,157 waivers. Exhibit S-17.1 indicates the number of C&P direct labor hours expended on debt waivers. In FY 1999, there were 20, 504 direct labor hours, an equivalent of 13 FTE, as calculated by the VBA work rate standard of 1,576 available production hours per FTE. In FY 2000, the equivalent was 14.8 FTE.

Exhibit S-17.1

	FY1999	FY2000
Debt Waivers Performed at VA Regional Offices	30,398	31,157
Debt Waivers Performed in Veteran Service Center (C&P)	13,060	14,816
Percentage of Debt Waivers Performed by C&P	42.9%	47.6%
C&P End Product Number for Debt Waiver Task	293	293
C&P Work Rate Standard (Expressed in Hours)	1.57	1.57
Number of C&P Direct Labor Hours Expended on Debt Waivers	20,504	23,261

ESTABLISH UNIFORM PROCEDURES FOR OFF-SITE STORAGE OF CLAIM FOLDERS

RECOMMENDATION: S-18
Establish standard operating procedures for Regional Offices off-site storage of active folders.

DISCUSSION:
VBA must develop a standard operating procedure to address the off-site storage of claim folders. Due to space constraints, more than 10 Regional Offices are currently using off-site facilitates to store

active records. There are no consistent standards in place to ensure that a record can be retrieved in a timely manner.

The Task Force visited one Regional Office, which at the time of the visit, did not have all off-site claims folders tracked using COVERS. This has been fully accomplished as of August 3, 2001. During the interim period, a claims folder could be located using the "charge-out" card in files, which denoted the claims folder was located off-site. The Regional Office had received no complaints that a file could not be located.

The Task Force recommends that VBA develop a policy to address storing files in both VA and non-VA space. It is essential that all folders be entered into a claims folder tracking system prior to off-site storage. Failure to locate a veteran's file in a timely fashion has a direct impact on the ability of a Regional Office to process a veteran's claim.

CREDITING BROKERED WORK EQUITABLY

RECOMMENDATION: S-19
Develop a system that fairly and completely apportions end product credit between VBA Regional Offices performing the brokered work.

DISCUSSION:
A considerable amount of claims processing work is performed by Regional Offices other than the Regional Office in which the claim was filed, both within and outside the Service Delivery Network (SDN). Offices that perform this brokered work, as it is called, do not receive full productivity credit for the work performed. This creates data integrity issues, because it understates the work actually done by the performing station and overstates work accomplished by the non-performing, referring Regional Office.

In addition, the current practice of brokering creates disincentives for high performing Regional Offices to accept such work. The Task Force believes that appropriate full production credit should be given to an office for work it performs, including development of the claim. This would allow for accurate measurement and accountability, and enable the effective allocation of resources to highly productive offices.

(Cross Reference: Recommendation S-10)

EVALUATE ESTABLISHING NEW PRE-DISCHARGE CENTERS

RECOMMENDATION: S-20
VBA must evaluate the advantage of opening additional Pre-Discharge Centers serviced by Regional Offices whose staffing resources are not adequate to support both the new Center and the present claims processing workload.

DISCUSSION:
The Benefits Delivery at Discharge initiative is an outstanding way to serve new veterans, and the Pre-Discharge program has proven to be highly successful. Service members receive their discharge physicals in the manner necessary to process a disability rating decision. As a result of the counseling provided to the service member prior to discharge, the veteran's claim is received by the Regional Office in a complete, ready-to-rate package. The effect has been that most of these claims have been resolved in less than 30 days from the date of receipt in the Regional Office. In one Regional Office, 90 percent of these veterans' claims were decided on the day of discharge.

In this situation, VBA has become a victim of its own success. While the Pre-Discharge Centers are highly valuable in the long run, the staffing resources needed to support the additional claims work is diverting resources from working the current critical backlog. Some Regional Offices are beginning to report increased times to process Pre-Discharge claims due to inadequate staffing levels to meet rising demands. In the ongoing evaluation process, VBA should allocate resources for the additional work generated by Pre-Discharge Centers located in the jurisdiction of the Regional Office performing the work.

Exhibit S-20.1 reflects work tasks associated with disability compensation inputs from Pre-Discharge Centers.

Exhibit S-20.1

	FY 1999	FY 2001	FY 2001 YTD 3rd Quarter
BDD Examinations	11,310	17,971	18,799
Number of BDD Exams Conducted by VHA	9,145	11,061	10,992
Number of BDD Exams Conducted byContractor	2,165	6,910	7,807

SECTION B – MEDIUM -TERM RECOMMENDATIONS

UTILIZE VETERANS SERVICE ORGANIZATIONS (VSOs) EFFECTIVELY

RECOMMENDATION: M-1
Empower Certified Veteran Service Officers to:

- **Accept evidence in support of a claim;**
- **Provide VBA with certified copies of necessary documents; and**
- **Assist in gathering testimonial evidence (statement in support of a claim).**

Accelerate the Training, Responsibility, and Involvement in Preparation of Claims (TRIP) Initiatives as a high priority.

DISCUSSION:
The full partnership and cooperation of VBA and Veterans Service Organizations (VSOs) are vital elements in assuring timely service to the veteran. A well-developed network of VSOs and State Departments of Veteran's Affairs (SDVAs) should be encouraged to cooperatively enhance the delivery of services to veterans. Service organizations can help improve service to beneficiaries and increase veteran satisfaction by providing assistance in gathering evidence for the development of a well documented and "ready-to-rate" claim, helping deter frivolous claims, and by providing timely information on claim status. The Office of the VA Inspector General *Summary Report on VA Claims Processing Issues*, dated December 9, 1997, encouraged such cooperation: "VA and Veteran Service Organizations should build a claims processing partnership." (Appendix III, page 86).

VBA has made some initial steps to enhance the participation of VSOs in the benefits delivery process. Initiatives like TRIP, and the State and Other Benefit Reference System, have demonstrated the willingness of VBA to engage the VSO and SDVA community more actively in the claims processing system. Since 1999 VBA has trained 1,076 veteran representatives in TRIP; 985 have been certified.

VBA efforts to provide VSOs with training and access to claims processing system needs to be expanded nationwide. Emphasis should be on endeavors that will enable VSOs to:

(1) Receive training on the claims development process;

(2) Use automated benefit delivery systems in a "read only" mode; and

(3) Gain necessary information technology assets in order to participate as an active partner in the claims development process. This includes access to VA systems, training, and equipment.

VBA needs to make sure that training and certification of VSOs and SDVAs continue and that impediments to the acceptance of information provided by certified service officers are removed. The veteran service community should be accepted as an active partner in claims development and maintenance. This recommendation concurs with the report of the National Academy of Public Administration, *Management of Compensation and Pension Benefits Claims Processes for Veterans*, dated August 1997. VBA's *Roadmap to Excellence* also discussed the concept of utilizing the veteran service organization community in claims development.

Together, VBA and the service organizations must ensure that the "benefit of the doubt" goes to the veteran and that frivolous claims are removed so that valid claims are not needlessly delayed.

This recommendation could require significant resource expenditure to train VSO and SDVA representatives in the VA claims development process.

MAINTAIN THE BENEFITS DELIVERY NETWORK

RECOMMENDATION: M-2
Sustain and upgrade the Benefits Delivery Network (BDN) to assure:

- **Uninterrupted processing and payment of compensation and pension, education, and vocational rehabilitation claims;**
- **Prompt payments to veterans; and**
- **Functionality changes to the system enable timely user, legislative, and cost-of-living adjustments.**

Immediately remedy the Hines Information Technology Center (ITC) critical workforce shortfall through near-term actions to retain critical retirement of eligible staff, rehire retirees, and remove constraints on hiring and use of contract services. Develop and fund a succession plan that addresses leadership and technical staff for the Hines ITC and Philadelphia ITC.

Operationally test and evaluate the current BDN disaster contingency plan and provide the resources necessary to achieve a viable contingency capability.

DISCUSSION:
VBA's track record of success in making timely and accurate payments to veterans has been unblemished, but it could be at risk. BDN is the mission critical information system that supports the C&P, Education, and Vocational Rehabilitation & Employment (VR&E) claims and payment processes. However, VBA has not identified BDN support as one of its "Top 10" priorities for resource (funding and staffing) allocation. BDN operations and support are approaching a crisis stage with the potential for BDN operational performance to degrade and eventually cease. This situation has occurred because of documented VBA Central Office policy decisions that limited the funding of BDN upgrades, reduced the size of the Hines ITC workforce, and stopped new hiring for the past 5 years.

Annually, the BDN Payment System provides 42 million timely and accurate C&P, Education, and VR&E benefit payments and 10 million letters to over 3.3 million veterans and their families. To support critical claims processing and veteran master record queries, BDN processes over 300 million transactions per year from over

12,000 users in VBA Regional Offices and VHA facilities with a system availability of 99.8 percent and a transaction response time of less than 5 seconds for 99.9 percent of all transactions.

The BDN Network System is a centralized, on-line information system comprised of application software and databases supporting C&P, Education, and VR&E business processes. BDN is hosted on a DPS-9000-732 mainframe with supporting data communications (equipment and software) and data storage devices at the Hines ITC in Chicago. The Hines BDN configuration also includes an IBM 3090-400 server, network interfaces with VA wide area networks, and 80 other major external systems. DPS-9000-542 processors at the Philadelphia ITC provide support to Eastern area BDN users for processing claims work in progress. The Beneficiary Identification and Record Locator System (BIRLS), as well as other system capabilities, are located at the Austin ITC.

VBA has been investing in the Veterans Service Network (VETSNET) for over 8 years as the replacement for BDN. However, there is no apparent certainty as to when and if VETSNET (or any other system) will be operational to sustain VBA-wide business processing and payments. BDN must be fully supported with people and upgrades until such time as the full VBA business community has confidence that all 57 Regional Offices can be operationally supported with a replacement system.

There are two principal issues of concern that relate to the design of a replacement system program and the decision criteria for turning off BDN:

(i) What level of confidence will the VBA business community need to have in a replacement system to rely totally on it to support 12,000 users concurrently before phasing out BDN?

(ii) What demonstrated operational functionality, system performance, and outcomes must be achieved to provide that level of confidence?

These questions were posed to VBA in 1995 and 1997 studies on modernization of claims processing; both issues remain valid criteria for determining the life of BDN.

