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 AND
SUBCOMMITTEE ON TECHNOLOGY MODERNIZATION

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Chairman Luttrell, Chairman Rosendale, Ranking Member Pappas, Ranking Member Cherfilus-McCormick, and Members of both Subcommittees, thank you for the opportunity to appear before you today to discuss the Department of Veterans Affairs (VA or Department) report entitled, "The Plan for Modernization of Veterans Benefits Administration Information Technology (IT) Systems," as required by P. L. 117-168, § 701(b) (known as the PACT Act). For decades, our dedicated team at the Veterans Benefits Administration (VBA) and the Office of Information Technology (OIT) has worked tirelessly to support those who have served our Nation with honor and courage. We have witnessed the evolving needs of Veterans and recognized the pressing need to modernize our systems and processes to better serve them.

Background

Before 2012, VA regional offices were buckling under the weight of paper claims folders, and multiple systems were used to process disability compensation claims. VA staff physically boxed and shipped Veterans' claims folders from office to office across the Nation, depending on available processing capacity. This archaic approach resulted in significant delays to Veterans receiving their earned benefits in a timely manner, as well as information security risks related to tracking and shipping errors. During 2012, VA underwent a historic transformation of the benefits claims process, moving from a completely paper-based system to one predicated on electronic claims processing.

The introduction of the Veterans Benefits Management System (VBMS), VA's claims processing system, along with the integration of the Veterans Claims Intake effort (where millions of paper claims folders were digitized for ingestion into VBMS), was foundational to moving VA from a paper-based process to an electronic processing environment. Over the years, VBMS has undergone multiple enhancements and optimizations to improve system resiliency, increase claims processors' productivity and modernize system components. Recently, VBMS was expanded to allow processing and control of VBA's fiduciary program, improved Draft Rating Approval eliminating the need to manually process second signature decision reviews, and in June 2023, VBA will deploy Smart Search technology, which allows claims processors to conduct intelligent searches of the entire Veteran's eFolder of documents, which was formerly a tedious manual process of searching multiple individual documents. While VA still receives paper claims, more Veterans are filing claims online through an online portal at VA.gov. Today, more than 1.1 million Veterans are active users of our digital benefits

products on VA.gov, with user adoption continuing to increase, and over 50,000 claims being filed online each month.

As a result of VA's continued investment in VBMS, the establishment of the Evidence Intake Center (EIC) to digitize inbound paper mail for ingestion into VBMS, and developing a paperless claims process, VA maximized telework capabilities during the COVID-19 pandemic to minimize employee health and safety impacts while still maintaining service to Veterans. While VA successfully pivoted to remote work, while still serving Veterans, the inability to conduct in-person disability medical examinations and access paper Federal records led to a temporary increase to the disability compensation claims backlog. VA later reduced the claims backlog by approximately 100,000 in fiscal year 2022, but the lessons from the pandemic processing period highlighted the need for increased digitization of relevant paper records and supporting medical evidence.

Passage of the PACT Act

On August 10, 2022, the enactment of the PACT Act expanded VA care and benefits to millions of Veterans and their survivors. To effectively deliver the additional care and benefits, VA must continue modernizing and expanding its business processes and technology, as well as continue improving communications with Veterans and other claimants. While VA has and will continue to hire more people to process claims, adding more personnel is only one facet of the solution. VA must equip our new and existing employees with tools to enhance productivity by increasing the accuracy and timeliness of the delivery of benefits for Veterans, families and survivors.

The report required by Section 701(b) in the PACT Act created a fresh opportunity to develop an enterprise-wide plan to deliver technology products that enable a journey-driven, proactive engagement with the Veteran and improve the way VA delivers benefits and services, leading to increased customer service, higher utilization, and better-quality outcomes for the Veteran. A key principle of 701(b) is embracing automated decision support tools.

VBA and the Office of Information Technology (OIT) partnered to create VA's Five-Year Modernization Plan of Benefits Delivery IT Systems to improve efficiency of claims processing and create more reliable and resilient systems. VA will evolve its approach to leveraging data to anticipate needs and more efficiently and proactively serve the Veteran. IT modernization is a continuous investment that will continue beyond 5 years; however, the 701(b)-modernization effort will realize benefits across five key pillars:

- Improved Veteran Experience;
- Increased Efficiency and Accuracy in Claims Processing;
- Improved System Architecture and Resiliency;
- Improved Data Infrastructure and Use of Data; and
- Improved Employee Experience and Efficiency.

