

**STATEMENT OF**

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**DEPARTMENT OF VETERANS AFFAIRS (VA)**

**BEFORE THE**

**HOUSE COMMITTEE ON VETERANS' AFFAIRS**

**SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS**

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Good morning, Chairman Runyan and Members of the Subcommittee. Thank you for the opportunity to discuss operations, leadership, and employee morale at the Philadelphia Regional Office (RO). The dedicated employees of the Philadelphia RO are committed to improving the delivery of benefits to Veterans and their families. VA has strong, institutional values – those mission-critical ideals and attitudes that profoundly influence day-to-day behavior and performance: Integrity, Commitment, Advocacy, Respect, and Excellence (I CARE). At the Philadelphia RO, we recently asked every employee to reaffirm commitment to the I CARE values, putting Veterans and their needs first. We understand our ultimate measure of success will be how we serve Veterans, and we are determined to succeed by regaining the trust of each Veteran we serve. Leadership within the Veterans Benefits Administration (VBA) and management at the Philadelphia RO take recommendations from VA's Office of

Inspector General (OIG) very seriously, and we have actively, and quickly, worked to address issues that were recently raised. My testimony will outline the benefits and services provided by the RO and actions taken to improve operations.

### **Leadership and Employee Morale**

First, let me assure you that since I assumed my new duties as the Director of the Philadelphia RO in July, I have been and will continue to be committed to fostering an environment and culture where employees feel safe to raise issues. I am inviting all employees to meet with me in small groups so I can hear their concerns and respond, which is an approach I will continue to take as we strengthen our entire leadership team, creating a more inclusive environment for entire workforce. I have received suggestions and recommendations from employees and will engage them in developing plans to address these concerns as I reach the end of my first 90 days in Philadelphia. The workforce is the key to successful benefits delivery. As we create more open lines of communication with our employees, the Philadelphia RO is committed to becoming more transparent to our Veterans and stakeholders as well.

### **Overview of Operations and Outreach**

The Philadelphia RO is staffed by nearly 1,000 employees, 38 percent of whom are Veterans themselves. The RO administers disability compensation benefits for Veterans in 40 eastern counties in Pennsylvania and 7 counties in southern New Jersey. The RO also administers vocational rehabilitation and employment (VR&E) benefits for disabled Veterans in eastern Pennsylvania and manages the Wilmington

RO in Delaware. In addition, the RO is responsible for two of VBA's call centers and a Pension Management Center (PMC) that processes pension and survivor claims for the eastern United States, Puerto Rico, and all foreign countries with the exception of Central and South America. Each month, the Philadelphia RO provides more than \$390 million in VA benefits to over 170,000 Veterans and their dependents.

### Disability Compensation

The Philadelphia RO's Veterans Service Center transitioned into the new organizational model in November 2012. The new organizational model incorporates a case-management approach to claims processing, by reorganizing the workforce into cross-functional teams that give employees visibility into the entire processing cycle of a Veteran's compensation 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, located in the Veterans Service Center, serves as a formalized triage activity to quickly and accurately route Veterans' claims to the correct lane when claims are first received. This model also includes Quality Review Teams comprised of local quality review specialists. The teams evaluate station quality and individual employee performance and perform in-process reviews to eliminate errors at the earliest possible stage in the claims process.

The Philadelphia RO started processing claims using the Veterans Benefits Management System – VBA's web-based, electronic claims processing solution – in

April 2013. Approximately 95 percent of the RO's rating inventory now resides in this web-based system.

In addition, the RO is assisting our Nation's Veterans by promoting use of eBenefits, the Fully Developed Claims Program, and Disability Benefits Questionnaires. The RO is also collaborating with Veterans Service Organizations (VSO) to promote these tools and encourage VSO representatives to utilize the Stakeholder Enterprise Portal, a secure, web-based connection that complements eBenefits and gives access to VSO representatives and other authorized advocates so that they can assist Veterans in filing disability claims electronically. The Philadelphia RO is also collaborating with the Veterans Health Administration to have three doctors from the local VA Medical Center located in the Veterans Service Center to provide medical opinions, which will reduce deferral rates and increase efficiency.

This fiscal year, the Philadelphia RO provided over 28,000 rating decisions to Veterans who filed disability claims. The RO has already surpassed the number of decisions provided to Veterans last fiscal year by 34 percent. The 3-month, issue-based accuracy rate is currently 95.1 percent, and the 3-month claim-based accuracy rate is currently 88.9 percent. Veterans are now waiting an average of 179 days for a decision on their disability compensation claims, an 85-day or 32-percent improvement over the peak wait time in April 2013. Although we are not there yet, we are continuing to make progress toward the goal of completing all disability compensation claims within 125 days.