BDN INFRASTRUCTURE UPGRADES

Since 1998, VBA has not upgraded the BDN hardware and software configuration. These upgrades are needed to keep pace with pro-

cessing and software technology improvements and to maintain hardware and operating software configurations that are contemporary with those configurations of other DPS-9000 users and vendor supported configurations. Because of previous VBA decisions not to fund some BDN upgrades, and because all other customers have modernized their processing environments, the vendor will no longer support the 1998 baseline BDN transaction processing software, operating system software, and the data communications system and its software as of December 31, 2001. Further, these policy decisions have created a situation where the current BDN configuration is close to exceeding the technical limit of business users that can be provided access to BDN. This constraint will impact the productivity of the current, newly hired, and planned workforce.

VBA upgraded the BDN mainframe and regional data processors and associated operating system software to the latest commercial configuration at Hines and Philadelphia in 1998. Subsequently, VBA renovated all BDN application software supporting compensation, pension, education, and vocational rehabilitation for FY 2000. At that time, VBA declined to convert the BDN DMIV-TP transaction processing software to the modern TP-8 commercial configuration and BDN's Data net 8 communications systems and software to the most current commercial configurations, as had other DPS-9000 users.

Another key issue relates to user access constraints. One measure of access is the number of individual users (Logical Identifiers or LIDS) that can have on-line access to an information system. The maximum number of individual users that can be supported with the current configuration of BDN is 4,096 per transaction processor. While VBA can increase the number of transaction processors to gain additional LIDS, this approach will increase the complexity of sharing data between users. The number of BDN users has increased over time and the system is at its limit. The additional C&P workforce will increase the number of required users, but no plans have been made to upgrade BDN to facilitate this access. For example, the addition of 800 more VSRs and RVSRs would require a minimum increase of 800 LIDS, excluding the addition of any printers. To accommodate this increase, LIDS would have to be "pooled" which would require personnel at a work station to wait in a queue until a LID was free to provide access for claims processing. Another TP could be added, but that would increase the com-

plexity of data sharing and overall system management. The solution is to upgrade BDN's configuration to accommodate increased users.

Given the high degree of uncertainty in the operational availability and suitability of a BDN replacement system, and BDN's critical role in delivering timely and accurate services to veterans, the Task Force strongly recommends that VA take out a 5-year BDN insurance policy. There are two key elements of this insurance policy. One deals with computer hardware and operating system software upgrades; the second deals with the supporting workforce. Data provided to the Task Force indicates that the cost estimate to upgrade the current BDN to be about $4 million. Even if this initial estimate were $8 million, the one-time cost of this insurance policy would be about 20 cents per veteran benefit payment for 1 year. The key components of this insurance policy include the following.

- Establish BDN operations, maintenance, and upgrade as the number one IT priority for resource allocation and management oversight.
- Immediately fund BDN upgrades necessary to achieve a vendor-supported configuration for the transaction processing software, operating system, communications, and core processors.

BDN LABOR FORCE

The people, skills, and expertise necessary to continue the performance of BDN are at a crisis stage. VBA has reduced the Hines workforce 33 percent since October 1992, including a 50 percent reduction in the personnel supporting compensation, pension, and education application software and databases.

This reduction in FTE has been exacerbated by three factors:

(i) During this same period, FTE supporting C&P, Education, and VR&E were redirected to supporting VETSNET development.

(ii) The cumulative impact of VBA's 5-year hiring freeze at Hines has created a large pool of 72 experienced personnel eligible for retirement from July 1, 2001 through January 1, 2005. For example, 27 personnel were eligible for retirement as of July 31, 2001, including 4 specialists who maintain critical Education benefit applications.

(iii)Those immediately eligible for retirement do not include the pending retirements of the Hines ITC Director (September 2001), Chief of the Compensation, Pension, and Education Division (December 2001), and the Chief of Operations (December 2001).

This loss of people, skills, and expertise has occurred while the volume of BDN functionality changes (user, legislative, and cost-of-living adjustments) has not diminished. Currently, 107 user requests (program initiation requests or PIR) are in work and pending for changes to BDN to support C&P, Education, VR&E, Finance, and operations. This does not include additional pending PIRs to support applications such as PIES, which is critical to the timely acquisition of service member records and information from the NPRC and the associated VBA Processing and Research Unit.

VBA Central Office is aggressively working to hire and train new staff for the C&P field workforce. However, the Task Force has not seen evidence that VBA has taken similar action to remedy the crisis in people, skills, and expertise at Hines ITC necessary to sustain and upgrade the mission critical information system that enables the C&P workforce to accomplish its job and pay veterans.

The key workforce elements of the BDN insurance policy include the following actions:

- Immediately stem the loss of the highly skilled and experienced workforce at the Hines ITC that support C&P, Education, and VR&E as well as other critical applications and tasks. Remedies should include the use of retention bonuses; hiring of retirees using the same model approved for the C&P field workforce; deferment of any planned early retirement offerings. Efforts should be made to retain key Directors now pending retirement until a satisfactory succession plan can be put in place or consideration given to their rehiring on an interim basis.
- Immediately allocate new FTE positions and approve hiring for Hines ITC to achieve a workforce size and composition consistent with the user requested workload.
- Develop succession plans for the Hines ITC and Philadelphia ITC.

DISASTER RECOVERY

The introduction of the DPS-9000 based architecture at the Hines and Philadelphia ITCs has provided VBA with the opportunity to consolidate Regional Data Processors (RDP) supporting work-in-progress cases and to achieve a level of contingency back-up capability. To date, VBA has not aggressively pursued developing this inherent back-up capability into a fully operational disaster recovery contingency capability to sustain enterprise-wide processing and payments.

The Task Force recommends that VBA plan and conduct a comprehensive operational test of a BDN disaster contingency plan. The results of this test should be evaluated to identify further actions needed to achieve a high confidence disaster recovery capability.

These recommended actions will mitigate the risk of interrupting benefit payments to veterans, missing cost-of-living adjustments, and not making timely functionality to C&P, Education, and VR&E applications caused by legislative action or other needed user changes due to supportability considerations. Additionally, these actions will help to alleviate, but not eliminate the shortfalls in staffing size and skill sets at Hines ITC as a result of converting to a more modern and easily supportable transaction processing software, communications infrastructure, and operating system software. Upgrading BDN will also remove the constraint on the number of BDN users and facilitate plans to increase the size of the C&P workforce and to provide VSOs greater access to BDN to improve communications with veterans, thus improving the overall claims process.

EVALUATE AND IMPROVE VHA MEDICAL EXAMINATIONS AND THE PROCESS

RECOMMENDATION: M-3
The Compensation and Pension Examination Project (CPEP) office should:

- **Monitor the ongoing quality, timeliness, and cost of VHA C&P medical examinations;**
- **Review, monitor, and provide training to Regional Office staff to improve the quality of C&P examination requests and ensure that the flow of C&P examination requests proceeds in an orderly and cost-effective manner;**
- **Coordinate VHA C&P examiner training and continuing education; develop additional methods for disseminating "best practices" to the field;**
- **Keep the Clinician's Guide (formerly the Physicians Guide) and Examination Worksheets up-to-date and disseminate changes to the field in an expeditious manner; and**
- **Assess the feasibility of establishing examination centers which co-locate VHA/VBA staff. RVSR ancillary duties may include Paragraph 29 and 30 ratings, as well as assessing the need for scheduling routine future examinations.**

VBA needs to evaluate the accuracy and the sufficiency of VHA medical compensation examinations for rating purposes. If after 1 year of implementation of the VHA-VBA Compensation Examination Project Office's Improvement Plan, the accuracy and the sufficiency of the examinations have not improved, then VBA should critically evaluate the CPEP results with the possibility of further utilizing private vendors.
tive appeals.

DISCUSSION:
While the vast majority of the Department's C&P medical examinations are still provided under the auspices of VHA, until recently VHA has not been actively involved in the management of the C&P medical examination process. There has been no organized training or continuing education of C&P examiners. The *Physician's Guide* has been unavailable for several years, and VHA has provided little systematic review of ongoing practices and quality control, except to monitor average examination timeliness and the number of examinations returned by BVA as inadequate for rating purposes.

While VHA performed 323,000 C&P medical examinations in FY 1998, 308,000 in FY 1999, and 264,000 exams in FY 2000, VHA does not specifically monitor costs for its C&P medical examination program, thus making comparisons with private contractors difficult.

VHA and VBA have entered into a Memorandum of Agreement (MOA) to improve the C&P medical examination process. The agreement encompasses the following improvements:

- To establish a national VBA-VHA project office (CPEP) - jointly coordinated, funded, and staffed - to lead to improvement of the C&P examination process and to be accountable for its outcomes.
- To identify liaison coordinators at each VHA facility and Regional Office to lead their examination process.
- To initiate a combined training process as well as a process to produce continuous performance measures.

The C&P Examination Project Office (CPEP) should be held responsible to:

- Coordinate training at Regional Offices to improve the quality of the examination requests;
- Oversee VHA C&P training on methods of conducting C&P examinations;
- Improve the quality of examinations through continuing education;
- Enhance the adequacy and timeliness of VHA examination reports;
- Expedite the completion and distribution of the C&P *Clinician's Guide*; and
- Monitor and analyze the cost of the examination program.

Close proximity of VBA and VHA personnel should enhance accuracy and timeliness of the examination process. Paragraph 29 ratings are temporary 100 percent ratings based upon hospitalization in excess of 21 days for a service-connected condition. Paragraph 30 ratings are temporary 100 percent ratings based on a need for convalescence from surgery in excess of 30 days for a service-connected condition.

VHA and VBA need to maximize professional communication at all levels. Less than full, accurate information at any level is unacceptable. The Task Force found at least one inaccurate reporting of "inadequacy rate" examinations and heard about several. Less than full reporting is unprofessional and unacceptable. Improvements cannot be made to the conduct and performance of C&P medical examinations unless full disclosure is not only encouraged, but required.

(Cross Reference: Recommendation M-4)

MAINTAIN OR INCREASE COMPETITIVE SOURCING OF MEDICAL EXAMINATIONS

RECOMMENDATION: M-4

Maintain or increase the present level of competitive sourcing of medical examinations.

Request that a GSA Contract or Federal Supply Schedule be established for medical examination providers which VBA can select from on an "as needed" basis.

