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DEPARTMENT OF VETERANS AFFAIRS (VA)**

**BEFORE THE
HOUSE ARMED SERVICES COMMITTEE AND
HOUSE VETERANS AFFAIRS COMMITTEE**

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Chairman McKeon, Chairman Miller, Ranking Member Smith, Ranking Member Michaud, and members of the committees, we appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs' efforts to reduce the backlog of disability compensation claims and to develop an Electronic Health Record (EHR) with the Department of Defense (DoD).

Disability Compensation Claims Backlog

Today, many Veterans wait too long to receive benefits they have earned and deserve. That has never been acceptable to the Secretary, or the dedicated employees of the Veterans Benefits Administration (VBA); over half are Veterans themselves. VA is implementing a robust plan to ensure we achieve our goal of eliminating the claims backlog and improving decision accuracy to 98 percent in 2015.

Over the last 3 years, the claims backlog has grown from 180,000 at the end of fiscal year (FY) 2009, to approximately 530,000 claims as of June 19, 2013. To meet the goal of eliminating the backlog by 2015, we have set to transform VBA into a 21st century organization. VBA's transformation is demanded by a new era, emerging technologies, and the latest demographic realities

As background, it is important to note that over 60 percent of the pending claims are "supplemental" claims from Veterans seeking to address worsening conditions or file for new conditions ("issues"). Seventy-seven percent of these Veterans are already receiving disability compensation and are eligible for VA health care. Additionally, as VA does not limit claims submissions, Veterans can continue to apply for additional service-connected disabilities while their claims are pending.

There are several factors that have impacted on the volume of incoming claims. In 2009, based on all available scientific evidence and the Institute of Medicine's *Veterans and Agent Orange: Update 2008*, VA made the decision to add three

presumptive conditions (Parkinson's disease, ischemic heart disease, and B-cell leukemias) for Veterans who served in the Republic of Vietnam or were otherwise exposed to the herbicide Agent Orange.

Due to this policy change, the number of compensation and pension claims received increased from 1 million in 2009 to 1.3 million in 2011 (a 30 percent increase). In addition, beginning in October 2010, VBA identified these claims for special handling to ensure compliance with the provisions in the *Nehmer* court decision that requires VA to re-adjudicate claims for these three conditions that were previously denied. VBA dedicated over 2,300 claims staff to re-adjudicating these complex claims, which required time-consuming and detailed review. *Nehmer* claims for all live Veterans were completed as of April 2012 and *Nehmer* survivor claims were completed in October 2012. The claims staff previously focused on these Agent Orange claims are now working on reducing the backlog. As of June 19, 2013, VA has processed approximately 280,000 claims and awarded over \$4.5 billion in retroactive benefits for the three new Agent Orange presumptive conditions to more than 166,000 Veterans and survivors. Our focus on processing these complex claims contributed to a larger claims backlog, but it remains the right thing to do for our Vietnam Veterans, many of whom waited a long time for these benefits. In 2010, VA also made an important decision to simplify the process to file disability claims for combat Post-traumatic Stress Disorder. These decisions expanded access to benefits for hundreds of thousands of Veterans and brought significantly more claims into the system.

There are several other factors that have resulted in the submission of more disability claims and contributed to the backlog. These include VA initiatives to increase access and externally driven demand to address unmet disability compensation needs such as: increased use of technology and social media by Veterans, families, and survivors to self-inform about available benefits and resources; improved access to benefits through the joint VA and DoD Pre-Discharge programs; and increased outreach programs to inform more Veterans of their earned benefits, which can include compensation claims. The demand for disability compensation has also been impacted by: ten years of war with increased survival rates for our wounded; an aging population of previous era Veterans such as Vietnam and Korea, whose conditions are worsening; a difficult economy, and the growth in the complexity of claims decisions as of result of the increase in the average number of medical conditions for which each claimant files.

