

House Committee on Veterans' Affairs
July 14, 2014
“Evaluation of the Process to Achieve VBA Goals”

Statement of Ronald Robinson
Senior Veterans Service Representative
Columbia Regional Office

Good afternoon, Chairman Miller and Ranking Member Michaud and Members of the Committee. On behalf of my fellow comrades and employees, thank you for the opportunity to discuss the evaluation of the process to achieve Veterans Benefits Administration (VBA) goals which was established in 2009 by former VA Secretary Shinseki at 125 days to complete, and 98 percent claims-based accuracy.

Serving veterans should never be about arbitrary and unplanned goals, but how can we serve them better. It has been proven that setting unrealistic and unplanned goals with long term targets without short and intermediate targets to validate their effectiveness are a recipe for disaster.

The Columbia Veterans Affairs Regional Office had the privilege of a visit from Acting Secretary Gibson on last week and it was refreshing to hear our top leader say it's not about matrices but ensuring we are doing everything to serve our Veterans and building trust one Veteran at a time. He addressed transparency, accountability and retaliation of employees. He also acknowledged that it was his job to create conditions for employees to be successful. He is setting the tone for changing the culture of the lack of accountability, numbers and manipulation of numbers, retaliation and VA talking points.

In October 1995, when I arrived at the Columbia VARO as a work-study, there was a VA poster on the wall in the hallway that read “Making a Difference in VBA – Integrity, Professional, and Accountability.” I was impressed by the message and embarked on a journey to make it a reality as I served my fellow comrades. I visited the VBA central office in February 2013 and to my surprise the same poster was hung in the hallway. However, I have learned that words on paper are meaningless without corresponding action.

The VA is not a factory or business, but a service organization created to serve Veterans, their widows and orphans. We serve survivors of those who have made the ultimate sacrifice; those who have seen horrific acts of war and need comfort; those who have been mentally and physically disabled and need medical care, those who are homeless and need shelter as well as support; those who are thinking about suicide and need a lifeline; and all the others who honorably and faithfully served our Country.

Again, this is not about meeting goals and matrices, but serving those who served and VA providing the leadership, effective tools, and creating a work environment for

employees that is conducive to providing accurate and timely decisions to our customers – Veterans, survivors, and their families.

When unrealistic goals cause leaders to throw common sense and intelligent analyses out of the window, it is time for a reassessment and shift the focus back on our only mission “TO CARE FOR HIM WHO SHALL HAVE BORNE THE BATTLE FOR HIS WIDOW AND HIS ORPHAN.”

President Roosevelt on the date he signed the G.I. Bill, stated, "...the members of the armed forces have been compelled to make greater economic sacrifice and every other kind of sacrifice than the rest of us, and they are entitled to definite action to help take care of their special problems."

It is clear from this GAO report that when this goal was set, there was no plan to achieve it.

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*

Furthermore, although the goal announced publicly was for all claims, VA truncated its plan to focus on disability claims leaving the appeals to spiral out of control. Appeals are disability claims.

Here is VA's plans in their 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.*

Goal setting is not new for the VBA, but achieving these goals cannot be measured only by increasing production and reducing the inventory as noted below.

"... as we noted in our April 2002 testimony, cutting the time to process claims roughly in half to meet the Secretary's timeliness goal of 100 days by the end of fiscal year 2003 depends on more than just increasing production and reducing inventory." *GAO-02-412 Report to the Chairman and Ranking Member, Committee on VA, U.S. Senate, July 2002*

As we all have witnessed and was reported in 2001, the VBA workload is more than the number of pending claims or the backlog in VBA Regional Offices.

"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 over-simplifies 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*

Nothing can replace competency, involvement and validation by employees of the success of the process as explained in VBA's own study.

"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*

This is surely not an employee's problem as acknowledged by Chairman Miller, but clearly rest on the shoulders of VA leadership.

"Miller said. "The vast majority of the 300,000 employees at VA are dedicated and are hard-working. They deserve better than to have the reputation of their organization dragged through the mud by a bunch of executives too busy patting

themselves on the back to take responsibility.” *Legion Convention: Chairman of House Committee on Veterans' Affairs Vows to Keep the Pressure on VA to Reduce Claims Backlog, Fort Mill Times, August 28, 2013*

The VA leadership established a goal without a detailed plan to achieve. How could it be effective?

Now, I would like to discuss the Transformation (people, process, and technology) in VA own words and with my analysis.

People

“VBA’s employees are the key to Transformation success, and over 52 percent of them are Veterans themselves.” *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

VBA’s miscalculation that automation would reduce the need for employees has only exacerbated the staffing problem that exists.

AFGE Local 520 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 ending 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)

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.

Even a more telling tale of staffing problems is when AFGE Local 520 requested a copy of the organization charts for each Veterans Service Center in VBA and the Central Office’s response was there did not keep copies of them. How can VBA ensure standardization and proper staffing without know how their VAROs are staffed?

A Freedom of Information Act (FOIA) also request reveals the actual 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

The FY14 numbers were not ripe at the time of the FOIA response, but this comment from a VBAVACO email should shed a light on the way it will be at the end of FY14.

