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EVALUATION OF THE PROCESS TO ACHIEVE VBA GOALS

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

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EVALUATION OF THE PROCESS TO ACHIEVE VBA GOALS

Monday, July 14, 2014

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 7:30 p.m., in Room 334, Cannon House Office Building, Hon. Jeff Miller [chairman of the committee] presiding.

Present: Representatives Miller, Lamborn, Bilirakis, Roe, Flores, Denham, Runyan, Benishek, Huelskamp, Coffman, Wenstrup, Cook, Walorski, Jolly, Michaud, Brown, Takano, Brownley, Titus, Kirkpatrick, Ruiz, McLeod, Kuster, O'Rourke, and Walz.

Also present: Representatives Fitzpatrick, Meehan, and LaMalfa.

OPENING STATEMENT OF JEFF MILLER, CHAIRMAN

The CHAIRMAN. Good evening. Welcome to tonight's hearing.

We're going to be reviewing the Veterans Benefits Administration's 2015 goals for disability benefit claims processing as well as the viability of those targets, which the former secretary established several years ago at 125 days to complete and 98 percent accuracy on the claims.

We're going to delve into the actions that VBA has taken in its singular focus to declare victory on disability claims in 2015, and we will endeavor to determine what price is being paid by our veterans, by the employees, the human capital of the regional offices, and by the American taxpayers.

We have spent significant time on veterans' health in recent weeks and have exposed the rampant corruption and dishonesty, the bullying and the retaliation, the corrosive culture, and the workplace fear that has flourished within the administration.

Now we look to VBA and seek answers on its part in creating the same—the very same environment that we've already heard about within its ranks.

I received correspondence from a VBA employee who is with us tonight who wrote—and I quote—"Here are excerpts from the report by the White House Deputy Chief of Staff Rob Nabors detailing, one, the VHA's 14-day scheduling is standard and arbitrary; two, the VHA needs to be restructured. It lacks a transparency or accountability in its management; and, three, a corrosive culture has led to personnel problems highlighting poor management, distrust between VA employees and management, and a history of retaliation towards employee raising issues."

The employee then stated in a letter, "If VHA is replaced by VBA and 14 days is replaced by zero claims over 125 days and 98 percent accuracy, these excerpts from the report apply equally to the VBA."

To determine the scope of this statement, at the end of last week, the committee asked AFGE to inquire whether employees nationally agreed or disagreed with this sentiment, and in less than 2 days fast responses were received from 18 regional offices.

Not one regional office employee responded in disagreement. In fact, 16 R.O.s agreed unequivocally. Let that sink in. VBA is still running, guns blazing, on this questionable path without a real plan, without a real change.

So let's begin tonight by reminding everyone again of VBA's real mission. And it is "to provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner."

Now, you've seen the perverse consequences of the mixed metric goals within the Veteran Health Administration, and tonight we're going to look at VBA's targets. And we will hear what's being done to push claims out the door at any cost. 125 days and 98 percent claim-based accuracy would be a laudable goal if it were at all realistic.

Weeks before tonight's hearing we began asking VBA to provide this committee with information on the research and analysis that was conducted prior to setting this goal as well as its information on performance standards.

VBA has declined to provide timely and complete responses. In fact, we just got an email a couple of hours before this hearing.

The purported responses fail to fully answer the questions that have been asked, and we're going to discuss that again later.

The VBA's 2015 goals were outcomes, directed by the then-Secretary of Veterans' Affairs to make progress. They were a call to action. And however well-intentioned, they have now become a distraction from accomplishing true progress.

Employees have been working for a year on a 20-hour-per-month mandatory overtime schedule with no end in sight. In fact, we know that VBA has not ruled out actually increasing the 20-hour-overtime mandate.

We're going to hear from GAO later about how 75 percent of the regional offices that they surveyed have agreements with the local unions that all veterans' disability claims work done on this candle-burning overtime shall be exempt from any quality review.

I look forward to hearing from VBA on how that's being sold as a veteran-friendly practice.

Now, essentially, it's the equivalent of saying, "Just make a decision and we'll hope that the veteran doesn't appeal."

Chronic incidents of unchecked oppressive and vindictive management festers within many of the regional offices, and the honest expert input of VBA employees has been silenced, ignored and, at times, punished.

I'm told that the performance requirements on production and accuracy have been weaponized, if you will, to keep VBA employees in check. To what end? It's certainly not in the name of service to America's veterans.

It is, instead, to create an appearance of success, just as VHA attempted to do by cooking the books on scheduling times and notifications involving disease.

The VA Office of Inspector General will testify to the potential of over $1.3 billion in improper payments. The Oldest Claims Initiative, a push that required all claims that were 2 years old or older to be rated within 60 days, introduced a scheme called provisional ratings.

This was another hard-and-fast deadline dictated by Central Office, and VBA promised, "Don't worry. We'll get them done right. They won't be going out the door without service treatment records, without medical exams, if that's necessary."

So what was found at the regional office? Guidance that read—and I quote—"A new VA exam request will have a negative impact on our ability to meet the goal that has been mandated by our leadership."

So VBA employees were directed to move forward with the evidence of file even if a medical exam was necessary to decide these aging claims.

Contained in the guidance—and I ask you to look at the screen—and, Members, you should have this at your desk—I quote from an email where it says, "I understand this may be difficult to do and may appear to go against the values of how we do work. I want to assure you that"—and here it is typed in boldface—"there will be no negative consequences for you, the employees, as a result of following this guidance. The only possible negative consequences are those that exist if we fail to meet our goals for this project and for any actions that keep us from doing so."

VA OIG's report issued earlier today found that regional office staff incorrectly processed 83 percent of the provisional rating decisions that were reviewed. Who is paying the price for VBA's self-defined success?

There are roughly 280,000 veterans languishing in 3, 4, and 5 years of an appellate backlog and nearly 240,000 veterans waiting on dependency award adjustments.

We then have the complicated case, the old cases which were lost and then were subsequently found under a contrived and disingenuous interpretation of VBA's guidance of May 20th of 2013.

Even more egregious, VBA has recently put out guidance to the regional offices that, unless a veteran puts specific words on their claim form, a form that doesn't provide any space for comment, that the claimed condition has existed, that the claimed condition has existed, "since service," then a medical nexus exam will not be ordered and the claim will be denied, denied.

Robert Gates, former Secretary of Defense, recently released his memoir entitled "Duty," which he dedicated to the men and women of the United States Armed Forces.

He writes about VA and about his dealings with a former VA secretary. The secretary notes, "I was staggered when he said his department was in good shape and had no problems."

And he continued, "I'd been around long enough to know that, when a head of a department says his organization has no problems, he's either lying or he's delusional."

So I'll close my remarks by speaking to VBA directly.

Whatever hooray that you shout, whatever win you attempt to take credit for in 2015, you will not be celebrated. It has been made clear that there is not a corner of VBA leadership that will not cut nor a statistic that they will not manipulate to lay claim to a hollow victory. What we all want to see, both my Republican and Democrat colleagues on this committee is progress, not deception.

[THE PREPARED STATEMENT OF CHAIRMAN JEFF MILLER APPEARS IN THE APPENDIX]

The CHAIRMAN. With that, I now recognize the ranking member, Mr. Michaud, for his opening statement.

OPENING STATEMENT OF MICHAEL MICHAUD, RANKING MINORITY MEMBER

Mr. MICHAUD. Thank you very much, Mr. Chairman, for having this hearing this evening.

Tonight we will have an opportunity to continue an important discussion we have touched upon in several of our previous oversight hearings, the Veterans Benefits Administration and their progress in reaching goals related to the claims backlog.

With the scandal at the Veterans Health Administration weighing heavily on us, tonight the committee wants to assess the current state of place at the VBA. The Agency appears to be making some progress on its goals of eliminating claims backlog by the end of 2015.

I do, however, have concerns—and the VA OIG shares the concern—that the resources needed to achieve VA's backlog goals are being directed and applied disproportionately, ultimately harming other veterans' services.

I refer in particular to non-rating workload, Quick Start, benefits delivery at discharge, independent disability evaluation system, and appeals, to name a few.

We have heard over and over again of the dangers and failures of a system geared toward defining success based on narrow, fixed metrics. That is not how good customer service is delivered, and it is not how our veterans perceive success.

And why should they? What good is it for a veteran if VBA processes his or her rating in an unacceptable period of time, but then takes years to add a dependent?

From July 2010 to July 2014, the number of backlog dependency claims cases have gone from 9,367 to 192,322. This represents a nearly 2,000 percent increase.

Since March of last year, the number of pending appeals has gone up 12 percent and continues to increase. And there are personnel issues as well. We have heard reports of unacceptable practices and challenges at many VA facilities.

At the Baltimore VA regional office, the OIG found that as many as 9,500 documents, including claims, claims-related mail, and various other documents containing personal identifiable information have been improperly stored. Lax measures and practices with records to veterans' personal information is simply unacceptable.

Again, to me, this says VA's focus on narrow performance measures are not realistic for defining success. Veterans define good, timely care and services on their whole experience from start to

finish. That's what makes sense. It is something we must confront in today's hearing and in the larger term as we continue on our important work to reform the VA.

The Department of Veterans' Affairs cannot morally claim success in delivering better care to our veterans by touting their progress on the backlog if that progress has come at the expense of delivering other key services to veterans in a timely manner.

This work takes an increased urgency as more and more veterans are coming home from service abroad in Operation Iraqi Freedom and Operation Enduring Freedom.

To fix the current shortcomings in the delivery of service, we need all of the facts and we need honesty, frank discussions. That's what I'm hoping to get out of tonight's hearing.

Because if we do not base our reform efforts based upon what is realistically achievable and what the facts are, we are setting the Department of Veterans Administration and, more importantly, our veterans up for failure down the road once again. And I think we can all agree that this is not an option.

So tonight, Mr. Chairman, I appreciate you calling this hearing because it gives us a chance to take a hard look at what VBA needs to do to ensure that it is providing its claims workforce with the training and other tools needed to deliver timely and accurate benefits to our Nation's veterans and their families in all areas of their responsibility.

So I want to thank you, Mr. Chairman. I yield back the balance of my time.

[THE PREPARED STATEMENT OF HON. MICHAEL MICHAUD APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Michaud.

I would ask that all Members would, as is the committee's custom, waive their opening remarks.

And I also ask unanimous consent of the committee that we allow some of our colleagues to join us here tonight, from the 8th District of Pennsylvania, Congressman Michael Fitzpatrick, and from the 7th District of Pennsylvania, Congressman Patrick Meehan. And, also, we may be joined by other colleagues, including Mr. Lamalfa, later.

Hearing no objection, so ordered.

So tonight we're going to hear from two panels. The first is comprised of individuals from various VBA regional offices, to include Ms. Kristen Ruell, Authorization Quality Services Representative of the Pension Management Center of the Philadelphia Regional Office; Mr. Ronald Robinson, Veterans Service Representative and member of AFGE Local 520 of the Columbia, South Carolina, Regional Office; and Mr. Javier Soto, who served as a Rating Veterans Service Representative and the Executive Vice President of Local AFGE 1594 in my home State, the great State of Florida, under the supervision of the St. Petersburg Regional Office.

And the second panel that we're going to have will contain government witnesses in the following order: Ms. Linda Halliday, Assistant Inspector General for Audits and Evaluations, Office of the Inspector General.

Ms. Halliday is accompanied by Mr. Brent Arronte, Director of San Diego Benefits Inspections Division Office of Audits and Evaluation.

Next will be VBA, to include the Honorable Allison A. Hickey, Under Secretary for Benefits.

And she is accompanied by Ms. Diana Rubens, Director of the Philadelphia Regional Office, who is the former Deputy Under Secretary for Field Operation, as well as Mr. Thomas Murphy, Director of Compensation Service.

And, finally, we will hear from Mr. Daniel Bertoni, Director, Education Workforce and Income Security, with the U.S. Government Accountability Office.

So I now acknowledge our first panel, who is already seated.

Yield to our colleague, Mr. Fitzpatrick, for a brief introduction of our first witness.

Mr. FITZPATRICK. Like to thank the chairman and the ranking member for the opportunity to participate in the hearing and to introduce Ms. Kristen Ruell.

Ms. Ruell is a law school graduate, practicing attorney, Commonwealth of Pennsylvania, and a former law clerk of the Pennsylvania Supreme Court.

Ms. Ruell works as a Quality Review Specialist at the Philadelphia Regional Office, which serves tens of thousands of veterans in my community and hundreds of thousands in the greater region and throughout the country.

She's a strong supporter of veterans and has been reporting various types of data manipulation and illegal payments to anyone who would listen. Unfortunately, the VA was not listening to her, and that brings us to this evening's hearing.

In 2012, Ms. Ruell, frustrated that the VA was not responsive, reached out to my office for help. I was inspired by her doggedness and desire to make the VA a better organization, honored to work with her to help to get to the bottom of this.

And so now, Mr. Chairman, this evening, with this committee and America as her audience, Ms. Ruell will tell her story of what can be described as no less than gross mismanagement at the Philadelphia Regional Office. And I appreciate her courage in coming forward and her patriotism in doing so.

I yield back.

The CHAIRMAN. Thank you very much to our colleague, Mr. Fitzpatrick. We appreciate you being here with us tonight to introduce your constituent.

Would ask that all the witnesses would please rise and raise your right hand.

[Witnesses sworn.]

The CHAIRMAN. Thank you. You can be seated.

And each of your complete written statements will be made a part of the hearing record for tonight.

Ms. Ruell, you are recognized for 5 minutes.

STATEMENT OF KRISTEN RUELL

Ms. RUELL. My name is Kristen Ruell. I have worked for the Department of Veterans Affairs since August of 2007. I work at the

Philadelphia Regional Office as an Authorization Quality Review Specialist. I possess a law degree and have previously clerked for the Pennsylvania Supreme Court.

Mr. Chairman, committee members, veterans, and guests, I have been identified as a whistleblower. I started reporting various types of data manipulation and illegal payments and glitches in the VETSNET operating system, a system that is responsible for paying out VA benefits since July of 2010.

I discussed what I perceived as gross mismanagement at the Philadelphia Regional Office. I raised many issues, including, but not limited to, the proper—improper shredding of military mail, beneficiaries receiving improper and/or duplicate payments, legal processes with the recovery of funds after an improper payment has been made and not returned, data manipulation, and various other gross misinterpretations of the law.

Instead of solving problems, I was and continue to be retaliated against by the VA. I have been targeted by middle and upper management at the VA for over 4 years despite the fact that OIG recently confirmed these allegations, as will be reflected in their testimony for today.

The VA's problems are a result of morally bankrupt managers that through time and grade have moved up into powerful positions where they have the power to and continue to ruin people's lives. I can speak from experience.

I do not believe in manipulating data to achieve monetary gain for myself while harming the veterans and their survivors. In 2013, the VA issued fast letter 13-10 regarding found or discovered claims.

A simple reading of this fast letter established that these claims would be few and far between. To qualify for a new data claim, rather than using the date stamped when the claim actually arrived at the VA office, the claim had to be undiscovered and found in a claim folder. Upon discovery, a memo was to be attached and signed by someone no less than an assistant director.

Upon completion of the claim, an email was to be sent to the VA's Central Office explaining the circumstances of the claim and why this claim was going to have an altered date of claim, a newer date.

Additionally, the claim was supposed to be tracked in a program called MAP-D by way of a flash, which could be tracked.

This fast letter was the VA's solution for solving the issues with the backlog because, by 2015, the VA promised that there would be no claims pending older 125 days.

Philadelphia Regional Office took this fast letter to mean that they could change the dates of claims on every claim older than 6 weeks old, regardless of the circumstances.

When investigated by the OIG, the Pension Center managers pled ignorance and stated they misapplied and misunderstood the fast letter. Ironically, there is proof to the contrary.

The memo was used to minimize the average days pending of a claim to make the regional office's numbers look better. A veteran should have a date of claim of 2009, in some cases. But because of this memo, the Philadelphia Regional Office instead used a date of claim of 2014, therefore making the claim appear new.

He or she now has a recent date of claim with no priority attached because the claim has a new date of claim and will not show up in any reports for claims pending longer than 125 days.

I have been admonished and suspended because I was unable to work mandatory overtime because of a problem with child care 1 month and, also, labeled "fraudulent" by the Pension Center management, which after 2½ years were both reversed. No one else was given that severe of a punishment for things beyond their control.

I was not promoted for a job when I was more qualified than at least one of the selectees, and I had to file an EEO complaint for lack of selection. I was followed around the regional office by management, and my breaks were timed.

An assistant Pension Center manager had my direct supervisor come outside and retrieve me from break, when we are permitted flextime. I was falsely accused of slander. I was lied to on numerous times and counseled.

After my last whistleblowing attempt, my name was forwarded to the people I reported. The next morning my car was dented, and the following morning I came out to a big mess of coffee thrown on the hood and windshield of my car.

Although I cannot prove that this was done by the people I reported, I do not put anything past the managers at the Philadelphia Regional Office.

After receiving an annual EEO whistleblowing email encouraging employees to report illegal activities as well as taxpayer waste, I contacted the numbers provided, thinking I was doing something the Department of Veterans' Affairs would appreciate.

I had tried using the chain of command, to only find out the chain was corrupt and management nor the Central Office had any interest in hearing about any problems at the Agency, regardless of extent.

I whistleblew when I realized that the amounts of improper payments could be in the billions and included many supporting comments, sample cases, and case law.

What I thought was helping the taxpayer, the Agency, and the veterans proved to be the exact opposite for me personally and the beginning of a horrible nightmare I have been living for 4 years.

I know that this was not really what the VA wanted and that they cover up nearly every impropriety to gain self-benefit via bonuses and promotions and they target anyone that steps in the way.

I noticed many employees around me were depressed and, upon seeing me stick up for the veterans, taxpayers, and employees, others began to tell me horror stories of the Agency I was employed at.

I now spend my free time representing employees who have been treated adversely by the Department of Veterans' Affairs. I am here because I care about veterans and I care about VA employees.

The people that serve their country and the employees that serve them deserve much more respect from the Department of Veterans' Affairs. The Agency is unable to police itself and is operating out of control at the employees' and the veterans' expense.

The unreasonable and unattainable production requirements that start in Washington, DC., that are placed on employees have required employees to decide between what is right in helping the veteran or what is wrong in order to keep their jobs.

Most employees have taken the easier route and are doing things they are bullied into doing to stay employed. Anyone who does not comply will be targeted.

The VA needs immediate reform because it's filled with a systemic culture of corruption to make unattainable goals set by people that do not process claims. Time and grade is a large part of the problem.

I will be available by email to answer any questions regarding what I have experienced at the Agency and welcome an opportunity to meet with anyone that is interested in fixing the many problems.

I would like to thank you on behalf of myself and the many voices that could not be here today for my invitation to appear.

[THE PREPARED STATEMENT OF KRISTEN RUELL APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Ms. Ruell.

Mr. Robinson, you are recognized for 5 minutes.

STATEMENT OF RONALD ROBINSON

Mr. ROBINSON. Good afternoon, Chairman Miller and Ranking Member Michaud—I hope I got that right—and Members of the committee.

On behalf of my fellow comrades and employees, thank you for the opportunity to discuss the evaluation of the process to achieve Veterans Benefit Administration's goals, which was established in 2009 by former VA Secretary Shinseki at 125 days to complete and 98 percent claims accuracy.

Serving veterans should never be about arbitrary and unplanned goals. But how can we serve them better? It has been proven that setting unrealistic and unplanned goals with long-term targets without short and intermediate targets to validate their effectiveness are a recipe for disaster.

The Columbia Veterans Affairs Regional Office had the privilege of a visit from Acting Secretary Gibson last week, and it was refreshing to hear our top leader say it's not about matrices, but ensuring that we are doing everything to serve our veterans and building trust one veteran at a time.

He addressed transparency, accountability, retaliation, of employees. He also acknowledged that it was his job to create conditions for employees to be successful. He is setting the tone for changing the culture of a lack of accountability, numbers and manipulation of numbers, retaliation and VA talking points.

In October 1995, when I arrived at the Columbia VRO as a work-study, there was a poster in the hall—on the wall in the hallway that read "Making a difference in VBA integrity, professionalism, and accountability." I was impressed by the message and embarked on a journey to make it a reality as I served my fellow comrades.

I visited the VA Central Office in February of 2013 and, to my surprise, the same poster was hung in the hallway. However, I

have learned that words on paper are meaningless without corresponding action.

The VA is not a factory or a business, but a service organization created to serve veterans, their widows and orphans.

We serve survivors of those who have made the ultimate sacrifice, those who have seen horrific acts of war and need comfort, those who have been mentally and physically disabled and need health care, those who are homeless and need shelter as well as support, those who are thinking about suicide and need a lifeline, and all the others who have honorably and faithfully served our country.

Again, this is not about meeting goals and matrices, but serving those who served and VA providing the leadership, effective tools and creating an environment for employees that are conducive to providing accuracy and timely decision to our customers, veterans, survivors, and their families.

When unrealistic goals cause leaders to throw out—common sense and intelligent analysis out of the window, it is time for a reassessment and shift the focus back on our only mission, to care for him who shall have borne the battle and for his widow and his orphan.

President Roosevelt, on the day he signed the G.I. Bill, stated: The members of the Armed Forces have been compelled to make greater economic sacrifice and every other kind of sacrifice than the rest of us, and they are entitled to definite action, definite action, to help take care of their special problems.

Gentlemen—ladies and gentlemen of this committee, I served 20 years serving this country. I have served 18 years on the front lines in the foxhole of the Columbia Regional Office.

Employees deserve better than what we are getting. We need tools to effectively do our jobs. We need to be lifted up, not pulled down. And this is done not by anybody else but the failed leadership of our organization. It is our organization as well.

I'll be here to answer any questions. Thank you very much.

[THE PREPARED STATEMENT OF RONALD ROBINSON APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Robinson. Thank you for your service to this country.

Mr. Soto, you are recognized for 5 minutes.

STATEMENT OF JAVIER SOTO

Mr. SOTO. I thank the chairman, ranking member, and esteemed members of the committee for the opportunity to be here. My statement relates to my experience as a former rater at the St. Petersburg, Florida, VA Regional Office, which I will refer to as "St. Pete."

In my opinion, the problems at VBA result from setting goals so fantastic and unrealistic that the result could have been predicted. Management focused on creative number-crunching and not the veteran.

I point out that I tried bringing up problems to management through various process that are established for that, but I got nowhere. They also took complaints personally.

In my view, presently, we cannot tell what the accuracy rate for claims processing may be. Data varies widely, if you look at it locally, regionally, or nationally.

At St. Pete, this year alone, quality reviewers called four quality review errors against Orlando raters that contradict medical evidence. When we brought to this Kerrie Witty, the director, she refused to do anything about it. Presently, to address this, the union is preparing to arbitrate claims based on quality issues.

Employees had been bringing issues to the quality review team regarding inconsistencies with their work for some time. When this was passed up to management, instead of addressing the inconsistencies, on January 27 of this year, management issued an email directing employees to stop complaining to the quality reviewers and just tell their supervisors, which employees reported did not resolve anything.

Shortly after that email, we began seeing what I can only describe as a disclaimer whenever we got quality guidance or advice. It stated in so many words—and I won't say the exact wording so I don't identify anyone—but, "We don't know if our advice is right or wrong, and don't rely on it."

When asked about this at an employee town hall meeting, Director Witty stated, "I am not aware. I have to check into that. I don't know." This issue remains unresolved.

The quality issue is further made worse by various changes to rating rules. And I will discuss one example. There are many.

Provisional rating rules simply hid wait times. Once a claim is given a provisional rating, it's not counted toward the backlog. However, the claim has no final rating. It's still unresolved.

In summary, at St. Pete, the employees work hard to serve veterans and complete their work competently. However, we have found that employees avoid appealing quality error calls because they fear reprisal. When employees do appeal the errors, they are overturned at least 30 percent of the time.

We did some figuring out, and we believe that, if employees were not afraid to appeal these errors, the total number of claims with errors overturned may be troubling.

To date, to excuse the backlog and other processing problems, many employees are on performance improvement plans. Where we were interested and we checked, not one manager at St. Pete is on a performance improvement plan.

The total number of errors overturned can be great. We just have to check. Nobody's checking. Any employee that complains is met with severe consequences.

Once again, I'd like to thank the committee for providing me the opportunity to share my views. I will be happy to take any answers. Thank you.

[THE PREPARED STATEMENT OF JAVIER SOTO APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Soto.

Thanks again to all of you for your testimony. We're going to start a round of questioning. Each of us will have 5 minutes with which to ask our question.

Mr. Soto, I will start with you, sir. And, if you would, just answer in a "yes" or "no" fashion, if you could.

Were you rated anything less than fully successful during your time with the regional office?

Mr. SOTO. No, sir.

The CHAIRMAN. Did you receive a promotion in 2013?

Mr. SOTO. Yes, sir.

The CHAIRMAN. Now I've got some documents here that are letters signed by the regional office director, Kerrie Witty, who you've talked about this evening. So I want to ask you about them.

The first is a letter dated July 24, 2013, where the R.O. director contested transfer of your official time, which notes, "Having raters taken from their reoccurring duties on a regular basis hampers the flow of work."

Did you get a copy of this?

Mr. SOTO. Yes.

The CHAIRMAN. The second is a letter that is dated February 26 of 2014 where the R.O. director denied your leave to attend training, citing that you were needed due to VACO's all-hands initiative.

Did you receive this document?

Mr. SOTO. Yes.

The CHAIRMAN. And the third is a letter dated the 23rd of June, just 3 weeks ago, from the director again, which appears to respond to an AFTE leave without pay request for you, which reads, in part, "LWOP"—leave without pay—"is granted at the discretion of the department. While I understand that AFGE is preparing for various changes within this organization and engaged in various national projects, Mr. Soto holds a full-time position as a rating veterans service representative and is needed to perform his rater duties in that position."

Did you receive this document?

Mr. SOTO. Yes, sir.

The CHAIRMAN. So could you tell the committee what occurred after June 23rd of 2014.

Mr. SOTO. On June 24, I published a VSR accuracy report concerning quality review and VSR operations. On June 26, it was distributed to all employees and management.

During this period, I received calls from fellow employees telling me that management was looking into your—specifically Bonnie Wax from Human Resources, called our coaches and said, "Don't tell anybody. I need you to look at this," et cetera.

On June 30, I was, for the lack of better definition—and I think the legal definition is "laid off"—I received a letter that said, "Your services are no longer required." And that was the end of my employment.

The CHAIRMAN. Ms. Ruell, do you believe that the policy at the—or at Philadelphia violated the policy direction given in the fast letter 13-10?

Ms. RUELL. Definitely.

The CHAIRMAN. And how did they violate that policy?

Ms. RUELL. In our office, we would receive emails. As we got closer to 2015, the emails would change, but they were instructing us to change the dates of claims, on any claims, regardless of the circumstances, if they were older than a certain date.

The CHAIRMAN. Do you believe that the management at the regional office intentionally violated fast letter 13-10 or was it simply a misunderstanding, as VA has said publicly?

Ms. RUELL. I believe—and I think it can be proven—that management intentionally violated the fast letter.

If you read the fast letter closely, the management will allege that they didn't understand what the first part of the fast letter said. However, their actions show otherwise.

The other paragraphs in the fast letter explain that you're supposed to control these memos by placing a flash in a program called MAP-D. That's the way to track how many memos Philadelphia was issuing for changing dates of claims.

You were also supposed to email Washington after you processed the claim and explain the circumstances for changing the dates of claim. Philadelphia didn't do either of those things.

So it's my belief that, if you didn't understand the top part of the fast letter, number one, I question why you'd be paid a GS-15 or a GS-14 to be in charge of the amount of money that our office is in charge of if you don't understand the language in the fast letter. And why then did you prohibit any type of control on those claims so that, if they were to be looked into at a later date, no one could find them?

Similar to the VHA paper waiting lists, our memos were all on paper. So if you wanted to find out how many memos were done in Philadelphia, you would have to go to the file room and open up all the claim folders to find these memos, if they're still there.

But MAP-D is not a program that the managers aren't familiar with. And emailing they do every day. They email us lists nonstop.

So if they didn't understand the fast letter, at least the top portion, I know that they understood the bottom portion. And they failed to do any of those things to control it. So I think it was to hide it.

The CHAIRMAN. Thank you.

Mr. Michaud, you're recognized.

Mr. MICHAUD. Thank you very much, Mr. Chairman.

The first few questions should be a quick "yes" or "no." And I'll start with Mr. Soto and just work down the panel.

Do you believe that production is being driven over quality?

Mr. SOTO. Absolutely.

Mr. ROBINSON. Yes.

Ms. RUELL. Definitely.

Mr. MICHAUD. And do you believe that non-rating workload is being provided enough resources to be done in a timely and accurate manner?

Mr. SOTO. No.

Mr. ROBINSON. Definitely no.

Ms. RUELL. No.

Mr. MICHAUD. And do you believe that VBMS is making VA more efficient than it was when you dealt with paper?

Mr. SOTO. At the present time, I would say that's debatable.

Mr. ROBINSON. I say that it's "no" because the—all the workarounds that we have negate the progress that VBMS is making.

Ms. RUELL. I don't currently work on VBMS. But anything that is electronic at the Department of Veterans' Affairs has many problems. And if I do a claim with a paper folder, I can see the paper. I can page through it quickly.

When I look at—when it's in the computer, there's multiple entries for the same documents. It wastes a lot of time. And sometimes the program freezes, and it halters us from getting our work done. I would much rather use paper.

Mr. MICHAUD. Ms. Ruell, to follow up on the chairman's question, his question was do you believe that the VA, you know, ignored, you know, the Pension Center plead ignorance—well, let me back up.

In your statement, you suggest that the Philadelphia Pension Center pleaded ignorance with regard to the found or discovered claims.

Do you believe that the VA OIG findings were incorrect in suggesting that the Center misapplied, misunderstood VA's policy and procedure from the OIG?

Ms. RUELL. I believe that that's probably not 100 percent accurate because they only found 30 memos. But if they'd stay there a lot longer, they would probably find thousands and they would see the instances that the claims were changed and it was—some of them had no reason at all. They just changed the date of claim. That's not what the fast letter said.

Mr. MICHAUD. And do you have proof?

Ms. RUELL. I photocopied a few of those memos. But if you just ask any employees that work there how many they did on a weekly basis, you would definitely find out.

Mr. MICHAUD. In your testimony, you highlight that you believe a larger number of documents were improperly shredded.

