

**QUALITY VS. QUANTITY: EXAMINING THE  
VETERANS BENEFITS ADMINISTRATION'S  
EMPLOYEE WORK CREDIT AND  
MANAGEMENT SYSTEMS**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND  
MEMORIAL AFFAIRS  
OF THE  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
ONE HUNDRED ELEVENTH CONGRESS  
SECOND SESSION

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**QUALITY VS. QUANTITY: EXAMINING THE  
VETERANS BENEFITS ADMINISTRATION'S  
EMPLOYEE WORK CREDIT AND  
MANAGEMENT SYSTEMS**

THURSDAY, MAY 6, 2010

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

The Subcommittee met, pursuant to notice, at 2:00 p.m., in Room 334, Cannon House Office Building, Hon. John J. Hall [Chairman of the Subcommittee] presiding.

Present: Representatives Hall, Donnelly, and Lamborn.

**OPENING STATEMENT OF CHAIRMAN HALL**

Mr. HALL. Good afternoon. The House Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs, will come to order for our hearing.

Quality vs. Quantity: Examining the Veterans Benefits Administration's (VBA's) Employee Work Credit and Management Systems is the theme today, and I would start by asking us all to rise for the pledge of allegiance. Flags are at both ends of the room.

[Pledge of Allegiance.]

Thank you, and welcome to today's hearing that is entitled, "Quality vs. Quantity: Examining the Veterans Benefits Administration's Work Credit and Management Systems."

The purpose is to examine how VBA's employee work credit system and its claims processing improvement work management system model may contribute to diminished quality, accountability, and accuracy in compensation and pension claims processing.

Today's hearing continues this Subcommittee's efforts to analyze various elements of the compensation and pension claims process over the 111th Congress and marks our fifth oversight examination this year focused on ensuring that our veterans and survivors properly receive their benefits. It is our collective quest to vanquish VBA's backlog of claims and appeals, which currently exceeds 1 million.

We also intended for today's hearing to provide an opportunity to examine a Congressionally mandated report on the VBA's work and management systems outlined in legislation that was developed by me and other Members of this Committee during the 110th Congress, the Veterans Disability Benefits Claims Modernization

Act of 2008, H.R. 5892, codified in Public Law 110–389. The goal of this legislation, among other things, was to provide VBA with a valuable road map to assess and improve its work credit and management systems to produce better claims outcomes for our veterans.

The deadline for this report was October 31, 2009, and I note that we have yet to receive it. However, the VA has authorized an independent research contractor that was retained to complete this report, the Center for Naval Analysis (CNA), to testify before us today concerning a summary of the report's findings and recommendations, the Cliff Notes version of the report, I guess. The U.S. Department of Veterans Affairs (VA) advised the Subcommittee that the report is still under review by the agency and Office of Management and Budget (OMB) and should be submitted to Congress soon.

We look forward to hearing today when the report will be ready and submitted to Congress and to getting a better understanding of why it has not yet been delivered.

Since 2007, the VBA has added over 7,100 claims processing personnel; and Congress has funded these requests. Yet the backlog still climbs. This is not to say that adding additional workforce has not been beneficial. Had Congress not provided these new claims processors, the backlog might be much worse than it is today, given the exponential growth in claims receipts.

As the VA itself acknowledged during Chairman Filner's Claims Roundtable in March, this is a sign of a broken system. The mounting claims backlog is a symptom that cannot be addressed until the VA refocuses itself on adjudicating claims correctly the first time. We need to continue to look at the system with fresh eyes and determine how a new outlook can help VA fix its claims processing system and get the backlog under control.

In convening today's hearing, the Subcommittee seeks to further explore how the VBA work credit incentives and the flawed Claims Process Improvement (CPI) Model might be contributing to delays and errors in the claims process. It is my hope that we will—in continuing to examine this issue—be able to help veterans secure the benefits they deserve and prevent them from suffering further injury as a result of delays in receiving disability benefits.

That is why I want to revisit the issue of partial, provisional, and temporary ratings. I believe that if the VA increases the use of this authority and also awards a credit to claims processing personnel who use it, it will go a long way in making sure that more veterans can begin to receive their benefits more promptly. I would like the VA to address this issue when it testifies.

Today, we will also hear from veterans service organizations (VSOs) and advocacy groups who will explain their vision for how the VA should address this problem. From them, I know we can get a better understanding of the underlying issues that led to such an unmanageable backlog at VBA, as well as if they believe that the efforts of the VA are in the right direction regarding this issue. Specifically, I would like to know if the VSOs and advocacy groups agree with VBA's assertion that it emphasizes quality on a par with quantity and timeliness.

I look forward to your testimony and insightful comments and questions from my colleagues, and I would recognize Ranking Member Lamborn for his opening statement.

[The prepared statement of Chairman Hall appears on p. 30.]

**OPENING STATEMENT OF HON. DOUG LAMBORN**

Mr. LAMBORN. Thank you, Mr. Chairman, and I look forward also to this afternoon's hearing on VA's work credit system.

The purpose of this discussion is to ascertain whether proper performance measures are in place to effectively gauge both efficiency and accuracy of work. A system that rewards work credits based on production alone undermines quality; and, as we all know, poor quality work has ramifications throughout the entire system that has contributed to the backlog of claims. At the same time, there is also clearly a need for VA to maintain a high level of efficiency so that veterans can be receiving compensation in a timely manner.

Where does the proper balance lie? True quality means being effective and efficient. The key to achieving this balance lies in how employees are rewarded for the work they accomplish. For too long, it appears that VA has placed too high an incentive on production, but it is simply counterproductive to strive for high numbers if the work has to be revisited at a later time. Yet, it would be equally detrimental to veterans if there was an overemphasis on quality and the average handle time was off the charts.

This Subcommittee passed legislation during the past session to obtain a study of the effectiveness of the VA's employee work credit and work management system. From this, we hope VA will be able to develop a more effective means of improving its claims processing performance. I look forward to working with my colleagues and Department officials to delve into this issue and hopefully identify how the work credit system can help incentivize the proper balance between quality and quantity.

I want to thank the witnesses in advance for their participation and their testimony, and I look forward to our discussion today.

Mr. Chairman, I yield back.

[The prepared statement of Congressman Lamborn appears on p. 31.]

Mr. HALL. We just had a vote call, but I would like to move ahead with our first witness, and then we will have to break so we can go across the street and vote and ask the rest of you to be patient, as you always are.

So we will first welcome Eric Christensen on our first panel, the Managing Director, Institute for Public Research, CNA.

Your full statement is entered in the record, sir and you are now recognized.

**STATEMENT OF ERIC CHRISTENSEN, MANAGING DIRECTOR OF HEALTH RESEARCH POLICY, INSTITUTE FOR PUBLIC RESEARCH, CNA**

Mr. CHRISTENSEN. Thank you, Mr. Chairman, distinguished Members. I appreciate the opportunity to testify before you today on the subject of VBA's work credit and work management systems.

As you said, I am Eric Christensen, Managing Director of Health Research and Policy at CNA. CNA is a non-profit firm that provides independent objective analysis to various government agencies.

CNA conducted its analysis of the work credit and work measurement systems between March and September of 2009. We interviewed over 100 VBA employees at six regional offices (ROs) to understand the issues, complexities, and incentives associated with these systems. We note that VBA works in a challenging environment. The number of compensation claims submitted each year increased by 53 percent between fiscal years 1999 and 2008. At the same time, the complexity of claims has also increased.

There are three principal concerns about the current employee work credit system: one, that it emphasizes quantity over quality; two, that production standards are not based on a careful analysis of the task performed; and, three, that work credits and production standards do not reflect changes in claim complexity and additional duties imposed by legislation.

Our study confirmed that employees perceive that quantity is emphasized over quality, as well as confirmed the other two concerns.

To address these concerns, we recommended that VBA redefine the work credits so that work credits account for claim characteristics that are correlated with the amount of work required. For example, accounting for the number of issues and types of medical conditions would likely be important to accurately reflect the work credits on a claim.

Further, we recommended that VA consider two options or frameworks when redefining work credits. The first is to give work credits for only the following broad groups: one, initiating development; two, making a claim ready to rate; three, deciding an award; and, four, authorizing the award. This was the recommendation of a VA work group. At the time of our report, VA was preparing to pilot test this approach at multiple sites.

The second option is to base work credits on a comprehensive, detailed list of all individual activities that employees perform.

As for quality, we recommended that VA conduct more quality reviews to better communicate quality as a priority. Similarly, we recommended that, on internal quality reviews, VA consider deviations from official procedures for claiming work credits as errors rather than as comments. Further, we recommended that there would be work credit deductions for actions with errors.

Turning to VBA's work management system, the concern is that quality and accountability are lacking, because many different people are involved in processing each claim under the Claims Process Improvement, or CPI, Model.

Note that the CPI Model is not VBA's first effort to manage claims processing by dividing it into separate stages and passing a claim through a series of people. In the 1990s, VBA used a similar model called the unit model. In the late 1990s, there was an effort to address these challenges of the unit model. These challenges were lack of individual accountability and an emphasis on quantity over quality. The solution was a case management model in which each case was handled by one veterans service represent-



ative (VSR) and one rater. VBA used this model until it adopted the CPI model in response to concerns about problems with timeliness.

At the time of our report, VBA was conducting a pilot study in the Little Rock regional office. The key element to this pilot is processing claims that contain predetermination, rating, and post-determination functions while maintaining the current specialization of VSRs under the CPI model. This model appears to have the potential to improve quality compared to the CPI model, especially if it creates a greater sense of accountability. Consequently, we recommended that VA waits to see the results of this pilot before investigating other alternatives to the CPI model.

Thank you for allowing me to testify. I would be happy to answer any questions you may have.

[The prepared statement of Mr. Christensen appears on p. 31.]

Mr. HALL. Thank you, Mr. Christensen.

We will just ask you a couple of questions before we break for votes; and if we have any more, we will submit them to you in writing.

But in surveying stakeholders concerning the VBA's employee work credit system, the central issues, as you noted, indicate that you are able to determine, first, that the system emphasizes quantity over quality, that production standards are not based on a careful analysis of the tasks performed, and that work credits and production standards do not reflect the changes in complexity of claims and in Congressional mandates. What would you recommend to address these issues?

Mr. CHRISTENSEN. As I mentioned, what we recommend—the issue is there are very broad categories with which credits are given. So, for example, a claim with zero to seven issues would receive the same work credits if it was one issue or seven. There is a difference in work credits if the claim has eight issues or more compared to something that has less than that. Those are relatively broad categories. We would recommend that narrower variations be given in work credits.

We also recommend that work credits be contingent upon the type of medical condition. There is some variation of work credits, for example, if a veteran has post-traumatic stress disorder (PTSD), but, otherwise, there is really no recognition of type of medical condition. You speak with people at the VA and the people who rate the claims, obviously, a hearing case is much simpler and probably over credited compared to some other types of claims such as one with traumatic brain injury (TBI). So we think that considering those things in the work credits would be important.

As I mentioned a couple of options, there are two really kind of philosophical approaches you can take for credits. One is giving a credit for each individual action that raters perform, and the other is basing credits more on broad categories of moving a claim past key milestones in the process. It is kind of a different philosophical approach to do so. There are advantages and disadvantages to each of those, but those are things that we recommend in terms of production.

The other recommendations of quality are really to create signals to rating personnel that quality is important.

Mr. HALL. Thank you.

And can you give us any insight into why the VA has been unable to release the study which was done by CNA, which I believe you said was completed in September?

Mr. CHRISTENSEN. We completed it in September and delivered it to VBA per our contract. I cannot speak for VA in terms of why they have not provided it to you.

Mr. HALL. Mr. Christensen, the last question I have is, there are two, as you said, seemingly opposite philosophies that may be able to be followed at the same time. The question is, in your opinion, is it possible to provide a partial work credit or a positive employee evaluation for a claims processor who begins the flow of compensation dollars to a veteran for an undisputed part of his or her claim while at the same time doing what many stakeholders, many veterans groups are suggesting, which is to not give the complete work credit until the appeals process or appeals time period has expired and the final resolution of the claim is done? So that I guess the question is, can you speed up the front end while at the same time holding up the back end to make sure that the quality is there?

Mr. CHRISTENSEN. That is not something we looked at specifically. Obviously, you can give work credits however the system is designed and chooses to do so. But that is not something we specifically study.

Mr. HALL. Okay. Thank you very much, sir. We will send you some more questions in writing.

For now, this Subcommittee will recess until after votes; and I ask the rest of your patience, please.

[Recess.]

Mr. HALL. The Subcommittee on Disability Assistance and Memorial Affairs will resume our hearing. Thank you all for your patience.

We welcome our Panel 2: Richard Paul Cohen, Executive Director of National Organization of Veterans' Advocates (NOVA), Inc.; Mr. Ronald B. Abrams, Joint Executive Director of National Veterans Legal Service Programs (NVLSP); James D. Wear, Assistant Director, National Veterans Service, Veterans of Foreign Wars of the United States (VFW); John Wilson, the Assistant National Legislative Director of Disabled American Veterans (DAV); Ian C. de Planque, Deputy Director, Veterans Affairs and Rehabilitation Commission, the American Legion; and Jimmy F. Sims, Jr., Rating Veterans Service Representative (RVSr) from the Winston Salem Regional Office of the Veteran Benefits Administration and Shop Steward for Local 1738, on behalf of the American Federation of Government Employees (AFGE).

Gentlemen, thank you so much for waiting and for the testimony you are going to give and have given.

You know the routine by now. Your full written statement is already made a part of the record, so you each will have 5 minutes, starting with Mr. Cohen.

**STATEMENTS OF RICHARD PAUL COHEN, EXECUTIVE DIRECTOR, NATIONAL ORGANIZATION OF VETERANS' ADVOCATES, INC.; RONALD B. ABRAMS, JOINT EXECUTIVE DIRECTOR, NATIONAL VETERANS LEGAL SERVICES PROGRAM; JAMES D. WEAR, ASSISTANT DIRECTOR, NATIONAL VETERANS SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; JOHN L. WILSON, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; IAN C. DE PLANQUE, DEPUTY DIRECTOR, VETERANS AFFAIRS AND REHABILITATION COMMISSION, AMERICAN LEGION; AND JIMMY F. SIMS, JR., RATING VETERANS SERVICE REPRESENTATIVE, WINSTON-SALEM, NC, REGIONAL OFFICE, VETERANS BENEFITS ADMINISTRATION, AND SHOP STEWARD, LOCAL 1738, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO), AND AFGE NATIONAL VETERANS AFFAIRS COUNCIL**

**STATEMENT OF RICHARD PAUL COHEN**

Mr. COHEN. Thank you, Chairman Hall, for allowing NOVA to submit its comments regarding the claims allocation process.

It is no secret that we agree with you that the system is not working well. We have testified in great detail on other occasions about the backlogs, the errors in the ratings, and the hamster wheel phenomenon. There is a fundamental problem not with the individual employees in the trenches who want to do the right thing. There is a problem with the bureaucracy, with the organization.

We all know that the VA has problems acting. A case in point, is Public Law 110-389, which required a report on the work credit system. The report is not out. The VA has not issued the required regulations on substitutions in the case where a veteran dies when the claim is pending. The new Agent Orange presumption regulations were not put out as proposed regulations until there was a lawsuit compelling it.

The VA just is ineffective. It reminds us of trying to correct the course of the Titanic. There seems to be a disconnect between what the Secretary says, what the management says, and what is actually going on in the regional offices.

A case in point is the testimony that you will hear later on from the VA stating that the VA has never emphasized production over quality. Yet, we had a 2005 report from the Office of Inspector General (OIG) showing that the work credit system did emphasize production over quality and inhibited the ability of VA employees to do quality decision-making. And, in fact, CNA just testified, and their written testimony says, that their research indicates that work credit system inhibits quality.

So what the VA needs is a total course correction in terms of supervision, and in terms of management.

We have a system where the VA claims to be looking for quality decision-making, yet they do not know what their actual error rate is. In their reports, the VA indicates an error rate around 80 percent. But if you do the math and figure out how many claims are denied, how many are abandoned, the remainder that go to the Board of Veterans' Appeals (BVA), and how many are confirmed by

the BVA, you will find out that the error rate is probably as high as what they say their accuracy is. Their error rate is about 80 percent if you trace the cases to the BVA and then to the court. So what the VA needs to do is to develop a method for analyzing whether they are doing correct decisions. They need to get it right the first time.

Congress' role is a watchdog. It can't micromanage the VA but has to encourage them to change the whole system. The pod approach—where a team takes credit for the end result—is the way to go, where the credit is not for productivity on an individual basis but is on reaching the correct decision by the pod, by the group. That would solve the problem.

The other thing is that the VA is never going to get a handle on this backlog until they start looking at the crisis on a triage basis. What they need to do is look at those cases which are easy grants. The claim by a combat veteran who has a Purple Heart for benefits based on PTSD needs no further development. That should be a grant. Don't waste time on it. There are harder claims with harder medicine, and harder laws. Those, the VA should spend time on.

They have not been effective in working claims like a true business, but that is what they need to do. They need to bring in business experts to help them do this and, as AFGE has said, true time and motion studies are needed to try to figure out how to save time on what VA's employees do.

But the bottom line here is NOVA and the veterans who our members represent are not that interested in work credits. I know the employees are. I know the VA is. Everyone should be more interested in quality decision-making from the outset.

Thank you.

[The prepared statement of Mr. Cohen appears on p. 38.]

Mr. HALL. Thank you, Mr. Cohen.

Mr. Abrams.

#### **STATEMENT OF RONALD B. ABRAMS**

Mr. ABRAMS. Thank you, Mr. Chairman.

I would first like to say that when I listened to the earlier testimony I think that you should be cautioned that it is not a one-way street. Claims are filed, and people are represented. And when we get involved in a case, we try to file the claim as early as we can so a veteran can get the earliest possible effective date.

But that doesn't mean we are going to let the VA adjudicate that claim in 30, 90, or even 180 days. Sometimes it takes us, with all the time that we have to spend on a case, 6 to 8 months to get proper medical opinions; and the VA has to wait until we get that. So it is just not up to the VA to do things in a certain time.

The advocates are also going to submit evidence, and we are going to take our time to get the right evidence. Therefore, if you have a system that stops the clock for the VA when an advocate says, look, we are going out and getting several medical opinions, that would be a good thing. It is not the VA's fault that we are taking our time, and that would encourage them to let us do that.

As you know, veterans cannot shop where they are going to get their VA benefits. They are stuck with the VA. Other people who are shopping for televisions, for cars, if they don't like the quality

of a certain brand can buy some other brand. Vets have to go to the VA. And I want to stress that proper attention by VA managers to protect the fairness of the process is counterintuitive to them because it affects the statistics upon which they are evaluated.

For example, control of claims, checking to see where the claim is, slows managers and workers down. If they have to review unnecessarily delayed claims, it takes time and energy to do that. You take people off of production. Development, even Systematic Technical Accuracy Review (STAR) shows that is the biggest error; and, as a result of improper development, claims are just churned. You get on the hamster wheel, and we have talked about that over and over again.

