Statement of

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Chairman Runyan, Ranking Member Titus, and Subcommittee Members, thank you for providing me the opportunity to discuss Department of Veterans Affairs (VA) policies and procedures for adjudicating complex disability claims. I am accompanied by Ms. Edna MacDonald, Director of the Nashville Regional Office.

The Veterans Benefits Administration (VBA) continues to experience an increase in the number and complexity of medical issues in disability claims received. Between 2011 and 2013, the average number of issues in original claims for service connected disability compensation increased by 31 percent, from 5.5 issues in 2011 to 7.2 issues in 2013. In response to this trend and to achieve the Secretary's goal of processing all claims within 125 days at 98 percent accuracy in 2015, VBA developed and implemented a new operating model that includes a formal mechanism to manage complex claims. My testimony will explain why certain claims are more complex than others and how VBA has improved our policies and procedures to provide more timely and accurate decisions to Veterans with complex claims.

Backlog Update

Before discussing the topic of today's hearing, I would like to provide the Subcommittee with an update on our progress to date in eliminating the claims backlog. VA has significantlyreduced the backlog by approximately 34 percent, or approximately 210,000 claims since March 2013, and we expect the reductions to continue in upcoming months. Further, we continue to execute our claims Transformation Plan.

More importantly, while increasing our productivity we have concurrently increased the quality of our work. In June 2011, our average for claims accuracy was approximately 83 percent; in August of 2013 that number was approximately 91 percent. When measuring accuracy at the medical issue level – which is a truer measure of VA's workload – our rating accuracy today stands at 96.1 percent.

The current inventory of claims, backlog, and other workload measures for both the national level and at the regional office level are available by visiting http://www.vba.va.gov/reports/. The Monday Morning Reports provide workload indicators reported by VBA regional offices and are updated weekly. Similarly, the ASPIRE Dashboard provides monthly information on how VBA and regional offices are doing in relation to 2015 aspirational goals.

None of this progress would be possible without the tremendous support VA receives from its partners including this Subcommittee, the rest of Congress, our Veterans Service Organizations, and County and State Departments of Veterans Affairs. Our progress is also the result of unprecedented effort and dedication of VBA employees, 52 percent of whom are Veterans themselves, and the support provided by our partners in VA's Office of Information and Technology and Veterans Health Administration. Veterans themselves have contributed to our progress by participating in the Fully Developed Claims program and submitting claims electronically through the eBenefits Web site. We appreciate the support of all of our partners and stakeholders as we continue working to eliminate the claims backlog.

Complexity of Claims

From 2009 to 2013, the average number of issues included in a disability claim increased from 2.8 to 4.9. In particular, VBA has noticed an increase in complexity of the claims from the newer generation of Veterans who participated in Operation Enduring Freedom, Operation Iraqi Freedom, and Operation New Dawn. These young heroes have a greater chance of surviving serious injuries and often return home with multiple amputations, blindness, burns, multi-organ system damage, and most notably, with the signature wounds of the war -- traumatic brain injury (TBI) and posttraumatic stress disorder (PTSD).

In addition, VBA continues to receive complex claims from Veterans of the Vietnam Era, who submit more claims than Veterans from any other period of service. Many claims from Vietnam Era Veterans are also complicated because they are subject to Federal court orders in *Nehmer v. U.S. Dep't of Veterans Affairs* under which, when VA adds a new presumptive condition to the list of those conditions associated with exposure to herbicides used in Vietnam or modifies the definition of a presumptive condition, it must readjudicate the claims of Veterans or eligible Survivors who previously filed claims seeking benefits based on that condition, and in appropriate cases, pay benefits retroactively to the date of receipt of the denied claim. These court orders have added to the complexity of rating many claims from Vietnam Era Veterans.

