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“We tend to meet any new situation by reorganizing; and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization.”
Petronius Arbiter, 210 B.C.

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WORKLOAD

“VBA's workload is normally discussed in terms of the number of pending claims or the backlog in VBA Regional Offices. Pending claims are generally assumed to be original and reopened claims for disability compensation. However, this shorthand description of the workload oversimplifies what is, in reality, a heterogeneous that consumes direct labor hours of the C&P workforce. To complicate matters further, these end products do not account for all categories of work required in the Regional Offices...," *VA Claims Processing Task Force Report to the Secretary of Veterans Affairs dated October 2001*

Here is what the VBA's own *Claims Process Improvement Task Team Report, November 30, 2001*, said over 12 years ago which holds true today:

- ✓ “...the work management system in many ROs (Regional Offices) contributes to inefficiency and an increased numbers of errors primarily due to the broad scope of duties performed by decision-makers. This, coupled with the ***first-in-first out approach*** to claims processing was inconsistent with effective inventory management and was contributing not only to the increasing backlog of claims, but to their increasing age.
- ✓ Over the last three to four years, the agency has hired "decision makers" ***while little or no emphasis was placed on analysis of incoming claims*** and on ***complete and proper development***. All claims entered the process, whether development was required or not, thus, those claims that could be adjudicated immediately were, instead, placed in the "queue" and worked when their “turn” came. ***This failure to “triage” and work claims as soon as possible contributes to overall increases in claims processing times.*** ... The Task Team feels strongly that emphasis must be placed on proper and complete development of the claim from the outset. ***We believe that we must attack the backlog from the front end of the process and that, in order to prevent “brain drain” we must pay for the knowledge needed to properly develop claims.***”

COMPENSATION AND PENSION RATING BUNDLE

WEEK	C&P RB OVERALL	WEEKLY DIFF	WEEK	C&P RB BACKLOG	WEEKLY DIFF
01/26/15	510,023	-4,975	01/26/15	242,331	-3,546
02/02/15	501,160	-8,863	02/02/15	234,825	-7,506
02/09/15	500,374	-786	02/09/15	235,700	875

C&P RB >125	3/2/2013	2/2/2015	2/9/2015	DIFF	2/2/2015	2/9/2015	DIFF
010	52,891	23,665	25,743	2,078	46.9%	49.7%	-0.4%
110	175,548	58,161	58,138	-23	49.6%	49.8%	-0.4%
020	343,656	146,181	144,476	-1,705	48.7%	48.6%	-0.1%
930	25,390	30,932	30,819	-113	86.2%	89.6%	3.4%
TOTAL	597,485	258,939	259,176	237	57.8%	59.4%	0.9%

Letter 8-14-14

VAROs did not prioritize finalization of the provisionally-rated claims once they were issued. We estimated 6,860 provisional ratings needed final decisions as of January 2014, 6 months after the Special Initiative had ended. Because VBA did not ensure existing controls were functioning as needed to effectively identify and manage provisionally rated claims, some veterans may never have received final rating decisions if not for our review. Additionally, VBA did not accurately **process 77 (32percent) of 240 rating decisions** we reviewed under the Special Initiative. Generally, these errors occurred because VAROs felt pressured to complete these claims within VBA's 60-day deadline. We estimated VARO staff **inaccurately processed 17,600 of 56,500 claims (31 percent), resulting in \$40.4 million in improper payments** during the Special Initiative period.” (Emphasis added) The, *Statement Of Linda A. Halliday Assistant Inspector General For Audits And Evaluations Office Of Inspector General Department Of Veterans Affairs Before The Committee On Veterans' Affairs United States House Of Representatives Hearing On "Evaluation Of The Process To Achieve VBA Goals" July 14, 2014*

NONRATING

Letter 12-22-13

The USB testified that over 800,000 claims were processed in FY13. However, EP 130 dependency claims increased by 47,525; EP 290 increased by 15,153 and EP 600 due process which are supposed to be resolved within 65 days increased by 11,019 since March 2, 2013.

Letter 3-12-14

Excerpts from *The VA Claims Backlog Workgroup March 2014 Report*, Statement of Purpose, tells the story that has been told again, again, and again.

- “Without changes, the VA will continue to experience difficulty ensuring the claims process is accurate, efficient, and delivers for our Veterans when a surge of claims occurs.
- The inability of the VA to serve Veterans in a timely manner is not a new issue. Since at least 1993, the VA has underperformed in its duties to provide timely and accurate disability compensation claims for Veterans.
- Numerous laws, blue ribbon commissions, Inspector General (IG) reports, Government Accountability reports, and hearings in both the Senate and House of Representatives Veterans’ Affairs Committees have all examined ways to fix this inefficiency.
- Pledges, taxpayer money, and sincere guarantees from Administration officials have fixed specific deficiencies and reduced the backlog in the past. However, the VA continues to see the backlog rise every few years because the claims process cannot handle a surge of claims filed.
- Unless the claims process is reformed, the VA will not only continue to develop backlogs, but it will also never fully eliminate them.

- The good news is that Congress—in conjunction with Veterans, the VA, and VSOs—can work together to fix the inefficiencies that exist and help the VA modernize its claims process.”

