

**STATEMENT OF
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DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
DISABILITY AND MEMORIAL AFFAIRS SUBCOMMITTEE
U.S. HOUSE OF REPRESENTATIVES**

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Good morning, Chairman Bost, Ranking Member Esty, and Members of the Committee. Thank you for the invitation to speak today on VBA's methods for developing and implementing policy changes and initiatives. Joining me today is Mr. Willie Clark, Deputy Under Secretary for Field Operations and Ms. Beth Murphy, Executive Director of Compensation Service. In this statement, I will provide an overview of how VBA develops, implements, and manages change within the organization. I will highlight some key initiatives and progress from recent internal reviews and will discuss strategies to enhance the effectiveness of our programs.

Developing Collaborative Initiatives

VBA's number one priority is to provide Veterans with the benefits they have earned in a manner that honors their service. While doing so, VBA also focuses on ensuring we are strong fiscal stewards of the money entrusted to us and fostering a culture of collaboration. These principles guide our modernization efforts and our approach to organizational changes and improvements.

VBA is a learning organization that embraces oversight and continually seeks to improve the business of serving Veterans and their families. VBA manages a wide range of Veterans' benefits and programs—governed by laws, regulations, and procedures—administered across 56 regional offices (RO). VBA operates in a dynamic community uniquely positioned to identify existing challenges and propose new solutions to improve the benefits claims process and its outcomes. This community includes key stakeholders such as Veterans, VA employees, Congress, Veterans Service Organizations (VSO), and other Veterans' representatives.

VBA welcomes the oversight role of Congress and other entities, such as VA's Office of Inspector General (OIG) and the Government Accountability Office (GAO), to identify areas for improvement and change. VBA's partnership with VSOs also helps identify the needs and concerns of Veterans and gather ideas for policy and operational changes while leveraging external resources.

VBA also relies on its employees for input on operational and procedural innovations. Annual leadership training events are critical forums for the exchange of ideas between field and VA Central Office (VACO) leaders. Recurring training, quality, and collaboration calls between VACO and ROs are vital in sharing information and gathering suggestions for change.

Implementing Change and Achieving Results

VBA has transformed and modernized its claims processing activities dramatically over the past several years, primarily by becoming an organization that operates in a paperless, electronic claims processing environment for a significant portion of its work, which allows us to more efficiently and effectively assess and manage workload.

We have previously shared information about our successes with the National Work Queue, our automated workload prioritization and distribution tool that enables VBA to maximize the capacity of claims processors nationally. The National Work Queue has contributed to more efficient claims processing; for example, during the last fiscal year, 76 percent of disability rating claims were completed within 125 days, a 10 percent improvement over 2017. Also in 2018, VBA began distributing non-rating claims using the National Work Queue, reducing inventory by 31 percent and improving timeliness by 36 percent over 2017 production levels. In Fiscal Year (FY) 2017 and FY 2018, data-driven employee performance standards were developed to better match the NWQ environment. Employee performance standards continue to be monitored as changes occur to ensure they are fair and obtainable while still maximizing productivity.

Similarly, in October 2017, Compensation Service launched the Quality Management System (QMS) that utilizes a national approach to automating and routing individual quality reviews and corrections for employees. QMS was created using a customized commercial off-the-shelf product, which allowed VBA to leverage the usage of existing products. Today, more than 10,000 VBA field employees across the 56 ROs use QMS to manage error corrections, with nearly 700,000 cases reviewed to date in QMS. Overall, QMS has allowed quicker reviews, more timely corrections, and fairness in the review process to help lead to a higher quality product delivered to veterans. VBA remains focused on mitigating performance risks by improving training, and providing a faster quality feedback loop on completed work. Such efforts are reflected in a positive quality trend in the past fiscal year across rating and authorization accuracy measures.

Another milestone in VBA's paperless efforts was achieved in September 2018, when the last paper records exited the Records Management Center (RMC) in St. Louis, Missouri. This is the culmination of a multi-year plan to extract and scan all claims folders and service treatment records from the 56 ROs and RMC. The goal behind this extraction was to make Veterans' records instantaneously available electronically in the Veterans Benefits Management System (VBMS) for faster claims processing. In all, more than 7.8 million inactive paper claims records have been

extracted for scanning. Some of the space in RO's previously designated to store files has been reallocated to support initiatives such as Appeals Modernization.

In FY 2018, VBA updated systems, policies, and data matching agreements to develop a more streamlined and efficient audit process to certify continued entitlement to the Individual Unemployability (IU) benefit. IU payments are provided to Veterans who are unable to follow a substantially gainful occupation due to service connected disability. Instead of manually mailing annual income certification forms to all Veterans in receipt of IU, VBA now sends forms only to those Veterans with incomes above the eligibility threshold, based on its existing automated data match with the Social Security Administration. In September 2018, VBA sent a paper copy of the certification form to fewer than 10 percent (only 3,163 out of 368,979) of IU recipients compared to prior years because of the data match capability. This process strengthens internal controls, reduces burdens on Veterans, and redirects over 300,000 staff hours annually to processing other types of claims.