"I am so proud of you for the way you honor the Veteran community day after day. This Memorial Day weekend when so many will be on vacation or backyard barbeques, many of you will be working overtime - ***nearly 20,000 hours of overtime.***" *Email, Subject: Memorial Day Message, Hickey, Allison (EX), VBAVACO, May 23, 2014 (Emphasis Added)*

An organization cannot survive on mandatory overtime. It is a red flag that the pillars of an organization (leadership, processes, people systems and workplace culture) have crumpled.

Effective training and performance standards which are tested are essentials to an organization. However, in my opinion, both need work at the VBA.

The bottom line is all employees including managers, especially first line supervisors, are overwhelmed and frustrated by this massive unplanned transformation.

Process

VBA Organizational Model

Initially planned for deployment throughout FY 2013, VBA accelerated the implementation of its new organizational model by 9 months due to early indications of its positive impact on performance. The new organizational model incorporates a case-management approach to claims processing, by reorganizing the workforce into cross-functional teams that give employees visibility of the entire processing cycle of a Veteran's claim. These cross-functional teams work together on one of three segmented lanes: express, special operations, or core. Lanes were created based on the complexity and priority of the claims, and employees are assigned to the lanes based on their experience and skill levels. An Intake Processing Center serves as a formalized triage process to quickly and accurately route Veterans' claims to the right lane when first received. *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

The team concept and case management are the same cornflakes in a different box. A study of VBA history shows that the old name was "Business Processing Reengineering" (BPR) which lasted three years.

The VBA call their supervisor in the Veterans Service Center coaches. A coach for a team is required to know claims development, rating, and adjudication. However, few have the technical skills to instruct employees in more than one area. This was another drawback to BPR.

The organizational model also created a nonrating team, but it was understaffed and the nonrating inventory ballooned and veterans are not receiving the benefits because of it.

Technology

Proven technology has its advantages, but is only a part of fixing the problem now facing our organization as acknowledged by VBA.

Mr. Murphy, Director of Compensation Service also gave this testimony at the hearing (*Pending Benefits Legislation, US Senate Veterans Affairs Committee SR-418, June 12, 2013*) "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."

Technology

"Key to VBA's transformation is ending the reliance on the outmoded paper-intensive processes. VBA is deploying technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

Veterans Benefits Management System (VBMS)

"VBMS is a web-based, electronic claims processing solution complemented by improved business processes. It will assist in eliminating the existing claims backlog and serve as the technology platform for quicker, more accurate claims processing." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

In order to achieve the VA Secretary's goal; VBMS was rolled out too early. As a result there are constant updates which are also not ready for prime time.

Working in an electronic environment truly has its advantages. However; working in an electronic environment that is laden with workarounds and creates manual labor is time

consuming and negates the advantages. Moreover, it has an adverse effect on employee's productivity and morale and ultimately even greater effect on timely and accurate delivery of decisions to our customers – Veterans and their survivors. “

Under political and media pressures and the pressure to meet VA Secretary Shinseki's goal, VBA was forced to transition to a paperless process and a multitude of untested initiatives.

Moreover, VBA was warned by the VAOIG as recorded in VAOIG report 11-04376-81, dated February 4, 2013 regarding VBMS.

- “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 hardcopy 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..”

Now, let's examine the testimony of Mr. William J. Bosanko, Executive for Agency Services, U.S. National Archives and Records Administration (NARA) at the *HVAC Hearing on 06/19/2012: Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve our Veterans, regarding the scanning of documents (emphasis added)*.

"NARA entered into a one-year agreement with the Department of Veterans Affairs (VA) in June 2010 to help design a scanning architecture and a process that would meet VBA's particular needs. Under this agreement, NARA mapped out a scanning workflow for claims processing, configured a scanning system, trained the scanning system to recognize the data on VBA's forms, and developed a way to index the data so that it could be efficiently retrieved when needed..." Based on the success of the first pilot, NARA signed a second one-year agreement with the VA in June 2011 to further refine the scanning workflow and hardware configuration and to continue to improve the system's ability to automatically recognize and compile data from VBA forms. We are nearing our

completion of meeting the requirements to the VA under the terms of the two year-long agreements. Our current agreement with the VA ends on June 26, 2012."

During questioning at the HVAC hearing by Ranking Democratic Member Filner of Mr. Bosanko, it was discovered that it would take approximately 4000 employees to scan the required 600 million pages a month for rollout.

After two years of partnership with VA to development the scanning and indexing process for VBMS, NARA terminated the contract. NARA warned VA of the amount of people it would take to effectively accomplish rollout.

However, VA was determined to proceed on to meet the VA Secretary's goal. Therefore, they entered into a contract with two private contractors - CACI and SMS. However, it created problems resulting in VA creating a labor intensive process creating manifests and scanning banners to transfer documents to the scanning vendors to identify documents that were pending prior to the scanning vendors actually scanning the documents into VBMS.

