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**VETERANS' AFFAIRS COMMITTEE**  
HEALTH SUBCOMMITTEE

March 21, 2012

Ms. Allison Hickey  
Undersecretary for Benefits  
Veterans Benefits Administration  
Department of Veterans Affairs  
810 Vermont Avenue NW  
Washington, D.C. 20420

Dear Undersecretary Hickey:

We are writing to obtain responses to questions we raised at the February 15<sup>th</sup> budget hearing of the House Committee on Veterans' Affairs (HVAC) regarding the Veterans Benefits Administration (VBA) contract with Xerox subsidiary Affiliated Computer Services (ACS). As we indicated at the hearing, we are concerned that this contract may have been implemented without an adequate cost-comparison study or analysis of its impact on veterans' employment opportunities at VBA. We are also concerned about the cost and quality of ACS services provided to veterans and the contractor's problematic track record with other government agencies. Please provide responses to the following questions within ten (10) days.

- A. **Requirement to conduct a cost-comparison study:** You have acknowledged that VBA did not conduct a cost-comparison study prior to issuing Solicitation VA118A-11-RP-0603. You have also acknowledged that the contractor will be performing a number of claims development functions currently performed by VBA employees. Please provide a copy of the analysis that VBA conducted to determine that it did not need to comply with the statutory prohibition against direct conversion in 41 U.S.C. §439(a).
- B. **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 contract 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.

- i. Please provide the analysis used to determine that VBA should enter into a contract to address the backlog, rather than utilize term and temporary VBA employees.
- ii. Please describe efforts by DVA to utilize the new OPM authority for expedited hiring of newly discharged veterans established by the VOW to Hire Heroes Act, P. L. 112-156.
- iii. Please reconcile the option in the contract to extend the contract term for two additional years with Ms. Rubens’ February 16<sup>th</sup> testimony.

**C. ACS Disclosure of Other Government Contracts:** Please provide the following information with regard to VA118A-12-RP-0118:

- i. Copy of the proposal submitted by ACS dated August 22, 2011, listed as Attachment 0007 in the Solicitation/Contract/Order for Commercial Items (Requisition No. 101-J17600).
- ii. All other information provided by ACS in connection with Solicitation VA118A-12-RP-0118 regarding past contracts between ACS and other government agencies.

**D. Contract Costs:** Please provide documentation supporting the supposition that the contract with ACS is going to save the federal government money by outsourcing this work to ACS.

- i. Specifically: Please include in the analysis the following:
  - The portion of contract costs allocated to lost production hours associated with VBA employee training of ACS employees and VBA employee review of ACS work.
  - The portion of contract costs allocated to training of ACS employees by trainers employed by VBA, ACS or other entity.
  - Include description of programs for initial training and continuing training of ACS employees and qualifications of trainers.
  - Include description of process for conducting quality assurance (QA) of ACS services.

- Portion of contract costs allocated to tracking and transferring claims between VBA and ACS offices.

E. **Case selection:** I have received a report from the St Louis Regional Office (RO) that 800 cases previously handled by VBA employees are now being handled by ACS employees. Please provide the following information with regard to selection of cases transferred to ACS:

- i. What criteria are used at each RO to determine the types and numbers of cases are to be diverted to the contractor?
- ii. The aforementioned Solicitation/Contract/Order indicates that the ACS workforce will be handling claims involving “Fiduciary Misuse”, Nehmer issues, Post Traumatic Stress Disorder issues and Military Sexual Trauma. What additional training, if any, will ACS employees receive for processing these claims?
- iii. What criteria are applied to determine whether claims in these categories should be diverted to the ACS workforce?

F. **Impact of ACS Contract on Ongoing VBA Transformation Efforts:** VBA has testified in the past that it is currently testing a large number of pilot programs, and that a national rollout of these pilots be completed in 2013. Ms. Rubens testified at the February 16<sup>th</sup> hearing that with regard to the ACS contract, VBA is “looking for an opportunity to help as we move through transformation to see what kinds of technology they use, to see what good ideas they might have, and incorporate that into the system that we have.” More specifically, Ms. Rubens testified that one objective of the ACS contract is to “use any ideas they might have developed to help improve our VMBS system, and our VRM systems to ensure that we’ve got the best tools in the hands of our employees.”

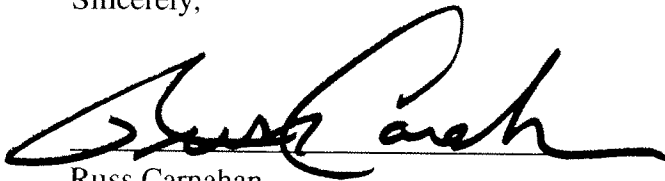
- i. Please provide the names of all companies that have been awarded contracts as part of the VBA transformation process, and the expected outcomes of each contract, including improvements of the VMBS and VRM systems.
- ii. Please describe the expected outcomes of the ACS contract with regard to improving the efficiency and quality of the existing VBA claims process, and how these outcomes differ from the expected outcomes of other transformation contracts.

G. **VBA Workforce:**

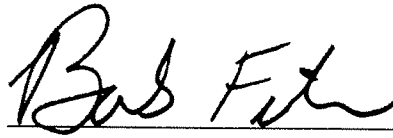
- i. In the St. Louis Regional Office nearly half the employees are veterans. What percentage of the VBA workforce overall are veterans? Please also indicate the percentage of veterans who are disabled.
- ii. Please describe all recruitment efforts conducted by VBA since January 1, 2008 that were directed at the existing VA workforce, VA patients receiving job-related services, and the larger veterans community to hire potential veteran applications for VSR and other claims development positions.

Thank you. I look forward to your response to these questions within ten (10) days.

Sincerely,



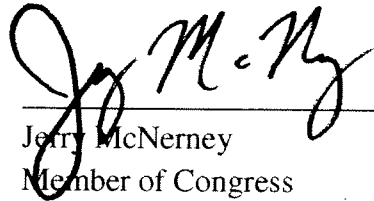
Russ Carnahan  
Member of Congress



Bob Filner  
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Corrine Brown  
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Jerry McNerney  
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Tim Walz  
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