Can you walk us through VA's responses to your suggestions that more needs to be done.

Ms. RUELL. Yes. We—did you want me to describe the shredding?

Mr. MICHAUD. Yes.

Ms. RUELL. Okay. I was working one day and I received an email—a very disturbing email from a triage employee. Triage is where the mail comes in and gets stamped.

The triage clerk has to look at a claim and they have to figure out in a very short time—because they are on production as well—what type of claim that is and identify it with a veteran in the system.

A lot of people mail their claims in. And they might not put their full name. They might forget to put their Social Security number. They might forget to put their birthday. A lot of people have the same names in the system.

If you're on production and you have to open the mail and you have to look at all these things and decide what type of claim it is in a very quick time period, there really isn't time to investigate to try and identify who that person really is.

So what was happening—and various employees told me that the clerks were trying their best to identify these things.

But ones that took a little longer to identify because they were lacking all the identifying information they were putting aside in a separate pile that eventually were stored in boxes.

So I went down to the file room that night after I got this email. And I wanted to see for myself what was going on. And I saw these boxes that were labeled 2010 claims, 2011 claims, 2012 claims to be shredded.

So I opened them. I took pictures. And I saw things in the boxes that are not supposed to be shredded. I saw DD–214s. I saw plenty of things that I could identify with just a little bit of effort.

So I reported it to Washington. Apparently, they stopped the shredding of those boxes. Unfortunately, there was a total of 96 of those boxes.

The VA—their answer to that was it's military and returned mail. And the process for military and returned mail is, after you told hold of it for one year, you're allowed to shred it.

But the law is assuming that you tried to identify it. The mail that was in those boxes was not easily identifiable, but a lot of it was not impossible to identify. It just took a little bit of time.

So because of these production requirements, the clerks had a choice to pitch it to another box and, hopefully, get to it later or lose their job and do it the right way. So most people had good intentions and put these aside.

Then they had gift cards that they were giving away for people who could process the most mail. So they gave incentives to get a lot of mail sorted.

And I saw the boxes with my own eyes. I saw what was in the boxes. And a lot of that stuff should not have been shredded.

The VA told me that, because I didn't see the shredding happening, that it wasn't shredded. However, when I did a little research about the shredding truck, I was informed that, in order for the mail to be shredded, it gets shredded on the truck and, if I would have watched the mail be shredded, I would have been shredded with it.

So I believe there was circumstantial evidence when I saw the boxes headed towards the shred truck. However, I can't say that I saw it being shredded because, again, that would be impossible.

The CHAIRMAN. Mr. Lamborn, you are recognized for 5 minutes.

Mr. LAMBORN. Thank you, Mr. Chairman. And thank you for your leadership on these vital issues.

Last week we had another hearing involving whistleblowers. And it is so important that we have employees who come forward and disclose what they have seen with their own eyes.

It can be critical to exposing things that need to come to the light of day. So thank you for your work, your service, your putting it on the line to do that.

And I want to ask you—and I think I already know the answer to this, but let's do this for the record.

Have you experienced or do you know others who have experienced retaliation in response to bringing things forward as a whistleblower in the VA?

And we'll just go—Ms. Ruell, we'll start with you, and go down the line.

Ms. RUELL. Unfortunately, yes.

Mr. ROBINSON. Yes.

Mr. SOTO. Absolutely. Yes.

Mr. LAMBORN. Mr. Soto, let's talk to you for a second.

You probably saw the letter—the memo from Acting Secretary Gibson dated June 13 saying, "We will not stand for retaliation against whistleblowers."

In fact, in this memo there's a great line that says, "Protecting employees from reprisal is moral obligation of VA leaders, a statutory obligation, and a priority for this department. We will take prompt action to hold accountable those engaged in conduct identified as reprisal for whistleblowing and for that—and that action includes appropriate disciplinary action."

So that memo says those who punish whistleblowers themselves can be subject to discipline.

And the statutory protection the acting secretary refers to is from 25 years ago. Congress protected whistleblowers more—25 years ago.

Mr. Soto, is it true that you were retaliated against after this memo came out?

Mr. SOTO. I believe so. Yes.

Mr. LAMBORN. Could you explain that, please.

Mr. SOTO. I was, again—and I'm still trying to piece this together. I believe I was laid off June 30. I believe that memo and other emails had come out.

Mr. LAMBORN. This was June 13, the memo I just quoted from.

Mr. SOTO. Yes.

Mr. LAMBORN. And what was the reason given for you being laid off?

Mr. SOTO. My services were no longer required.

Mr. LAMBORN. And had you been acting as a whistleblower prior to that time?

Mr. SOTO. Yes, sir.

Mr. LAMBORN. And can you explain what you did in that capacity.

Mr. SOTO. I put out various notices of wrongdoing in the workplace concerning possible violations of due process concerning veterans' claims and how they're processed.

I put out two accuracy reports concerning the quality review process at St. Petersburg. One was in December 2013 involving the raters and the rating process.

There seems to be conflict in how we define various laws and various definitions of evidence that basically result in what I believe to be due process violation against the veterans.

Then I came out with a second study, which was in June—June 26 it was distributed—which addressed the VSRs and the problems they were having in terms of receiving inconsistent quality review.

Mr. LAMBORN. Mr. Soto, I have the letter here that was given to you when you were separated, when you were discharged, and you've provided it to the committee.

There doesn't seem to be a reason given for you being let go.

Mr. SOTO. Correct, sir.

Mr. LAMBORN. How often is it that the VA fires people, number one, for any cause, and then, number two, for without giving a cause?

Mr. SOTO. Being involved in the union, I would say I can't say, I can't answer that question.

Mr. LAMBORN. Have you ever seen that happen?

Mr. SOTO. I have not heard of somebody being told their services are no longer required.

Mr. LAMBORN. Without a reason.

Mr. SOTO. Yes, sir.

Mr. LAMBORN. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Ms. Brown, you are recognized for 5 minutes.

Ms. BROWN. Thank you, Mr. Soto. Right here. Hi. I am Corrine Brown.

I am from Florida and, of course, I'm very familiar with the system in St. Pete. And you all process most of the case work in Florida. And it really has improved.

We were having so much kickback, you know, we processed it and it wasn't going through. So I think it's very important to have goals.

How long did you work at the center in St. Pete?

Mr. SOTO. Four years.

Ms. BROWN. You worked there for 4 years.

Have you seen an improvement in the system in the 4 years?

Mr. SOTO. That's a difficult question to answer because——

Ms. BROWN. Well, what's the number of cases that you was processing?

Because, I mean, you know, for a long time we were having serious problems because you all process most of the cases in Florida and we have a very high number of cases in Florida.

Mr. SOTO. Yes. I did some studies, and part of those studies that—I just mentioned. And, essentially, we haven't corrected errors that have been occurring in the past 3 years.

No matter what type of training we're doing, it's not effective. We're repeating the same errors over and over again. So I would tend to say, in answer to your question, that, no, we haven't improved.

Ms. BROWN. You haven't improved.

Mr. SOTO. We have not.

Ms. BROWN. And June 30th was your termination date?

Mr. SOTO. Yes.

Ms. BROWN. And without cause.

Mr. SOTO. I was terminated because my services were no longer required. I'm not sure what that means.

Ms. BROWN. I'm not either. But I'm going to find out.

Mr. Robinson, thank you again for your service.

You indicated that you all could do a better job if you had better leadership at the top. I don't quite understand what that means.

When you say "the top," are you talking about Congress? When you say "the top," what exactly are you talking about?

Because I've worked with every VA secretary we've had, and some leave a lot to desire. But I certainly think the last VA secretary did a lot, based on what he had to work with, with the Congress.

Mr. ROBINSON. When I talk about "the top," I'm talking about our leadership. And what—sometimes we don't understand that employees are looking for leaders to lead them.

We've lived through about 9 years with a director at the local level. He's no longer with us. The things that he did and the things

that happened in my office I began to report in 2006 to the VA chain of command. Because being military—ex-military, you take things through the chain of command.

Ms. BROWN. Yes, sir.

Mr. ROBINSON. So for—I guess from 2006 to when he retired, I reported, sent letters through the VA chain of command, and the things never ceased.

Ms. BROWN. So it hasn't been working like the military.

Mr. ROBINSON. It's not the military. It's about leadership. Being a retired first sergeant, I think I know a little about leadership.

It was not the director who was the problem. It was the system that allowed him to do what he did.

So when I talk about leadership at the top, when you have a problem and you allow it to go on, even to the point of discrediting the President of the United States by placing his photo in an obscure place—in a place where no one could see, in a little photo like this—when that happens, I know that there's not an accountability issue.

Ms. BROWN. Ms. Ruell, you indicated that you wanted—that you think paper works best. Now, we've said over and over again we don't want paper, we want the computer systems.

I mean, we want the VA to get with the modern system. Even though I'm not there yet, we want the VA to get there. And, of course, that's going to take change, working with the employees.

What would you recommend? I mean, because, you know, you cannot process the number of cases and caseloads that need to be processed by hand.

Ms. RUELL. I totally agree. The problem is the computer systems at the VA are outdated and they don't work correctly. So I would rather use a paper folder than use the computer systems that the VA has to offer.

The VA had computer systems like—if maybe Apple designed the computer systems instead of whoever is, it might work a little better. I can do more on my iPhone faster than I can with——

Ms. BROWN. We have given them money to upgrade. I mean, that is unacceptable. We have discussed it over and over and over again. We've got to take them into the next century. We have got to have the new technology.

Ms. RUELL. I totally agree with you. But if you came and sat next to one of us for a day and watched us do our job, you would see probably why there's backlog.

We have to click on a large amount of documents. There's sometimes hundreds that you need to look at in the computer.

When you click to open one, sometimes it doesn't open. Sometimes the wrong person's information is in the folder and, if you care, you need to take time and put it in the right folder.

Sometimes the computer systems go down and you're not sure when they're going to go back up again. So when everything's computerized, you have thousands of employees sitting there and they can't do their job because the only way you can process a claim is with all of the information.

Ms. BROWN. Well, I'm certain this is something we have got to work on. Little babies, 2-year-olds, can work the computer system. We've got to be able to move to the next level with the VA.

Thank you. And I yield back the balance of my time.

The CHAIRMAN. Thank you, Ms. Brown.

Mr. Bilirakis, you are recognized for 5 minutes.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it very much.

And thank you for the testimony and thank you for your courage.

Mr. Soto, your testimony spoke to the matter that production and accuracy measures create hostility in the workplace for employees, quality reviewers, and management.

Could you relate how management's focus on these metrics is affecting the service-connected veteran who has a claim pending in the regional office.

Mr. SOTO. The aim is production. There, for lack of a better word, they want the numbers, and for whatever reason, the number seems to validate what they're doing, it tends to show that, I don't see it, but I gather for them essentially they're progressing in their backlog fight, and what that means is that they start pushing and bullying employees into simply following changes in rules that sometimes may not serve the veteran.

And one of the things I saw, for example, and there are many, of course, is for whatever reason, to ensure that we clear the backlog, we've begun shortening the evidence collection period. Our decisions are based on evidence of record. Anyone that's an attorney knows that if there's nothing of record, well, we deny the claim. So in essence, what I've seen is shorter duty to assist periods, shorter periods to gather evidence from private providers, and that seems to be how we've been moving, which shifts the burden to the veteran to prove his claim.

Mr. BILIRAKIS. Thank you very much.

Next question for the panel: There's been a lot of discussion in your testimony about how VBA manipulates data by using certain end points, which are not tracked as part of what VBA considers backlog.

First of all, define, whoever would like to go first, define end products and then—end products instead of—excuse me, I said end points, ends products and how VBA manipulates their use and what consequences this has on the veteran.

Mr. ROBINSON. An end product is a three-digit code that identifies what type of claim that we have. For example, if I say a 110, that represents an original claim with less than eight issues. If I say an 020, that represents a claim that the veteran has submitted after he has submitted an original claim. You only get one original claim in your lifetime. Anything else that you submit gets a different code depending on what type it is.

Mr. BILIRAKIS. Thank you.

Mr. ROBINSON. If you use the end product 930, which in most cases refer to rating decisions that were prematurely decided, if you look at the Monday Morning report, a 930 is not included in the rating bundle. So the 930's, which the majority of them, are claims that were rated prematurely, they're not counted in this inventory of backlog claims. That's just one example.

Mr. BILIRAKIS. Thank you. Anyone else wish to comment?

Mr. SOTO. I agree with him. I don't have as much experience with that sort of processing, because I work the rater side, but I agree with this gentleman.

Mr. BILIRAKIS. Thank you very much.

A question for the panel, we'll start again with Mr. Soto: Can the Acting Secretary, Mr. Gibson, succeed with this current VBA leadership or should we hold the current VBA leadership accountable and start with the new leadership?

Mr. Soto, yes or no? Can the acting VA secretary, Mr. Gibson, succeed with this leadership?

Mr. SOTO. My answer would have to be, and I apologize, I don't know. They've been in office for some time now. If the problems are still persisting, it's time for a change.

Mr. BILIRAKIS. Thank you.

Mr. SOTO. That's my opinion.

Mr. BILIRAKIS. Yes. Thank you.

Mr. ROBINSON. No.

Mr. BILIRAKIS. Ma'am, would you like to respond?

Ms. RUELL. I think that the people under the level of the Under Secretary are letting the Under Secretary down. I don't think they're being truthful to the Under Secretary about the regional offices. So I feel like somebody is responsible for the VA and all of its problems, but in my office, there's far too many people to hold accountable.

Mr. BILIRAKIS. Thank you very much for your testimony.

And I yield back, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Takano, you're recognized for 5 minutes.

Mr. TAKANO. Thank you, Mr. Chairman.

So Mr. Soto, I understand you had worked at this office for 4 years. Is that correct?

Mr. SOTO. Yes, sir.

Mr. TAKANO. Had you served the VA in this capacity prior to other offices?

Mr. SOTO. Yes, but I prefer not to discuss that, please.

Mr. TAKANO. I just want to get sense of how long you've been serving in the VA. That's kind of——

Mr. SOTO. I've been a Government employee for about over 15 years.

Mr. TAKANO. 15 years. And all within the VA?

Mr. SOTO. No.

Mr. TAKANO. Okay. So how long have you been at the VA in total?

Mr. SOTO. About, I would say over 10 years.

Mr. TAKANO. Ten years? And Mr. Robinson? Similar question. I mean, you've been at this office for 9 years. Have you served at the VA in other capacities or in a similar fashion longer?

Mr. ROBINSON. I've been in the Columbia VRO office for 18 years.

Mr. TAKANO. Eighteen years?

Mr. ROBINSON. Yes, sir.

Mr. TAKANO. And the past 9 years, you've been in this current capacity you are now?

Mr. ROBINSON. In the past 9 years, yes.

Mr. TAKANO. Okay. And Ms. Ruell?

Ms. RUELL. I've worked at the VA for 7 years this August 20th.

Mr. TAKANO. And let's just start with you, Ms. Ruell. Has this situation with these narrow metrics and this management regimen, which has focused on certain outcomes and which can only be described as sort of perverse incentives, have they existed that entire 7 years that you were in the current capacity you are now?

Ms. RUELL. Yes.

Mr. TAKANO. So you know nothing other than the current—than the way that things have been happening at the VA? There wasn't a time that was better?

Ms. RUELL. No. Now, our office used to have—we started doing original claims a few years after I got there. So, Philadelphia didn't have jurisdiction of as many things as we do right now, so when I first started there, we had a lower volume of claims, and I believe we were able to give more time to the claims. We didn't have to know how to do so many different types of claims. Because each claim has so many different laws and rules that go with it, when you work at a regional office, if you have 15 or 20 types of claims, it's kind of being a lawyer with 15 or 20 specialties.

So, the more claims that Philadelphia has, I've noticed that it's much harder to know more laws for all these types of claims.

Mr. TAKANO. Is it fair to say they grew in complexity as far as—and variety since you got there? Is that what you're trying to tell us?

Ms. RUELL. I believe that you can never figure out how complex a claim is. Sometimes they think this is a small little folder, so this claim should be fast. Every claim has unique circumstances, but because each veteran's service representative is responsible for doing so many types of claims and doing them perfect, the more that we inherited and the more types of claims we're expected to do, the less accurate I believe it is.

Mr. TAKANO. Now, we've heard a lot about performance bonuses in the VA maybe motivating some of this behavior. Can you tell me something about what kind of performance bonuses were available to employees at your grade level?

Ms. RUELL. At our grade level, you had to achieve a rating higher than fully successful to get a bonus. So if you received an outstanding or an excellent, you got a small bonus, a couple hundred dollars.

Mr. TAKANO. For the year or for the quarter?

Ms. RUELL. Yeah. For the whole year.

Mr. TAKANO. For the entire year, it was a couple. So as much as—what was at stake for employees at your level was maybe a couple hundred dollars?

Ms. RUELL. Yep.

Mr. TAKANO. Mr. Robinson, can you answer that same question?

Mr. ROBINSON. It depends on what—in my office, the bonuses were up to, like, $2,000, over $2,000 and they had different types—they had three ways that you could get a bonus. It was production. They had a numbering system one to three. If you got a three, or you got a nine, you would get a higher bonus, and you would get three for production, three for accuracy and three for what they called organizational support. It was just—but it was over $2,000 that——

Mr. TAKANO. So up to $2,000 was at stake for employees in your——

Mr. ROBINSON. And it was mostly—it was based on grade, so the higher your grade, the more money you got.

Mr. TAKANO. Okay. Mr. Soto?

Mr. SOTO. Similar. We had fully successful, highly successful, I believe, and outstanding. They are supposed to be given based on some sort of point structure. You achieve a certain amount of points for production or accuracy and you receive a certain amount of bonus.

We pulled a lot of appraisals to see how they were distributed, and what we found was that there seems to have been some sort of curve in terms of application of the standards at our regional office. The lower level employees that did not achieve points were declared fully successful based on the unique station challenge. There were a few employees that were given outstanding without reaching the outstanding criteria based on unique station challenge and the middle group that made their production and accuracy were simply lumped in with the lower group and just made fully successful, but no use in the appraisal of unique station challenge at that time.

Mr. TAKANO. Well, thank you.

Mr. Chairman, my time has definitely run out. Thank you.

The CHAIRMAN. Thank you.

Mr. Runyon, you're recognized for 5 minutes.

Mr. RUNYON. Thank you, Chairman.

First question is for Ms. Ruell. In the IG's testimony, it's reported that there were 32,000 IRIS inquiries that went without a response. And IRIS is the precursor to eBenefits. Can you elaborate, I know Mr. Cook would love this, elaborate on a little of what that is and why this happened?

Ms. RUELL. There are different ways to file claims at the VA. One way to inquire about or file a claim is through a program called IRIS. You can email a claim in, you can call a claim in on the phone. Then a little report is generated and we call it an IRIS. You are supposed to read these and you're supposed to figure out what the claimant needs and address it.

At our office, somebody reported to me a couple months ago that we weren't doing these at all and there were 32,000 pending. Why that's a concern to me is, some of those are dates of claims for benefits. You can call in, and that can be called an informal claim when you would like to apply to benefits. So if we're not processing the IRIS's, we don't know the real data claim for some of those people. Not everybody calls in for IRIS's and asks the status of their claims. Some people use those to file a claim.

Mr. RUNYON. Thank you.

And to follow up, I know Ms. Ruell already testified to this, but Mr. Robinson, Mr. Soto, did the staffs at Columbia and St. Pete also violate guidance provided in the Fast Letter 1310?

Mr. ROBINSON. I don't have an incident that it did.

Mr. RUNYON. Okay.

Mr. ROBINSON. I don't know.

Mr. SOTO. Yeah. Same here. I'm not sure.

Mr. RUNYON. Okay. Go back to Ms. Ruell. Talk a little bit about duplicate payments, and I know they say they don't happen all the time, but can you give an example on how duplicate payments happen and what a problem this is, because we always used to say it's fixed, it's fixed, and obviously it's not, per some of your testimony?

Ms. RUELL. There's many ways at the VA that you can receive a duplicate payment. Prior to a certain year, veterans stopped receiving service numbers. A lot of the veterans from certain wartime periods are in our system, called BIRLS, with a service number.

When that same veteran or one of their survivors submits a claim, they usually put the veteran's Social Security Number on the correspondence. When we put a claim under control and create and end product, we then create a duplicate record for that veteran. So that person will have the same name, but they will have different numbers, one service number and one claim number. That can cause that veteran to be paid twice.

There are other ways that the double payments happen. The VETSNET operating system that pays out the benefits, everybody's looked at by something called a personal identification number, it's just a series of numbers, and that's how the benefits are paid, based on this number. If you apply for benefits and we put your claim under control with just your name, and you didn't provide your Social Security Number because you submitted an informal claim and you weren't aware that you had to, we'll put a claim under control with a Mary Smith and no Social Security Number. When Mary Smith then comes in and provides us her Social Security Number, we then put a claim under control with her Social Security Number. Our computer system has two different PID numbers for that Mary Smith. Then she can get two checks. I had worked on claims where one claimant got five DIC checks per month.

The VA will tell you that the problem is corrected and that they have data mining programs to find these duplicate payments. I would disagree. Usually every week I find some. I stopped reporting them, because for 2 years I collected them, I reported them, and nothing was changed. I really cared about it, because if we have the wrong Social Security number for a claimant, that affects other benefits for that person through Government matching programs. We had a case where someone tried to apply for food stamps. Because we had the wrong Social Security number for that person, it looked like they were getting money from the VA, and they weren't.

So the systems have misinformation. It's causing them to pay people more than once, and the VA will say we have a lot of duplicate records, but they're not all duplicate payments, but unfortunately every time someone submits a claim, if they have a duplicate record, they can be paid twice.

Mr. RUNYON. Thank you.

Chairman, I yield back.

The CHAIRMAN. Thank you.

Ms. Brownley, you're recognized for 5 minutes.

Ms. BROWNLEY. Thank you, Mr. Chairman. And thank you all for being here with us this evening.

Mr. Soto, I have to say, I'm just shocked to hear your story about being laid off on June 30th and we've had a lot of committee hearings over the course of the last month and a half, 2 months. We've talked a lot about the need for the VA to improve and to become a good, positive organization. There is going to have to be real cultural change. We've talked a lot about the VHA.

I wanted to ask you and the other panelists, have you felt any sense of change coming down from the top around the work environment, how we want to improve, how we want to encourage our employees, how we must serve our veterans, we must be a veteran centered operation? Have you felt any of that change in culture in your department?

Mr. SOTO. No.

Ms. BROWNLEY. Mr. Robinson.

Mr. ROBINSON. I have a new director now, so I'm not going to lump all the directors in one pool, because I don't like to paint with that kind of brush. She's new. We have been able to get along and work together, but it's a culture——

Ms. BROWNLEY. Up until that point, then.

Mr. ROBINSON. Huh?

Ms. BROWNLEY. Can you answer up until the point of the——

Mr. ROBINSON. Up until that point, no. It was awful. Okay? Employees suffered. And the reason it disturbs me, that the VA chain of command knew it and allowed it to be.

Ms. BROWNLEY. Thank you, Mr. Robinson.

And Ms. Ruell, have you felt of recent any change?

Ms. RUELL. No. Actually I believe things are getting worse. I took it upon myself to help employees that are targeted by management, because I had gone to law school. A lot of employees are petrified to stand up for themselves, because they see what happens to me and everybody else, and they say, I don't want to be treated like that at work, I have a family to feed, I can't afford to be fired.

So I promised them that I would spend every free moment I have and represent them against the agency if they need to file a claim for discrimination. I feel like the agency has let me down, because they promised that you can come into work and have a discrimination-free workplace, and that is not the case.

And I have spent 2 years helping employees get their jobs back, because the VA is not doing it, and it's only getting worse. I get probably four to five calls a week begging for my help. And, honestly, there's not a lawyer out there that will help you. At that early stage, you would have to pay them 15 to $20,000 dollars. Most of the employees don't have that money.

So if something doesn't change soon, I don't know if there's going to be any good workers left in the VA.

Ms. BROWNLEY. Thank you.

I wanted to ask all three of you as well, what is your reaction when the higher-ups talk about notable progress in reducing the claims backlog? And the ranking member mentioned the numbers in his opening comments, 630,000 plus now down to 270,000.

What is your reaction to that? Do you believe that, that progress has been made? Do you believe those are accurate numbers? Ms. Ruell?

Ms. RUELL. No.

Ms. BROWNLEY. Mr. Robinson.

Mr. ROBINSON. No, because I think we count numbers and we're not looking—we don't analyze the numbers that we're counting. If you, you know, the VA says, we say, I like to say—because this is my organization as well. We say that the backlog is down 50 percent, but if you look at the number, it's not down 50 percent. Okay, so the numbers manipulation—we can manipulate numbers. When I see non-rating—when I see dependency claims, not non, but dependency claims, over 200,000, okay, when I see appeals increase to over 27, I mean, 279,000, these are veterans. I mean, somebody would have to be asleep at the wheel not to realize that these things were going up.

So you can look at numbers any way you want to, but I'll just give you for an example what I've seen during this time. I've seen failed initiatives, such as contracting out of claim development and the IBM created fast track for processing Agent Orange claims. I saw failure there.

I saw ad hoc procedures, the oldest claim initiative, all hands on deck, to include suspending quality reviews, provisional ratings, unlimited overtime and 20 hours mandatory. I've seen that we have refresher training. You know, we've shut down regional offices.

We had 30 percent of the workforce that came back to the workforce. That should have been a plus for us. We've had changes in performance standards twice. We've changed the Monday Morning report three times. We have excluded the 930's from the rating bundle. We have used EP 400's, which is identified in the Monday Morning report as for correspondence, we've changed it and we have used that to request evidence. So——

Ms. BROWNLEY. Mr. Robinson, I think my time is up. I——

Mr. ROBINSON. I've seen all these things, so, no.

Ms. BROWNLEY. Thank you. Thank you.

And my time is up and I yield back.

The CHAIRMAN. Thank you, Mrs. Brownley.

Dr. Benishek, you're recognized for 5 minutes.

Dr. BENISHEK. Thank you, Mr. Chairman.

I'd like to thank you all for being here today and for your compelling testimony. And although I can't thank you for all America's veterans, but I'm sure that American's veterans thank you for being here today, too.

I sort of agree with Ms. Brownley there. You know, we've been told by the VA that the backlog has been worked on and really making progress, and from what you're telling me here today, that's all baloney, and that they're all concerned about numbers and not veterans and that you—changing the date of a claim is common practice to reduce the backlog. It's absolutely unbelievable to me that this is going on and nobody seems to be responsible for it. So I'm hoping that we will make progress through these hearings to make that actually happen.

I have a question for you, and maybe each of you. Name the top two things that you would change if you were in charge, Ms. Ruell, to make things better. I mean, how do we change the culture here to make it better? And I understand these rules for bonuses is a big problem, but just tell me what you think if you were in charge

of the whole thing, what would you do? Two things, and I'll ask everyone else.

Ms. RUELL. I think that if management does something wrong, that they need to be held accountable. They have no problem holding an employee accountable for doing something minor and firing them. Many managers at my office have illegally fired people over and over again. They should have to pay their legal fees should they be found to be guilty of an illegal firing. They use regional counsel as their own private attorneys, and I'm spending my own time representing employees because they can't afford an attorney. So I feel like the biggest problem at the Department of Veterans Affairs is accountability for the people in middle and upper management.

Dr. BENISHEK. It's my been my experience, too, that you can never find out the name of someone who implemented a policy. So I completely agree with you there.

Mr. Robinson, what would your top two things be if you were in charge to make this culture better?

Mr. ROBINSON. Make the veteran the object of our business. The veteran comes first. Okay.

Dr. BENISHEK. Not the metric, right?

Mr. ROBINSON. Right. The veterans come first and the employees need to be given effective tools, training and leadership, and we can't do that without leadership.

Dr. BENISHEK. Thank you, Mr. Robinson.

Mr. Soto.

Mr. SOTO. Yeah, I agree. We have to establish policies that place the veteran first before numbers, and secondly, we have to completely think about restructuring the training programs for raters and VSR's, and it's time for them to change.

Dr. BENISHEK. Let me ask another question. For our men and women returning home from the service, what would you recommend to them in order to get their claim processed? What should they do? Is there something that anyone should do when they get out of the service to make any kind of a claim go better? Do you have any ideas on that?

Ms. RUELL. I think one of the main problems is what the VA expects as a complete application is different than what a normal, average, everyday person thinks is a completed application.

The VA has rules, and at least in my office, that if they ask you how much interest you received on an income-based benefit and you put zero, we can't take zero as an answer. We have to ask you, did you really mean zero. So if—I know. So there's some really strange rules that we have to follow at the VA that an average person who fills out an application would never know, and the only real way to get your claim expedited anymore is to go through a congressperson or to claim that you're about to call the media. Other than that, you'll have to wait in line like everybody else and hope that we get to your claim in time.

Dr. BENISHEK. Mr. Robinson, any ideas there?

Mr. ROBINSON. We have to educate veterans on the process, and that means we have to get out there and do outreach, real outreach talking to the veteran and explaining the process, because we get a lot of documents that we don't even need. You know, the veteran

will go to his doctor, he's claiming a knee condition, he'll go to the doctor and he'll send in all these documents pertaining to everything other—everything and the knee. If we can simplify to get veterans to file medical evidence that only pertains to the things they're claiming, I think that would be a great help in just educating the veteran in the process. I think that's what—we'll make a lot of money doing that, educating veterans.

Dr. BENISHEK. Thank you.

I'm out of time, but I truly appreciate your being here today. Thanks.

The CHAIRMAN. Ms. Kirkpatrick, you're recognized for 5 minutes.

Ms. KIRKPATRICK. Thank you, Mr. Chairman.

You know, this culture of intimidation and retaliation has got to stop. And, you know, and I recently introduced H.R. 5054, which is the VA Whistleblower and Patient Protection Act, because I want to make sure that there aren't reprisals against the whistleblowers and I thank you for being here today, and we wouldn't have this information without your courage and you're commitment to our veterans. And that is really what it's about, is taking care of our veterans.

But I'd like to know from each one of you if when you started at the VA, were you given a policy for airing grievances or filing complaints or anything that you thought was not going on right? Is there a policy that directs you how to do that?

Start with you, Mr. Soto.

Mr. SOTO. We're all told to review, I'll put it that way, this thing called the No Fear Act, and we're told essentially not to have fear, and it does not work.

Ms. KIRKPATRICK. Mr. Robinson?