It takes time to carefully analyze a case and recognize all the important issues. As you know, the VA has been doing it wrong for many years. As a result, when a rater gets the case in the regional office, they have to review the entire file if they are going to do the right job, and they might have to correct errors all the way back 30, 40 years ago. This needs to be acknowledged and built into the work credit system.

There is always tension between quality and quantity, and the VA has to establish a natural balance. And what we would like the VA to do is first change its work measurement system so it reflects the needs of the claimants rather than the needs of the people working in the VA. Let them adjust to what really needs to be done correctly.

Second, we should have an independent quality check, one from outside of VBA. That way you are not going to have pressure not to find errors, and I think that would help a great deal.

Thank you very much.

[The prepared statement of Mr. Abrams appears on p. 40.]

Mr. HALL. Thank you, Mr. Abrams.

Mr. WEAR.

#### **STATEMENT OF JAMES D. WEAR**

Mr. WEAR. Chairman Hall and Members of the Subcommittee, on behalf of the 2.1 million members of the Veterans of Foreign Wars of the United States and our auxiliaries, I would like to thank you for the opportunity to be here today to share our concerns and thoughts regarding VBA's work credit and management systems.

The VFW's chief concern today is a very real perception that VA puts more emphasis on the number of claims that are processed than the accuracy of those claims. This is validated by the over 1.1 million claims for compensation, pension, education, and appeals pending, as reported by the VBA in its weekly Monday Morning Report, as well as many VA OIG reports.

Secretary Shinseki's goal of rating all claims with a 98-percent accuracy in under 125 days is very laudable, But the VFW would be ecstatic if the VA could reach the 98-percent accuracy goal with even the current average wait time of 165 days.

The VFW has developed five immediate actions that we believe will improve VBA's quality now:

First, the VA management team must focus on changing the culture in VBA to award quality over production. VBA must incorporate quality and accountability into its self-imposed work credit

measurement system. VBA must determine which employees get it right and which employees get it wrong. VBA must hold every employee and manager accountable. VBA needs to know who is making the errors in order to train the employees accordingly. VBA must provide incentives to employees and managers so that they continuously look for ways to improve quality. The employees and managers must know that quality is the most important aspect of their job. VBA's new slogan could be "Do It Right the First Time."

Second, require two signatures on all awards and ratings prepared by new employees and/or employees with low quality until sustained improvement is shown. A second signature will help to ensure a more experienced set of eyes have reviewed the work of less-experienced employees. Also, it gives managers more opportunities to train on those errors as soon as they are discovered.

Third, require employees and managers to prepare partial rating decisions whenever possible to give the veteran immediate financial assistance and access to VA medical care. This will aid veterans and foster good public relations among veterans. VA must emphasize giving work grade credit for partial ratings to incentivize employees to make this extra effort.

Fourth, publicize VSRs and rating VSRs who have demonstrated consistently outstanding quality. Morale is a large part of motivating employees to work towards organizational goals.

Lastly, VA should share with their claimants the average wait time to process their type of claim in either an e-mail or in the initial development letter. This would let the veteran know up front about how long he might have to wait.

The VFW supports a fully integrated system, one that allows VA to operate in a paperless environment as much as possible. We urge Congress to use its oversight authority to ensure VA successfully transforms from a paper-centric to paperless environment. The VA must enter the 21st Century, which is only achievable with the support and careful attention of this Committee.

This concludes my remarks. I would be happy to address any questions you or your Committee may have.

Thank you.

[The prepared statement of Mr. Wear appears on p. 43.]

Mr. HALL. Thank you.

Mr. Wilson.

#### **STATEMENT OF JOHN L. WILSON**

Mr. WILSON. Mr. Chairman, Members of the Subcommittee. I am pleased to have this opportunity to appear before you on behalf of the Disabled American Veterans to address the efforts of the Veterans Benefits Administration to properly balance quality and quantity in the work credit and work management programs.

Too often, VBA has attempted to manage its ever-increasing workload emphasizing production to the detriment of accuracy. DAV is as concerned as the Committee about the large and growing claims inventory, or backlog, the VBA is managing. The problem is not the backlog. Nor is it the root cause of the problem. Rather it is the symptom. It is akin to an individual having a fever. While one can take an Aspirin to reduce the fever, the underlying condition, the cause of fever must be treated. Otherwise, it will re-

turn. The patient's condition may worsen. So, too, it is with the claims backlog and the process. The underlying condition is a broken claims processing system that leaves too many veterans waiting too long for rating decisions that are too often wrong.

Until we address the lack of quality, accuracy, and consistency—the root cause of the backlog—then no matter how quickly claims are processed the problem will remain and the backlog will return.

We, therefore, believe that the best and only approach is to take one that emphasizes quality at every stage of production. To achieve this outcome, it is essential that we examine the system of incentives and accountability for employees, management, and leadership.

We have heard Secretary Shinseki says that he intends to break the back of the backlog this year. The only way any such success will be measured at present is through VBA's Monday Morning Workload Reports, which contain measures of production, not accuracy or quality.

Similarly, looking at VBA's dashboard, which provides current performance statistics for each VA regional office, the measure's report primarily relates to pending work inventory and production times, not quality.

With the directive from leadership to break the back of the backlog, it is not surprising that the RO management focuses heavily on production, rather than accuracy or quality. Given leadership's and management's focus on production, it is also not surprising that VSRs and RVSRs feel tremendous pressure to meet production goals.

While accuracy has been and remains one of the performance standards that must be met by employees, we are concerned that the work credit system creates incentives for them to favor production over accuracy. Performance standards are the most important factor in determining the incentives for employees. If performance standards directly or indirectly reward production over quality and accuracy, we must expect employees to work first towards production goals.

The new performance standards have streamlined the measures of production for VSRs from what had been 63 categories of rated work activities to five production categories, now called outputs. Essentially, VSR will receive one output credit for completing each stage of the work process. We have been told that the old work credit system created opportunities for gaming the system, such as delaying requests for routine future exams in order to get additional work credits later. However, we are now concerned that the new streamlined system of measuring only outputs may inadvertently create incentives for cutting corners, since more complex cases get no more credit than simple cases.

We know that VBA has increased the accuracy standard for VSRs, and we certainly agree that accuracy even by the national STAR measures remains too low. However, it is not clear how raising the standard in and of itself will result in increased accuracy.

We also remain concerned about how reliable the employee reviews will be for measuring quality. We have testified previously that coach reviews of five cases per month are not accomplished 100 percent of the time; and, in many cases, coaches do not have

sufficient time to comprehensively review each case. Consequently, we do not have confidence that employees performing below or above standard will be consistently measured.

We are also concerned about these local quality reviews being different from station to station. We continue to note that VBA does not have a unified system for aggregating and analyzing results of both coaches' reviews and STAR reviews to provide trend analysis for quality control, improvements, and new training instrument development.

Under the new VSR standards, time limits are established by each RO based on end-of-year station targets. We recognize cycle times will vary from station to station but question whether it is a reasonable expectation to have employees at different stations being held to different standards for the same work.

We also have questions about whether cycle times, which include wait periods and work volume, are the most reasonable measure for holding VSRs accountable, since it is out of their control. For example, is the cycle time for average days awaiting evidence a fair measure, since the admission of evidence by the claimant is not under the control of the VSR?

VSRs will also now be held accountable for meeting the training standard. We question whether this should be a management accountability standard more than an employee standard, since training is critical to keeping staff informed of the ever-revolving nature of claims, whether it is new presumptive service conditions, changes in public law, or recent court cases.

Given some reports, we have heard from the field about management pressuring employees to cut back from time for training to production goals. How is management being held accountable for training being implemented at the regional office level?

That concludes my testimony. I would be happy to answer any questions you may have.

[The prepared statement of Mr. Wilson appears on p. 45.]

Mr. HALL. Thank you very much.

And, Mr. de Planque, you are now recognized.

#### **STATEMENT OF IAN C. DE PLANQUE**

Mr. DE PLANQUE. Thank you, Mr. Chairman. I appreciate the opportunity to express the views of the American Legion on the importance of accuracy in the veterans benefits system.

Before discussing the problem of accuracy in depth, a little bit of perspective is necessary to illustrate why this is such an important component of the VA claims adjudication.

According to most optimistic numbers—and these are VA's public statistics and not those suspected by OIG audit, which are believed to be much lower—VA is operating at approximately 87 percent accuracy rate, or 13 percent error rate.

This year alone, VA expects to receive and process nearly 200,000 claims solely related to the three new presumptive Agent Orange conditions. Statistically, we can thus expect that 26,000 of those claims will be processed in error. Twenty-six thousand veterans will have their claims improperly handled. That figure represents nearly half of the names on the Vietnam Wall in Washington, DC.



Every claim is a life affected. Every claim is more than one life, because veterans have families and loved ones. Veterans have husbands. They have wives. They have children.

We are told VA will process as many as 1 million claims a year within the next year or two. One must remember that at least 1 percent of inaccuracy represents 10,000 veterans' claims. VA has to do better, clearly.

The inaccuracy of the system contributes to the massive lack of trust in the VA by the veterans' community. When veterans cease to trust the system by which their country returns the promise to them, there must be great concern. VA has to stop asking the veterans of America to trust them, that they will be treated properly, and VA is now in a position to re-earn that trust.

Rather than repeating the number of things that we all have been saying here, not just in this session but for many, many years now, I want to touch on something that Mr. Christensen's report listed this morning. Because we, like you, have not had been an opportunity to see this report until this time.

One of the things that was stated is there were two surveys on the perceptions of quality and quantity and considerations of which is more important and that both surveys had found that the quantity of claims process was believed to be more important, and it said something which is very interesting. It states, this is an important finding, because, even if that perception is incorrect, at least some employees who have that perception will probably change the way they process claims in order to do what they think their supervisors want. Perception is reality. If VA employees think that numbers are what is important, that is what they will work to; and they have nothing to look to that is there to show them that accuracy is the same thing.

We mentioned the daily reports that VA makes, their Monday Morning Workload Reports. They list the number of claims and how long they have been pending. They don't list how accurate the regional offices are performing. You can find those statistics, but you really have to start digging for them.

Transparency gets mentioned a lot in Washington right now. If VA wants to start re-earning that trust from the veteran community, they need to be a lot more transparent. They need to put those numbers up and say this is what we are staking our reputation on. Our reputation is on the accuracy; and if we can't see that, if the veterans can't see that, if the employees working in those offices can't see that that is what VA is putting their priorities to, then they are not going to believe that that is the case. They are going to believe that it is still continuing to be driven by the numbers.

There are ways that they can help do that. Obviously, it takes more time to process a claim effectively; and VA doesn't want to lose ground with the number of claims that they have pending right now. Putting an experienced claims examiner at the beginning of the process to do triage is going to help the VA if they can have someone who can take these cases and say, this is ready to rate. This doesn't need as much development.

It was mentioned earlier a hearing loss case doesn't require near as much work as a TBI case. Put them to the people who can do the work best.

We have mentioned that hiring all of the VA employees is going to take a while to show dividends because of the training times that are involved. Less-experienced employees can handle simpler claims, such as hearing loss. The other ones can be directed to other employees who are more competent and more capable of doing them right.

So if you do better triage at the beginning, if you direct the cases better, you will be able to do them on time and have the time you need to do the ones that take more time.

Making time for training. Making training a priority is also going to show those employees that this is the priority. We are okay with you setting aside some time from those numbers to make sure you understand that it is right, and we are going to take the time to pay attention to what you are doing and get it right.

There are a number of other solutions, and I would be happy to answer any more questions on those, but we would like to state on behalf of the millions of veterans of the American Legion but also the millions and millions of veterans in America, VA needs to earn this trust back, and they need to do that by showing that accuracy is their most important priority.

Thank you.

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

Mr. HALL. Thank you, Mr. de Planque.

Mr. Sims.

#### **STATEMENT OF JIMMY F. SIMS, JR.**

Mr. SIMS. Thank you, Chairman Hall. Appreciate the opportunity to testify today on behalf of AFGE and the VA Council.

In my position as a RVSR and a union steward who has represented numerous employees, I have seen firsthand the impact of VBA's work credit and management system. These systems have placed the VBA on the precipice at a great risk of falling behind on our mission to provide service to the veterans and their dependents. The performance standards under these work management systems established by the VBA do not provide adequate work credit for many of the critical steps involved in the claims process.

The new VSR standards that were issued last month provide no credit for supplemental development such as requesting additional evidence and have reduced the work credits from over 60 categories to only 5. Denying work credits for critical tasks will slow down the process and decrease quality.

The standards also force employees to make daily choices between quality and quantity by including timeliness as a critical element. Many delays, such as awaiting records from the U.S. Department of Defense (DoD) or from private physicians, are outside of the control of the employee and, as such, employees should not be held accountable for these delays.

The implementation of the new VSR standards included a prohibition on variation from the national standards, although current RVSR standards do not. Local VA ROs may arbitrarily increase the production standard, which results in disparity based on geo-

graphic location. An RVSR in Seattle may be required to produce 31 percent more daily work than an RVSR in Winston Salem. Variations in local standards are taking their toll on morale and accelerating attrition of senior RVSRs with valuable experience. I fear that the new RVSR standards being developed will continue the systemic problem.

Trainees are also being subjected to these unrealistic standards and working conditions during their initial period of on-the-job training. The minute they hit the floor, they have only 90 days to hit the standard. During this training phase, they receive no time allowance or credit for making corrections to their work. These VBA production standards result in a waste of taxpayer dollars through termination of large number of probationary employees who fail to meet these arbitrary standards during training.

Under the current work credit management system, employees find themselves in a catch 22. If they focus on quality of work, the quantity may fall behind. If they focus on quantity of work, their quality may fall below. Either situation results in the risk of demotion or termination.

Because of the inverse relationship of quality and quantity, many employees find themselves being forced to work off-the-clock to meet their production and quality standard. By doing this, they risk disciplinary action for violating VA directives and Federal wage and hour laws.

One critical element for an effective work credit management system is a scientific time-motion study that accurately measures the process. VBA has conducted no more than a minimal attempt at this. Without an effective analysis of the process, there can be no improvement.

President Obama's executive order on labor management is intended to include the employees and their representatives in development of policies before they are implemented. Unfortunately, VBA is woefully behind in establishing effective partnership. Front-line employees and other stakeholder have ideas to improve the claims process. We are the subject matter experts and wish management would acknowledge and include us in the establishment of the policies.

In closing, AFGE urges you to mandate completion of the scientific study of the claims process for VBA to include stakeholders in the policy development and to end the local variations in the RVSR production standards.

Thank you for this time you have allowed me to provide this insight.

[The prepared statement of Mr. Sims appears on p. 51.]

Mr. HALL. Thank you, Mr. Sims.

I will start with you, sir, Mr. Sims, and ask you if you could elaborate on your suggestions for VBA so that Rating Veterans Service Representatives, RVSRs, can more accurately rate claims at a pace that allows the VA to meet its goals of timely delivering of benefits to veterans and their families.

Mr. SIMS. One of the primary concerns for the RVSRs in the field is the training that is being provided. Currently, training is done through a computerized system which is on an independent basis, which gives no feedback from a subject matter expert on the issues

for which they are training. This lack of proper training is resulting in a delay in the RVSR being able to process the claim due to lack of knowledge.

It also is impacting the overall process of meeting the requirements for the VA. Because as the RVSRs are being slowed down in their process of rating the claims due to lack of proper knowledge, it reduces or it increases a backlog of the claims that we are trying to produce.

Mr. HALL. Can you suggest any specific reforms to the work credit system that would reward claims processors for spending sufficient time developing and adjudicating claims? Is there some way to get around this inverse relationship you talked about between quality and quantity?

Mr. SIMS. The only way that is actually going to be effective is for the time that is required for each element of the claims process to be considered in the work crediting system. Currently, that is not the case.

An RVSR may get a case which contains three issues that may be incredibly complex and requires hours of review of the evidence in rendering the decision. But that time frame that is required to conduct the proper rating is not considered under the production standards. We are required to maintain a certain level of productivity without consideration of the amount of time that is involved in each individual rating. So in order to adjust the production standards properly, there would have to be an adequate time management study done, which indicates the necessary time frame for each individual step in the process.

Mr. HALL. Do you have a comment on I believe it was Mr. Abrams' suggestion that the clock be stopped at the VA for a particular claim if the claim is being developed and documents or medical evidence is being produced by the veteran or representative of the veteran and that is not within the VA's control?

Mr. SIMS. Unfortunately, currently, the receipt of evidence from a third party is strictly based on that third party's willingness to provide the evidence in a timely fashion. Regulations stipulate that certain providers such as the Department of Defense, Social Security, those agencies were required to continue to request that evidence until it is received. Therefore, the time delay that is associated with that process is outside the control of the individual RVSR or VSR. So, currently, the new standards are holding the employee accountable for that process of which they have no control.

If the VA was to consider a time delay in the processing of a claim to allow for that third party to develop the evidence that they wish to submit, then at that point it becomes an issue of timeliness over the overall process, which Congress has indicated that needs to be adjusted.

So the current concept of delaying or stopping the clock to allow for additional evidence to come in may be beneficial on one aspect for the claimant, but then again it will end up in greater delays for the claimant and result in a greater delay in the claims processing overall.

Mr. HALL. Right. And it may be that the VA person who was trying to get the information from Social Security or from DoD or whatever will feel less pressure to harass the other branch of gov-

ernment into coming up with—I understand you are saying we don't want to make the time longer, but at the same time we want—I think we are looking for ways to emphasize, as we have been saying, quality without having the RVSRs or any VA personnel feel that their evaluation of their work will be more negative if they take the time to get it right, and that may be out of their control due to these certain factors.

Mr. Cohen, this question could be for you but also for everybody else on the panel. Could you briefly state if you feel the reforms of the claims process that focus primarily on timeliness and speed of claims will be effective? Do you think that veterans should be and are willing to accept a slightly longer adjudication process if it results in a more accurate claims decision the first time?

Mr. COHEN. I think that veterans and their representatives would accept a longer time period if it was correct the first time around.

One of the things, though, that we need to consider is the biggest delay in processing a claim is in development, is in getting the exams. If the VA were to make it clear to the treating physicians who work for the VA that they are permitted to provide opinions, if they have them, about whether conditions are service-connected or the degree of disability, that might eliminate the need for Compensation and Pension (C&P) exams.

In addition, if 5125 were amended to be mandatory to accept an adequate exam, one that is adequate for rating purposes, then, again, additional medical development could be eliminated.

The biggest part of the time delay is in obtaining these C&P exams. If we can do anything to shortcut that time, the total process will be much shorter.

Mr. HALL. Mr. Abrams.

Mr. ABRAMS. I think any veteran would rather obtain benefits in 8 months than be promptly denied in 3 months. That doesn't seem to be worthy of any more discussion. The idea is to try to get the veteran the benefit as quickly as possible correctly.

Mr. HALL. General agreement on that, or would anybody else like to comment?