DATES	3/2/2013	2/2/2015	2/9/2015	W-DIFF	DIFF	2/9/2015
Other Claims						
130	181,744	260,335	259,955	-380	78,725	75.8%
290	75,956	112,508	112,417	-91	36,454	79.2%
600	42,562	100,512	100,945	433	57,575	47.0%
Totals	300,262	473,355	473,317	-38	172,754	67.3%

Letter 8-14-14

“Dependency Claims Contract - ... The contract calls for **40,000** dependency claims to be processed **per month** when operating at full capacity. The contractor is currently ramping up to that capacity.” (Emphasis Added) *Witness Testimony of The Honorable Allison A. Hickey, Under Secretary for Benefits, Veterans Benefits Administration, U.S. Department of Veterans Affairs, Evaluation of the Process to Achieve VBA Goals, July 14, 2014*

Letter 7-24-14

Hiring Temporary Employees - VBA is in the process of hiring 200 temporary employees, who will be provided specialized training in processing the less complex non-rating claims and work actions.

APPEALS

Letter 12-22-13

The VBA conducted a pilot program at the Houston VARO and the result was a new form that creates more work for VBA’s already understaffed Appeal teams. Furthermore, VBA has proposed a legislative change to reduce the time for submission of an appeal. Shortening the time will only create more appeals.

Letter 9-15-13

“The 256,061 veterans appealing decisions represent an approximately 50 percent increase since President Obama took office. And more are coming. The Board of Veterans’ Appeals, which makes the final administrative decisions on appeals, expects its number of pending cases to double over the next four years.” *Veterans face another backlog as a quarter-million appeal disability claims, Washington Post, September 10, 2013*

Letter 3-12-14

Let's examine the backlog of appeals and the recent VBA's action to address it through its latest strategic plan – *The Department of Veterans Affairs (VA) Strategic Plan to Transform the Appeal Process*.

Excerpts from the plan provide the real purpose of the plan.

First, why was the plan prepared?

“During a December 11, 2013, Senate Committee on Veterans’ Affairs hearing on the Department of Veterans Affairs’ (VA) backlog of disability compensation claims, several Committee members expressed concern about the growing inventory of appealed claims and the time it takes VA to resolve appeals. Chairman Sanders requested that VA prepare and submit a plan for improving the claims appeal process within 45 days of the hearing.”

Secondly, VBA shifts its responsibility to deal with, address, and fix the problem to stakeholders. In other words, don't bother us because we are working on the claims backlog and only competent to tackle one problem at a time.

“While VA has identified and implemented some initiatives that may improve the timeliness of appeal processing, stakeholder support is needed to provide appellants a modern, efficient appeal process that is consistent with VA's goals for the initial claims process.”

“As outlined in this appeals plan, VBA and the Board can deploy similar people, process, and technology innovations in the appeal process, but those innovations will not provide a real solution without stakeholder support. In this regard, the appeals problem is unique, and one should not view this preliminary plan as providing a comprehensive solution. Absent a comprehensive solution that considers the unique statutory procedures that govern VA's appellate system, VA will use its limited resources as efficiently as possible to decide claims and process appeals.”

“However, VA cannot fully transform its appeal process without stakeholder support. VA intends to work with Congress and other stakeholders to explore long-term solutions that provide Veterans the timely appeals process that they deserve.”

Here is the report's conclusion.

“VA recognizes that under the framework established by current law, Veterans are waiting too long for final resolution of appeals. As this plan demonstrates, VA is exploring a series of measures within existing authorities to improve the process. VA looks forward to working with Congress, Veterans, and other stakeholders to identify and implement further improvements so that all Veterans can receive a timely and accurate decision on their appeal.”

Thirdly, VBA had a team working on the problem which managed to accomplish only one thing.

“The Appeals Design Team, an intra-departmental working group created in 2011 to find methods for improving the appeal process, created the Appeal In-Process Review Checklist and Appeal Certification to Board Checklist to enhance accuracy and quality in the appeal process.”

“On October 31, 2013, VA published a notice of proposed rulemaking, RIN: 2900-AO81, *Standard Claims and Appeals Forms*, which would require claimants to initiate an appeal using a standard notice of disagreement form. This innovation was also a product of VA’s Appeals Design Team”.

Letter 01-20-15

Veterans are appealing and appeals are still growing.

Nationally

DATES	3/2/2013	2/9/2015	DIFF
APPEALS	249,814	292,390	42,576

Locally

DATES	3/4/2013	2/9/2015
APPEALS	6,306	9770

MONDAY MORNING WORKLOAD REPORT (MMWR)

Joe (*former Under Secretary for Benefits*) used to say, 'Give the VBA a number, and they'll hit the number,' and that was because they would find ways to cheat,' Walcoff (*VBA Director of Field Operations*) says. 'Joe made it very clear when he first came on that if there was one thing he was going to accomplish here, he was going to bring some integrity to the organization.'" *Reversing Reinvention, Government Executive, June 15, 2003*

Letter 6-30-13

The MMWR now includes this statement, “Please note: **Effective July 15th, 2013**, VBA no longer reports the Entitlement Bundle on the Monday Morning Workload Reports. This decision was made in response to stakeholder concerns that the number misrepresented VBA's progress towards the strategic 2015 goals. The Rating Bundle total has been and remains the standard VBA measure of the backlog and inventory.” Why are survivors not included in this goal?

