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VETERANS BENEFITS ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES**

JUNE 26, 2024

Good morning, Chairman Luttrell, Ranking Member Pappas, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss the efficacy of the Department of Veterans Affairs (VA) National Work Queue (NWQ) I am joined today by Mr. Kenneth Smith, the Assistant Deputy Under Secretary directly responsible for NWQ.

VA is committed to providing outstanding customer service to all Veterans, their families, and their survivors. VA built its NWQ with this goal in mind: to ensure that our claims processing workforce renders timely benefit eligibility determinations to Veterans, especially those who have been waiting the longest for a decision or fall into one of the agency's priority categories. Today I will focus my testimony on the purpose and functionality of claims distributions by NWQ for the Veterans Benefits Administration's (VBA) disability compensation, pension, survivor, and decision review programs.

NWQ Purpose and Functionality

Prior to implementing the NWQ in 2016, the Veterans Benefits Administration (VBA) historically processed claims according to the beneficiary's state of residence and addressed imbalances in workload distribution by manually transferring large cohorts of claim files from one regional office (RO) to another who had greater processing capacity. This manual transfer process, known as "brokering," was able to address small workload imbalances, but it was impossible to adjust each RO's workload in "real time," address large or chronic capacity shortfalls at some ROs, or enforce a "first in, first out" strategy uniformly, while also ensuring VA priority claims were addressed expeditiously. VBA's national brokering strategy relied on shipping massive quantities of paper files between ROs across various states. Once entirely paperless in 2015, claims could be moved electronically, but still through a very labor-intensive process that replicated the paper-based manual brokering due to a lack of central management structure or a workload distribution functionality to support daily reprioritization and assignment of oldest claims or local rules to assign claims to individual employees. Now, national claims distribution using automated rules allows more consistent and reliable means for distributing workload to the field, leading to improvement in customer service by reducing variance in processing timeliness across RO, regardless of where the Veteran or survivor lives. Prior to NWQ, claims awaiting initial evidence development at one RO waited an average of 123 days, while at another, claims in the

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same cycle were waiting 15 days—a 108-day variance. Today, that same variance is approximately 5 days.

NWQ Workload Distribution

The NWQ is a rules-based, technology solution that automates workload distribution to assign the national workload assignment to the existing capacity at each RO or special mission site. The Central Office NWQ Team is comprised of 28 employees, about half of whom are Veterans themselves, conduct daily reviews and assessments of VBA's entire workload, adjusting as necessary to ensure equitable distributions via automated production jobs. Each night, NWQ's rules engine ranks claims based on age and priority to assign claims for action while also balancing the national workload across all ROs to provide the same level of timely customer service to Veterans, their family members, and their survivors, no matter where they live. As the VBA team assesses the distribution, they make adjustments and additional claim assignments to ensure the oldest and highest priority claims are distributed to deliver benefits decisions as timely as possible.

At times, the implementation of new legislation, such as the Honoring our Promise to Address Comprehensive Toxics Act of 2022 (PACT Act) and the Blue Water Navy Vietnam Veterans Act of 2019, or court orders like those in the *Nehmer* case have increased workload demands through an influx of new claims or re-adjudications. In other instances, unexpected circumstances such as the coronavirus disease (COVID-19) pandemic have disrupted supply chains and slowed processing. Local circumstances, such as weather related emergencies, can be easily mitigated by NWQ's capability to quickly recall and redistribute claims from impacted offices. Despite these challenges, using a national workload distribution system has been very successful in leveraging resources to balance workload across the Nation and help VBA rapidly recover from unforeseen challenges.

The NWQ's daily rules ensure that each RO has approximately 3.5 days' worth of work, which ensures that all employees have sufficient work to complete based on their performance standards. RO performance metrics are structured to ensure that claims are worked within 3 days of assignment to the RO. This process ensures that VBA uses full capacity to produce decisions, and that the oldest and highest priority work as distributed by the NWQ continue to advance through the process efficiently. As VA has added new staff, its capacity has increased. NWQ now recalls and distributes more than 130,000 claims per day, which has led to a historic increase in output—in fiscal year (FY) 2024 as of May 31, 2024, VBA completed more than 10,000 disability and survivor claims in a single day 70 times.

