

GAO

Report to Ranking Minority Member,
Committee on Veterans' Affairs, House of
Representatives

April 2000

VETERANS' BENEFITS

Promising Claims-Processing Practices Need to Be Evaluated



GAO

Accountability * Integrity * Reliability

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Abbreviations

GPRA	Government Performance and Results Act
SDN	Service Delivery Network
STAR	Systematic Technical Accuracy Review
VA	Department of Veterans Affairs
VBA	Veterans Benefits Administration



United States General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services

B-282849

April 7, 2000

The Honorable Lane Evans
Ranking Minority Member
Committee on Veterans' Affairs
House of Representatives

Dear Mr. Evans:

In fiscal year 1999, the Department of Veterans Affairs (VA) paid about \$21 billion in compensation and pension benefits to more than 3 million disabled veterans and their dependents and survivors. Under the direction of the Veterans Benefits Administration (VBA), 58 regional offices receive and process veterans' compensation and pension disability claims. For many years, VBA's disability claims processing has been the subject of concern and numerous studies—particularly its outmoded processes and long waits for claims decisions. As a result, VBA has been exploring ways to reengineer the regional offices' business processes and improve their claims-processing performance. More recently, the accuracy of regional office claims processing has been the subject of concern and attention within VA and from the Congress and veterans' service organizations. Such questions arose because, in more than half the cases when veterans appealed regional offices' decisions, the Board of Veterans' Appeals either reversed the regional offices' decisions or remanded them to the regional offices for further development and reconsideration.

Amid such concerns, you asked us to report on (1) practices that individual regional offices believe have helped them improve the accuracy of their disability decisions and remand rates, and (2) VBA's efforts to evaluate and disseminate information on individual regional office practices that hold promise for improving accuracy and remand rates of regional offices nationwide. To address these issues, we met with VBA officials and reviewed VBA program guidance, procedures, policies, and quality assurance data. We also surveyed all regional offices and visited six of them to discuss their practices in more detail. We did not evaluate the effectiveness of individual practices, but discussed the benefits of these practices with regional office and VBA headquarters officials. (See app. I for more information on scope and methodology.) We conducted our review between May 1999 and February 2000 in accordance with generally accepted government auditing standards.

Results in Brief

The 55 regional offices responding to our survey reported a total of 238 practices that they believe have helped improve the accuracy of their disability decisions and remand rates. We grouped these practices into four broad areas of focus: (1) efforts to improve staff training, guidance, or accountability; (2) changes in supervisory or staffing structure; (3) efforts to develop evidence accurately and fully; and (4) efforts to communicate more effectively with veterans. While many practices were similar, the mix and number of practices varied from office to office, and the regional offices viewed some practices as more effective than others in improving accuracy and remand rates. However, the regional offices generally had not conducted evaluations to demonstrate a link between a specific practice and improvements in accuracy or remand rates.

Similarly, VBA has not systematically evaluated regional office practices to identify best practices that hold the most promise for improving the claims-processing performance of regional offices across the nation. In a 1995 report, we emphasized that VBA needed to systematically evaluate the effectiveness of regional offices' claims-processing practices to identify those that hold promise for improving the performance of regional offices nationwide.¹ VBA took steps in 1997 to identify potentially promising practices; however, it has neither followed up on this effort nor developed a system for evaluating promising practices and disseminating the results to regional offices. Regional office and VBA officials stated it would be beneficial if VBA evaluated and identified best practices so that regional offices could use their limited resources to try only the most promising practices. VBA officials told us they are planning to develop a system for evaluating promising practices but, to date, evaluation efforts have been limited to a few initiatives related to VBA's efforts to reengineer its business processes for adjudicating disability claims. We recommend that VBA establish timeframes for developing and implementing a formal plan for evaluating and disseminating information on practices that hold promise for improving the claims-processing performance of regional offices nationwide.

¹*Veterans' Benefits: Better Assessments Needed to Guide Claims Processing Improvements* (GAO/HEHS-95-25, Jan. 13, 1995).

