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BEFORE THE
HOUSE COMMITTEE OF VETERANS' AFFAIRS
DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS SUBCOMITTEE

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Good morning, Chairman Luttrell, Ranking Member McGarvey, and Members of the Subcommittee. I appreciate the opportunity to appear before you today to discuss VA's efforts to improve efficiency in Veterans' disability compensation claims processing through the National Work Queue (NWQ), and the efficacy of VBA's quality assurance and training programs resulting from the Overdevelopment Reduction Task Force (ODRTF). Joining me today are James Smith, Deputy Executive Director of Compensation Service, and Robert Orifici, Executive Portfolio Director for Benefits Appeals and Memorial Services, Office of Information and Technology.

VA is committed to providing outstanding customer service to our Nation's Veterans, their families, and survivors, and we are steadfast in our commitment to timely and accurate decisions on Veterans' disability compensation claims. VBA has a robust training and quality review program holding employees, regional offices (RO), and program offices to a higher standard for producing quality claims decisions while also promoting continuous learning and performance improvement. We appreciate the Subcommittee's interest in this topic, and I know we share the same goal of collaboration and continuous improvement.

<u>Over-Development Reduction Task Force</u>

On January 31, 2024, ODRTF's second phase (ODRTF 2.0) kicked off with a focus on improving the claims examination process. The task force put an emphasis on contract examinations, utilization of private Disability Benefits Questionnaires (DBQ) submitted by Veterans, utilization of the Examination Scheduling Request tool, and

effectiveness of automated examination ordering. It also explored opportunities in policy, processes, and technology to eliminate over-development.

When ODRTF 2.0 concluded in July 2024, VA implemented numerous recommendations in several areas including improvement of the private DBQ submission process; guidance to field employees on appropriately requesting examinations; and employee training to assist claims processors in scheduling more informed, intentional, and accurate requests for disability examinations and medical opinions.

One of the recommendations that VBA implemented were improvements to the Exam Scheduling Assistant (ESA). This tool provides claims processors with a series of questions for each claimed disability and helps determine whether an examination or medical opinion is warranted. VBA is in the process of integrating the web-based ESA tool into the Veterans Benefits Management System (VBMS) so that claim data can be auto-populated, reducing duplication of work and increasing the accuracy of examination decisions. The integrated tool will continue to present the claims processor with a series of questions to aid in claim development. The anticipated date of release of the integrated tool is fiscal year (FY) 2026.

Additionally, since June 2024, VBA has made procedural changes to clarify and emphasize that examinations are not required when there is sufficient evidence of record to decide the claim. VA regulations direct decision makers to render a decision without the need of further examination or development, if the medical evidence of record is sufficient. This includes accepting private DBQs when sufficient, which avoids scheduling unnecessary exams. VA is continuing to guide claims processors on this concept as another update to VA's procedures manual relating to medical evidence sufficiency was just published on March 10, 2025.

Training and Quality Initiatives

In June 2024, VBA began efforts to modernize training for all disability compensation claims processors. This program has specifically focused on reducing over-development in medical opinions and examinations – streamlining when, why, and how they are ordered. These lessons emphasize hands on learning and reinforcement

of concepts through interactive and engaging activities, ongoing assessments to ensure learners are mastering the content, and remedial training and follow up assessments for those who fail to grasp the concept the first time it is assessed. Some of the specific training courses provided in support of minimizing over-development include courses on preventing deferred rating decisions in the claims process, identifying the need and sufficiency of VA examinations, reviewing DBQs to determine if a medical opinion is necessary to decide a claim versus when it can be decided based on the evidence of record, and a renewed training on the duty to assist requirements for our Rating Service Representatives who render decisions on Veterans' claims for compensation benefits.

When training newly hired claims processors, VA emphasizes the negative impact over-development has on claims timelines. How, when, and whether to order examinations consistent with regulatory guidance are addressed in several courses during initial claims processor training. The courses emphasize the impact of 38 C.F.R. § 3.326 – specifically, that medical evidence accompanying a claim, whether submitted by the claimant or received from a Federal records custodian, might render a claim ready for decision without the need of further examination or development. This scenario is frequently seen with cases of active, presumptive cancer, or claims for increase for total joint replacement – an examination would provide no new information beyond what is already available in the medical records, so the claim should be decided immediately.

Examination and medical opinion training courses have also been updated to include the most recent guidance on requesting evidence, sufficient examinations, and Sergeant First Class Heath Robinson Honoring our Promise to Address Comprehensive Toxics Act of 2022 or PACT Act-related claims and toxic exposure risk activity opinions. These concepts are reinforced throughout training with knowledge checks and instructor guidance.

Additional training is provided to claims processors on a recurring basis for topics such as the different types of medical examinations and opinions and in which scenario each is required or not required to grant a claimed issue. An important part of this training is specifically focused on preventing the ordering of additional development for examinations and medical opinions when the evidence of record allows the claimed

issue to be resolved in the Veteran's favor. This information is laid out and reemphasized throughout the training program for new claims processors.