Mr. WILSON. I would like to say that we—I would like to see a case take the current 160 days to get done correctly rather than 90 days to get done quickly but incorrectly. The excessive amount of churn you will have in the appellate process is not acceptable to us; and, given the current situation, moving towards speedier decisions without proper development is going to lead to just that.

Mr. DE PLANQUE. I would just like to add, in terms of perspective for this, when you have a rush to judgment, if they are just going to blitz through quickly and get them done in a short period of time, it has to be appealed. And when we talk about the backlog and when we talk about veterans waiting years and years to get their claims, that is not an initial claim. If a veteran is waiting years and years and years to get their claim, that is a claim that is on appeal; and it had to be appealed because there were problems made at the lower level.

The problem is that mistakes at the RO don't take a minute to correct. They take years to correct. Because it has to go out to the Board of Veterans' Appeals, sometimes the courts, because things

weren't done right the first time; and that is why waiting a little bit longer, waiting a couple months more to get it done right the first time, I don't think any veteran would argue with that.

Mr. SIMS. If I can add the insight from the employees' perspective on this process.

For myself as a rating specialist, the greatest problem that I face is inadequate development. Currently, under the current work management system, the employees are pressured to get the claims to us on the rating board as quickly as possible so that we can get a decision out within the 125 days that the Secretary has stated that we would do.

Unfortunately, oftentimes these claims are not developed appropriately and evidence is missing, which is intricate to the rating decision. That is why the appellate process is the way it is, is because the development process is being rushed. If the process was slowed down and allowed to be developed appropriately, the veteran and the claimant on the other end would get the decision correctly the first time; and that would alleviate a lot of the appellate process.

Mr. HALL. Thank you, Mr. Sims.

And I would ask starting with you perhaps to comment on the pod concept and the triage concepts that were mentioned by a number of our panelists, Mr. Cohen in particular. But what do you think about those two approaches?

Mr. SIMS. I have personally been involved in a pod situation in which the VSR and the RVSR were paired in a project that we had at the regional office. It resulted in an extensive amount of knowledge being transferred between the RVSR and the VSR on both sides of the equation, and we found that the quality of our team at that point was 100 percent and the production was increased by an overall 30 percent. This was in a decision review process that we conducted.

As for the triage phase, there are a number of claims that come through that I see on a daily basis that there is no basis for the additional development to have been conducted. The decision could have been rendered when the claim was received. Unfortunately, because there is not an adequate triage system in place, those decisions are delayed and thus increasing the overall inventory.

Mr. HALL. Mr. de Planque?

Mr. DE PLANQUE. I think with both of those systems—certainly in a pod system, being able to see the entire picture, being able to immediately communicate back and forth—

Mr. Sims commented not too long ago that development—inadequate development is one of the biggest problems they face, the ability to communicate back and forth and say I am here trying to rate this case but we don't have the development that we need and this needs to get done at that level. That level of communications can only help the claims process.

In terms of the triage system, you can't indicate the importance of that enough. When VA got caught with the shredding scandal and 10s of thousands of documents were being shredded, they took it seriously; and they put a GS-12 in every office whose only job now is to control what documents are being shredded. That was a way of sending a message that the document destruction is important.

If they took a high-level employee in every regional office with the job of making sure this is right, looking at the accuracy, making sure this is directed to the right place, that is another way of sending a signal.

We talked about sending signals so the employees have a perception of what truly is most important: getting the work to the right places and getting the work done right. That is another way that they can indicate that.

Mr. HALL. Mr. Wilson.

Mr. WILSON. I think the pods and the pilots that VBA has implemented are important to consider. There are lessons to be learned from them. I think we will see that as we continue with the pilot programs and see what the final reports have from them.

The triage, putting an experienced person in the beginning of a particular process to have them as a gatekeeper to make sure the right decisions are being made by those less-experienced personnel, and pushing ready-to-rate claims to raters, is an excellent approach, which is one that should be adopted as soon as possible at each VA regional office.

Mr. HALL. Mr. Wear?

Mr. WEAR. I think the pod system and the triage, I think those are all good ways to make sure that the claim is complete as early in the process as possible. We have all talked about how long it takes—the longer development takes, the more time it takes to reach a final decision on a case—and the people don't see it. I think the better we can get the right information to the VA as quickly as possible and have somebody look at it is critical.

If we could rearrange who we put where so we could put maybe a GS-12 or somebody right up front to do triage, I think that would be really critical to looking at what they have got and where it needs to go but also working with service organizations to say, can you get me this or get me that? Or they can have people call.

All that is going to help get everything focused as early as possible, and that will lead to a better decision quicker.

Mr. HALL. Mr. Abrams?

Mr. ABRAMS. We like the pod concept. We don't like what they have now. Several years ago, we went to one of the regional offices with the American Legion to do a quality check, and a friend of mine from my days at the VA called me aside. He was on the rating board, and he complained forever about the inadequate development.

Mr. ABRAMS. He called it widget production. People are disassociated with the final result when they are isolated and only have one part of the claim to do. It is much better to do it the other way.

Mr. HALL. Mr. Cohen, anything to add?

Mr. COHEN. Yes. I just wanted to add something about the triage. The indication that triage is needed can be seen by the number of combat veterans who have Purple Hearts or have significant heavy combat who apply for benefits based on PTSD and are denied, that either the VA wants more development on their stressor or doesn't believe the adequacy of their stressor or doesn't believe that the horrific conditions that they experienced in combat were sufficient to cause the PTSD. Those should be no-brainers and should just run right through the system.

It is appalling that some of these people get denied and then have to go through the appellate system and may wait a year and a half to get the benefits that should be so obvious.

Mr. HALL. Thank you.

Mr. Abrams, you said that 60 percent of the claims appealed to VBA are remanded or overturned, and the most common problem they report is premature adjudication of claims and lack of development. Do you think the VA has resorted to using the BVA and the U.S. Court of Appeals for Veterans Claims as a de facto quality control process?

Mr. ABRAMS. Yes. We have been told by VA employees who are frustrated, that what the VA says is, Let them appeal. Let the BVA decide this.

And it is a good way to take the case off their backlog, put it into appellate process, and move it up. This is not the first time that this has happened.

During the 1970s, when the vets were coming back from the Vietnam war or Vietnam conflict, I started working at the VA. And when I walked in, I saw case files piled to the ceiling in the Philadelphia office, and the managers would run up and down the aisles yelling, "Make a final decision."

You were pressured to take what evidence you had and try to make a final determination. And most of the time it had to be a denial, because you didn't have the evidence that would support a grant.

Mr. HALL. And Mr. de Planque, regarding the Monday Morning Reports you spoke about, do you believe that the VA could produce analogous reports to show the accuracy on a weekly basis of the claims system? Could this lead to an increased accountability and focus the attention of VA personnel on quality as a basis for their evaluation and for reforming the system?

Mr. DE PLANQUE. Actually, I think if they are reporting on quality on a daily basis, it would show that it is important. And I think that it would help. It is like having your grades posted on the wall at school. You know, when they have their workloads posted, this is how many cases they have, this is how many cases they have pending over this number of days, there has to be a pressure at that point to move those cases along so we are not the lowest or we are not the ones who are looking that way.

If they were having their accuracy ratings posted at the same time, that is going to create an analogous pressure to—I want to be in the top of accuracy. I want to be able to point to our regional office and say we are in the tops in VA in accuracy.

If you talk to VA employees, as we do when the American Legion works with NVLSP and does quality review visits, they want to be proud of the place where they work. And so if you have something that is publicly posted that this office is doing this level of quality, there then becomes an incentive to make sure that you are reaching the top numbers, that you are achieving, and that you are not falling behind of those levels.

At the same time, it gives the veterans groups, it gives the veterans themselves, independent of groups, an ability to look at that and say, All right, this is how I restore my confidence in VA, because I see where they are going and I see it is a priority to them



because they are posting their numbers and showing pride in what they are doing.

Mr. HALL. Well, thank you, Mr. de Planque. And thank you all.

We have more questions for you. I have more questions for you, but I will submit them in writing so that we can move on to our next panel. Thank you for your patience and for your continuing work on behalf of our veterans.

Mr. HALL. And panel two is now excused, and we will have a changing of the guard and invite our last panel, Diana M. Rubens, Associate Deputy Under Secretary for Field Operations at the Veterans Benefits Administration, U.S. Department of Veterans Affairs, accompanied by Jason McClellan, Director of the Central Area Office of VBA, U.S. Department of Veterans Affairs, to join us at the table.

Thank you again for your being here, for your testimony, and for your patience with the schedule across the street. As usual, your full written statement is entered in the record.

And, Ms. Rubens, you are now recognized for 5 minutes.

**STATEMENT OF DIANA M. RUBENS, ASSOCIATE DEPUTY UNDER SECRETARY FOR FIELD OPERATIONS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY JASON McCLELLAN, DIRECTOR, CENTRAL AREA OFFICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS**

Ms. RUBENS. Thank you, Mr. Chairman. Thank you for providing me the opportunity to appear before you today to discuss the work credit and management systems study and the way we think that those things relate to accountability, accuracy, and compensation and pension claims processing.

We acknowledge the concerns of our stakeholders and our veterans regarding the current work credit system and perceived emphasis on quantity over quality. But I want to make it clear that VBA does not emphasize quantity over quality.

Secretary Shinseki has set a goal for VBA to process disability claims at a rate sufficient to ensure all veterans have their response within 125 days. But that is only a successful effort if we also achieve the goal that he has established for us of a 98-percent quality rate.

As the Subcommittee is fully aware, Public Law 110-389 required the Secretary to initiate a study of the effectiveness of VBA's employee work credit and work management systems to evaluate a more effective means of improving disability claims processing performance.

I apologize for the late delivery, as we experienced delays in both the initiation of that study and the completion of that concurrence process. I do anticipate that it will be delivered shortly, and am happy to be available for any questions you have upon your review of that study.

[The Report was received by the Committee.]

The Center for Naval Analyses recommendations closely align with VBA's current initiatives to better link individuals' performance with completion of decisions for veterans. VBA has both long- and short-term strategies underway to reduce the backlog of claims

while improving quality, even as the complexity and the numbers increase. We continue to hire aggressively, with the strategy being to make good selections, provide full training, establish expectations, provide feedback, and hold ourselves accountable.

As it pertains to quality, I have also asked the area offices to increase their oversight of regional offices with quality that doesn't measure up to par. While this is just a starting point, we need to work all together to raise that to that 98-percent quality.

We talked a little bit about the new performance standards that were developed in concert with our national Labor partners at AFGE, our veterans service representatives, that address recommendations since made by CNA.

While our local performance standards have always included a quality element, the new standards further align individual targets with national targets and require that local reviews that are being done use that same checklist used by our national star review team. These new standards give work credit only for work done that moves the claim to the next stage of the process, as we feel that aligns most closely with veterans' desire to actually get a decision in their claim.

We are nearing the 30-day mark of the implementation of those new standards, and will be working with our labor partners to review how that implementation has gone in terms of outcomes as we look at that first 30 days, and then over the coming months to share that information with them to ensure we are getting closer to the right standard and measuring the right things to help us get the job done for veterans.

The CNA study also looked at the current work management study, referred to as the Claim Process Improvement Model, which emphasized employee task specialization. VBA has been engaged for some time in several pilots to evaluate the alternatives to the CPI model; most notably, the pilot in Little Rock, Arkansas, which used Lean Six Sigma analysis techniques. That pilot will complete shortly, and we anticipate having a final report. Additionally, we have pilots underway in both our Pittsburgh Regional Office and our Providence Regional Office to look at the process and technology respectively.

Recognizing that there are many approaches to improve our process, we have gathered ideas from as many arenas as possible, to include opportunities such as our Innovation Initiative competition, engaging in the roundtable held by Chairman Filner, and in March, VBA leadership met to generate ideas with the focus on reaching that 125-day processing at a 98-percent quality level. We have also engaged our VSO partners in a one-day session to get their input directly, and similarly are working to schedule one with our Labor partners from AFGE early in June.

VBA does not believe there is going to be one silver bullet to solve the problems of the backlog, but it will be a combination of people, process, and technology that will enable us to meet the Secretary's goal of no claims over 125 days at a 98-percent quality level.

That concludes my statement. I would be happy to answer any questions you may have.

Mr. HALL. Thank you, Ms. Rubens.

[The prepared statement of Ms. Rubens appears on p. 53.]

Mr. HALL. First of all, could you please explain what has delayed the transmission of the report outlined in Public Law 110-389. And when you said "shortly," what does that mean? When will we receive that report?

Ms. RUBENS. Yes, sir. I will tell you that this study was one of 11 required in Public Law 110-389. As we work to get the studies all engaged, it took us longer than it should have. It was an inexcusable delay. That was enacted in October. It took us until March; you heard Mr. Christensen say we engaged them in March. So that was an inexcusable delay.

As I understand it, and as I followed up in the last couple of days trying to ascertain just where it is, the concurrence process, through VBA, VA, and working with OMB, is closer to the end of that process than at the beginning. And we have engaged in some ongoing discussions to ensure that everybody that is looking at it, if you will, outside of VBA, recognizes that we are late.

Mr. HALL. Well, if the report was done in September, are you changing the report? Is it being modified? Or are you just reading it before we get to read it?

Ms. RUBENS. I will tell you that I think we were reading it before you get to read it. And the concurrence process over the course of October, November, and December was painfully protracted. It wasn't so much that we are editing or changing, I think, as making sure that we understand and, unfortunately, not staying on top of the concurrence process to move it along.

Mr. HALL. Well, I would appreciate receiving it within what I would consider to be a reasonable time, like the next week. I see no reason why a report that was paid for by the taxpayers, that was required by this Congress and by this Committee, and was completed last September by an outside contractor, should be sitting somewhere at VA, and for no good reason that I have been told, other than it being reviewed and concurred upon—whatever that may mean—has not yet been shared with us. And I think it is time.

Ms. RUBENS. Yes, sir.

Mr. HALL. Concerning that VBA Management System, the CPI model, today's witnesses have testified that while specialization of the process improves quality and timeliness on the one hand, the moving of claims across teams also reduces quality and timeliness. I know that VA is working on at least four pilots pertaining to transforming its claims processing system into a 21st Century entity looking at other business reorganization efforts in the process.

Could you elaborate on these pilots by explaining how they fit into the larger mission of greater accountability, accuracy, and consistency and outcomes?

Ms. RUBENS. Yes, sir. The Little Rock pilot that I think you alluded to and the last panel addressed in terms of the pod concept, and quite frankly the triage effort, are both things that are part of that Little Rock pilot. And some of the things that we have seen have preliminarily shown us that triage function up front, where you get the claims started in the right direction with the right folks as quickly as possible, absolutely will result in a quicker, more timely outcome for the veteran.

But additionally, that close proximity of the VSRs and the rating VSRs we found, in fact, does encourage the cooperation, the learning, the cross-talk in an effort to ensure the VSRs are requesting the right evidence, the right information that that rating specialist will need to make that final decision.

As I said, that study concludes shortly. We anticipate to have a report. We have begun some preliminary discussions about—and how and what do we do with this on the national level to ensure that we take the best parts of it to increase our consistency, our quality, and improve timeliness as well.

The pilot in Pittsburgh is, if you will, a case management development process where we have begun on a small scale to engage the veteran on a more personal level early in the process, so that when we receive a claim we will make a phone call and talk to that veteran about the contentions, the issues that they have claimed. Do we understand them? Are we searching for the right evidence? Are there other pieces of evidence that might be there that he perhaps forgot or overlooked on his application?

When we send out that VCA letter that informs the veteran of what steps we have taken, what steps might help to move that claim along, it gives us an opportunity, quite frankly, to better explain what is a very lengthy letter, so that we can ensure the veteran understands; and that at various points during the processing of that claim, as we get evidence or have not received evidence, whether it is from the veteran or perhaps a third-party private medical care provider, we are able to apprise the veteran of the progress that we have made, what help we might use to get that evidence in an effort to help veterans better understand what we need and move that claim along, ensuring that we have all the evidence to make the best decision possible.

Mr. HALL. Well, thank you, Ms. Rubens. And you heard the previous panel talk about the pods and triage, which seemed to be a fairly popular and somewhat successful approach. At least you are speaking positively of it.

There have been cases in research projects that were done by the Centers for Disease Control and Prevention, I believe, or the National Institutes of Health where, in the middle of a study—if I remember correctly, I think it was hormone replacement therapy (HRT) for women—in the middle of the study, they realized that the evidence was so overwhelming that they stopped the rest of the study and said, Let's all do this. Let's recommend that women stop taking these HRTs because there is risk to their health caused by that.

I can think of some others in terms of various pharmaceuticals that were being investigated, where the researchers themselves thought that it was so clear what the outcome was going to be that they stopped the study and said—for instance, Celebrex I can think of as one that was found to be a health risk for most of the patients who were taking it, and so doctors were advised immediately to stop prescribing, it except in particular situations.

But my question is, is there a point at which you would take this pod concept and/or the triage concept and just say, okay, let's just do it at every RO? Do we have to wait? Is there a long time necessary to do this if it seems to be working?

Ms. RUBENS. No, sir. There is not a long time necessary. In fact, the area directors and the office field operation have been working with Compensation and Pension Service to draft the guidance that says here is how to put that mail processing, that triage piece, up front right now. So that while we haven't received the final report on this study, we are already taking that piece of it and saying here is that guidance. Here is how we put it together.

If I may, additionally, some of the early success that we have seen in Pittsburgh insofar as that telephone contact with veterans, we have also required already some phone calls up front with the veteran to make sure that, when that VCA letter has gone out, did you understand it? It is rather complex. Let us make sure you get it. We are working on the right issues, as well as mandating follow-up at intervals for claims that are pending so that we can apprise the veterans of the progress that we are making on their claims.

Mr. HALL. Well, that is encouraging. My next question actually was going to be of phone calls, because the study Mr. Christensen testified about apparently found that work credits do not accurately reflect the effort involved in various actions. Like telephone calls. VBA employees surveyed noted that phone calls to claimants, as you just said, are the most direct or quickest way to resolve claims. Calls are seldom made, because the current work credit system does not award credit for a phone call. So are we seeing steps? Is VBA taking steps to change that, to award work credits for phone contacts?

Ms. RUBENS. As part of the new VSR standards, the work credit currently is going to be given out for establishing the claim, beginning the development of the claim, getting that claim ready to rate, so that all the evidence has been gathered, as well as inputting the final decision and authorizing the claims. So there really only could be four steps that will get us credit.

As we did the study on the new VSR standards—and we had 10 stations participate in the study to evaluate how would this work for a VSR—over 1,300 VSRs participated in gathering the information. And some of the feedback that we got was the encouragement of folks to pick up the phone and make a call in an effort to get that ready for decision so that claim is now ready and that credit could be garnered.

The challenge of the complexity of the claims will, I think, show itself as we work to do the reviews of what does the data show, now that we have implemented it nationally, at the 30-day, 60-day, 90-day mark? And we sit down and look at that with our AFGÉ Labor partners to say, is it working the way we thought it would?

Mr. HALL. Thank you. As of May 1 of this year, there are over 8,700 compensation claims pending before the New York RO, nearly half of which have been waiting for over 125 days.