Mr. ROBINSON. I came to the VA 18 years ago, and it was a whole lot different then, but we didn't—I didn't get anything at that time. But like he said, we have to read this policy or whatever, but that's about it.

Ms. KIRKPATRICK. Ms. Ruell.

Ms. RUELL. Similarly in our office, once a year we get the annual whistleblower, no retaliation tolerated type email. That's exactly why I started reporting the duplicate payments, because I read that and I thought that's what you were supposed to do. I learned——

Ms. KIRKPATRICK. But there's no defined mechanism for filing a grievance or a complaint within the VA?

Ms. RUELL. Well, we do have a union, and you can file a union grievance, however, in my first years, that's what I tried to do, and it took two and a half years to get an admonishment and a suspension off my record. When you go through the grievance process, the decisionmaker in my case were the people that punished me, so I quickly realized that I'm not going to go through the grievance process, because why would I want a biased decisionmaker.

And I then tried the EEO avenue. Unfortunately, that takes a year and a half to even possibly get a court date, sometimes now it's up to 3 years. So when you're being tormented at work every day, that is not a solution. You can report to the Office of Special Counsel, but as we all know, they accept about 5 percent of the cases.

So I feel like there's laws out there to protect us. I was fooled by those laws and tried to use them, and they have all let me down. None of them have protected me. It's kind of like if you say that your husband or wife is abusing you, and the police give you a piece of paper that says you need to stay away. That piece of paper does not protect you from getting beat up by your spouse.

Ms. KIRKPATRICK. Well, you make a good point, and I have to say, I mean, I'm from Arizona and I'm a former prosector, and we had a really difficult time getting people to report cases of child abuse and neglect until we had an anonymous hotline, and the same with elder abuse and one of my thoughts is would it, and I'd like to hear from you.

Would it be beneficial to have an anonymous hotline that you could call, not just for employees, but also for patients, because I've heard from patients who have been treated really poorly, not by the medical professionals, but by the administrative staff, a hotline outside the system that goes to somebody outside that system to address it and look into it. I'd like to know your thoughts about that.

Maybe start with you, Ms. Ruell, and we'll go the other direction.

Ms. RUELL. I think that would be a good start, however, the people that you need to report to have to be far removed from the people involved. I noticed that people who work in the same building gain relationships with others and they become friends with people and the EEO people, they know who I am from helping all these employees, so I realized that if there was someone outside the agency that has nothing to do with the VA at all and that listened and cared, that would be a good start, but I feel like the answer is holding the managers accountable when they do this to people.

I can't tell you how many people have gotten their firings reversed at my office, and the people are still doing the same acts. So I can help 20 people a month, but if the same person is still in power, I'm just going to get more people to help.

Ms. KIRKPATRICK. Yeah. I see your point.

Mr. Robinson.

Mr. ROBINSON. I agree 100 percent. I mean, if employees in our own organization can't expect its leaders to protect them, that's the problem. We have to protect our employees and like I said, the Secretary, the Acting Secretary said that he's going to do that. So now we're going to see whether he does it or not——

Ms. KIRKPATRICK. Right.

Mr. ROBINSON [continuing]. Because I'm going to be watching to make sure that we are doing what we say.

Ms. KIRKPATRICK. Mr. Soto, I have 5 seconds.

Mr. SOTO. I'd like to see, similar to the EEO process with the right to sue letter, some sort of individual right of action against the managers so that we can take them to court and get legal fees for it.

Ms. KIRKPATRICK. Thank you.

My time's expired. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Coffman, you're recognized for 5 minutes.

Mr. COFFMAN. Thank you, Mr. Chairman.

And I just want to thank you all for your courage in coming forward. I think without the whistleblowers, the employees at the VA who really care about meeting our Nation's obligations to the men and women that have served this country, without you all, we wouldn't have any idea really what the magnitude of the problems within the Veterans Administration.

One question, but let me say first that, I think there's a real emotional component to your stories in the way that you're treated once you're identified as a whistleblower within the organization, and I think you've all kind of expressed that.

Ms. Ruell, I think you gave some very specific examples about how tough it is, I think, to go into work every day when things like that happen to you. We talked about your car being damaged and the other things that had occurred to you, but one question that I have in the manner in which all of you were retaliated against, are you members of the union and what was the role of the union in terms of protecting the employees in your specific case? Let me start with Mr. Soto, could you talk to that for a second? What recourse did you have using the organization that, I assume you're a member of?

Mr. SOTO. Yes.

Mr. COFFMAN. Okay. Were a member of.

Mr. SOTO. I guess essentially, and we're still trying to figure out what happened, but what I believe was that it was retaliation for the whistleblowing done through various processes. We have a process of claims processing, and there's no other way to address them, including the quality issues, other than through whatever mechanism there is and we found ourselves in the strangest situation where we had to rely on the union or legal to kind of help veterans, and that brought conflict.

Mr. COFFMAN. Okay. Sir.

Mr. ROBINSON. Well, I'm actually the president of Local 520.

Mr. COFFMAN. Okay.

Mr. ROBINSON. And we've been, as a matter of fact, in June of 2012, we had a rally to bring to attention to what was going on, and the VA Police Department had cameras and video trying to intimidate us. So, can I say any more?

Mr. COFFMAN. Sure. Ms. Ruell, in your testimony, you talked about as a lawyer that in your free time, that you were defending fellow employees that were, for one reason or another were having difficulties with VA leadership. Could you speak to that and could you speak to what representation or access to representation they would have had from the union as well?

Ms. RUELL. The main problem with the union is that it takes forever to get anything resolved in my office. Like I mentioned before, I had an admonishment on my record, because I didn't have anyone to watch my child and was ordered to do mandatory overtime, and I wasn't able to do it all for the month, so I got written up. The following month, I was told I was fraudulent for not putting in unmeasured time, and I was suspended.

I went to the union for help, and two and a half years later, my record was reversed by the director that just left our office and had he not been there, Robert McKendrick, I believe my record would still have an admonishment and a suspension on it.

The problem is when you go through the union and you file a grievance, the decisionmaker are people that work in the agency. So I have taken matters into my own hands. I represent myself and I help anyone else that wants me to represent them, because unfortunately, people don't have two and a half years to wait, and the union decides whether or not to take your case to arbitration. So you could lose your grievance, and if they don't vote to take you to arbitration, you're stuck with whatever the agency has done to you.

Mr. COFFMAN. One question I have on the claims process, for all of you if you can answer quickly, because I'm running out of time, is that it's my understanding that the claims processes are that the one who does that within the VA is kind of a generalist, that you do all kinds of claims and would it expedite the process if people became specialized in a given area such as, you know, somebody did Agent Orange and somebody did PTSD? Would that help move the process along a little faster?

Ms. Ruell, we'll start with you.

Ms. RUELL. Definitely. Would you want to go to an ear, nose and throat doctor for a heart surgery?

Mr. COFFMAN. Okay. Yes.

Mr. ROBINSON. We tried that before. I mean, we've kicked around all kinds of things. The most important thing is that when the claim comes in, we need to do an analysis of the claim, what it needs, and get it done. It happened in the past, it can happen again.

Mr. COFFMAN. Mr. Soto.

Mr. SOTO. Yes. We tried that with the Nehmer claims, and we got most of the Nehmer claims through, and that sort of specialization.

Mr. COFFMAN. Faster.

Mr. SOTO. Yes.

Mr. COFFMAN. Thank you.

Mr. Chairman. I yield back.

The CHAIRMAN. Dr. Ruiz, you're recognized for 5 minutes.

Dr. RUIZ. Thank you, Mr. Chairman, for holding this hearing, and thank you to the panelists for taking the time and for your participation.

We must focus on disability claims and we must also provide the full range of services on which our veterans depend. Improving the VBA's efficiency and accuracy in handling the growing appeals backlog must also be a top priority.

I'm committed to addressing the appeals backlog as well and helping veterans resolve their claims timely and accurately. I've introduced the Veterans Access to Speedy Review Act, which would increase the use of video conferencing during the appeals process as a substitute for the veteran being there in person if he or she chooses not to or if it's cost prohibitive. This bill aims to reduce the appeals backlog by making the VA appeals process as efficient as possible, but more must be done. Our veterans and their families cannot afford further delays in the handling of their claims or appeals.

So my question is more on the practical, pragmatic steps to streamline the claims process without diverting other essential re-

sources. Mr. Robinson, you said in your opening statement that employees are craving tools, that they want tools to help them do a good job. What tools do you suggest?

Mr. ROBINSON. Well, VBMS is on us now. I mean, we have no choice. It's there, it's not going to go away. We just have to improve it as we go along. I mean, if you put something out and it doesn't work the way it should and then you come up with something to try to alleviate the problem, but that brings about another problem. Okay. So get it right the first time.

You know, don't give me a—don't take away my chainsaw and give me a new chainsaw and tell me that the chainsaw is faster, but then when I go and cut the tree down, the chainsaw gets stuck, so I have to pull it out, try it again, and then now you're going to get on me for not cutting the tree down faster. Okay?

So we have tools out there, but we need to get tools that work in the beginning. That means it has to be tested, it has to be tried. Okay?

Dr. RUIZ. If you were to plan a training session or a system of training for the employees, what would you include there that you're not receiving now?

Mr. ROBINSON. We have a training, I guess, Web site with all the things that we need. It's not that we don't have lesson plans and all this stuff. It's having trainers that can train. There's a big difference, and I think that's the problem. Training people—we talked about specialization. Well, when you specialize people, you take away their ability to learn the whole process. So it's training—it's having quality trainers to train. That's the problem.

Dr. RUIZ. Okay.

And, Ms. Ruell, you mentioned that the technology is very outdated. Do you have any suggestions? Have you seen or heard of other software technologies that you would recommend the committee to look at?

Ms. RUELL. I just know that when I file my tax return every year, it gets done in a couple weeks, and the questions that they ask me aren't that different than the VA pension program.

Dr. RUIZ. So who do you use?

Ms. RUELL. Turbo Tax.

Dr. RUIZ. All right.

Ms. RUELL. But I know that there are other agencies, that my mom applied for Social Security and she got her benefits quickly. So I don't believe that with as many employees the VA has that we should have these problems.

In my office, we don't have enough printers. If I have to make a photocopy, I have to walk and hope that I find one that works. If a veteran needs their application mailed to them because it's incomplete, it's hard to find a photocopier in my office to just copy the application to finish that claim. Some days all the printers are down. So it is—there are employees that come to me and say, I've been put on a PIP because I didn't get my points, but they spent an hour trying to print something else. So we could start with simple tools in my office.

Dr. RUIZ. One last question. I have 15 seconds. How would you apply this to a veterans-centered process?

Ms. RUELL. I think if a veteran had a place to go and it was a one-stop shop, and they looked at their claim—we looked at their claim, and if something was missing on the application, they had to come back when it was complete; if they had that step completed, they moved to another area in this one-stop shop, kind of like when you get your oil changed, you have choices, and they could get rated on the spot. If they needed more things, then they could come back another day, but that would hold their spot.

We don't have any communication with veterans. We're discouraged from calling them on the phone and explaining what they need, because that takes time, and there's no communication anymore with the people we're supposed to help.

So I think if we did that, it would take a little longer to do it the first time, but it would be done right and there wouldn't be so much rework.

Dr. RUIZ. I think that's an excellent suggestion to have a comprehensive one-stop shop so they don't have to run all over the place, and also the frequent feedback.

Thank you very much for your time. And thank you for your service, Mr. Robinson.

I yield back my time.

The CHAIRMAN. Thank you, Doctor.

Dr. Wenstrup, you're recognized for 5 minutes.

Dr. WENSTRUP. Thank you, Mr. Chairman. And thank all of you for being here tonight.

You know, when I hear about the Fast Letters and see the email that we saw tonight, it's just beyond me how anyone could look at that and say, yes, this is a good idea, this is what we're going to do, that's a great idea.

Did you all get those emails that we saw tonight? Did you receive those emails with those types of instructions on how to process claims and keep them moving along? Was that something that you received, any of you?

Ms. RUELL. Do you mean the same exact email or——

Dr. WENSTRUP. Or to that effect.

Ms. RUELL. We receive emails that tell us that we need to do certain things, and when you read the law, you can see that it's not correct, but people just follow along with the plan in fear that if they don't, it could give them an adverse consequence.

Dr. WENSTRUP. What strikes me is that through this time, there's no talk of promoting the veteran, the human being; it's all about numbers, moving things along. Did you ever get anything from leadership that emphasized that point, that it's about taking care of our veterans? Or is that something that's just way out there and doesn't come up? Any of you can comment, please.

Mr. ROBINSON. We get a lot of, you know, we get a email with all these numbers and what we're accomplishing, and in that email it may say that we are taking care of veterans, I mean, you know, but it's not about an email, it's about a communication between your superiors and the employee. When you care about veterans, first of all, you have veterans in your office that are employees. How do you treat them?

Dr. WENSTRUP. Okay.

Mr. ROBINSON. I think that's the key. Okay? And I've seen where we've not treated our veterans employees well, so how can we say we treat other employees well?

Dr. WENSTRUP. Let me go on that concept for a minute here. And, Mr. Robinson, you know, 20 years in the military, achieved the rank of first sergeant. No one just hands you that. You spent years developing trust amongst soldiers, commanders; people look up to you, admire you; you had commanders that I'm sure over time you trusted, you admired, there was a mutual respect that you had there, and you know in that role, that you have to lead by example——

Mr. ROBINSON. That's correct.

Mr. WENSTRUP [continuing]. And this is something that you would do every day, and you were also willing to let those under you come to you with problems and present solutions and have a conversation. I know the role that you were in and I know that, I think deep in your heart, that's what you're saying is totally missing right now, is that ability to steer the ship to make things right, and that right is right and wrong is wrong.

Mr. ROBINSON. Exactly. We need a conscience, and I'm trying to be that conscience for my organization, for my fellow comrades and for the employees. The employees are the ones that really have to serve our veterans. If we don't take care of our employees and give them the tools, give them the encouragement, give them the workplace, give them the processes, and be honest. That's all we're asking.

This is an awesome undertaking that we undertook, it was awesome, it was massive, right? And I commend Under Secretary Hickey for putting us into getting out of paper. Okay? I see the advantages of paperless, but I'm saying that leadership have to listen, because if they don't, they'll take us over a cliff, and I'm telling you, we're at, close to the edge.

Dr. WENSTRUP. Is there anyone in your career's recent years and more your immediate VA leadership that you felt you admired and trusted and could go to with anything?

Mr. ROBINSON. He's deceased now. We had a—I had a—David Chapman. He was out there with the employees, you could talk to him about anything. I mean, you know, he would bring you the paper, say, this one's getting to be over a year old. What's going on with it? Okay? And we would talk about it and we would get it done.

I mean, we just need for our leaders to listen and act. If we have a situation that something is wrong, listen to us. We're the ones down in the foxhole, we're on the frontline of battle, we know what's going on. Don't disregard it when we tell you this is not working. That's all we want: someone to listen and to let us serve our Nation's veterans together.

Dr. WENSTRUP. Thank you very much.

My time has expired, but I would love to have heard from all of you on that. Thank you.

The CHAIRMAN. Ms. Kuster, you're recognized for 5 minutes.

Ms. KUSTER. Thank you very much, Mr. Chairman.

And thank you to all of you for being with us tonight. We truly appreciate it and understand the sacrifice that you've made.

I want to follow up on this notion of a comprehensive one-stop shop and the whole aspect of your job that is trouble-shooting and the challenges that you have, the difficulties that you face in that. We've heard a lot about the VA adding 2 million veterans, this is during the time of Secretary Shinseki's leadership, including Vietnam veterans exposed to Agent Orange and newly separated veterans from the wars in Iraq and Afghanistan, so we understand the volume problem that you have, but I'm not sure until tonight I completely understood the sort of disarray of this process of trying to put these claims together.

We had been hearing from the VSO's about their process of fully developed claims, that they would try to get the claim to the place where you could make your decision in a timely way and I'm just trying to understand, has that not been effective, and is there something else that could be done in a preliminary way before these claims even get to you so that you could do your analysis and your task in a more timely way?

And let's just start, Mr. Soto, and we'll go right down the line.

Mr. SOTO. The fully developed claims, FDC, as we call them, it's a good idea, overall it's a good idea. The problem that I see from my viewpoint is that we sort of shifted the burden to the veteran to prove his claim, and we're supposed to be non-adversarial, and we're kind of skirting the edge of the duty to assist, in terms of providing all sorts of assistance in gathering records and that sort of thing. The veteran will sign a statement that says he's waiving certain duty to assist help that we can provide.

So it's not a bad program, but for veterans that don't understand the process, they may not get the best service if they don't have the proper help. The perfect example is I think everyone here may be familiar with the 5,000 attorney initiative that the VA has announced, or something to that sort, where they're going to have attorneys help work, gather, putting together FDC's. That's what I've been told. Since they started it, yes, it has helped, but then attorneys now began appealing more and calling almost every day asking why aren't you done? Why aren't you done? That sort of stuff, and that's the information that we've gotten.

So the FDC program is a great idea. When we get to it, we could probably decide it faster, but we're kind of, again, shifting the burden to the veteran to have his claim all finished for us so that we don't have that much work to do in terms of doing what we're supposed to do, duty to assist, help gathering records and that sort of thing. That's my view.

Ms. KUSTER. Okay. Anything to add, either of you?

Mr. ROBINSON. FDC has been around since 2008, so if it was effective, it would have been effective by now.

Ms. KUSTER. Okay.

Mr. ROBINSON. So that's my answer.

Ms. KUSTER. Sure.

Ms. RUELL. And I agree as well. I think that the FDC just gives us even less communication with the veteran, because it says we gave you what you need, the evidence you need, we told you ahead of time this is what you need to prove, and it's on a formed piece of paper written in small print.

Most of our claimants have trouble understanding what any of that means and if they don't submit everything round one, they get denied. So I think it's a great idea if you want to process more claims, but if you're trying to grant more benefits, I think it's a horrible idea.

And I call all—if I have a claimant and they're missing something, I call them on the phone and I stay friends with veterans that I've met years ago from helping them and I get emails once in a while from their families, and I don't have a problem getting my work done when I do it the right way. I spend a little more time doing it right the first time, but in the end, the people aren't coming back complaining about what awful service they got.

Mr. ROBINSON. Amen.

Ms. KUSTER. So my time is almost up.

The other question I had is that you're mentioning that there's no communication with the veteran? Is there any way for a veteran to track their claim or keep track or stay in touch? I mean, I have, you know, it's been brought up that going through your congressional office is the best way to get a claim done, and we've done a lot of that in our office, and it's been very effective, but now I understand why that's necessary. Is there no communication with veterans?

Mr. ROBINSON. Yes, there are communication with veterans. It's like eBenefits, you know, they can use eBenefits if it's working right, okay, and we call veterans, but we call them most of the time to say, do you have anything else to add, okay, to get the claim out of the door. That's our communication with veterans.

But we do call a lot of veterans, but it's to get that statement saying, I have no more evidence.

Ms. KUSTER. So my time is up.

I thank you for your service, and I'm sure my colleagues will get to the rest of the questions.

Thank you.

The CHAIRMAN. Colonel Cook, you're recognized for 5 minutes.

Mr. COOK. Thank you, Mr. Chair.

You know, a couple of comments have been made about Congressmen and women handling complaints or it just seems like years ago, I wasn't in Congress, but I was on the other side of the military, it was all about congrents or congressional interest and things of that matter in the military, and now overwhelmingly it's all about the VA.

And quite frankly, you know, Congress doesn't get credit for a lot of things, but the one thing I think most of the people here, certainly on this committee, they actually cut through the red tape on this issue and it's something that we pride ourselves and I don't have to poll everybody.

But a couple of things I want to ask you your personal opinion of the senior executive service in general; just short, good, bad, indifferent, one word.

Mr. ROBINSON. In my experience, they think that they're God.

Mr. COOK. Thank you. Thank you First Sergeant. Is it okay if I call you First Sergeant, by the way?

Mr. ROBINSON. Yes.

Mr. COOK. By the way, I was going to go down. First Sergeant is much more powerful, important than Mr. You're first sergeant, you're like God. So, sorry. I had to throw that in there and I appreciate what you've done for our country now.

Yes, ma'am.

Ms. RUELL. I think that whatever it takes to become an SCS doesn't mean you'd be a good leader. We recently had a director at our facility who had never worked at the Department of Veterans Affairs before. To me, I don't know how you can make a decision to see if something's correct or sign off on a lot of money if you have never worked at our agency before, so——

Mr. COOK. Thank you.

Yes, sir.

Mr. SOTO. Yes. I truly believe that the SCS service needs some revamping in terms of training, in terms of how they interact with middle management and the lower employees. I just don't see it as effective.

Mr. COOK. Thank you.

In regards to manipulating claims, falsifying claims, destroying stuff, how many people do you think have been brought up on charges or sent to jail for violating those things, or fined? Any? Small number?

Mr. ROBINSON. Well, we had the scanning—we had the shredding incident back in——

Mr. COOK. But do you have a rough idea? Were there a lot of—the point I'm making, you know, we're talking about veterans, the military. You know, that's a court marshal offense.

Mr. ROBINSON. Exactly.

Mr. COOK. There would be a court marshal, there would be a trial, and many of them would get dishonorable discharges or at least bad conduct discharges; am I wrong?

Mr. WALZ. That's right.

Mr. COOK. So that kind of bothers me quite a bit.

The DD–214s, everyone, at least when I was in the military, left the—that was like the piece of paper or that was it, that you had to have that. And to say that DD–214's, some of them are in the file, they're not in the file, you know, I shouldn't admit this, but a number of years ago when I had leukemia, submitted a claim about Agent Orange, and it was denied. Now, I understand that, that they didn't have, you know, the medical evidence.

And then a number of years later it came out, and so we said, we're going to test the system. So I went back and put the claim back in again. It came back, it was denied. Now, I can understand that, but it was denied because they had no record that I was ever in an area that had Agent Orange used.

And my question, which I went back to the VA was, where is the DD–214, the two purple hearts, the tours of duties, the operations that you went to combat as an infantry person?

Do I have to give every location in Vietnam that I was at? No one read the DD–214. And until tonight, maybe it didn't occur to me that maybe that's not even part of the record anymore. So I'm—I don't know. I get very emotional with these things.

Ms. RUELL. Can I make a comment on that?

Mr. COOK. Yes, ma'am.

Ms. RUELL. A major suggestion that I would think that the VA needs to accept is there are a lot of civilians that work at the VA. I have never been in the military, and when I started working there, I was expected to know when I looked at your DD–214 how to tell with those codes that you were in Vietnam. I had no idea how to tell that you were ever in Vietnam, so I took it upon myself to learn those things on my own time. The average employee does not do that.

Mr. COOK. But if you get a purple heart in combat, it's not from—oh, I'm going to get facetious, because I'll say something about people in this town here, so I'll withdraw that, but you're absolutely right. I just think it's a basic part of the claim, and I feel there's this tremendous disconnect with Washington and the bureaucracies and, as the First Sergeant said, the veterans. You know, we've lost that, and that's what we've been talking about, but——

Ms. RUELL. You should see if you've served on a ship what we have to go through to prove that you served on that ship or that the ship was in that water. So, some people because of production standards don't take the extra mile to look through everything to figure out if your ship that you might have served on is on the list that were in the waters of Vietnam.

Mr. COOK. Well, somebody commented on me, they said that it was so long ago now, that I was in the military, it was on papyrus and it's disintegrated since that time.

I yield back. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Colonel. And thank you for your service, Sir.

Mr. O'Rourke, you're recognized for 5 minutes.

Mr. O'ROURKE. Thank you, Mr. Chairman.

I first want to join all my colleagues in thanking you all for your service. Most importantly for what we're trying to tackle tonight, your testimony about what you've encountered within the VBA and what it might take to turn it around and improve it.

And I think your comments about leadership, the culture, accountability, ensuring that the veteran is the focus of all the decisions that we make within the VBA, all of those points are well taken, and they seem to resonate with feedback that we received from other whistleblowers from within VHA and a sharper picture is starting to come into focus about what the problems are and what it might take and so much of it revolves around culture and the environment within which you work. So I want to thank you for that.

But I also have a chance to hear from you who are on the front lines of processing all these claims and the appeals that all these new claims are generating, and following on some other really good questions about ideas or suggestions you have to improve the process, I really like the one-stop shop. I like the idea that you would limit the medical information specific to the claim that you're filing so that there's less paperwork to wade through.

Someone that I've been following on these issues lately is a professor at Harvard, Linda Bilmes, who has been writing a lot about the VA. And she brings up an interesting statistic. There have been

almost a million Iraq and Afghanistan War claims so far, and only 1.5 percent have been denied.

And so her point is, instead of this protracted months- or years-long process to successfully file a claim, there is some better way, some better handoff between DoD and VA, some comprehensive medical exam that you go through that identifies these issues perhaps ahead of time, approve mental health claims given the propensity for Iraq and Afghanistan vets to claim them. And with that, try to shorten the backlog and speed up the process.

I think of these two wars, the presumptive condition of Agent Orange, beyond all the cultural issues you all have described, there's an incredible caseload and stress on the system right now. So would love to hear either other ideas or something that I've asked the VHA and I'll ask the VBA, is this also a resource issue? Do you need more people processing these claims, reviewing the claims that are being run? Or do we have the resources in place, and it's just a matter of culture and perhaps some ideas like the one-stop shop?

So with the couple of minutes I have remaining, maybe we could start with Ms. Ruell and work down the line.

Ms. RUELL. I think that if someone applies with a medical condition, they don't really understand what they need prove. We tell them, you need to show us this medical condition contributed or was caused by service. That doesn't mean much to the person who is sending us tons of medical evidence in. When you call the person and you explain what exactly their medical condition has to show, then they understand what they need to send in.

So I feel like we have a call center that you can call. Most people in the call center have never processed a claim before. So when you call the call center, they do a great job and they do everything they can. But if they haven't processed a claim, they don't know the burden that the veteran has to prove.

If we educated the service organizations, I have suggested having seminars for nursing home administrators, Congressional liaisons, and VSOs to explain what the VA looks for when you submit a claim. That way, they could help many more people do it the right way the first time.

Mr. O'ROURKE. Thank you.

Mr. Robinson.

Mr. ROBINSON. Well we have had BDD Quick Start, okay? We've had these systems, these programs out there to speed the process while the person's still in the military. You have ides. You know, these things have been around, I mean, BDD has been around forever. So if we can't get those done timely, well, you know, there's no silver bullet, there's no easy answer. We need to get people who know the business together, sit down and discuss what is really needed and stop doing these quick fixes, these ideas. You know, we work the claims, we know what's going on with the claims. We know how to fix the problem, but no one is listening to us.

Mr. O'ROURKE. Mr. Soto, is it a resource issue? Is it simply the culture that you have described? What would you change beyond that culture if, in fact, there's an improvement to be seen there?

Mr. SOTO. One thing I saw awhile back, and I've only seen it less than a handful of times, is that when a veteran got out of service,

somehow he was given a VA examination as a discharge exam and essentially we didn't have to re-examine him when he applied for benefits within a year of discharge. That kind of worked in speeding up the claim.

I've only seen it a handful of times. I'm not sure why it occurred, but maybe that could help speed up stuff, they're leaving service, is to give a more comprehensive military exam that addresses service-connection issues.

Mr. O'ROURKE. Thank you.

Mr. SOTO. In terms of disability rating.

Mr. O'ROURKE. Appreciate that.

I yield back.

The CHAIRMAN. Thank you very much.

Mr. Jolly, you're recognized for 5 minutes.

Mr. JOLLY. Thank you, Mr. Chairman.

Mr. Soto, welcome to tonight's hearing. Witnesses, welcome.

Mr. Soto, I have a question for you. You mentioned the June 24th study that you circulated that seemingly ultimately led to your dismissal on June 30th.

Mr. SOTO. Yes sir.

Mr. JOLLY. You mentioned in earlier testimony previous reports or studies you had circulated as well. Can you speak to those?

Mr. SOTO. I had circulated a study concerning our VSRs, the rating—the raters and how the accuracy process was impacting rating decisions. The gentleman spoke about the DD–214. One of the problems we see is that there seems to be sometimes disagreement over accuracy as to how we read evidence. If you go to law school, you kind of get a real in depth teaching on what is lay evidence, what is material, what is relevant, and that sort of stuff.

And then the VA has these rules where you at these certain place, time, and circumstances, and that sort of stuff. There's a lot of people that have problems matching that up not because they can't but because the training is not just not that clear. The training and rules continue to change.

So the study went into accuracy issues that were impacting rating decisions. We were either not paying, we were either not service connecting, or we were just overpaying. The decisions that we found, and which didn't make a lot of people happy, essentially, that there was no central focus in terms of where the mistakes were coming from. In essence, somehow exemplifying that we have a big problem and we can't easily fix it. We have to really look at the consistency as to what is and is not a mistake in terms of a quality error and when are we going to say that somebody's analysis of an issue is wrong or not. That sort of stuff. So it impacted ratings, due process.

Mr. JOLLY. So you mentioned two studies earlier, though. You said you had raised several instances. I mean, was there a pattern here? Was it just the two major studies?

And here's where I'm going: Were they ever responded to?

Mr. SOTO. When we did the RVSR study, everybody expected a response from both QR, we call it the QRT, Quality Review Team, and management. We got none. When we did the VSR study, we got none.

Mr. JOLLY. How did you distribute them? Did you distribute them to all employees via email? Did you send them to management?

Mr. SOTO. Via email.

Mr. JOLLY. Via email.

Mr. SOTO. I believe our union also distributed to management as a courtesy.

Mr. JOLLY. And did you receive any response from management, either wanting you not to do it or a substantive response?

Mr. SOTO. No response whatsoever.

Mr. JOLLY. No response whatsoever. So you issued or circulated the response on June 24th and then the only response you had was on June 30th your separation letter; is that right?

Mr. SOTO. Yes, sir.

Mr. JOLLY. So no acknowledgment throughout your time at the regional office regarding any of these circulated reports or notifications or concerns?

Mr. SOTO. The only comment I received, and it was through other employees, and I believe they—how I say—gave me information that apparently at the quality review team, there was a comment made to the leadership there, is management going to respond? And that's the last I heard. I got no response from management.

Mr. JOLLY. Okay. So you would say your June 30th letter, or the termination, was a complete surprise.

Mr. SOTO. Yes, sir.

Mr. JOLLY. I'm asking—and I'm trying to be helpful here, I'm not being critical.

Mr. SOTO. I understand.