Background

VBA formulates the policy and guidance followed by regional office staff who develop and adjudicate veterans' compensation and pension claims. The compensation program pays monthly benefits to veterans who have service-connected disabilities (injuries or diseases incurred or aggravated while on active military duty), based on degree of disability, regardless of whether they are employed or have earnings.² When it receives an initial disability claim, the regional office must establish that the claim is well grounded—that is, that there is evidence supporting a plausible case that the veteran has a current disability that is related to a service-connected impairment. If the claim is well-grounded, the regional office has a duty to assist the veteran in fully developing the claim. After obtaining required evidence, the regional office must evaluate the veteran's degree of disability for each service-connected impairment and assign a percentage of disability ranging from zero to 100 percent.

After the regional office notifies the veteran of its decision, the veteran, if dissatisfied, can ask for a hearing before a regional hearing officer. The veteran also can submit a Notice of Disagreement to the regional office and file an appeal asking for a review of the decision by VA's Board of Veterans' Appeals, which makes final decisions on behalf of the Secretary. Veterans may appeal regional office decisions for a variety of reasons. For example, a veteran may disagree with a regional office's ruling to deny a compensation claim because his or her impairment is not service-connected; or, even if the regional office grants the claim, the veteran may disagree with the percentage of disability that the regional office assigns to his or her impairment. (Overall, veterans appeal relatively few regional office decisions—in fiscal year 1997, for example, they appealed 5.4 percent of all initial decisions.) When deciding an appeal, the Board can grant or deny benefits, or remand (return) the case to the regional office for further evidentiary development and reconsideration. For remanded decisions, the regional office completes the additional development and either grants the claim or returns it to the Board for a decision.

²The pension program pays monthly benefits—based on financial need—to wartime veterans who have low incomes and are permanently and totally disabled for reasons not service-connected.

Until the passage of the Veterans' Judicial Review Act in 1988, the Board's decisions on veterans' appeals were not subject to judicial review. This act established what is now called the U.S. Court of Appeals for Veterans Claims and gave veterans the right to appeal the Board's decisions to the Court.³ Before the Court was established, the Board annually remanded 12 to 24 percent of the cases it reviewed back to the regional offices for rework. However, since the Board's decisions became subject to review by the Court, the Board has annually remanded about 31 to 51 percent of the cases back to the regional offices.⁴ In recent years, the remand rate has been declining—for the first 4 months of fiscal year 2000, the remand rate was about 29 percent.

The Government Performance and Results Act of 1993 (GPRA) requires agencies to clearly define their missions, set goals, and measure performance. Under GPRA, agencies submit to the Congress (1) annual performance plans and (2) annual reports on success in achieving program performance goals. In its fiscal year 2000 performance plan, VA stated that one of its top priorities is the improvement of the quality and timeliness of disability claims processing.

Over the years, VBA has sought ways to improve program performance. For example, in 1995, VBA published a concept report calling for reengineering the business processes used for adjudicating disability claims. This effort is still ongoing and includes, among other initiatives, implementing a case management approach to claims processing, contracting for veterans' medical examinations, and developing computer-based training modules. Also, VBA has restructured its 58 regional offices into nine Service Delivery Networks (SDN). The regional offices that compose each SDN are expected to collaborate, provide mutual support, share resources, use team-based principles, and share collective responsibility and accountability for the SDN's overall performance of all assigned work.

In fiscal year 1999, VBA instituted a "balanced scorecard" approach to measure program performance. Under this approach, VBA assesses performance on the basis of five factors: claims-processing accuracy,

³If dissatisfied with the Court's decision, either the veteran or VA may appeal the decision to the Court of Appeals for the Federal Circuit.

⁴Not every remand indicates that the regional office made an error. For instance, remands can result from changes in regulations that occur after an appealed case is sent to the Board.

claims-processing timeliness, unit cost, customer satisfaction, and employee satisfaction and development. The balanced scorecard gives more relative weight (25 percent) to accuracy than to any other factor. In fiscal year 1999, VBA also implemented a new accuracy measurement system, known as Systematic Technical Accuracy Review (STAR). Using STAR, VBA calculated a national accuracy rate of 68 percent (or a 32-percent error rate) for decisions requiring disability ratings, which VBA views as the core workload of the compensation and pension program. The STAR error rate includes incorrect regional office decisions on whether to grant or deny claims, but it also includes errors that stem from procedural and technical issues such as failure to (1) include all required documentation in the case file, (2) compute payment amounts correctly, and (3) properly notify veterans of their decisions. Acknowledging the need to improve the accuracy rate, VBA's compensation and pension program has set a goal of achieving 81 percent accuracy for its core workload in fiscal year 2000. The long-term strategic goal is 96-percent accuracy.