These are examples of VBA's continuous improvement efforts to serve Veterans and their families. In each instance, VBA identified procedural or operational opportunities. These opportunities were then discussed, planned, and executed with key partners or industry experts. Options were tested and risks were identified and mitigated while keeping actively engaged in change management, training, and communications to ensure improved outcomes.

Recent Inspector General Reports and VBA Actions to Address Report Recommendations

In addition to internally-driven improvements, VBA also incorporates recommendations from oversight organizations, such as GAO and OIG. I will briefly address three recent OIG reports and subsequent VBA actions taken in response to these reports.

Military Sexual Trauma (MST) – OIG conducted a review of VA's processing of Posttraumatic Stress Disorder (PTSD) claims related to MST. VBA concurred with OIG's findings of inadequate processing of these sensitive issue claims and has taken immediate steps to implement the recommendations, which include a special claims review. VBA issued guidance to its ROs on the processing of MST-related claims and continues to emphasize the importance of training and appropriate processing of these claims on national calls with the field. Recommendations included updating training and development checklists for MST-related claims at the end of FY 2018. The checklists and the first training course focused on development and identification of markers and were implemented at the end of September 2018. By October 2nd, 2018, VBA provided updated training and guidance to claims processors. Additionally, VBA developed an action plan that has us on track to conduct special focus reviews and consistency studies in a timely manner. VBA has plans to designate specialized groups of trained Veterans Service Representatives and Rating Veterans Service Representatives to

process MST-related claims by the end of November. These specially-trained employees will maintain proficiency by working MST claims on a regular basis.

Intent to File (ITF) – The purpose of this OIG review was to determine whether VBA staff assigned correct effective dates on claims for compensation benefits with an ITF, which is an effective date placeholder in lieu of the previous “informal claim.” OIG found errors in VBA’s assignment of effective dates but acknowledged improvement in ITF effective date quality over time as VBA implemented a variety of training products and system enhancements. Specifically, VA modified its procedures in July 2016 to include guidance and specific details on how to identify ITFs received electronically or by mail. In June 2017, VA updated VBMS to create a banner to remind staff that an ITF exists. The most recent accuracy reviews reflect an error rate of less than 4 percent, down from 44 percent. VBA will continue to monitor the quality of ITF effective dates to include determining if additional VBMS functionality is needed.

Reexaminations – OIG conducted this review to determine whether VBA employees required Veterans to undergo unwarranted reexaminations. VBA agreed with OIG recommendations to establish better internal controls, design system automation features, and enhance quality assurance reviews to minimize unwarranted reexaminations. Prior to the audit, VBA had already initiated process improvements to address reexaminations, including a FY 2017 data-mining initiative that removed 44,000 marked claims which were determined to be unnecessary, saving exam costs and reducing the burden on Veterans. OIG’s audit reinforced this initiative, and in FY 2018, VBA conducted Phase 2 of this initiative by removing another 32,000 claims designated for reexamination. VA will continue to utilize six-month periodic reviews of data and will implement new updates to our rules in VBMS in FY 2020. In October 2018, VA also updated its National Quality Review checklist to ensure employees are correctly requesting reexaminations.

Looking Ahead

In fulfilling the mission to deliver timely and high-quality benefits and services, VBA serves as a leading advocate for Veterans, Servicemembers, and their families. A few important components of how VBA will mitigate risk and maximize our effectiveness in this role will be highlighted.

VBA is committed to continuously increasing collaborative efforts internally and externally. VBA currently holds monthly meetings with OIG and has begun similar recurring meetings with GAO. In addition to these collaborative sessions, VBA and the acting Chief Information Officer along with their teams meet regularly in person to track key information and status of technology projects. Supportive of these engagement sessions, we continue to embrace VBA’s longstanding practice of engaging VSOs in several monthly and quarterly forums to share information, listen, and engage them as project partners and strong Veteran advocates.

Conclusion

In conclusion, VBA develops and executes change initiatives with input from a myriad of sources both within and outside of VA. VBA continues to incorporate technology and process improvements while embracing oversight and accountability, which are beneficial to improving our level of service and ensure good stewardship of taxpayer dollars. At the heart of VBA's strategy to manage change is our focus on assisting and serving Veterans and their families.

VBA is focused on continuous, deliberative, and collaborative improvement by fostering relationships in place and further developing our planning processes. In doing so, VBA continues to strive for excellence in the service and products it provides to our Veterans.

This concludes my testimony. I would be happy to address any questions from you and other Members of the Committee.