Mr. JOLLY. But as an employee, if you're circulating reports about management, I would have expected some response. And, frankly, I think the lack of response is more damning at times than a substantive response; the fact that these concerns went completely unresponded to. That's accurate; right?

Mr. SOTO. Yes, sir. We expected dialogue to try to address the quality review process.

Mr. JOLLY. Let me ask you a question. If you had the opportunity to remain employed with the VA, would that be your preference?

Mr. SOTO. Yes, sir. I actually like the job. I found it incredibly interesting helping these veterans. I was one who was willing to go beyond what's required to try to service connect everyone, especially it's very difficult to service connect some of the people who serve aboard aircraft carriers and that sort of stuff in terms of the Vietnam era because the records are just not there, and I would do everything possible to research issues, make legal arguments, try get these individuals what they deserve.

Mr. JOLLY. Very good. Thank you. And thank you to contributing to the performance and success of the regional office. As someone who represents Pinellas County, I appreciate that. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. Thank you.

Mr. Walz, you're recognized for 5 minutes.

Mr. WALZ. Thank you, Chairman.

And again, thank you all for being here. It is incredibly helpful. You hear the members talk and when the democracy is working right, they are channeling what is coming from their constituents. And obviously the Nation is focusing on this. And I—it's incredibly disappointing to hear how you've been handled. It's beyond the pale that some of this would go on. But I guess the flip side is is that they're dedicated people out there that keep coming back to veteran.

It's about doing right for the veteran and I've been saying we need to figure out a national veterans' policy. We need to have a national focus on this and then getting at it, and I keep hearing, and First Sergeant, you're exactly right on this, that we hear it—I've been in some units where they told us change was coming; that meant the enlisted troops were going to be get hammered. And because that's the way leadership thought and I was in units when they said change is going to come, and we got excited because we knew we were going to be the best and we were going to go forward.

So this issue comes back to leadership. It comes back to how they're enforced. We all went through—they can have the AR-670-1, but not every unit looked the same; some were more rag-tag than the others and some were more strack.

And the issue on this is, is that, I would like to get from you, and I think you're bringing up these good points on how we get there, we're talked till we're blue in the face on seamless transition. We all know there should be one record. We all know that DoD and VA should work together. But we get siloed up in the two biggest agencies of Government, compete for funds against one another, and that's why the last 6 months when you're in the Army they don't do dental exams, because the VA will handle it, and they push you out the door. The taxpayers still get it, the VA still gets it, and it all comes downhill.

So my question to you is on some of this as we get there, and this is a very interesting point, something you brought up on the veterans and my colleague from Texas brought up the good point about the claims. It's so interesting the IRS takes every tax return as it's—you sign it that it's honest and then they audit afterwards. The VA audits on the front end and then spits them out the back side. So the taxpayer's, given the average taxpayer's given more of a credibility on this.

Now, I'm not saying, because you heard it here, we should not be overpaying. We should be stewards of every taxpayer dollar and no veteran should receive a claim that doesn't deserve it. We should get this right. But certainly if there's a group that has the benefit of the doubt on their side, it would be this group. Certainly, the folks in the VA who are working there are trying to get that right also.

So here's my dilemma for you. And I ask this to you, Ms. Ruell. We have resourced the VA on IT to an obscene amount and we've got nothing for it; and that definition of insanity, again and again, services an accountability from Congress, it's an accountability from the administration and it's accountability to VA. How do I go back to my taxpayers and tell them we don't have enough there

and we need to give them more computers? How would you respond on that? Has it been so bungled?

I mean, when I hear you can't find a copier, it's just atrocious, the amount that we have put there and should have gotten results.

So can you comment? Do they just bungle it that badly.

Ms. RUELL. Yeah. Just the general tools you need to use your job are not there. So if we started out by having enough printers and copiers so that you don't have—every time I walk to pick up a print that is from here to Chairman Miller's area, that is wasting time. You're not allowed to have a printer on your desk. I have no idea why. But the amount of time you take picking up paper, and then if you leave your paper on the printer you can get in trouble. So every time you print something, you have to go pick it up.

And then you run the risk of chatting with somebody on your way back from the printer. So simple fixes in our office would help a lot. I don't understand who is making——

Mr. WALZ. Isn't it ironic? I keep hearing from all of you this fear of retribution, this real retribution that's happening, whatever, and yet we have a pending act of Congress to go after the managers you have.

So I'm intrigued and nobody will fight for due process. It is sacred. It is sacred. Due process is sacred. But this idea of them using regional counsel and taxpayers dollars to defend themselves in personnel mismanagement of someone, somebody's got to have a middle ground there. We certainly want folks to be making decisions and be empowered to do so, but not to the point were if I make this mistake and I fire somebody incorrectly I'm going to have counsel pay for it. You're not. You're going to have to pay for it.

My last question to all of you is, how familiar are you with other offices? Because many of us, the concern is this, we're not provincial by choice; it's the nature of the job. My two offices that I deal exclusively with are Sioux Falls and Minneapolis, which I often hear are really good. Now I don't know if I can trust that or not.

Do you think what you're seeing in your offices, is it different across the country? If you have any inclination as you talk amongst yourselves. Just do you think there are offices that are performing better or do you systemically it's pretty similar?

Ms. RUELL. I think systemically a lot of the issues are probably similar. But I think the bullying and the nepotism and the cronyism and things like that are more prevalent in my office. We had a help team come in from two different regional offices to process claims, and I got to know some of the people and I asked them that question. I said, are you treated okay as regional office? Do you do these discovered claim memos? And the one guy didn't know what one was. So I feel like not all offices are the same. But I feel like there is a culture of corruption in general at the VA.

Mr. WALZ. My time is about up. If you guys just want to comment quickly.

Mr. ROBINSON. There's one simple answer: Do a complete review of every one of them. Then we would know.

Mr. SOTO. Yes, I agree. The problems are systemic. There are a very few managers that handle it differently.

Mr. WALZ. Great. Thank you. I yield back

The CHAIRMAN. Thank you.

Dr. Roe, you are recognized for 5 minutes.

Dr. ROE. Thank you, Mr. Chairman.

And, you know, Sergeant Robinson, I think as a first sergeant, I sort of doubt you were very intimidated by a camera and a walkie-talkie, from the first sergeants I have known.

You know, I know for the veterans that are watching this tonight and people around the country, it gets a little confusing with all this about what's going on in the office. I'm looking at it as you did, Mr. Robinson, about what's the veteran see. Here I am filling my form out, what can I expect?

And so what we heard here and I have been on this committee 5 and a half years, is that we had a huge backlog of claims, that was the problem we had and many of these claims not adjudicated in a way that benefited the veteran.

So what did we do. We put a lot—as Sergeant Walz just said, put a lot of money in hiring more people and training people to evaluate these claims, that is number one.

Number two, we decide if we go to paperless claims, Ms. Brown brought up, we put the money into infrastructure, and we have put an obscene amount of money into infrastructure to make records interactive and so. So we did that. Go to the paperless.

And, third, if you have a fully processed claim, all of this is was going to get better and what I hear tonight, after all that has happened, it hasn't gotten better. So I think Mr. O'Rourke, said have we hired enough people? Is it a problem with resources? Because every single year I ask the Secretary, and they brought a budget up here, do you have enough money to carry out your mission? And every year the answer was "yes."

So we on both sides of the aisle, we think have provided the resources. But what I'm hearing tonight either they are not used properly or we don't have enough resources. So which is it? And am I correct on those things? That's exactly I think what all of us that have been here for a while have heard, and we've done those things and yet we still have a problem out there.

And let me just go through two or three questions really quickly I want to get the answer to, is, how is an old claim made to look new? And is it systemic? That's something I want to know.

And I know that another thing, Ms. Ruell, you brought up was about how do you prevent duplicative claims. Because if we're paying a veteran twice, that means that there's a veteran out there not getting paid.

And I want to be sure that, and our resources are not infinite, they are finite. And I want to be sure that veterans two deserve that, so I want to know how we do that and stop that as quickly as we can so that our veterans who do deserve to be paid can get paid in a timely fashion.

So those are just a few things I'll throw out there. If you could answer them for me. Am I correct in what I've said?

Ms. RUELL. If someone is getting paid twice, it doesn't mean that someone is not getting paid, it just means that we incorrectly processed the claim and allowed for the system to pay them twice.

I think we have plenty of resources at the VA. I think that employees are beat down. If you came and visited the office and you

went to the desks of the employees and you asked them if they like their jobs, very few in my office would say that they can't wait to come to work today. We're not treated very nicely. If you tell your child they are bad every single day, they'll probably think they're bad.

So there's no positive reinforcement. It's just a really corrosive-type atmosphere and——

Dr. ROE. So back up to my question. How do we stop duplicative payments? How does that stop? That seems simple to do.

Ms. RUELL. We need slow down. When the claim comes in, they shouldn't be on production to see how many they can get into the system that day. They need to have time to do it the right way.

Dr. ROE. So if I'm a veteran and I put in a claim tomorrow, and we did all these things and then the solution was—I mentioned paperless, hiring more, backlog, we're going to get rid of that. Then I could expect it to get processed in 125 days at a 98-percent accuracy. That's what we were told. That's not happening. Am I right or wrong? Is it happening?

Ms. RUELL. No. I mean, the backlog is only a few types of claims. It's not all the claims at the VA. So that promise is only made to someone who is filing an original claim or a claim that needs to go to a rating board. If you have a different kind of claim, it might not be included in the definition of the backlog. So it depends what you file and what end product is on it to determine if you're included in the backlog or not.

Dr. ROE. And what I have heard also is that the problem that we have, and I haven't heard anybody say yet we didn't have enough money going at the problem, are unrealistic goals, and then basically accountability, no one's accountable, and I think those are the things—and basically just leadership at the local level.

And so I would assume that in the various regions around the country the outcomes could be very different. If my claims are sent to one region, I may get adjudicated fairly rapidly. Am I right or wrong on that? And another region, maybe not so quickly. So is there variability?

Just like we were told, when you've seen one VSO, the IG told us a few weeks ago, when you've been to one VISN, I mean, you've seen one VISN. Is that the same thing for the VBA? Or is there some—across the country, can you expect the same metric? In other words, if you go a surgeon in my hometown, you should be able to get the same gall bladder operation you can in another hometown from a board-certified surgeon. Can I expect the same level of scrutiny at one regional office as another one, I guess is what I'm asking?

Mr. ROBINSON. I don't think anyone can answer that question because we ship files all over the place. There is no accountability. I mean, if I did a claim in South Carolina, if someone developed a claim in South Carolina, I send it to Florida for it to be rated. If the rater can't rate it because I made a mistake in South Carolina, who is responsible for fixing it?

So, you know, it sounds good on paper to move things around and all this kind of stuff. But you have to fix responsibility. You have to know who's responsible. Who can I pick up the phone and call and says, this is your problem. Why is this?

So the veteran, when he makes a phone call, he can be talking to somebody in California, he could be talking to somebody in South Carolina, he might be getting two different answers on the same question. So, no, we need to fix responsibility.

Dr. ROE. I yield back.

The CHAIRMAN. Mr. Huelskamp, you're recognized for 5 minutes.

Dr. HUELSKAMP. Thank you, Mr. Chairman.

I appreciate opportunity to hear from some very courageous employees. I do pause to wonder why you would want to show up here. And, but I do understand it must be a commitment.

But, Ms. Ruell, I want to follow up on part of your testimony reference to the 96 white boxes that—and I was stuck in an airport and was a little late to your testimony. But I was reading that.

What happened? Do you know whatever happened to those 96 white boxes full of claims from veterans?

Ms. RUELL. No, I'm not really sure. I tried to check up on the boxes, and they got moved somewhere else. They were supposed to go through the boxes and make sure the stuff was not identifiable before it was shredded. I'm hoping that's what happened. I go down to triage once in a while when I have a reason to be down there, and those boxes aren't there anymore. No one in triage has told me that they went through all of them. So I'm not sure whatever happened to the boxes.

Dr. HUELSKAMP. Any guesstimates how many veterans were part of those 96 boxes? One box a veteran or no idea?

Ms. RUELL. Oh, my. There was, thousands of claims in those boxes. Now, some of them probably truly were not identifiable. But a lot of the things that I saw in the boxes were not easily identifiable and they took a little bit of work to figure out and there's no time at the VA for investigations or to figure things out. You have to move quickly.

So, unfortunately, probably some of them, when, if you get a call in your office at a Congressperson and they say, the VA says they didn't get my claim. I believe that. Because I saw some of them in the box.

Dr. HUELSKAMP. So you provided the committee your emails, or you'd have received notice from someone, another employee contacted you and then you contacted your superiors and notified them of these boxes and then there was fear they ended up being shredded. Was that the series of events?

Ms. RUELL. Actually, that employee is sitting here in the audience tonight. And he—we actually contacted Washington immediately when that happened. Because we knew from using the chain of command that they would make it probably to the shredder before anybody did anything with that and they actually did act on that quickly and I was told that they didn't go to the shredder. But I don't know where they went from that date till now. It's been a couple of years.

Dr. HUELSKAMP. I don't see that in your notes in the notification. Was that an email? A phone call? Or anything in writing from Washington about what happened or that, that was taken care of?

Ms. RUELL. Yeah. Actually, I called a friend who had been illegally fired by the VA and asked him to send an email to Allison Hickey, and he did and apparently shortly after, they took action

and prevented those documents from going to the shredder. But I think had we not done that——

Dr. HUELSKAMP. We hope they weren't shredded, then. Is that your understanding?

Ms. RUELL. Yes.

Dr. HUELSKAMP. Okay. Mr. Robinson, appreciate you being here as well. Want to follow up on—as I understand your claims, it was data manipulation or misreporting data? Can you describe it a little bit again why you were fired and what your superiors were upset about when they fired you from your job? Was that you, Mr. Robinson or Mr. Soto?

Mr. SOTO. The reports that I authored concerned accuracy and how the accuracy data in my view wasn't being presented, well, accurately. There seems to be a problem in terms of trying to find common ground when we're deciding claims.

And the common ground seems to be—the problems in finding common ground seems to be over some very basic and then over complex evidentiary issues. So, in other words, we weren't reading claims accurately, so I just want to bring that to the attention and I wanted to get consistent instruction and guidance in terms of which way do they want us to go and I think that led to——

Dr. HUELSKAMP. And I appreciate that, all three of you. As a member of Congress and like all my colleagues we receive probably dozens and dozens of veterans' claims to follow up on and I continue to tell my constituents, as we all do, you shouldn't have to call your member of Congress to get your claim processed. But 500 times in my 3 and a half years, that's happened.

And so when you say that someone gets special treatment if they can get through to their Congressman, that really upsets me. I think that upsets many veterans as well. We have to fix this system. I appreciate you being here and sharing your testimony.

And later, and I appreciate follow-up testimony as well after—or notice after we hear from VA officials. Because they're going to come and talk about how good the data is. They're going to say, boy, things are improving so much. Honestly, we can't believe anything on the data because so much of it looks manipulated, falsified, and is only half reporting the facts.

I yield back, Mr. Chairman.

The CHAIRMAN. Thank you.

Ms. Titus, you're recognized for 5 minutes.

Ms. TITUS. If I could just go back to Dr. Roe's point. Yes, these regional offices vary greatly because the one that serves Las Vegas is in Reno. It was the fifth worst in the country and the way they reduced their backlog was to send half the cases, broker them out to other regional offices all around. We don't know where all they went.

So I'd also like to kind of follow up on the points you were making. As I've listened to all of this, it seems very clear to me that we have two levels of problems, and both are very important. But we've got to separate these and look at them differently if we're going to ever come with any practical solutions that move this forward rather than just have hearing after hearing with no suggestions.

Seems like one problem is the policy at the national level. Like the fully developed claims or the found claims or the budgeting, and what I'm hearing from you is that, as First Sergeant said, that leadership level is not listening to the people who are in the trenches, on the front lines, dealing with this every day. And if they listened more, then some of those policies might have been developed a little differently.

Second kind of problem seems to me is the personnel problem at the regional offices. Now, we just passed a bill out of the House making it easier to fire people at the SES level and so a lot of the regional offices have folks at that level in charge, but some of them don't. The Reno office, for example, has a G-15, there's no SES person there. But this person's obviously not a very good manager or we wouldn't be fifth worst and yet we can't get rid of them. They can't fire them. He's still there. Which I can't understand.

So maybe you all can address just kind of that specific, how do we get rid of the people who are in charge at these regional offices as opposed to talking about the leadership that's in Washington? Can you all help me with what might be able, a way to make that work better?

Mr. ROBINSON. Well, if the director at the regional office understood that they were held accountable for the actions and someone up there did that, then they would get the message. However, we don't know who is doing what at the regional office level. We don't know if the director can manage or not. Because when they get in trouble, they ship their work to someplace else.

So, was it a resource problem? Was it a leadership problem? We don't know. Because now we're shipping cases, we're hiding cases by shipping them one place to the other. There is a need for a review of each regional office. It is unfair to a regional director who is doing a good job to be lumped in with a director who is not doing a good job.

Ms. TITUS. Or for him to have to take on the burden of somebody who has been doing poorly; now he's got to do double the work because Reno wasn't delivering.

Mr. ROBINSON. Exactly. And does he have the resource? So now he's back. Him and his employees who are doing a good job are now suffering. Is that right? No, it's not right. So somebody has to take the lead in this. And go to each regional office.

Because I believe that mail is a problem all over. Okay? We got it in Baltimore. We found out the mail ignites and sustain the claims process. It's the piece of document, it's that thing that we need to start the claim and we need to process the claim.

So, if you look at regional offices and how they handle that mail is a key. Okay? And I just want to go on record to saying that this centralized mail that they're coming up with, somebody needs to get a handle on that thing and make sure it's ready. Because we saw a claim disappear in cyberspace. That system is not ready, it's not ready and if we don't do something about it, we'll be talking about that next.

Ms. TITUS. Ms. Ruell.

Ms. RUELL. It's just strange to me how easy it is to fire an employee, but it's so hard to fire a manager. So I don't understand why we're not all under the same rules. Because if a manager is

found to have illegally fired somebody more than one time, I don't understand why they're not on this PIP that they put the employees on. If the quality or the production standards across the country, if 56 percent are passing, and that's your office, has a rate of only 56 people passing, how are you getting a bonus at the end of the year?

So I feel like they're immune unless you can prove that they're acting outside the scope of their employment and I think that that legal standard needs to change.

Ms. TITUS. It's a pretty vague standard, isn't it?

Ms. RUELL. Uh-huh.

Mr. SOTO. I was just going to add, and I'll be quick, that maybe someone needs to determine that manager, his services are no longer required.

Ms. TITUS. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Fitzpatrick, you're recognized for 5 minutes.

Mr. FITZPATRICK. Thank you, Chairman, for calling the hearing and certainly thank the witnesses of the panel for your incredible and compelling testimony tonight.

Ms. Ruell, you testified in your opening statement that you came to the VA around 2007 and within a short period of time of your tenure at the VA you began to notice things were not working as they should. That claims were not being processed timely, claims were being lost. Fellow employees were reporting that mail was being set aside, and in some cases mail was being shredded. You know that we have constituents, perhaps a widow of a World War II veteran, who sits down and writes a traditional letter, handwrites a letter, puts a stamp on it, and sent it to the Philadelphia VA office believing that that claim would be processed, that that request, my simple request might be heard. That letter might have been shredded.

You went on to find and report to your managers that duplicate payments were being made and as a dedicated employee of the VA, you tried to fix it. You asked that those duplicate claims be recaptured, be brought back in, to be ignored.

Around the same time, I was sent by the people of the Philadelphia region to come back to Congress to serve them, and I had served a previous term. Back in the 109th Congress, 2005 and 2006. So I had the chance to go back and rehire dedicated case workers who served veterans, who had worked with me in the past. They are veterans themselves.

And within a short period of time, 2011, they were reporting to me that something was wrong at the Veterans' Administration. Not as they remembered it. Claims were being delayed, they couldn't get answers. They were sending letters, the letters were never received and we were hearing the same from our constituents.

I did not know you at the time, Kristin. But you were saying the same things to your leadership at the Philadelphia Regional Office and for that you were criticized, you were castigated, you were abused, you were disciplined. And I think you ought to be applauded for trying to change the system from within. I think you are owed an apology from the Veterans' Administration. I think your fellow comrades here who are with you, that work with you

in other offices, they should be applauded. There are thousands of dedicated Veterans' Administration employees who try to do the right thing from within.

Our Nation's veterans deserve an apology. Some of them passed away while waiting for their claims to be processed.

Ms. Ruell, you provided information when the administration at the Philadelphia office was not listening, to my office, flawed data, duplicate payments, which we wrote to General Shinseki when you brought that information to us in September 2012.

And a response was received in February of 2013 from the Under Secretary essentially that if there are any problems, they are so minor that we don't need to change any systems in order to address them.

Knowing what you know, Ms. Ruell, how can the administration of the VA provide that kind of an answer?

Ms. RUELL. I think it's the easiest answer to just ignore the problem. From working with the OIG the last 4 weeks, they are baffled as to datamine this information and find the problem.

But I don't think an answer of it's inconclusive or we're not sure how to figure this problem out, is a fair answer to a veteran who's been waiting for their benefits and they are sitting in a box because they have two claim numbers and we're not sure what we're going to do with that claim.

Mr. FITZPATRICK. Ms. Ruell, just last week, the Philadelphia VA acknowledged an entitlement and pension backlog of 49.6 percent, or 42,141 veterans served by the Philadelphia office, they are waiting more than 125 days for an answer to their claims. Based on your experience, is this an accurate statistic for Philadelphia?

Ms. RUELL. No. If we didn't have that memo, I think the number would be much higher.

Mr. FITZPATRICK. The Obama Administration has promised to end the VA benefits backlog by 2015. With 274,000 claims still stuck in the backlog, do you think this promise is feasible?

Ms. RUELL. Absolutely not. It breeds corruption in the regional offices and we might say that claim has been processed, but it's probably not processed correctly, and we probably didn't help the veteran the way we're supposed to.

Mr. FITZPATRICK. Are veterans of our Nation passing away while waiting for their claim to be processed?

Ms. RUELL. Many.

Mr. FITZPATRICK. Can you estimate how many?

Ms. RUELL. No. But I know that that's the easiest kind of claim to do. If a veteran passes away, you hit one button and you get the same amount of credit as if you worked the claim and granted the benefit.

Mr. ROBINSON. That number was 19,500 back in December when it was investigated by C.R., CIR, investigative report.

Mr. FITZPATRICK. Yield back.

The CHAIRMAN. Mr. Meehan for 5 minutes.

Mr. MEEHAN. Mr. Chairman, I want to thank you for the courtesy of being able to be with you here today.

And, Ms. Ruell, I see by your testimony that you were warned by a supervisor that you were—at the Philadelphia management center—that you were not permitted to report issues to your direc-

tor and I greatly regret that and appreciate the courage of you appearing here today.

In addition, your testimony and those of your colleagues has opened the door to the appreciation that we're seeing exactly the same type of cooking the books on the benefits side of the VA as has been exposed on the healthcare side. And this is a whole new exploration of the management problems at the VA.

Your testimony is very compelling. You've talked about improper shredding of documents, you've talked about beneficiaries getting improper payments, and in many cases duplicate payments, you've talked about the failure to rectify once those payments have been improperly paid, and you've talked about the failure to notify the IRS of what could be the ability to recapture some of those, all very, very significant.

Let me just drill down on a couple things, because I do want to follow up on some of these issues when we are concluded.

You talked about the number of people who may have been receiving duplicate benefits. You've talked about the process of people receiving duplicate benefits. Do you have any estimate of how many people you believe are receiving duplicate benefits? Did I—what was the number of 41,000 duplicate records?

Ms. RUELL. That was told to me by an employee in the central office. That would mean that our claimants are listed in the system with more than one PID number. At that point, anybody could get paid twice. It's up to the case processor to identify that it's a duplicate record and fix it.

And, unfortunately, after I reported things in 2010, there was a list given out for people that were getting paid twice. I provided it I believe as an exhibit. I checked that same list last week. I checked every claim number on that list. Unfortunately, after we stopped the second payment, you have to fix the record so that that person that's looked at is——

Mr. MEEHAN. The essence of it is, it may be as many as 41,000 records that are duplicate?

Ms. RUELL. Oh, there are probably duplicate records, yes. But probably are not——

Mr. MEEHAN. Let me ask because my time is limited as well.

Do you have any idea about the scope of the claims that have been paid in excess?

Ms. RUELL. I only know the ones that I've seen. But I've seen over $2 million, when I researched it, the office of special counsel considered it a gross waste of funds was $2 million or more. So it was my goal to at least prove that and that wasn't very hard.

Mr. MEEHAN. You spoke as well about boxes of mail. What's the difference between military mail and returned mail?

Ms. RUELL. I'm not actually sure what the difference is. That's just what they call this mail. And it's mail that we mail to a claimant and returned mail comes back because we don't have the right addresses. We pay by direct deposit now, which is not the best thing for a claimant because we don't know——

Mr. MEEHAN. What about mail that's sitting there and nobody's going through and clarifying it? There is no response to the veteran who has sent that piece. Is that accurate?

Ms. RUELL. Yep.

Mr. MEEHAN. So we are waiting for up to 2 to 3 years.

Now, one my colleagues already questioned you on this, but there are 96 boxes. You have testified, and I have in my hand the exhibit which clarifies and quantifies not just 96 boxes, but eight separate in addition, what were eight other filing cabinets of this kind of mail.

To your knowledge, has any of that been shredded?

Ms. RUELL. I know that when I went down a week later it wasn't there anymore. So I'm not——

Mr. MEEHAN. When you say week later, when was the week later? This is going to be important for our follow-up.

Ms. RUELL. When I reported that and I have made so many different reportings, I'm sorry, I can't remember.

Mr. MEEHAN. We have a good record here with your exhibit. You have a colleague that brought to it your attention, and from your attention, you brought it to the attention of your supervisors, the fact that these boxes were sitting there and they were not handled.

Ms. RUELL. Uh-huh. And then I went down subsequently, probably a week later, and all those file cabinets were empty.

Mr. MEEHAN. So a week later, you went down and they were empty?

Ms. RUELL. Yes.

Mr. MEEHAN. Okay. We'll follow up on that.

Sergeant Robinson, did you testify that there were some 9,500 similar kinds of documents in Baltimore as well?

Mr. ROBINSON. No. There was a report that in Baltimore they had boxes of documents that was not processed.

Mr. MEEHAN. Not processed. But you don't know whether these were those that were the triage documents?

Mr. ROBINSON. It had to be documents coming in because they were not established in the system.

Mr. MEEHAN. Ms. Ruell, I thank you for that and I will work with my colleagues. But particularly, we are particularly concerned about the circumstances in Philadelphia. We will work to try to get some answers for you, particularly with regard to those boxes of documents that appear to have disappeared.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Mr. LaMalfa for 5 minutes.

Mr. LAMALFA. Mr. Chairman, Ranking Member, and committee members, I really appreciate the opportunity to be able to sit in on this committee here tonight. I represent far Northern California, very large district with a very significant veterans' population who have been very frustrated, as has our office, with just trying to get answers for our vets.

I greatly appreciate this whistleblower panel being here tonight and having the guts to do that and you should not ever feel like you can't speak. So I'll try and keep it quick here.

To all three of you, have you ever been told, and if this is redundant, my apologies to the committee but, have you ever been told not to take your concerns to members of Congress or to hear from members of Congress on how to handle issues, whether it's an individual claim or just the overall system? Have you ever been told not to deal with us, to don't talk to these members of Congress?

Ms. RUELL. We're told that if we don't bring our issues internally, we were sent an email that it was an improper avenue of redress. When we got our yearly whistleblower email, we got another email that came with it that said recently a lot of employees have been contacting the Under Secretary with issues at work. And they told us in that email that it was an inappropriate avenue of redress.

And I immediately reported it and said, are you telling us which can't whistleblow? And they resend the whistleblower memo out with new language.

Mr. LAMALFA. And the other two members of the panel, how have you been dealt with?

Mr. ROBINSON. No, I took up my issues with the VA chain of command for X-amount of years and now I started sending letters to Congress, and no one has told me that I couldn't sent them.

Mr. LAMALFA. Mr. Soto.

Mr. SOTO. We have not been told. But when, similar experience as Ms. Ruell, when individuals contacted the under secretary directly via email, they got back letters from management saying you violated the chain of command, et cetera, et cetera, and they received threats and that sort of stuff.

Mr. LAMBORN. Well we feel we're different than the chain of command because we handle first hand. We take the phone calls from veterans when they can't get satisfaction with the VA. Our offices get those calls. So we intervene on those cases and when we run into a brick wall because of management, again, we deal with the Oakland regional office, which is now under new management. We feel pretty positive about that at this point.

But under the old regime, we were stonewalled pretty badly. Even so much as I had a staff member who decide to hand deliver, not try and go through the mail system, a claim for a veteran who had waited 36 years to be handled and was denied entry into the building. The security was waiting for her.

So to follow upon that, do you feel you've had the freedom or do you feel like you should be able to talk to a member of Congress or staff because of they're firsthand dealing with a veteran's claim as they called us when they can't get through to VA?

Ms. RUELL. Definitely. I mean, we have a Congressional team in our office. So if a Congressperson calls in, they speak to the Congressional team. The problem is, so many people now have figured out that's the way to apply for benefits that we have so many Congressionals to work on that those are taking priority over the people that have been waiting many years. So it's not——

Mr. LAMALFA. Truly. It shouldn't be that way. Because you shouldn't have to contact your Congressional office to get results. We should only be there to help big-picture things. But, nonetheless, we're not going to tell them no. As much as we can keep up and we'll probably—one of my offices, 70 percent of their work is handling veterans' phone calls. So there's something broken in the system here.

Follow up. We've had in our Oakland office, again, previous management ordered them to deny or underrate claims or give zero percent ratings in order to process claims.

Have you ever been ordered to just get them off the books, to deny them or find zero percent or low ratings? Have you ever been ordered to do that? All three of you again, please.

Mr. ROBINSON. I don't rate cases, so I have never been——

Mr. LAMALFA. Do you know of that in your office of those that do?

Mr. ROBINSON. I can't answer that question.

Mr. LAMALFA. Okay.

Ms. Ruell.

Ms. RUELL. I don't rate cases either.

Mr. LAMALFA. Do you hear of such thing?

Ms. RUELL. Indirectly, we hear that the rules aren't totally being followed when processing claims. So I believe that it's not about zero percents or ratings. I believe that people are getting denied because it's faster to do it that way than granting the benefits. And——

Mr. LAMALFA. And then they may get kicked to the board of appeals.