Monitor the quality and timeliness of the contract medical examinations continuously.

DISCUSSION:

An appropriate balance of contracted and VHA medical examinations are desirable to achieve the highest quality and timeliness of service to the veteran. The BVA Chairman recommended to the Task Force that:

> "Compensation and Pension examinations must improve. There probably is no single action that would have a greater effect on the entire adjudication and appeals process than to improve the quality of C&P medical examinations. Without an adequate examination report, it can be very difficult, if not impossible, to fairly and accurately decide a disability compensation claim. Problems with examination reports remain among the top reasons for Board remands."

In order to improve the timeliness and quality of C&P medical examinations, Congress directed VA to pilot the contracting of medical examinations by a private contractor, QTC. In May 1998, QTC began providing approximately 50 percent of the C&P medical

examination services to 10 VA Regional Offices. In the past 3 years, QTC has provided C&P medical examination services to over 100,000 veterans, utilizing over 1,400 private physicians in over 1,700 locations. The quality of QTC exams has been reported to exceed a 99 percent adequacy rate, and the Task Force found high approval from Regional Office employees. Reported medical examination timeliness was within contract compliance with positive feedback in customer service surveys. QTC's proprietary software was reported to have contributed to the success of the contract.

It is advisable for VBA to compile a list of authorized GSA or Federal Supply Schedule medical examination providers for selection by VBA on an "as needed" basis.

(Cross Reference: Recommendation M-3)

RESTRUCTURE VBA MANAGEMENT

RECOMMENDATION: M-5
Eliminate the Service Delivery Network (SDN) organizational structure and establish an appropriate number of (at least four) Offices of Field Operations with line authority to Regional Offices.

Establish an independent Performance Analysis and Evaluation (PA&E) Office at VBA Headquarters that reports directly to the Under Secretary for Benefits.

Establish at each Regional Office a staff management analyst (without ancillary duties) to assist station management. These management analysts should be organized as a workforce group and work with the VBA PA&E Office located in Washington, DC.

DISCUSSION:
Presently, a Service Delivery Network (SDN) is a loosely organized grouping of VBA Regional Offices, designed to share resources and best practices by consensus management. However, the current SDN organization is not effective in facilitating activities related to planning, reporting, budgeting, resource allocation, communication, cooperation, control of work, and supervision. The Task Force witnessed multiple examples of these issues during site visits to 12 Regional Offices. In the opinion of the Task Force, and most VBA management officials in the field, the organization of the Regional Offices into SDNs has not improved communication and coordination.

The Task Force recommends that VBA establish an effective span of control. At present, two Deputy Assistant Under Secretaries (Office

of Field Operations) directly oversee the 57 Regional Offices. The fact seems to be that oversight is neither effective nor really expected.

An independent PA&E Office should be used to provide workforce analysis, review of data and end products, publish proven best practices that are working within individual Regional Offices, and share the results VBA-wide. This oversight function should analyze and propose the institutional skill sets needed.

As an example of the need for clear lines of communication and control, VBA has no effective method of direct oversight to ensure consistent implementation of directives. It is apparent to the Task Force that there is wide variance in implementing instructions and directives, as well as IT programs, at the Regional Office level, which has led to confusion and lack of uniform adherence to accepted procedures.

It should be noted that the NAPA Recommendation (4NAPA-5) stated that the Under Secretary for Benefits should develop a formal organizational chart for VBA and its components that closes the gaps in accountability between the Regional Offices and VBA Central Office.

ESTABLISH ENTERPRISE ARCHITECTURE

RECOMMENDATION: M-6

Establish an IT program, which includes standards for an enterprise processing system for all Regional Offices.

Establish uniform core programs for C&P claims processing that define a core set of enterprise programs and mandate usage.

Develop a national letter package, the use of which must be mandated as the only package to be used by Regional Offices.

Require the e-mail address of each Regional Office to be shown on all external correspondence.

Provide voice recognition software for use by Rating Veterans Service Representatives in the preparation of rating decisions.

DISCUSSION:

The Task Force did not find a uniform or standard enterprise solution for processing C&P claims. While IT initiatives have been delivered to the Regional Offices, there was not an enforced requirement

that they be installed or used. As a result, some Regional Offices have not implemented applications designed to better control and process claims. PIES, COVERS, and CAPS are three examples that are viewed by the Task Force as critical for claims processing. In the case of the CAPS application, VBA is still in the process of implementing a system for inventory management of cases.

Successful installation and use of inventory management requires that Regional Offices first install CAPS. Because there has not been universal implementation of CAPS, the validity or use of the data produced by the inventory management system to identify workload is highly suspect, especially on the national level.

To have a successful enterprise system, VBA must evaluate the effectiveness and efficiency of its IT programs and initiatives, including such applications as RBA, RBA 2000, BDN, CAPS, COVERS, MAP-D. Given the numerous initiatives and the lack of uniform implementation, the Task Force recommends stopping the introduction of new IT initiatives until a thorough reevaluation of VBA's IT program has been conducted.

(Cross Reference: Recommendation S-5)

VBA Central Office needs to standardize a national letter package, and must approve any deviation in use. Any national letter required or necessitated by regulatory changes must be exported to the IRM offices in Regional Offices for addition to the national package. This letter must be available concurrently with the release of the "fast letter" or regulatory change. GAO is currently performing a study on the national letter package to determine its efficacy.

During the early 1990s, VBA converted from a system in which rating decisions were dictated by Rating Specialists and transcribed by typists into an automated system (Rating Board Automation or RBA) which required RVSRs to type their own decisions. The time consumed by this typing requirement has reduced the productivity of some RVSRs. There are currently on the market a number of voice recognition software packages, and the Task Force noted that one commercial product is currently being used by a limited number of RVSRs. Providing all RVSRs with voice recognition capability could result in increased productivity and efficiency.

Determine the Viability of VETSNET; Use Oversight Board To Review All Modernization Initiatives

RECOMMENDATION: M-7

Determine viability of the Veterans Service Network (VETSNET). Strategically move to develop functional requirements for a new system to support a redesigned and integrated VBA, BVA, NCA and VHA claims process.

Determine the core set of business applications that are required to be used by all and mandate implementation in all Regional Offices.

Stop new IT initiatives until there is a formal mechanism in place to evaluate the need for new and on-going initiatives, as well as to develop and evaluate the realism of implementation plans and their potential impact on the field. This formal mechanism should take the form of an IT Oversight Board.

DISCUSSION:

VETSNET

For almost 8 years, VETSNET has been the centerpiece of VBA's enterprise solution to replace BDN and provide enhanced functionality to support VBA business line users. VBA plans have been driven by worthy goals, but program performance has not been satisfactory. The troubled history of this project has been well documented by GAO, Office of the VA Inspector General, VA's Information Resource Management Group, the Congress, National Academy of Public Administration, and others. More recently, VA sponsored assessments in July and August 2001, concluded that the operational viability status of VETSNET remains questionable.

The implementation of VETSNET poses two concerns to the task force. First, absent any data to the contrary, VETSNET remains a questionable long-term solution for VBA's payment system. Second, were VETSNET implemented today, it represents decade-old technology, which would require immediate plans for replacement or migration to current technology. With these two concerns, VA should decide, based on a determination from an outside source, the viability of VETSNET. After studying these findings, VA should either terminate VETSNET and pursue the design of a new system, or complete VETSNET with the understanding that VETSNET will require plans for replacement or migration to current technology.

Strategically, the Task Force believes that VA should initiate studies leading to the development of functional requirements for a new system to support a redesigned and integrated VBA, BVA, NCA, and VHA claims process. The key elements of this strategy include the following:

- Leverage the Department of Defense investment in knowledge couplers technology and applied research, through technology demonstration projects targeted to the claims development and ratings determination processes. Reviewing systems and capabilities used by the Australian Government in processing military disability claims could help this effort.
- Use the results of a rewrite and rationalization of C&P regulations and an analysis of their operational process impacts to develop and produce a new claims process that integrates VBA, BVA, NCA, and VHA.
- Once these processes have been designed and demonstrated to be appropriate for the job, use this process baseline to develop a set of functional requirements for a new information system.
- Solicit private sector participation from the technology, insurance, and claims processing industries to propose system demonstrations and solutions.
- Plan for a high degree of interoperability with DOD for seamless access to data, supplementary information, and delivery of service.

(Cross Reference: Recommendation M-12)

ROLLOUT OF IT APPLICATIONS

The integration of strategic and tactical planning in developing and implementing new IT initiatives is a critical component of the claims handling and decision-making process within VBA. Material changes, enhancements, developments, and/or deletions to the IT infrastructure impact the timeliness and quality of disability claims decision-making. The Task Force has observed material deficiencies and inefficiencies in the strategic planning and tactical deployment of new and enhanced IT products and initiatives within the VBA claims processing system as VBA's own recent internal review has acknowledged. In addition, there are multiple non-integrated IT systems currently in place used to process a claim. The result has

been inconsistency in implementing IT programs and initiatives, inconsistency in decision-making, and continued delays in processing claims for veterans.

The absence of an integrated IT implementation plan is illustrated by the rollout of two software applications – CAPS and RBA 2000. These applications are neither integrated with each other nor with other applications. Based on Task Force visits to 12 Regional Offices and interviews with representatives from other Regional Offices, it is clear that the C&P workforce is not consistently using these applications because they are perceived to be labor intensive and adversely impact direct labor productivity. These applications are data-entry intensive and widely perceived as not being user friendly.

Generally, many people do not find that these applications save them time or contribute to improved processing. For example, CAPS was originally planned to include a bar coding capability to track incoming and outgoing veteran correspondence and evidence, so as to automate some aspects of what remains a labor and calendar time intensive process. The value of these bar coding capabilities had previously been demonstrated in the Claims Automated Tracking System and the COVERS application for tracking claims folders. However, these capabilities were not transitioned to CAPS. The use of COVERS to track claims folders has become inconsistent, primarily because of cumbersome security access procedures.

In July 2001, notwithstanding these problems, VBA's Office of Field Operations pushed out to the Regional Offices, a data centric claims inventory management initiative that depends on CAPS data to populate the inventory model. The inventory management model may have some value to complement existing data on pending and in-process work, but the Task Force was not provided any information to demonstrate that value. The data integrity problem arising from inconsistent use of CAPS essentially nullifies the inherent enterprise value of the inventory management model.