This modernization plan will allow VA to move towards a seamless and personalized engagement model in support of Veterans and their beneficiaries, while shifting the focus from the Veteran requesting help to VA providing a service. This includes simplifying the process of submitting claims and proactively notifying Veterans when they are entitled to additional benefits and services. The impact of 701(b) IT modernization will be life-changing to Veterans and transform claims processing.

Enhancements to VBMS and other Claims Processing Systems

As anticipated, the passage of the PACT Act resulted in a surge of claims and an increase in the number of employees using VA IT systems to process these claims. Since the PACT Act was signed, Veterans and their survivors have filed more than 1.7 million claims, an increase of 30.2% over the same period last year. VA has already received more than 588,000 PACT Act-related claims since August 10, 2022. The modernization of the VBA Corporate Database and transition of IT systems to the cloud directly supports VA's ability to respond to these challenges. Additional capacity has been added to VBMS allowing the system to handle the increased claims volume and additional users. Efforts are underway to move the remaining VBMS modules to the cloud to take advantage of these offerings.

In addition to VBMS, VA uses several other IT systems to facilitate the delivery of benefits. Many of these older systems were designed to solve different problems from those that VA faces today, for example, when many of these systems were created, VA was relying on paper claims folders and entering data into these antiquated systems. These legacy systems are inefficient and fail to fully meet VA's current needs, creating challenges for employees to deliver world-class customer service to Veterans. Many aging systems date back to the 1990s and are at end-of-life. Dependencies and integrations with these obsolete systems make it complex to automate and modernize. However, OIT and VBA continue to work together to move or modernize functionality from legacy systems into more modern systems. This approach allows VA to leverage modern interfaces and authoritative data sources to meet the business requirement in the short term, streamline processes by retiring these aging systems and avoid the long-term costs of integrating with legacy systems. For example, VA just completed migrating capabilities from VETSNET Award into VBMS. This allows the claims processors to complete all compensation awards actions within VBMS without switching back and forth between multiple systems.

Additional efforts completed through the VBA - OIT partnership to modernize VBA's claims processing systems include:

Production Optimization Continuous Improvement Model

In addition to investing in large modernization efforts, VBA and OIT commit resources to improve the VBMS system through the Production Optimization Continuous Improvement Model, which implements feedback and suggestions from claims processors. During fiscal year (FY) 2022, VA implemented 67 enhancement

requests, and in FY 2023 to date, VA has implemented 38 enhancement requests. These requests range from VBMS system defects found by claims processors to optimizations for improving the employee experience. The system enhancements eliminate time-consuming workarounds and improve the system accuracy for claims processors. Overall, VBA and OIT have improved the response to resolving system defects, with the majority being resolved in less than 30-days, minimizing delays for Veterans.

Draft Rating Approval

VA implemented Draft Rating Approval to support the average 700,000 rating decisions completed per year that require a second signature. All rating decisions require the signatures of two decision makers until the first signatory rating specialist has reached a level of proficiency to complete decisions under a single-signature authority. Additionally, specific types of rating issues, a few examples include Traumatic Brain Injury, Special Monthly Compensation and Military Sexual Trauma, always require a second signature due to the level of complexity of the decision. This improved productivity and accountability in the review process to ensure draft Rating Decisions were completed within the VBMS platform eliminating the need to download, manually sign, and reupload forms. This streamlined process is expected to save more than 75,800 hours annually equivalent to 36 full-time employees.

Automated Data Ingestion

VA and our industry partners collaborated on Automated Data Ingestion (ADI) functionality that automatically transcribes information received from medical exam vendors uploading Disability Benefits Questionnaires (DBQs) into the VBMS system used to calculate ratings. This technology assists Rating Veteran Service Representatives (RVSRs) by eliminating the need for manual data transcription. This helps to promote the consistency and standardization of decision-making. ADI is currently being operationalized at eight regional offices with all 26 PACT Act medical condition DBQs scheduled for release by the end of this fiscal year.

