

**STATEMENT OF
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U.S. DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS
HOUSE COMMITTEE ON VETERANS' AFFAIRS
FEBRUARY 5, 2014**

Good Morning, Chairman Runyan, Ranking Member Titus, and Members of the Subcommittee. Thank you for the opportunity to discuss VA's transformation initiatives with a focus on technology, workload management, and a proposed rule to require standardized forms. I am accompanied today by Mr. Richard Hipolit, Assistant General Counsel and Ms. Lorraine Landfried, Deputy Chief Information Officer for Product Development in the Office of Information and Technology (OIT).

Backlog Update

I would like to start by providing the Subcommittee with a brief update on our progress to date in eliminating the disability claims backlog. During fiscal year (FY) 2013, VA completed a record 1.17 million claims with 90-percent accuracy at the claim level and 96-percent accuracy at the medical-issue level. Claim-level accuracy measures the accuracy of the entire claim, regardless of the number of medical issues. The claim is either 100 percent accurate or 100 percent in error. However, medical issue accuracy evaluates individual medical conditions. Since its peak in March 2013, the backlog has been reduced by 211,000 claims, or 35 percent, and the overall inventory of pending claims has been reduced by 200,000 claims, or 22 percent, through the end of December 2013. The average number of days rating claims are pending has also been reduced from a peak of 281 days in March 2013, to 170 days at

the end of December 2013, meaning Veterans are currently waiting 111 fewer days for a decision than they were just 9 months ago.

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 (VSO), and county and State Departments of Veterans Affairs. Our progress is also the result of the unprecedented effort and dedication of VBA employees, 52 percent of whom are Veterans themselves, and the support provided by our partners in VA's OIT and the 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, and we fully expect the reductions in backlog to continue.

Technology-Focused Transformation Initiatives

VA's Transformation Plan includes initiatives to retrain and reorganize our people, streamline our business processes, and build and implement new secure technology solutions that are getting us out of paper-bound, manual processes to improve our service to Veterans, their families, and Survivors. The Department takes seriously our obligation to properly safeguard personal information. The technology tools being developed to transform VBA are accredited as secure under VA's strict security standards. These products are protected by VA's numerous scanning tools, firewalls, and network and host intrusion prevention systems, as part of VA's arsenal to ensure a strong, multi-layered defense to combat evolving cyber security threats to VA's sensitive personal information and VA information systems.

At the Subcommittee's request, I would like to update you on a few key technology initiatives that have had a significant impact on our increased production and quality and show promise for the way ahead.

Veterans Relationship Management (VRM)

VRM continues to engage, empower, and serve Veterans and other clients with seamless, secure, and on-demand access to benefits information and services.

Veterans now have improved access to benefits information from multiple channels – on the phone, online, and through our shared Department of Defense (DoD)/VA portal called eBenefits. From FY 2009 to FY 2013, the number of contacts with VA through these channels increased from 9.1 million to 56.3 million.

Currently, VA has over 3.3 million eBenefits users, representing a 51-percent increase from FY 2012. Through 58 self-service features, eBenefits users have generated over 410,000 requests for official military personnel documents, 405,000 requests for VA guaranteed home loan certificates of eligibility, 31 million claim status requests, and over 3.4 million self-service letters. Additionally, there has been a steady increase in electronic claim submissions for disability compensation benefits. Since October 2012, over 40,000 compensation claims and 44,000 dependency claims have been submitted online, and VA expects electronic claims submissions to continue to increase. Over 50 percent of dependency claims submitted online via the automated Rules Based Processing System are now processed in 1 business day.

VA is relying on VSOs to continue to perform their vital advocacy and assistance role within VA's transformed benefits delivery model. The Stakeholder Enterprise Portal (SEP) is a secure, Web-based entry point that complements eBenefits and gives VSOs and other authorized advocates access to assist Veterans with electronic claim submissions. Using the portal, 1,200 registered users can check the status of claims, review payment history, and upload documentation on behalf of the Veterans they represent — all within a digital environment. When filing a claim online in eBenefits, a Veteran can request the assistance of a VSO by choosing from a list of accredited representatives in VA's database. When logging into SEP, the chosen VSO representative is alerted to the Veteran's request, and upon acceptance, is given power-of-attorney authorization to access the Veteran's claim and assist with preparation. Once the VSO representative believes the claim is ready for submission, he or she can send notification back to the Veteran in eBenefits, and the Veteran submits the claim to VA.

VBA “Digits to Digits” is a technology initiative which will enable VSOs to submit claims directly to VA using their own claims management systems. It is scheduled for implementation in FY 2014. This machine-to-machine interaction will benefit Veterans by accelerating the speed in which claims are filed. Veterans’ representatives will also benefit by being able to leverage their current claims management systems and reduce printing and shipping expenses. The eight current pilot participants include: AMVETS; and the States of California, Georgia, Illinois, Kansas, Kentucky, Tennessee, and Virginia.