For the near term, the Task Force believes that VBA needs to identify the applications that comprise the core business process applications and that are mandatory for all Regional Offices to have in place. This approach would provide a common baseline to ensure that all Regional Offices are using the same technology. The Task Force understands that VBA has plans to transition its inventory of

computer workstations from Windows 95 to the Windows 2000 environment. The Task Force certainly supports this transition as being critical to achieving a core capability. However, the Task Force does have concerns related to the priority, planning, and funding of this upgrade as well as its impact on business applications such as PCGL and overall claims processing.

Further, VBA should cease enterprise efforts to implement CAPS and RBA 2000 including updates and changes. Those individual C&P staff members now using these applications should be free to continue their use. It makes little sense to continue to push new initiatives that have questionable value, but negatively impact direct labor hour availability. In the interim, VBA should develop measurable goals, objectives, and outcomes for these applications as well as revalidate the need for these applications. VBA should also develop criteria for determining when and how these applications should be fully implemented and consistently used, but only after the current backlog is under control and has been reduced to some specific level.

APPROVAL OF NEW VBA IT INITIATIVES

VBA is continuing to develop new IT initiatives that further divert C&P Central Office and IT staff and attention from solving the claims workload problems at hand. VBA is aggressively pushing *Virtual VA*, an imaging-based project, as a follow-on to a demonstration project in the Washington Regional Office. Some Central Office and Hines ITC labor effort is already being diverted to plan for this project, although it has a proposed FY 2003 start, and no data is available to demonstrate the value of the project.

In July 2001, one office in the VBA C&P Service released a Request for Proposal to initiate C&P Evaluation Redesign (CAPER), a program with the long-term goal of determining the optimal physical examination and medical evidence gathering process, while developing a model and system for evaluating disabilities. At the same time, another C&P office is partnering with VHA to create a joint office in Nashville to improve the medical examination process. These efforts do not appear to be well coordinated.

Resolution of these issues requires a better mechanism to provide oversight and direction in the development of IT. An effective oversight board would provide the means to develop a strategic plan and tactical plan in VBA. The IT Oversight Board should establish a standard protocol for accepting or declining all IT initiatives within

VBA. The IT Oversight Board should be responsible for establishing clear objectives and be held accountable for accepting, developing, and discontinuing IT initiatives. VBA has an Information Technology Investment Board (ITIB), but it is not currently performing the necessary functions outlined above.

CENTRALIZE TRAINING

RECOMMENDATION: M-8
The VBA Office of Employee Development and Training should develop and be held accountable for a fully integrated training plan and program. This should include creation of a fully integrated training infrastructure (staff, resources, priorities, and requirements determination processes).

The Office of Employee Development and Training should:

- **Develop a documented hiring strategy addressing measurably effective training prior to hiring new employees in FY 2002.**
- **Develop immediately a process to certify instructors.**
- **Assess immediately the effectiveness of the recent VSR/RVSR training, including the impact on employee's performance.**
- **Hire retired VBA employees to serve as instructors and mentors for employees.**
- **Establish skill requirements and competencies for each grade level of VSR and RVSR job series.**
- **Design Training for each grade level within the VSR and RVSR job series.**
- **Certify VSR and RVSR staff as proficient at each grade level in the job series.**
- **Establish a training plan for each employee consistent with the requirements of their job series.**
- **Develop a separate Training and Performance Support System (TPSS) module for PIES, especially the NPRC service records procedures.**
- **Fully utilize the capacities of the VBA Training Academy and the VBA Orlando Instructional System Development (ISD) Training Group.**

CENTRALIZE TRAINING

- **Provide broadcast training capabilities for the VBA Baltimore Academy and use the VBA satellite channel for VSR and RVSR training.**
- **Local Regional Office training coordinators should be assigned as full time positions and be made responsible for local training plans and programs. The VBA field training coordinators should be managed as a workforce receiving guidance and direction from the VBA Office of Employee Development and Training. While the local training coordinators should be accountable to the Regional Office Director, the training coordinators should be fully integrated into the ISD development and implementation process.**
- **The VBA Orlando ISD Training Group should conduct an assessment to determine the resources and structure for integrating training throughout VBA, including the ISD Training Group.**

DISCUSSION:
VBA has gone to a combination of centralized and local training, including VSR and RVSR training. This new approach, combining classroom and on-the-job training, was developed in response to the large number of new hires that required training.

VBA's current hiring pattern is not the result of a conscious strategy that is integrated into a business plan; rather, the Task Force has been informed that new employees were basically hired and placed where there was space, and where Regional Offices could hire new people. Without a hiring strategy *(see Recommendation S-10)* and with the need to train new employees, VBA took trainers from the service centers to conduct the training. This has naturally reduced productivity significantly. VBA must develop a strategy that reduces this negative impact, which is causing major problems for the Regional Offices. First, they are trying to deal with the significant backlog of claims; and second, they are trying to train and integrate new employees. In FY 2002, VBA must develop a strategy to bring on new employees in a manner that allows for timely and effective training of new employees with minimum impact on the performance of Regional Offices.

A review of VBA's placement of new employees is also in need of a plan and strategy. Since new employees were hired based on which

Regional Office had space and could hire staff, less consideration was given to allotting a larger percentage of the new hires to better performing Regional Offices, stations with low turnover rates for employees hired in the last 5 years, and Regional Offices that have the ability to hire college graduates with high grade point averages (Outstanding Scholars). VBA needs to develop a placement strategy that takes full advantage of these considerations.

Task Force members were able to observe the VSR national training program and talk with participants in the RVSR program. While this was during the early stages of these training programs, the Task Force noted several observations concerning the VBA education programs:

- The training program was not geared to grade levels or competencies at each grade level in a job series. Employees were not certified as having the skills needed to do their jobs. Many of the instructors were not certified. In addition, VBA did not have mandatory training hours for all employees. This creates a gap for employees at the journeymen levels, as training programs are not required. No effort was made to link the learning activities to increased performance. Some measure is needed to verify the content of educational programs is achieving the learning objectives of the organization.
- VBA is in the midst of a "proof-of-concept" in building a learning management system. This type of system is mandatory for VBA as it establishes an Individual Development Plan for each employee, while tracking skill sets and learning progress. For management, the system is designed to indicate the collective skills of all employees and identify training needs and learning gaps in VBA. This type of system should be advanced as soon as possible. The proof of concept has no established date for completion or procurement.
- VBA has available a satellite channel for learning and studios to produce educational materials. More effective use of these resources would allow VBA to reach more employees with training materials. VBA should broadcast VSR and RVSR training as it is being conducted to remote sites and have interactivity between the students and the classroom site. Also, training should be videotaped and made available in each Regional Office as a resource for employees. An example of using technology to reach more students would be to give

the VBA Baltimore Training Academy broadcast capability. Courses that now require someone to travel to the Academy would be made available to the Regional Office classroom. VBA should also partner with VA Learning University and use learning materials to supplement or design learning programs.

- VBA should evaluate other learning modalities, like web-based training, and determine if this would be suitable for training. A goal for VBA should be to make all learning programs available in various modalities, so that leadership and employees have a choice in how they achieve learning objectives. This would provide a "just-in-time" learning environment.
- Currently, instructors are experts in content areas and are taken from the Regional Offices or Central Office staff. In most instances, instructors are taken away from their responsibilities of claim processing to teach the classes. In addition, new employees need direct supervision and mentoring. VBA should use contractors and retired VBA employees to provide training and mentoring for new employees.
- VBA needs to take advantage of training provided by other organizations. For example, Disabled American Veterans (DAV) has an established training program that does an outstanding job, utilizing VBA materials. VBA should evaluate the value of this program and, if acceptable, request training space.
- The Task Force was made aware that BVA spends approximately $10,000 a year per attorney on training. BVA staff may provide training when a Board member visits the Regional Office to conduct hearings. This ad hoc approach should be replaced with a systematic and recurring training program that is pushed out to the Regional Offices by BVA and integrated into the overall training effort. BVA should be a resource for VBA and not just another step in the claims process.

VBA has been developing a training program called TPSS and several modules have been completed. TPSS is a product of VBA's Orlando Training Group's Instructional System Development (ISD),

which serves as a framework for (i) guiding the identification and breakdown of work tasks, (ii) identifying and analyzing of required skills for accomplishing the tasks, and (iii) identifying the range and depth of domain knowledge needed to perform the tasks at a certain level of performance. This framework defines a set of specifications to drive the design of the training system for a given task.

The Orlando Training Group has begun delivering TPSS computer based training modules to the field. The appeals module (May 1998 - February 2000) was the first, followed by basic rating (RVSR) modules that are still rolling out through FY 2002. The VSR package is planned to contain 15 modules, with the first 5 modules to be delivered under an accelerated schedule in the November-December 2001 timeframe with others to follow. The schedule for the advanced rating/DRO modules has not been determined. VBA has asked the Orlando staff to accelerate the VSR module deliveries scheduled from mid to late FY 2002 in order to support new hires. The Orlando staff does not believe that this acceleration has compromised quality.

The TPSS computer-based training program should include, as a separate module, training to prepare accurate requests for verification of service; for requesting service medical, clinical and hospital records; and for when and how to request service personnel records. Due to the complexity of this procedure, particularly for those veterans whose records may have been destroyed or damaged in the fire at NPRC in July 1973, this part of the training is critical. The staffs at NPRC and RMC are knowlegable in this area, and VBA must institutionalize this knowledge before these experts retire. It is critical that this module be developed quickly, since a significant number of the over 1- year old claims are due to the inability to obtain these records.

ISD is a proven methodology and the VBA Orlando Training Group is a critical asset and resource to enhance VBA performance. VBA deserves an "A" for the initiative. The problem is that the Orlando Group's capabilities far exceed VBA's capacities to use their analyses and products effectively. For example, the ISD analysis for the VSR and RVSR positions included identification of skill and domain knowledge requirements for these positions.

USE PROTOTYPE SITES FOR COMPETITIVE SOURCING OF PRE-DETERMINATION

RECOMMENDATION: M-9
Establish prototype site(s) for outsourcing the pre-determination claims development function.

DISCUSSION:
VBA currently has large increasing backlogs in claims development, and the organization faces significant turnover in experienced staff due to retirements. At the same time, VBA is engaged in hiring and training unprecedented numbers of new staff.