The current composition of the inventory and backlog also includes claims from Veterans of all eras – from Veterans of the current conflicts to World War II Veterans who are just now filing a claim for the first time. The largest cohort of claims comes from our Vietnam-era Veterans who filed 448,000 claims in FY 2012, and made up 36 percent of the inventory and 37 percent of the backlog as of May 31, 2013. Gulf War Era Veterans make up 23 percent of the total inventory and 22 percent of the backlog. Veterans of Iraq and Afghanistan conflicts make up 20 percent of the total inventory and 22 percent of the backlog. Veterans of the Korean War, World War II and all other eras make up less than 10 percent of both total inventory and backlog. The remainder of the inventory and backlog is from peacetime era Veterans.

To meet the goal of eliminating the backlog, VBA is aggressively implementing its Transformation Plan, a series of tightly integrated people, process, and technology initiatives designed to achieve our goal of processing all claims within 125 days with 98 percent accuracy in 2015. VBA is retraining, reorganizing, streamlining business processes, and building and implementing technology solutions based on the newly redesigned processes in order to improve benefits delivery.

VBA is deploying technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations. VBA's digital, paperless environment also enables greater exchange of information and increased transparency to Veterans, the workforce, and stakeholders. Our technology initiatives are designed to transform claims processing from the time the Servicemember first enrolls in the joint VA and DoD eBenefits system and submits an online application, to the issuance of the claims decision and receipt of compensation payments.

VBA's major technology initiative to reduce the backlog is the Veterans Benefit Management System (VBMS). VBMS is a powerful paperless, Web-based, and electronic claims processing solution complemented by improved business processes. It is assisting in eliminating the existing claims backlog and serves as the technology platform for quicker, more accurate claims processing.

National deployment of VBMS began in 2012, with 18 regional offices (RO) operational by the end of calendar year (CY) 2012. As of June 10, 2013, all 56 ROs and our Appeals Management Center have fielded the first generation of VBMS paperless processing capabilities. All new incoming claims are being established and processed using the new system, which will gradually eliminate paper processing of claims. We estimate that with the development of additional automated functionality in the future generations of VBMS, it will help improve VBA's production by at least 20 percent (in each of FYs 2014 and 2015) and accuracy by at least 8 percent.

There are over 12,400 users of VBMS to include Veterans Health Administration (VHA) staff and VSO representatives. VBMS has also successfully converted 133 million documents to images, which is the main mechanism for transitioning from paper-based claim folders to the new electronic environment. Veterans enrolled in the VA/DoD portal, eBenefits, receive electronic notification of changes in status of their disability claims, including notification of the claims decision and any benefit payments due.

In addition, through the Veterans Relationship Management (VRM) process VBA engages, empowers, and serves Veterans and other claimants with seamless, secure, and on-demand access to benefits and military service information. Veterans have access to benefits information through multiple VA sources or channels – on the phone, online, or through eBenefits. VRM provides multiple self-service options for Veterans and other stakeholders.

Also, as part of VBA's technology initiatives, the Veterans On-Line Application (VONAPP) Direct Connect (VDC) incorporates a complete redesign of the legacy Veterans On-line Application (VONAPP) system, leveraging the eBenefits portal. Claims filed through eBenefits use VDC to load information and data directly into the new VBMS application for paperless processing. Veterans can now file both original and supplemental compensation claims through VDC.

Support from our partners and stakeholders is critical to better serving our Veterans, Servicemembers, and their families. VA's claims transformation changes our interactions with employees, other Federal agencies, Veterans Service Organizations (VSO), and state and county service officers.

Fully Developed Claims (FDC) are critical to achieving VBA's goals and provide a method for our VSOs, DoD, and State and county partners to assist in gathering the necessary evidence to decide a claim. An FDC is a claim submitted to VA with all the material required for VA to make a decision, along with the Veteran's certification that nothing further will be provided. An FDC is critical to reducing "wait time" and "rework." VBA currently receives 9.5 percent of claims in fully developed form. When a qualified FDC is received, VBA is able to discharge its evidence-gathering responsibilities under the Veterans Claims Assistance Act much more efficiently than in traditional claims. VA currently completes FDCs in about average time to complete all other claims. VBA's target for FY 2013 is to receive 20 percent of claims in the fully developed format with the help of our DoD and VSO partners.