Telephone systems improvements have also increased access to benefits information and services. Eight call centers now utilize a consolidated queue to improve efficiency and utilization of call agents. The consolidated queue allows calls to be routed to the next available agent with the appropriate skill set. Veterans and other callers have also benefited from the Virtual Hold feature, which automatically calls the individual back. More than 10 million calls have been returned since this feature became available in September 2011; and in FY 2013, VBA had a 95 percent reconnect success rate. Additionally, callers have the option to pick a date and time for VA to call back. JD Power and Associates found that callers who use VBA’s Virtual Hold feature have a customer satisfaction score 11 points higher than the customer satisfaction scores for non-Virtual Hold callers.

VBA also improved the tools that call agents use. Unified Desktop technology was deployed to over 750 agents at the National Call Centers. This technology combined 13 separate applications into one consolidated view of the Veteran. Call agents can now access the caller’s contact history and utilize “smart scripts” to provide quick, consistent, and high-quality responses to callers. For example, Unified Desktop technology has helped VBA reduce the length of calls by an average of 30 seconds for 354,000 callers requesting benefits letters since June 2012.

Veterans Benefits Management System (VBMS)

VBMS, VA’s Web-based electronic claims processing system, was deployed to all 56 regional offices 6 months ahead of schedule in June 2013. VBA has also successfully deployed VBMS to the Appeals Management Center, the Records

Management Center, the Board of Veterans' Appeals (Board), all National Call Centers, and all VA medical centers. More than 25,000 unique end-users throughout VA have access VBMS. This technology helps us move away from paper-based to electronic claims processing and begin to gain processing speed within a digital claims processing environment. Currently, more than 78 percent of our claims inventory which equates to 535,000 claims can be processed electronically, which is an increase from 32 percent in June 2013. In addition, VBMS improves access, drives automation, and enables greater exchange of information and increased transparency to Veterans, our workforce, and other stakeholders.

The evolution of VBMS is occurring across four distinct generations of development. Generation One of VBMS began in 2010 with the conceptualization, piloting, development, and deployment of baseline system functionality with improved quality and efficiency. The development of Generation One of VBMS concluded with the successful implementation of Release 4.1 in January 2013.

As we moved into the development of Generation Two of VBMS, the focus was on building additional system capabilities while leveraging simple automation features. VBA deployed three major Generation Two software releases: VBMS 4.2, 5.0, and 5.1. These releases included improvements to correspondence and work queue tools, additional rating functionality, and more extensive data exchange and system integration capabilities.

In December 2013, VBMS entered Generation Three of system development with Release 6.0. The foci of this generation of development are increasing system functionality, adding more complex automation capabilities, reducing dependency on legacy systems, and enabling the capability to accept Veterans' electronic service treatment records (STR) from DoD. VA has been actively working with DoD to accelerate development of the Healthcare Artifacts and Image Management Solution (HAIMS) so STRs would be available in the HAIMS repository for Servicemembers separated from January 1, 2014, forward. We have developed an automated interface capability to enable the secure electronic transmission of disability benefit claimants' STRs between DoD's HAIMS and VBMS. With the HAIMS-VBMS connection, VA can now retrieve certified and complete electronic versions of STRs for Servicemembers

separating on or after January 1, 2014. This major milestone for VA and DoD reduces the amount of time it takes VA to gather required evidence and helps improve the accuracy of claims decisions.

Release 6.0 also contained the first generation of awards functionality, integrated additional correspondence functionality, and delivered initial capabilities to the Board. With this release, Board end-users now have access to a unique eFolder view with the ability to maintain notes on documents and enter bookmarks within the eFolder.

Release 6.1, which is scheduled to deploy in March 2014, will continue to focus on increased automation by mapping and pre-populating Disability Benefits Questionnaires and Evaluation Builders. This release will also integrate VA's legacy electronic records store, "Virtual VA," to reduce our dependency on legacy systems. Throughout 2014, VA will continue to gather end-user feedback on VBMS, assess and validate the effectiveness of the claims processing model as a whole, and implement improvements as needed.

Generation Four of VBMS, which is scheduled to be deployed sometime in 2015, will capitalize on efficiencies and quality improvements gained during the previous year. VA will utilize enhancements made in Generation Three to identify additional automation and process improvement opportunities that can be incorporated into Generation Four, allowing employees to focus on more difficult claims by reducing the time required to process less complex claims.

VBA established the Veterans Claims Intake Program (VCIP) in 2012 to streamline the process for receiving records and data into VBMS and other VBA systems. VCIP converts claims and other paper records into a digital format that is usable within VBMS. Under VCIP, documents are scanned and converted into electronic format, and important information and data are extracted and populated in an electronic folder accessible to claims processors through VBMS. As of January 10, 2014, VCIP has converted from paper and uploaded into VBMS more than 430 million images.

Workload Management

As we continue to execute our claims Transformation Plan, we are adjusting the way we manage and measure our work. Leveraging technology, we are finding ways to more efficiently manage claims to deliver more timely and accurate decisions to Veterans, their families, and Survivors. As workload management is adjusted and new technology is introduced, we are also evaluating how work credits and performance management should change.