Training new C&P employees pulls experienced staff out of the direct claims processing system, which leads to increased time to process claims. To address these issues, VBA should immediately establish a prototype site (or sites) to outsource part or all of the pre-determination claims development process. An evaluation should be made to determine if the results of outsourcing lead to more timely development of claims and better service to veterans.

The VA General Counsel issued an opinion on July 10, 2001, with respect to contracting out case development and collection of evidence. The opinion held that VA may contract out development of compensation and pension claims and collection of evidence for those claims. Contractors would not render decisions, and as a result, their work would not require the exercise of discretion in applying Government authority or making value judgments in making decisions for the Government.

A specialized Regional Office should serve as a comparison site for the prototype test. To provide an accurate comparison with commercial services, it is imperative to compare exactly the same specialized portion of the claims processing, i.e., the pre-determination function.

(Cross Reference: Recommendations S-8 and S-9)

REDEFINE CLAIMS PROCESSING ERRORS

RECOMMENDATION: M-10

Redefine substantive claims processing errors as those that affect entitlement, amount of benefit awarded, and effective date of award.

Correct substantive errors and take steps to prevent future mistakes.

DISCUSSION:
Correcting substantive errors and taking steps to prevent future mistakes will require that serious material defects be identified and measured apart from the procedural defects. Veterans expect decisions on their claims that are substantively correct as to entitlement, amount, and effective date of award. Title 38 USC requires that "due process" is to be accorded to all claims and where these fundamental standards are not observed, BVA or the Court will accordingly remand the case for further processing. Substantive errors and serious procedural flaws are matters of great consequence.

Lesser errors, while regrettable and to be avoided where possible, are of a fundamentally different character. To mix the serious errors with the less significant, as has been the practice in recent years under the Systematic Technical Accuracy Review (STAR), is to obscure what is of real concern. It is the understanding of the Task Force that under current STAR program, two stations with identical error rates would be rated the same, even though one station may have a much higher rate of substantive errors than the other. Reported error rates have improved recently, although it is unclear how much of this is the result of the changing definitions of what constitutes an error.

To level the playing field and focus attention of what is important, the Task Force recommends that errors measured for performance standards be limited to those that are substantively incorrect, or be so procedurally deficient as to require a remand for cause by BVA or the Court.

Consolidate Income Matching Process at One Location

RECOMMENDATION: M-11
Consolidate the function of validating reported income for the Veterans Health Administration and the Veterans Benefits Administration at one location.

Short-Term:
Establish a joint VHA and VBA Project Team to determine operational needs, and review notification letters and procedures.

Mid-Term:
Conduct joint match with IRS and SSA records.

DISCUSSION:
Since the income and net worth verification process is the same for both VBA and VHA, this procedure should be consolidated at the Health Eligibility Center (HEC) in Atlanta, GA. Consolidation would permit VA to utilize the income verification system developed by VHA, which incorporates an integrated IT system and specialized support personnel. The HEC would then forward validated income and asset information to VBA for further processing.

VBA currently matches approximately 760,000 records with the Social Security Administration's (SSA) earned (wage) income database; and approximately 660,000 records with the Internal Revenue Service's (IRS) unearned (interest, dividends, and retirement) income database. VHA matches approximately 1 million records per year with both databases.

The objective of both VBA and VHA matches is to verify income information provided by veterans and beneficiaries in support of their claims for benefits and health care services. During the time period FY 1995 to FY 1999, VBA identified potential differences between income reported to VA by beneficiaries, and reported 262,000 cases to IRS and SSA.

Currently, cases with potential income discrepancies are identified and prioritized for review into one of 11 categories, based on the amount of the discrepancy. The VBA Information Technology Center in Hines refers the questioned cases to the Regional Office of jurisdiction and sends initial notification letters to the beneficiaries. The Regional Office employees review each referred case and, as necessary, validate income from the payer or beneficiary, make necessary benefit payment adjustments, and initiate action to recover overpayments.

VHA gathers income information through applications for health care. For certain veterans, the application requires the completion of information concerning their income and asset holdings (net worth). This information is compiled and sent to HEC, where income discrepancies are identified and prioritized for review, based on the amount of the discrepancy. Those with the largest discrepancies are worked first.

When a new or updated means test is conducted at a VHA facility, the means test data is automatically transmitted to HEC, along with information used to identify the veteran and spouse. The HEC Eligibility Integrity Division staff handles case development. Veterans and spouses are sent correspondence to confirm income information, and the beneficiaries are given 30 days to explain any discrepancies. If no response is received in 30 days, the HEC generates a second request to the veteran. The letters are automatically generated by the IT system. The veteran is provided extensive due process and appeal rights in accordance with prescribed regulations and policies. The HEC will not change the means test category until information supplied by IRS and SSA has been independently verified. If the verified means test results in a change to the veteran's medical eligibility status for medical care, the means test is transmitted to the VA health care facility where the billing process is initiated. Of the 1 million records matched each year by VHA, approximately 85,000 require full development for differences in reported income.

Consolidation would provide for a unit that could concentrate on ensuring the accuracy of information contained in both VBA and VHA databases and promote efficiency of operations. Examples would be:

- Social Security Number - In FY 1999, VBA was unable to

match approximately 95,000 beneficiary files, because either the SSN or the record had not been issued by SSA (2,400 records) or secondary match criteria (birth date and name) did not match (93,000).

- Income Level - Based upon results of data matches in both VBA and VHA, certain differences in reported income do not result in economical adjustments. For pension cases, a discrepancy amount of less than $500 (priority code 11) is not cost effective to work and should be eliminated from follow-up. In FY 1999, there were 22,000 income level matches.

COMMENCE *ONE VA* SYSTEM INTEGRATION

RECOMMENDATION: M-12
Utilize a System Integrator to develop an IT solution for VBA's benefit delivery system.

Utilizing the Department's Enterprise Architecture process, integrate VBA's IT system with VHA, National Cemetery Administration (NCA), and department systems.

Long-Term:
Sponsor a commission/Task Force, with representation from relevant federal agencies, to identify an enterprise solution and integration plan for the records of all veterans.

DISCUSSION:
Veterans do not see VA as different organizations, and are confused when asked to produce the same information for various VA administrations. VA information technology systems need to be integrated in order to maximize service and access to veterans and their beneficiaries. There is limited degree of integration of VBA systems into a larger VA network or IT architecture. VHA, VBA, and NCA need a mutual platform for data and the ability to exchange information as necessary. Identifying common data that is collected by each administration is the first step in appearing as *One VA* to beneficiaries.

This same problem exists with federal agencies that come in contact with the veteran. A veteran's benefit entitlement originates with entry into the military, and it continues during the time served in the military. With the exception of retirement benefits, all benefits management becomes the responsibility of VA when a service member

achieves veteran status. Today, there is limited integration of systems between DoD, service department military records, and related federal agencies, such as Railroad Retirement Board, Social Security Administration, and IRS. The result is incomplete information and the requirement for the veteran to produce the same documents and information individually for each federal agency. Veterans deserve better service through a single enterprise system that stores their historic data for use by all federal agencies.

ORGANIZE C&P REGULATIONS

RECOMMENDATION: M-13

First, rewrite and reorganize the C&P Regulations in a logical coherent manner, incorporating regulatory materials now found in manuals as well as binding court precedents.

Second, rewrite operations manuals as soon as a regulatory basis for the claims process is established.

Establish a viable, user-friendly search engine to aid in the researching of regulations and procedural requirements.

DISCUSSION:

Over 20 years ago, in testimony before Congress, VA acknowledged that the Compensation and Pension regulations were in dire need of revision and organization. VA promised to clarify them and to incorporate instructions found only in VBA manuals, which were in fact, regulatory in nature. The problems identified 20 years ago remain today, and the promise to correct them is unfulfilled. The Court that was established by the Veterans Judicial Review Act, has noted the need for regulatory revision. It has termed the C&P regulations a "confusing tapestry" and criticized the presence of regulatory material in VA internal manuals. Confusing to even experienced claims examiners, this situation is particularly challenging to the many new VBA employees.

Locating all regulatory material in regulations that are rewritten and reorganized in a logical, coherent manner should be an immediate priority. Leadership for this project should be assigned to the Office of the General Counsel, which is charged with interpreting the laws and determining whether various prescriptions are regulatory in nature. Veterans Service Organizations, as stakeholders, should be solicited for input and discussion of issues. Resources needed and a timetable for accomplishing the overhaul of the regulations

should be established. If necessary, priority as to individual sections in need of immediate revisions should be assigned. These revisions should further take into account explicit changes required by various precedent court decisions, which are now found in over 14 volumes of reported cases.

Once the regulatory basis for the claims process is established, the operating manuals should be rewritten to reflect the new operational guidance. This information should also be promulgated in an electronic format, easily accessible by a user-friendly search engine.

ESTABLISH CALL CENTERS

RECOMMENDATION: M-14
Establish several General Inquiry Call Centers nationwide to handle routine and general case status questions.

DISCUSSION:
The Task Force found that there is a plethora of methodologies used to answer veteran telephone inquires at the Regional Office level. In all of these instances, the VSRs were diverted from claims decision-making for varying amounts of time depending on the number of calls received. Although this leads to lower blocked and abandoned call rates, fewer decisions are made, which in turn produces even more calls from veterans checking on the status of their claims. In order to reduce the claims backlog, relief must be provided to the VSR involved in claims decisions. The best service VA can provide veterans is to make timely, quality decisions on their claims - something that is more difficult to provide if the VSR is constantly interrupted by telephone calls. From October 2000 through July 2001, VBA received 7.7 million calls, of which 226,000 were blocked.

The Task Force has been informed that approximately 50 percent of current telephone calls from veterans and beneficiaries are of a general information nature. By redirecting these calls to one or more Call Centers, available direct labor hours will increase, which will allow uninterrupted decision-makers to concentrate on the complex decisions before them. This will result in more timely and quality decisions.

As many as 25 percent of the current telephone calls from veterans and beneficiaries involve claim status or basic adjudication questions. These calls could also be handled at one or more Call Centers. The IT programs currently in use (i.e., BDN, COVERS, and CAPS) should be sufficient to answer these calls. The VSRs located at the Call Centers should also be trained on change of address procedures, basic dependency changes, and other routine procedures without referral to the Regional Office.