From October 1, 2021, to May 18, 2024, thanks to Congress' support for additional staffing through appropriations and new legislation such as the Toxic Exposure Fund, VBA has onboarded 15,142 claims processors; 4,912 were onboarded during FY 2022, and 10,230 were onboarded from the start of FY 2023 to May 18, 2024. The change in onboarded staff improves VBA's claim processing capacity, with approximately 59.3% more onboard claims processors than FY 2021 levels. Using the

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NWQ as a national workload distribution tool provided a huge return on investment by allowing VBA to hire the most qualified candidates across the country and balance workload through distribution rather than being constrained by local labor markets. This hiring flexibility supports continued improvements in claims processing performance and efficiency.

As the VA Office of Inspector General (OIG) noted in its report published on May 8, 2024, the NWQ's distribution of work is limited to the capacity of each RO to complete the work timely.¹ This capacity is based on the experience level of employees in their position and the number of employees at the RO. Through training and mentoring, VBA expects claims processors to improve in proficiency during the first 2 years in their position. Although VA has hired a record number of new staff, it continues to improve its quality and output to reduce the increased backlog that resulted from the short-term surge in claims following passage of the PACT Act. In the 22 months since the PACT Act was signed into law, VA has received on average 195,857 claims per month. In comparison, in the 22 months prior to PACT Act being signed into law, VA averaged 138,345 claims received per month, an increase of over 57,000 claims per month. On January 4, 2024, the backlog, which are compensation and pension rating claims pending greater than 125 days, peaked at 423,179 claims, but has since been reduced by over 32%, and on May 2, 2024, the backlog fell below 300,000 claims. Overall inventory has been reduced by over 13% from the beginning of FY 2024. At the end of May 2024, VBA completed 28.6% more claims compared to the same time last year, and it even completed its one millionth claim of the year on March 1, 2024, more than a month faster than last year. Thanks to the NWQ's continued distribution of the oldest claims first, at the end of May 2024, VBA's Rating Average Days Pending (ADP) was 115 days and Non-Rating ADP was 112 days, each consistently averaging well under backlog status of 125 days.

Routing of Quality Reviews and Deferrals

VBA is building requirements for future Veterans Benefits Management System (VBMS) functionality that will improve claims processor efficiency and accuracy, while also improving the employee experience. Part of this process is our commitment to providing high quality decisions and ensuring our workforce can improve through non-punitive feedback from more senior employees through a process known as a deferred decision or "deferral" for short.

Deferrals are opportunities to mentor and provide constructive feedback to junior employees. VBA's higher-graded decision-making employees perform a review of work performed at earlier stages of the claims process to determine if all necessary actions and evidence to support the Veteran's claim have been completed. If they have not, these employees will defer a decision, sending that deferred claim back to an earlier stage for additional work. The deferral process has existed since VBA's paper claims

¹ Delays Occurred in Some Veterans' Benefits Claims While Awaiting Decision, available at <https://www.vaoig.gov/>.

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processing days, but now leverages claims routing functionality to ensure non-punitive feedback is efficiently routed through VBA's NWQ routing logic. VBA categorizes two types of deferrals for corrective action: avoidable and unavoidable.

Avoidable deferrals are those that should have been preventable by the prior employee and are commonly missed actions to collect necessary evidence. The NWQ routes these deferrals back to the prior station that completed the work, regardless of the volume of work currently at that station, to ensure awareness of the issue and ensure prompt correction as a learning opportunity for the employee. ROs may use rules to automatically route avoidable deferrals back to the responsible employee, or first line supervisors may review these deferrals and manually route them to their employees to better detect trends and provide supportive training. Avoidable deferrals are not considered to be formal errors for accountability purposes, which are conducted on independent and random samples of all employees' work through separate oversight mechanisms.

Unavoidable deferrals are those that may not have been preventable, such as those resulting from evidence or correspondence received following the prior employee's action. Because these deferrals do not represent a defect in workmanship, the NWQ distributes them with all others requiring further development, with first preference for the prior RO, following Prior Assignment Routing (PAR) logic.