Ms. RUELL. Yes.

Mr. LAMALFA. Perhaps.

Mr. Soto, really quickly; I only have a few seconds.

Mr. SOTO. In talk to other raters. We passed this thing called changing the game rules and in that sense, to me, in my view, what it meant was that for increased claims, we would try to rate the evidence of record that usually resulted in zeros or denials rather than ordering an exam for example.

Mr. LAMALFA. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Members, thank you for your questions. We want to thank again the folks for testifying. We appreciate your courage in coming forward. You are now excused. Thank you for being here tonight.

Go ahead and call the second panel to please come forward. If I could ask everybody to go ahead and take your seats. Again noticing that the witnesses are at the table. I'd like to ask the audience to go ahead and take their seat. And the witnesses to please rise, raise your right hand.

[Witnesses sworn.]

The CHAIRMAN. Please be seated.

Each of your complete written statements will be made a part of the hearing record.

Members, prior to recognizing the witnesses for testimony, I'm going to address a recent issue, and I'm going to provide a timeline to each of the members for your own information because it's going to be a little hard to follow the timeline as I recount it for you.

But I instructed the committee staff to make a visit to the Philadelphia Regional Office on the 2nd of July of 2014. As of the 20th of June, specific concerns that we've heard tonight had been raised on the management or more accurately mismanagement of that regional office and I did want our staff to spend a day on the ground to perform a technical review of some of the various files, view the office and meet with individuals who work there.

This is a customary thing for our staff to do. So let me run through what occurred on this unannounced visit. My staff alerted

the Office of Congressional Legislative Affairs of their imminent arrival at approximately 9:00 in the morning and about 20 minutes later, they arrived. They were greeted by an employee of the regional office, and they were accompanied to a conference room on the fourth floor. Within moments of arrival, while waiting for the acting director of the regional office, one of my staff went to the rest room on the 4th floor and there was another individual that was in the rest room who had set a yellow notepad not far from the sink.

And when my staff member went by the sink, they noticed that there was writing at the top of the page that was circled. In fact, we've got a copy of it. I'd like to go ahead and post it, if we can, so everybody can see it. Members, you have a copy of this. It's the yellow legal pad.

And two names were circled at the top of the page. Now, these two employees were from the regional office, and they both had acted as whistleblowers to improper activities in the past. All right, my staff then looked at the remainder of the page and on it was written my staff members' names for information of their status with the Committee on Veterans' Affairs and then if you will notice about midway down, you will see where the word "ignore" was followed by one of my staff member's name. So you see the word "ignore" located to the left of the pen.

Before I finish the timeline for the members' benefit, the person who exited the rest room with the yellow notepad in hand was the acting director, Lucy Filipov, of the Philadelphia regional office. And now, the acting director met with my staff moments later in the conference room when requested, who had provided notice of the visit she stated she had not spoken with OCLA but instead had only spoken with Diana Ruebens moments earlier regarding the Congressional staff's arrival.

She then began the meeting with two comments, first she said that the Philadelphia regional office endeavors to do all things with integrity and give proper benefits to veterans and second she made a curious statement when taken in the context of Ms. Filipov's possession of the notepad with the names of two of our whistleblowers at the very top that were circled. She said it's difficult to have employees or ex-employees who say that we are not doing a good job.

And when we hear from Ms. Holiday for the Office of the Inspector General in a moment I believe that this professed commitment to integrity and service to veterans is going to be seriously challenged on the basis of verified data manipulation, the leadership's failure to follow reporting protocols and OIG's ongoing investigation into a myriad of inappropriate practices.

Now, while in the conference room on the fourth floor the VSO or veterans service manager told Ms. Filipov that the appeals team were on their way up for files and computers to facilitate my staff's access. Then, in an exchange that transpired three separate times, Ms. Filipov directed that the Congressional staff be accommodated in a room on the third floor despite repeated protestations of the veterans service manager.

Both Ms. Filipov and the veterans service center manager then exited the conference room. Then they came back and Ms. Filipov

dictated that our staff would in fact be directed to be accommodated on a room in the third floor.

This room was found to be wired with activated microphones and an activated camera. So it could be no surprise to anyone that the staff requested relocation to a different room. A room that VA OIG had vacated which was presumably free of recording devices.

Now, back to my message. The acting director was in possession of a note upon which was written ignore my staff. Am I surprised? No. Actually I'm shocked. As my colleague and Ranking Member Mr. Michaud observed at our hearing on whistleblowers last week, VA is widely known to have a culture of denying problems and not listening to feedback. Be it from Congress, be it from veterans or from its own employees.

Now, VA ignores its whistleblowers who report practices that go against the principles of the department, Acting Secretary Gibson has already been noted tonight that he is deeply disappointed in the failure at VA to take whistleblower complaints seriously. VA ignores VSOs when they are found to be inconvenient such as when VBA obstructed the American Legion's regional office action reviews and limited the legion's ability to fruitfully conduct its visits, converse with claims processing staff and review disability benefits claims in accordance with its long standing practice of seeking quality. VA now ignores committee staff as well.

Particularly my staff visits to regional offices to perform technical legal claims review. By way of example, on a recent visit, 14 appeals files were reviewed from two regional offices, 12 of those 14 were found to have remandable errors. Yet when my staff convened with regional office staff to demonstrate the errors and seek correction for the veterans that had been negatively affected, the regional staff refused to acknowledge often even the most rudimentary of the mistakes. Quite simply this oversight complicates VBA's messages that they are doing a great work.

So while VA may ignore employees, ignore whistleblowers, ignore VSOs, ignore members, ignore Congressional staff and ignore—let's not forget the veterans they are supposed to serve—let me stress, you will not ignore this committee anymore and be on notice: you will not ignore our staff that is acting as this committee's agents as well.

The committee has constitutional oversight and I intend that it shall be carried out unhindered on behalf of the American public and on behalf of our Nation's veterans.

And if you look very carefully—put this note back up—there—are some pretty derogatory comments that are on this. Would anybody at the table like to comment about the comments that are written on this piece of paper?

Ms. Hickey, you're welcome to comment.

Ms. HICKEY. Chairman, without question, without question, we respect the oversight of this committee and your staff.

What occurred on that day was not acceptable and not indicative of the normal ways in which Ms. Rubens might behave.

And I know that she has been on visits with your staff and even with members of this committee before, and I think, if we reflect on those visits in the last year, you would say she did not repeat similar behaviors.

But I will not excuse it. I have not excused it with her. And I will just tell you, without question, it is unacceptable.

And I offer on behalf of the Department, my sincere apologies to your staff who experienced that, that day, and my commitment that it will not happen again and that you will receive, absolutely, with open arms and full leaning-in support, anything you need on any visit you go on.

The CHAIRMAN. Under Secretary Hickey, can you explain why Ms. Rubens came to our offices to try to cover up what had taken place and gave a totally implausible reason?

In fact, I believe the excuse she gave was that she did not say these things. She said that other people were saying these things and that, in fact, staff should ignore them.

So you're now saying Ms. Rubens did lie when she came into our office?

Ms. HICKEY. Chairman Miller, I was not present when Ms. Rubens came to talk to you. I do know her entire purpose for coming to talk to you and to your staff was to express her sincere regret for her comments made on that piece of paper.

The CHAIRMAN. Okay. Well, I apologize, but I'm going to take just about 2 more minutes. All right?

On this note, it talks about arrogance, it directs a person to ignore a committee staff person, and then it makes another derogatory statement about a committee staff person.

Ms. Rubens came to our committee offices and, when she did, she did not apologize for that. What she said was she had told the acting director to ignore what other people may be saying about my staff.

And you're telling me this person is still employed even though she gave a directive to not tell an agent of this committee what was happening at the regional office?

Ms. HICKEY. Chairman Miller, I will say again, without question, without question, we respect the oversight of every single one of you on this committee and in these hallowed halls.

And any one of you who would like to come at any point in time—and many of you have—into our regional offices, we will effect every possible way to support you, your staffs, in any oversight you need to exercise.

I commit that to you, and I would please—ask you to please call me directly if you ever see anything different.

The CHAIRMAN. So I'll take that as a "no," that Ms. Rubens did not lie, even though she did. Again, your commitment is appreciated, but it is not believed. I appreciate you being here tonight.

Ms. Halliday, you are recognized for 5 minutes.

STATEMENT OF LINDA A. HALLIDAY

Ms. HALLIDAY. Chairman Miller and Members of the Committee, thank you for the opportunity to discuss the OIG's recent oversight work within VBA.

I'm accompanied by Mr. Brent Arronte, the Director of the OIG San Diego Benefits Inspections Division.

OIG provides cyclic oversight of VARO operations and performs national audits, special reviews, and reviews allegations to help identify and address problems in VAROs.

We see that VBA is making some incremental progress through its initiatives and in response to implementing OIG recommendations, but more work needs to be done.

We have concerns that VBA's performance goals are not realistic and compromised by data integrity issues. VBA has appeared more concerned with reaching its goals than providing a balanced approach to its workload management.

We continue to find significant claims processing error rates, resulting in improper payments that, in some cases, create hardships for veterans.

Today we issued the results of a review of VBA's special 2-year initiative to clear old claims. This initiative was put in place so that the veterans who waited the longest would begin collecting benefits.

VBA implemented a provisional rating process, but we found it was less effective than VBA's existing intermediate rating process in quickly providing benefits to veterans.

Instead, we determined VBA's policy change removed provisional rates from the pending inventory while additional work was still required.

Once removed, VAROs did not place a priority on finalizing these claims, which were no longer considered part of the backlog.

The policy change led to inaccurate reporting of VBA's workload statistics on pending and completed claims. We also projected that VBA did not accurately process about 32 percent of the rating decisions completed under the initiative. We estimated these inaccuracies resulted in about $40 million in improper payments.

VBA set priorities to meet performance goals aimed at clearing the backlog of pending compensation claims. This approach has created additional backlogs and delays in other critical workload areas, such as appeals and non-rating claims, including changes to veterans' dependents.

Other claims processing activities, such as the management of temporary 100 percent disability evaluations, military drill pay, compensation offsets, and benefit reductions also need improved financial stewardship to reduce the risks of improper payments.

We've been told by VBA staff that higher priorities, such as processing the compensation backlog, took precedence over processing three other workloads.

We see that VBA needs to ensure adequate resources are in place to reduce the financial risks and the improper monthly benefit payments and, most of all, provide better services to veterans.

In the wake of receiving a large number of allegations of patient wait time manipulation in VHA, we are receiving a number of serious allegations regarding mail mismanagement, manipulation of date of claims, and other data integrity issues in the Baltimore, Philadelphia, Los Angeles, Oakland and Houston VAROs, and today we received an additional allegation regarding the Little Rock VARO.

VBA reported to us the mail mismanagement problem at the Baltimore VARO that led to confirmation that over 9,500 pieces of unprocessed mail needed immediate attention.

In response, VBA has moved quickly to take action to process this mail. We have teams onsite at three VAROs, and our work is not complete at the Philadelphia VARO. And we are sending staff to two other VAROs to review the merits of allegations.

But, more importantly, I am asking my staff to ensure we understand why these problems are occurring and how they are impacting veterans needing benefits so that appropriate corrective action can be taken.

VBA continues to face challenges to improve claims-processing accuracy and timeliness. Further, we are concerned at how quickly the number of VAROs with allegations is growing, and we are working to ensure appropriate oversight.

Moving forward, should the number of allegations continue at this pace, we will need to implement additional oversight and expand our benefits inspections to review more high-risk activities in the VAROs.

Mr. Chairman, this concludes my statement. And we would be pleased to answer any question you or the committee Members have.

[THE PREPARED STATEMENT OF LINDA HALLIDAY APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you.

Under Secretary Hickey, you're recognized.

STATEMENT OF ALLISON A. HICKEY

Ms. HICKEY. Chairman Miller, Ranking Member Michaud, Members of the committee, thank you for the opportunity to discuss the progress of the Veterans Benefits Administration, as we work hard to provide the best possible service to veterans, their families, and survivors.

But before I provide a progress report on our transformation efforts, I want to make it clear to this committee, to every veteran, every family member, survivor or supporter of veterans, that VBA takes seriously our commitment to provide timely, accurate benefits and maintain the integrity of our systems and processes.

I have been saddened and offended by recent events within the larger VA system where some of my fellow veterans have not been served with honor, respect and priority they deserve.

I know that the number one question on your minds is whether the accuracy of data within VBA's systems can be trusted by members of this committee or by the American people.

We have many checks and balances on our systems and data, and we are working to make them even more trustworthy. Every claim has 11 layers of human intelligence through which it is processed, where any of those 11 individuals can catch an error.

We also have valuable third-party validators, like our VSO partners, who review every claim we work where they hold the power of attorney. We don't close the claim unless they do.

Our data is held at the national level, not on local data systems. It is updated and protected every night with controlled access, 90

percent of our work is now completed in an automated system, VBMS, which provides a significant audit trail and, as such, is a valuable deterrent to data manipulation and misuse.

We also have a dedicated analytics team that constantly reviews our workload data, looking for anomalies within the system so management can respond quickly.

Even with all these controls and more—and I have learned this through a 27-year military career, retiring as a General officer, that there will always be someone you thought you could trust, but, instead, used extremely poor judgment and a total lack of integrity as they figured out ways around the system.

In our VBA business, that means they hurt veterans, and that is grossly unacceptable to Acting Secretary Gibson, to me and to VA's dedicated employees, 52 percent of which in VBA are veterans themselves.

When we find these individuals, you can rest assured I will respond quickly to the situation and begin necessary actions. One of those actions is to immediately notify the Office of Inspector General, to whom we proactively refer cases on an ongoing basis.

Intimidation or retaliation, not just against whistleblowers, but against any employee who raises a hand to identify a problem, make a suggestion or report something in law or policy or core values, is absolutely unacceptable to me.

I invite people to talk to me. And I have heard tonight that some have maybe prevented them from doing that when I invite them to, and that is unacceptable to me.

To ensure our organization is upholding our values, we are doubling down on our efforts to ensure the integrity of our systems and processes.

Acting Secretary Gibson has directed that an expert team be assembled to brainstorm possible scenarios where an individual might find a way around the system and determine if further controls are needed.

Additionally, I have directed a 100 percent facility and desk audit of mail and documentation at all 56 regional offices. VBA will also continue to provide publicly available performance data on the Monday Morning Workload Report and the ASPIRE dashboards.

Now let me please update you quickly on our transformation progress.

As a direct result of the transformation efforts, yes, we have reduced the backlog of veterans' claims by more than 56 percent from its peak of 611,000 to 271,000 today.

Last year our employees completed an all-time record-breaking 1.17 million claims. This year we're on track to break that record again by completing 1.3 million claims.

We will disburse $67 billion into veterans' hands. That's $18 billion more than when I arrived in fiscal year 2011. And as of last Thursday, we've already completed a million claims this year.

More importantly, it's not come at the expense of quality. We've increased our claim-based accuracy from 83 percent when I arrived to 90.3 percent today.

No matter which way you look at it, how it's viewed, how you cut it, 3-, 12-month, claim, issue, all of them are over 90 percent today because our employees are working hard at that.

But I get it. I know you still have questions. As a result, I have recently directed VBA to apply for the ISO 9001 certification, the ultimate global benchmark for quality management.

As we prioritize disability rating claims, we have not lost focus on other areas. We've completed 2.5 million non-rating end products, highest we've done in 15 years.

We also need to do a better job on them, though. We need to be more timely. That's why we initiated a seven initiative effort to focus on them, and I'm happy to talk to you about it today.

We've not lost focus on appeals either. The appeals rate is steady. It has stayed steady for 20 years at 11 to 12 percent.

However, as we complete record-breaking numbers of claims at a 10 to 12 percent rate—or an 11 to 12 percent rate—excuse me—I apologize—we are going to get more appeals because the rate hasn't changed, but the volume has.

It's unacceptable. And I ask this committee for its continued support, especially in the area for legislative solutions. While the employees have made good progress, we recognize still more work to be done.

I greatly appreciate the support of this committee and am prepared to answer your questions.

[THE PREPARED STATEMENT OF ALLISON A. HICKEY APPEARS IN THE APPENDIX]

The CHAIRMAN. Mr. Bertoni, you're recognized for 5 minutes.

STATEMENT OF DANIEL BERTONI

Mr. BERTONI. Mr. Chairman, ranking member, members of the committee, good evening. I'm pleased to discuss the Department of Veterans Affairs quality assurance activities and related goals.

Last year VA paid nearly $54 billion in benefits to 3.6 million veterans. Given these sums and number of veterans served, it's important that the Department have a robust, credible quality assurance framework to ensure all veterans receive accurate and consistent decisions on their claims.

In prior work, we've documented shortcomings in VA's quality assurance activities, and more recently concerns have been raised about the lack of transparency related to changes in the Agency's national accuracy rate for disability claims, which is based on a Systematic Technical Accuracy Review, or STAR.

My remarks today are based on our ongoing work for this committee and discuss the extent to which VBA effectively measures and reports the accuracy of disability claims and the extent to which other quality assurance activities are complementary and coordinated.

In summary, the Agency now measures and reports accuracy in two ways, by claim and by issue, but its approach has some limitations.

When calculating STAR accuracy rates for either measure, VBA falls short of generally accepted statistical practices in that it doesn't weight the results to reflect that it samples the same number of cases from all offices, regardless of size, and, thus, produces imprecise estimates.

Absent this calculation, regional office accuracy rankings may be skewed and VA may focus corrective action or positive recognition on the wrong offices.

Preliminarily, by taking weighting into account, we calculated that VA's Reno office ranking would actually improve from its current 34th place among all offices to 22nd place. Conversely, the Los Angeles office would drop from 46th to 56th place.

Further, VBA's approach to measuring accuracy is inefficient due to its sampling methods, which cause it to review over 5,000 more claims than necessary, thereby diverting limited resources from other quality assurance activities, such as conducting more targeted reviews of error-prone cases.

And, finally, VBA's public reporting of its methodological information lacks details that could help users better understand the distinction between its accuracy measures and their limitations and perhaps alleviate any confusion associated with them.

Beyond STAR, VBA's quality assurance framework includes other complementary activities, such as local quality review teams in each regional office that conduct reviews before claims are finalized and provide feedback to staff to avoid future errors.

However, in three of four offices we visited, claims processed during overtime hours, which can be substantial, were excluded from such reviews and may undermine the Agency's efforts.

Also, to help claims processors make consistent decisions when presented with the same evidence, VBA now uses electronic questionnaires to test for consistency that can be administered to thousands of staff at once.

However, we found that the Agency has never pre-tested these documents to ensure the clarity of questions or the validity of expected results. Pre-testing is a generally accepted practice in sound survey and questionnaire development.

And, lastly, VBA coordinates its quality assurance efforts by disseminating national accuracy and consistency results and related guidance to regional staff. The Agency also uses the results of STAR to focus training and guide local quality reviews.

However, regional staff we interviewed noted that there are too many sources of guidance and that searching for them is often time-consuming, confusing and difficult.

Staff were also concerned that VBA's policy manual and national training were not sufficiently updated to help them avoid future errors.

In conclusion, VBA has made enhancements to its quality assurance program, but missed opportunities to fully demonstrate its commitment to quality.

In particular, the Agency is producing imprecise accuracy estimates that are being used to guide program management and improvements and, also, missed an opportunity to win the public's trust when they introduced a new measure absent full explanation of its meaning and limitations.

In other areas, its failure to follow generally accepted practices has led to design and implementation shortcomings for some initiatives, which otherwise are representative of sound quality assurance practices.

However, all of these issues can be addressed with more focused and sustained management attention. In going forward, we will continue to work with VA and this committee to ensure veterans' claims are adjudicated accurately and consistently.

This concludes my statement. I'd be happy to answer any questions you may have. Thank you.

[THE PREPARED STATEMENT OF DANIEL BERTONI APPEARS IN THE APPENDIX]

The CHAIRMAN. Thank you very much, Mr. Bertoni.

First question.

Mr. Murphy, if you would, sir. Last time you were here before this committee, I asked you a question about discovery claims and Fast Letter 13-10, and I think you gave me a half an answer.

You're the signatory to the fast letter, which directed all employees to apply the date of discovery for the date of claim for tracking and reporting purposes.

However, in your testimony, you said that, if there's a date stamp on it, we receive it 4 years ago and it is sitting in a desk drawer somewhere, it goes into the system as 4 years old.

Then less than 48 hours after I asked you the question you rescinded the fast letter, you deleted it from your repository, and it was cancelled; the scheme that was called discovered claims.

You were sworn at the time to give the truth, the whole truth, and nothing but the truth. Do you think that you told this committee the truth, the whole truth, and nothing but the truth?

Mr. MURPHY. Yes, sir, I do.

Ms. HICKEY. Chairman Miller, may I add?

It was under my guidance and my direction to suspend the letter. And that happened from me to Mr. Murphy, and Mr. Murphy took the action.

The CHAIRMAN. I believe it was a recommendation of the Office of Inspector General. So you took their recommendation.

It was not your idea, was it?

Ms. HICKEY. In fact, Chairman, we—I did take the recommendation from the Inspector General, but we were concurrently, at the same time, considering that as the best thing to do while we investigated further.

The CHAIRMAN. Then, Under Secretary Hickey, why did somebody send out a memo basically that says, "Though we may not agree with this procedure, it is a national guidance and we will follow it?"

Ms. HICKEY. Chairman, I don't know what memo you're referring to. If you'd like me to look at it, I could make comment to you.

The CHAIRMAN. I think the subject line is "Assistant director huddles went out on July 10th," and it was put out because of the hearing that we had several weeks ago and this one as well.

I'll be glad to provide you a copy of it, but I just think it's very curious that folks would say that they don't agree with the national guidance, but they're going to follow it.

Ms. HICKEY. Chairman, I'll take that for the record and get you an answer.

The CHAIRMAN. To all of the VA witnesses, I want to ask a few questions about the backlog numbers that you report in your Monday Morning Workload Reports.

It's important to note that, in your report, you don't include End Product 930, the number which, in fact, has grown substantially as of late, and End Product 400, which includes provisional ratings.

If you were to include the End Product 930, which essentially is a place to hold rushed and incomplete claims, your backlog percentage would jump by 10 percentage points to 60 percent.

In addition, over a 14-month period, March of 2013 to May of 2014, the inventory of End Product 400, which includes provisional ratings, surged from just over 29,000 to over 107,000, by a 367 percent increase.

So explain to me what you're doing with End Products 930 and 400. It simply makes them a secret category whereby you're able to hide incomplete or prematurely decided claims to improve the appearance of your backlog numbers.

Under Secretary Hickey.

Ms. HICKEY. Chairman Miller, I'm going to—I told you I would tell the truth when I put my hand up. So I will tell you the truth.

I don't know every number for every end product. So I apologize for not being able to cite you what an end product 930——

The Chairman. Can you give me who does at the table? Mr. Murphy or Ms. Rubens. Either one of those will know the answer.

Ms. HICKEY. Okay. I will happily do that, but may I first comment——

The CHAIRMAN. No, ma'am. I have 38 seconds left. I'd like——

Ms. HICKEY. Okay. Chairman——

The CHAIRMAN [continuing]. To know the answer to my question.

Ms. HICKEY [continuing]. I will ask Ms. Rubens to please comment.

Ms. RUBENS. Mr. Chairman, I would point to the Monday Morning Workload Report where, in fact, your numbers on End Product 400, they are control, correspondence and have been used for some development.

And the 930 end product, which are reviews, including quality assurance, are, in fact, reflected in the work that we demonstrate for completion.

Ms. HICKEY. Chairman, now that I know what the titles are, I can add to that discussion.

The CHAIRMAN. No, ma'am. I don't believe that anybody at the table is telling me the truth from VA. I think that you're using the numbers to hide backlog claims.

I think you've selectively chosen not to include End Products in your backlog numbers to make the appearance of progress of the backlogs.

So, quite simply, it's data manipulation that prevents veterans from obtaining access to the benefits they have earned.

Mr. Michaud, you are recognized.

Mr. MICHAUD. Thank you, Mr. Chairman.

Ms. Halliday, as you have done your investigation, you have continued to iterate that a singular focus on rating claims is starting to come at the cost of other workload falling through the cracks.

What would you—what would be your suggestions to address this situation?

Ms. HALLIDAY. Mr. Michaud, we recently looked at the Quick Start program, the special initiative to clear the backlog claims and we've looked at appeals.

There's been a constant reallocation of staffing away from some of these initiatives to work the pending backlog of compensation claims.

At some point, if you want these initiatives to be successful, you have to dedicate the workload to accomplish the job.

Mr. MICHAUD. Thank you.

General Hickey, as I mentioned in my opening statement, dependency claims have risen by nearly 2,000 percent in 4 years, with the majority of those being backlogged.

What—well, when does the VA anticipate ending the non-rating backlog? Do you have any specific date or proposal?

Ms. HICKEY. Congressman Michaud, in 2005 was the first time, under a completely different administration, that the 125-day initiative was set.

In 2009, the former Secretary of VA, Secretary Shinseki, set the aspirational goal of no claim older than 125 days. Prior to that, it had been an average of 125 days and at 98 percent accuracy.

All-in-all of these cases, even dating back as far from the history that I can take—because I have only been here since 2011—the focus has been on the rating work and the priority. And there's a really good reason for that.

In order to even access, in order to even be able to get a different benefit that's in the non-rating bucket, you first must have a rating.

So, by example, in order to get a dependency claim, you have to have been rated at least 30 percent in a rating claim that you gave us; hence, the reason why the backlog is focused on the rating claims.

I can tell you this. I can tell you that we have a really good plan around, especially, dependency claims. We have built a system called Rules Based Processing System, RBPS, whereby, when a veteran files online for their dependency claim, that they—50 to 60 percent of the time they are paid in a single day, a single day. That's what we're moving towards from a technology solution.

Mr. MICHAUD. Did you——

Ms. HICKEY. But for the ones that are waiting Congressman, I will tell you, we have also done a contract.

The contract is lifting them up in paper and putting them into the Rules Based Processing System so we can get those done as well.

Mr. MICHAUD. Do you have a date? That's my question.

Ms. HICKEY. I do not have a date, Congressman. There's never been a goal set around non-rating work that has a specific date associated with it.

Mr. MICHAUD. Okay. Mr. Bertoni? Did you find any instances in which VA is intentionally manipulating the data to present better outcomes than what's really happening?

Mr. BERTONI. I wouldn't say it's intentionally manipulating. I think, as I noted in my statement, just in several basic areas, they are not following general statistical practices.

That looseness in their methodology translates to numbers that aren't accurate and aren't very helpful in terms of looking at trends over time, in terms of performance, accuracy rates, and are comparing offices in terms of relative performance.

As I said, when we applied simple weighting, we had several swings in offices that suddenly improved in standing, relatively speaking. That's just good—that's not good metrics.

And in an organization with a mission as important as this, the dollars involved, the numbers involved, you need to have precise estimates, and there's more work to be done to get there.

Mr. MICHAUD. Okay. Thank you.

General Hickey, quickly, there are some pretty serious allegations and compelling allegations made by Ms. Ruell with regard to the shredding of at least 96 boxes and 8 cabinets of military and returned mail documents.

Can you provide us with any additional information about how VA handled this situation when it was highlighted by Ms. Ruell?

Ms. HICKEY. I can, Congressman. In fact, I reacted very quickly. When I first heard the conversation, Ms. Ruell reflected that it came down to me via an email. I immediately dispatched my director for pension service.

He took a complete team up there. They went through every one of those boxes to make sure that there was not anything that was amiss in those boxes. And, in fact, I can attest to the fact that it's not.

Let me just explain what is in those boxes. The pension service works a little different than the compensation service. They are not in VBMS yet, though I would like to see them in VBMS in the future.

But what they do is they work the claim in paper first and then they scan in the documents afterwards. And once they have this document scanned in then there is a normal procedure for the proper disposition of that paper.

We will address the same issue on the compensation side. We're working closely with DoD on what do we do with paper that we don't use anymore because it's all electronically scanned in the system. We will have to address that same thing.

But I understand. I'm very concerned about any—any idea that we might be inappropriately shredding documents, and I will—that's why we're taking our time figuring out what we do in the compensation business around that paper.

The CHAIRMAN. Mr. Lamborn, you're recognized for 5 minutes.

Mr. LAMBORN. Thank you, Mr. Chairman.

Ms. Hickey, how many people work under you at the Veterans Benefits Administration?

Ms. HICKEY. Congressman, there are over 20,000 people.

Mr. LAMBORN. Okay. And in an average given year, how many of them get fired?

And please consult with Mr. Murphy or Ms. Rubens if you need to.

Ms. HICKEY. I will probably ask Ms. Rubens to further elaborate. What I can tell you is that we go through a fairly extensive process before people are fired.

Mr. LAMBORN. No. No. I didn't ask you what your process was. How many in an average year?

Ms. HICKEY. I don't know that I have that information, but I will ask Ms. Rubens if she does.

Ms. RUBENS. Sir, I don't have the current number that were fired, for instance, within the last year. I do know that currently across the workforce today we've got 66 employees who are on performance improvement plans.

Mr. LAMBORN. Okay. And they would be ones eligible for firing if they didn't improve their performance?

Ms. RUBENS. Our goal first, though, is to help them improve their performance——

Mr. LAMBORN. Right.

Ms. RUBENS [continuing]. And look for other things that they've been successful in in other positions within the VA.

Mr. LAMBORN. But you can't tell me how many people get fired in an average year?

Ms. HICKEY. We could do that, Mr. Lamborn. I don't have—or Congressman Lamborn. I apologize. I don't have that immediately available. I'm happy to provide it.

Mr. LAMBORN. Given all the procedure you have to go through, it's probably a fairly small number, I would guess.

Ms. HICKEY. I believe that it is probably, appropriately, a small number. If we can, certainly, remind this great committee that I have 52 percent of those employees who are veterans.

Mr. LAMBORN. Excellent.

Ms. HICKEY. And I have about 46 percent who are a direct family member of veteran——

Mr. LAMBORN. And of those who are fired, how many of those are for cause versus how many of those are just let go without being given a reason?

Ms. HICKEY. Generally, we do not let people go without giving them a reason.

Mr. LAMBORN. Okay. Well, you heard Javier Soto's comments earlier in response to my and other people's questioning that he was let go on June 30th without being given a reason from the St. Petersburg Regional Office.

Are you aware of that?