Letter 8-11-13

MMWR VA Claims Inventory as of August 3, 2013 states, “64% of pending claims come from Veterans filing supplemental claims for additional benefits. What does this mean?

The MMWR now reads, “Please note: Effective July 1st, 2013, VBA no longer reports the Entitlement Bundle on the Monday Morning Workload Reports.” Since our previous letter to you this has been changed from July 15th, 2013.

The Claims Processing Improvement (CPI) Task Force Report, dated November 30, 2001 states, “**Measurable Expectations:** Each and every specialized claims processing team need to have clearly defined expectations that are reasonable and will help the agency focus on reducing our tremendous workload. One of the expectations is to place ***all incoming claims*** under control in 2 days. Average Control Time (ACT) is measured from the date of claim (date stamped in as received in the VA Mailroom) to the date the claim is established in BDN (CEST).”

Letter 8-18-13

The ACT is not reported on the Monday Morning Workload Report (MMWR), but should be. Nationally, the ACT for C&P Bundle claims is 56% and the average days for claims establishment (CEST) is over 18 days. Therefore, VBA is losing 18 critical days of processing time on average 44% of the time.

QUALITY/ACCURACY

Letter 9-15-13

- “The 2.4 million member American Legion, the nation’s largest veterans’ group and a partner with VA in processing claims, says these accuracy claims are “inconsistent with our Regional Office Action Review visits nationwide, where errors are found routinely in over half of the cases reviewed,” according a statement prepared by Vera Jones, director the Legion’s veterans affairs and rehabilitation division.”
- Responding to the Legion’s testimony, VA spokeswoman Victoria Dillon said “accuracy on claims decisions is now over 90 percent with 96.7 percent accuracy for medical issues within the claim.” *Legion challenges VA on claims accuracy Marine Times, September 12, 2013*

Letter 2-25-14

From VBACMS

Sent: Friday, February 21, 2014 7:31 AM

To: VBACMS_vsc

Subject: QRT Reviews

The QRT reviews for individual quality were suspended February 19, 2014.

All quality reviews with errors that were completed before this date need to follow our quality review process.

If there is an error on a claim reviewed prior to February 19, 2014, the error must be corrected or a reconsideration request submitted.

Assistant Veterans Service Center Manager
Columbia VA Regional Office

Excerpts from the testimony of Mr. Daniel Bertoni, Director, Education, Workforce, and Income Security, U.S. Government Accountability Office, *HVR 195.000 Congressional transcript, Uncorrected, FC, 7/14/14 pages 150-154*, speak to the VBA quality review process.

“In prior work, we’ve documented shortcomings in VA’s quality assurance activities, and more recently concerns have been raised about the lack of transparency related to changes in the Agency’s national accuracy rate for disability claims which is based on a Systematic Technical Accuracy Review, or STAR.

In summary, the Agency now measures and reports accuracy in two ways, by claim and by issue, but its approach has some limitation.

When calculating STAR accuracy rates for either measure VBA falls short of generally accepted statistical practices in that it doesn’t weight the results of that it samples the same number of cases from all offices, regardless of size, and, thus, produces imprecise estimates.

However, regional staff we interviewed noted that there are *too many sources of guidance and that searching for them is often time-consuming, confusing and difficult*. Staff were also concerned that VBA’s policy manual and national training were *not sufficiently updated to avoid future errors.*”

Quality Review team diverted again.

VBA STAFFING

Letter 1-26-14

A Freedom of Information Act (FOIA) request reveals these numbers regarding the number of FTEs assigned to all VBA field stations’ Veterans Service Center (VSC) and the Resources Center (RC) comparing the beginning of FY11 (October 1, 2010) and FY14 December 14, 2013.

	FY11	FY14	DIFF
VSC	11,079.0	9,292.0	(1,787.0)
RC	272.9	1,050.6	777.7
TOT	11,351.9	10,342.6	(1,009.3)

	VSC FY11	VSC FY14	DIFF	RC FY11	RC FY 14	DIFF
Eastern Area	2,129.2	1,704.8	(424.4)	41.0	244.6	203.6
Baltimore MD	152.8	121.6	(31.2)	0.0	...	0.0
Boston MA	104.0	102.1	(1.9)	0.0	...	0.0
Buffalo NY	106.6	94.5	(12.1)	0.0	...	0.0