The balance of calls would become the responsibility of the Regional Office with jurisdiction. The call could be "warm" transferred - that is, the Call Center VSR speaks to the VSR at the Regional Office, provides them the necessary information regarding the caller and the issue involved, and then transfers the call to the Regional Office. Another option is to e-mail the information to the Regional Office of jurisdiction for subsequent call back by the VSR or the team handling the veteran's claim.

The possibility of handling claim status calls via an interactive voice recognition system similar to that used in private industry should also be explored. There are many versions currently available with a proven history of compatibility with various databases, which are essentially off-the-shelf and could be utilized with minimal expenditure. These programs would retrieve information from the CAPS database to give the caller the most current claim status information, including what evidence has been received and what documentation is still needed.

All of these strategies are currently used in private industry. An independent study by outside experts would provide VBA with the costs and benefits of establishing these Call Centers, which could be easily obtained given that the use of call centers is widespread in the private sector.

Appendix A

Department of Veterans Affairs (VA)
VA Claims Processing Task Force

Membership Information

Daniel Cooper, VADM U.S.N. (Ret)
Chairman
VA Claims Processing Task Force
Wyomissing, PA

Kay Roberts Clowney
Retired VBA Regional Office Director
North Little Rock, AR

Ken Wolfe
National Service Director
Disabled American Veterans
Washington, DC

Dr. Dale Block
Consultant
Pittsburgh, PA

Frederico Juarbe, Jr.
Director, National Veterans Service
Veterans of Foreign Wars
Washington, DC

Mike McClendon
Consultant
Greensboro, GA

Guy McMichael
Acting Principal Deputy Assistant Secretary
for Information and Technology
Department of Veterans Affairs
Washington, DC

Robert Gelb
Consultant
Doylestown, PA

Stan Sinclair
Director, VA Learning University
Department of Veterans Affairs
Washington, DC

Carolyn Hunt
Director, VA Regional Office
Lincoln, NB

Daniel Umlauf
Service Center Manager
VBA Regional Office
Roanoke, VA

Dr. Steven Oboler
Clinic Director, C&P Unit
VA Medical Center
Denver, CO

John O'Hara
Task Force Executive Director
Designated Federal Officer
Department of Veterans Affairs
Washington, DC

Michael Slachta
Assistant Inspector General
Office of VA Inspector General
Washington, DC

Appendix B

TASK FORCE CHARTER

Department of Veterans Affairs (VA) Claims Processing Task Force

A. Task Force Designation:

Department of Veterans Affairs (VA) Claims Processing Task Force.

B. Objective and Scope of Task Force Activities:

- The VA Claims Processing Task Force will assess and critique the Veterans Benefits Administration's (VBA) organization, management and processes in order to develop recommendations to greatly improve VA's ability to process veterans' claims for disability compensation and pension.
- The Task Force will propose measures and actions to increase the efficiency and productivity of VBA operations, shrink the backlog of claims, reduce the time it takes to decide a claim, and maintain or improve the validity and acceptability of decisions.
- The Task Force will evaluate the potential benefits of improving the information technology on VBA claims evaluation and propose improvements.
- The Task Force will evaluate the procedures and processes for deciding veterans' appeals of VBA rating decisions.
- The Task Force will evaluate and consider changes to the Veterans Health Administration medical examinations in order to better coordinate with the Department of Defense, better utilize military "detachment physicals," and expedite the veteran's entry into the VA system.

C. Period of Time Necessary for the Task Force to Carry Out Its Purpose:

The Task Force will report its initial findings and recommendations in approximately 120 days after being constituted.

D. Officials to Whom the Task Force Reports:

The Task Force will report its findings and recommendations to the Secretary.

Appendix B

Department of Veterans Affairs (VA)
Claims Processing Task Force
Page 2

E. Organization Responsible for Providing Necessary Support to the Task Force:

The Assistant Secretary for Policy and Planning will provide administrative support as required for the Task Force. VA Administrations and Staff Offices will provide pertinent information and render appropriate levels of support to the Task Force.

F. Duties of the Task Force:

The Task Force will identify and recommend to the Secretary steps that VA can take to increase productivity, reduce processing times, and shrink the disability claims backlog without compromising either the accuracy of decisions or service to veterans.

G. Estimated Annual Operating Costs in Dollars and Staff Years for the Task Force:

Dollar Cost: $100,000
Staff Years: 2

H. Size and Terms of Task Force Membership:

The Task Force will be comprised of nine (9) to twelve (12) members who will serve for the duration of the Task Force. Selection criteria for Task Force membership will be based on expertise in organizational assessment, functional analysis, and improving operational processes. Attention will be given to equitable geographic distribution and to ethnic and gender representation.

I. Frequency of Task Force Meetings:

The Task Force will meet as frequently as necessary to accomplish its mission.

J. Task Force Termination Date:

The Task Force will report its initial findings and recommendations to the Secretary in approximately 120 days after it is established. The Task Force will submit a formal report to the Secretary on its findings and recommendations and terminate not later than 1 year after it is established.

K. Date Task Force Charter Filed:

Approved: _____ Date: MAY 2 2 2001
Anthony J. Principi
Secretary of Veterans Affairs

Appendix C

Fact Finding Sessions

DEPARTMENT OF VETERANS AFFAIRS (VA)
CLAIMS PROCESSING TASK FORCE

Monday - April 16, 2001
Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:05	Secretary's Remarks and Charge to Task Force	Honorable Anthony Principi Secretary of Veterans Affairs
9:20	Chairman's Remarks	Admiral Daniel L. Cooper Task Force Chairman
9:30	Member Introductions, and Role of the Committee	Task Force Members
10:15	Overview Briefing on Department of Veterans Affairs	Dennis Duffy Office of Policy & Planning Mark Catlett Office of Management
10:45	Review Charter and Draft Operational Plan	Task Force Members
11:30	Overview of Administrative Issues	John O'Hara Task Force Executive Director
1:10	Briefing on the Veterans Benefits Administration	Joe Thompson Under Secretary for Benefits
3:30	Overview briefing on findings and recommendations of the Veterans' Claims Adjudication Commission	S. W. Melidosian Chairman, Veterans' Claims Adjudication Commission
4:30	Develop Information Requests	Task Force Members

Tuesday - April 17, 2001
Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:05	Briefing on the National Academy of Public Administration's Report on Management of Compensation and Pension Benefits Claim Processes for Veterans	Milton Socolar Panel Chair, Chris Wye NAPA Senior Research Assoc

Appendix C

10:30	Overview briefing on findings and recommendations from General Accounting Office on veterans' claims processing, best practices, and modernization issues.	Cynthia Bascetta GAO Associate Director for Veterans' Affairs and Military Health Care Issues
1:00	Discuss charter Discuss operational Plan Develop initial summary of issues Refine list of data requirements Establish future meeting schedules	Task Force Members
2:00	Adjournment	Chris Yoder Counselor to VA Secretary

Wednesday – May 9, 2001

Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:00	Opening of Fact Finding Session	Admiral Daniel L. Cooper Chairman, Task Force
9:10	Comments from Veteran Service Organizations	American Legion AMVETS Disabled American Veterans Paralyzed Veterans of America Veterans of Foreign Wars Vietnam Veterans of America
10:30	Comments from National Association of State Directors of Veterans Affairs	John King Chairman Subcommittee on Benefits
11:25	Comments from American Federation of Government Employees	Michael MacDonald AFGE President Nashville VA Regional Office
1:05	Panel Discussion on C&P Medical Examinations	VBA and VHA
2:30	Briefing on Board of Veterans Appeals	E. Clark, Chairman, BVA
4:30	Adjournment	

Appendix C

Thursday – May 10, 2001
Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:05	Comments from Congressional Committees on Compensation and Pension Benefits Claim Processes	House and Senate Veterans Affairs Committee Staff
10:30	Briefing from Social Security Administration on Disability Claims Processing	Sue Roecker Senior Advisor to the Commissioner Bob Emrich Director, Federal Disability Determination Services Bill Taylor Deputy Associate Commissioner for Hearings and Appeals
1:05	Overview on Principles of Cycle Time Reduction – Approach, Benefits, and Recommendations	Dr. Ernest Nichols Director, FedEx Center for Cycle Time Research
2:40	Using the Principles of Cycle Time Reduction in VBA	Rick Nappi Deputy Under Secretary for Benefits
4:00	Task Force Discussions	Task Force Members

Tuesday – June 5, 2001
Room 530, 810 Vermont Avenue, Washington, DC - Session Closed to the Public

9:00	Subcommittee Discussions on Focus Areas: Process, Training, IT, Personnel, Quality Assurance	Task Force Subcommittees Rooms 528, 530, 532
1:00	Review of C&P Claim Folders and Discussion of Medical Information Status of Managing C&P Claim Folders	Claims Processing Task Force Room 530
4:00	Ethics Briefing	Office of VA General Counsel
4:30	Adjournment	

Appendix C

Wednesday – June 6, 2001
Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:00	Opening of Fact Finding Session	Admiral Daniel L. Cooper Chairman, Task Force
	Comments to Task Force	Deputy Secretary Mackay
9:10	C&P Audit Findings, Assessments, and Comments on C&P Program	Office of VA Inspector General
10:45	Private Sector Experiences in Conducting C&P Medical Examinations	QTC, Incorporated Steeve Kay, President, QTC Marjie Shahani, Project Manager
12:30	Update on VBA Workload and Progress to Reduce Backlog Discussion of Operational Issues and other C&P Topics	Rick Nappi Robert Epley Joe Thompson
2.45	Briefing on C&P Budget Formulation and Budget Execution	John McCourt Jim Bohmbach Mike Walcoff
4:15	Adjournment	

Monday – July 9, 2001
Room 830, 810 Vermont Avenue, Washington, DC

11:00	Opening of Fact Finding Session	Admiral Daniel L. Cooper Chairman, Task Force
11:05	Briefing on Selected C&P Customer Satisfaction Results	Lynne Heltman Director, Survey & Research VBA Data Management Office
12:30	VHA Medical Examination Process Briefings on CAPRI, CAPER, Software Development, and CPEP Initiative	Dr. Frances Murphy Deputy Under Secretary Veterans Health Administration
3:30	Adjournment	