However, on June 6, 2014, the use of the scanning banner to track the status of scanned items was discontinued, until further notice. *Email, Subject: Pending Scanner Banner, June 9, 2014, 8:30 AM*

Now, the VA is embarking on another effort to solve the scanning problem - Centralized Mail. As currently configured, this process is still in the embryo stage, but VA is trying to birth it prematurely.

I have personally tested the process and as currently configured it will be yet another setback and labor intensive process for VA employees and will affect productivity and service to Veterans. As a footnote, my fellow employees and I actually witnessed a document disappear into cyber space.

eBenefits – a joint VA-DoD client-services portal for life-long engagement with Servicemembers, Veterans, and their families – is a key component of VRM. eBenefits currently provides users with over 45 self-service options and greater access to benefits and health information at the time and method of their choosing.

Stakeholder Enterprise Portal (SEP)

SEP is a secure web-based access point for VA's business partners. This portal provides the ability for VSOs and other external VA business partners to represent Veterans quickly, efficiently, and electronically. Because SEP is a new release, specific results are not yet available. "." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

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.”
- SEP, Manar said, was not “well thought-out” when fielded and “the whole system was not ready for prime time.”
- She said VA plans a new release of SEP this month to VSOs, which will allow VSOs to submit claims directly to VBMS for veterans who hold power of attorney. This update would eliminate the need for the veteran to submit from the eBenefits portal.”

This is just another example of technology and a lack of an evaluation of the electronic systems launched by VBA in an attempt to reach the VA Secretary’s goal.

During this transformation, I have seen failed initiatives, such as contracting out of claims development and the IBM created Fast Track system for processing the three new Agent Orange presumptive disabilities, ADHOC procedures, such as, the oldest claims initiative, all hands on deck to include suspending quality reviews, provisional ratings, unlimited overtime (20 hours of mandatory overtime and unlimited voluntary), the recent refresher training called Special Adjudication Review Course (SPARC) which is still on going and includes employees who attended the New and improved Challenge Course that was a part of transformation, as well as the closing of Regional offices to give refresher training, the returned of 37% of the workforce from processing Nehmer claims which should have been a plus, the implementation of the other initiatives that are too lengthy to discuss here, the changing of performance standards twice, the Monday Morning Workload Report (MMWR) changed three times, the exclusion of EP 930s from the rating bundle, EP 400s identified on the MMWR as correspondence used to request evidence, the continued increase of appeals and nonrating claims, just to name a few. Now, another ADHOC procedure to reduce the dependency claims backlog that is labor intensive and creating more problems. Now, there is a move to hire over 100 temporary VSRs not to exceed one year to help with the nonrating claims inventory. When does the madness stop?

My colleague and dear friend, Cindy Indof, a seasoned VBA employee of over 20 years of experience at all levels and former manager, said, "There are so many changes that no human can keep up with it." However, the most telling comment she has coined is this "the VBA Central Office's leadership is living in a future that does not exist."

Has the process been effective, the answer is no. Have VBA tried with all its might, the answer is yes. Have VBA moved from paper, the answer is yes for the most part. Are veterans still waiting for their benefits, the answer is yes.

Is the backlog still over 50 percent and appeals, and nonrating products continue to increase, the answer is yes.

This data is taken from the MMWR report dated June 28, 2014 and July 7, 2014 reflecting the VBA workload as of June 28, 2014 and July 5, 2014, respectively. The overall rating bundle increased by **3,076** and backlog increased by **5691** from the previous week. This does not include the claims that are in VBA possession, but have not been established into the system.

WEEK	C&P RB OVERALL	WEEKLY DIFF	WEEK	C&P RB BACKLOG	WEEKLY DIFF
06/28/14	555,180	-7,788	06/28/14	268,348	-8,543
07/05/14	558,256	3,076	07/05/14	274,039	5,691

C&P RB >125	6/28/2014	7/5/2014	DIFF	6/28/2014	7/5/2014	DIFF
010	22,685	23,386	701	53.0%	52.4%	-0.5%
110	69,847	71,185	1,338	52.7%	53.7%	1.0%
020	166,505	169,682	3,177	48.4%	49.3%	0.9%
930	22,046	22,328	282	64.9%	65.2%	-15.7%
TOTAL	281083	286581	5498	54.7%	55.2%	-0.6%

DATES	3/2/2013	7/5/2014	DIFF
APPEALS	249,814	279,751	29,937

DATES	3/2/2013	6/28/2014	7/5/2014	W-DIFF
NONRATING				
130	181,744	237,601	235,749	-1852
290	75,956	108,139	108,641	502
600	42,562	64,080	64,423	343
Totals	300,262	409,820	408,813	-1,007

The Nation has been dealing with this problem too long. There is now a need for all parties (Congress, the VBA, the Union, the VSOs, Veterans organizations and all other stakeholders) who played a role in this decades old problem to unite, work together, roll up our sleeves, get to the root cause of the problem, and systematic fix it one prudent step at a time.

I conclude my testimony with the words of Chairman Miller, "As Congress has said for many years now, VA needs to look at the root of the problem of the backlog —training,

management, oversight, and technology — and work forward from those four points to address this problem,” Miller added. “Quick fixes will no longer work, and will continue to make veterans wait months, sometimes years, on end for an answer.”

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