Regional Offices Reported Practices They Believe Have Helped Improve Performance

Our survey asked managers of all regional offices to identify practices they believed had helped them improve their accuracy or reduce their remand rates. In response, managers from 55 regional offices reported a total of 238 practices, which we grouped into four areas of focus (see table 1).

Table 1: Regional Office Practices by Broad Area of Focus

Broad area of focus	Practices reported	
	Number	Percentage
Efforts to improve staff training, guidance, or accountability	101	42
Changes in staffing or supervisory structure or assignments	62	26
Efforts to accurately and fully develop evidence	56	24
Efforts to communicate effectively with veterans	19	8
Total	238	100

Source: GAO's survey of VBA regional offices.

In many instances, a specific practice reported by one regional office was the same as or similar to a practice reported by one or more other regional offices; however, the mix and number of reported practices varied widely among the regional offices. For example, the number of practices identified by individual regional offices ranged from zero to as many as 12. Because there were similar practices within the four broad areas of focus, we classified the 238 practices into 24 categories (see table 2).

Table 2: Summary of Types of Regional Office Practices

Types of regional office practices	Number of regional offices reporting practices ^a
Efforts to improve staff training, guidance, or accountability	
Evaluate error data from STAR reviews, reviews of appeals/remands, or other case reviews	32
Communicate directly with Board members or Court employees to clarify reasons for remands	15
Provide information or training to staff on Court and Board decisions and other issues that affect claims processing development and ratings	10
Include accuracy as an element in staffs' performance appraisals to ensure that processing quality standards are considered	8
Establish a formal training coordinator position or related training function	6
Develop a specific regional office emphasis on claims-processing accuracy as documented in local strategic plans and other management activities	4
Require skills certification or other mandatory staff training	3
Require staff to participate in VBA conference calls that discuss the effect of Court decisions on claims processing	2
Changes in staffing/supervisory structure or assignments	
Establish special unit or positions to process and/or analyze reasons for appeals/remands	37
Establish other specialized teams or staffing assignments to focus on certain types of claims or issues	6
Establish additional supervisory positions, reassign staff to fill existing supervisory positions, and/or redefine management responsibilities	5
Establish additional rating specialist positions or reassign staff to fill existing rating positions	5
Utilize case management principles to facilitate claims processing	4
Make temporary staff assignments to deal with claims backlogs	4
Efforts to accurately and fully develop evidence	
Communicate/interact with VA medical centers to ensure veterans' exams are performed in an accurate and thorough manner	25
Use manual or automated checklists to track development/assure full development of veterans' claims	15
Do special reviews to assure veterans' claims are fully and accurately developed	7
Create new staff positions, such as rating analysts, responsible for ensuring veterans' claims are fully and accurately developed	6
Coordinate with veterans service organizations and other entities to ensure veterans' claims are accurately and fully developed	3
Efforts to communicate effectively with veterans	
Prepare pamphlets, brochures, letters, or other means to inform veterans about the claims process, evidentiary requirements, and how long it should take to process their claim	6
Use reader-focused writing principles to generate standardized, user-friendly letters to veterans notifying them of the status/decision of their claim for benefits	6

Continued

Types of regional office practices	Number of regional offices reporting practices ^a
Make special efforts to contact veterans regarding the status of their appeals/remands	3
Contact veterans via telephone to discuss evidentiary requirements and ensure accurate claims processing	2
Redesign personal interview procedures to facilitate greater communication with claimants	1

Continued from Previous Page

^aIn some cases, an individual regional office had more than one practice that fell into a single practice category.

Source: GAO's survey of VBA regional offices.