What can you tell my New York area veterans and those in other Congressional districts about the work that is being done to reform the system so that the staff—both line staff and managers alike—focus on improving quality and still get the benefits to the veteran in a timely manner?

Ms. RUBENS. Yes, sir. Specifically to New York, as you know, we have got a new management team in the New York Regional Office. I am very excited about their innovative approach, their col-

laboration that they have taken on their own already with the local medical centers to ensure that we get timely and accurate exams upon which to make decisions. And so the efforts there with the new management team I think will begin to, if you will, bear fruit as they help the employees better manage the work in innovative ways that we have developed locally.

At the national level, I mentioned some of the things that we have done to generate ideas, whether it is internally, whether it is through the roundtable that Chairman Filner hosted, whether it is our National Innovation Initiative. And we are working to put together an overarching approach to improve nationwide some of the things that I heard of concern here.

Interim ratings is one of the things that I have heard discussed in terms of if there are three or four issues on a claim and we can process one and need to develop further information on the other. We are reinforcing the use of interim ratings. It starts getting money flowing to the veteran and starts getting them access to health care, and ensures that they are in, if you will, our system and getting work done.

We are also looking at how do we segment claims. I heard some discussion from some of the panel members about those one-issue claims that might move more quickly, whether it is that hearing loss claim or perhaps just one single issue, and are currently piloting, in a couple of offices, how will that work. About 26 percent of our work is a single-issue claim. And if we can move those along more quickly, will we allow ourselves a better focus, if you will, on those more complex claims, whether it is a complex issue or whether it is a number of issues.

I talked a little bit about the proactive phone development. We have heard some concerns about whether or not we are incentivizing and rewarding employees. I will tell you that as we reward employees, quality is always a part of the requirement for a reward to be given. But it is also about that—I will call it “less tangible monetary award,” and it is that recognition of who your performers are and making sure that we are recognizing them for that effort.

One of the initiatives that we are developing and in which the Secretary is interested in supporting is, if you will, a Who’s Who in VBA for VSRs and ratings specialists that will allow us to recognize, quarterly, the top 25 in each of those categories, and, at the annual level, with recognition from the Secretary, in an effort to have people continue to stay jazzed and focused on “We have got to get this job done.”

I would be remiss if I didn’t mention some of the efforts that we are making in both the technology, if you will, the VBMS, the Veterans Benefits Management System. We are standing up an organization that brings VBA end-users, if you will, field users and the Office of Information and Technology organization together to be focused on this project that will grow from the virtual regional office pilot that was just completed in Baltimore, allowing us to change and pursue actively the electronic claims processing system.

Mr. HALL. Well, thank you for all that. I am especially happy to hear that you are moving toward more streamlined granting of claims or approval of claims in clear-cut cases like hearing loss.

Although I am a little bit disappointed that in 2008, Congress passed a law unanimously, that was signed by President Bush, that said the Secretary shall issue this partial claims rating. Changed the language from “may” to “shall,” indicating the clear intent of Congress that when there is an undisputed severe disability—which I think hearing loss might fall under—or a loss of limb or a paralysis or blindness, or any number of other things that are clearly service-connected and are not in dispute—notwithstanding the possibility that there may be many other facets of claims that need further development or adjudication—that the Secretary shall award an immediate partial rating so that money starts flowing to the veteran. That was passed unanimously and signed by the previous President. And 2 years later, I am surprised that we are talking about being partway on the road to getting that done. I would hope that we would have been there already.

In your written testimony, you state, Ms. Rubens, quote: VBA does not and never has emphasized the quantity of claims completed over the quality of our decisions. Unquote.

While this may be VBA’s stated policy, I think the testimony of other witnesses here demonstrates pretty clearly that that is not actually true in practice, to say nothing of the roughly 25 percent error rate nationally that the VA Office of Inspector General reported to this Subcommittee in March at our hearing on the STAR process in light of the staggering rates of claims that are remanded or overturned by the Board of Veterans’ Appeals and the U.S. Court of Appeals for Veterans Claims.

The message that I would like the VA to take from this hearing is that speed cannot be the sole aim of reforming the claims system or else the same problems will continue to plague veterans. Timeliness will be a byproduct of an efficient and accurate claims processing system.

So I would just hope that you can reassure me that VBA has some idea how to effectively live up to the quality commitment, while at the same time providing speed when it is appropriate, as in the case of the undisputed severe cases that you were speaking about, which I was mentioning also.

And I am also curious whether claims processors can be or are being incentivized in a way to achieve both of these goals—the accuracy, but also the credit for compensation—flowing to veterans as soon as possible when that part of their claim is not in dispute.

I also and the Committee needs to better understand the ways in which VBA is emphasizing quality on a par with quantity. And we would like to be reassured that the courts—that the appeals levels are not being used as a backstop, and that hopefully by triage and pod approaches, we may achieve a higher accuracy rating the first time around.

I am sure these are all goals of yours, too. I know you have a lot on your plate. I know that the VA has a lot of cases and an increasing number of claims. Nobody thinks that you have an easy job or that the Secretary has an easy job, or that anybody who works at the VA has an easy job. But we are in a position to hopefully provide you with resources to do what you need to do, and all branches at the VA to do what needs to be done for our veterans, but, at the same time, fulfilling our Congressional role of oversight.

And to that end, seeing the report, which you have, would be good, and at least having the knowledge that the law that was passed in 2008 and signed into law is actually being implemented. And hopefully that, as was requested then, that claims processors and raters are being credited and rewarded and that their evaluations are getting more positive. Not only are they making more accurate decisions but they are, when they can, speeding the delivery of compensation to the veterans. Because for a veteran who is sleeping under a bridge, or for a veteran who is having suicidal thoughts or family problems or bankruptcy issues or adjustment, family adjustment problems, all the things that we all know are happening, time is important. And one of the ways we can help is by easing the financial difficulties, especially in this difficult financial time that the country is going through.

So I am not telling you anything you don't already know, but I would appreciate your getting back to us. You can do it in writing, if you would like, because I have a plane to catch and you have probably heard enough by now. But if you would like to take a couple minutes to answer, Ms. Rubens, I would be happy to let you do that and then we will submit some more questions to you in writing.

Ms. RUBENS. Thank you. I do want to just—I didn't mean to insinuate, to say that we hadn't been doing partial ratings all along. I will tell you, though, that we have seen the opportunity to allow us to achieve, if you will, one more piece of that vision that the Secretary has; and that is, how do we make sure that we are being the best advocates for veterans that we can? And that is to make sure that not only are we using them when they come up, but that we are actively pursuing them, that we are actively encouraging our VSRs and ratings specialists that, as quickly as they can—even if it is only partial—that they are ensuring that they are starting that flow of money, for the reasons that you stated in terms of the challenge of a transition, the challenge of the economy and homelessness, that we need to make sure that we are getting the message across. We know we are a source of help for them, and that is what we are here for.

I will tell you that I do not believe that we are using the appeals process, if you will, as a backstop. We see about a 12 to 13 percent appeal rate. We don't think that is good. We know we need to improve that. But it is also one of the measures that we look at regularly from the standpoint of appeals, remands, by individual regional office as you look at quality, and make sure that that is part of the feedback that we give not only to our directors but to our service center managers and our employees who are doing the job on a day-to-day basis.

We recognize that it is possible to be both timely and have a high degree of quality. We do have offices that have managed to achieve those goals. And part of what we have to do is invest in stealing those good ideas and making sure that they are being implemented in other places; that we are requiring them, and that we are holding ourselves accountable to meeting that same level of service, which really does pair those two things—a timely decision, made in a quality way.



Mr. HALL. Well, that is the last word, and thank you very much for it. Thank you for your testimony and for your commitment to working with us to improve the quality of processing veterans claims.

And I will just state that all Members have 5 legislative days to revise and extend their remarks.

We thank all our witnesses on our three panels today for staying this afternoon. We value your insight and opinions and your work on behalf of our veterans. This hearing stands adjourned.

[Whereupon, at 5:03 p.m., the Subcommittee was adjourned.]

## A P P E N D I X

### **Prepared Statement of Hon. John J. Hall, Chairman, Subcommittee on Disability Assistance and Memorial Affairs**

Good Afternoon.

Would everyone please rise for the Pledge of Allegiance?

Flags are located at the front and back of the room.

Ladies and gentlemen, I welcome you to today's hearing entitled "Quality vs. Quantity: Examining the Veterans Benefits Administration's Employee Work Credit and Management Systems."

The purpose of the hearing is to examine how VBA's employee work credit system and its Claims Processing Improvement (CPI) work management system model may contribute to diminished quality, accountability and accuracy in compensation and pension claims. Today's hearing continues this Subcommittee's efforts to analyze various elements of the compensation and pension claims process over the 111th Congress, and marks the fifth oversight examination this year focused on ensuring that our veterans and survivors properly receive their benefits. It is our collective quest to vanquish VBA's backlog of claims and appeals, which currently exceeds one million.

We also intended for today's hearing to provide an opportunity to examine a congressionally-mandated report on the VBA's work credit and management systems outlined in legislation that I developed and sponsored during the 110th Congress, the Veterans Disability Benefits Claims Modernization Act of 2008, H.R. 5892, (codified in P.L. 110-389). The goal of this legislation, among other things, was to provide VBA with a valuable roadmap to assess and improve its work credit and management systems to produce better claims outcomes for our veterans.

The deadline for this report was October 31, 2009 and I note that we have yet to receive it. However, VA has authorized its independent research contractor that was retained to complete this report, the Center for Naval Analyses (CNA), to testify before us today concerning a summary of the report's findings and recommendations. VA advised the Subcommittee that the report is still under review by the agency and OMB, and that it should be transmitted to Congress soon. We look forward to hearing today when this report will be ready and submitted to Congress, and getting a better understanding of why it has not yet been delivered.

Since 2007, the VBA has added over 7,100 claims processing personnel and Congress has funded these requests. Yet the backlog still climbs. This is not to say that adding additional workforce has not been beneficial. Had Congress not provided these new claims processors, the backlog might have been even worse than it is today, given the exponential growth in claims receipts. As the VA itself acknowledged at Chairman Filner's Claims roundtable in March, this is a sign of a broken system. The mounting claims backlog is a symptom that can not be addressed until the VA truly refocuses itself on adjudicating claims correctly the first time. We need to continue to look at the system with fresh eyes and determine how a new outlook can help VA fix its claims processing system and get the claims backlog under control.

In convening today's hearing, the Subcommittee seeks to further explore how the VBA's work credit incentives and flawed CPI model may be significantly contributing to delays and errors in the claims process. It is my hope that in continuing to examine this issue, we will be able to help veterans secure the benefits they deserve and prevent them from suffering further injury as a result of delays in receiving disability benefits. That is why I want to revisit the issue of partial, provisional and temporary ratings. I believe that if VA increases the use of this authority and also awards a credit to claims processing personnel who use it. This will go a long way in making sure that many more veterans can begin to receive their benefits more promptly. I would like VA to address this issue when it testifies.

Today we will also hear from Veterans Service Organization and Veterans Advocacy Groups who will explain their vision for how the VA should address the prob-

lem with VBA claims processing. From them, I hope to gain a better understanding of the underlying issues that led to such an unmanageable claims backlog at VBA, and if they believe that VA is directing its efforts in the right direction to address the issue. Specifically, I would like to know if you agree with VBA's assertion that it emphasizes quality on par with quantity and timeliness.

I look forward to the testimony of our witnesses and insightful comments and questions from my colleagues on the Subcommittee. I now recognize Ranking Member Lamborn for his opening statement.

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**Prepared Statement of Hon. Doug Lamborn, Ranking Republican Member,  
Subcommittee on Disability Assistance and Memorial Affairs**

Thank you Mr. Chairman,

I look forward to this afternoon's hearing on VA's work credit system.

The purpose of this discussion is to ascertain whether proper performance measures are in place to effectively gauge both efficiency and accuracy of work.

A system that rewards work credits based on production alone undermines quality, and as we all know, poor quality work has ramifications throughout the entire system that have contributed to the backlog of claims.

At the same time, there is also clearly a need for VA to maintain a high level of efficiency so that veterans can begin receiving compensation in a timely manner.

Where does the proper balance lie?

True quality means being effective and efficient, the key to achieving this balance lies in how employees are rewarded for the work they accomplish.

For too long, it appears that VA has placed too high an incentive on production—but it is simply counterproductive to strive for high numbers if the work has to be revisited at a later time.

Yet it would be equally detrimental to veterans if there was an overemphasis on quality and the average handle time was off the charts.

This Subcommittee passed legislation during the last session to obtain a study of the effectiveness of the VA's employee work credit and work management system.

From this, we hope VA will be able to develop a more effective means of improving its claims processing performance.

I look forward to working with my colleagues and Department officials to delve into this issue and hopefully identify how the work credit system can help incentivize the proper balance between quantity and quality.

I want to thank the witnesses for their participation and their testimony, and I look forward to our discussion today.

Mr. Chairman, I yield back.

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**Prepared Statement of Eric Christensen, Managing Director of Health  
Research Policy, Institute for Public Research, CNA**

In response to Section 226 of Public Law 110-389, the Veterans' Benefits Improvement Act of 2008, the Department of Veterans Affairs (VA) asked CNA to study the effectiveness of its current employee work credit system and the work management system. Beyond these principal areas of study, we considered other topics including the use of information technology (IT) applications, methods of reducing the time required to obtain outside information, processing of claims that are ready to rate upon submittal, processing of claims from severely injured (SI) and very severely injured (VSI) veterans, and an assessment of best practices in claims processing. CNA conducted this analysis between March and September 2009.

Due to the nature of our study questions and the short timeline for this project, the most appropriate methodology was qualitative data analysis. Our primary source of data was information collected from interviews on site visits to six Regional Offices (ROs) selected by the Veterans Benefits Administration (VBA). On these site visits we spoke with employees in a wide variety of roles in order to obtain as complete a picture as possible within the time constraints of the study. We took detailed notes from each interview and reviewed them to identify common themes among the responses. In total we spoke with 41 frontline employees, 49 managers, and 11 other employees. We supplemented the information from our site visits with background information from congressional hearings, formal evaluations from a variety of sources (such as the Government Accountability Office (GAO), VA's

Office of Inspector General (OIG), and internal VBA projects), conversations with VBA subject matter experts, and summarized VBA administrative data.

### Background

VBA faces multiple challenges in processing claims including large increases in the number of claims submitted and the increasing complexity of these claims. The increase in the number of claims submitted is striking. For example, VA received about 719,000 compensation claims in FY 2008. This is a 53 percent increase from FY 1999.<sup>1</sup> Reasons often cited for the increase are the return of veterans from Global War on Terror deployments and the expansion of benefit entitlements, such as new presumptions of service connection. As for the complexity of claims, GAO reported that in FY 2006, 11 percent of claims that VA decided included 8 or more issues. By FY 2008, this proportion increased to 16 percent.<sup>2</sup> We note these statistics to illustrate the challenging and dynamic environment in which VBA works to process claims.

The work management system that VBA uses is the Claims Process Improvement Model or CPI model. The CPI model is an organizational model that promotes specialization as a way to improve quality and timeliness. The model has separate claims processing teams to perform functions in each of the following areas: public contact, triage, pre-determination, rating, post-determination, and appeal. In this model the triage team reviews and routes mail, enters basic claim information into the computerized workload management system, and performs some simple claims processing actions. From triage, claims move to the pre-determination team, which primarily gathers the information necessary to rate each claim. Once a claim is ready to rate, the rating team decides whether a veteran's medical conditions are connected to military service and if so, what the degree of disability is according to the VASRD (Department of Veterans Affairs Schedule for Rating Disabilities). Next the post-determination team processes (i.e., authorizes) awards and notifies claimants of the decisions made on their claims. Outside of this process, the appeals team handles claims for which claimants disagree with the award decision and decided to appeal it and the public contact team conducts personal interviews and responds to phone inquiries.

Veterans Service Representatives (VSRs), Rating VSRs (RVSRs), and Decision Review Officers (DROs) are VBA employees that work on the various teams in the CPI model. These employees are all subject to minimum work credit standards. They earn work credits by performing certain claims processing actions, each of which is assigned a specific number of credits meant to reflect the time required to complete the action. Employees' ability to meet the work credit standards is one of the elements considered in their annual performance evaluations.

Note that VBA asked CNA to study its work credit and work management systems to see how they could be improved. While there are positive aspects to these systems, our charter was to look for areas of improvement; hence, we report on areas for improvement only. Therefore, one should not conclude that no part of these models works well because we focused on areas for improvement only.

### Work credit system

#### Findings

Stakeholders' main concerns about the current employee work credit system are (1) that it emphasizes quantity over quality, (2) that production standards are not based on a careful analysis of the tasks performed, and (3) that work credits and production standards do not reflect changes in claim complexity and additional duties imposed by legislation.

Two recent surveys found strong evidence that VBA claims-processing employees perceive that quantity is considered more important than quality. The first was a survey of RVSRs and DROs conducted by VA's OIG during March and April 2005.<sup>3</sup> CNA conducted the second survey of rating officials and Veterans Service Organization (VSO) representatives for the Veterans' Disability Benefits Commission during December 2006 and January 2007.<sup>4</sup> Both surveys found very strong evidence that rating officials perceive that quantity is considered more important than quality. This is an important finding because even if that perception is incorrect, at least

<sup>1</sup>U.S. Government Accountability Office. *Veterans' Disability Benefits: Preliminary Findings on Claims Processing Trends and Improvement Efforts*. Testimony of Daniel Bertoni before the Committee on Veterans' Affairs, U.S. Senate, 20 July 2009, GAO-09-910T.

<sup>2</sup>Ibid.

<sup>3</sup>U.S. Department of Veterans Affairs, Office of the Inspector General. *Review of State Variances in VA Disability Compensation Payments*. Report No. 05-00765-137. May 2005.

<sup>4</sup>D. Harris. *Findings from Raters and VSOs Surveys*, May 2007 (D0015934.A2).

some employees who have that perception will probably change the way they process claims in order to do what they think their supervisors want.

From our analysis in this study, the perception that the quantity of work receives more emphasis than the quality of work was common. The overwhelming theme from frontline employees was that the production standards are difficult to meet, whereas concerns about struggling to meet the quality standards were rare. We infer from this that a moderate increase in the number of quality reviews per employee would better communicate to employees that VBA values both production and accuracy. In addition, some interview respondents reported that they feel the current number of reviews is too low to be representative of their work, which certainly implies that some employees would even welcome an increase in the number of quality reviews.

VBA has undertaken several of its own efforts to consider ways to improve the work credit system. One of these efforts was a time-motion study intended to provide information for updating the work credit values. A more fundamental change that VBA is investigating is re-defining all the actions for which employees receive credit in order to better align them with the overall goal of completing claims. In particular, VA established a VSR Performance Standards Workgroup that recommended that VSRs receive work credit for only the following four types of actions: (1) initiating development, (2) making a claim ready to rate, (3) deciding an award, and (4) authorizing the award. At the time of our report, VA was preparing to pilot test this approach at multiple ROs.