Cleveland OH	287.7	228.2	(59.5)	0.0	59.6	59.6
Detroit MI	181.3	180.9	(0.4)	0.0	...	0.0
Hartford CT	88.0	59.0	(29.0)	0.0	24.0	24.0
Indianapolis IN	176.4	159.0	(17.4)	0.0	...	0.0
Manchester NH	36.0	31.0	(5.0)	0.0	...	0.0
New York NY	168.9	156.1	(12.8)	0.0	...	0.0
Newark NJ	89.9	75.0	(14.9)	0.0	...	0.0
Philadelphia PA	287.9	220.0	(67.9)	24.0	82.1	58.1
Pittsburgh PA	144.8	93.4	(51.4)	0.0	...	0.0
Providence RI	135.0	72.3	(62.7)	0.0	...	0.0
Togus ME	123.0	71.0	(52.0)	17.0	78.9	61.9
White River Jct. VT	22.0	20.7	(1.3)	0.0	...	0.0
Wilmington DE	24.9	20.0	(4.9)	0.0	...	0.0
Southern Area	3,405.8	2,936.8	(469.0)	124.8	232.1	107.3
Atlanta GA	322.5	414.0	91.5	0.0	...	0.0
Columbia SC	375.5	240.1	(135.4)	39.0	62.3	23.3
Huntington WV	109.6	89.3	(20.3)	65.8	76.1	10.3
Jackson MS	193.4	150.8	(42.6)	0.0	...	0.0
Louisville KY	177.1	156.1	(21.0)	0.0	...	0.0
Montgomery AL	230.2	202.4	(27.8)	0.0	...	0.0
Nashville TN	345.3	283.0	(62.3)	0.0	...	0.0
Roanoke VA	300.2	261.1	(39.1)	0.0	33.2	33.2
San Juan PR	122.2	110.8	(11.4)	0.0	...	0.0
St. Petersburg FL	786.3	638.0	(148.3)	20.0	60.5	40.5
Washington DC	9.0	8.0	(1.0)	0.0	...	0.0
Winston Salem NC	434.5	383.3	(51.3)	0.0	...	0.0
Central Area	2,964.6	2,313.2	(651.5)	54.9	446.2	391.3
Chicago IL	185.0	155.0	(30.0)	0.0	...	0.0
Des Moines IA	105.0	77.2	(27.8)	0.0	...	0.0
Fargo ND	40.0	36.0	(4.0)	0.0	...	0.0
Houston TX	380.1	387.2	7.1	0.0	...	0.0
Lincoln NE	137.1	101.4	(35.7)	0.0	61.9	61.9
Little Rock AR	171.8	142.4	(29.4)	0.0	...	0.0
Milwaukee WI	221.3	133.3	(88.0)	0.0	...	0.0
Muskogee OK	311.6	181.5	(130.1)	27.0	134.0	107.0
New Orleans LA	145.0	130.2	(14.9)	0.0	...	0.0
Sioux Falls SD	47.0	42.8	(4.2)	0.0	...	0.0
St. Louis MO	227.2	195.0	(32.2)	27.9	48.0	20.1
St. Paul MN	272.8	179.7	(93.1)	0.0	34.7	34.7
Waco TX	631.8	476.6	(155.2)	0.0	167.6	167.6
Wichita KS	88.9	75.0	(13.9)	0.0	...	0.0
Western Area	2,449.4	2,124.8	(324.6)	52.2	112.6	60.4

Albuquerque NM	77.0	70.7	(6.3)	0.0	...	0.0
Anchorage AK	36.0	32.9	(3.1)	0.0	...	0.0
Boise ID	59.5	59.7	0.2	0.0	...	0.0
Denver CO	195.1	203.6	8.5	0.0	...	0.0
Ft. Harrison MT	49.8	55.0	5.2	0.0	...	0.0
Honolulu HI	64.0	66.4	2.4	0.0	...	0.0
Los Angeles CA	189.1	210.7	21.6	0.0	...	0.0
Manila RP	84.0	76.0	(8.0)	0.0	...	0.0
Oakland CA	233.1	252.2	19.1	0.0	...	0.0
Phoenix AZ	220.9	210.5	(10.4)	0.0	48.6	48.6
Portland OR	184.8	164.0	(20.8)	0.0	...	0.0
Reno NV	79.9	69.4	(10.6)	0.0	...	0.0
Salt Lake City UT	198.6	134.7	(63.9)	0.0	...	0.0
San Diego CA	334.0	263.5	(70.5)	41.2	64.0	22.8
Seattle WA	443.6	255.5	(188.1)	11.0	...	0.0

A comparison shows that FTEs were shifted from the VSCs to the RCs. However, there was still a decrease of 1,009.3 FTEs for VBA field stations.

MANDATORY OVERTIME

Letter 1-12-14

Local 520 obtained through the FOIA the cost to the taxpayers of VBA's overtime for VAROs.

FY14 (October 1, 2013 to December 14, 2013)	\$ 18,562,466
FY13 (October 1, 2012 to September 30, 2013)	\$ 85,301,320
FY12 (October 1, 2011 to September 30, 2012)	\$ 49,469,403
Grand Total	153,297,189

Letter 1-20-15

The VBA's 2015 goals were outcomes, directed by then-Secretary of Veteran's Affairs to make progress. *They were a call to action. And however well-intentioned, they have now become a distraction from accomplishing true progress.*"

"Employees have been working for a year on a 20-hour-per-month mandatory overtime schedule with no end in sight. In fact, we know that VBA has not ruled out actually increasing the 20-hour overtime mandate."

"We're going to hear from GAO later about how 75 percent of the regional offices that they surveyed have agreements with the local unions that veterans' disability claims work done on this candle-burning overtime shall be exempt from any quality review. *I look forward to hearing from VBA on how that's being sold as a veteran-friendly practice.* HVR 195.000 Congressional transcript, Uncorrected, FC, 7/14/14 pages 3 – 8

Mandatory overtime was reinstated on January 12, 2015. Despite the transformation (people, process, and technology) and all of its 40+ initiatives, progress cannot be made without mandatory overtime. Furthermore, although asked since July 2012 by the Committee if the VBA needed more employees they were as silent as lambs on the issue. However, now there is push to hire more employees. The VBA continues to ignore the enormity of the workload, the failure of its technology to produce the results they projected, the resources it takes to train employees to be effective and the mental fatigue that exist among its decision makers because of mandatory overtime and the stress of 4 years of it.