The Philadelphia RO also has one of VBA's seven National Call Centers, which primarily answers calls related to compensation benefits. The National Call Center answers over 2,400 calls per day.

#### Pension Management Center (PMC)

The Philadelphia RO manages one of three national PMCs. This fiscal year to date, over 269,000 rating and non-rating pension claims have been completed with an accuracy rate of over 97 percent. The PMC in Philadelphia also houses the National Pension Call Center, answering 1,600 calls per day. The Pension Call Center provides information to claimants and dependents regarding pension and survivor benefits. Pension applicants are currently waiting an average of 75 days for a rating decision, an improvement of 121 days, or 62 percent, since the peak wait time in November 2012.

#### Vocational Rehabilitation and Employment (VR&E)

The Philadelphia RO's VR&E Division is currently providing services to over 2,000 Veterans in Pennsylvania and Delaware, and over 100 Veterans have been rehabilitated this fiscal year. The VR&E Division participates in the VetSuccess on Campus Program and has a Vocational Rehabilitation Counselor assigned at the Harrisburg Area Community College. This counselor provides outreach and counseling on benefits and services to over 1,100 Servicemembers, Veterans, and their dependents enrolled at the school.

## Outreach

The Philadelphia RO has four Military Services Coordinators who provide comprehensive briefings on Veterans benefits to active duty Servicemembers stationed at Dover Air Force Base in Delaware, Carlisle Barracks in Pennsylvania, and Joint Base McGuire-Dix-Lakehurst in New Jersey. The RO supports the Transition Assistance Program (TAP) Goals, Plans, Success (GPS), which is mandatory for separating Servicemembers. Mandatory components of TAP GPS include pre-separation counseling, two VA briefings on benefits, and the Department of Labor Employment Workshop. After Servicemembers learn about eligibility for benefits in the briefings, RO employees accept any applications for disability benefits submitted (within 180 days from separation) and ensure supporting documents are certified.

In addition to military outreach, the Veterans Service Center conducts targeted outreach to Veterans who are homeless, former prisoners of war, women, minorities, and elderly. During these outreach sessions, coordinators distribute literature and answer questions about VA benefits. The Philadelphia RO provides volunteers to annual Stand Down events in Philadelphia, Pennsylvania; Cherry Hill, New Jersey; and Wilmington, Delaware, and works closely with national and county-level VSOs.

## **Steps We Are Taking to Resolve Recent Issues**

We understand that serious concerns about the operations at the Philadelphia RO have been raised, and I want to assure you that we share those concerns and are quickly taking action to address these issues. We take seriously our commitment to providing timely and accurate benefits and are working to ensure we meet this

commitment for Veterans and their families. Our partnerships with Congress, VSOs, and other stakeholders are critical in meeting this commitment.

### OIG Management Advisory

On June 20, 2014, OIG issued a Management Advisory concerning claims processing at the Philadelphia RO. Four recommendations were included in this advisory. The first recommendation was related to the allegation that staff at the Philadelphia RO misapplied VBA Fast Letter (FL) 13-10, Guidance on Date of Claim Issues (FL 13-10). OIG found instances in which the Philadelphia RO did not enter the correct date of claim in some Veterans' records and recommended that VBA discontinue the use of FL 13-10. On June 27, 2014, VBA suspended FL 13-10, pending a thorough review of its implementation. VBA concurred with the other three recommendations in OIG's advisory and has moved to address all the issues raised by OIG, as detailed below. OIG has not yet issued its final report.

The second recommendation was related to scanning completed pension claims. OIG found 68 mail bins containing completed pension claims and associated evidence that had not been scanned into VA's electronic records. These claims were completed in 2011, and it is important to note that no Veterans were waiting for the resolutions of these pension claims; in addition, the most relevant information was available within VBA's electronic systems. Moreover, if the original documents were needed for processing subsequent claims, PMC employees were aware of how to access those documents in the paper records. Nevertheless, in April 2014, the Philadelphia RO started a concerted effort to reduce the volume of paper records associated with

completed claims needing to be imaged; by adding resources to this mission, we completed this task in August 2014.