VBA Organizational Model

In response to the increasing complexity of claims and to achieve the Secretary's goal of processing all claims within 125 days at 98 percent accuracy in 2015, VBA developed and implemented a new operating model by March 2013 that includes a formal mechanism to manage complex claims. Initially planned for deployment throughout fiscal year (FY) 2013, VBA accelerated 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 so

that employees see 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.

The express lane was developed to identify those claims with a limited number of medical conditions (*i.e.*, about 1-2 issues) and subject matter which could be developed and rated more quickly. The special operations lane applies intense focus and case management on specific categories of claims that require special processing or training (*e.g.*, homeless or terminally ill Veterans, military sexual trauma (MST), former Prisoners of War, seriously injured, etc.). These claims continue to receive priority processing. The core lane includes claims with three or more medical issues that do not involve special populations of Veterans.

The special operations lane is comprised of a regional office's most highly skilled personnel with specialized experience and training. The quality of our decisions improves by assigning more experienced and skilled employees to the more complex claims in our special operations lane. When VA receives a complex claim, a comprehensive screener ensures that the claim is correctly identified and routed to the appropriate member of the special operations lane. Because of the expertise of the screener, the claim is carefully examined to determine the next action required. For example, cases that are fully developed and ready for a decision will be routed directly to an experienced rater who will fully evaluate the claim. If the case requires additional evidence to support the claim, the screener will forward the case to an employee who will take the appropriate development action. The team includes a supervisor and claims assistants who perform important clerical work. The keys to success within the special operations lane are communication, attention to detail, and accountability.

Calculators and Evaluation Builder

VBA is also simplifying ratings by building new decision-support tools within the Veterans Benefits Management System (VBMS) to make our employees more efficient and their decisions more consistent and accurate. We have already developed rules-based calculators for disability claims decision-makers to provide suggested evaluations. For example, the hearing loss calculator automates decisions using objective audiology data and rules-based functionality to provide the decision-maker with a suggested decision.

The Evaluation Builder is essentially an interactive disability rating schedule. The VBA decision-maker uses a series of check boxes that are associated with the Veteran's symptoms. Using the Evaluation Builder, the VBA employee determines the proper diagnostic code out of over 800 codes as well as the level of disability based on the Veteran's symptoms. The Veteran receives an accurate rating decision every time the Evaluation Builder is used. This saves employees time that would have been spent looking up the rating schedule in a paper format. To date, 10 of the 15 body systems in VA's Schedule of Rating Disabilities have been embedded into the Veterans Benefits Management System (VBMS).

Disability Benefits Questionnaires (DBQ)

DBQs are another transformation initiative designed to simplify rating decisions. DBQs replace traditional VA examination reports and are designed to capture all the needed medical information relevant to a specific condition at once and up front so that claims can be developed and processed in a more timely and accurate manner, with the end result being faster service for Veterans. DBQs change the way medical evidence is collected, often giving Veterans the option of having their private physicians complete a DBQ that provides the medical information needed to rate their claims – minimizing the need for a VA exam which adds additional time to the claim development process.

Information in the DBQs maps to the VA Schedule for Rating Disabilities, and provides all of the necessary information to decide a disability claim. Fully

and properly completed DBQs, whether from private providers or within the internal VA examination processes, have the potential to reduce rework, the largest category being exams with insufficient information. VBA's future goal is to turn DBQ objective responses into data to drive a calculator-based business-rules engine in VBMS, to achieve automated decision support to improve consistency and accuracy of decisions, and reduce processing time per case.

Examples of Complex Claims

Claims are considered complex for a variety of reasons. Three examples are outlined below along with our efforts to provide more timely and accurate decisions for such claims.

TBI

Due to the complexities associated with rating TBI, the special operations lane processes claims from Veterans seeking compensation for TBI. Since March 2013, all raters in the special operations lane are required to complete specialized training on TBI. This Web-based TBI training module is a 22.5 hour course on how to rate a claim for the residuals of TBI.