VETERANS BENEFIT MANAGEMENT SYSTEM (VBMS)

Why We Did This Review

In May 2012, the House Appropriations Committee directed the OIG to evaluate the Veterans Benefits Management System (VBMS) to determine whether VA has performed sufficient testing, and to assess whether the Veterans Benefits Administration (VBA) can meet its goal of eliminating the disability claims backlog and increasing the accuracy rate of processing claims to 98 percent by 2015. We addressed this mandate as part of our ongoing work to evaluate effectiveness of VBA's efforts to scan and digitize veterans' claims to support paperless processing.

What We Found

As of September 2012, in the early stages of VBMS system development, VA had not fully tested VBMS. Due to the incremental development approach VA chose, the system had not been fully developed to the extent that its capability to process claims from initial application through review, rating, award, to benefits delivery could be sufficiently evaluated. While we did not evaluate the quality of system testing, we determined, the partial VBMS capability deployed to date has experienced system performance issues. Further, scanning and digitization of veterans' claims lacked a detailed plan and an analysis of requirements. We identified issues hindering VBA's efforts to convert hard-copy claims to electronic format for processing within VBMS, including disorganized electronic claims folders and improper management of hard-copy claims.

VA senior officials stated they have taken recent actions to improve in the areas identified. However, given the incremental system development approach used and the complexity of the automation initiative, VA will continue to face challenges in meeting its goal of eliminating the backlog of disability claims processing by 2015. Because the system was in an early stage of development, we could not examine whether VBMS was improving VBA's ability to process claims with 98 percent accuracy. *VAOIG February 4, 2013 11-04376-81*

What We Recommended We recommended

VA establish a plan with milestones for resolving system issues and develop a detailed approach to scanning and digitizing claims so that transformation efforts do not adversely affect claims processing and add to the existing backlog. *VAOIG February 4, 2013 11-04376-81*

Letter 12-08-13

The Department Of Veterans Affairs, Recovery Act Program-Specific Plan, Information And Technology Systems Veterans Benefits Administration Support Report, June 2010 provides the following information:

- “The VBMS initiative is designed to transition C&P from paper-intensive claims processing to a paperless environment. The \$2.81 Million Recovery Act funding allocated to the VBMS Initiative is providing for a Virtual Regional Office (VRO) prototype. The VRO will be a flexible, iterative, middle-user development process to solidify user needs and business requirements through a living specification. Additionally, Recovery Act funding will provide Independent Verification and Validation (IV&V) oversight of planning, design, development, testing, implementation, and maintenance components of the VBMS initiative.
- “Terremark Contract \$3,100,000 - Contract to provide development and production environment for the long term solution.

Letter 12-19-13

At HVAC’s Subcommittee on Disability Assistance and Memorial Affairs (DAMA) hearing on December 4, 2013, Ms. Sondra F. McCauley, Deputy Assistant Inspector General for Audits and Evaluations, Office of Inspector General, U.S. Department of Veterans Affairs testified using these words, “Finding from our ongoing audits of the VBMS suggests some progress. **While VBA has reduced its inventory and average days to complete claims, we cannot determine if the improvements are related to VBMS or other transformation initiatives.** VBMS continues to experience performance issues and users rely on legacy systems to fully process claims. We have initiated a review to determine the extent VBMS helps VBA improve accuracy and consistency of its claims rating decisions. **We expect to report our findings in early 2014.”** *Senate Hearing on December 11, 2013 VA Claims System: Review of VA's Transformational Progress.*

Letter 7-22-13

Mr. Murphy also gave this testimony at the hearing, “There is no single system that is going to come in that will be a silver bullet – VBMS and make everything work. VBMS if left alone without other change will just make a bad system worst. So, there are other things that have to go on here in terms of, training, education, the quality of hiring, The processes that we are doing, the legislative proposal that you are bringing before us and have done so the last couple of years that are bearing fruit in helping us develop this as well.” *Pending Benefits Legislation, US Senate Veterans Affairs Committee SR-418, June 12, 2013*

Letter 10-30-13

“In April, I joined a number of others expressing frustration” with the staggering VA claims backlog, Reid, D-Nev., said in a teleconference with reporters to announce nearly \$300 million in added VA funding as budgets of other federal agencies remain flat.