In June 2024, VBA hosted the first ever VBA-wide Quality Standdown, highlighting the Agency's commitment to the importance of high-quality actions and positive work experience. This provided claims processors with targeted instruction on medical exam requests and the rework process. In the post-event survey, with 77% of employees reporting positive sentiments with improvements noted in 3 month rolling quality. In FY 2025, VBA plans to host regular events collaborating with the Board of Veterans' Appeals and Office of General Counsel to further improve measurable outcomes and engage employees in content directly related to accuracy trends.

VA acknowledges that there is always room for improvement, however VBA's quality data shows that monthly errors cited for examination over-development in FY 2025 to date has decreased by just over 7% from FY 2024. VBA achieved this while the average number of claims processors on production increased by nearly 11%. Additionally, in disability compensation rating claims, 3-month issue-based accuracy improved from 91.5% at the close of FY 2024 to just under 93% at the close of January 2025. This portrays that the changes VBA implemented to improve quality assurance and training programs are having a positive effect. VBA will continue to find ways to improve.

VA's commitment to continued process improvement of quality programs has been further strengthened by additional safeguards that have been built into the processing software used to develop and decide claims for benefits. For example, modifications were made to the examination process by updating a tracking indicator in the VBMS system to clarify the status of medical examinations and what additional evidence, if any, may be required. This allows claims processors involved with the claim to quickly surmise the status of the claim and to determine what other development actions are required to decide the claim.

Implementing VA Office of Inspector General (OIG) Recommendations

In the OIG Report, "Staff Incorrectly Processed Claims When Denying Veterans' Benefits for Presumptive Disabilities Under the PACT Act,"[1] OIG made a process recommendation and a systems recommendation. VA has made significant progress in addressing both. As previously noted in this testimony, VBA is scheduled to implement the web-based Exam Scheduling Assistant (ESA) tool within the VBMS in early FY 2026. However, the ESA tool has been available as a stand-alone, web-based tool for claims processors since November 2023, in addition to RO guides developed by the Medical Disability Examination Office such as the "Exam Scheduling Request Reference Job Aid" and "Medical Opinion Guide."

Transformative changes are currently being implemented in the National Work Queue (NWQ) system, as well as how the NWQ team trains the field on workload management, which will impact the efficiency of claims processing within VBA. VBA has implemented training to address workload management issues, to include local auto-assignment rules. Supervisors have provided positive feedback that the training has significantly helped, and they also bring that knowledge back to their RO peers.

While the December 2024 OIG report highlighted inconsistencies in claims processing, VA is actively addressing these issues by refining the Adjudication Procedures Manual and enhancing examination tools. Most recently, on March 10, 2025, VBA published a revision to the Manual to add a note on the threshold for evidence of a current disability-or persistent or recurrent symptoms of disability-for the purpose of determining whether to request an examination and/or medical opinion and to cross-reference similar principles discussed in other portions of the Manual. Based on this progress, VBA has requested closure of the related recommendation and continues to work towards closure of the remaining recommendation.

VA is committed to continued process improvement for processing PACT Act claims and is implementing OIG's recommendations. VA is continuing to update the Manual on when personnel should request medical disability examinations and opinions. Additionally, VA is also working on enhancing systems and tools involving the examination process.

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[1] https://www.vaoig.gov/reports/review/staff-incorrectly-processed-claims-when-denying-veterans-benefits-presumptive

National Work Queue Initiatives and Improvements

National Training and Supervisory Workload Management Training (SWMT)

In August 2023, NWQ conducted national training for all regional offices, with over 600 claims processing managers attending, focusing on local rules and deferral routing. This content has since been incorporated into the SWMT, launched in February 2024. SWMT is designed to equip new supervisors with the principles and best practices for workload management. To date, 300 supervisors have benefited from this training. Additionally, NWQ offers personalized consultations with RO managers to enhance their understanding and application of local workload routing rules.

NWQ 2.0 and Enhancements

NWQ 2.0 will represent a significant leap forward in VBA's claims processing capabilities. One of the areas of concern raised by Congress during a previous oversight hearing and confirmed by an internal "red team" is the routing of work back to an employee who previously worked on a claim. The current system, which utilizes Prior Assignment Routing (PAR), has limitations, and does not always ensure that the claim reaches the actual claims processor who previously worked on it. To address this, VA has developed requirements for a new approach to replace PAR, allowing for claims to be routed back to the employee based on the last creditable transaction. VA is taking this one step further and is carefully evaluating other approaches to implement themes from the ODRTF while also reducing missed development. This targeted approach will is expected to improve the first touch efficiency and reduce avoidable deferrals, while still maintaining a routing process to get the claim back to the last person who took action on the claim.

