

**STATEMENT OF
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BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS**

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Good morning, Chairman Roe, Ranking Member Walz, Members of the Committee. Thank you for inviting us here today to discuss VA's plans for implementing the Veterans Appeals Improvement and Modernization Act of 2017 (Modernization Act). Joining me today are Ms. Cheryl L. Mason, Chairman, Board of Veterans' Appeals; Mr. David J. Barrans, Chief Counsel, Benefits Law Group, Office of General Counsel; and Mr. David R. McLenachen, Director of the Appeals Management Office, Veterans Benefits Administration.

The Modernization Act

The Modernization Act, enacted on August 23, 2017, is the most significant statutory change affecting VA disability compensation appeals in decades and I wish to thank the Committee for its work on the much-needed comprehensive legislation that will reform an archaic process into one that makes sense for Veterans, their advocates, VA, stakeholders, and taxpayers. I appreciate the opportunity to come before you today

to discuss the Department's plans to implement the new claims and appeals process and strategies for managing the legacy appeals inventory.

VA remains committed to timely and full implementation of the Modernization Act by ensuring information technology (IT) systems for the new claims and appeals process are developed or updated; employees are properly trained; and Veterans are fully informed of the changes and their options in seeking review of VA's decisions on their claims. VA has a clearly defined strategy for managing the new process and legacy appeals workload and is committed to transparency in reporting its metrics and goals relating to both implementation plans and these separate workloads.

VA's Implementation Plan

VA has developed a implementation plan that was collaboratively prepared by the Board of Veterans' Appeals (Board) and the Veterans Benefits Administration (VBA) and contains inputs from other components of VA involved in the implementation of the Modernization Act. VA initiated this 18-month plan immediately after the law was enacted, and fully expects to implement the new claims and appeals process by February 2019. VA will utilize the period between now and then to promulgate regulations, establish procedures, hire and train personnel, implement IT system changes, conduct outreach, and gather data for trends analyses and metrics reporting. Due to the magnitude and scope of the statutory changes, VA is employing a governance structure to oversee and document appeals modernization implementation using project management experts to institute key project management tools and

deliverables. To track implementation progress, the plan includes timelines, interim goals and milestones, reporting requirements, and established deadlines to ensure timely execution.

Workforce Planning and Human Capital Strategy

In order to ensure smooth implementation, the Board has a workforce plan to recruit, hire, and train new employees. The Board started fiscal year (FY) 2017 with 667 Full Time Equivalents (FTE) and ended the year with 944 FTE. This year, the Board will hire up to 1,050 FTE, with the majority of those being attorneys who are responsible for preparing decisions for Veterans Law Judges. These employees are the core of the Board's Appellate Operations line of business. The Board remains able to attract high-caliber attorneys and administrative personnel because the mission to serve Veterans is one that is particularly desirable to those seeking a career in public service. The Board will also fill several support positions and will continually assess its resources and focus on its core mission.

Beginning in April 2018, training at the Board will commence for both new and existing staff on the legacy system as well as the new statutory framework and proposed regulations. To prepare, the Board will develop specific training materials from January through March 2018. These materials will be authored by an existing group of employees who serve as subject matter experts (SME) on appeals modernization. These trainings will be provided by the SMEs to all legal staff and impacted administrative branches. Once final regulations are published, any changes

to the proposed rules will be incorporated into the training materials and additional training will be conducted.

Information Technology Strategy

VA has also undertaken enterprise-wide efforts to modernize the appeals process through improvements in technology. As part of this effort, VA has used information technology funds to develop and optimize paperless functionality in VA appeals processing. With FY 2016 and 2017 IT funding, VA began a multi-phase process of enhancing appeals functionality in the paperless claims environment. These enhancements are necessary to keep pace with the transformation of benefits processing that occurred at the beginning (i.e., claims) of the VA benefits system. Initial key appeals-specific functionalities in the paperless environment will focus on seamless integration of systems, and key accountability and workability features. This investment will best position the Department, from a technological standpoint, to address the VA appeals inventory.