Ms. HICKEY. Congressman Lamborn, I was made aware of it in the hearing tonight.

Mr. LAMBORN. Okay. And he was not given any reason.

He got the letter on June 30th. On the 24th of June, he had given a report—and I believe this was on behalf of Local AFGE 1594—somewhat critical of the leadership on how they processed claims. And then—let's see—6 days later he's fired without being given a cause.

Is this a normal activity or is this something out of the ordinary?

Ms. HICKEY. Congressman, this is not a normal activity. I will look into the very specifics of it. I will not discuss, out of privacy and protection for Mr. Soto, any specific issues associated with his employment that——

Mr. LAMBORN. Well, please give me——

Ms. HICKEY. That would not be respectful.

Mr. LAMBORN. It sounds to me like we could have a whistleblower here who is being retaliated against.

Ms. HICKEY. I will absolutely look into that.

Mr. LAMBORN. And that's a really serious matter to all of us on this committee, because we want whistleblowers to come forward when there is something going on wrong that the public needs to know about or the committee or even you need to know about.

Ms. HICKEY. I absolutely agree with you, Congressman.

I want to know about it. I have employees that reach out directly to me via email. I was disappointed to hear that they were told they could not. That will be rectified immediately.

I need to be an avenue by which employees can talk about their concerns as well, and I am open to that. I do that on a routine basis.

In fact, I have a pulse check call that I do where I will only speak to bargaining unit employees, and it starts by saying, "Management cannot tell you not to talk to me. Management can't even look at you funny. If they slip you a note or anything else that says do not tell me something, then I immediately want you to send me an email."

Mr. LAMBORN. Well, you're saying some things that sound good, but the actions, unfortunately, haven't always matched the rhetoric.

Ms. Halliday, let me ask you in my short remaining time—you talked about how VBA's process misrepresented the actual workload and its progress toward eliminating the backlog.

Could you elaborate just a little bit more on that, please.

Ms. HALLIDAY. Today we issued a report on the review of the special initiative to process the rating claims pending over 2 years. As I had said in my oral statement, that—VBA used a process—a new process they put in place to issue provisional claims.

What we found was those provisional claims, in spite of not having a final decision, were taken out of the backlog. And what happened then was VBA lost control over some of those claims so that they didn't get worked on a priority basis.

We felt that, had VBA used its interim rating process, it had all the tools it needed to keep the integrity of the date of claim and to process these claims. They had to try something.

They're working hard to try and clear the backlog, but we feel it misrepresented the workload because you essentially took incomplete claims out of a backlog that needed a final rating decision.

Mr. LAMBORN. Okay. Thank you very much.

Mr. Chairman, I yield back.

The CHAIRMAN. Ms. Brown, you're recognized for 5 minutes.

Ms. BROWN. Thank you.

First of all, before I begin my questioning, I just want to say, on this note that was found in the bathroom, I hope no one ever loses their job for a note in the bathroom on a pad, and I don't think anyone has any business reading somebody's pad in the bathroom. That's the first thing.

Now, to Ms. Hickey, I am impressed with the amount of—how we've been able to expedite the veterans' process not only for the veterans, but for the family.

And can you explain the process? Because it seems like part of the problem is that you're going to a new system to help expedite it and it seems as if it's a problem with you trying to improve the system.

Ms. HICKEY. Congresswoman, I know from having worked in changed management environments that everybody adjusts to change differently. I'm sensitive to that.

But I will tell you I don't know any other Federal agency—and I did work in commercial industry for a while—nor any commercial company that has fundamentally taken a paperbound process and, in less than 18 months, built a system, scanned a billion images nearly and now works 91 percent of its work in a paperless environment.

1.4 million claims our employees have done on this system. 1.4 million. And you know what that does for veterans? It means they get answers faster and better.

And the system isn't just a system. There are tools. There are helpful things in that system to help make that employee better at making that decision more consistently. That's the whole reason we put tools in it.

I know—I heard the conversations, you know, from our employees up here at the table, and I know that our employees need help with the workload that's out there. I do. That is why we are building additional functionality all the time into that system to help it improve.

What I can tell you is this: You don't do 1.17 million record-breaking one year, 1.3 million breaking the previous record this year, and have all measures of your quality—I will concede that there may be some ways to improve on that even yet—in that amount of time and not be doing stuff that's better for veterans.

Ms. BROWN. Don't you have an independent verifier, also?

Ms. HICKEY. We do.

So I hear you loud and clear. I know that you don't trust what we're saying. So I went for the second time to another third party to ask for an independent verification of the way in which we assess our quality.

It's a person that doesn't deal with Federal agencies at all and has no Federal look about them. They deal with businesses in the outside and how they look at quality.

And, in addition to that, I have directed VBA to go after ISO 9001 certification because I want every veteran in this country and all of you to believe us when we say we're making good decisions not because of us, but because we care so much about those veterans, their family members, and their survivors, and they deserve nothing less from us.

Ms. BROWN. Thank you very much.

You know, some of us come with pre-existing conditions, and perhaps we all don't have the same goals. I hope the goal is to make sure that the veterans get the services that they need and that we work together to make sure that happens and not to grandstand.

I cannot sit here and say I think all of you all are just trying to hide the numbers. I don't believe that. I think it could be problems with the system, but we need to work together to figure out how we could improve the system.

I, for one, was very excited when we launched the New GI Bill. And then, when I turned on the television, it was problems with the system, but it was problems with the stakeholders.

The schools had to verify that the student was in school and they were enrolled and they hadn't dropped a class before they could get the additional the funding from us.

So it is not just the VA. It's the VA, I keep saying, working with our stakeholders.

Ms. HICKEY. And, Congresswoman Brown, we now put $42 billion into the hands of 1.2 million veterans and their beneficiaries in 4.7 days using exactly that model, which is exactly what we are trying to repeat, and doing so with some level of success, on the claims side.

It was what is driving more and more of our dependency claims getting done. And, frankly, we've just released, last week, the ability for half of our survivors during the most difficult time of their life, to be automatically paid their burial claim.

They don't even have to tell us. They don't even have to claim it. It's now, at first notice of death, we pay either the $300 or up to $2,000 claim and it just goes straight to them.

Ms. BROWN. Thank you so much for your service, all of you.

And I yield back the balance of my time.

The CHAIRMAN. Thank you.

Mr. Bilirakis, you're recognized for 5 minutes.

Mr. BILIRAKIS. Thank you, Mr. Chairman. I appreciate it.

Ms. Halliday, you remarked in your opening statement that VBA has self-reported a decrease in the national backlog by more than 50 percent since March 2013.

In your opinion, do you see any issue with trusting these self-reported achievements by the Department? Of course, the Department has been plagued with inaccuracies and inconsistencies regarding reducing the backlog, but I want to get your opinion on this. Do you trust those numbers?

Ms. HALLIDAY. At this point I would say no, I can't trust those numbers. I think we have a lot of work ahead of us to address the allegations we have just received. They all seem to focus on data integrity, and they need to be looked at very carefully. So I don't want to say I trust them.

Mr. BILIRAKIS. Thank you.

All right. Next question, again, for Ms. Halliday.

During your numerous inspections of the VA Regional Offices, you have consistently reported the same errors, inaccuracy and procedures, even after VBA has concurred with the previous reports and recommendations.

Why do you think this happens over and over again? Why are we seeing these errors? Again, you know, it seems like these recommendations are not being followed. Can you comment on that?

Ms. HALLIDAY. Yes. We select medical disabilities to look at that we consider at high risk for processing errors. That's where we

want to target our resources. We think that's the most important focus.

What we find in something like traumatic brain injury-TBI-type claims, the policy is very complex. It's very hard to ensure consistency in that application. So we continue to see errors with that.

General Hickey has asked for the OIG's help in assessing the procedure for TBI claims and we just recently put a team together so we can show her exactly what our benefits inspectors, the teams that Mr. Arronte leads, are coming across so she can put the right controls in place.

Brent, do you want to add anything?

Mr. ARRONTE. The only thing I think that I could add is this year, when we started our inspections—and I'm speaking to Reno right now because this is the only office where this occurred—is we made a recommendation in the previous inspection of Reno regarding TBI claims to have a second-level review look at these claims before they're finalized because they are very complex.

When we went back this year, we found an error rate that was not acceptable. And what we found was local management discontinued the practice of our recommendation, and the reason we were given is to process claims for the backlog.

So if we make a recommendation and you follow it and it's working, why do you stop it?

Mr. BILIRAKIS. I want to know why.

General Hickey, why?

Ms. HICKEY. So, Congressman, I absolutely agree with this gentleman. I absolutely agree they should be following that process. They should not have diverted and not done a second signature requirement. That is just wrong. I won't give an excuse for it.

Mr. BILIRAKIS. What are you going to do about it?

Ms. HICKEY. We are—I'm going to make sure that they are doing second signature reviews. And we can do that.

And so we will send out additional teams from Compensation Service to make sure. I will also double down on the resources and make sure I'm there doing those second signatures. They are critical. He's absolutely right.

They are the singularly most complex kind of condition we can do, because every experience a veteran has with TBI can be very different.

So, therefore, there's not a very clear-cut way to always determine secondary conditions associated with TBI and the like. That was a mandate from us to do second signature. If they're not doing it, they're not doing the right thing.

Mr. BILIRAKIS. All right. General, I have one more question.

You mentioned in your testimony that employees will not receive a performance award unless they meet quality standards as well as production standards.

However, we are all aware that, in previous fiscal years, every employee eligible to receive a performance bonus award received them.

Do you still stand by what you stated in your testimony? And do you believe that every single employee eligible to receive performance awards did, in fact, deserve them?

Ms. HICKEY. So, Congressman, since the day I arrived—and I have mentioned to this committee before that I came to this job with a deep background in quality management, which is why I'm directing the ISO 9001.

I know something about that and I know something about Malcolm Baldrige and how it makes you better and how it validates what you're doing.

But here is what I'd say: I have said from the beginning we are a production—and quality-based organization, not or. There is no "or" between those two words.

I have made serious investments, thank you to this committee for the budgets you have given us, in all kinds of capabilities to improve our quality.

Mr. BILIRAKIS. General, I would like you to answer the question, please.

Did they deserve those performance——

Ms. HICKEY. If they successfully navigated their production and quality, they did. But I will say in fiscal year 2012, no senior leader in VBA got a performance bonus.

Mr. BILIRAKIS. Okay. Thank you.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Mr. Takano, you're recognized for 5 minutes.

Mr. TAKANO. Thank you, Mr. Chairman.

Ms. Halliday, do you know anything about the history of the Federal policy of performance bonuses in management? Can you just tell me a little bit about that, if you do.

I just want to know if it's always been a part of our system in the Federal Government, whether it's something that was instituted.

Ms. HALLIDAY. To my recollection, performance bonuses have always been in place to incentivize and reward good results.

I think for the past few years we really have done a better job Federal Government-wide at focusing on results.

Mr. TAKANO. Mr. Bertoni.

Mr. BERTONI. Yes.

Mr. TAKANO. As far as the use of Federal performance——

Mr. BERTONI. I can't speak to the history.

I would say it's consistent across executive agencies that performance bonuses are there, and they should be performance-based and they should be results-based.

But certainly, when you combine the allure of performance bonuses with metrics that drive you in a certain way and drive certain behaviors, that's when it gets perverse and that's where executive agencies and otherwise have to be careful about the metrics they put in place and the performance bonus that they associate with that.

Mr. TAKANO. Ms. Halliday, in this new area of looking at the VBA aside from the scheduling issues we've had in Phoenix—exposed by Phoenix, is there any indication to you that there's—that the performance bonuses and the metrics have combined into—have combined in a similar way, that there have been a—that there were some motivation to game the system for financial gain?

Ms. HALLIDAY. I can't speak to that.

Mr. TAKANO. Okay.

Ms. HALLIDAY. Sorry.

Mr. TAKANO. Okay. So you—there's nothing you've—nothing you've—nothing was revealed so far? All right.

You say that you're targeting in your investigation high-risk disability claims.

Can you say more about the high-risk disability claims that you're looking at. It's TBI, you said?

Ms. HALLIDAY. During this round of our fiscal year 2014 benefits inspections, we had selected to look at the management of temporary 100 percent disability evaluations, TBI claims, and the SMC and ancillary-type benefits that veterans get for the more seriously disabled issues that they face.

Mr. TAKANO. Okay. Something that—arose in the previous panel's discussion about congressional advocacy. When congressional offices call in, it seems to divert attention of the staff and then the other parts of the backlog get maybe less attention.

Do you find that to be sort of corroborated by anything you've looked at?

Or, Mr. Bertoni, you can also comment as well.

Mr. BERTONI. I can't speak to that issue. We haven't done any work in that area. That was outside of the scope of what we did.

Mr. TAKANO. Okay.

Ms. HALLIDAY. I'm not 100 percent sure exactly what you're asking, but we get a lot of complaints through the OIG hotline and we are looking at those complaints as to whether they're systemic problems or isolated problems within VBA.

Is that what you're asking? Because I think the congressional offices get many of the same calls.

Mr. TAKANO. I was just listening to the testimony of the previous panel, and one of the complaints was that congressional offices often get attended to and they have to neglect what they were doing on other claims. Well——

Mr. BERTONI. I could speak to that a little bit.

I just think it's one of many competing workloads, and there's a lot of lines of work and activity that's done—that has to be done.

Congressionals get attention. I know that I get the calls from the public. I push it forward to the various committees.

So it certainly gets attention from us, and I'm sure it gets attention from VBA when they get those calls. So I'm sure it's a workload that's—it gets attention and, amongst competing workloads, you have to make choices.

Mr. TAKANO. Ms. Hickey.

Ms. HICKEY. Congressman, here's what I will say. We have a prioritization for claims and we have some categories of those claims where, when you call us about those, they will absolutely get attention because they are in the priority bucket.

If you are a Medal of Honor recipient, a former prisoner of war, a homeless veteran, someone who's very seriously injured—ill or injured, someone who—I'm going to miss a few; so, please bear with me.

But there's a group of people who need our prioritization, and you often call us with people who are in that bucket or if the claim right now, today, is 9 months or older.

Now, though we have done 99.9 percent of all the 1- and 2-year claims, we still are working 9-month-old claims and then we're going on to the next budget.

But when you call us with an old claim, which typically is when you will hear from a veteran—and we understand that—then we will do it because it is in the priority bucket.

If you were to call me for a claim that was just sent in last week that didn't have any of those other priorities on it, you would probably get a letter from us that says we'll work it when it gets into the right prioritization.

Mr. TAKANO. Thank you.

Mr. Chairman, my time has expired.

The CHAIRMAN. Dr. Roe, you're recognized for 5 minutes.

Dr. ROE. All right. Thank you, Mr. Chairman.

I want to just go back to where the chairman began with this legal pad here. I really find this offensive. And the reason I find it so offensive is because we've heard over the last 6 weeks or so—and our job, as the chairman said, is oversight. We have a constitutional obligation to do this.

When you see someone really just rub this in the staff's face—this is their job to go and get this information—I find this astonishing what's on here. I truly do. I don't see how anybody could explain and, secondly, anybody who is still working.

And I think Mr. Lamborn asked a minute ago how many people had been fired. Well, there would be one, if they were under my watch, who had so rubbed their nose—or thumbed their nose, I should say, at the Veterans' Affairs Committee, whose job—this is our job.

You're doing your job and you're explaining it tonight. And when we have lost—and that's one of the things, General Hickey, that I am really very concerned about, is the loss of trust that we've had in our VA.

I mean, I think, if you look at any organization in this country a year ago, we would have held the VA up as the shining star on the Hill. I really believe that—shining city on the Hill. I believe that. And we've truly lost that now.

When veterans now file a claim that they know what they're going to get—has theirs been moved over to a stack that's not going to get looked at?

And I think it sounds—you were in my office, and I appreciate you coming by the other day. I certainly think you're making a yeoman's effort.

But somewhere downstream, it's failing, it isn't working. So I know that—you heard me say, if you were here before, about what resources do you need. And I certainly have heard the Inspector General's testimony, have read it.

What resources do you need, if any, from this committee to make sure that this backlog is done, that those metrics are made? What do you need?

Ms. HICKEY. So, Congressman, I sat here a few months back in a budget hearing, and I believe I said at the time I need an absolute, unequivocal 100 percent IT budget, 100 percent, not a dollar less.

And now, in a world in which we are now building a new scheduling system, that's even more critical, because now there's a heavily competing interest there. We've got to have a full and complete IT system.

Dr. ROE. Well, we have—as Sergeant Major Walz said, we've spent—no pun intended—a widow's pension on getting you all the IT money that—I can't—it's mind-boggling to me.

When I hear somebody say "money" and I've seen the VA and DoD take a thousand million dollars—that's a billion—and flush it and I have no earthly idea where that money went, to build a system that's integrated—I don't even—I asked the secretary, "Where did a billion dollars go?" No answer.

And so I don't know that adding more money to—I mean, you say an IT program. If we give you that money, if we provide that money, this very generous Congress does that—because we have provided the resources for the VA—is that going to be enough or am I going to be sitting here a year from now, if I'm fortunate enough to get re-elected, and am I going to hear the same thing?

Ms. HICKEY. So, Congressman, you were talking about IEHR, which is not a VBA program.

Dr. ROE. I understand. I do understand that. I'm just talking about IT money that the VA has used.

Ms. HICKEY. Let me tell you what you have given us.

All of you have given us over the last 3 years in VBA—for the first time in our history, we have had dollars funding IT systems we should have had 20 years ago. 20 years ago we should have had a paperless IT system like the rest the world went to, and we didn't.

We were still 2 years ago—touching 5,000 tons of paper—that's 10 Empire State Buildings. That's—I mean, that's 10 Mt. Everests, 200 Empire State Buildings—with little rubber fingertips on our fingers.

And today we are doing it in a paperless environment. You have given us the resources to scan a billion of our veterans' most precious documents into an electronic system so they're not laying around in boxes.

Dr. ROE. Okay. I understand.

Let me go. My time is limited and it's about up.

And I want to go back to the attorney—to the Inspector General and say, how does a claim—I want to make sure that we get this for the record—that looks like—that gets moved from way back here, that's supposed to be current, that gets—how does that happen? How does a record go from the time it's back here, a long-term claim, and it gets moved to a stack that is current? How does that happen?

Ms. HALLIDAY. We're going to let Brent answer that. He works with this all the time.

Dr. ROE. Just walk us through that——

Mr. ARRONTE. Okay.

Mr. ROE [continuing]. Fairly quickly.

Mr. ARRONTE. There's—there's several ways. We could talk how they changed the date of claim, but let's talk about the provisional ratings with the 2-year initiative. That report was just issued and it should be fresh.

When they did the provisional rate, that provisional rating had an end product. And you heard the First Sergeant talk and describe what an end product was. So let's say the end product, just to make it easy, was a 110.

The number 110 controlled this provisional rating. Under their special initiative, when they issued that provisional rating to the veteran, that 110 was gone. So that—that claim came out of the inventory. So they moved it to put it under an end product 400 to control.

But end product 400s are not reported in the inventory that you hear from these Monday Morning Workload Reports. So now that claim technically doesn't exist in the inventory.

When the veteran submits new evidence to support the contentions in that claim, now VBA will create a new end product and process that claim in 1 day.

So it was an old claim pending over 2 years. They moved it to an end product that is not reported in the inventory. So that claim technically doesn't exist. When new evidence comes in, now it's a new claim that's 1 day old or 2 days old. Then they work it in 2 or 3 days.

Dr. ROE. Well, why would you do that? Why in the world would you do that?

Mr. ARRONTE. Good question.

And that's one of the issues in this report that we found, is if VBA would have used their intermediate rating process, one of the aspects of that intermediate rating process is to keep that end product going. And it stays in your inventory so you have a true reflection of your inventory and you can't lose it.

Dr. ROE. I thank you for your indulgence, Mr. Chair.

The CHAIRMAN. Thank you.

Ms. Brownley, you are recognized for 5 minutes.

Ms. BROWNLEY. Thank you, Mr. Chairman.

General Hickey, I appreciate you being here and appreciate your testimony.

And I'm just having a terrible time trying to reconcile between what the IG says and what you say. And the IG says there's been incremental progress, data—and there's data integrity issues.

You say that we're right on the mark, that our data is good, that the checks and balances and the audits that you are doing are sound.

And so, you know, when two entities are, you know, at polar opposites, then, yeah, you're right. I—you know, I lack of trust in what's being put forward.

So I guess my question is: Do you work with the IG's department to sort of reconcile some of these issues to try to get to a place where there is a stronger agreement between the two of you on these issues?

Ms. HICKEY. We absolutely do, Congresswoman, all the time. We have a process by which we go in a back-and-forth way from an early draft of their thoughts and what they're seeing. And sometimes we reverse our position and sometimes they reverse theirs.

Ms. BROWNLEY. And do you agree—disagree——

Ms. HICKEY. There have been a few times where I have not concurred on some of their comments. But, in general, we learn a lot from our IG and we value their input.

I understand that you are—that we're putting you in a bind. That's why I'm going to go get an independent review by a standard which the world recognizes.

Ms. BROWNLEY. I understand. Thank you.

So, Ms. Halliday, do you—I mean, do you agree with what General Hickey just said?

Ms. HALLIDAY. General Hickey is giving you a big-picture perspective from their view in all the initiatives they've worked.

What I have given you is a very close inspection of certain initiatives that I do not feel have achieved what—that they were expected to achieve.

Ms. BROWNLEY. But have you had conversations back and forth on these specific initiatives that you have——

Ms. HALLIDAY. Yes.

Ms. BROWNLEY [continuing]. Made public?

Ms. HALLIDAY. Yes. Yes, we do. We have monthly meetings with VBA leadership. I bring my teams in. We talk about the issues in our national audits. We talk about issues that we can talk about.

There are some things as far as criminal investigations we may not touch on. But, normally, in the audit area, we have very good discussions.

Recently, I feel that General Hickey has tried to say, "I want the information early" so that she can take corrective action. And I think, if you'll look, the management advisory that I issued on the Philadelphia VRO was done after 2 days.

My team, even though they only found 30 instances of manipulation of the date of the adjudicated claim, at that point, we knew we had a problem.

And instead of waiting till we completed all the work, did all the samples of all the mail bins and everything else, I engaged General Hickey immediately so that corrective action could be taken.

So I do think that there is a responsiveness that is better today than it was a couple years ago easily.

Ms. BROWNLEY. Thank you.

And, General Hickey, have you—with the new acting secretary and the new leadership, really, in the VA, but specifically the acting secretary—we've talked a lot about this—is—he believes that we've got to build back the trust and build it back one veteran at a time.

So what directives has he given you with the VBA? And what have you done in terms of, you know, very short-term directives to your department and/or changes that you have made in the short term?

We've talked a lot about short-term issues and longer-term issues, but I'm interested in what you have done differently in the short term.

Ms. HICKEY. So thank you, Congressman.

I will tell you three things.

First, the acting secretary has directed that—how we put some best and brightest minds together to figure out if there are any

other vulnerabilities and the ways in which people can do workarounds.

You all have used a different language around that, but we are doing that. We are putting that together so that we can look at it.

We have already asked a small group of people to do some brainstorming in that respect to see if we have some places we need better, stronger controls.

Second thing, I have directed a 100 percent facility and desk audit—and we even threw in the car—the government GSA cars—for making sure we had the full 9 yards for every piece of mail, document, anything that might be out there. So we are doing—and it's been directed, and it's a rapid-response requirement they must do.

Ms. BROWNLEY. My time is up. I yield back.

The CHAIRMAN. Thank you.

Mr. Runyon, you are recognized for 5 minutes.

Mr. RUNYON. Thank you, Chairman. General Hickey, I have a couple questions for you.

Obviously, just to point out to my colleagues again, when we're talking initiatives and workloads, I think Ms. Halliday's conclusion of her oral statement says a lot to that. It's literally maybe 10 sentences long and a lot of conflict in there.

General Hickey, when we look at the 125 no-claims-pending initiative, what claims of VBA are exempt from that?

Ms. HICKEY. So the focus is on the entire rating bundle. And the rating bundle claims are the ones that were described and prescribed in the year—fiscal year 2000, well before when I was here or many of the folks sitting in this room were part of this process.

It was done under an entirely different process. We were measuring and reporting 350 different metrics, and it was driving you all nuts and driving veterans nuts as well.

So there was a big effort back in fiscal year 2000 where they bundled them together, which is why you hear the term "rating bundle" and "non-rating bundle." They put like things together.

And so the 125 effort and goal, even back in 2005, before this former secretary was here, was put on the table, focused on rating bundle.

So that's what I tell you. Generally, these are claims that require a rating adjudicative decision.

Mr. RUNYON. Do you have any idea—I get asked this all the time at home—how many claims that VBA deals with—don't categorize it—do you hold? No category. How many claims do you hold?

Ms. HICKEY. So, Congressman, I will ask you the question: Are you talking about the education claims we do or outside of this——

Mr. RUNYON. Everything——

Ms. HICKEY [continuing]. Or are you talking compensation and pension?

Mr. RUNYON. Everything that you hold. I get asked that question all the time. I never have an answer.

Ms. HICKEY. I can get you that number. But when we do 5 million education claims in 4.7 days, disbursing $42 billion to 1.2 million, we count—that's work we're doing. When we're doing loan guarantees, which we're doing record-high levels and rates for those as well.

Mr. RUNYON. Well, I raise the question because we sit here and talk about how none of these metrics add up. And I think the IG agrees with some of it.

But we—we'll look at the fully developed claims statistic—and it's posted on the VBA administration's reports Web site—as of 7/12/14, that a fully developed claim took 148.6 days to complete.

Now, if we—we sit here and we start imagining the massive workload that we have, are we ever going to get there when it's taken beyond 125 to spit out a fully developed claim?

Ms. HICKEY. So, Congressman, I have under my watch done some deeper dive analysis on our ability to do this. And I will tell you, as a simple description of how we will.

We have done more than 300,000 claims in backlog in the last year. We don't have that many left in backlog this year. We are at 272,000, I think, today. That's less than 300,000. If we did 300,000 last year, by the dedicated men and women of VBA who are working hard every day, I think we can get there next year.

And what I do know is this. We're not just bringing the backlog down, we're bringing the inventory down as well. And when you think about flow mechanics, when you're bringing inventory down, you cycle faster on the ones you've got in inventory.

So I believe we will. I think we have data that says we can. And I think veterans want us to.

Mr. RUNYON. But then we'll go to Ms. Ruell, who was testifying under oath that leadership through the fast letter was manipulating what was a backlog and what wasn't. And this is the dilemma we're in.

Ms. HICKEY. I hear you, Congressman. And I heard Ms. Ruell as well. I heard her back when she first brought up the issue. I responded very quickly to it. And I will tell you I told her as she got up to leave the table, but shame on us for not telling her better.

We have changed processes because of what she originally told me in that email. Fundamentally, we are moving pension into an advanced scanning operation away from a back-end scanning operation. Two of the pension management centers have already done that. And the last one was Philly, and it was scheduled to do it for early fall.

So she has made a huge impact by raising that issue of that concern, and we have adjusted the process in VBA as a result.

Mr. RUNYON. I think the one big process—and I think we all agree, because we've spent a lot of late nights sitting up here together. And we talk about this in the VA committee. I sit in that chair all the time.

And we talk about stakeholders' input. Your stakeholders are the people that were on that panel before you. And that really, really needs to be addressed.

Ms. HICKEY. So, Congressman Runyon, I would absolutely agree. I will tell you what I do day to day. So I will also tell you I have a high degree of respect for Mr. Ron Robinson, who was sitting in my position right here a little while ago, to the point where I was one of the people, when I first showed up, he started emailing.

And I started asking questions about what was going on in the regional office where people were not feeling cared for, not feeling

compassion, and not being treated very well, to the point I got on an airplane. I flew down there.

I sat with him for a complete day, from 7:00 in the morning till way late in the afternoon, and I had the director at that time—regional office director sitting there with him. And I was going with them back and forth in conversation.

As a result of that, that R.O. director was put on a management plan that required that R.O. director to take certain actions to improve what was going on in the R.O. And we tracked it hard.

And when it did not improve—and I still heard from Mr. Robinson—I changed the leadership at that R.O. It now is led by a Bronze Star winner who led a team up and down the roads of Baghdad, avoiding IEDs, and brought all of her of troops home.

And I will tell you I've been back to that R.O. Since, and the employees in the town hall stood up and said to me—multiples of them did—"Thank you for bringing this new leader to us."

I think I've reacted right, and I appreciate what Mr. Robinson did in raising that issue to my attention.

Mr. RUNYON. Thank the chairman. Yield back.

The CHAIRMAN. Thank you very much.

Ms. Titus, you are recognized for 5 minutes.

Ms. TITUS. Thank you, Mr. Chairman.

And thank you, General Hickey, for being here and for coming to talk to me. And I know you're taking a personal interest in the Reno office, and I very much appreciate that. Seems like every time an example is offered for the way things are not working, it's the Reno office.

I want just to get some good management in there. But I'll make this—take this opportunity to make the pitch to move the office to Las Vegas, where most of the veterans are, and at the very least, when we get new management—and I hope that's sooner rather than later—that you put that manager in the Las Vegas office. It will be a lot easier to recruit somebody to come take the job and live in Las Vegas, I believe, than in Reno. So please keep that in mind.

Having said that, though, I would just ask Ms. Halliday: This—the VA believes that the whole problem of the found claims or the discovered claims is limited to a particular office, Philadelphia or wherever that might be.

But we've seen through numerous hearings that sometimes, when a problem crops up in one regional office, it turns out pretty soon we find that it's happening other places, too.

Do you have any indication that that's the case? Are you looking into it? Are you checking into places like Reno, where they've been under a lot of scrutiny to move things along so there might be an incentive for them to take some of these shortcuts?

Ms. HALLIDAY. We do have allegations that the same conditions that have been identified up at the Philadelphia VRO are occurring at some of the other VROs.

The issue here is now that General Hickey has revoked the fast letter. So as that information gets out, the corrective action from a national perspective is in place.

We are still going to look at the allegations we have just received in the past month or so and really run them down to the ground

so we're sure that we understand exactly why it happened and to what extent it's affecting veterans because we want to make sure that data integrity is put back into the system for these date of claims that have been changed.

One of the problems—I would like to say one other thing. The Philadelphia VRO did not report the transactions that fell under this fast letter to VBA headquarters. So it made it even more challenging to identify how many transactions there were.

And my team is still up there looking, and they will probably be there for a couple more weeks before we even start to draw sound conclusions here.