Another key improvement in NWQ 2.0 is the introduction of a "pull" capability to allow a claims processor the ability to take the next claim to be worked out of a dynamically optimized list of claims pending assignment. Through this capability, claims processors will be "badged" with attributes, including experience level and proficiency levels for specific categories of claims. When the employee is out of work, they may

request an additional claim, and the system will automatically assign a claim that meets their competencies. Eventual functionality will allow employees and their supervisors specific, actionable feedback for additional training, while ensuring that claims requiring special handling are directed to claims processors who are both trained and qualified, thereby enhancing the efficiency and accuracy of our service to Veterans.

VBA and the Office of Information and Technology (OIT) are currently working to define requirements to achieve outcomes for both reduction in erroneous development, the ability to leverage the prior claims processor's expertise as well as provide feedback on errors if subsequent development is necessary. This functionality will be released incrementally, with the first deployments starting in Quarter 4 of this fiscal year. As functionality becomes available, VBA and OIT will collaboratively confirm that the functionality is working as intended and adapt requirements to ensure VBA has the capability needed to distribute claims effectively.

Deferrals

The deferral process is a critical component of VBA's commitment to quality and employee development. Deferrals are a mechanism for employees working later stages of the claims process, to ensure the completeness and accuracy of claims processing. It allows for mentoring and constructive feedback, particularly for junior employees. When an employee completes all required actions, they are certifying that the work done is accurate and is ready for the next action by subsequent claims processors to complete the claim. The most important movement of a claim is the movement from evidence development to the decision phase. In this scenario, if the decision maker cannot make a decision due to a misstep in evidence development, they will issue a deferred decision and direct additional action be taken to remedy the issue. This type of deferral may be categorized as either avoidable or unavoidable. An avoidable deferral is an error in workmanship, while an unavoidable deferral typically arises when new evidence has been introduced subsequent to the last action. This process is not unique to NWQ; it is an electronic adaptation of VBA's longstanding practice.

Avoidable deferrals are routed back to the last employee who handled the claim for correction. This reflects a simple accountability framework: employees are

accountable for certifying the claim is ready for a decision and should only certify claims for decision when they have personally reviewed and have ensured that all necessary actions have been taken. This fundamental management determination and process ensure accountability and are longstanding principles that are hard coded into VBMS. As of February 2025, 99% of all avoidable deferrals were being routed back to the RO and 92% were routed to the specific employee that last worked the claim in the prior claim cycle.[2]

Supervisors play a crucial role in monitoring deferral frequencies and developing plans for improvement. As part of recent national events, such as the Quality Standdown and SWMT, supervisors have received training on new tools to evaluate deferral trends and errors trends. These tools include the Deferral, Error, and Transaction Dashboard which compiles six reports into one easy to use tool, for reviewing deferral data and recommending appropriate remedial training. This report also houses all errors in one report, providing a breakdown of errors by body system and claimed condition. These tools will allow VBA to make data driven decisions to enhance training and drive quality improvements.

VBA is taking a data driven approach to construct a pilot for wider communication of a claim's deferral. VA's duty to assist often requires more than one review in the development process. While VA is working to ensure these claims are routed back to the same claims processor and has made substantial improvements in this area, employee leave and capacity may require assignment to another claim's processor for subsequent action. While the deferral process assigns accountability for full and complete evidence development to the last employee to work the claim in the development cycle, VBA does recognize the potential for feedback to the claims processor(s) who worked on the claim upstream from the final certification of completeness. This feedback would be focused on training and awareness of the need for quality at each step of the process, with the intended effect of constructive supervisor-employee discussions and continuous improvement. Available data will be

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[2] Deferrals may not route back to the previous employee if the RO has the avoidable deferral routing turned off for specific employees due to a new work assignment.

evaluated and shared with RO supervisors to determine the utility of the feedback, which is in addition to existing feedback from VBA's formal quality management process.

OIT and VBA are also evaluating other efforts to prevent deferrals before they occur. One area of exploration will use Artificial Intelligence (AI) and machine learning to analyze a claim, reference policy manuals and user training materials, and provide guidance to claims processors on which actions should be taken. These efforts are using historic claims and deferrals to train AI models to better understand what steps will be needed to lead to the correct outcomes the first time. VA plans to begin a small pilot on this and other efforts by the end of this fiscal year.

Conclusion

VA remains committed to identifying areas where we can improve our systems and processes to increase the efficiency and quality of benefits that we deliver to the Nation's Veterans. We will continue to leverage internal quality reviews, adapt our training programs, and continue advancements in NWQ 2.0 to ensure that all claim processors are equipped with the best tools to complete our sacred mission and to uphold President Lincoln's promise to care for those who have borne the battle and for their dependents. Mr. Chairman, this concludes my statement. We thank the Committee for your continued support of programs that serve the Nation's Veterans and look forward to working together to further enhance delivery of benefits and services. My colleagues and I are prepared to respond to any questions that you or other members of the Subcommittee may have.