In addition, collaborative efforts are ongoing with DoD to allow VA to receive complete service treatment records (STR) – and to receive them electronically for faster and more efficient claims processing. In December 2012, VBA reached agreement with DoD to require the military services to certify a Servicemember's STRs as complete at the point of transfer to VA. The final medical treatment facility at each military service, including the National Guard and Reserve component, will certify the completeness of all STRs at the point of separation from military service. This will further increase the number of FDCs. This action has potential to cut as much as 60-90 days from the "awaiting evidence" portion of claims processing, and reduce the time needed to make a claim "ready for decision" from 133 days currently to 73 days for departing Servicemembers.

We are working with DoD to be able to view DoD electronic health records information, which will enable VBA to review any DoD records that VBA does not already possess in order to complete claims. We are also working with DoD on a capability to provide information in the Armed Forces Health Longitudinal Technology Application system (AHLTA) as a print-to-portable document format (PDF). A pilot of this capability will begin in September 2013 to provide VA electronic data (PDF) of information contained in AHLTA at the time a Service member separates from the military. DoD will deploy the Healthcare Artifact and Image Management Solution (HAIMS) to provide a mechanism for scanning and uploading paper documents to make them readily available to VA. Additionally, the technology could also be used to scan

and upload paper medical record items received from private-sector providers. DoD has initiated an accelerated deployment schedule for HAIMS with a goal of stopping the flow of paper STRs to VA by December 2013.

On April 19, 2013, VA announced a new initiative to expedite compensation claims decisions for Veterans who have waited 1 year or longer. VA claims raters are making provisional decisions on the oldest claims in inventory, which allows Veterans to begin collecting compensation benefits more quickly, if eligible. Veterans are able to submit additional evidence for consideration a full year after the provisional rating, before VA issues a final decision. Provisional decisions are based on all evidence provided to date by the Veteran or obtained on their behalf by VA. If a VA medical examination is needed to decide the claim, it is ordered and expedited.

As a result of this initiative, more than 65,000 claims – or 97 percent of all claims over two years old in the inventory – have been eliminated from the backlog. VBA staff are now focusing their efforts on completing all disability claims of Veterans who have been waiting over one year for a decision.

It is important to understand that as a result of this initiative, metrics used to track the timeliness of benefit claim decisions will fluctuate. The focus on processing the oldest claims will cause the overall measure of the average length of time to complete a claim to rise in the near term because of the number of old claims that are being completed. VA's average time to complete claims will improve as the backlog of oldest claims is cleared and more of the incoming claims are processed electronically through VA's new paperless processing system. In addition, the average days pending metric – or the average age of a claim in the inventory – will decrease, since the oldest claims will no longer be part of the inventory.

The Department already prioritizes processing of some claims, including the claims of seriously injured and Servicemembers separating through IDES as well as those of Medal of Honor recipients, former prisoners of war, the homeless, terminally ill, and those experiencing extreme financial hardship. The Department also prioritizes FDCs.

VA has made huge strides in its journey to improve technology and provide all generations of Veterans the best possible health care and benefits that they earned through their selfless service. VA is committed to continue that journey, especially as the numbers of Veterans using VA services increase in the coming years.

Electronic Health Records

In April of 2009, President Obama directed the DoD and VA to, “work together to define and build a seamless system of integration with a simple goal: When a member of the Armed Forces separates from the military, he or she will no longer have to walk paperwork from a DoD duty station to a local VA health center; their electronic records will transition along with them and remain with them forever.”