During recent years, Appeals IT modernization efforts have largely been directed and handled within the Board, led principally by the Digital Service at VA (DSVA) team. While these efforts initially focused on retiring the legacy case management system, DSVA is now incorporating new functionality within its roadmap to support the required legislative changes and will begin testing Caseflow Queue in March 2018. In this capacity, DSVA implemented several technology functions in calendar years 2016 and

2017, including Caseflow Dispatch, Caseflow Certification, eFolder Express, Caseflow Reader, and Caseflow Intake.

VBA has also been working to develop information technology system requirements for necessary appeals modernization enhancements within its Veterans Benefits Management System (VBMS). Following the enactment of the Modernization Act, VA has been working to ensure synchronization between DSVA and VBA design efforts in conjunction with necessary prioritization of VA IT resources.

To address how VA will implement the new process while reducing the legacy appeals inventory, VA created an Appeals Processing Metric and Performance Tracking integrated project team to design a process for tracking timeliness of appeals within the legacy process, as well as the new process. VA plans to take a Veteran-centric approach to measuring the success of the new appeals process and will measure average Veteran wait times in the new process as one indicator of success. VA has already held several requirements gathering sessions to ensure that methods for capturing the data to accurately measure, track, and report metrics required by the Modernization Act are developed. Further, to ensure full transparency in reporting to the Congress and the public, VA will periodically publish on its website the results for the comprehensive metrics relating to processing of claims and appeals under the new process, the legacy process, as well as the legacy appeals for which Veterans opt-in to the new system, as delineated in the statute.

Legacy Appeals Strategy

The Modernization Act also authorizes VA to test assumptions in the implementation of the new claims and appeals system. Accordingly, VA has decided to carry out a pilot program during the implementation period, the *Rapid Appeals Modernization Program* (RAMP). The initiative, which was launched on November 1, 2017, allows eligible participants with disability compensation appeals pending with VBA the voluntary option to have their decisions reviewed in the higher-level or supplemental claim review lanes outlined in the Modernization Act, giving Veterans early access to the benefits of the new system, while also allowing VA to better position itself for full implementation in February 2019. Since disability compensation appeals account for the vast majority of all pending appeals, the program allows most Veterans with pending appeals to participate.

VBA has created training materials in order to train its employees on the RAMP process. VBA's Appeals Management Office (AMO) is utilizing its Appeals Resource Center (ARC) in Washington, D.C., as the initial site to process the elections received from Veterans who participate in the program. AMO will expand RAMP processing to certain regional offices as the RAMP workload grows. Designated ARC employees received instructor-led training during the month of November 2017. The AMO is utilizing the feedback received to perfect the training materials prior to expanding the program to regional offices. VBA will incorporate the training materials developed for RAMP into the development of training materials for full implementation.

The new law requires VA to modify its decision notices to Veterans to ensure they are clearer and provide adequate detail. This notice will help Veterans and their advocates make informed choices as to which review option makes the most sense. With RAMP, VA is testing a version of the new decision notice that meets the requirements outlined in the statute. VA worked collaboratively with Veterans Service Organizations (VSO) and other stakeholders in implementing RAMP and the new improved decision notices. RAMP provides VA with an opportunity to receive feedback from participants and their representatives on the notice's ability to meet the needs of all Veterans and make any necessary adjustments prior to full implementation of the new system in February 2019.

Furthermore, data collected during RAMP allows VA to test particular facets of the new process, make refinements based upon actual data that support or disprove assumptions, and make adjustments based upon identified problems prior to full implementation. VA will use several internal metrics to track RAMP's progress. During this program, VA will gather data and conduct trends analyses on aspects of Veterans' behavior, to include their decision to elect to participate in the new process, the distribution of elections among the new process lanes, claims processing timeliness, and individual employee productivity. The data collected during RAMP will allow for forecasting of the reduction of the legacy appeals inventory, as well as ensure adequate resources are directed towards RAMP claims. In addition, the data will inform VA as to appropriate work credit, workload capacity estimates, and processing timeliness metrics for the new process. Appeals that are not converted to the new process under RAMP

will continue to be worked under the legacy process. VA will also use the data to assist in developing future resource requirements as part of the annual budget process.