The June 20, 2014 OIG Management Advisory also reported on several instances in which Veterans or their dependents received duplicate payments resulting from duplicate records in VA's electronic system. In response to OIG's recommendation, the Philadelphia RO is prioritizing review of any potential duplicate payments. VA's Hines Information Technology Center generates monthly reports identifying potential duplicate payments in VBA's corporate database. One report identifies beneficiaries who have two running awards for the same benefit (such as two compensation awards), while the other report identifies beneficiaries who have more than one running award but for different benefits (such as one for compensation and one for pension). To reduce the creation of duplicate records in VBA's systems, the Compensation Service provided guidance to nationwide ROs in September 2013 on how to prevent duplicate records. The P&F Service provided similar guidance to PMCs during the February, April, and June 2014 monthly PMC calls. Additionally, VBA developed standardized training for field personnel on how to avoid creating duplicate records and how to correct the system when they identify a duplicate record.

The fourth recommendation in the Management Advisory was to limit employees' access to electronic date stamps. To address OIG's recommendation, the RO changed its procedures on July 11, 2014, and moved date stamping into a secure mailroom. A small number of exceptions were permitted for the Public Contact staff and other front office employees. Employees continue to be assigned to specific machines so the RO



can audit use of date stamps. All unassigned machines remain secured by the RO's Records Management Officer.

### Proactive Steps to Address Other Recent Concerns

In addition to the issues identified by the OIG's advisory, during a July 14, 2014, hearing before the House Veterans' Affairs Committee, allegations were made that mail was being improperly shredded at the Philadelphia RO. The referenced mail included returned mail (VA-generated correspondence that the U.S. Postal Service returned because it was undeliverable) and "military file" mail (materials VA was unable to associate with a Veteran's record because of a lack of identifying information on the documents). VA became aware of these issues 2 years ago and, at that time, initiated steps to address the problem. In March 2012, VBA's Pension and Fiduciary (P&F) Service visited the Philadelphia RO to investigate allegations of claims records being destroyed. At that time, there were 126 boxes of returned mail needing to be reviewed and 13 file cabinet drawers of "military file" mail dating back to 2009.

The Philadelphia PMC is in compliance with all procedures regarding records disposal. In 2012, procedures were put in place to ensure newly returned mail is addressed timely, and no additional returned mail has accumulated. The Philadelphia PMC has also consolidated all "military file" mail into one properly-marked location and incorporated reviews of that mail into weekly Philadelphia PMC workload assignments. The Philadelphia PMC has now completed this work, and all "military file" mail is up-to-date. By August 19, 2014, the Philadelphia PMC had reviewed all boxes of mail

returned as undeliverable and has screened approximately 1,400 pieces of returned mail and identified a small number that need further processing.

While the OIG was at the Philadelphia RO to conduct a thorough review of operations, the OIG raised a concern about the volume of unanswered telephone and email inquiries requesting the status of pending claims. In response to this concern, the Philadelphia RO quickly initiated an action plan to reduce the volume of unanswered inquiries. As a key part of the action plan, the Philadelphia PMC temporarily assigned ten additional employees to review and respond to the outstanding inquiries. Over the past 2 months, this number of pending inquiries has been significantly reduced, and the RO is currently evaluating the number of employees assigned to this activity to ensure the continued provision of timely responses.

Although the final results of the OIG's review have not been issued, the Philadelphia RO has worked to address all issues that were raised with the leadership of the RO during the OIG's review.

#### Town Hall Meetings and Seminars

At the direction of Secretary McDonald, the Philadelphia RO recently conducted four town hall meetings, including two at the Philadelphia RO, one in Southern New Jersey, and one in Delaware. We hosted these meetings to engage our Veterans and hear their concerns; Secretary McDonald believes these events will help us to accomplish our mission, live our I CARE values, and improve the care and benefits we deliver to Veterans. In addition to the town halls, we hosted informational seminars and claims clinics for any Veterans looking for claim-specific information. As we spoke with

our Veterans, we learned that we need to improve engagement and communication with our VSOs, VA medical centers, and local National Guard and Reserve units. We found this experience to be beneficial, and we are conducting quarterly town halls to continue to engage and hear from our Veterans and other stakeholders.

The Philadelphia RO was recently visited by Congressmen Fitzpatrick and Meehan, as well as Senator Toomey's staff. These visits have been valuable opportunities to exchange information and improve our partnership in serving Veterans. We are also scheduling seminars with Congressional staff and our VSO representatives for this fall to continue to strengthen our partnerships in service to Veterans.

## **Conclusion**

The Philadelphia RO remains committed to providing the best service possible to Veterans who reside in Pennsylvania, New Jersey, and Delaware. We continue to look for ways to improve our outreach and partnerships to provide timely, accurate, and comprehensive assistance to all those we serve. Mr. Chairman, this concludes my testimony, and I look forward to answering any questions you and the other Members of the Subcommittee may have.