Our survey results and visits to regional offices indicated that regional offices generally had not conducted assessments of the effects of specific practices on their accuracy and remand rates. As a result, the regional offices' views on the benefits of specific practices were based primarily on managers' observations or inferences, rather than evaluations that could demonstrate a link between a specific practice and improvements in accuracy or remand rates. Even so, we found that regional office officials regarded some practices as being more helpful than others in improving accuracy and remand rates. For example, 25 regional offices reported they were communicating with VA medical centers to ensure that veterans' examinations were performed accurately and thoroughly. Of these 25 offices, 28 percent rated such practices as being among the most helpful in improving their accuracy or remand rate. In contrast, 15 regional offices reported that they used manual or automated checklists to track development or assure full development of veterans' claims. Of these 15 offices, only 13 percent rated such practices as being among the most helpful.

During our visits to regional offices, the managers highlighted some specific practices that they believed had been critical in improving their accuracy or remand rates. In all but one case, however, 10 or fewer regional offices mentioned using practices similar to the ones highlighted by regional offices we visited. The practices highlighted by these offices include those discussed in the remainder of this section.

One practice highlighted is to provide information or training to staff on Court and Board decisions and other issues that affect claims-processing development and ratings (mentioned by 10 regional offices). One of the offices we visited had prepared written directives for about 25 major topics, such as well-grounded claims, effective dates, lay evidence, and medical opinions. To formulate these directives, regional office

management relied on a variety of relevant legal authorities—including decisions by the Court of Appeals for Veterans Claims, opinions of VA's Office of General Counsel, VA's regulations, and legislation. Regional office management synthesized these sources into a single directive for each topic. Providing such guidance averts the need for regional office staff to individually consult a multitude of sources, which could lead to errors and inconsistent decisions. As changes occur in any legal authorities, regional office management revises the directives to provide up-to-date guidance.

Another highlighted practice is to establish a special unit or positions to process and/or analyze reasons for appeals and/or remands (mentioned by 37 regional offices). Two of the offices we visited had formed teams that handled all appealed cases, including all decisions for which veterans had submitted notices of disagreement, and all remanded decisions. These regional offices reported that they believed their appeals teams had reduced the remand rates because they became experts in meeting requirements for submitting appealed cases to the Board, and they also could apply lessons learned from analyzing the reasons for remanded cases. This viewpoint is consistent with the results of a 1999 VBA study that, while not broad enough to be conclusive, observed that the quality of appeals submitted to the Board was consistently excellent for regional offices that had instituted designated appeals teams.

A third highlighted practice is to establish specialized teams or staff assignments to focus on certain types of claims or issues (mentioned by six regional offices). One of the offices we visited had teams that specialized by claim type, such as original claims and reopened claims. Another regional office had staff who specialized in the most difficult rating issues, such as post-war traumatic stress syndrome and Gulf War undiagnosed illnesses, and the least frequently filed rating issues, such as radiation and mustard gas. Both regional offices believed this approach had allowed staff to gain sufficient expertise to process claims in their specialty more accurately than otherwise could have been achieved.

A fourth highlighted practice is to create new staff positions, such as rating analysts, responsible for ensuring veterans' claims are fully and accurately developed (mentioned by six regional offices). Two of the offices we visited had established new positions for developing and documenting the evidence needed to make a fully supportable decision. One office had identified inadequate development of evidence as a major contributing factor in the increasing number of appeals by veterans. Therefore, the regional office created a rating analyst position to specialize in developing

three types of claims that accounted for many appeals: post-traumatic stress disorder, secondary service-connection claims, and individual unemployability.

VBA Lacks Systematic Process to Identify and Evaluate Best Practices

Although the regional offices reported many practices that they believe have helped improve their accuracy or remand rates, VBA has not systematically evaluated and disseminated information on practices that hold promise for improving regional office claims-processing performance nationwide. While VBA has taken steps to identify potentially promising practices, it has not followed up on this effort and does not yet have a system for evaluating the effect of such practices and disseminating the evaluation results to regional offices. Regional office and VBA officials stated that it would be beneficial if VBA evaluated and identified best practices so that regional offices could focus their attention on trying only the most promising ones. This is important because many regional offices reported that their ability to try new practices is limited by factors such as insufficient number of staff, lack of experienced staff, and high workload levels. VBA officials recently acknowledged the need to develop a plan for systematic evaluation of regional office practices in order to identify those that hold promise for improving nationwide performance.