Prior to developing this approach, the VSR Performance Standards Workgroup conducted a survey of frontline employees and managers. It included questions on perceived weaknesses in the current work credit system, and the responses echoed what we heard through our evaluation. The most commonly reported problems were that the performance standards are outdated, there are inconsistencies across teams and ROs in the rules for claiming credits, deductible time is subjective, the standards are stagnant, the current system rewards churning of work, and piecemeal development is the only way to meet the performance standards.

Based on information from our site visits, we found that employees generally feel that the work credit values in the current work credit system do not accurately reflect the amount of time required for each action. In particular, each action is too broadly defined to account for the large degree of variation in complexity across claims. The perceived inaccuracy of the work credits combined with the requirement to meet minimum work credit standards and the perceived emphasis on quantity over quality result in some unintended consequences for the way in which claims are processed.

One of the most basic questions to consider about the employee work credit system concerns the actual work credit values. Both frontline employees and managers were overwhelmingly in agreement that the work credits assigned to each individual action do not always accurately reflect how much time is needed to perform that action for each claim. Respondents reported multiple ways in which the work credit values are not accurate. Some actions receive too much credit for the average claim, some actions receive too little credit for the average claim, and some actions receive no credit at all.

There is tremendous variation in the complexity of claims, and based on information from our site visit interviews, the actions in the work credit system are not defined at a level of detail to reflect that variation. This implies that even if the work credit for an action is accurate on average for claims worked over an extended period of time, there's no assurance to the employees that the work credit they receive for that action on any particular claim reflects the actual amount of time required to be spent.

The two factors that respondents reported as the main determinants of the difficulty of processing a claim were the number of issues and the types of medical conditions. For some actions, the current system allows extra work credit for claims with eight or more issues and for claims with certain medical conditions that are difficult to adjudicate (e.g., post-traumatic stress disorder). However, there is still a lot of variation that is not taken into account. There was general agreement that the number of issues on a claim is not adequately addressed by the work credits system. In particular, the ranges for the number of issues (1 to 7 issues and 8 or more issues) are too broad, and performing an action for a claim with 7 issues should receive more credit than for a claim with 1 issue.

There was also agreement that the particular medical condition or conditions on a claim have a big effect on how much time a claim requires. For example, respondents reported that actions on claims for hearing loss are typically relatively straightforward and might even be over-credited, whereas actions on claims with complex medical conditions (such as traumatic brain injury) might merit additional credit.

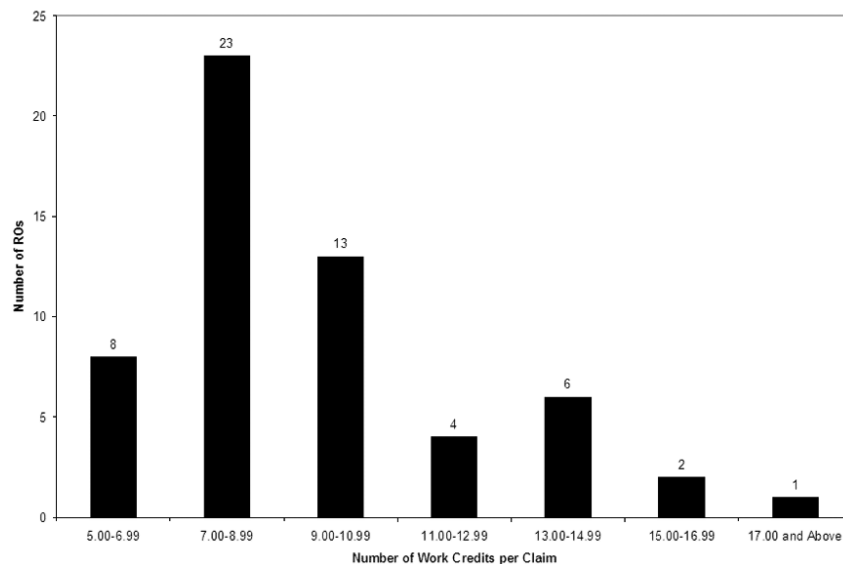
Some respondents indicated that one of the reasons they believe that work credits do not accurately reflect the effort involved in various actions is that the system has not been revised to account for changes in the types of claims submitted. They specifically cited increases in the number and complexity of issues.

Based on information from our site visits, one unfortunate effect of the current work credit values is that VSRs tend not to use phone calls to veterans to expedite development because there are generally no separate work credits for those phone calls during the development phase, even though sometimes a phone call is the most direct way to resolve a question. Some of the VSRs who do make use of phone calls said they have learned to work around the absence of work credits. They do this by following up a phone call (for which they receive no credit) with a letter (for which they do receive credit), even for cases where they feel the letter isn't necessary. Thus, the lack of work credits for phone calls slows development down both by discouraging some VSRs from using a potentially good source of information and by causing others to perform an unnecessary activity (writing a follow-up letter) in order to get the work credits that they need.

We also heard about some examples of churning or piecemeal development of claims such as spreading development over multiple days to classify them as separate actions and therefore be able to claim multiple credits. However, we do not know exactly how frequent or rare piecemeal development is. We observed that most frontline employees are genuinely concerned with serving veterans and their families and that these types of activities are simply responses to the production pressures that many employees feel.

Figure 1 shows the distribution of the average number of work credits claimed per completed claim for all the ROs. If all ROs were processing the same set of cases in the same way, and if all employees were claiming the same work credits for the same actions, then we would expect minimal variation across ROs. Instead, we found that the average number of work credits per claim at each RO ranged from 5.2 to 17.7, with substantial variation within that range. These results do not account for average differences in the types of cases across ROs, and those differences certainly could explain some of the differences in work credits per claim. However, the sizable magnitude of variation raises questions.

**Figure 1. RO's average work credits per claim**



The existence of unintended consequences such as rushed actions and piecemeal development, have negative effects on both the quality and timeliness of claims processing. The first step toward eliminating them should be a pilot to develop a set of actions and associated work credits that accurately reflect, and are perceived to accurately reflect, the time required to perform each action at a targeted level of quality. Those work credit values can then be combined with information on ex-

pected caseload to determine the staff required to process that caseload at that quality level. Because these changes will not be quick to implement, VBA should determine what the trade-off between quality and quantity is under current resource constraints and then explicitly decide on which levels of quality and quantity best contribute to accomplishing VA's mission.

### **Recommendations**

To address both the issues of work credit values and increasing the perceived emphasis on quality, we recommend conducting a pilot test of the effectiveness of taking the following steps, in the order indicated:

1. Develop a list of actions defined so that there is little variation across claims in the time required to perform the action. This will probably require accounting for the number of issues and the specific medical conditions involved.
2. Determine the time that is required (i.e., the work credits) to perform each action at a certain average level of quality. This will require incorporating the fact that employees with different levels of experience (i.e., different GS levels) will need different amounts of time to achieve the same average level of quality.
3. Communicate information to employees about the methodology used in developing the new work credits. The goal is for employees to understand that the work credits accurately reflect the time that should be required for each action. In addition, they should understand how accuracy of claims processing was explicitly incorporated into the development of the work credits and thus how important quality is to VBA.
4. Set the daily work credit performance standards for each individual employee to match the number of available work hours per day. Since the work credits from step #2 above will have been developed to equal the time required for each action, setting daily standards to match the time available ensures that employees should not perceive a need to rush. This recommendation is for staff's ease of understanding work credit values.
5. Set the RO production standards so that they can be attained when employees are working at the work credit standards from step #4 above. (This contrasts with what we heard about the current RO standards, which apparently cannot be met if all frontline employees are working only at their minimum work credit standards.)
6. Develop mathematical models to predict how the number and complexity of claims translate into the number of employees needed to complete those claims. Then, apply the model to the predicted caseload to calculate the number of employees needed in the future to handle that caseload. Plan to increase or decrease the number of claims processing employees accordingly.
7. Conduct ongoing analysis and revisions of the actions, work credit values, and number of employees needed. The ongoing analysis is required to account for the fact that there are continuing changes in the complexity of claims, in the legal requirements about what must be done for each claim, and in IT system capabilities.

We consider the following options for redefining actions (step 1) as only two examples among the numerous possible alternative approaches.

One option is to base the detailed list of actions on the four main types of actions proposed by the VSR Performance Standards Workgroup, which are initiating development, making a claim ready to rate, deciding an award, and authorizing the award. Within each of those four types of actions, the work credit values would vary to account for differences in complexity of claims by number of issues, types of medical conditions, and any other factors found to be good predictors of how much time the action requires.

One advantage of this approach would be that employees could focus more on the actual performance of actions rather than spending time recording a lot of separate smaller actions. Another advantage would be that employees would have a lot of incentive to perform only those activities that make a definite contribution to completing the claim. A disadvantage of this approach would be that work credits would be "lumpy," by which we mean they would be relatively large but there would be only a few points in processing a claim at which work credits could be claimed. This could be a problem if there were a day or even a week in which a VSR was in the middle of intensive development activities for a large number of claims, but by chance none of the claims became ready to rate during that day or week because the external parties from whom supporting information had been requested were not responding. In that case, the VSR would earn zero credits for that time period.

A second option is to base the detailed list of actions on a comprehensive list of all the individual activities that employees perform in the process of doing their jobs. The main advantage and disadvantage of this option would be directly opposite to those described in the first example above. Specifically, the disadvantages would be that not all actions make a direct contribution to completing the claim and that the frontline employees would need to spend time recording each of their many separate actions in ASPEN (Automated Standardized Performance Elements Nationwide). However, the advantage would be that this approach would produce detailed records on each frontline employee's specific activities, which would provide both frontline employees and managers with very precise information on exactly how much work the employees have done for any given time period and therefore how well they are on track to meet the month's minimum work credit standards.

In addition to the seven recommended steps, we also have the following individual recommendations for actions that would contribute to the effectiveness of the work credit system:

- As discussed earlier, conducting more quality reviews would better communicate to staff that quality is a priority for VBA.
- If the RO internal quality reviews counted deviations from official procedures for claiming work credits as errors (instead of just as "comments"), then that would improve adherence to procedures, thereby improving quality.
- If there were work credit deductions for actions on which there were errors, then that would improve quality.
- In the long term, if VETSNET could be modified so that it captures work credits automatically as a claim moves through the stages of processing, then that would save time for employees in recording their work credits, and it would ensure that work credits are logged more accurately and consistently across staff and ROs.

#### **Work management system (CPI Model)**

VBA's current work management system is the Claims Process Improvement Model. The CPI model is not VBA's first attempt to manage the claims process by dividing it into separate stages and passing a claim along to a different person at each stage. In the 1990s, VBA was using a similar model called the "unit model." That model resembled the CPI model in that employees were specialized so that the various functions of claims processing (e.g., development, rating, authorization) were performed by different people. The main difference between the unit model and the CPI model was that employees were not organized into teams in which everyone on the team performed the same function. Instead, each team consisted of employees who performed different functions so that they collectively covered all the necessary claims processing functions.

In the late 1990s, there was a business process reengineering (BPR) effort in which a VBA guidance team analyzed the key challenges facing claims processing. Among those challenges were a lack of individual accountability and an emphasis on quantity of work over quality. The team's solution was a "case management model" in which each claim was handled by only one VSR and a rater who made the rating decision. VBA used this model until it adopted the CPI model in response to concerns about problems with timeliness.

It's not difficult to see the cyclical pattern of recurring concerns that led to switching between two basic types of approaches (more vs. less employee specialization), each of which has different advantages and disadvantages. The key question then is which approach has stronger advantages than disadvantages, and based on our synthesis of information that we obtained from our site visits, the answer is not straightforward.

The main motivation for studying the CPI model is the concern that quality and accountability are lacking because many different people are involved in processing each claim. Our analysis finds that two of the main distinguishing features of the CPI model, i.e., the specialization of VSRs and the fact that claims are passed through a series of specialized teams, have both advantages and disadvantages for the quality and timeliness of claims processing. In particular, VSR specialization improves quality and timeliness (compared to a model with less specialization but more continuity in the staff who work on each claim), but the movement of claims across teams reduces quality and timeliness. The issue is to determine whether the improvements outweigh the disadvantages. Thus, the net effect of the CPI model is unclear, which means that before making any changes to its approach to claims



processing, VBA should conduct a pilot study to confirm that those changes will actually produce the desired net improvements.

At the time of our report, VBA was already conducting a pilot study to test an alternative to the CPI model that, based on its design, appears to have the potential to improve both quality and timeliness. Consequently, we recommend that VBA wait for the results of that study before deciding whether it would be worthwhile to investigate other alternatives.

Specifically, VA was conducting a pilot study in the Little Rock RO, and one of its main elements is testing the use of claims processing teams (called “pods”) that contain pre-determination, rating, and post-determination functions. One of the expected benefits of organizing employees into pods is “improved quality resulting from more rapid identification and resolution of errors within the team (i.e., errors will be detected much closer to the point of occurrence).”<sup>5</sup> This approach also retains the current specialization of VSRs. Thus, the current pilot study is testing a model that appears to have reasonable potential to improve quality compared to the CPI model, especially if organizing employees into pods creates a greater sense of accountability than in the CPI model’s function-based teams. Consequently, we do not see any reason to pilot test another approach (e.g., the hypothetical one we consider above) unless the results of the current pilot show that the use of pods does not result in claims processing outcomes any better than those obtained under the CPI model.

It is also important for all stakeholders to consider the possibility that different work management systems might ultimately produce similar outcomes. On our site visits, we heard from a number of managers who thought that the specific claim processing model is less important than managers’ abilities in implementing it. This line of thinking suggests that only limited improvements could be obtained from changing the approach to claims processing. VA should certainly be using the approach that will best produce the quality and timeliness results it wants. However, other factors, such as certain IT improvements, could easily have much more impact than changes to the claims processing approach.

#### **Other study topics**

In the area of IT use, VA has been proceeding with its efforts to increase the use of paperless processing, and that strategy seems to have the most long run potential for improving timeliness and quality. VA has investigated the possibility of using rules-based applications for the rating decision, but the subjective nature of many of the current VASRD criteria would make implementation of that approach extremely challenging.

Timely development of claims is essential to the timely completion of claims, and VBA could improve development time by encouraging more use of telephone contacts to obtain information from claimants and third-party organizations. The best way to encourage this would be to provide appropriate work credit for phone development. Currently, some employees who use phone contacts for development report that they also follow up with a letter that’s not always necessary because sending the letter is what enables them to claim sufficient work credits to meet their minimum performance standards.

On the topic of claims that are ready to rate at the time they’re submitted, we found that there are no standard practices across ROs for handling those claims. There is currently a pilot study to determine the potential for a program in which “fully developed claims” receive expedited treatment, and depending on the results of that pilot, it is possible that VA will establish such a program at all ROs. If it does, then it seems likely that any special procedures that ROs have developed for ready-to-rate claims would be superseded by the program for fully developed claims.

Another category of claims that we were asked to address is claims from SI and VSI veterans. The practice reported to be effective in ensuring that those claims are processed promptly is to designate specific individuals to be responsible for following those claims extremely closely through all phases of processing.

Until recently, VBA did not formally assess or disseminate best practices for claims processing. Instead, managers tended to learn about practices at other ROs through informal contacts. We heard from managers that they would like more access to information on alternative approaches that other ROs have found to be successful, but because of the many differences among ROs, the managers would prefer that any practice reported to work well at one RO be presented as a suggestion rather than as a requirement. In July 2009, VBA issued a standard operating proce-

<sup>5</sup> Booz Allen Hamilton. *Veterans Benefits Administration Compensation and Pension Claims Development Cycle Study*. Final Report. 5 June 2009.

cedure for identifying best practices and disseminating them on their Quality Assurance Web site. So, in the future, it should be easier for managers at ROs to access information regarding best practices.

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

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Thank you for the opportunity to present the views of the National Organization of Veterans' Advocates, Inc ("NOVA") concerning the Veterans Benefits Administration Employee Work Credit and Management Systems.

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

NOVA has written many amicus briefs on behalf of claimants before the CAVC and the Federal Circuit. The CAVC recognized NOVA's work on behalf of veterans when it awarded the Hart T. Mankin Distinguished Service Award to NOVA in 2000. The positions stated in this testimony have been approved by NOVA's Board of Directors and represent the shared experiences of NOVA's members as well as my own eighteen-year experience representing claimants before the Veterans Benefits Administration ("VBA").

P.L. 110-389

In October 2008 Congress passed S. 3023, enacted as P.L. 110-389, and titled the "Veterans' Benefits Improvement Act of 2008" ("the VBIA 2008" or "Act").

Among the reports which the Act required the VA to submit to Congress, before the end of 2009, is a report on a study conducted on the effectiveness of the current VBA employee work credit and work management systems. Act, section 226.

VA COMPLIANCE WITH P.L. 110-389

As of the date this testimony was submitted, NOVA has not seen a copy of the VA's required report to Congress. Moreover, as of May 1, 2010, the VA's required report had not been submitted to Congress.

THE WORK CREDIT SYSTEM

For many years NOVA's members have noticed large numbers of inaccurate compensation and pension decisions which we attributed, in part, to lack of effective training of VA employees and to their cursory review of claims folders.

One of the first published studies to confirm that the VA's present work credit system prevents accurate decision-making was the May 19, 2005 report from the VA Office of Inspector General, "Review of State Variances in VA Disability Compensation Payments", Report No. 05-00765-137 ("the Report"). According to the IG, the VBA's national production standards which must be equaled or exceeded by each Regional Office ("VARO") include, for journeyman Rating Veterans Service Representatives ("RSVRs"), 3 to 5 weighted cases per day, based on the type of claim and the number of claimed disabilities or issues rated; from 3 to 7 weighted cases per day for those working from home; and from 3 to 4 weighted cases per day for Decision Review Officers ("DROs"). Report, page 60.

Sixty-five percent of those VA employees who responded to the IG's questions (questionnaires were sent to 1,992 rating specialists and DROs) reported insufficient staff to insure timely and quality service. More troubling is the report by 57 percent of those responding that it is difficult to meet production standards if they adequately develop claims and thoroughly review the evidence before issuing rating decisions. And, 41 percent of those responding estimated that 30 percent or more of the claims were not ready to rate when presented for rating. Report, pages viii, 58, 60.

An additional indictment of the work credit system is contained in the June 5, 2009, Booz Allen Hamilton Final Report, "Veterans Benefits Administration Compensation and Pension Claims Development Cycle Study" ("Booz Allen Report") which noted that, although the work credit system ties employee performance standards to the system, the work credit system "does not measure individual contribu-

tion to VARO production goals ... [and] does not track the number of claims made ready to rate or the amount of time a VSR needs to prepare a claim for rating.” Booz Allen Report, pages 16, 17. Furthermore, the work credit system is processed utilizing software known as the Access Standardized Performance Elements Nationwide (“ASPEN”), an automated database maintained on the VBA’s information technology system, which relies upon self reporting of specific actions taken during the processing of a claim, for example, .5 credits for conducting follow-up work on a claim already in development, but 1.5 credits for sending a VCAA notification letter. Booz Allen Report, pages 5, 16. More specifically, in 2010, Veterans Service Representatives (“VSRs”) received 1.25 credits for issuing a Veterans Claims Assistance Act (“VCAA”) notification letter to a veteran claiming 1 to 7 disabilities and 1.5 credits if the veteran claimed 8 or more disabilities. September 23, 2009, Report from the VA Office of Inspector General, “Audit of VA Regional Office Claims Processing Exceeding 365 Days” Report 08–03156–227, page iv.