National Work Queue

Historically, regional offices have been primarily dedicated to processing claims of the Veterans living within the state or area of jurisdiction. These jurisdictional boundaries were driven by limitations of operating a paper-based system, where claims records and files were physically stored, processed, or mailed between the Veteran, the regional office, and the closest supporting VA medical facility. This geography-bound process led to significant inefficiencies and variances in timeliness in overall claims production. As VA transitions to a paperless claims process, we are in a better position to adopt a national workload strategy that is “boundary-free” and thus improve overall production capacity to serve Veterans in the same way they served – side by side without regard to state affiliation.

VBA’s previous “brokering” strategy helped balance the inventory of pending claims across regional offices to better serve Veterans, their families, and Survivors. Dedicated brokering centers were established at 15 regional offices to handle claims from regional offices with workload challenges and claims associated with national priority missions, such as the special processing of Agent Orange claims subject to the provisions of the *Nehmer* court decision. While somewhat effective in handling “surge” work, these brokering centers did not fully optimize capacity that still existed within regional offices from a national perspective.

In April 2013, VBA launched its Oldest Claims Initiative to expedite decisions for Veterans who had waited at least 2 years for a decision on their claim. VBA redistributed the oldest claims across the Nation to best utilize the resources of all regional offices. This centralized workload management and redistribution achieved

excellent results. Within 2 months, we completed more than 97 percent of the 67,000 claims identified for processing under the 2-year initiative. In June, the focus turned to completing all claims that had been pending more than 1 year. VBA completed 98.2 percent of the claims that were pending over 1 year by October 31, 2013. Over 500,000 Veterans received decisions on their claims under this initiative. VBA could not have accomplished these results without the capability to nationally manage the workload without jurisdictional borders. VBA's experience in managing this initiative demonstrates the potential of a national workload management strategy for improved benefits delivery by optimizing every member of the VBA workforce.

The new paperless claims processing environment offers even greater potential for more streamlined and efficient processing, with claims being directed to the right decision makers at the right time, no matter where that decision maker is physically located.

The national work queue is being developed in a two-phased approach. In Phase I, claims will be managed from a central location and routed based on individual station capacity as well as national priorities. With more claims being processed electronically, centralized management will enable VBA to more easily adjust workload distribution. In Phase II, claims will be assigned to different regional offices based on claim-specific data. Assigning claims to employees based on specific characteristics of a claim will improve the timeliness and accuracy of decisions.

As VA implements the national work queue, Veterans will still be able to visit regional offices or call our National Call Centers for personal assistance with their claims. They will also be able to go online to check the status of their claims and explore other self-service features. VSOs and other authorized representatives will still have full access to claims information for the Veterans they support through SEP. Congressional staff will have access to VBA employees as they do today to check on the status of a constituent's claim. The electronic claims process provides real-time updates, no matter where the claim is assigned for processing.

Work Credit System

In conjunction with the advancements in technology, VBA is diligently working to update performance tracking mechanisms. To create organizational consistency, VBA maintains performance standards for timeliness and accuracy. These standards are routinely evaluated and revised to keep pace with changes. With VBA's transition to electronic claims processing, it is more important than ever to consider the impact of technology on employee performance and ensure the expectations of our workforce align with the tools employees have to complete their work.

In response to organizational and process changes, VBA regularly revisits and revises performance standards. These standards have historically been developed via a committee consisting of representatives from the Compensation Service; Pension and Fiduciary Service; Office of Field Operations; Human Resources; our labor partners; field managers; and subject matter experts. Revised standards were most recently implemented in February 2013, and a further revision to Veterans Service Representative (VSR) and Rating VSR production and quality standards was recently presented to our national labor partners and is in the final stages prior to implementation. VA works diligently to ensure standards are developed that accurately align performance expectations with the overall organizational mission and goals, as well as the current claims processing environment.

Currently, VBA uses the Automated Standardized Performance Elements Nationwide (ASPEN) system. ASPEN is a proprietary software system that does not connect to VBA information systems. Because of the existing limitations and growing challenges from using a proprietary software product in a developing VBA digital environment, VBA is addressing the need for performance management services. In November 2013, VBA established a team to capture business requirements for new performance management services. These new services will enable current, real-world scalability and unlimited configurability, with powerful security features to provide the support and functionality necessary to integrate into our existing and future systems.

Proposed Rule to Require Standardized Forms

In order to get benefits into Veterans' hands as quickly as possible, with the most accurate decision possible, VA has proposed a rule that would require claims to be filed on a standard form and would require appeals to be initiated using a standard form whenever one is provided for that purpose. VA's proposed rule does not require that Veterans file electronic claims in order to receive benefits.

VA gave interested members of the public the opportunity to comment on the proposed rule from October 30 through December 30, 2013. VA is carefully reviewing the 53 comments it has received from stakeholders and will be responding to them in accordance with regular Administrative Procedure Act procedures.

Conclusion

While we know there is more work to be done to reach our goals, the combined effects of our Transformation Plan are having a significant impact. The gains we are making in information technology and the automation of our processes are critical, and going forward, we will need to sustain the resources for programs like VBMS in order to eliminate the backlog in 2015 and achieve our quality goals. FY 2014 is a crucial year in our transformation, and I look forward to your continued support and commitment on behalf of Veterans, their families, and Survivors.

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