To formally assess quality, VBA has three primary programs of quality assessment: VBA's national Systematic Technical Accuracy Review (STAR) program, Individual Quality Reviews (IQRs), and In-Process Reviews (IPRs). These reviews and quality assessments are handled by the Quality Management System (QMS), which is external to VBMS and the NWQ. By policy and agreement with our labor partners, VBA employees must receive feedback from qualified quality review personnel or their supervisor and are allowed to appeal that determination. These formal assessments help identify required training and support VBA's formal accountability processes. Each assessment provides the employee with a manual reference of legal citation fully describing the deficiency identified.

Claims processors generally prefer to receive work that they had worked in prior stages, because they can frequently recall certain aspects of the claim. NWQ will return claims to the most recent RO of jurisdiction through PAR functionality if there is sufficient capacity to complete it at that RO. Once a claim is distributed from the NWQ to an RO, the RO's locally established routing rules and prior assignment settings determine the actual assignment to a claims processor(s).

Centralized Workloads

NWQ supports decisions to centralize specialized work and automatically routes identified claims requiring specialized knowledge for unique workloads to improve efficiency, productivity, and accuracy. VA has historically centralized processing for claim types that require specialized handling, such as those related to mustard gas, radiation, pension, or Agent Orange exposure, or from Veterans residing overseas.

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More recently, VA consolidated Camp Lejeune contaminated water claims and military sexual trauma (MST) claims. Because NWQ distributes claims based on capacity at these special missions, backlogs at special mission sites are indicative of a need for additional staffing at that site. VA is aggressively hiring and shifting its workforce at special mission sites to address imbalances to ensure continued improvement in service delivery.

Backlogs in these smaller claim inventories occur when there is insufficient capacity to address the volume of work on hand at these special mission sites. VA historically has addressed challenges through overtime and, where possible, increased staffing. An example of centralization improving outcomes for specialized claim types is the assignment of foreign work to the Pittsburgh RO. Through this expanded capacity, the timeliness of the foreign claim inventory has improved by 7.9% from the end of FY 2023 to May 2024, and the volume of claims pending has decreased by 33%.

Agent Orange-related claims were centralized to ensure tight control over a set of cases requiring re-adjudication under Court Supervision. In the OIG's review dated May 8, 2024, they identified a backlog of Agent Orange-related claims that were incorrectly ranked by NWQ tool and ranking rules. The ranking rules were corrected immediately after the flaw was identified. However, the delayed distribution of ready for decision claims identified by OIG stemmed from a management decision to dedicate 20% of the workforce to processing these claims to support the simultaneous need to address the Court's requirement for a plan of action and to ensure timely processing for all other Veterans, their families, and their survivors. VA transparently communicated with stakeholders about this plan and the state of this inventory to stakeholders and continues to provide a bi-weekly report on Blue Water Navy claims to the Committees.

VBA also centralized the MST workload based on the OIG's recommendations. MST workload initially routed to MST-trained claim processors at eight ROs until the MST Operations Center (MST-OC) in San Juan was fully operational. The MST-OC has a single site lead by an Executive Director to enhance organizational effectiveness. As part of this model, the NWQ routes claims to specially trained MST claims processors through NWQ.

The MST-OC was operational and began receiving claims distributions from the NWQ in June 2022. The pending inventory of MST claims incrementally increased as receipts outpaced claims completions, requiring VA to recalibrate employee processing capacity to draw down this inventory and improve timeliness. Upon MST-OC reaching full staffing and stabilization of the MST inventory, the designated employees at the eight MST sites resumed processing non-MST workload.

However, the inventory continued to increase, requiring VBA to increased staffing for MST claims processing. An additional 143 employees were assigned to the MST-OC, and starting in April 2024, 250 staff from an additional RO were designated and trained for MST processing. Currently, the MST "surge site" is in progress of completing the rigorous training and a quality proficient release program, with full employee process capacities on the horizon. As additional capacity is trained for MST claims processing,

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the NWQ distribution flexibilities allowed the agency to quickly pivot and ensure that the oldest claims were assigned to claims processing resources at each RO.