Veterans who file claims for TBI receive a compensation and pension examination, which is designed to elicit all clinical findings attributable to TBI. However, due to the myriad of symptoms that a Veteran with TBI may experience, it is often unclear which symptoms are solely attributable to TBI. In October 2011, Compensation Service provided guidance that examination findings should be related to the Veteran's TBI condition, unless such symptoms are clearly attributable to other causes.

In addition, VBA has instituted safeguards to ensure consistent and accurate ratings for TBI claims. All raters are required to obtain a second signature on TBI claims until the individual demonstrates 90-percent accuracy in rating TBI claims.

As a result of these efforts, VBA has seen TBI grant rates increase from 21 percent in 2007 to 47 percent in 2013. Further, the accuracy of TBI ratings during quality reviews during FY 2013 was 92.37 percent, which was slightly higher than the national average for all rating claims during the same period.

PTSD

Service connection for PTSD requires: 1) medical evidence diagnosing the condition; 2) a link, established by medical evidence, between current symptoms and an in-service stressor; and 3) credible supporting evidence that the claimed in-service stressor occurred. VA recognizes that certain in-service stressful events may be difficult to document.

In 2010, Secretary Shinseki took action to make it easier for Veterans with PTSD based on fear of hostile military or terrorist activity to establish service connection. Under the generally applicable criteria for PTSD, VA requires corroborating evidence of occurrence of an in-service stressful event from such sources as military personnel records, service treatment records, lay statements from fellow Servicemembers, or military unit records provided by the Department of Defense to service-connect a Veteran's current PTSD symptoms. VA added a regulation providing that a Veterans' lay statements alone can now establish the required in-service stressor if it is related to fear of hostile military or terrorist activity and a VA psychiatrist or psychologist or psychiatrist or psychologist with whom VA has contracted, confirms that the claimed stressor is adequate to support a PTSD diagnosis, and that the Veteran's symptoms are related to the claimed stressor. VBA's Compensation Service provided extensive training on this regulatory amendment to ensure consistent and accurate ratings were made after this change. As a result of this liberalized stressor-verification standard, outreach, and other factors, the number of Veterans in receipt of compensation for PTSD increased from approximately 374,000 in FY 2009, to 649,000 in FY 2013.

PTSD Based on MST

PTSD claims based on MST are one of the complex claims processed by our most experienced adjudicators in the special operations lane. Complications with these claims generally arise in situations where there is no corroborating evidence of the MST stressor in the Veteran's military records. Delays can occur because VA must obtain the complete personnel file and seek evidence from sources other than the Veteran's service records to corroborate the Veteran's account of the stressor incident. Additionally, VA must notify the Veteran that evidence from outside military records may be used to support the claim and must follow up and attempt to obtain any such evidence identified by the Veteran. These development issues add to the claims' complexity, but VA has taken steps to address them.

VA is committed to serving our Nation's Veterans by accurately adjudicating claims based on MST in a thoughtful and caring manner, while fully recognizing the unique evidentiary considerations involved in such a claim. In 2011, VBA conducted a quality review of 400 MST-based PTSD claims, which found an approximate 25-percent error rate based primarily on incomplete development. To remedy this, we developed a MST-based PTSD training package and conducted a nationwide online training broadcast was conducted. The training emphasized proper evidence development and recognition of the types of evidence (such as erratic performance evaluations; sexually transmitted disease tests; requests for transfers; mental health counseling; behavior changes; and lay statements from fellow Servicemembers, family, or clergy) that can corroborate a Veteran's account of the stressor incident.

The training also emphasized that when there is corroborating evidence, including evidence of a behavioral change, VBA must request a disability compensation examination that includes a medical opinion about whether the evidence of record indicates that a personal assault occurred. This medical opinion can provide a basis upon which service connection for PTSD can be established.