“Much of the funding will be used to wean VA benefit offices nationwide off their dependence on paperwork, converting to computerized claims processing, and to train new veterans for civilian jobs.” *VA gets \$300 million boost to trim veteran claim backlog, Las Vegas Review-Journal, October 22, 2013*

Letter 2-12-14

“The wide ranging focus of today’s hearing on the status of VBA’s transformation and intended and unintended consequences of these changes is both apt and timely. VBA is moving forward so quickly and on so many fronts to modernize its claims processing tools that it is only appropriate that all of us pause from time to time, and determine where the Department of Veterans Affairs (VA) is at in the process and examine the effects of this massive effort.” *Subcommittee on Disability Assistance and Memorial Affairs (DAMA) hearing on February 5, 2014, Beyond Transformation: Reviewing Current Status and Secondary Effects of VBA Technology.*

SCANNING & DIGITIZATION OF DOCUMENTS

Letter 11-12-13

Also, in July 2012, VBA contracted with two vendors at a cost of about \$320 million for a base year and 2 option years to assist VBA with claims folder scanning and digitization. The contractors were to standardize, index, and change portable document format to searchable portable document format (image plus text). The contractors were to incorporate quality assurance activities into multiple steps of the conversion process to ensure that VA receives images and sufficient quality data to support its business processes. Additionally, according to VBA officials, the two vendors were responsible for meeting physical security requirements related to storage of records and protection of veterans data. Officials said the vendors are responsible for reconstruction of hard-copy claims folders following scanning and digitization. At the time of our review, work under these two contracts had just begun. VBA also anticipated that NARA would continue to assist developing a long-term scanning solution. *VAOIG February 4, 2013 11-04376-81*

Management Comments Regarding Scanning and Digitization

The Under Secretary clarified that because task orders were awarded to two vendors, the total task order costs for the first 15-month base period and two option years is \$160 million. As such, the Under Secretary said we should report a total cost of \$186.8 million, versus the \$347 million we indicated for scanning and digitization.

Mr. William J. Bosanko, Executive for Agency Service, NARA testified that the two year old contract with VA cost the U.S. taxpayers 9.7 million dollars. During this time, they had 60 employees working on the project. However, he testified that it would take 4000 employees to scan 600 million pages a month for rollout. *Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve our Veterans, Webcast, June 19, 2012, 02:04:10 – 02:07:53*

NARA had two purposes - to train the system to recognized data from VA forms and develop a way to index the data. Although VA privately contracted the scanning, there was apparently no mention of recognizing the data.

Over 46,000 documents that are not associated with the Veteran's electronic file sitting in VBMS cyberspace

TRANSFORMATION

Letter 1-12-14

In VA own words, "... In the first quarter of fiscal year 2012, VBA formulated a Transformation Plan to improve the delivery of benefits to veterans and their dependents and survivors. In the first phase of this plan, VBA's transformational people, processes, and technology initiatives are designed to achieve VA's priority goals of processing all disability claims within 125 days and increasing rating quality to 98 percent by the end of 2015. Upon achieving those goals, the plan calls for VBA to allocate resources to maintain high-quality service for compensation claims while redirecting resources to **the second phase of the transformation**, which will address the needs of VBA's other benefit programs (**appeals, veterans and survivors pension, dependency and indemnity compensation, burial benefits**, vocational rehabilitation, education, and fiduciary)..." (emphasis added) *Federal Register /Vol. 78, No. 229 /Wednesday, November 27, 2013 / Proposed Rules 71043.*

Letter 7-28-13

The MMWR website also includes, "In response, VA is implementing a comprehensive [Transformation plan](#)—a series of people, process and technology initiatives—to increase productivity and accuracy of disability claims processing. Once the Transformation is fully

implemented, VA expects to systematically reduce the backlog and reach its 2015 goal.” Visit it and click on the “Transformation Plan”. It will speak for itself.

The GAO testified before the Senate VA Committee and said, ““We have noted that VA’s ongoing efforts should be driven by a robust, comprehensive plan; however when we reviewed VBA’s plan documents, we found that they fell short of established criteria for sound planning. Specifically, VBA provided us with several documents, including a PowerPoint presentation and a matrix that provided a high-level overview of over 40 initiatives, but, at the time of our review, could not provide us with a robust plan that tied together the group of initiatives, their inter-relationships, and subsequent impact on claims and appeals processing times.” GAO-13-453T, Mar 13, 2013

VBA Cycle Time Study, June 2003

- “The most effective regional offices have a clear integration of certain key practices into an overall philosophy of **continuous improvement**. These specific practices are: A highly competent and involved management team that includes the Office of the Director, the Veteran Service Center Manager, and every supervisory position in the Veteran Service Center (VSC). In the context of this study, these words have very specific meaning. The term "competent" means managers understand claims processing at a very detailed level. Each person, from the Director to the Assistant Coaches, understands the details of claims processing and how the sum of the parts make up the whole.
- **While there is an appreciation for tools, reports, and data, these are not the primary drivers of the process. Rather, they are validation that the process is working. There is a sense that without this understanding of process, tools are of little value.** To be sure, not every director or assistant director must have followed a career path through the claims processing arena. However, successful engagement by senior leadership simply cannot take place without clearly "**understanding the business.**" All of the high performing stations visited during the study exhibit this characteristic.
- The term "involved" means each manager works to support a culture of continuous improvement. Initiatives to improve, "stretch", recognize, and reward performance comes from all levels. The office is considered as having these two elements of management competency and involvement only when the employees themselves validate it. *VBA Cycle Time Study, June 2003*

Letter 9-22-13

The New Challenge Training Course
The Specialized Lanes
Cross Functional Teams
Quality Review Teams (QRT)
New Performance Standards

Rating Calculators and Evaluation Builders

The Disability Benefit Questionnaires was implemented in earnest on March 16, 2012. It was audited by the IG for private providers and the internal control process was been found to be inadequate.

Acceptable Clinical Evidence (ACE) was implemented on October 3, 2012.