The American Federation of Government Employees, AFL–CIO, has stated that work credits are not properly assigned for the various tasks necessary for processing a claim which causes VBA employees “to short cut those tasks that are undervalued, such as additional case development.” Statement of John McCray, AFGE, February 3, 2010, before the House Subcommittee on Disability Assistance and Memorial Affairs, page 5. Additionally the work credit system has led to a hostile work environment in which additional stress is imposed by “arbitrary increases in production requirements.” Statement of John McCray, AFGE, February 3, 2010, before the House Subcommittee on Disability Assistance and Memorial Affairs, page 2. The result of the VA’s periodic increases in required production standards has been “a dramatic drop in both accuracy and station production. ...” *id.*, page 2.

#### ACCURACY

##### The STAR Program

Accuracy in VBA decision-making is reported in and is measured by STAR, Statistical Technical Accuracy Review, which requires reviewers, who are VBA employees, to review for accuracy a statistical sample of cases worked by each regional office. According to the 2005 IG report, the VBA’s error rate was 13 percent in 2004. Report, page 55.

There is presently no 100 percent reliable way to assess the VBA accuracy rate because there are no available statistics on the number of incorrect rating decisions which are not appealed, nor on the number of partially correct rating decisions, containing incorrect effective dates or disability percentages, which are not appealed. Rather than rely on the VBA’s misleading published accuracy rates, one commentator suggests that review of the claims which are appealed to the BVA is more informative. Benjamin W. Wright, *The Potential Repercussions of Denying Disabled Veterans the Freedom to Hire an Attorney*, 19 FCBJ 433, 440 (2009).

Statistics from the Board of Veterans Appeals for FY 2007, suggest a VBA error rate over four times as large as that reported by the VBA for those decisions which were appealed to the BVA. Thus, in 2004 it took on average 937 days, or 2½ years from initial appeal, or Notice of Disagreement, to final Board decision, see Report Chairman of Board of Veterans Appeals, FY 2004, page 8, [http://www.bva.va.gov/docs/Chairmans\\_Annual\\_Rpts/BVA2004AR.pdf](http://www.bva.va.gov/docs/Chairmans_Annual_Rpts/BVA2004AR.pdf).

Review of the Chairman’s Annual Report for FY 2007, page 20, [http://www.bva.va.gov/docs/Chairmans\\_Annual\\_Rpts/BVA2007AR.pdf](http://www.bva.va.gov/docs/Chairmans_Annual_Rpts/BVA2007AR.pdf) which would be expected to contain decisions on appeals from those VBA decisions appealed in 2004, shows that, in 2007, 41 percent of the appeals to the BVA were denied, leaving 59 percent which were reversed or remanded because of errors by the VBA, not the 13 percent error rate which was reported in STAR.

##### The Use of ASPEN

Another information technology system utilized by VBA to track performance of VSRs, RVSRs, and DROs, is the Access Standardized Performance Elements Nationwide (“ASPEN”). Booz Allen Report, page 5. Problems with this system include that it reflects a random internal review by a Super Senior VSR who pulls the file, reviews the case, logs the result in ASPEN and returns the file. Not only might the internal reviewer’s judgment be questionable, but the delay in providing feedback can be as long as six weeks. The procedure discourages employees from revealing problems, and does not emphasize problem-solving and root-cause analysis. Booz Allen Report, page 18.

## MANAGEMENT

Because the VBA changed the claim processing model from the unified team case management approach to the Claims Processing Improvement (“CPI”) model, utilizing six separate teams, and separating pre-determination (development) from rating and post-determination and appeals, “work moves in large batches to the next step before it is actually needed . . . claims spend time waiting in queues between process operations . . . [and there is] overlapping, redundant, and sometimes unnecessary work activities.” Standardized step-by-step instructions are not provided. Team members lack immediate and unambiguous feedback because limited visual management cues are provided. Additionally, employees are “not sure how the quality of their work impacts the next step in the process, or how their work contributes to the quality of the final product.” Booz Allen Report, pages 3, 13, 14, 18.

Not only does the use of the CPI model cause delays, but the present system, which requires the assignment of work to a VSR utilizing a system based on the last two digits of a Veteran’s claim number, leads to short term “backlogs and delays by not routing work to available VSRs,” Booz Allen Report, page 14.

A further inefficiency is caused by VBA’s use of supervising managers who are not adequately trained. Statement of John McCray, AFGE, February 3, 2010, before the House Subcommittee on Disability Assistance and Memorial Affairs, page 3.

## NOVA’S SUGGESTIONS

Booz Allen’s Cycle Study highlights systemic problems of delays, inefficiencies and inaccuracies present in and created by the VBA’s claims adjudication process which are well known to those who practice in this field and are consistent with the findings contained in the 2005 report by the VA Office of Inspector General concerning the effect of the work credit system on inducing VA employees to prematurely and inaccurately rate claims.

NOVA supports the Booz Allen recommendation to return to a pod team approach and to encourage VA employees to take the time necessary to process a claim correctly the first time. Further, rather than utilizing the present obstructing work credit system, VA employees should be evaluated on the correctness and completeness of their actions to advance the efficient, timely and accurate resolution of the claim. Because most of the delay in processing claims involves development, particularly waiting for and obtaining C&P exams,<sup>1</sup> NOVA also suggests that 38 U.S.C. §5125(a) be amended to require the VA to forego obtaining an additional exam where the record already contains an exam sufficient for rating purposes which would result in a grant of the benefit requested.

Additionally, NOVA recommends the creation of independent quality control teams to monitor accuracy and efficiency and to provide the additional service of conducting on the job training by reviewing claims folders with VSRs, RVSRs, and DROs. Obviously, suitable training is a crucial component of a system designed to make the correct decision the first time. More time and resources need to be devoted to ensuring that all VA employees who handle claims are adequately trained to do their job in an accurate and timely manner.

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**Prepared Statement of Ronald B. Abrams, Joint Executive Director,  
National Veterans Legal Services Program**

Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to submit this testimony on behalf of the National Veterans Legal Services Program (NVLSP). NVLSP is a nonprofit veterans service organization founded in 1980 that has been assisting veterans and their advocates for 30 years. We publish numerous advocacy materials, recruit and train volunteer attorneys, train service officers from such veterans service organizations as The American Legion and Military Order of the Purple Heart in veterans benefits law, and conduct quality reviews of the VA regional offices on behalf of The American Legion. NVLSP also represents veterans and their families on claims for veterans benefits before VA, the U.S. Court of Appeals for Veterans Claims (CAVC), and other federal courts. Since its founding, NVLSP has represented over 1,000

<sup>1</sup> March 17, 2010, Report from the VA Office of Inspector General, “Audit of VA’s Efforts To Provide Timely Compensation and Pension Medical Examinations” Report 09-02135-107, pages i, 11; September 23, 2009, Report from the VA Office of Inspector General, “Audit of VA Regional Office Claims Processing Exceeding 365 Days” Report 08-03156-227, pages iii, 4, 8, 9; Booz Allen Report, page 12.

claimants before the Department of Veterans Affairs (VA) and the Court of Appeals for Veterans Claims (CAVC). NVLSP is one of the four veterans service organizations that comprise the Veterans Consortium Pro Bono Program, which recruits and trains volunteer lawyers to represent veterans who have appealed a Board of Veterans' Appeals decision to the CAVC without a representative. In addition to its activities with the Pro Bono Program, NVLSP has trained thousands of veterans service officers and lawyers in veterans benefits law, and has written educational publications that thousands of veterans advocates regularly use as practice tools to assist them in their representation of VA claimants.

NVLSP has been asked to testify about the quality vs. quantity tension that exists in almost every production system—in the production of televisions, in the production of automobiles and in the production of decisions on claims for VA disability benefits. Television and automobile companies would like to produce as many products as quickly as they can; however their need for production is tempered by their certain knowledge that if they produce automobiles or televisions that have lousy quality people will not buy their products because consumers seeking televisions or automobiles have other choices. But veterans seeking VA disability benefits can only turn to the VA. They are stuck with the quality of the product the VA produces.

As you know, there is always tension between quantity and quality. In fact, faced with a growing backlog caused by a surge of claims from OIF and OEF veterans and with the compounded impact of many years of premature adjudications that forced claimants to appeal or file reopened or repeat claims, the issue of quantity vs. quality has gained increased importance. Unfair, premature denials cause unnecessary appeals and years of delay before deserving veterans obtain justly earned benefits. Adjudicating many claims quickly does no good if many of these adjudications are premature and many deserving veterans are unfairly denied.

The most important and pervasive problem facing veterans seeking VA disability benefits is the eagerness of some VAROs to adjudicate claims before all necessary evidence has been obtained. For example, some VAROs prematurely deny claims based on inadequate VA examinations. In some cases, even where the VA examiner clearly fails to respond to a specific question asked by the RO, the examination report is *not* returned as inadequate. Instead, the claim is adjudicated and denied on the basis of the inadequate report. In other instances, claims are denied before all service medical records are received. Other claims are sometimes denied before the veteran has a fair opportunity to submit independent medical evidence. These all-too-frequent cases of premature denial result from an over-emphasis on timeliness and a lack of accountability.

It is clear to NVLSP that the way the VA evaluates its adjudicators and the way the VA awards work credit encourages sloppy adjudication resulting in premature, unfair denials. Therefore, the first thing stakeholders and those who manage the VA need to do is to admit there is a real and very serious problem with the quality of VA adjudications. NVLSP believes that the problems within the VA claims adjudication system are so serious that band aids (such as: paper-free or electronic claims processing, and a return to the team adjudication approach) will not be enough to fix the problem.

NVLSP has learned that the Veterans Benefits Administration is considering changing how its raters and adjudicators are evaluated, and we eagerly anticipate reviewing these changes once they are final. We, however, advise the Veterans Benefits Administration not to simply make cosmetic changes to the quality, timeliness and output (production) standards for VSRs and RVSRs and expect significant improvement. For example, increasing the quality or accuracy standard from 83 percent to 85 percent for a GS-9 adjudicator could be considered just a superficial change because the current crop of GS-9 adjudicators are having trouble meeting the current 83 percent accuracy rate goal. Unless VBA changes the current system, a system that rewards VA managers for premature denials, there will be no substantive change in the quality of work performed by the VA regional offices.

In the opinion of NVLSP, the current VA employee and work management systems reflect a system that was created to serve the needs of the *bureaucracy* rather than the needs of the veteran. Veterans do not care about the VA need for: work credit; for productivity statistics; and for timeliness statistics. From the point of view of a veteran claimant it is just one claim even if the VARO improperly adjudicated his claim five times and the BVA remanded it three times over the course of 10 years. The primary goal of VBA should be to provide the best service to veterans. It makes sense that the VA work measurement system should reflect and support that goal. What is easiest for the VA bureaucracy is not necessarily best for veterans.

NVLSP suggests that final work credit should not be awarded until the appellate period expires or when the BVA makes a final decision. That would encourage the

VAROs to completely and correctly adjudicate claims at the earliest possible time. It would also incentivize VA managers to encourage their adjudicators to “*do the claim right the first time*” because a correct, complete adjudication would be in the best interest of the VA manager.

Therefore, NVLSP suggests that the VA restructure its work credit and work management systems to reflect the needs of its veteran claimants and then restructure its bureaucracy so that veterans can be best served. The VA needs to balance its competing needs for timeliness and production with the need to provide quality service to its claimants.

### **I. The Unfair VA Work Measurement System**

The current VA work credit system prevents the fair adjudication of many claims for VA benefits. The current VA work credit system needs to be overhauled because it rewards VA managers and adjudicators who claim multiple and quick work credit without complying with the statutory duties to assist claimants obtain evidence that would substantiate their claims and notify claimants of what evidence would substantiate their claims.

No matter how much the average VA employee wants to help the client population, the VA decision-making culture, fueled by the VA work measurement system, penalizes many VA adjudicators for doing a good job. The VA has created a work measurement system for deciding critically important claims that is driven by weighty incentives to decide claims quickly. How the VA measures its work and evaluates the performance of its employees continues to have a major impact on the adjudication of claims for veterans benefits.

Responsibilities of VA managers that protect the fairness of the adjudicatory process—such as “control” of claims, supervisory review of unnecessarily delayed claims, thorough development of the evidence needed to decide a claim properly, recognition of all of the issues involved, provision of adequate notice, documentation that notice was given, and careful quality review—all adversely affect the productivity and timeliness statistics (that is, how many decisions on claims are made within a particular period of time) for the VA manager. Consequently, proper attention by VA managers to their legal obligations very often adversely affects the statistics upon which their performance is rated.

### **II. The Impact of Judicial Review**

The VA claims processing (or claims adjudication) system has been exposed by judicial review. To say there is a crisis in VA claims adjudication is an understatement. Statistics from the Board of Veterans’ Appeals (BVA) and the U.S. Court of Appeals for Veterans Claims (CAVC) show that nationally, for FY 2009, over 60 percent of all VA regional office appeals reviewed by the BVA were reversed or remanded and over 80 percent of CAVC decisions on the merits reversed, or remanded BVA decisions. Please note that for FY 2008 the CAVC reversed and remanded only 63 percent of all merits decisions.

Based on the experience of NVLSP (over 12 years of quality reviews, in conjunction with The American Legion, of over 40 different VA regional offices combined with extensive NVLSP representation before the CAVC), the most egregious VA errors are a result of premature adjudications. For example, many errors identified by Legion quality reviews reveal that VA adjudicators failed to even try to satisfy its statutory duty to assist the claimant by obtaining the evidence needed to substantiate the claim, and incorrectly accepted and prematurely denied claims based on inadequate evidence (especially inadequate VA medical examinations).

I have been told by a variety of VARO officials that because of pressure to produce end products and reduce backlogs, they intentionally encourage the premature adjudication of claims. This statement is based on my experience as a VA employee, and based on my experience as a member of the Legion quality review team.

Fixing the VA work credit system is a topic that is near and dear to my heart. I have been involved in various aspects of veterans law (working for the VA and then NVLSP) for about 35 years. My experience tells me that unless the system is corrected most well-meaning attempts to improve VA claims adjudication will not be successful because the driving force in VA adjudication will continue to be claiming quick work credit.

### **III. The Inadequate Quality of VA Adjudications Is a Major Influence on the Size of the Backlog**

It is clear that the quality of VA adjudications is not satisfactory and is a major contributor to the size of the backlog. Because many claims are improperly denied, because many VA adjudicators are inadequately trained, because many VA regional offices are improperly managed, because many VA regional offices are inadequately staffed, and because VA Central Office management has not acted to fix these prob-

lems in any meaningful way, many veterans and other claimants for VA benefits have to file unnecessary appeals, wait several years for a BVA remand, and wait for the VA to obtain evidence that should have been requested during the original adjudication of the claim. These appeals clog the system and create unneeded work for the VA. Of course, it would have been better for the VARO to do the work correctly the first time.

The VA is now receiving many claims submitted by OIF and OEF veterans. These claims will obviously increase the backlog and increase VA workload. Dealing with this wave of claims will become especially daunting if many of these claims are improperly denied in an effort to artificially decrease the backlog and improve VA managers' timeliness and productivity statistics. This makes it even more important that the VA adjudication system be improved now.

#### **Potential Solutions**

The VA work measurement system has to be overhauled. H.R. 3047 which, in Section 2 would change when VA regional offices (VAROs) can claim work credit, was a good bill that would have accomplished this goal. NVLSP looks forward to reviewing the overdue VA report that was mandated by P.L. 110-389.

The VA needs to acknowledge the complexity of its claims adjudication system and continue to increase the number of adjudicators to work these claims. The following suggestions should be considered:

- The VA should be required to submit to an independent quality review to validate the quality of work performed in the individual VA regional offices.
- The grade levels of VA raters and Decision Review Officers should be raised and these employees should be **held accountable** for the quality of their work.
- Even though additional adjudicators have been hired, Congress needs to continue to provide additional funding for more adjudicators if the workload requires more adjudicators. The additional adjudicators, once properly trained, should help prevent the VAROs from brokering cases (sending cases from one VARO with too much work to another VARO). In the opinion of NVLSP, brokered cases are less accurately adjudicated than most cases and cause continuing problems for the originating VARO.
- The VA should consider going back to the "team" concept in the VAROs.
- Adjudicating from electronic records is a laudable goal if complete records can be obtained and if the database permits logical searches.
- Finally, the adjudication culture at the VAROs needs to be changed. Many VA managers act like they are producing widgets rather than adjudicating claims filed by real people. Their goal should not be just prompt adjudication; the goal should be a timely, accurate and fair adjudication—which in the long run is the fastest way to finally adjudicate claims.

I want to stress that NVLSP is not demanding perfection from VA managers and adjudicators. NVLSP, however, feels that unless the VA changes the way it counts its work, there will be no significant improvement.

Thank you.

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#### **Prepared Statement of James D. Wear, Assistant Director, National Veterans Service, Veterans of Foreign Wars of the United States**

MR. CHAIRMAN, RANKING MEMBER LAMBORN, AND MEMBERS OF THE COMMITTEE:

On behalf of the 2.1 million men and women of the Veterans of Foreign Wars of the U.S. (VFW) and our Auxiliaries, we appreciate the opportunity to present our views before you today. The Veterans Benefits Administration's (VBA) work credit and management systems deserve careful review by Congress. The VFW applauds this Subcommittee for using its oversight authority to examine the incentives within VBA that pit "Quality vs. Quantity."

Further, the VFW compliments Secretary Shinseki's leadership team for VA's Open Government Plan. We fully support all efforts to transform VA into a people-centric, results-driven, forward-looking organization. We welcome every opportunity to work with Secretary Shinseki to encourage a transparent, participatory and collaborative VA that places veterans and their survivors at the center of every decision.

The VFW's chief concern today is the very real perception that VA puts more emphasis on the number of claims that are processed than the accuracy of those claims. This is validated by VA's own measures in the "Monday Morning Report,"

as well as by many VA Office of Inspector General (IG) reports. Secretary Shinseki's goal of rating all claims with 98-percent accuracy in under 125 days is extremely laudable, but the VFW would be ecstatic if VA could just reach the 98-percent goal with the current average wait time of 165 days.

#### **Workload & Management Systems**

Claims submitted to VA are tracked by the assignment of a discreet identifier called an "end product." VBA's work management and measurement systems have various subsystems to track the age of each pending end product, to track the various development and rating actions taken in end products, and the number of end products completed. VBA's work management system tracks all computer actions taken on pending claims by service center employees.

In our view, the major focus for VA must be on management systems reform and fostering a culture change in VBA. As indicated above, VBA has management and work measurement systems that have been in place with only minimum changes for decades. There is a systematic review of the basis used for these management and work measurement systems being conducted, but the results have not yet been released.