The mission of both Departments is to fundamentally and positively impact the health outcomes of active duty military, Veterans, and eligible beneficiaries. As a result, VA and DoD are committed to creating a seamless health record integrating VA and DoD data, while modernizing the software supporting VA and DoD clinicians in the most efficient and effective way possible.

Today, DoD and VA are already exchanging a significant amount of electronic information and are taking aggressive actions in 2013 to further expand these efforts. But, most of the information shared today is not standardized to support use in electronic clinical decisions. As an example, different names for “blood glucose” in the DoD and VA systems make it impossible to integrate and track blood sugar levels for diabetics across the two systems. Once this data is mapped to standard codes it will be possible to chart and track blood sugar levels across DoD and VA records. A key priority for both Departments is to standardize electronic health record data and make it immediately available for clinicians so they have the information they need to make informed medical decisions for our patients.

In December of 2012, when presented with the revised cost and schedule information, the Secretaries directed that the Interagency Program Office (IPO) Advisory Board Co-Chairs and the Health Executive Committee (HEC) Co-Chairs prepare and provide “quick win” recommendations to accelerate interoperability and recommend changes to the governance structure and budget impacts. As a result, the IPO Advisory Board Co-Chairs and HEC Co-Chairs provided a plan which the Secretaries approved that included:

Program Strategy: Adjusted the March 2011 iEHR acquisition business rules from “buy” commercially available solutions for joint use, “adopt” a Department-developed application if a modular commercial solution is not available and one Department has a solution, “create” a joint application on a case by case basis if neither a modular commercial or Department-developed solution are available, to “adopt, buy, create” to leverage existing capabilities for joint use. The Departments will also define a “core” set of iEHR capabilities that would allow us to evaluate the selection of existing EHR products to reduce program risks and costs while accelerating implementation.

Quick Wins: On February 5, 2013 VA and DoD agreed to four accelerators. First, VA and DoD clinical health data will be made interoperable and available in near real-time using translation mechanisms such as the Health Data Dictionary and DoD’s adoption of Blue Button. This data interoperability work will be completed by January 2014. Second, we approved deployment of the presentation software called JANUS Graphical User Interface to five VA polytrauma rehabilitation centers and two associated Military Treatment Facilities. JANUS is the tool clinicians use to view VA and DoD health data simultaneously. Third, the Departments will create a VA-DoD Medical Community of Interest network and security infrastructure to enable the creation

of a logical “single medical enclave” that meets both Departments’ security requirements, provides equal access to iEHR services by both Departments, leverages existing DoD and VA existing infrastructure, and provides connectivity between DoD and VA medical networks. Fourth, the Departments will rapidly adopt an identity management solution to establish consistent methods for identifying patients across the two organizations.

Under this plan, VA has committed to deploying an iEHR “core” based on VistA while DoD committed to evaluating available alternatives in order to make a “core” technology selection that will best fit its needs. In order to achieve the desired data interoperability between both Departments, both “cores” will conform to an agreed-upon set of standards that enable the secure and interoperable exchange of information.

While the immediate focus is on accelerating data interoperability between the two Departments, the end goal remains the same – to make certain that VA and DoD are creating a seamless health record integrating VA and DoD data and modernizing the software supporting DoD and VA clinicians. As a result of a DoD review directed by Secretary Hagel to determine the best way forward for improvements in interoperability and EHR modernization, DoD has decided that they will use a competitive process in choosing their “core.” This will allow DoD to consider commercial alternatives that may offer them reduced cost, reduced schedule, and technical risk and access to increased current capability and future growth in capability by leveraging ongoing advances in the commercial marketplace.

In today’s world that means that VA and DoD don’t have to utilize the same EHR software. Health record data integration and exchange is possible regardless of the software systems. In fact, as private sector experience has shown, using the same system does not guarantee that information can be shared. The important thing is that both systems use national standards and a common language to express the content and format of the information they share.