Contracting Out of Claims Development to a Xerox subsidiary Affiliated Computer Services (ACS)

Letter 12-19-13

Let's start with the USB Hickey's conclusion in her prepared statement – “While we know there is much more work to be done to reach our goals, **the combined effects of our Transformation Plan – the people, process, and technology innovations and initiatives that have been developed and deployed – are having an impact.** The gains we are making in information technology and the automation of our processes are critical, and going forward, we will need to sustain the resources for programs like VBMS in order to eliminate the backlog in 2015 and achieve our quality goals. Much of our success is attributable to the support of this Committee and your commitment to helping us in our transformation. I thank you for that – and for your full support of our information technology budgets. FY 2014 is a crucial year in our transformation, and I look forward to your continued support and commitment on behalf of Veterans, their families, and Survivors.” *Senate Hearing on December 11, 2013 VA Claims System: Review of VA's Transformational Progress.*

CONTRACTS

Contracting Out of Claims Development to a Xerox subsidiary Affiliated Computer Services (ACS) – “VBMAP is a professional services contract with ACS Federal Solution LLC (ACS), to address the claims backlog and advance the Veterans Benefits Administration (VBA) Transformation Vision. In conjunction with the Veterans Benefits Management System (VBMS) and Veterans Relationship Management (VRM), VBMAP will help jump-start the move of the claims application process from a paper-based model to a paperless one.” Fast Letter 12-12

Letter 10-30-13

- “Rationale for ACS Contract: You and VBA Deputy Under Secretary Rubens recently testified that one of the rationales for the ACS contract is to address a short term upsurge in the claims backlog. Specifically, Deputy Under Secretary Rubens testified at the February 16, 2012 hearing of the Subcommittee on Disability Assistance and Memorial Affairs of the House Committee on Veterans' Affairs that this contract is an “opportunity for us to use a short-term help as we move through a transformation....to do a rapid development of roughly 300,000 claims. Ms. Rubens also described the ACS contracts as “only a one year shot in the arm.” However, the aforementioned Solicitation/Contract/Order (Cover Page, Box 20) indicates that this contract with ACS

includes options to extend the contract for two additional years, for a total cost of \$54,716,783.40. *March 21, 2013, the HVAC sent a letter to USB Hickey*

Agent Orange Fast Track Claims – “To address the anticipated claim receipts for the new presumptive conditions, the Department of Veterans Affairs (VA) sought a technology solution. Utilizing the VA Acquisition process, a contract award was made to IBM of Bethesda, MD, on July 2, 2010. IBM, in collaboration with VA subject matter experts, developed the “Fast Track” claims processing system. VA will deploy the full production system on October 29, 2010. *Fast Letter 10-47*

“The Fast Track process is designed to expedite the processing of Vietnam Veterans’ claims for service connection for any of the three new herbicide-related presumptive conditions: ischemic heart disease; Parkinson’s disease; and, hairy cell and other chronic B cell leukemias. Expedited review will allow for faster release of funds to the Veteran and provide timely access to Department of Veterans Affairs (VA) medical care.” *Fast Letter 11-31*

The IBM built over 1 million dollars electronic paperless system that has proven to be ineffective and has been discontinued. How many claims are stuck in the system that is not being counted and how many taxpayer’s dollars have been spent?

Here are excerpts from the article, *VA launches system to fast-track some Agent Orange claims, Nextgov, November 1, 2010.*

- “Despite early development problems, the Veterans Affairs Department has turned on a new system to speed processing of claims from veterans exposed to the Agent Orange herbicide in Vietnam.
- The system, developed by IBM, was ready just in time to start handling claims on Oct. 30, the date a 60-day congressional review period of new VA rules on Agent Orange claims ended. The Congressional Review Act requires agencies to wait 60 days before they make major changes to regulations.
- Using the new tools, veterans can file claims online faster than they could have through the traditional paper process. The system also showcases a set of simple disability forms for physicians to fill out.
- IBM won the \$9.1 million Agent Orange claims processing system contract this July, and by late August, VA Secretary Eric Shinseki had become so frustrated with the company's lack of progress he personally called IBM chairman Samuel Palmisano to express dissatisfaction. To further goad the company, VA in September issued a request for a second bidder to develop the Agent Orange claims system.
- The high-level call from Shinseki and the request for a second bidder pushed IBM to put development on a truly fast track, said a source familiar with the process, who declined to be identified.
- VA did not respond to a request for an interview on how the fast track system was developed and how it works.”

Letter 8-14-14

“Dependency Claims Contract - ... The contract calls for **40,000** dependency claims to be processed **per month** when operating at full capacity. The contractor is currently ramping up to that capacity.” (Emphasis Added) *Witness Testimony of The Honorable Allison A. Hickey, Under Secretary for Benefits, Veterans Benefits Administration, U.S. Department of Veterans Affairs, Evaluation of the Process to Achieve VBA Goals, July 14, 2014*

According to a letter from USB Hickey to NVAC President Alma dated April 1, 2014, the contract was not awarded and at the time, but once the contract is awarded all the requested information would be awarded.