Potentially Promising Practices Not Evaluated

In a 1995 report, we emphasized that VBA needed to systematically evaluate the effectiveness of claims-processing practices in regional offices in order to identify those that hold promise for improving the performance of regional offices nationwide. Since that time, VBA's evaluation efforts have been limited to several initiatives related to the reengineering of its business processes for adjudicating disability claims, such as instituting case management, using a paperless claims folder process, having regional decision review officers review appeals, contracting for veterans' medical examinations, and developing computer-based training modules. For example, VBA's evaluation of the case management initiative includes its effect on the balanced scorecard performance measures, including accuracy.

In 1997, VBA asked regional office and central office staff to submit innovative practices affecting service and operations efficiency in all five of VBA's business lines, including compensation and pension disability claims.⁵ VBA issued a publication that catalogued the practices submitted and established a website providing an electronic copy of this publication on its internal network. Neither the publication nor the website has been updated to include other practices. Moreover, VBA did not evaluate the effect of the practices before issuing the publication. Also, as we found in our survey and visits to regional offices, the regional offices themselves generally had not conducted assessments of the extent to which a specific practice affects accuracy or remand rates.

Evaluation System Not Yet in Place

In our survey, the regional offices indicated that they consider direct contacts with other regional offices to be useful ways to learn about each others' practices. Such direct contacts come about through regional office working relationships within an SDN, and through regularly scheduled meetings with regional offices in other SDNs. The regional offices also establish informal relationships when, for example, staff from various regional offices meet at training courses and workgroups. VBA also has established two "communities of practice" on internal network websites that regional offices can use to informally share information about efforts to enhance their staffs' technical skills and develop teamwork. Such information sharing, though desirable, does not provide any way for regional offices to obtain information on practices that have been shown through systematic evaluations to hold the most promise for improving the performance of regional offices nationwide.

According to staff in VBA's Office of Field Operations, VBA recently began efforts to establish an Operations Center website that would include information on best practices. VBA intends to evaluate practices before posting information about them on the website. VBA officials also told us that their evaluations would assess the effect of a practice on all of the performance measures outlined in the balanced scorecard, including accuracy. However, VBA is in the initial stages of its effort to develop this

⁵In contrast with our survey's focus on practices that helped improve accuracy and remand rates in the compensation and pension program, VBA's 1997 study focused on practices related to "service and operations efficiency" improvements in all of VBA's programs—the compensation and pension, loan guaranty, education, vocational rehabilitation, and insurance programs. Based on its survey, VBA issued a publication, entitled "Best Practices," which catalogued a combined total of 191 practices for its five programs.

plan, and has not yet established a timeframe for developing and implementing an evaluation plan; according to Office of Field Operations staff, the effort to develop a plan still has to address such fundamental questions as the following:

- How will ideas with quantifiable documentation that they improve operations be identified?
- What entity will evaluate the ideas?
- How can ideas be best communicated, including their strengths, weaknesses, and implementation considerations?
- How can the information be kept current?
- How will VBA develop evaluation skills?

Evaluation of potentially beneficial practices (such as some of those reported by regional offices) is needed to help regional offices focus their attention on the most promising. In a significant number of survey responses, regional offices reported that their ability to try new practices is hindered by large workloads, the need for more staff, and their current staff's inexperience. Some regional office and VBA officials stated that evaluation of practices by VBA would enable regional offices to devote their energies and limited resources to trying only the most promising practices. Also, the manager of VBA's reengineering effort stated that the most effective practices should be considered for incorporation into the reengineering effort.

Conclusions and Recommendations

While VBA has taken some steps to identify potentially promising practices, it has neither followed up on this effort nor developed a system for evaluating such practices and disseminating the results to regional offices. While regional offices reported a variety of practices that they believe have helped improve their claims-processing performance, regional office and VBA officials agreed that it would be beneficial if VBA evaluated and identified best practices so that regional offices could use their limited resources to try only the most promising practices. Although VBA officials told us they are in the initial stages of planning a system for evaluating promising practices, VBA had not established specific timeframes for developing and implementing such a plan.