Ms. TITUS. If you don't have whistleblowers from some of these offices, are you still going to go to places where there might be the potential there?

Maybe, General Hickey, you want to address that.

Ms. HICKEY. So, Congresswoman, let me just tell you the minute we knew that we had an issue in Philadelphia we immediately did a deep dive analysis and pulled up the data to see if there were any other data anomalies in the system.

And we found and immediately sent the list to the IG that said, in the data analysis, we think there are some—I won't say they're doing something wrong because we don't know that yet.

But we found that data in some of them worth looking at. We forwarded that to the IG. They've asked us for the complete run of the complete data. We've provided that as well.

But I would ask Mr. Murphy if he has a quick second to respond to you on this topic, too.

Mr. MURPHY. We did an analysis against the percentage of found claims that were in the inventory versus the total inventory in the station so that we compensated for a little office, like a Reno, as opposed to a St. Petersburg in Florida. We didn't just want to do a stack based on total volume.

And we came out that anything that came too far off of the average was that—those top five regional offices, and that's the data we forwarded to the IG

And then, in order that we not be looked at as you're going back and changing data in here, I pulled all of those claims and all the details of those claims first, then went out to the regional offices and said, "Now let's go look at these claims and see if they were handled appropriately."

So I can go back and re-create what was there when the flag went up for what happened in Philadelphia.

Ms. TITUS. Can you keep us posted on what you discover at the Reno office?

Mr. MURPHY. Yes, ma'am.

Ms. HALLIDAY. We can.

And I just want to say one thing about why we did the found claim. It was a pro-veteran position to take. And let me explain what a found claim is real quickly.

15 years ago you may have come to us and said your leg hurt and you filed a claim and we granted you for your knee. Somewhere in the writing—handwriting documents you gave us you have mentioned your ankle hurt, but 15 years ago, whoever rated that claim didn't notice or didn't do anything about your ankle.

Now you come back because your knee is worse. And you came in 2 months ago or a month ago, and we're starting to work your claim. And that VSR who's sitting there going through that claim suddenly sees this comment from 15 years ago about your ankle. And they're now in this position of, "Oh, my gosh. Now am I going to go do this really icky, sticky 15-year—I'm going to have this 15-year-old claim."

I wanted to remove the disincentive from our system to grab that ankle, give that veteran the effective date all the way back to when they first mentioned it rather than have any disincentive in the system to doing it and ignoring it. So that's why we did the found claim process.

Ms. TITUS. So even though the date of the claim was the new date of when the benefits were issued, they go back to the original date?

Ms. HICKEY. All the way back to when they first mentioned in their handwritten note to us that their ankle hurt, too.

Ms. TITUS. Thank you.

Yield back, sir.

The CHAIRMAN. Dr. Benishek, you're recognized for 5 minutes.

Dr. BENISHEK. Thank you, Mr. Chairman.

Secretary Hickey, you mentioned you did an independent—you had an independent reviewer study your process?

Ms. HICKEY. I had one years ago with IDA, and I'm repeating it again right now.

Dr. BENISHEK. So who is that that's doing the independent——

Ms. HICKEY. I cannot tell you what the name of the individuals are. We acquired them because they had some experience in doing this with health environments—workers' comp, health environments in the outside industry.

Dr. BENISHEK. You don't know the name of the firm?

Ms. HICKEY. I don't. I'm sorry. But I can provide that to you.

Dr. BENISHEK. Did they give you a report?

Ms. HICKEY. They have not yet. They have given me some interim discussion.

Dr. BENISHEK. Well, it seems as if you—you said you've had an independent review and they rated you better than what the IG is saying.

Ms. HICKEY. Actually, we had an independent review by IDA years ago. We—this one, they've given me some independent comments, but I haven't got a report yet.

Dr. BENISHEK. So you don't really have an independent evaluation yet.

I'm kind of curious about this mail issue. Earlier you said that—or you implied that the mail was destroyed after it had been scanned, and that wasn't the impression I got from Ms. Ruell's testimony.

She seemed as if to say that the mail was placed in a box because it was too complicated to understand. So that seems like a different story to me.

I have a question I'd like to further go into a little bit.

You know, in 2009, the Inspector General audit uncovered improper shredding of mail in several regional offices, and the VA

concurred with several of the IG recommendations back then. But here we are again 5 years later with the same sort of issue.

So I guess I have a question. And this relates to many of the IG reports that I've followed up in my committee and my Subcommittee on Health as well, is that nobody seems to be responsible for following through with the IG reports.

Because I never can get the name of the individual who's responsible for complying with the IG report. Even when the VA concurs, it seems like there would be somebody who's responsible for making that happen. And, yet, I can never get that happening—or find that person's name.

So did that occur in 2009? And why did you stop doing the—you know, why did you stop dealing with this—why are we still dealing with this mail issue 5 years later?

Ms. HICKEY. So, Congressman, in 2008, well before there was even a records management officer—there is now.

Actually, as a result of that 2008 effort, there is now in every single regional office a records management officer who has that responsibility.

Dr. BENISHEK. He must not be doing a very good job if Ms. Ruell had to testify about those boxes and you had to react all of a sudden and do something about it, like it was an emergency.

Ms. HICKEY. Congressman, I will—I can't answer that question at this point.

Dr. BENISHEK. Well, that's the problem, you know, because of the fact—like with Mr. Robinson you mentioned, too, that he—he talked to you. You took it under your interest to solve his problem.

Well, the problem is, Ms. Secretary, that you've got 20,000 people working for you. Is every one of them who has a problem going to come to you and then you're going to solve that?

I mean, this problem that Ms. Ruell spoke of, you know, a supervisor who has been firing people and is still there, you know, after apparently providing retribution to people trying to improve the system, you need to have a system where those people are removed and you need to make it stick.

Because not everybody can reach you and have you intervene and solve their little problem. You need to have a—you need to have a management that can manage 20,000 people in an effective manner.

Now, how are you going to do that?

Ms. HICKEY. So, Congressman, we have several complaints that we forward to the IG that come directly from our leaders and our staff.

They are raised by an employee, up a trusted chain of command. The chain of command raises the issue, and we forward it over.

I will give you by example—and Ms. Halliday mentioned it today—the Baltimore Regional Office mail situation was raised by, through the chain of command. The IG was called by the chain of command and invited the IG to go and assess what was going on.

We have that happen all the time. I know there are places—I am very sensitive to the comments I heard specifically by Ms. Ruell, but the others as well.

We have to have an environment where our employees can——

Dr. BENISHEK. Are you going to do that? It's not working now.

Ms. HICKEY. Congressman, it works in some places. It doesn't work well in others. And where it does not work well, we will address that situation.

Dr. BENISHEK. I'm out of time.

But none of us have any belief that—unless something radically changes with the whole system, that there's really going to be some change.

I'm out of time.

The CHAIRMAN. Ms. Kirkpatrick, you are recognized for 5 minutes.

Ms. KIRKPATRICK. Many of my constituents in Arizona Veterans Service Organizations believe that the focus on ending the VA claims backlog has incentivized some VA claim processors to provide zero percent disability ratings or low ratings in an attempt to quickly complete claims and reduce claims backlog numbers.

Files from several veterans in my district and files that the Disabled Veterans of America gave my office suggest that some of these claims were improperly given a lower rating based on the evidence submitted with the claim. As the claims backlog numbers continue to decrease, we have seen an increase in the number of appeals by 18 percent.

So my question, General Hickey, is: What is the VBA doing to ensure that claims are properly adjudicated the very first time? What mechanisms are in place to prevent examiners from rushing through claims and improperly awarding lower disability ratings? In other words, can you describe your quality assurance process?

Ms. HICKEY. So I will start the discussion, and then I will ask Mr. Murphy, who has oversight for that for me, for all of VBA, to discuss it.

I will tell you we have significantly ramped up our efforts in this area. As indicative—and I think even the GAO commented—there has been some extra effort that's been put into this.

We have now the following: We have now quality review team specialists that I took 600 people off the line doing claims—that's how much I value giving the right answer to the veteran the first time—650 people that could have improved our backlog numbers faster.

But I said no. It's an and equation. We have to do them better. So there are now quality review team specialists in every single regional office.

They, like their STAR counterparts, must take and pass the skills certification test to hold that position. That's not an absolutely easy test to do and to pass, but they do. They are in the regional offices doing two things.

One, they are doing something new for us called in-process reviews. It is, basically checking areas where we typically make mistakes and pulling and looking at them on a higher level frequency. And if I find it while the claim is in process, I'm going to come to you, as an employee, and not say "gotcha."

I'm going to come to you, as an employee, and say, "Let me show you what you did. If you fix it right now, it doesn't count against your performance standard" so that we got out of the "gotcha" culture and got into a "help you" culture and a "train you" culture. We do 250,000 of those nationwide every year.

The second thing we did was those quality review teams do a five-employee poll at the end of the month for their claims to see what their overall individual quality is.

The next thing we did was a fundamental change of our Challenge system. I thank this committee for the resources to do that.

But we take and pull everybody in, just like basic training, when you become one of these individuals, and you go through an intense program to be trained on how you do it.

The next thing—and thank you for the omnibus add on this.

We have recently—and we're doing it right now, less than 60 miles that direction. But we have what we call SPARC training, which is employees identified either through volunteerism or people challenged or both—either their production or their quality or both. We are running them through a refresher program that specializes in helping them with problems they make.

The special monthly compensation that the IG just discussed, is hard to do. We built tools into the VBMS to help do it. But we are also retraining out there with the people who have been challenged to do that.

So any number of other things. And if there's time, I'll let Mr. Murphy add. If not, happy to come over in a full roundtable with you and lay out every part and piece of what we do in this area.

Ms. KIRKPATRICK. I have about a minute left. Let me ask another question.

The first panel suggested that using specialized case managers to review the claims might speed up the process.

What's your thought about that?

Ms. HICKEY. I think that is exactly what we are doing in the segmented lanes. We did it in record-breaking—we got into a completely new organizational model as part of this transformation effort.

We have the express lane. One or two medical conditions, not extraordinary complex. We have the special operations lane with really complex claims that require high-journey-level capability and experience.

And then we have the core lane, which is sort of the same thing we do over and over again, but lots of medical conditions, just not in that special operations category.

I think that is what we do well in terms of segmentation.

I did hear and listen closely to the idea that some employees feel like they can't pick up the phone and call a veteran and get a piece of information they need.

I hope they're watching right now and hearing me say not only can they, they should. I would love for them to engage in a conversation and get a piece of information they need to drive it all the way home.

Ms. KIRKPATRICK. Thank you.

My time has expired.

The CHAIRMAN. Mr. Huelskamp, you are recognized for 5 minutes.

Dr. HUELSKAMP. Thank you, Mr. Chairman.

One thing—I want to follow up first on an issue from a couple years ago with Ms. Halliday in reference to the security—the VA

database. And we tend to have a lot hearings, but not as much follow-through as I would like.

Any assessment today whether the VA has secured their database, as insecurities were revealed in that hearing?

Ms. HALLIDAY. Are you talking about our Federal Information Security Act compliance?

Dr. HUELSKAMP. You testified before this committee that the database of 20 million veterans and their families was—had significant potential to be hacked. And, of course, we had a whistleblower.

Of course, the VA denied that occurred, the whistleblower. There's a pattern here. I want to follow up on that hearing, I think, from last June.

Ms. HALLIDAY. When we did our current review this year for 2013, information security was still the most—the last standing material weakness in the VA. There are still problems. There are still many security vulnerabilities that need to be corrected. OINT, within VA, had put together a CRISP initiative to try and work some of these vulnerabilities. They—they improved last year, but our contractor still said that there were problems.

There was not a formal process in place to really make sure that we didn't have repeat findings from the year before. And the current audit is in progress for this year.

Dr. HUELSKAMP. I look forward to seeing that. And I ask that question, Mr. Chairman and committee members.

Because we had a lot of testimony and very concerning testimony about hacking. And the VA, again, denied that occurred, finally admitted what the whistleblower brought forward, and said, "We're going to fix it."

And what I heard from you is, "We're not for certain, but we think it's not quite fixed yet."

Ms. HALLIDAY. It's not.

Dr. HUELSKAMP. It is not fixed yet. And we hear from Ms. Hickey, "We're going to fix this one as well. We're really going to get to that."

And I want to ask a question about—you brought outside this room a listing of your current disability claims backlog.

Does that include every disability claim or only those that make the performance reports?

Ms. HICKEY. They include, Congressman, all the ones that were decided in fiscal year 2000 as part of the rating bundle and then confirmed in fiscal year 2005 as part of the rating bundle.

Dr. HUELSKAMP. What does it not include? This would suggest that all VA——

Ms. HICKEY. Congressman, it does not include non-rating work. That is not included in there, for which we are working hard on.

Dr. HUELSKAMP. Are those disability claims?

Ms. HICKEY. They are not. They are a byproduct. Once you get a disability claim decision, then you have the opportunity to apply for other kinds of benefits.

Dr. HUELSKAMP. Now, we heard from Ms. Halliday today that this data may have been manipulated. That may be inaccurate.

And you're still—but do you still stand by this claim, even though it doesn't include all your performance data, which I think

was why Mr. Soto lost his job, because he revealed that? Is that accurate?

Ms. HICKEY. Congressman, it includes everything in the rating bundle. I can provide you a list that shows you we've done 44 percent more work since 2011 in the non-rating bundle. I left that out there as well.

You can see that we are doing far more work than we have done over the years and we're scheduled——

Dr. HUELSKAMP. And you also make a claim on accuracy.

Remind me again how you determine independently whether it's accurate or not.

Ms. HICKEY. We do it now four different ways, as was described by the GAO. We do it claim-based, which is our historical way. We do it issue-based, which is the new way.

Dr. HUELSKAMP. Is that independently verified or is that internal to the VA?

Ms. HICKEY. Our process has been independently verified by IDA before. And in the IDA report, they——

Dr. HUELSKAMP. It is not an ISO 9001 certified——

Ms. HICKEY. I directed ISO 9000. And I'm sorry that I—I've said it a couple times, but maybe I didn't say it clearly.

Dr. HUELSKAMP. You said you were looking to receive certification.

You're not certified today, are you.

Ms. HICKEY. No. I'm directing that we be certified under ISO 9001.

Dr. HUELSKAMP. Okay. There's a long ways between certification and actually achieving that. You do know the difference, and I know the difference. You have not achieved ISO 9001 certification.

Ms. HICKEY. I just made the decision last week to go after ISO 9001 certification because I want to build confidence from our veterans——

Dr. HUELSKAMP. That is the only way that this committee is going to gain trust, is that if you independently verify your data. And every bit of data here is not—none of this is independently verified. It's coming from internally to the VA.

Am I wrong on that? Who has independently verified this claims data?

Ms. HICKEY. So, Congressman, I—that is why I'm going to do what we're going to do, because I want you to have confidence in it.

Dr. HUELSKAMP. Okay. So there is no—I want this for the record.

Is there independent verification of these backlog numbers, these claims work numbers, outside the VA or is that all internal?

Ms. HICKEY. I'm not going to say it's all internal. I don't know the answer. I will take it for the record and find out if there are outside people, other than IDA, that have already done it. And I have another group that is on contract right now to give us an independent verification.

Dr. HUELSKAMP. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Ms. Kuster, you're recognized for 5 minutes.

Ms. KUSTER. Thank you, Mr. Chair.

And thank you very much to all of you for being with us tonight, tomorrow.

I wanted to get back to the focus on veterans and, in particular, the issue about the fully developed claims because this is something that we've heard a lot about from the VSOs. And I, for one, thought that we could have a great deal more confidence in this.

We've heard testimony this evening from our initial panel that this has not been a particularly successful process.

And I just wanted to see if we could start at this end of the table and get comment from all three parties here as to whether you feel that the fully developed claim process is helpful to getting the veterans the decision that they need.

Mr. BERTONI. Starting with me?

Ms. KUSTER. Yes. Thank you.

Mr. BERTONI. I could say we were in on this early when we looked at init—2011, looked at the backlog initially. And fully developed claims were key to the transformation plan.

The issue we have with that—conceptually, it made sense to sort of have this—this conceptual model to move more claims and serve more veterans in a way that was going to help the backlog.

My issue, my concern, was that, when I looked at the numbers in the transformation plan, VBA was banking on doing a lot more in using that to break the backlog.

When they—they were—at that time, they were at 4 percent. Their projection was to be at 20 percent. So they were make some pretty large assumptions that they were going to get from 4 percent to 20 percent in an effort to break the backlog.

At that time, I didn't think they were going to get there. I don't know where they are in terms of percentages. But if they don't, that's a significant amount of claims that aren't going to be processed and aren't going to be applied towards breaking that backlog. It's about 70,000 per year.

Ms. KUSTER. Okay. Thank you.

Ms. HICKEY. Congresswoman, we are at 40 percent today. Our VSOs out there, your State and County service officers out there, are really driving home this effort. So we are at 40 percent, which is well ahead of where we expected to be.

And so I have got to tell you I'm extremely appreciative of how seriously all of our Veterans' Service Organizations across the Nation are doing in this regard.

Yes. Some of them—so, by the way, they still are done faster than the claims—we are doing not in a fully developed environment today. But we had been clearing out some old ones. So it's hitting the average.

But we are working them. They are part of the prioritization bundle. In fact, that's how you get an early claim done in the current prioritization bundle. You submit it as a fully developed claim. We're basically doing those, working them back from oldest to newest.

Ms. KUSTER. And Ms. Halliday.

Ms. HALLIDAY. We also thought it was a good idea. But we are going to be looking in this year's protocol and our benefits inspections as to doing some testing there to see if it's really hitting the mark or if it could be improved.

Ms. KUSTER. Thank you.

I think it would be very helpful. And I know the VSOs definitely want to be a part of the solution and help the veterans.

And I think that you can appreciate this is a bipartisan effort in this committee, which is very rare in this Congress right now, that we are all veterans-focused and want to get these responses as quickly as we can.

The next question I have is with regard to communication with the veteran during the process of the claim pending. And what is your experience?

I was a little disappointed in the first panel, the expression that it was difficult to communicate with veterans, that because of the pressures on the employees that were processing the claims and because of their performance metrics, they didn't feel that they necessarily had time.

And, yet, it seems to me, you know, that's sort of a false positive because, if you don't have time, you're not going to get the answers you need to process the claim.

So, again, let's just start at that end, Ms. Halliday, if you would comment, and then General Hickey and——

Ms. HALLIDAY. I definitely feel communications directly with the veteran would help to make sure that you're very clear on what evidence and what conditions are present so that you can process the claim tightly, you know, very quickly.

Ms. KUSTER. Great. Okay. Thank you.

General Hickey.

Ms. HICKEY. So part of what I would say is we do that by also working with the VSOs. In fact, we highly, highly, encourage our veterans to work with a Veterans' Service Organization.

We know this is very complex. We know it's tough. We do it every day. We really feel strongly. And we train to that. We teach it in mandatory TAP.

We say, "Please use a Veterans' Service Officer to help navigate this system," a system that has been connected in law for many, many years and connected in process for many, many years.

Ms. KUSTER. It's complex.

My time is up and I'm sorry to cut you off. But I'm being respectful to the chair at this late hour.

The CHAIRMAN. Thank you very much.

Mr. Coffman, you're recognized for 5 minutes.

Mr. COFFMAN. Thank you, Mr. Chairman.

As a Gulf War veteran, Secretary Hickey, I've got a question for you.

After an April 2014 IOM report recommended using the term "Gulf War illness," you pushed back, instead favoring VA's current terminology, "chronic multisymptom illness."

It was subsequently reported that the Department has DoDged references to "Gulf War illness" and research into the condition because officials fear a flood of new disability benefits claims and costly payouts, greatly complicating your highly publicized goal to eliminate the backlog of benefits claims by the end of 2015.

This is confirmed by your December 2013 testimony before the Senate Veterans' Affairs Committee, where you stated—and I quote—"Every time we get—we get a new thing—you are right. I am telling you I will get to 2015 in 125 days except if I have a

large perpetration of something like we experienced in the Agent Orange environment, 260,000 claims in our inventory overnight in October 2010. That will kill us."

In response to IOM, VA stated that the chronic multisymptom illness technology was preferred because it could be experienced by veterans from multiple conflicts, including the current conflicts.

However, I note that 38, CFR, section 3.317, VA's regulation governing compensation for a disability due to undiagnosed, diagnosed, and medically unexplained chronic multisymptom illness, states specifically that it pertains to a "Persian Gulf veteran who exhibits objective indications of a qualifying chronic disability."

Further, I note that 38, CFR, section 3.2, VA's regulation governing persons of war, provides that the Persian Gulf War period extends from August 2, 1990, through a future data to be prescribed by the President, meaning that, legally, there is no difference in presumptive eligibility for veterans of the current conflict.

Given VA's regulations cited above, can you further explain your comments on refusal to adopt the phrase "Gulf War illness."

Ms. HICKEY. Congressman Coffman, I did not refuse to adopt. I merely had a conversation. And my conversation was because I have concerns that we do not disenfranchise other veterans from other areas that may experience similar medical conditions that have been put into that category.

Do we not think that veterans from World War II or Korea or even today's wars have fibromyalgia? They just didn't know what it was back then. But we do not think that they do? Do we not think that they weren't exposed to some of the other things that have been lumped together in that bucket?

Mine was not to say Gulf War may not be experiencing those conditions. My comment was to say other veterans from other eras might be as well. And is it fair to categorize that under one era of a veteran rather than under the conditions themselves that might apply to any veteran from any era. I didn't want to disenfranchise any other veteran.

Ms. COFFMAN. In a March 2013 hearing before the Senate Veterans' Affairs Committee, Joseph Thompson of the National Academies testified that, in order to achieve the 2015 goal, "everything will have to go exactly according to plan."

He also noted that the department lacked any search capacity, in other words, VA could not accommodate the addition of new presumptive benefits.

Based on these statements, are VBA's 2015 goals restricting the Department's ability to adequately assess veterans' benefits needs?

Ms. HICKEY. Congressman, absolutely not. If I had IOM come to me tomorrow and say there was a highly connected issue—and, frankly, they don't really come to me. They come to the secretary or the acting secretary to say that.

And if they said that, in those cases, that—there was a presumptive that should be declared, all bets are off and I'll be sitting over here telling you that I cannot meet 125 98.

And we will do the right thing by veterans that deserve the answers to those questions. And if not is a new presumptive, that is

a new presumptive. I won't stop a new presumptive because that's hurting veterans. I'm not here about doing that.

I'm here about taking care of veterans. And, no, absolutely not. I would never try to prevent that from happening because that is just absolutely not in my DNA.

Mr. COFFMAN. Mr. Chairman, I yield back.

The CHAIRMAN. Mr. O'Rourke, you're recognized for 5 minutes.

Mr. O'ROURKE. Thank you, Mr. Chairman.

To Secretary Hickey, I want to thank you for the progress you're making across the board and specifically at the Waco Regional Office in Texas, which serves the veterans that I represent in El Paso.

We've seen wait times for first-time service-connected disability claims. You know, we're at 470, moving much closer to our ultimate goal of 125.

For the IDES process, which had soldiers in the Wounded Warrior transition unit languishing at Fort Bliss because of delays at VBA, we're starting to make progress.

And I share everyone else's concerns that these—that this progress and these numbers be verified by independent third parties who can confirm that this progress is real.

But from everything that we're led to believe, things are moving in the right direction and at a pretty good clip.

To Ms. Halliday—or, actually, before I leave Secretary Hickey, a lot of serious allegations raised in the previous panel by Ms. Ruell and Mr. Robinson and Mr. Soto.

Can you provide answers to those that come back to this committee so that we could share them with the public?

Ms. HICKEY. Yes, I can, Congressman.

Mr. O'ROURKE. Thank you.

And to Ms. Halliday, one of the things you said in your opening comments that struck me was that some of the success may be compromised by data integrity issues.

Anything that Secretary Hickey has said tonight that alleviates those concerns that you raised in your opening statement?

Ms. HALLIDAY. No.

Mr. O'ROURKE. One of the numbers that you cited in your opening statement was—and I didn't catch the full statement; so, I'd like you to elaborate—32 percent of rating decisions were inaccurate. Those weren't all rating decisions. That was within a certain category.

I wanted to better understand that and the discrepancy against the 90 percent accuracy rating that we hear from VBA.

Ms. HALLIDAY. Under our review of the special initiative to process rating claims pending over 2 years, we pulled a sample of 240 rating decisions that included both final ratings and provisional ratings and found that 77 of those ratings had some inaccuracies. That's where the 32 percent is coming from. It was focused on just this initiative.

Mr. O'ROURKE. Got you.

Ms. HALLIDAY. General Hickey did agree to go back and review all the provisionals. So many of those we are very hopeful would be corrected as this process moves forward.

Ms. O'ROURKE. And also for Ms. Halliday and then for Mr. Bertoni, we've heard in El Paso that perhaps a consequence of this focus on first-time service-connected disability claims is a rise in appeals.

Now, the Secretary has told us that the appeals—the rate of appeals has not changed over the last 10 or 20 years. But, you know, we've heard anecdotally, again, at our town hall meetings that we hold every month veterans whose appeals, when they sign in to the eBenefits, haven't been touched. You can see when—the last time a ratings officer, or the appropriate title, has looked at one of those appeals.

And, you know, veterans stood up at my town hall in April and said, "It's been 2 years since anyone's touched this claim." That's anecdote. But that's also how I started to understand that we had a problem within VHA.

Anything that you can tell me that would either confirm that we have a real problem there or, as the Secretary states, you know, that's natural, given the number of first-time claims that we're processing and they're coming through at the same rate and we're processing them apace?

Ms. HALLIDAY. Our numbers—well, we had a key point of concern at the increased appeals inventory at the VROs. The workload has continued to grow at an alarming rate.

We had 220,600, approximately, as of September 2011. And as of June 30th, 2014, we see 268,000, just shy of that, which is about an 18 percent increase.

We see that there is a significant increase of 25 percent on the notices of disagreements waiting for appellate review. I think that that's significant. It's growing over time.

Mr. O'ROURKE. And, Mr. Bertoni, I only have 10 seconds. I don't know if you can quickly add to that.

Mr. BERTONI. In our review of the backlogs in 2012, we did visit several locations. And there was concern and anecdotal statements among staff that the focus on the backlog, the front-end focus, did divert staff away from that back end and was one of the causes for——

Mr. O'ROURKE. Divert staff from appeals?

Mr. BERTONI. From the appeals side.

Mr. O'ROURKE. Okay. Thank you.

Mr. Chair, thanks.

The CHAIRMAN. Dr. Westrup, you're recognized for 5 minutes.

Dr. WESTRUP. Thank you, Mr. Chairman.

General Hickey, you know, we talk about independent reviews. And those are key in any business that you have, anything that you're running. The question comes in what do you do with the information that you get.

And you talk about getting certification with ISO 9001, which obviously would be a feather in the cap. But there's also from that—I read something about ISO 9004 that makes recommendations on improving what you're doing.

So I guess the—the question I have is: With either method, independent review or outside review like that—like ISO 9001, what do we do with the information? How do we go ahead and institute improvements that make us better?

Ms. HICKEY. So, Congressman, I will tell you that at the heart and core of what I bring to the table, and there's a negative side of it, which is a DNA that talks about process improvement.

I don't sit on anything. We don't relax. We continue to look for ways to get better and to apply what we've gained and what we've learned.

So, by example, we—and Mr. Murphy's organization gathers data consistently on the number of errors we make and what we make them on, not much different than sometimes what the IG looks at in terms of the way they look for errors.

We take and immediately turn—when we start seeing a trend line on a particular error where we're seeing a rise in it, we turn that into training immediately.

We turn that into conversations with our quality review teams and, in fact, tell them to start looking harder at those issues and to start to make improvements there as well.

I've also mandated that we start doing more face-to-face in the morning—we call them huddles—at regional offices.

Dr. WESTRUP. Are there obstructions in the system, though, that slow you down or prevent you from making improvements in the overall system?

Ms. HICKEY. Certainly there are. I made mention of it, and I will tell you this is even more significant in the appeals process.

And that is the appeals process looks akin—and you all will know this well—to the Tax Code that's been wired together by law over many, many, many years, and it is hard to unwire it to make any process improvement in it.

And so we struggle, frankly, with the appeals process in finding definitive major improvements to make in it.

And when I don't have an issue with law, I will sometimes hit a stakeholder-vested interest, as we did, for example, on something that should make sense to everyone, which is a standard form that we should have in the application for a benefit.

We heard from our stakeholders. They had some concerns about that reference. And it's still in rulemaking; so, I can't talk about it.

But I will tell you we've heard them and I'm hoping we will have, very early this fall, a solution that makes a difference to both.

Dr. WENSTRUP. You talk about law and you talk about some blockades and you talk about trust. Congress is a body that doesn't have the highest approval rating itself, and trust in the American people is sometimes absent there as well, not just within the agency that you're working with.

But I'd like to discuss your vision of oversight on the part of Congress, the OIG, GAO, and the VBA itself going forward.

I mean, are there—everyone's got a role. But are we actually accomplishing something within our role? In other words, everyone weighs in. But at the end of the day, are we getting something done? Are we making changes?

Ms. HICKEY. If I stood from the veterans' perspective, I would tell you that 200,000 veterans this year alone will get answers to claims at a higher quality rate than they have ever gotten before in the history of this organization.

So I think you all have made a difference. I think your staffs, when they come and visit us, sure, they put me on a little warning and a little heads-up and I get a little tighter in the way I look at things. When the IG tells me certain problems, then we look to see how we can apply solutions to fix it.

Dr. WESTRUP. But do you feel you have access going in the other direction as well? You mentioned you're sometimes bound by laws. So do feel you have access to come back to us and say, "Hey, can Congress enact some changes so that we can make this better? Here's where I'm bound?"

Ms. HICKEY. I understand what you're saying, Congressman.

I will tell you I will often times, before I take one step, come to you, find out what my stakeholders might think of my taking that direction.

And often times, when I don't come to you, it's because my stakeholders have concerns about changing the law. They are my partners.

Dr. WENSTRUP. I understand that.

Ms. HICKEY. And I don't want to bring you something for which they have little to no support. And I know you all well enough to know you're not going to do anything if we don't have the Veterans' Service Organizations——

Dr. WENSTRUP. But I would hope you'd feel free to have a dialogue.

Ms. HICKEY. Thank you. I do. And I appreciate that.

Dr. WENSTRUP. Thank you. I yield back.

The CHAIRMAN. Mr. Walz, you're recognized for 5 minutes.