#### **Quality Measurement**

The current system employed by the Department of Veterans Affairs, Systematic Technical Accuracy Review (STAR), to analyze and determine accuracy in promulgated claims decisions was created and deployed in 1997. The system determines accuracy by using analytic statistics over the previous 12 months. This is identified as a "rolling 12" since each current month that is added results in dropping the oldest month. When STAR was first used, the accuracy rate was 64 percent and is currently 83 percent. Although there has been an increase in overall accuracy, it is far from an acceptable standard.

The system is based on a random selection of promulgated decisions (rating, authorization and fiduciary) under specific rating indicators or "end products." Therefore, not every decision of a claim is subject to the review. Cases are requested from each regional office based on size. It is very difficult to obtain a reliable sample size. A truly representative sample for the larger offices would require many additional reviewers. The current sample size for the "National Average" in rating decisions is 13,199 cases for 57 regional offices for the past 12 months. The current sample size for the "National Average" in authorization decisions is 8,251 cases for 57 regional offices for the past 12 months.

The system is based on the concept that a decision is either entirely correct or entirely wrong. No longer are there classifications of errors from mere procedural to substantial. Once an error is called and the regional office notified, there is a time period (usually 60 days) in which the regional office may request reconsideration of the error. It is their responsibility to "make the case" that the decision was not incorrect. Since an error can be reversed within a period of time, the accuracy rate reflects a period of time that is 3 months delayed. In other words, the report issued in early February covers decisions ending in November 2009. This time delay affects the validation of the numbers.

The group of employees, considered to be staff of the Compensation and Pension Service in VA Central Office, is located in a separate facility in Nashville, Tennessee. Each expert consultant is tasked with a "second look" at cases with identified errors to insure corrective action is completed based on the error. This is assigned on a rotating basis as "other duties as assigned" and not their primary priority.

There are some deficiencies in this analysis of completed claims. Since it is a random selection of certain types of actions, it is only those identified actions that determine the error or accuracy rate. For example, a claim is identified for review based on a completed action in April 2009. That action is completed according to current policies and regulations. However, the consultant discovers an erroneous action taken in January 2006. The consultant has the responsibility to identify that error and direct corrective action under a "comment" rather than a formal error call. That action must be completed, but does not figure into the overall accuracy rate.

There is one big deficiency to this system that constantly presents a major problem to VA. No one learns from their mistakes. The STAR system was designed to enhance training and knowledge. Each regional office is treated as an individual office and not part of a larger quality control system. It is true that the VA "intranet" has links for regional staff to review the number and type of errors being called but there is no mandatory training of personnel. Identification of an error without a clear instruction or resolution is of no value. Each individual rating or authorization decision maker very rarely is counseled on their individual quality. Therefore, they



believe that they were not responsible for any mistake. The overall accuracy rate may be part of the performance standards for managers and directors, but an individual employee is graded on a "pass/fail" standard. VA willingly admits that production is "job one." Training is the first casualty in the war of the pending backlogs. The nature of the work has become extremely complicated and training should be absolutely required for all decision makers. Regular and serious training will not only stop the slide, but will actually enhance individual skills. The training in an open and serious environment will also benefit all VA staff who interacts with veterans. All such training efforts should be thoroughly documented for all interested parties.

#### **Suggestions for Improvement**

Quality must be incentivized as the primary component of all VA workload and management systems. The current systems are self-imposed VA models that do not have incentives built in to reward accuracy or to correct poor decision-making. The VA must consider the individual training needs of each employee and each regional office in all future work-credit systems. VA leadership must be able to quickly and accurately identify the items that need additional training on the local level.

The current VA nationwide accuracy rate is 83 percent, which ranges from 92 percent at the best Regional Office in Des Moines to a 67 percent worst in Baltimore. All of which still fails to achieve Secretary Shinseki's 98-percent accuracy goal.

The VFW previously suggested that ratings quality could be improved by instituting a two-signature review on every claim before the rating decision is finalized. The management at the Baltimore Regional Office recently decided to start doing two-signature reviews on all actions, ratings and authorization. We will be watching carefully to see if this practice improves their accuracy rate.

The VFW strongly supports partial rating decisions, thus allowing a veteran immediate financial assistance and access to medical care, while promoting the further development of the complete claim. However, VA must grant work credit for partial decisions to incentivize VA employees to utilize this practice. With the advent of an electronic claim, individual issues will be more easily tracked. Most claims are comprised of multiple conditions/issues. Currently, a claim cannot be counted as a completed end product until all claimed conditions have been addressed. Further, veterans cannot be paid until a condition or issue is granted. With the tracking of individual issues, both work-credit and compensation may be awarded as the claim undergoes further development and is finally completed.

VBA leadership needs to reward quality and accuracy. VA must examine each process and decision point and reengineer them to reduce the opportunity for error. Make each decision more difficult to get wrong and errors will be reduced. Regional Offices and individuals with high quality and/or accuracy ratings should be rewarded for their work. The VA management team should focus on changing the culture in VBA so that quality rules, without exception. VBA should emphasize processing an issue correctly the first time.

Finally, VA collects timeliness data to monitor the ability of every office to complete claims within certain pre-established goals. The VFW believes VA should share this information with new claimants via e-mail or letter. Just as many commercial service centers inform telephone callers that "your call will be answered in 3 minutes," it should be just as easy for VA to use real-time information on how long it normally takes to process original compensation claims from, for example, Montgomery, Alabama, which would be 250 days. While that is far too long to process a claim in any world, the veteran would still be knowledgeable of the average length of the wait.

Mr. Chairman, this concludes my testimony. I would be happy to address any questions you or your committee may have. Thank you.

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#### **Prepared Statement of John L. Wilson, Assistant National Legislative Director, Disabled American Veterans**

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear before you on behalf of the Disabled American Veterans (DAV) to address the efforts of the Veterans Benefits Administration (VBA) to properly balance quality and quantity in their work credit and work management programs. Too often, VBA has attempted to manage an ever increasing workload by emphasizing production to the detriment of accuracy. We commend this Subcommittee and Congressman Hall for holding today's hearing

which focuses on this very important issue and how VBA's work credit and management systems impact the claims backlog.

Let me note at the outset that in preparing for today's testimony, we lacked some information that could have better informed our testimony. Specifically, I am referring to the report on the work credit and work management system required by Section 226 of Public Law 110-389, Veterans' Benefits Improvement Act of 2008, which was due to Congress over 6 months ago. It is our understanding that the Center for Naval Analysis (CNA) presented this report to VBA last November, but that it has remained at the Department of Veterans Affairs (VA) for their review and concurrence.

In addition, VBA has just recently implemented new performance standards for Veterans Service Representatives (VSRs) that significantly change the work credit system for employees performing triage, development and post-development work on claims for benefits. We understand that new performance standards for Rating Veterans Service Representatives (RVSRs) are also due to be released shortly. We look forward to hearing VBA's explanation for how these new standards were developed, how they will be implemented, and what effect they will have on both the quantity and quality of work produced by VSRs and RVSRs.

Mr. Chairman, like you, DAV remains concerned about the large and growing claims inventory, or backlog, that VBA is managing. However, we caution the Subcommittee that the backlog is not the problem, nor the root cause of the problem; rather it is a symptom. It is akin to an individual having a fever. While one can take aspirin to reduce the fever, unless the underlying condition that caused the fever is treated, the fever may return and the patient's condition may worsen. So too it is with the claims backlog. The underlying condition is a broken claims processing system that leaves too many veterans waiting too long for rating decisions that are too often wrong. Until we address the root problems within that system that resulted in the backlog—lack of quality, accuracy and consistency—no matter how quickly claims are processed, the problems will remain and the backlog will return.

For this reason, we believe that the best and only approach that will work is one that emphasizes quality at every stage of production. To achieve this outcome, it is essential that we examine the system of incentives and accountability for employees, management and leadership.

Mr. Chairman, I am sure you and other members of this Subcommittee have heard Secretary Shinseki say that he intends to "break the back of the backlog this year." The way this will be measured is through VBA's Monday Morning Workload Reports which contain measures of production, but not accuracy or quality. Since this is the only set of numbers that consistently makes its way into the consciousness of Congress and the media, it is not surprising that the backlog has become the focus of each, and thus VBA's leadership has a great incentive to reduce the backlog, which logically leads to an emphasis on production. However, producing more inaccurate decisions will not reduce the backlog; it will increase it and further clog the appellate process.

Similarly, looking at VBA's Dashboard, which provides the current performance statistics for each VA Regional Office (VARO), the measures reported are primarily related to pending work inventory and production times. There are few measures of accuracy included in the Dashboard reports, and those are based upon 12-month rolling averages from national STAR reviews. Improvements to these quality measures would take many months to show up, whereas changes in production would be more easily influenced by management decisions about resource and work allocation. Given the directive from leadership to "break the back of the backlog," it is not surprising that VARO management focuses heavily on production, rather than accuracy or quality.

Given leadership and management's focus on production, it is not surprising that employees—VSRs and RVSRs—feel tremendous pressure to meet production goals. While accuracy has been and remains one of the performance standards that must be met by employees, there is reason to believe that the work credit system creates incentives for them to favor production over accuracy.

Performance standards are the most important factor in determining the incentives for employees. If the standards either directly or indirectly reward production over quality and accuracy, we must expect employees to work first toward production goals. Although we have not heard VBA's explanation of the new performance standards, nor seen the CNA study on the work credit system, we were able to get a copy of the new VSR performance standards and offer the following observations and concerns about this significant change.

The new performance standards have streamlined the measures of production for VSRs from what had been 63 categories of weighted work activities to five produc-

tion categories now called “outputs.” Essentially, a VSR will receive one “output” credit for completing each stage of the work process: initial rating development, initial nonrating development, ready for decision, process award/decision and authorize award. It appears that this system is designed to emphasize moving claims quickly towards completion by eliminating the piecemeal work credits that were based upon each activity related to development that was completed.

The new system provides no work credit for Congressional inquiries, Freedom of Information Act requests or conducting personal interviews. It also appears to eliminate work credit for appeals related activities, such as supplemental statements of case (SSOC).

We have been told that the old work credit system created opportunities for “gaming” the system, such as delaying requests for routine future exams, in order to gain additional work credits. However, we are now concerned that the new streamlined system of measuring only “outputs” may inadvertently create incentives for cutting corners, since more complex cases get no more credit than simple cases.

In addition to output, there are three other “Critical Elements” in the new VSR performance standards: Quality, Timeliness, and Training. We certainly agree that each of these are essential to improving the benefit claims processing system; however, we do have questions about how these new standards will produce more accurate and timely claims.

We note that VBA has increased the accuracy standard for VSRs and we certainly agree that accuracy, even by the national STAR measures, remains too low. However, it is not clear how raising the standard in and of itself will result in increased accuracy. We also remain concerned about how reliable the employee reviews will be for measuring quality. We have testified previously that coach reviews of five cases per month are not accomplished 100 percent of the time, and in many cases coaches do not have sufficient time to comprehensively review each case. As a consequence, we do not have confidence that employees performing below or above standard will be consistently measured. Employees in need of extra training and individualized mentoring may not get the attention they need to become more effective. We are also concerned that these local quality reviews may be significantly different from station to station.

We continue to note that VBA does not have a unified system for aggregating and analyzing the results of both the coach reviews and the STAR reviews in order to provide trend analysis for both quality control improvements and for development of new training instruments.

Under the new VSR performance standards, “Timeliness” will be established locally by each VARO based upon end of year station targets. While we recognize that cycle times vary from station to station due to workload and inventory, we question whether it is reasonable to have employees at different stations being held to different standards for the same work. We also have questions about whether cycle times, which include wait periods and work volume, are the most reasonable measure for holding VSRs accountable. For example, is the cycle time for average days awaiting evidence a fair measure since the submission of evidence is not in the control of the VSR?

VSRs will also now be held accountable for meeting the “Training” standard. We question whether this should be a management accountability standard more than an employee standard, since training is critical to keeping staff informed of the evolving nature of claims, whether it is new presumptive service conditions, changes in public law or recent Court cases. Given some reports we have heard from the field about management pressuring employees to cut back on time for training to meet production goals, how is management held accountable for training being properly implemented?

Mr. Chairman, we congratulate you and the Subcommittee for holding today’s hearing raising the critical issue of quality. We will continue to work with you and others to help create a culture at VBA that measures and rewards the quality and accuracy of results, not just quantity, and provides sufficient training of VA’s management and workforce in order to achieve this outcome.

That concludes my testimony and I would be happy to answer any questions the Subcommittee may have.



**Prepared Statement of Ian C. de Planque, Deputy Director,  
Veterans Affairs and Rehabilitation Commission, American Legion**

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to express the views of The American Legion on the importance of accuracy in the veterans' benefits system. The Department of Veterans Affairs (VA) has maintained, as stated by Acting Undersecretary for Benefits Michael Walcott in a January 3, 2010 appearance on CBS's *60 Minutes*, that: "*We stress over and over again to our employees that quality is our number one indicator, that that's absolutely a requirement for successful performance.*" However, even cursory examination of actual operations shows that a far greater emphasis falls on the quantity of claims processed than the accuracy with which those claims are processed. VA Secretary Shinseki has recently set forth a bold goal of elevating the accuracy rate to 98-percent, while slashing the time of processing those claims to a state in which no claim would remain in the system unfinished for more than 125 days. In short, VA means to eliminate the backlog while eliminating error. If such a thing is possible, it would obviously be of great benefit to the veterans of America; however, if such a plan has any chance of being effective, it must *start* with the quality component. Otherwise there is little hope of providing real benefits to veterans.

Quality is essential because of the sheer scale of the matter. By VA's own admission, in 2010 and 2011 and beyond, they will be processing in excess of a million claims a year. With volume such as this, even an error rate of 1 percent represents 10,000 claims incorrectly processed. Recently, VA's most optimistic accuracy projection was 87 percent. This number was challenged by the VA Office of the Inspector General (VAOIG) as being highly optimistic and at least 10 percent higher than the actual figure. However, even relying on this inflated number, when one small component of the upcoming claims challenge is examined, the impact is potentially staggering. VA expects approximately 200,000 veterans with Ischemic Heart Disease to file claims under the new regulations regarding Agent Orange in 2010. Going by the optimistic error rate of 13 percent, this still means 26,000 of those veterans will have their claims improperly processed.

Errors at VA impact thousands of veterans every year. A veteran who struggles to earn an income because of a service-connected disability, an error that denies service-connection for that disability can be the difference between getting by and becoming one of the over 100,000 homeless veterans in America today. Errors affect lives. It is essential that the removal of errors from the system be the highest priority of reform.

Testimony from the American Federation of Government Employees (AFGE) representatives before this Subcommittee, as well as comments during personal interviews conducted during American Legion Quality Review visits to Regional Offices, has spoken of the overarching pressure to "make the numbers for the week". VA employees are charged to complete a minimum of 3.5 claims per day, often more in some Regional Offices. This pressure leads to the conundrum faced by a VA rater at one Regional Office who, during the interview process of an American Legion Quality Review, gestured to a claims file five inches thick and stated, "That's one of my fellow veterans there. I have less than two hours to go through that claim. How am I giving that guy justice?" The employees want to get the job done right. VA employees want to take pride in their work and be accurate. They want to help veterans. However, the pressures brought about by volume are making it increasingly difficult for those employees to do so.

To resolve the issue, VA will have to go through a several step process, yet none of these steps are insurmountable. VA must begin by making quality the foundation upon which all else is based. They can make better use of triage techniques to help manage the time constraints that quality demands. Finally, VA must commit to accuracy as a greater measure of success than quantity of claims processed.

VA is in the process of testing multiple pilots across the country to determine the most effective operating procedures in their Regional Offices. Whether it is the "Lean Six Sigma" pilot in Little Rock, the electronic office pilot in Providence or one of the many others, these pilots all have the same aim—to improve how VA operates and to create a better system. However, even in these efforts, the goal is increased speed in processing as the "Prime Directive." Clearly, VA is interested in transforming the office environment and thus there is no better time to ensure that this transformation is built upon a solid foundation—accuracy.

Quality takes time. It takes time to do something right. However, when something is done properly in a repetitive manner, speed will derive from the smoothness. Familiarity breeds speed. When an employee develops speed due to quality and effectiveness, they are developing speed with the proper procedure. As the system currently works, there are errors rampant within the processing system. This is com-

pounded by tremendous pressure placed on VA by veterans' and military service organizations; private citizens; the media; and Congress to eliminate the backlog. Perhaps the focus should be on quality the first time and not the backlog itself. New tools, such as electronic office measures to operate in a paperless environment, are touted as the solution to increase timeliness. However, unless the transformation of the operating environment is fundamentally changed to an environment based on quality, VA will only be processing mistake-ridden claims . . . faster.

Ingrained in military training is a well-known maxim that "if you do something right, the speed will follow." It is the principle of crawl, walk, run. Take the time to learn the procedure right the first time, each successive time that the task is performed, speed can and will be increased. The important difference is that proficiency and speed will be increased under a proper operational model.

VA has increased hiring due to additional monies provided by Congress. As the existing workforce is being displaced through retirement, VA is in a position to, through training of the new employees, create a core group that will be the foundation of VA going forward through the 21st Century.

Taking the time to do claims correctly and inculcate this mindset of attention to detail will, in fact, temporarily increase the existing backlog. Some of this process may require a more sympathetic eye towards a slower pace of reduction. Most veterans could agree that a little longer time for a claim, if it is done properly, is a small sacrifice to pay for a system that will be better and better for many years to come. A little more patience is required for a job done right. If your choices are swift, but shoddy work vs. deliberate, but accurate work, many would vote for accuracy every time. Errors take years, not hours, to correct.

Still, there can be improvements in the overall system that will help create the necessary time to get the job right. In a more efficient system, time can be better allocated to get the right amount of time to the claims that demand additional time. With a better system of triage, simple claims which require little or no development can be fast-tracked, allowing for a greater portion of time to be allotted to those claims that justifiably demand more intricate attention. VA can identify claims, such as presumptive disorders, submitted with private medical evidence. These claims can be granted immediately with an interim rating, allowing for the lion's share of development time to be undertaken after veterans are integrated into the system and receiving their earned benefits, such as health care for their condition.

A simple claim seeking an increased rating for hearing loss, which should require little development, can be performed in short order. If VA seeks to maintain their present rate of three to four claims a day per employee, triaging claims to account for simple claims that can be accomplished relatively quickly will provide more time for those claims that have more issues or are more complex. In this manner, the overall numbers should continue to be relatively the same, or even improve, if a more efficient system of directing claims to where they can be processed most effectively can be implemented.

All of this will be in vain, however, if VA continues to track success primarily by the number of claims processed. VA regularly reports the number of claims processed and the number of claims pending in their Monday morning workload reports. These reports are silent as to the accuracy of claims being processed in the offices and in the VA overall. This is a clear indication of what matters. Human nature dictates that employees will work to the acceptable standards put forth by management. If management stresses numbers, then numbers are what employees will strive to accomplish. If management stresses accuracy and judges employees based on accuracy, then the incentive to cut corners will disappear, and employees will exercise more caution to ensure they aren't falling behind in accuracy.