To help ensure that VBA proceeds expeditiously, we recommend that the Secretary of Veterans Affairs direct the Under Secretary for Benefits to establish timeframes for development and implementation of a formal plan for evaluating and disseminating information on practices that hold

promise for improving the claims-processing performance of regional offices nationwide. The Secretary should also consider including information on goals for and results of disseminating information on promising practices in the annual reports submitted under GPRA.

Agency Comments and Our Evaluation

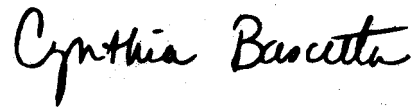
In commenting on our draft report, VA generally agreed with our recommendations. (The text of VA's letter appears as app. II.) While VA agreed that VBA historically has not had good mechanisms for capitalizing on best practices, VA stated it is committed to improving this situation and believes that VBA is well on its way to developing good systems to do so. VA also commented that our report did not fully address VBA's current initiatives, such as its business process reengineering efforts. While we in fact did discuss VBA's initiatives, our work focused on potential best practices that regional offices developed on their own, apart from initiatives directed by VBA.

Regarding our recommendation to establish timeframes for developing a plan for evaluating and disseminating best practices, VA said that VBA has prepared a draft procedure for receiving, evaluating, and disseminating best practices. While the draft plan is not specific about the criteria or analysis that will be used to identify best practices, it is a step in the right direction that should, when finalized, enhance VBA's potential for improving performance through the widespread adoption of best practices. With respect to our recommendation to include in its annual GPRA reports VBA's efforts to disseminate information on best practices, VA said that VBA was considering adding a section to its GPRA submission to the Department. If this information is included in VA's annual reports, it should heighten awareness of best practices and the importance of agency-wide implementation of them.

As agreed with your office, we plan no further distribution of this report until 30 days from its date of issue, unless you publicly announce its contents earlier. We will then send copies of this report to the Chairman of the House Committee on Veterans' Affairs, the Secretary of the Department of Veterans Affairs, other congressional committees, and others who are interested. We will also make copies available to others upon request. If you have questions about this report, please call me at (202) 512-7101 or

Irene P. Chu, Assistant Director, at (202) 512-7102. Other major contributors to this report were Ira B. Spears, Steve D. Morris, Paul C. Wright, and Deborah L. Edwards.

Sincerely yours,

A handwritten signature in black ink that reads "Cynthia Bascetta". The signature is written in a cursive style with a large initial 'C'.

Cynthia A. Bascetta
Associate Director, Veterans' Affairs and
Military Health Care Issues

Scope and Methodology

To identify claims-processing practices that the Veterans Benefits Administration (VBA) regional offices believe have helped them improve their accuracy and remand rates, we sent a survey questionnaire to 57 regional offices, of which 55 responded.¹ To examine reported practices and related issues in more detail, we visited six responding regional offices: Columbia, South Carolina; Milwaukee, Wisconsin; Montgomery, Alabama; New York, New York; Oakland, California; and Waco, Texas. While we did not attempt to evaluate the effectiveness of individual practices that regional offices reported, we discussed the benefits and limitations of practices with officials of the regional offices we visited and VBA headquarters.

The six regional offices we visited were judgmentally selected to provide a mix of offices based on a combination of factors, including remand rates, Service Delivery Network (SDN) affiliation, geographic location, and workload level. We did not use technical accuracy rates produced under Systematic Technical Accuracy Review (STAR) as a factor in selecting regional offices because VBA has not yet ensured that the STAR system provides reliable accuracy rates for each regional office. As we reported in 1999, VBA reviews samples of cases from each SDN and is able to produce accuracy rates with reasonable statistical precision for each SDN and the nation as a whole; however, VBA does not review enough cases from each regional office to produce accuracy rates for each office with reasonable statistical precision.² Instead, each regional office does self-reviews of its work to produce its own accuracy rate. Because the rigor and standards of the regional offices' self-reviews could vary from office to office, VBA is reviewing for each office a limited number of cases that the office has already self-reviewed in order to gauge the reliability and consistency of regional office accuracy rates. Although this process will not enable VBA to validate regional office accuracy rates with reasonable statistical precision, VBA believes it will provide a reasonable indicator of regional office accuracy rate reliability. At the time of our review, VBA had not completed enough reviews to reach firm conclusions about regional office accuracy rate reliability.