VBMS Demo Academy

In response to VBA's increased hiring of new employees, OIT upgraded the VBMS Demo Academy capacity to support eight-times the number of new hires and eliminated one week of preparation to reset testing environments between training sessions. The VBA training program supports Instructor-Led Web-Based Training (IWT), Virtual and In-Person (VIP) training and Warrior Training Advancement Course (WARTAC) training for newly hired claims processors. This training environment and platform provides VBA with the ability to walk new hires through a simulated and controlled environment for training in every phase of the claims process. The training supports the 6 to 12 weeks of training required for all claims processors. These

improvements ensure VBA can train a continual stream of new employees supporting PACT Act claims processing.

Of note, national quality remains high. The systematic technical accuracy review (STAR) data for rating 12-month accuracy is currently 95.64% and has increased since Jan 2023.

The more current rating 3-month STAR accuracy is 97.33%. This is the highest 3-month accuracy since Jan 2022. The STAR non-rating 12-month accuracy has also remained steady and has been 92% or better since Sept 2022.

Individual compensation quality data for claims processors remains high.

- Veterans Service Representatives (VSRs) have a national quality FY 23 to date of 95.09% (FY22 VSR quality was 94.82%).

- Rating Veterans Service Representatives (RVSRs) have a quality FY 23 to date of 95.98% (FY22 RVSR quality was 95.85%).

System Automation

Automation offers VBA the ability to process claims more quickly, reduce the time claims processors spend on administrative tasks, and provide more consistent claims decisions. To provide oversight of the effectiveness of the automation process, VBA established the Deputy Under Secretary for Automated Benefits Delivery (DUSABD) in 2021. As part of VBA's People, Process, Technology framework, the Office of Automated Benefits Delivery (ABD) focuses on VBA's digital transformation strategy providing innovative solutions to leverage automation and maximize efficiencies.

Mail Automation

ABD has executed improvements in mail automation efficiency, now automating approximately 68% of initial claims intake processing activities for inbound mail received at VBA's EIC. This enables VBA to focus employee efforts on more complex decision-making tasks. Since May 6, 2020, mail automation has established over 2.7 million claims representing over 7.6 million individual contentions.

Pension and Survivor Benefits Automation

VBA's Pension and Fiduciary Service aims to move towards an automated electronic claims submission process for all pension applications forms. These automated capabilities will streamline the process to gather the evidence needed to grant both Veterans and survivors pension, Dependency and Indemnity Compensation (DIC), burial and accrued benefits.

This initiative builds on VBA's proven track record for leveraging automation to

provide survivor benefits. Currently, when VBA is notified of a Veteran passing and specific criteria are met, the system automatically pays the month of death benefit to the surviving spouse for Veterans, who are in receipt of disability benefits. Additionally, burial and DIC benefits may also be paid to the surviving spouse when the spouse's information is available in VBA systems, and the spouse meets the eligibility requirements. These payments are completed without the need for an application and are based on the evidence available at the time of the Veteran's death, as allowed by P. L. 114-315. Since implementation in 2014, VBA has paid out over 206,000 month of death and burial benefits claims automatically, without the need for an application.

Proactive Scanning

In FY 2022, VBA partnered with the National Personal Records Center (NPRC) to digitize all available Service member and Veteran records for use in determining a claimant's eligibility for VA benefits. VA digitized military records and claims folders for approximately 170,000 Veterans who may potentially file an initial claim for benefits under the PACT Act. Once digitized, these records are available to claims processors on the same day as the corresponding Veteran's claim is received. This reduces the administrative burden of collecting records and results in faster claims processing for Veterans, Service members, their family members, and survivors.

Automated Decision Support Tools

VBA is undergoing business modernization efforts designed to leverage technology by automating administrative tasks and workflows, known as Automated Decision Support (ADS). The ADS tools support claims processors to make faster and more equitable claims decisions by indexing relevant medical evidence and automatically ordering exams in certain situations. In December 2021, VBA established a prototype site at the Boise Regional Office to evaluate the proof of concept for automation. Based on the success of the process combined with the positive feedback from claims processors at this site, the automation capabilities were expanded to claims for increase for asthma (March 2022) and sleep apnea (April 2022). In September 2022, VA expanded the prototype site to three additional regional offices and in December 2022, VA expanded to four additional prototype sites for a total of eight (8) sites. In May 2023, VA added eight (8) pilot sites to validate the automation logic in preparation for national deployment.