Similarly, if management is judged on the volume that their office produces, and little attention is paid to the quality of work, managers will respond with greater emphasis on volume to their employees. Currently, there is a single component devoted to accuracy rate in management evaluation, the greater emphasis is on performance, and thus, whether management receives bonuses is based on the volume of claims moved through the office. As long as this state of affairs persists, then quantity is what will be produced, often at the expense of quality.

The American Legion has long supported a change in the manner in which VA counts their production. The American Legion continues to advocate for a system that is based on quality determined by the final adjudication of the claim. This is based on a belief that the current emphasis on numbers creates an atmosphere of substandard quality and cutting corners, and that, as much as any other factor, contributes to claims remaining in the system for long periods of time, thus leading to the backlog of claims VA is currently operating under.

The American Legion believes that the backlog is not the problem. The backlog is merely a symptom of the problem. Much as an infection in the body leads to a

fever, the infection of poor quality work in VA leads to the backlog. If you treat the infection, the fever will reduce. If you improve the quality of decision-making in VA, the backlog will diminish.

The media is full of reports of veterans who fight years and years in the VA system for benefits they are entitled to receive. The constant refrain from frustrated veterans is that VA is delaying and denying and waiting for them to die. A veteran's claim is not an initial claim, if it is languishing in the system for multiple years. VA's average processing time for an initial claim hovers around 6 months. While many of these initial claims can exceed a year, multiyear claims are almost exclusively claims that have been appealed through the higher levels of VA's adjudication system.

When a claim is reviewed by the Board of Veterans Appeals (BVA) many years after the initial claim has been filed and appealed and made its way to Washington, DC, that claim is commonly remanded or returned to address simple procedural errors that were made at the Regional Office. Many of these claims are won once the proper procedure has been followed. The end result is that a veteran with a legitimate claim has waited now for three to 4 years or more to be granted a claim that would have been won in the Regional Office had the Regional Office only done its duty properly the first time.

To understand the scale of the appeals problem, it is again important to consider the numbers involved. If VA is processing approximately one million claims a year, and approximately 10–15 percent of veterans are appealing these claims simply because of poor decision-making and failure to adhere to the required procedures, then approximately 100,000–150,000 cases are being recycled into the system every year. These are hundreds of thousands of claims that would not be a part of the backlog had VA done the job properly when given the first opportunity to do so.

It is this cycle which must stop if the backlog is ever to be cured. By minimizing, or better yet eliminating errors at the Regional Office level, the number of appeals and thus the number of claims destined to languish many years in the system will be massively diminished. This is the goal VA must strive for.

VA's frequency of error has created a gulf of distrust between this Federal agency created to help veterans and the community of veterans that they have been directed to serve. Veteran confidence in the VA's ability to correctly process their claim is very low. However, this trust is not lost, merely damaged, and with diligent effort on the part of VA it can be restored. In the 1970s the Veterans' Health Administration faced a similar lack of confidence in their ability to serve the veterans' population. A major overhaul was required to regain the public trust.

The American Legion monitors the VA health care system through our annual System Worth Saving reports. What has been shown is a renewed confidence in VA health care. Many veterans speak proudly of the care they receive through VA and the quality of that care. Patient satisfaction is among the very best in the entire health care industry, public and private. There are still problems within that system, and there is always much work to be done. However, the example of this transformation and VHA's ability to regain some measure of trust within the veterans' community is indicative that it is not too late for the Veterans' Benefits Administration (VBA) to similarly embark on a great campaign to regain the trust of the veterans that they serve.

The present administration of VA under Secretary Shinseki has set bold expectations and shown promising signs. The candor with which they admit to the grave flaws within the system and the necessity of change is both refreshing and admirable. Whether or not the reality of this transformation within VA will conform to this mission statement remains to be seen. VA has recently announced changes to their internal work credit system. Information on exactly what these changes constitute is currently slim, yet hopefully will be revealed in the near future. Whether these changes will be real changes with a chance to positively support an emphasis on quality or simply window-dressing covering a continued emphasis on pure volume remains to be seen.

With the positive mission laid out by Secretary Shinseki, perhaps a situation of distrust may be moved to one of "trust, but verify". There is, to be sure, a great deal of damage that has been done to the state of trust by an ongoing culture of volume over accuracy. When veterans look to the system designed to support them, they too often experience only a cold, unfeeling bureaucracy that treats them as a number and pays little attention to getting their claim done "right". If a mistake is made, then what are the consequences? Veterans do not see consequences for errors, but experience the dramatic impact on their life and well being. This must change.

VA stands on the brink of a major transformational effort. There is no better time than the present to rebuild this system on a bedrock of quality and accuracy. There

is no better time to repair the lost trust with the veterans' community. A demonstrable dedication to quality above all else would go a long way towards doing so.

The American Legion stands ready to answer any questions of this Subcommittee and thanks you again for this opportunity to provide testimony on behalf of our members.

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**Prepared Statement of Jimmy F. Sims, Jr., Rating Veterans Service Representative, Winston-Salem, NC, Regional Office, Veterans Benefits Administration, and Shop Steward, Local 1738, American Federation of Government Employees (AFL-CIO), and AFGE National Veterans Affairs Council**

Chairman Hall, Ranking Member Lamborn and Members of the Subcommittee:

Thank you for the opportunity to share the perspective of the American Federation of Government Employees (AFGE) and the National Veterans Affairs Council (VA Council), the exclusive representatives of Compensation and Pension Service (C&P) employees of the Veterans Benefits Administration (VBA), regarding the critical need to overhaul the current work credit and work management systems.

The work credit system is the essential building block for managing work and evaluating performance. This system must be developed on the basis of valid empirical data; VBA must, with no preconceptions, identify how much an employee can reasonably be expected to do with an acceptable level of accuracy, and use that data to project the number of employees it needs to process its inventory.

The studies that form the basis of work credit systems are widely used in industry to increase productivity and known by terms such as "business efficiency" or "time and motion" studies. AFGE and the VA Council are aware of only one extremely limited attempt by VBA to conduct a study along these lines but it failed to produce any useful findings. Management placed a software program on a sampling of employees' computers in an undetermined number of ROs, with no explanation of how they selected the sample. The data was collected by a program appearing on the screen every few hours to ask what the employee was doing. The program did not differentiate between employees working on a single claim and multiple claims, thereby leading VBA to continue to create flawed work credit and work management systems based on incomplete data retrieved.

A study of VBA's work credit and work management systems was mandated by P.L.110-389, but we fear that when completed by the contractor, this long overdue study will not produce adequate data. It is very troubling that once again, VBA did not solicit input from employee representatives.

The performance standards that comprise the work management system are only as good as the underlying work credit system. Pursuant to an agreement between VBA and AFGE and the VA Council, national performance standards to boost VSR productivity were put in place in 1997, and were later revised in 2003, again in 2005, and most recently this spring.

AFGE and the VA Council have long taken the position that VBA is contractually barred from raising local production standards above the national standards. VBA's insistence on allowing ROs to set their own local standards has led to harmful inconsistencies and low morale. For example, a RVSR assigned to the Seattle Regional Office may be required to produce 5.25 weighted cases per day, where a RVSR assigned to the Winston Salem Regional Office may be required to produce 4.0 weighted cases. Consequently, RVSRs in Seattle have to complete 6 single weighted action cases, while RVSRs in Winston-Salem only have to complete 4 cases, to meet the local standard.

The underlying problem is that production standards for VSRs and RVSRs appear to be based more on politics and bonuses rather than on the goal of processing today's complex claims in an accurate and complete manner. VBA managers, many of whom have not adjudicated a claim for many years (or never), define performance largely in terms of inventory and days pending completion of a decision. Our members working on the front lines report that when they meet RO production goals, they have been "rewarded" with arbitrary increases in production standards for the following year.

VBA has not adjusted individual employee production standards to reflect the increasing sophistication of our claimants, the complexity of claims and continued changes stipulated by regulation. Employees are subjected to arbitrary and unreasonable production standards that lead to inefficient and incomplete claims development. As a result, issues are missed, evidence is ignored, and decisions are rushed.

All of this results in poor service to our claimants and is contrary to the VA's mission.

The current standards discourage complete and accurate claims development by denying employees credit for completing work on essential tasks. The following are some of the many examples of essential work that VSRs and RVSRs perform for which they receive **zero credit**: (We can provide more examples at your request)

1. VSRs receive **zero credit** for Triage and Public Contact work because the new VSR Performance Standards only allow credit based on 5 criteria (instead of 60);
2. RVSRs get **zero credit** for additional development directed or completion of VA examination requests, even though both may require multiple hours of production time to complete;
3. Under the previous standards, VSR would receive full credit for all tasks ("End Products (EP)"). Under the current VSR standards, employees can receive **zero credit** for work completed. For example, a VSR on the Post-determination team receives a rating to promulgate a reopened claim (EP 020), and the veteran requests to add a dependent (EP 130). In addition, VBA proposes to reduce the rating of one of the veteran's service-connected disabilities (EP 600). The employee would only receive credit for the 020, while completing the other actions for **zero work credit**.
4. VSRs get **zero credit** for any supplemental development, i.e. all aspects of the claim following initial development actions at the time the claim is established. The only other credit is applied at the time the claim is established as Ready for Decision. For example, RVSRs may send the case back to "cut" (request) the correct exam. (This is occurring more frequently because VSRs are being asked to write opinion exams and perform other complex work without adequate training, thus causing more requests for the wrong exams). In this case, the VSR is forced to remove any prior credit taken, and must complete the directed development with **zero credit** given.
5. In order to provide medical release forms to all treating physicians, VSRs may spend up to an hour—with **zero credit**—duplicating individual release forms, because veterans often erroneously list all their providers on a single form.
6. VSRs and RVSRs get **zero credit** for the mandatory work of reviewing the claims folder, which may take as long as two to four hours to complete.

#### *Other Concerns*

The current work credit system fails to adequately measure the work of VBA personnel who have been assigned collateral duties (in addition to adjudication duties), e.g. Homeless Veteran Coordinator and Seriously Disabled Veteran Coordinator. These employees are especially impacted by management's continual change in priorities to meet new Central Office mandates.

Similarly, employees assigned to outreach duties during the work day do not receive adjustments in their work credit for time away from production.

New VSRs and RVSRs still undergoing training are held to unrealistic standards and penalized for having to correct prior work, regardless of how much time this takes away from production. Corrections are not considered in the evaluation of performance.

#### *Summary*

The current work credit system has created a tremendously stressful, demoralizing, assembly-line work environment that is hurting VBA retention of experienced employees and contributing to attrition among new hires. The current system also takes a heavy toll on training, resulting in the termination of many employees within the first year. The ultimate harm falls upon the veterans, who are deprived of a full, fair, and timely consideration of their claims, and a growing backlog.

Therefore, AFGE and the VA Council urge the Subcommittee to mandate a scientific time-motion study of the resources and skills required to do the current mix of increasingly complex claims. Both VSOs and employee representatives should have formalized, ongoing roles in the design, implementation and updating of the new work credit and work management systems, as well as staffing decisions based on these measures. Thank you.



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

Mr. Chairman and Members of the Subcommittee, thank you for providing me the opportunity to appear before you today to discuss the Veterans Benefits Administration's (VBA) work credit and work management systems as they relate to quality, accountability, and accuracy in compensation and pension claims processing. I am happy to be accompanied by Jason McClellan, Director of the Veterans Benefit Administration's (VBA) Central Area Office. VBA acknowledges the concerns of our Veterans, stakeholders, and the general public regarding our current work credit system and the perceived emphasis of quantity rather than quality; however, VBA does not and never has emphasized the quantity of claims completed over the quality of our decisions.

Under the leadership of Secretary Shinseki, the vision of VBA and that of the entire Department is to be an advocate for Veterans, not an adversary. Secretary Shinseki's guidance to VBA and all of VA is clear: to transform VA into a 21st Century organization and to ensure that we provide timely access to benefits and high quality care to our Veterans over their lifetimes, from the day they take their oaths of allegiance until the day they are laid to rest. One of the Secretary's key objectives is to eliminate the disability claims backlog by 2015 while creating a new claims processing system that is more timely and accurate. The Secretary set a goal for VBA to process disability claims at a rate sufficient to avoid any Veteran waiting more than 125 days for a quality review and decision. It will take all of VA, as well as the help of Congress, Veterans Service Organizations, and other stakeholders to achieve this goal. A crucial component of achieving this goal is a well-trained, well-managed, and well-resourced workforce that has the tools and systems in place to tackle the complex work of disability claims processing. The President's 2011 budget fully supports our progress with a 27 percent increase in VBA funding over the current year.

As the Subcommittee is well aware, under Section 226 of Public Law 110-389, Congress required the Secretary to initiate a study of the effectiveness of the VBA's employee work credit and work management systems to evaluate more effective means of improving disability claims processing performance. A report to Congress on that study was due on October 31, 2009. I want to apologize to the Subcommittee for this late report, which we expect to deliver in the near future.

Under a contract with the VBA, the Center for Naval Analyses (CNA) conducted this study and produced the report titled, *Qualitative Analysis of VBA Employee Work Credit and Work Management Systems*. The CNA report was primarily a qualitative analysis of employee interviews, and the recommendations provided focus on improving the employee work credit system by establishing specific standards with clearly defined actions and time allotments that support quality work. The CNA recommendations closely align with VBA's current initiatives to better link performance with the completion of decisions for Veterans and lessen emphasis on discrete work actions within the claims processing lifecycle.

I want to emphasize that VBA strives to ensure that compensation and pension benefits are provided in a timely, accurate, and consistent manner. As our workload continues to grow, we are committed to increasing the consistency and accuracy of our decisions while completing an anticipated record 1,000,000 claims in fiscal year 2010.

Regional Office (RO) performance varies as the result of several factors including workforce experience, local economic and employment environment, and staff turnover. VBA aggressively monitors RO performance and develops specific action plans to address areas for improvement. Leadership within the Compensation and Pension Service as well as Area Directors oversee RO performance through monitoring and site visits. Lessons learned and specific examples of "best practices" from these visits are provided to assist ROs in enhancing their performance.

As VBA's workload continues to increase, maintaining balance between the quality and quantity of claims completed remains a priority. VBA experienced a 14.1 percent increase in annual claims received in 2009, and we project increases of 13.1 percent and 11.3 percent in 2010 and 2011, respectively. In addition, on October 13, 2009, Secretary Shinseki announced his decision to establish presumptions of service-connection for Vietnam Veterans with three specific illnesses based on the latest evidence of an association with exposure to herbicides including Agent Orange. To respond to this expected growth in claims receipts, Secretary Shinseki announced an aggressive new initiative in March, 2010 to solicit private-sector input on a proposed "fast track" Veterans' claims process for these new claims related to Agent Orange exposure during the Vietnam War. We are seeking automated solutions for

the parts of the claims process that take the longest amount of time but do not involve actual adjudication or award of benefits. VA believes these parts of the process can be collected in a more streamlined and accurate way. With this new approach, VA expects to shorten the time it takes to gather evidence, which now takes on average over 90 days. Once the claim is fully developed and all pertinent information is gathered, VA will be able to more quickly decide the claim.

VBA has both short-term and long-term strategies underway to reduce the backlog of disability claims while improving the quality of our output, even as those claims increase in number and complexity. VBA continues to aggressively hire claims processing staff across the Nation. Recognizing that it takes approximately 2 years for a new employee to become fully trained in claims processing, ROs are encouraged to implement mentoring programs and provide new claims processing employees with timely feedback from trainers, reviewers, and supervisors. Area offices are increasing their oversight of ROs whose national rating-related claims quality is below 85 percent. In addition, quality factors heavily into VBA's three-tiered incentive compensation program which provides meaningful incentives to ROs that achieve a 90 percent or higher accuracy rate for the fiscal year. As mentioned earlier, an expanded workforce, improved training and leadership are a part of the toolkit we are bringing together with new technology and business systems solutions to tackle the disability claims backlog. No single part of this approach can solve the disability claims backlog alone. It must be a concerted approach, throughout the entire VA, to bring every tool to bear on this important priority.

Completing an independent VBA effort begun in 2009, we recently revised the Veterans Service Representative (VSR) performance standards in ways that address recommendations since made by CNA. VBA performance standards have always included a quality element for claims processors to ensure correct information is disseminated and accurate decisions are provided on all claims administered by the VA.

The newly revised VSR performance standards further align individual employee performance targets with national targets and require local quality reviews to be based on the same criteria as the national quality assurance reviews. In developing these new standards, VBA formed a workgroup of subject matter experts from all levels of the organization, including RO Directors, Veterans Service Center managers, and first-line supervisors, as well as employees from the Compensation and Pension Service and the Office of Field Operations in VBA Headquarters. A VSR also participated in the workgroup as the representative for VBA's labor partner, the American Federation of Government Employees.

VBA implemented the revised performance plan for VSRs nationwide on April 12, 2010. The revised plan aligns the specific quality and production elements with the national targets, allowing performance credit only for those actions that advance a claim to the next stage of a claim's life cycle. A similar initiative is currently underway for the Rating Veterans Service Representative and Decision Review Officer performance plans.

VBA is actively pursuing additional initiatives to reach our strategic goals of eliminating the backlog of disability claims while achieving a 98-percent quality level. We established pilot initiatives to improve claims processing and services to Veterans at the Little Rock, Providence, and Pittsburgh ROs. These pilots are actively exploring process and policy simplification and technology improvements to enable VBA to reach our goal of providing world-class service to our Veterans. The CNA study also looked at the current VA work management system, referred to as the Claims Process Improvement Model, which emphasized employee task specialization. In support of the pilot in the Little Rock RO, VA has engaged Booz, Allen, and Hamilton to assist with evaluating the current claims process using lean six sigma analysis techniques.

This past fall, VA employees and co-located Veterans Service Organizations submitted more than 3,000 ideas as part of a VA Innovation Initiative competition with the stated purpose of finding the best ideas to improve the claims process. Ten winners were announced; after further analysis, eight were determined to be viable solutions. We are working with the ROs that submitted these initiatives to refine costs, timelines, and resource requirements for implementation.

In addition, VBA Leadership met for a week in March to begin to develop a comprehensive plan that will focus on eight lines of action for change in VBA in order to achieve the Secretary's goal of eliminating the disability claims backlog by 2015. These lines of action include: leadership and culture, performance management, resource capacity and footprint, process design, claims segmentation, Veteran partnership, legislative and regulatory framework, and technology.

Developing and implementing these technological and procedural initiatives will reduce the time required to obtain information from outside sources, simplify the

claims adjudication process, and increase accountability for claims decisions. These changes will help us achieve our goals of eliminating the disability claims backlog, reducing the pending inventory, fielding a sustainable processing system where significant inventories do not develop, and most importantly, providing all Veterans with accurate, timely, and consistent decisions on their disability claims.

Mr. Chairman, this concludes my statement. I would be happy to respond to any questions from you or other Members of the Subcommittee.