¹Although VBA has an office in Cheyenne, Wyoming, this office reports administratively through the Denver regional office, and for the purposes of accuracy measurement, the Cheyenne office is treated as part of the Denver regional office. Therefore, we sent a survey questionnaire to the Denver regional office only.

²*Veterans' Benefits Claims: Further Improvements Needed in Claims-Processing Accuracy* (GAO/HEHS-99-35, Mar. 1, 1999).

Comments From the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

MAR 24 2000

Mr. Stephen P. Backhus
Director, Veterans' Affairs and Military
Health Care Issues
Health Education and Human Services Division
U. S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Backhus,

We have reviewed your draft report, **VETERANS' BENEFITS: Promising Claims-Processing Practices Need to be Evaluated** (GAO/HEHS-00-65) and agree that historically, the Veterans Benefits Administration (VBA) has not had good mechanisms for capitalizing on best practices. I am pleased to state that the Department of Veterans Affairs (VA) is committed to improving this situation. I believe that VBA is well on its way in developing good systems to do just that. This letter briefly describes some of these initiatives.

GAO's review of VBA's best practices was limited to a review of survey responses from 55 regional offices about their best practices. However, missing from GAO's report is a discussion of the Business Process Re-engineering (BPR) case management demonstration sites that are, by their very nature, test beds for best practices. Initially, VBA identified six sites as BPR demonstration sites to test initiatives that were designed to improve claims processing.

These demonstration sites are modeling the case management service process, to include defining and implementing this process; testing PC based case management tools, and developing and utilizing a series of reader focused letters that provide customers with process expectation, evidence needs, and claims status. They are also measuring the impact of this approach on claims processing by tracking a number of processes and service indicators including timeliness, accuracy, customer satisfaction, employees satisfaction, pending workload, and telephone service. After careful testing and evaluation, the initiatives are considered best practices and are rolled out to other stations.

Another initiative designed to evaluate and report on best practices is VBA's Virtual VBA lab at its regional office in Washington, DC. This lab is testing a paperless claims folder process that will ultimately result in a controlled roll out to other field stations.

A third initiative is VBA's phone strategy, which is described in detail in VBA's semi-annual BPR report. We recently provided GAO a copy of that report for your information.

Appendix II
Comments From the Department of Veterans
Affairs

2. Mr. Stephen P. Backhus

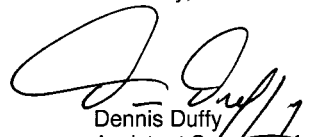
A final example of a best practice designed to improve claims processing is our Decision Review Officer (DRO). VBA tested this new position in a limited number of stations, issued an evaluation report, and decided to implement this program nationwide.

The Department concurs in GAO's recommendation that VBA establish timeframes for its development and implementation of a formal plan for evaluating and disseminating information on practices that hold promise for improving the claims processing performance of regional offices nationwide. VBA has already developed a draft procedure for receiving, evaluating and disseminating best practices in all its business lines, not just the Compensation and Pension Program. On February 22, 2000, VBA officials provided that draft plan to GAO, with a solicitation for its comments or suggestions. VBA anticipates having this procedure for best practices in place by the end of the third quarter 2000.

GAO further recommends that we consider including information on goals for and results of disseminating information on promising practices in the annual reports submitted under the Results Act. VBA currently provides information on specific performance for inclusion in VA's annual performance plan and the end of year report on performance (VA's Accountability Report), both required by the Results Act. VBA will consider adding a section describing its efforts on best practices. It must be noted, however, that the Department has overall responsibility for the content of the submissions. We will consider ways in which to best convey this information.

We appreciate the opportunity to comment on your draft report.

Sincerely,



Dennis Duffy
Assistant Secretary for
Planning and Analysis

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