Appendix D

Department of Veterans Affairs (VA)
VA Claims Processing Task Force

List of Site Visits

VBA
VBA Regional Office, Atlanta, GA
VBA Regional Office, Buffalo, NY
VBA Regional Office, Cleveland, OH
VBA Regional Office, Houston, TX
VBA Regional Office, Milwaukee, WI
VBA Regional Office, Oakland CA,
VBA Regional Office, Philadelphia, PA
VBA Regional Office, Pittsburgh, PA
VBA Regional Office, San Diego, CA
VBA Regional Office, St. Paul, MN
VBA Regional Office, St. Petersburg, FL
VBA Regional Office, Washington, DC

Office of Technical Training and Evaluation - Orlando, FL
Records Management Center - St. Louis, MO
VBA Regional Data Processing Center, Hines, IL
Veterans Benefits Academy – Baltimore, MD

VHA
Bay Pines
Buffalo
Chicago – West Side
Health Eligibility Center Income Verification Center – Atlanta, GA
Houston
Milwaukee
Pittsburgh
San Diego

Other
AON Workforce Strategies
Board of Veterans' Appeals – Washington, DC
CIGNA Insurance Company
Disabled American Veterans Training Academy – Denver, CO
National Personnel Records Center – St. Louis, MO
Prudential Insurance Company
United Service Automobile Association – San Antonio, TX
UNUM-Provident – San Antonio, TX
Reliance Standard Life Insurance Company

Appendix E

GLOSSARY

AL	American Legion
AFGE	American Federation of Government Employees
AMIE	Automated Medical Information Exchange
BDN	Benefits Delivery Network
BVA	Board of Veterans Appeals
CAPRI	C&P Records Interchange
CAPS	Claims Automated Processing System
CEST	Claim Establish (establishing computer control)
CO	Central Office (Headquarters)
COVERS	Control of Veterans Records System
DAV	Disabled American Veterans
DIC	Dependency and Indemnity Compensation
DRO	Decision Review Officer
EP	End Product
CAUT	Claim Authorize (authorizing completed claim)
GAP	Generate a Print (completing a claim)
MAP	Modern Award Processing
MAP-D	Modern Award Processing – Development
NAPA	National Academy of Public Administration
NASDVA	National Association of State Directors of Veterans Affairs
NPRC	National Personnel Records Center
NSO	National Service Officer
POA	Power of Attorney
PVA	Paralyzed Veterans of America
RMC	Records Management Center (these records are in VA custody)
SDN	Service Delivery Network
SIPA	Systematic Individual Performance Assessment
SMRs	Service Medical Records
STAR	Systematic Technical Accuracy Review
TPSS	Training & Performance Support System
TRIP	Training, Responsibility, Involvement, and Preparation of Veterans Claims
UME	Unreimbursed Medical Expense
USAA	United Services Automobile Association
USDVA	United States Department of Veterans Affairs
VACOLS	Veterans Appeals Control and Locator System
VAMC	VA Medical Center
VBA	Veterans Benefits Administration
VFW	Veterans of Foreign Wars
VSO	Veterans' Service Organization/Veterans' Service Officer

Department of Veterans Affairs
Office of the Secretary
Washington, DC 20420

WRITTEN COMMITTEE QUESTIONS AND THEIR RESPONSES

DEPARTMENT OF VETERANS AFFAIRS
Washington DC 20420

December 21, 2001

The Honorable Christopher H. Smith
Chairman
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Enclosed are my responses to the questions which were submitted subsequent to my testimony to the House Veterans' Affairs Committee on November 6, 2001.

I have answered these questions, to the best of my knowledge, as Chairman of the VA Claims Processing Task Force. My intent is to give the facts as I know them and to label those other answers which reflect my opinion. You may note I have shied from attempting to "predict," primarily because I have neither the experience nor the ability to influence any prediction.

Did not ask him to.

If you have any other questions or thoughts which you desire that I address, please let me know.

Very respectively,

Daniel L. Cooper
Vice Admiral USN (ret)
Chairman,
VA Claims Processing Task Force

Enclosure

Questions for the Record
Chairman Chris Smith
Committee on Veterans' Affairs
November 26, 2001

Hearing to Receive the Report of the
VA Claims Processing Task Force

Question 1 - On page 15 of your report, the Task Force says "VA needs to consider strategies to decentralize some BVA staff to Regional Offices and specialized sites for appeals and remand processing." Could you expand on this please?

Response to Question 1 - In parallel with the Task Force examining the claims process, VA was exploring ways to address the claims processing workload issue, including the appeals caseload. As a result, BVA and VBA collaborated on a course of action proposed by the BVA Chairman to assist VBA with the growing claims backlog. BVA has provided resources by sending BVA members to VBA Regional Offices to screen appeals. As I understand it, at the Regional Offices, Board members prepared specific recommendations regarding development, recommended consideration for immediate allowances where appropriate and, in some cases, assisted with drafting Supplemental Statements of the Case. This assistance allowed VBA to use direct labor hours to address other elements of claims processing.

To date, Board members have been sent to approximately 12 Regional Offices for one or more visits. BVA and VBA have also engaged in a separate experiment with the Chicago Regional Office. The Chicago office has sent appeal files to BVA for screening; subsequently, claims files have been returned to the Regional Office for processing. This process allowed VBA resources to be utilized in other areas of the benefit claims process. Implementing these short-term strategies has and will assist Regional Offices in the near future to better serve veterans by accelerating the appeal processing; however, these measures have not yet been implemented as permanent solutions. I understand that BVA and VBA will monitor the effectiveness of these actions to determine if they should continue.

Question 2 - I like your recommendation that VSOs, as much as possible, bring forward fully developed claims. Under Secretary Thompson testified that the universe of service officers that are employed by VSOs chartered by Congress and by our state, city, and county Departments of Veterans Affairs is about 3,000 persons nationwide. What is the potential here in the way of bringing forward more fully developed claims?

Response to Question 2 - VBA's TRIP initiative is the centerpiece of the current effort to work more closely with service organizations towards resolution of claims at the earliest stage. Clearly, presentation of a fully developed claim when filed is the desired goal. I believe the services of national and local veterans service officers may have been underutilized in the past. VBA will need to increase and intensify both training and liaison with local service organization representatives in order to increase the viability of increased utilization.

The state organization leadership visited me, as Chairman, and indicted great interest in upgrading their ability to participate fully in the endeavor.

Question 3 - On page 8 of the report you cite various external influences on the claims workload. What external factor do you feel most sustains the backlog?

Response to Question 3 - Recurring change in the claims adjudication criteria is the major external influence on the workload. Claims adjudication changes resulting from court decisions (Court of Appeals for Veterans Claims and others – i.e. *Nehmer*) and legislative changes (including extension of presumptive service connection for additional disabilities based on new scientific research or information) are two major factors. These changes impact workload and backlogs based on receipt of additional claims,

requirement to reconsider prior claims based on revised criteria, and time spent promulgating new instructions and training to ensure prompt and accurate implementation of change. Change examples include the *Morton* decision, the subsequent Veterans Claims Assistance Act restoring full duty to assist, and establishment of presumptive service connection entitlement based on Agent Orange exposure for prostate cancer and type II diabetes mellitus.

The vast majority of these changes are good for veterans and "the right thing to do" but constant change must be recognized as a major factor in the solution of these problems. Generally, changes improve the administration of benefits, ensuring that veterans and other eligible beneficiaries receive consideration based on the most recent and comprehensive legal and scientific information available. VA must incorporate this expectation of change into all future plans.

DEPARTMENT OF VETERANS AFFAIRS
Washington DC 20420

December 21, 2001

The Honorable Lane Evans
Ranking Democratic Member
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Congressman Evans:

Enclosed are my responses to the questions which were submitted subsequent to my testimony to the House Veterans' Affairs Committee on November 6, 2001.

I have answered these questions, to the best of my knowledge, as Chairman of the VA Claims Processing Task Force. My intent is to give the facts as I know them and to label those other answers which reflect my opinion. You may note I have shied from attempting to "predict," primarily because I have neither the experience nor the ability to influence any prediction.

If you have any other questions or thoughts which you desire that I address, please let me know.

Very respectively,

Daniel L. Cooper
Vice Admiral USN (ret)
Chairman,
VA Claims Processing Task Force

Enclosure

Follow-up Questions for Admiral Cooper
Chairman, VA Claims Processing Task Force
From the Full Committee on Veterans Affairs
Hearing on the VA Claims Processing Task Force Report

November 6, 2001

Question 1 - The task force has recommended allocating new staffing resources to high performance and high quality regional offices. VA has recently allocated additional resources to a VA regional office as a result of it being considered highly productive without regard to the kinds and percentage of errors noted in Board of Veterans Appeals' (Board) remands. What are the likely consequences of allocating additional resources to regional offices with high production, but not high quality? Can a regional office be high performance without high quality? Please provide your recommendations for preventing a similar allocation of additional resources in the future.

Response to Question 1 - The Task Force reviewed the VBA Resource Allocation Model and recommended that both productivity and high quality be considered when allocating resources. VBA has modified the C&P resource distribution model to account for a variety of factors including productivity, high quality, received workload, pending workload, appeals, training, and special missions. VBA is not allocating and does not intend to allocate additional resources to stations with poor quality.

Further, VBA feels the new allocation model is designed to ensure quality is an even greater determinant of resources than was the case previously. While gathering information for the Task Force Report, our deliberations included interviews with BVA and VBA regarding remands. The Task Force was not able to make a clear correlation between these two measures (remand rate and quality) especially since many of the remands were based on the Veterans Claims Assistance Act (VCAA) at that time. I do, however, consider analysis of remands an important tool especially to evaluate training and to indicate the need for retraining for either individuals or entire offices.

Question 2 - Your recommendation to develop a "Tiger Team" to address the problem of claims pending for older veterans is commendable. I also support the specialization of pension maintenance cases. The Task Force made some other recommendations for specialization which may also prove useful. I am concerned, however that excessive specialization could lead to the Balkanization of claims. How does VA avoid this?

Response to Question 2 - The Task Force recommended techniques that should increase productivity and help foster consistent treatment of similar claims. What I would call "judicious use of specialization" can be a major technique. As in any of our recommendations it too could be mishandled. Recommendation S-16 of the Report recommends holding VBA Regional Office and VBA Central office officials accountable to individualized, measurable, and meaningful performance standards. This Recommendation also requires establishing detailed performance standards, which include full and timely implementation of programmatic and organizational changes, are critical elements. Revision of the performance standards for these key leaders is underway. I believe that implementation of enhanced accountability for performance will ensure that these objectives are met and that sustained "improved performance" will be maintained.