VBA planned to continue adding three additional diagnostic codes per quarter; however, with the passage of the PACT Act, VBA shifted its focus to the diagnostic codes associated with this enactment. Under the direction of the DUSABD, 57 diagnostic codes are automation eligible, including all 26 PACT Act presumptive conditions.

Today, claims processing tasks, supported by technology to enable automation using artificial intelligence, Natural Language Processing, and Optical Character Recognition, enable automation with data and records extraction from Veterans'

electronic health records, verification of military service eligibility, expediting claims that can be decided based on the evidence of record, ordering examinations when required, and the intelligent indexing of the relevant adjudicative information. Since December 2021, over 179,000 claims have utilized automation.

<u>Verification of Military Service Eligibility</u>

In the third quarter of FY 2022, VA obtained authoritative military service deployment data from the Defense Manpower Data Center (DMDC) that enabled VBA to proactively determine PACT Act eligibility for more than 3.5 million Veterans. This allows VBA to provide Veterans with faster decisions on their PACT Act claims by reducing instances where manual research is needed by claims processors to determine military service eligibility.

<u>Automated Issue Management</u>

In December 2022, VBA and OIT released Automated Issue Management (AIM) functionality, providing the ability to route claim types by issue and automate specific issues without breaking up the overall claim. This directly benefits Veterans as it lowers the barrier to evidence collation on certain issues within the overall claim, rather than waiting for all issues to be developed.

<u>Smart Search Technology</u>

In the third quarter of FY 2023, VBA and OIT will begin deploying Smart Search technology, which allows claims processors to conduct intelligent searches of the entire Veteran's eFolder of documents, which was formerly a tedious manual process of searching multiple individual documents, including images and handwritten documents. This capability increases employee efficiency by accelerating the ability to search for relevant information to expedite PACT Act claims processing.

<u>Verify, Validate, Graduate (VVG) Plan</u>

In 2022, VA recognized the need for a robust, repeatable process to assess the effectiveness of automation outputs with the goal to make data-driven decisions for nationwide deployment of automation functionality. VA subsequently established the Verify, Validate, Graduate (Prototype, Pilot, nationwide release) plan, ensuring all ADS tools pass a consistent validation assessment before they are advanced to nationwide release. In April 2023, VBA validated the automation logic first diagnostic codes to move from Prototype to Pilot phase and added eight new Pilot locations across the Nation. These Pilot Sites will test the automation logic and ensure it meets strict criteria before graduating to national release.

Early accomplishments include 57 diagnostic codes in production (54 are PACT Act specific) and compared to the traditional claims process for single issue claims,

ADS claims have a 27.5% examination avoidance compared to 9.5%, reducing the burden on Veterans.

Future of Claims Processing

Throughout the remainder of calendar year 2023, VBA is on track to expand automation to an additional 103 diagnostic codes related to some of the most frequently claimed conditions, such as hearing loss, mental health, peripheral nerves, and musculoskeletal conditions, that represent over 700,000 annual claims. Over the next 18-24 months, VBA will continue to apply automation to conditions most frequently claimed by Veterans to enable continued execution of the vision to provide Veterans faster, more accurate, consistent, and equitable claim decisions than ever before.

Conclusion

VA's IT modernization vision is grounded in its unwavering dedication to Veterans, their families, caregivers, and survivors. The efforts outlined in VA's 5-Year Modernization Plan of Benefits Delivery IT Systems sets the foundation for a future of continual modernization, where systems are regularly improved with the most up-to-date technology. Automation can enable and empower VA employees to deliver world-class, proactive service to Veterans in ways that have never been possible before. Further, automation only succeeds if the underlying architecture and systems are modern, agile and resilient.

The outcomes envisioned in VA's IT modernization plan have the potential to change Veterans' lives. With event-driven processes, automated to deliver benefits with greater speed, VA can provide a seamless and personalized experience for Veterans.

VA is confident that the modernization roadmap described in this plan can be realized. The continued support and commitment of Congress is key to VA achieving this goal. We look forward to continued engagement with you as we implement this plan and strive to serve with excellence those who have served the Nation. Thank you for the opportunity to appear before the Committee today. I would be pleased to answer any questions that you or members of the Committee may have.