Following the training, the MST-based PTSD grant rate rose to a level comparable to the level for all types of PTSD claims. In order to assist Veterans' whose claims were denied prior to the training initiative and who may benefit from additional evidence development for markers, we decided to conduct a review of previously denied MST-based PTSD claims, upon a Veteran's request. VBA identified approximately 2,500 Veterans with previously denied MST-based PTSD claims and sent notice letters to the Veterans in April 2013. The letters invited the Veterans to request a review of the denied claims by their regional offices and to submit or identify any additional evidence to support their claims. Compensation Service updated the MST-based PTSD Training Letter to explain the review to regional office personnel. Additionally, VA's National Call Center has developed and implemented a question and answer script on how to answer questions on the review process.

There has been one additional legal development in the adjudication of MST claims. On September 30, 2013, the United States Court of Appeals for the Federal Circuit ruled in *AZ v. Shinseki* that, where an alleged sexual assault is not reported, the absence of service records documenting the alleged assault is not pertinent evidence that the assault did not occur. The court reasoned that because the majority of in-service sexual assaults are not reported and records of unreported sexual assaults do not exist, the absence of a service record in such a case is not reliable evidence and cannot be considered by VA. This legal development is consistent with VBA's current policies and procedures as we do not make rating decisions based on the absence of a reported sexual assault in a service record.

In FY 2013, the grant rate for MST-based PTSD was within six percentage points of the grant rates for all PTSD claims. The grant rate for male Veterans claiming MST-based PTSD is now within seven percentage points of the grant rate for female Veterans claiming MST-based PTSD. In FY 2013, there was only a two percentage point difference in the grant rate for all PTSD claims submitted by male and female Veterans.

Training and Accuracy

VBA is committed to providing high quality, timely, and relevant training for both new and experienced personnel to ensure that claims-decision quality continues to improve. To this end, our transformation efforts include redesigned programs and tools that standardize training across our 56 regional offices.

In 2012, VBA created Quality Review Teams (QRT) to improve employee training and decision accuracy while decreasing rework time. We reassigned 573 of our most skilled and experienced employees from their duties as claims processors to serve on QRTs. In FY 2013, these QRTs conducted more than 145,000 in-process reviews, preventing errors before they could impact Veterans and provided specialized retraining to claims processors so these errors can be prevented in the future.

VA currently uses a 3-month rolling average to track the impact of initiatives on rating accuracy. These metrics are reported in ASPIRE and can be seen online by anyone inside or outside of VA. In FY 2012, VA showed a 3-percent increase in national accuracy – from approximately 83 percent to 86 percent. In FY 2013, our 3-month accuracy at the claims level rose to approximately 90 percent, meeting the goal we set for ourselves this year. The accuracy outcome goals for the next 2 years are approximately 93 percent in FY 2014, and 98 percent in FY 2015.

It is important to recognize that under the existing quality review system, any one error on the claim, no matter how many medical conditions must be developed and evaluated, makes the entire claim in error – the claim is therefore counted as either 100 percent accurate or 100 percent in error, with no credit for anything in between. Medical issues are defined as individually evaluated medical conditions. Given that the average number of medical issues in original claims filed by recently separated Servicemembers is now above 10 issues per claim, we do not believe the current all-or-nothing measure reflects the actual level of decision accuracy achieved. When we measure the quality of claims based on the individual medical issues rated (*i.e.*, "issue-based accuracy"), the accuracy of our decisions is at approximately 96.1 percent. This issue-based

accuracy approach also affords VBA the opportunity to precisely target those medical issues where we make the most errors, at the individual employee level, and develop and direct training in a targeted manner.

Conclusion

VA has seen a significant increase in the complexity of claims received in recent years. To address this trend, VA has implemented a new organizational model with a special operations lane focusing on complex disability claims. We firmly believe this initiative, along with VBA's other transformational initiatives, will help VA eliminate the claims backlog and achieve the Secretary's goal of all claims completed in 125 days at 98 percent accuracy in 2015.

This concludes my statement, Mr. Chairman. I would be happy to entertain any questions you or the other Members of the Subcommittee may have.