Question 3 - I am pleased that the task force recognized the serious need to increase the staffing at the Hines Benefit Delivery Center. Given the recent terrorist actions and threats in the United States, your recommendation for disaster recovery is even more critical. What immediate and medium term steps should VA be taking to provide for full disaster recovery at the earliest possible time? Please provide an estimate of the resources needed to provide for full disaster recovery at the earliest possible time.

Response to Question 3 - My understanding is that VA (VBA) plans to test its current disaster recovery process for its Benefits Delivery Network (BDN) and Insurance systems. Also, the VA Chief Information Officer (CIO) is spearheading an initiative for improving its continuity of operations to ensure that data processing centers are secure and operational. VBA is collaborating with the VA CIO on this initiative. Based on my limited experience as the Task Force Chair, I do not feel competent to give a valid estimate of the resources necessary at this state of the planning.

Question 4 - Your report identifies friction between the Office of Field Operations and the Compensation and Pension Service as debilitating to both the field and central office. Were you able to identify the basis for such friction? Please provide your recommendations to minimize if not eliminate this friction.

Response to Question 4 - Our Task Force visits to Regional Offices identified problems that had resulted from inadequate coordination between Field Operations and the Compensation and Pension Service. Leadership and clear direction from the top together with suggested reorganization should curtail those problems. Recommendation M-5, among other things, calls for the establishment of an appropriate number of Offices of Field Operations with line authority to Regional Offices; the establishment of an independent Performance Analysis and Evaluation (PA&E) Office at VBA Headquarters which would report directly to the Under Secretary for Benefits; and the establishment of a Management Analyst position, without ancillary duties, at each Regional Office to help station management and to work with the VBA PA&E Office. It is the synergism of these several recommendations that should help the organization move forward.

Further, the excessive volume of headquarters-generated directives, letters and guidance and the seemingly poor coordination resulted in confusion, lack of direction, misunderstanding and lack of uniformity in execution. The Task Force recommended implementation of a Change Management and Communication Discipline (Recommendation S-14) to help with this communication problem.

Question 5 - During your review of medical examination quality, were you able to obtain any data concerning the frequency of remands by the Board for medical examinations and opinions when the original examinations were conducted by the contractor, QTC, rather than by VHA directly?

Response to Question 5 - We had no information comparing frequency of remands for medical exams between QTC examinations and VHA initiated examinations. Medical examination discrepancies are the number one reason for remands (roughly 35% of all remands). However, not all medically identified remands are due to quality defects. A breakdown of specific medically oriented reasons for remands during FY 01 follows: Clarify diagnosis - 17%; stale record - 14%; assess pain/functional loss - 9%; request nexus opinion 44%; incomplete findings - 15%; and consider new criteria - 1%.

Question 6 - Several years ago, I introduced legislation which requires VBA to have a quality assurance program which meets governmental standards for independence and separation of duties. The task force recommended the establishment of an "Independent Performance Analysis and Evaluation Office." Would this new office be responsible for quality assurance functions? If not, provide your recommendations for robust quality assurance.

Response to Question 6 - The task force identified a number of VBA functions that could benefit from improved coordination, analysis and oversight. This assessment led to the recommendation for establishment of an Office of Performance Analysis and Evaluation (PA&E). As conceived, the new PA&E office would coordinate several important functions, possibly including liaison with oversight stakeholders such as the Inspector General and General Accounting Office, management report compilations and analysis, assessment and publication of best practices, and field site surveys. In doing so, the office should add rigor and consistency to VBA's management assessments.

The task force did not foresee the new PA&E office directly conducting quality assurance reviews. Rather, the task force anticipated that the PA&E office, in conjunction with the VBA Programs, would oversee quality assurance activities to assure that execution reflects Program (and Congressional) intent. The task force observed that VBA had recently made significant progress in its quality assurance efforts. With some adjustments, as noted in the Task Force Recommendation M-10, on redefining substantive errors, we felt that VBA had established a solid foundation for a quality assurance program.

It is my opinion that QA and productivity will be measured and enhanced through various methods of oversight. Those could include site visits by leaders at VACO and groups organized for that purpose. Further, direct communications - written and telephonic - between Regional Office directors and the Under Secretary for Benefits could serve to focus attention on areas of concern.

Question 7 - I was astounded to learn that the Board spends an average of $10,000 per attorney per year on training. I am a strong supporter of training, but this amount seems rather extraordinary. Did the task force obtain any information breaking down these expenditures?

Response to Question7 - In Recommendation M-8, the Task Force Report stated that the Board "spends approximately $10,000 a year per attorney on training." That was incorrect. The Board provides each of its four Decision Teams an allowance of $10,000 for the costs of non-VA training. This amount covers training for the approximately 12 Board members and 64 staff counsel assigned to each Decision Team.

Question 8 - The Task Force reported that it "focused on actions that, if implemented, could generate or free-up more direct labor hours to attack the immediate problem." How many additional direct labor hours are needed to not only attack, but also eliminate the immediate problem? How many direct labor hours would be provided by the adoption of each Task Force recommendation?

Response to Question 8 - The Task Force did not calculate the specific number of hours associated with every recommendation. Although we did not attempt to estimate the total number of direct labor hours that VBA would need to "eliminate the immediate problem," we did spend time reviewing VBA's budget forecasting models. Those models indicate that VBA with the support of the Congress has been able to hire the additional staff it needs. Until those new staff members (over 1,200 in the last 18 months) can be trained and made to be fully functional, the short run challenge is to free up as many hours as possible to work directly on pending claims rather than on maintenance type work. The availability of these additional hours will help VBA to begin reducing its inventory to the levels set by the Secretary, until the workforce reaches its full productive capacity.

I emphasize this is a difficult problem complicated by increasing number of claims as well as the increased complexity of claims, and exacerbated by a relatively new and young (but very intelligent) workforce. Further, the need to train diverts the strong experienced people for a while from the task-at-hand. Today, it is difficult to intelligently estimate times to do each action and therefore difficult to figure "time saved" by changes. What we should expect is improved flow-through based on a trained maturing body of experts.

Question 9 - The Task Force has recommended correcting substantive errors and taking steps to prevent future mistakes. What are the steps that should be taken to prevent repeating mistakes?

Response to Question 9 - The quality control / assurance process must be comprehensive and properly focused on key issues, with links to training and accountability measures. The Acting Under Secretary for Benefits has initiated refinements to the existing strong quality assurance process to strengthen performance in these areas. Beginning with work completed in FY 02, quality review categories have been revised to focus attention on substantive benefit delivery issues. Also starting with

work completed in FY 02, the volume of national reviews will be increased to independently measure regional office processing accuracy. (These reviews have previously been at the SDN level.) A detailed report should provide feedback of review results for analysis by both the regional offices and the central office. The organizational quality review is complemented by individual performance reviews, with the structured national review program currently being tested at five regional offices. Concurrently, major training and employee development initiatives are progressing with skill certification requirements nearing implementation.

Question 10 - Many Task Force recommendations are related to resource use - are the resources being provided today for claims adjudication sufficient to achieve the timeliness and quality decision-making goals set by the Secretary? If so, explain the apparent failure to reduce the claims backlog. To achieve the timeliness and quality decision-making goals set by the Secretary without additional resources, specify the resource reallocations you recommend and the amount of resources which would be reallocated in each instance.

Response to Question 10 - Our Task Force investigated how VBA could most efficiently use existing resources. Most of the Task Force recommendations looked at consistency, quality, workflow improvements, and productivity to produce a more efficient organization. We believe VBA will be made more productive by adopting these Task Force recommendations. Productivity will also be enhanced as the newly hired employees gain experience in the adjudication of claims.

A major concern I personally have is that while we have proposed many changes, implementation of them will take time and will initially slow the system. Therefore improvement will be delayed. Maybe some of our recommendations will need modification. The worst possible reaction will be to, after a nominal time of testing if results are not immediately obvious, make more demands and changes. The Task Force recommendations will ensure improvements are made. But we must exhibit some patience.

Question 11. Several recommendations made by the Task Force also require resources to achieve. Will additional resources be needed to implement Task Force recommendations or will these resources be absorbed from current funding? If only current funding is required, provide your recommendations for resource reallocations, specifying amounts.

Response to Question 11 - While it appears that most of the Task Force's recommendations can be accomplished within VBA's existing resource levels, it is certainly possible that VBA will require additional resources to fully implement some of the recommendations.

At the hearing, I specifically stated that new resources (i.e. FTE) should not be provided. My concern was that training the new personnel was consuming a large portion of both VBA time and trained people. Further, I felt and still feel, that we must execute the recommendations then intelligently analyze our needs as they develop.

Question 12 - The Task Force has recommended that the Board handle the current appeals workload, including development of appeals, rather than issuing remands to regional offices. If implemented, this recommendation could provide regional offices a perverse incentive to emphasize claims movement at the expense of quality decision-making. Describe the safeguards needed to detect and prevent this unwanted outcome.

Response to Question 12 - Although BVA will develop appeals rather than remanding them, the intent is that it is that VBA will establish a quality control program that will track, by Regional Office, the number of appeals containing defects or deficiencies in development and due process. Regional Offices will be held accountable for poor performance in this area, and VBA will provide assistance, in the form of retraining and direction as necessary, for those Regional Offices that chronically refer poorly prepared

cases to BVA. In addition, C&P STAR staff reviews quality on appeal cases, including a review of deficiencies in development.

Question 13 - The Task Force has recommended effective use of Veteran Service Organizations. Can County Veteran Service officers also be used more effectively - are County Veteran Service officers an underutilized resource? Provide your recommendations for more effective participation by Veteran Service Organizations and County Veteran Service officers in the VA claims adjudication process.

Response to Question 13 - VBA's TRIP initiative includes State and County service officers, as well as National Service Officers. The potential services of these people have probably been underutilized in the past; training can result in more effective participation by these representatives. I believe VBA should increase and intensify liaison efforts at the local level with TRIP being the centerpiece. My personal knowledge of State and County representatives is limited. I will say that the work done by the County representative in Bucks County PA is very good; I am also aware that there is a wide variance of ability and knowledge across states and the counties. Therefore, valid certification processes would seem to be needed as the forerunner of any valid program to increase participation.