With RAMP, VA has already made great strides toward implementing the new process; for instance, DSVA was able to support VA and to define Caseflow Intake as a solution for managing Veterans' elections to participate in RAMP using agile development technology. In addition, after gathering input from VSOs and other stakeholders, VA has developed, and is in the process of testing, a more detailed decision notice for compensation appeals, as well as the election opt-in notice. Furthermore, with the implementation of RAMP, VA has created enhancements to VBMS that allow higher-level review personnel to capture duty to assist error data.

By February 2019, VA anticipates that requests for review of VA decisions will be processed under the new law and implemented regulations. However, a significant number of legacy appeals may remain in the system pending a final resolution. Beyond the work that VA is doing to develop sound monitoring and workload tracking practices for the new appeals process, VA continues to closely monitor the existing legacy appeals workloads. As part of an effort to streamline and improve performance in legacy appeals processing, in January 2017, VBA realigned its administrative appeals program under AMO. The realignment identified a single office responsible for overseeing VBA's appeals policy and operations, and has resulted in increased accountability for appeals performance. The realignment positions VBA to focus oversight of program operational work, standardize policies and procedures to facilitate consistent benefit delivery, improve customer satisfaction, and increase the ability to make data-driven decisions. The improved focus and prioritization helped increase

VBA appeals production by approximately 24 percent, decrease its appeals inventory by 10 percent, and increased its appeals resolutions by 10 percent, resolving over 124,000 appeals during FY 2017.

During the 18-month implementation period, the Board is working to provide resolution for Veterans waiting for an appeal decision under the legacy system by focusing Board resources on its core mission: decisions and hearings. At the beginning of FY 2018, the Board changed its attorney performance standards and projects productivity of 79 decisions per FTE for legacy appeals. The Board is currently on pace to produce over 81,000 decisions during this fiscal year which would represent a historic level of production. The Board's strategy to reduce the pending inventory of appeals is to: 1) continue to grow the organization's attorney force, 2) re-engineer processes to include introducing a new decision template, 3) explore new case review techniques, 4) allow the Board to issue timelier decisions soon after a Veteran has a hearing with a Veterans Law Judge, and 5) use telework to accommodate the growth in personnel.

Following the implementation, the Board will focus its resources on its core mission and will work to maximize efficiencies in appeals processing, to include technological and process improvements. The Board will assign the workload across its attorney and Judge corps and manage the workload through Caseflow queue. Caseflow queue will electronically track the incoming cases and ensure accurate case assignment from both the legacy and the new framework lanes. This will assist the Board in meeting timeliness goals in the new system and ensure the continuing processing of legacy appeals.

Additionally, appellants who receive a statement of the case (SOC) or supplemental statement of the case (SSOC) in the legacy system on or after the effective date of the new system will have the opportunity to elect to participate in the new system. Both the RAMP initiative, as well as the SOC opt-in, will directly impact legacy cases and provide early resolution for Veterans.

VA's Appeals Resources

VA projects an average processing time of 125 days to complete higher-level reviews and supplemental claims under the new process, and 365 days to complete appeals to the Board in which there is no additional evidence and no request for a hearing. Average processing time for an appeal on the Board's other dockets will be based on resource allocation, which VA will continually reevaluate and adjust. The RAMP pilot will provide better data and trend analysis for capacity modeling the resources needed for these other dockets prior to the implementation date. The Board will use the actual data obtained regarding appellant behavior in the new system to assist in developing future resource requirements as part of the annual budget process. VA intends to update the model when actual data can be used to replace projected data, when assumptions are shown to be no longer accurate, or based on any change in resources resulting from annual budget appropriations.

Stakeholder Engagement

VA also continues to work collaboratively with a wide spectrum of stakeholder groups, in accordance with Congressional intent, to refine the new VA claims and appeals process. The dedicated engagement of those organizations is providing VA with invaluable feedback, which is being incorporated into VA efforts to: 1) develop new forms, 2) establish internal standard operating procedures, 3) create training materials, and 4) develop communications and outreach products for Veterans. VA is grateful to all of the stakeholders for their continued contributions of time, energy, and expertise in this effort.

Mr. Chairman, this concludes my statement. Thank you for the opportunity to appear before you today. We would be pleased to respond to questions you or other Members may have.