Three designated Pension Management Centers (PMC) process pension and survivor benefit claims focusing on benefit delivery to some of our most vulnerable claimants. Survivor benefit claims relating to Dependency and Indemnity Compensation (DIC) and service-connected burial claims are generally processed by the Philadelphia PMC. Our St. Paul and Milwaukee PMC's focus efforts on processing original income-based pension claims for Veterans, their families, and their survivors, non-service-connected burial claims, as well as pension maintenance claims such as income and dependency adjustments.

Since FY 2023, VA has increased staffing at our three PMCs by 18% and in May 2024, VA further increased staffing for survivor processing at the Philadelphia PMC by 7% to address increasing workload and improve timeliness. In addition, the rapid hiring authority under the PACT Act contributed to lost PMC capacity, because many experienced claims processors in the St. Paul and Milwaukee PMCs were promoted to higher-graded claims processing positions. These offices are actively backfilling these losses and are expected to be fully staffed in 2024. NWQ continues to be flexible in routing specific survivor workload to improve the timeliness of service to survivors.

NWQ Red Team

VBA recognizes that the NWQ can always be improved, and based on internal feedback in June 2023, the Under Secretary for Benefits commissioned a "Red Team" to evaluate the operational and functional capabilities of the NWQ in the current landscape of workload management and the claims processing environment. The review team consisted of RO Directors, Division Managers, NWQ staff, and first line supervisors, who rigorously analyzed the claims distribution process focusing on the robust voice of the customer, a comprehensive review of the process, and root cause analysis steeped in data.

The review findings resulted in 12 recommendations in 3 thematic buckets: systems, rework, and workload management. Four of these recommendations pertained directly to NWQ programming and functionality. These recommendations dovetail with existing plans to modernize and improve NWQ and are scheduled for completion by FY 2026.

The first recommendation is a technical enhancement to the PAR logic to improve routing to the employee who performed the last claims processing action. Current logic routes the claim to the employee who last touched the claim, which may have been a supervisor or quality reviewer, which may require a subsequent touch to route to the intended recipient. This enhancement request has been prioritized for completion in FY 2025. Secondly, the NWQ proposes to create a badging system to link employee quality, training, and experience to work assignments to allow for greater control of complex claims that require greater expertise and improved accuracy. Although ROs already can establish local routing rules to distribute workload based on

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unique claims attributes, badging functionality will improve oversight of VBA's capacity and streamline claims assignments and pinpoint training needs.

Next, the Red Team recommended more frequent updates to the capacity engine driving the NWQ, which is currently updated once per week. This improvement will allow more agile distribution and reduced latency that today requires manual NWQ analyst intervention.

Lastly, the Red Team recommended a hybrid "push/pull" workload distribution of Veteran's claims to allow dynamic claims prioritization throughout each day. This enhancement would no longer limit claims distribution and prioritization to the daily national distributions while also allowing RO personnel to pull work into their queue more easily.

Conclusion

The NWQ continues to function as intended from inception, nationally distributing workload across geographical boundaries, and ensuring the timeliest service for Veterans, their families, and their survivors. For example, the average time to complete a claim in 2013, prior to NWQ, was 347.8 days, with a variance between stations of 394 days. Ten years later, and 7 years following implementation of NWQ, the average time to complete a claim was 130.4 days, with a variance between stations of 19.4 days.

VBA knows that more work remains to be done and is committed to continued transparency for stakeholders to explain the NWQ and to improve the status of claims for Veterans on VA.gov. In May 2024, VA made improvements to the Claims Status Tool on VA.gov, making it easier to identify when action is needed by a Veteran, what claims are in progress, when specific claims were submitted, and where to find available decision letters. Accredited representatives for the Veteran or survivor need to only call our dedicated customer service line or reach out to the service officer liaison at the RO where the claimant resides for information or assistance. Likewise, caseworkers from Congressional offices may call or email their local RO's point of contact for questions or assistance with a constituent's claim. We remain committed to the strong partnerships between stakeholders and ROs, while also ensuring the most efficient benefits delivery to Veterans, their families, and their survivors.

As always, VBA looks forward to the continued oversight provided by Congress and the partnership of our stakeholders to improve service delivery. Chairman Luttrell, Ranking Member Pappas, this concludes my testimony. I am happy to respond to any questions you or the Subcommittee may have.