To achieve the goal, the Departments are taking the following steps that will deliver seamless, integrated health information on an accelerated basis: We are creating a *Data Management Service* that will give DoD and VA clinicians access to integrated patient health record information. The service will retrieve data from across DoD and VA for a given patient in seven critical clinical areas— medications, problems, allergies, lab results, vitals, immunizations, and note titles—representing the vast majority of patients’ clinical information. The data will be mapped to open national standards—the same as those being adopted by the private sector—making the data computable and supporting health information sharing not only across DoD and the VA, but also with private sector providers. The data will be available in near real-time, so clinicians can rely on it for urgent clinical decisions. The standardized, integrated data will fuel a variety of apps, tools and views supporting clinicians.

The *Data Management Service* will be developed and deployed by the beginning of CY 2014. Nine high priority sites will have access to these data through a single

integrated view. DoD and VA intend to make standardized, integrated clinical record data broadly available to clinicians across DoD and VA later in CY 2014. We are also enhancing “Blue Button” functionality, giving patients the ability to download and share their own electronic medical record information (in structured and coded format), helping them take control of their own health.

Efforts to deliver the Data Management Service are currently funded through FY13 and are in the President’s FY14 budget submission. This work leverages previous health data interoperability efforts funded through the Joint DoD/VA Interagency Program Office (IPO). The IPO’s efforts to date to standardize data and provide the infrastructure to integrate and view electronic health information across the Departments are the foundation for the efforts to create a seamless health record by 2014.

In the mid-term, both VA and DoD have identified the need to update their respective healthcare management systems, replacing or enhancing existing legacy systems to give clinicians and patients the best healthcare software support, including state-of-the-art clinical decision support and analytics, to provide our Servicemembers, their dependents and our Veterans with the best healthcare possible. VA with its large installed base, trained workforce and in-house development and support capacity has chosen to enhance its healthcare management system core capability based on an evolved VistA. This is a logical choice and a sound business decision for VA. But, the Departments will ensure that the acquisition of their respective healthcare management systems will deliver the capabilities needed to meet each Department’s clinical requirements, while delivering the best value to the American taxpayer.

The Departments intend to jointly determine and then leverage open standards, open architecture, and open published application programming interfaces (API), while still ensuring accessibility for users with disabilities, that will provide a strong shared foundation for both healthcare management systems. The Departments will also use mature solution approaches and will apply acquisition best practices (to include maximum use of competition) to efficiently address clinical needs. Where appropriate, VA and DoD will jointly acquire capabilities.

To meet its need for modernized software to support clinicians and Veterans VA chose the “core” technology of VistA to reduce the costs and risks associated with the selection and implementation of a different technology. Most importantly, while we are engaged in continuously improving VistA, it is still one of the best electronic health record systems available worldwide. Because the source code to VistA is available via Open Source, we know that we will be able to achieve competitive pricing for any changes we need to make. The basis of the decision to utilize an evolved VistA as the iEHR core include: VistA satisfactorily meets the majority of the core criteria; VistA has an enormous investment of clinical and business knowledge imbedded into the system; VistA is able to be progressively modernize the system module by module with less risk; and a thriving and growing Open Source community exists to engage in evolving VistA to meet future needs.

Through the President's leadership and the strong support of Congress, VA has made huge strides in providing all generations of Veterans the best possible health care and benefits through improved technology. VA in concert with its DoD partners is committed to creating a seamless record and to modernizing its health record software, in order to realize the President's vision of healthcare records that can be used across the range of national healthcare providers, including Defense, Veterans Affairs and commercial providers. This course of action will also ensure that we meet our commitment to providing our active duty military, Veterans, and beneficiaries with the healthcare they deserve now and in the future.

VA and DoD are committed to our collaborations, and we continue to look for ways to improve our decision-making, achieve greater efficiencies, and accelerate the transition process for Servicemembers and Veterans. Thank you again for your support to our Servicemembers, Veterans, and their families and your interest in the ongoing collaboration and cooperation between our Departments. We appreciate the opportunity to appear before you today, and we are prepared to respond to any questions you may have.