UNION

The Statute: § 7101. Findings and purpose states,

“ (a) The Congress finds that--

(1) experience in both private and public employment indicates that the statutory protection of the right of employees to organize, bargain collectively, and participate through labor organizations of their own choosing in decisions which affect them--

(A) safeguards the public interest,

(B) contributes to the effective conduct of public business, and

(C) facilitates and encourages the amicable settlements of disputes between

employees and their employers involving conditions of employment; and

(2) the public interest demands the highest standards of employee performance and the continued development and implementation of modern and progressive work practices to facilitate and improve employee performance and the efficient accomplishment of the operations of the Government. Therefore, labor organizations and collective bargaining in the civil service are in the public interest.

(b) It is the purpose of this chapter to prescribe certain rights and obligations of the employees of the Federal Government and to establish procedures which are designed to meet the special requirements and needs of the Government. The provisions of this chapter should be interpreted in a manner consistent with the requirement of an effective and efficient Government.”

Furthermore, the preamble of the Master Agreement between the VA and AFGE put it this way:

“The Department and the Union agree that a constructive and cooperative working relationship between labor and management is essential to achieving the Department's mission and to ensuring a quality work environment for all employees. The parties recognize that this relationship must be built on a solid foundation of trust, mutual respect, and a share responsibility for organizational success. Therefore, the parties agree to work together using partnership principles, Labor-Management Forums, and the Master Agreement to identify problems and craft solutions, enhance productivity, and deliver the best quality of service to the nation's veterans.”

FULLY DEVELOPED CLAIMS

Letter 8-3-2013

Public Law 110-389 (The Veterans' Benefits Improvement Act of 2008), Sec 221(a)(1), states “The Secretary of Veterans Affairs shall carry out a pilot program to assess the feasibility and advisability of providing expeditious treatment of fully developed compensation or pension claims to ensure that such claims are adjudicated not later than 90 days after the date on which such claim is submitted as fully developed.”

CNA’s Interim Summary of FDC Pilot Program Executive Summary dated August 2009 submitted to VA states, “The Department of Veterans Affairs (VA) is conducting two pilot programs to assess efforts to improve the effectiveness and timeliness of the claims process. These pilot programs are being provided under the auspices of Public Law 110-389 (the Veterans' Benefits Improvement Act of 2008), Section 221. VA asked CNA to conduct a study of these two pilot programs to evaluate their overall effectiveness. This required interim report focuses on the fully developed claims pilot program. Because the project effectively started in April 2009 and the data are incomplete, the findings are preliminary and tentative at this stage. A separate report focuses on the individual claimant checklist pilot program.”

H.R.2377 — 112th Congress (2011-2012), states, (1) if a person notifies the Secretary of the intention to submit a fully developed claim and does so within a one-year period thereafter, the Secretary shall provide expeditious treatment to the claim; and (2) if the Secretary determines that a claim submitted as fully developed is not fully developed, the Secretary shall notify such person within 30 days of the information and evidence required to fully develop the claim.

CFR 3.155(a) states, “Any communication or action, indicating an intent to apply for one or more benefits under the laws administered by the Department of Veterans Affairs, from a claimant, his or her duly authorized representative, a Member of Congress, or some person acting as next friend of a claimant who is not sui juris may be considered an informal claim. Such informal claim must identify the benefit sought. Upon receipt of an informal claim, if a formal claim has not been filed, an application form will be forwarded to the claimant for execution. If received within 1 year from the date it was sent to the claimant, it will be considered filed as of the date of receipt of the informal claim.”

E-BENEFITS - is a joint VA/DoD web portal that provides resources and self-service capabilities to Veterans, Service members, and their families to research, access and manage their VA and military benefits and personal information. Since active duty members are required to enroll in eBenefits, how many Veterans are enrolled and how effective is it? Veterans send in documents complaining that they cannot upload them in eBenefits. Furthermore, eBenefits will provide the same status month after month if the claim is not moving.

Letter 1-19-14

eBenefit Breach

- *“The VA issued a statement to ABC11 Friday: The Department of Veterans Affairs (VA) takes seriously our obligation to properly safeguard personal information. Wednesday evening, during a process to improve software supporting the joint VA and Department of Defense benefits web portal eBenefits, VA discovered a software defect. During that limited timeframe, some Veterans and Servicemembers who had registered and logged into eBenefits were able to see a combination of their own information as well as data from other eBenefits users. VA took immediate action upon discovering the software defect and shut the eBenefits system down in order to limit any problems. VA is conducting a full review to be certain the underlying technological issues have been resolved before the system is returned to operation.”*
- *VA's independent Data Breach Core Team (DBCT) is reviewing this issue and believes a relatively limited number of Veterans have been affected. Once the DBCT determines the number of users impacted, their identities and other pertinent facts, VA will take the appropriate response, which may include free credit monitoring for the affected individuals, consistent with VA's standard practice.”*

Excerpts from the article, *Exclusive: Hundreds of Thousands of VA Electronic Disability Claims Not Processed*, nextgov, July 3, 2014 opens another conversation and a need for an investigation into these two systems.

- *““VA spokeswoman Meagan Lutz said since February 2013, just over 445,000 online applications have been initiated. Of those, approximately 70,000 compensation claims have been submitted and another 70,000 nonrating (add a dependent, etc.) have been submitted, leaving a total of 300,000 incomplete claims. Because a number of claims started are more than 365 days old, they have now expired, totaling an estimated 230,000 unprocessed claims.”*

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