Mr. WALZ. Thank you, Chairman.

Thank you all for coming here tonight.

And I feel like I've reached an age, Ms. Halliday, where I say things like, "We go way back." And I appreciate the work we've done. And the quality of work you've done consistently over the years has improved the quality of care for our veterans, and you and your staff should be proud of that.

General Hickey, it's—you've earned the gratitude of this Nation for what you've done in uniform and the work you're trying to do.

You knew when you took this job it was a hard time and it was a hard job, and that's why you took it. It would have been easier to have retired after a groundbreaking career. And for that, I'm grateful.

And you also know, like I know, is—that we're part of organizations that we get judged on the organization over individual merit. And if you think you've got a tough job, we've got one to do, too. That's okay. That's the way it's supposed to be.

And that's why I do bring up—and I do want to make note that this note, to me, is more than just a note in a bathroom. This is a tangible example of the cultural problems.

And this note and the disrespect shown to these staffers—this was not an ignore the staffer. This was ignore the people of Southern Minnesota's 1st District, ignore the people of the 8th District of Pennsylvania.

And this attitude—I'm—they were doing exactly what I've sat here and encouraged them to do, go out and investigate for this committee so we could get data and prove it, be welcomed in there.

And I can tell you—imagine if you're a Congressional staffer going out to find information. Imagine how intimidating it is to be an employee who tries to say what's right.

And you heard these folks come forward. And it's just heartbreaking to me to hear folks who are trying to make it work to choose in there. So I know this troubled you. I know deeply.

And I want to ask this question. You come from a successful career as a general officer in the United States Air Force.

Did the Air Force work better than the VA?

Ms. HICKEY. Congressman, every organization—every large organization, has those people who are all in, as I use the words with my employees, who do absolutely everything right to the absolute max of their ability. And every organization has people that don't.

And so you watch things that happened in my former beloved Air Force, and you're watching things that happen occasionally in my current beloved VA.

I love them both because of the missions they do and because of the great people who participate in them day in and day out, working their tails off to make a difference for this Nation.

Mr. WALZ. And maybe—Ms. Halliday, maybe you, with the General, can together chime into this.

This is not unusual in a large organization, for the disconnect between the 40,000-foot strategic vision and the granular level of somebody doing the work to have somewhat of a disconnect.

But I would make the case that the lack of a national strategy and a clear mission up and down is causing us to see that.

Do you see the disconnect when you do your work?

Ms. HALLIDAY. We do see some disconnect with that. I think you have to have very clear policy guidance and I think some of the Fast letter guidance that has gone out has really hit the core values of some of the staff in the VAROs, and that's why we're getting all the allegations we're getting today. I think you have to be very clear on your policy, you have to understand what the intended consequences are and the unintended consequences. You have to deal with both.

I personally went up in Philadelphia to take a look at the issues up there, and when I met with the Deputy Under Secretary for benefits, they said they did recognize that a misapplication of the guidance was a risk and time and time again, my problem is, put in the controls if you recognize it's a risk. And I didn't see that, and I think——

Mr. WALZ. General Hickey has the responsibility.

Ms. HALLIDAY [continuing]. We have to work very hard.

Mr. WALZ. Does she have the power to make those changes, if you will?

Ms. HALLIDAY. She has the power and is responsible to put the controls in place, and I think that's where our oversight can help VBA the most.

Mr. WALZ. Tonight I was fascinated by this, because, General Hickey, and I said again knowing you and knowing you want these changes and knowing how personal it is to you, you mentioned that Ms. Ruell's suggestion came up and warranted change, and she didn't know that and didn't know it went down. That seems to me to be almost—why that wouldn't happen, and I almost half face-

tiously asked, did she get a bonus for making those changes? Because the issue here is you've got employees trying to improve the system, trying to make it, and there is such a disconnect there, that those things never connected.

Ms. HICKEY. So, Congressman, everything we are doing today was an employee initiative. It was an employee who said segment the work, do it according to these ways. It was——

Mr. WALZ. It's amazing how disenfranchised they felt, though and would you say—this is my last question. Was that panel an anomaly or do you think that's a fair representation?

Ms. HICKEY. Congressman, I would refrain from—because that would—to me that would feel like if I made a comment like that, that would feel like I was being disingenuous about the real feelings that they had, and I won't do that to my employees.

Mr. WALZ. Well, in all fairness to you, I am out there enough to say I would say that's fairly typical. Just so you know, from my perspective, that the expressed concerns were fairly typical of what I hear out there, whether they've spoken out whistleblowing or just confiding on the side conversation.

I yield back.

The CHAIRMAN. Mr. Jolly for 5 minutes.

Mr. JOLLY. Thank you, Mr. Chairman.

General Hickey, first, thank you for your service and incredible career, and I appreciate your clear dedication through your comments tonight. Frankly, I've got a soft spot for the KC-135, so I thank you for your career as well. But tonight you find yourself representing the VA. We can have as many oversight hearings as the day is long, but at the end of the day, short of major legislative changes, it's up to the administration to address the issues.

Did the leg affairs office review your written testimony tonight?

Ms. HICKEY. Yes, they did, Congressman.

Mr. JOLLY. Okay.

Ms. HICKEY. They do all the time.

Mr. JOLLY. So in your testimony, you say you appreciate the President's involvement in improving the claims processing. What has the President done to show leadership lately on that issue?

Ms. HICKEY. So, Congressman, the budgets start in VA, the budgets come to you all through the OMB process, through approval in those processes that exist there, and so from that perspective, absolutely. I will also tell you that the whole effort on fully developed claims was an effort to bring some focus to that. Every day I get up and I have to make decisions, I need to have good leadership in front of me, and——

Mr. JOLLY. I understand.

Ms. HICKEY [continuing]. The President makes those——

Mr. JOLLY. Look, I appreciate that. And I'm saying this constructively. It's not a gotcha question.

We're begging for leadership, everybody's begging for leadership and I'll tell you, I think the political establishment is always too late to identify a crisis and it's too quick to declare it resolved, and I'm afraid that the President of the United States it's going to do that in this instance, which is why I ask.

You also mentioned in your oral testimony that you would appreciate the support for legislative solutions by this body. Your answer

to Mr. Roe was a fully funded IT budget. Would that be the number one priority or are there other things we should consider as a Congress who's responsible for doing our job as well?

Ms. HICKEY. So, Congressman, one of the things that I would tell you first of all, yes, is a fully funded IT budget, and not just at one year, but all years, a fully funded IT budget. We are in a world that requires that in order to create real efficiency and effectiveness.

And the second thing I would say is, and I thank the chairman for this. The chairman put together a round table that brought us all together to have discussions about appeals, and in that, he brought forth the VSOs and he brought us and he brought the Board of Veterans Appeals and other stakeholders to the table, so I thank the chairman for that effort.

I will tell you that what's resulted in that is, frankly, the Disabled American Veteran leadership sat down and looked at me and said, listen, if you're having a hard time moving something forward, why don't you let us take the leadership with the other VSOs and we'll move forward. My daddy always said, there's no limit to the amount of work you can do if you don't care who takes credit. I don't care who takes credit, but we've got to do something about the appeals process.

Mr. JOLLY. So do we need legislative solutions that this body needs to enact? And I have to ask you very quickly, because I have——

Ms. HICKEY. I believe we do, and I would like for DAV to take the leadership on having that discussion with you.

Mr. JOLLY. Okay. My next question is related to Mr. Soto. I am in an interesting position tonight, because Mr. Soto works for a regional office that's in my district, and he essentially has now claimed that there's an office in my district that has retaliated against him. I'm going to meet with him in the morning and I will get a privacy release.

I understand tonight you cannot discuss the circumstances of his case, but I think every member, and I know I receive them often, receive complaints from employees, and we try to handle them very judiciously. We understand that there are two sides to every story, and I understand that in this situation as well, but I cannot go to his supervisor and expect an impartial answer. So once I receive that privacy release tomorrow, I'm going to come to you and to leg affairs and I'm going to ask for an explanation and I hope that the VA is found to be in the right. I'll be honest. I don't sit up here ever hoping that the VA is found to be in the wrong. I hope it's in the right——

Ms. HICKEY. Thank you, Congressman.

Mr. JOLLY [continuing]. But I need an answer, because I can tell you this, every member of Local 1594 is going to call my office, not the VA, and they're going to ask what I'm doing in my capacity. So I'm sharing that with you on the record tonight simply to let you know how serious it is; not that I would expect you to have an answer tonight about Mr. Soto's case, but to tell you that I will be bringing that to you and to leg affairs very soon, and I need an answer.

Ms. HICKEY. And, Congressman, I'll provide it with the documentation that you told me that you will provide.

Mr. JOLLY. And if it's not timely provided, I will continue to come each week.

Ms. HICKEY. I will work to make sure it's timely provided, Congressman.

Mr. JOLLY. Okay. Otherwise, I will come to your office, which I have recently done with another agency, and it's very effective when a member of Congress sits in the lobby of an administration office. So I appreciate your understanding. Thank you.

Ms. HICKEY. Thank you, Congressman.

Mr. JOLLY. Mr. Chairman, I yield back.

The CHAIRMAN. Mr. Fitzpatrick for 5 minutes.

Mr. FITZPATRICK. Thank you, Chairman.

Ms. Halliday, I just want to follow up on some questions that Mr. Takano was asking about performance measures and evaluations and how long that's actually been going on within the Federal Government and you indicated that the Federal Government over the last several years has actually been doing better in providing bonuses pursuant to performance objectives, goals and objectives set at the beginning of the year and evaluation at the end. You weren't talking about the VA, were you? Were you talking about other Federal agencies?

Ms. HALLIDAY. I was talking across Federal Government. There had been a change to really look at performance in terms of results, which is different than in the past. You know, years ago it was just if you had a good attitude, if you were trying hard, almost like a report card in school.

But I really think that the government, Federal Government-wide and OPM has made a strong effort to judge performance on results and it's very important. You could have an outstanding employee in one year, and that employee could be a fully satisfied person in the next year if they don't produce the results that are defined in their performance plan. I think that there's been a general improvement in that.

Mr. FITZPATRICK. And where is the VA going wrong in that?

Ms. HALLIDAY. I don't have specific information. I know they had problems with their certification of their performance plan, I believe it was last year, and that a lot of the ratings were actually reassessed after the first and second level review to make sure that they were tied to results.

I think that right now that there's a strong feeling that senior executives are getting bonuses for underperforming programs. I think you have to look very carefully at that, because in some cases, you're having a senior person come in.

I'll use General Hickey as an example. She took over a tough assignment. You may not be able to turn that assignment immediately into a top performing organization, but you can move it forward with each step and I think sometimes you have a leader that actually can produce results, but it isn't as immediate as other people want, and you have to recognize that and incentivize it.

Mr. FITZPATRICK. General Hickey, I also want to thank you for your incredible service to our Nation, but as Ms. Halliday said, you've taken on a very tough job here at the VA. You were here

earlier when Kristen Ruell was giving the testimony about flawed data and duplicate payments within the VA. She was claiming there were duplicate payments. Her managers at the Philadelphia office, regional office, were claiming that wasn't the case. We wrote, you responded.

Would you say now a couple years later, that she was more correct than the managers at the Philadelphia VA office on that question?

Ms. HICKEY. So, Congressman, there are duplicate payments and I can tell you that we do about 10,000 pension claims a month, and about 64 of them are duplicate payments.

Mr. FITZPATRICK. But she was calling out a problem that she saw. You know, she deals with these issues every day, and she was identifying a problem that she did not think upper management was concerned about or understood or was even involved in.

Ms. HICKEY. Congressman, I can tell you that the management at the office did raise the issue to us and did have discussion with the pension business line leadership. So I think there has been conversation, but I appreciate the situation that she found herself.

Mr. FITZPATRICK. And I appreciate that, you know, you have indicated, you know, to this committee and members of Congress that your door's open and you want transparency and you indicated that it isn't acceptable to you that others don't share that same commitment.

You know, with respect to this memo that was provided to us midway through the hearing, there's been a lot of talk about the staffers' names that are on there, and that is very, very concerning, because of our constitutional obligation to oversight, but there are two names at the top of the memo with a circle around it, Cease and Ruell, not committee staffers, but employees of the VA, both whistleblowers, I believe, Ryan Cease, who was here today in the audience, and Kristen Ruell and I was wondering, perhaps Ms. Rubens, you can indicate for us, why is their name—they knew nothing about this meeting. They weren't involved in the meeting, they weren't invited in the meeting. Why is it that the two whistleblowers, who were doing, as the Secretary indicated, you know, changed processes, made a huge impact, improved the agency in the Philadelphia office, why are these people being singled out? They should be applauded, but they're being denigrated, they're being singled out and they're being made an example of. Why is their name even on this memo, if you know?

Ms. RUBENS. Congressman, thank you. I will tell you that when I got the call that the committee staff was on the way, I conveyed to the folks in the Philadelphia Regional Office a list of things that had been described to me to make available, parking and a room to meet in and claims files. And I said, I would expect they may want to meet with the IG, who was still on station——

Mr. FITZPATRICK. Why is Kristen Ruell's name on this document?

Ms. RUBENS. I also indicated to the staff that I thought, in addition speaking to the IG, that the committee staff may want to speak to those whistleblowers. I didn't know who they were and did not know if they were going to be available that day, and suggested that we needed to make sure, if they were requested, that we make them available to the committee staff.

Mr. FITZPATRICK. Thank you.

The CHAIRMAN. Mr. Meehan for 5 minutes.

Mr. MEEHAN. Ms. Rubens, I'm not sure I understand that answer. You said you didn't know who they were, and yet their names are on the top.

Ms. RUBENS. Sir, the Acting Director at the time was familiar with the employees and wrote down their names to make sure that if they were in the office that day and wanted to be addressed by the committee staff, that they be made available.

Mr. MEEHAN. You had the Philadelphia office. You've heard testimony that there are 96 white boxes of essential return mail and eight small cabinets of military mail, some of which were holding claims that had been existing for as much as 3 years. Were there, in fact, 96 white boxes and eight small cabinets with that kind of mail?

Ms. RUBENS. Sir, I was just appointed to the Director's position in Philadelphia. My understanding from the report is when that was initially raised, the Under Secretary asked the pension fiduciary service director to send a staff up there and I would need to review the final report to identify——

Mr. MEEHAN. This was raised in February of 2012.

Ms. RUBENS. Yes, sir.

Mr. MEEHAN. It's now 2014.

Ms. RUBENS. Yes, sir. And there is a report and I apologize——

Mr. MEEHAN. Where are those boxes? What happened to those boxes?

Ms. RUBENS. My understanding is that those were boxes of mail that needed to be scanned into the system, that those claims had been processed and I believe that was the finding from the pension and fiduciary service.

Mr. MEEHAN. That is not what was explained. What it said was they were important pieces of mail, potentially. Do you know how many there were?

Ms. RUBENS. No, sir, I don't.

Mr. MEEHAN. So there were 26 boxes, and you have no idea how many claims could have been associated with those boxes?

Ms. RUBENS. My understanding of those—the mail in those boxes, were that those claims had already been worked and——

Mr. MEEHAN. Well, that's not the testimony. The testimony was they were claims that had not been sufficiently identified, and therefore, they were incomplete and as a result of their incompleteness, those veterans who had made those claims were not being communicated with, some of whom were not being communicated with for months and even years with respect to the claims that they were making.

Ms. RUBENS. I will be happy, upon arrival at the regional office, to investigate further and ensure that the full answer is provided.

Mr. MEEHAN. What happened to those 96 boxes of documents? We have heard testimony that they may have been shredded.

Ms. RUBENS. Sir, my understanding is that those were boxes of mail that needed to be scanned into our virtual VA system, that the regional office has continued to make progress in that regard to ensure those documents on claims that have been completed are also part of the electronic virtual VA system.

Mr. MEEHAN. General, do you have—do you know more about this?

Ms. HICKEY. Congressman, I believe the number, if I'm recollecting correctly, and I'll ask the IG to correct me 100 percent if I'm wrong, is 68 boxes, and I believe it was documents that were in paper that——

Mr. MEEHAN. It's 96. This is the document. 96.

Ms. HICKEY. Is that what it was?

Ms. HALLIDAY. We think it's a different number that Kristen Ruell has identified. In our review——

Mr. MEEHAN. But is there a different set of boxes? So there's Triage A. Is there Triage B?

Ms. HALLIDAY. When we went into the Philadelphia VARO, we identified 68 mail bins full of claims and associated——

Mr. MEEHAN. Are they different than the 96 other mail bins?

Ms. HALLIDAY. I can't answer that.

Mr. MEEHAN. So we might have over 150 mail bins of unresponsive—on which we don't know how many hundreds of, potentially thousands of pieces of veterans' correspondence could be included within them?

Ms. HICKEY. So, Congressman, the mail has been used to do the claim already. The claim has been completed. It's——

Mr. MEEHAN. No, General, it has not been completed. The testimony we received is that, that document was not able to be appropriately—it was either return mail or other kinds of correspondence in which identifiers required further follow-up to be able to identify. Am I missing something?

Ms. HICKEY. Congressman, I will take and go deeply into this and come back to you personally and meet with you and bring whoever I need to explain it so that it can meet your needs and your understanding so we ensure that you are well informed.

Mr. MEEHAN. And I need to know how many there were, how many bins, and how many of these, if I'm hearing testimony, that there could be as many as 150 separate bins. This is not ambiguous. This is clear——

Ms. HICKEY. Congressman, I'll look into it and get back to you and make sure that we bring people capable of explaining to you what work is done. In fact, I would invite—if you have the opportunity, I know you're very busy, I would invite you to actually come up to the regional office where we do this work and——

Mr. MEEHAN. General, I will be there. I've been in Horsham and I have been in the Philadelphia hospital as well. We didn't expect that we were having these troubles on this side of the aisle as well, too, with benefits, and I will be there.

Ms. HICKEY. Great. I will make those arrangements, Congressman.

Mr. MEEHAN. Thank you, General.

The CHAIRMAN. Mr. Meehan, it's my understanding that Ms. Ruell talked about the 92 boxes some 2 years ago, and the 68 boxes that we're talking about are boxes that were currently discovered.

Mr. LaMalfa, you're recognized for 5 minutes.

Mr. LAMALFA. Thank you again, Mr. Chairman, and colleagues on the committee.

First, what Mr. Jolly had mentioned a few minutes ago to General Hickey: We hear the same concerns on people that have stepped forward to provide information in the Oakland office that have been retaliated against or interviewed or practically harassed about other issues when they thought they were coming forward to help, instead they're hauled in for review hearings on things that they actually were helping on, instead or made to feel like they're in trouble over that. So I would like to have the opportunity to approach you later, as Mr. Jolly mentioned, with some of these folks, because they've been retaliated against, and I think one is even on at least suspension or maybe been let go. So I would like to have that opportunity. Okay?

Ms. HICKEY. That's fine.

Mr. LAMALFA. And then as well when we talk about the bonuses, you know, I think you reward the people that are grinding out the work at the ground level, making veterans' claims be finished and finished accurately and with good quality. That's what we're talking about bonuses, especially catching up on the backlog.

When you start getting to mid level management or the top level executive management, there's a little less justification when we're talking about these backlogs, these, you know, veterans living in their car because they can't get an answer back or waiting years and years and years, or hearing about 96 boxes or 56 or 58 or 14,000 files in Oakland, California. You know, the captain of the ship goes with the ship, and if the ship goes down, the captain goes down with the ship.

So at the upper level, I think it's highly inappropriate for veterans that are living in their car or contemplating suicide even, when we're seeing top level people receiving bonuses. So I would like to consult with you as well on who's receiving them at the top level and why and how we justify that, and I'd like to see that reformed as we've done legislatively a couple efforts to limit that around here. So, and that's just—again, that's a small part of the problem, but it's big in the eyes of the people.

Ms. HICKEY. And, Congressman, I did not give any bonuses to any VBA executives at the height of the backlog in 2012.

Mr. LAMALFA. Well, they call them different things, and that's to kind of give us the——

Ms. HICKEY. They got basic salary. They got no bonuses.

Mr. LAMALFA. We'll investigate that more later.

Now for other reference, how many claims are currently pending at the Board of Appeals?

Ms. HICKEY. I have appeals at the Board of Veterans Appeals, but because they've already been—claims decisions have already been made, 72 percent of those are already being paid.

Mr. LAMALFA. I mean a raw number. How many are—how many have been appealed?

Ms. HICKEY. I can get that for you in just a second, sir. I don't have off the top of my head.

Mr. LAMALFA. We don't have a lot of time, so maybe a general number.

Ms. HICKEY. I'll flip quickly. Right now I have 276,000 appeals—things that the Board of Appeals at the board——

Mr. LAMALFA. 270——

Ms. HICKEY. Not at the Board of Veterans Appeals; in the whole end-to-end process. That includes VBAs portion, BVAs portion, VSOs portion, because they have a chance or opportunity to do things, and it does not include the court.

Mr. LAMALFA. Whatever it is, that's a huge number. How long do you expect for them to grind through that with veterans who have already waited years in many cases to get through the first point, and then to find out that their case has been tossed and pushed back to the Veterans Board of Appeals?

Ms. HICKEY. So, Congressman, I'm not going to blow any smoke on this. We need a better way to do this process, this appeals process. It is not—we are not doing the best we can do by veterans in this appeals process. I can tell you we are——

Mr. LAMALFA. Because 97 percent of them get remanded back, is my understanding, to the regional office once again, and so it's time lost for veterans——

Ms. HICKEY. It is——

Mr. LAMALFA [continuing]. Big time, especially when they're in a bad way.

Ms. HICKEY. First of all, VBA's part of this is to do three things. Those three things that we do, we have done 25 percent more than we did 4 years ago, but I will tell you this, the remand is not necessarily because we made a wrong decision. The remand can be because the veteran came in in a very open process that never ends and brought in a brand-new thing that didn't exist at the time of the initial decision.

Mr. LAMALFA. And additional information is a good thing——

Ms. HICKEY. It is.

Mr. LAMALFA [continuing]. But it shouldn't have been in the appeal board probably to begin with because of bad decisions made at the local level.

Ms. HICKEY. It should be a new claim. There should be a claim for increase or a new claim. I agree with that.

Mr. LAMALFA. And there's some funny business, as Mr. Arronte kind of alluded to, with what's a new claim, what's an old claim on the date. We don't believe that the dates are still being maintained back to the—we're getting information on that, that once it becomes a new claim, that it's hard to go backwards, like on the ankle example you had, forward.

Ms. HICKEY. We can do that for you, Congressman, and we are working on that right now. I can tell you those claims, the full complete body of those claims, 14,000 of those, 10,000 of which we were able to grant on provisionals, that we would not have been able to take care of those 10,000 veterans the way we did by doing that provisional process. That said, I understand, so that's why we are doing a 100 percent review——

Mr. LAMALFA. Thank you.

Ms. HICKEY [continuing]. Of them.

Mr. LAMALFA. Thank you.

Ms. Rubens, in the Oakland office, 14,000 claims were found stored in cabinets back in 2012. You had visited that office and discovered these files were actionable; not just stored, what have you, these were actionable claims that needed to be taken care. They dated back to the early 1990's, and you directed the office to proc-

ess these claims immediately, yet we find until very recently, they hadn't hardly even been moved.

So what was your follow-up on seeing to those files, those claims that were stored in the cabinets somewhere dating back to the 1990's?

Ms. RUBENS. Sir, in fact, in 2012 when we identified the volume of work that needed to be addressed in the Oakland Regional Office, there were a number of steps undertaken, to include a large number of claims to be brokered so that they would get immediate attention by some of our highest performing offices. We also provided many help teams to come in to Oakland to help to train them, to identify the system issues and to ensure that they continued to work those claims, oldest claims first.

Mr. LAMALFA. We know that some of those are still not done, we know some of them are stashed and still not completed, so the——

Mr. Chairman, I'll yield back. Thank you.

The CHAIRMAN. Thank you very much, Mr. Lamalfa.

Thank you to the members, thank you to the witnesses, both the first and the second panel.

I think, Ms. Hickey, the concern that we have is that the American public, when you say you have cut the backlog in half, they think that half the veterans have gotten their disability, but that's not true, because the Veterans Board of Appeals is going through their process, there are other machinations that are being handled. So, what we're trying to do is get to the bottom of how many veterans are actually receiving a check for their disability claim, not how many you have moved out of the VA, because we know that you don't count them when they go to the court. Is that true?

Ms. HICKEY. Congress—or chairman——

The CHAIRMAN. Yes or no.

Ms. HICKEY [continuing]. We have three different processes.

The CHAIRMAN. Yes or No? No, ma'am. Yes or no. When you goes to the Veteran Court of Appeals, it goes——

Ms. HICKEY. The Veteran Court of Appeals is not counted in any VA metric. It's not a VA organization.

The CHAIRMAN. Well, but understand there are still veterans——

Ms. HICKEY. Absolutely——

The CHAIRMAN [continuing]. That are——

Ms. HICKEY. Un——

The CHAIRMAN [continuing]. That are——

Ms. HICKEY. Totally agree with you on that.

The CHAIRMAN. So it is true to tell the American people that the backlog that veterans are now experiencing is still there?

Ms. HICKEY. Congressman or, Chairman. I am so sorry. It's late and I'm getting a little flustered with my words, so forgive me, please.

Chairman, the backlog is of rating claims. That has been the commitment——

The CHAIRMAN. Okay.

Ms. HICKEY [continuing]. From the beginning.

The CHAIRMAN. I got that. I got that.

Ms. HICKEY. That group——

The CHAIRMAN. Ma'am, will you——

Ms. HICKEY [continuing]. Has been reduced.

The CHAIRMAN. Will you please admit, though, that there are still veterans waiting for their disability claims, because they have gone to the court.

Ms. HICKEY. I will admit, Chairman, that there are veterans waiting on particular decisions on an initial claim, which we are paying, 72 percent of everybody in the appeals process is already getting resources from VA for any number of medical issues they have claimed.

The CHAIRMAN. Okay. I apologize members. I thought would be an easy yes or no answer, but obviously it wasn't.

And I would ask unanimous consent that all members would have 5 legislative days with which to revise and extend their remarks. Without objection, so ordered.

This hearing is adjourned.

[Whereupon, at 12:57 a.m., the committee was adjourned.]

APPENDIX

Prepared Statement of Jeff Miller, Chairman

Good evening. I welcome everyone to tonight's hearing.

We will review the Veterans Benefits Administration's 2015 goals for disability benefits claims processing as well as the viability of those targets, which, the former-secretary established several years ago at one hundred and twenty five (125) days to complete, and ninety-eight percent (98%) claims-based accuracy.

We are going to delve into the actions that VBA has taken in its singular focus to declare victory on disability claims in 2015, and we will endeavor to determine what price is being paid by veterans, by employees—the human capital of the regional offices—and by the American taxpayers.

We have spent significant time on the Veterans Health Administration in recent weeks, and have exposed the rampant corruption and dishonesty, the bullying and retaliation, the corrosive culture, and the work-place fear that has flourished within that administration.

Now, we look to VBA and seek answers on its part in creating the same, the very same, environment within its ranks. I received correspondence from a VBA employee, who is with us tonight, who wrote:

I quote, "here are excerpts from the report by the white house deputy chief of staff, Rob Nabors," detailing, one: the VHA's fourteen day scheduling standard is arbitrary; two: the VHA needs to be restructured, it lacks transparency or accountability in management; and, three: a corrosive culture has led to personnel problems; highlighting poor management, distrust between VA employees and management, and a history of retaliation toward employees raising issues.

The employee then stated in the letter, quote "if 'VHA' is replaced by 'VBA' and '14 days' is replaced by 'zero claims over one-hundred and twenty five (125) days and ninety-eight percent (98%) accuracy,' these excerpts from the report apply equally to the VBA." End quote.

To determine the scope of this statement, at the end of last week, the committee asked AFGE to inquire whether employees nationally agreed, or disagreed, with the sentiment . . . and, in less than two days, fast responses were received from eighteen regional offices.

Not one RO employee responded in disagreement. In fact, sixteen ROs agreed, unequivocally. Let that sink in—VBA is still running, guns blazing, on this questionable path, without a real plan, without real change . . .

Let's begin tonight by reminding everyone again of VBA's real mission, quote, "to provide benefits and services to veterans and their families in a responsive, timely, and compassionate manner."

You have seen the perverse consequences of the fixed-metric goals within the Veterans Health Administration . . . tonight we look at VBA's targets, and we will hear what is being done to push claims out the door, at any cost.

One hundred and twenty five (125) days and ninety eight percent (98%) claims-based accuracy would be a laudable goal, if it were at all realistic. Weeks before tonight's hearing, we asked VBA to provide this committee information on the research and analysis that was conducted prior to setting this goal, as well as information on performance standards.

VBA declined to provide timely and complete response, and, in fact, emailed just hours before this hearing. The purported responses fail to fully answer the questions asked, which we will discuss again later.

The VBA's 2015 goals were outcomes directed by the then-Secretary of Veterans Affairs, to make progress. They were a call to action. However well-intentioned, they have now become a distraction from accomplishing true progress.

Employees have been working for a year on 20-hour-per-month mandatory overtime schedule, with no end in sight. In fact, we know that VBA has not ruled out actually increasing the 20-hour overtime mandate.

We will hear from GAO later about how seventy-five percent (75%) of the regional offices they surveyed have agreements with the local unions that all veterans' disability claims' work done on this candle-burning overtime shall be exempt from quality review.

I look forward to hearing from VBA on how that is being sold as a "veteran friendly" practice . . . Essentially, it's the equivalent of saying, "just make a decision and we'll hope the veteran doesn't appeal."

Chronic incidence of unchecked, oppressive, and vindictive management fester within many of the regional offices, and the honest, expert input of VBA employees has been silenced, ignored, and, at times, punished.

I am told that the performance requirements on "production" and "accuracy" have been weaponized, to keep employees in check. To what end? It is certainly not in the name of service to the veteran.

It is, instead, to create an appearance of success—just as VHA attempted to do, by cooking the books on scheduling times and, notifications involving disease.

VA OIG will testify to the potential of over $1.3 billion dollars of improper payments.

The oldest claims initiative, a push that required all claims that were two years old, or older, to be rated within sixty days, introduced a scheme called the "provisional rating." This was another hard and fast deadline dictated by central office, and VBA promised, "don't worry, we'll get them done right . . . "

"They won't be going out the door without service treatment records, without medical exams, if necessary." What was found within the Regional Office?

Guidance that read, I quote, "a new VA exam request will have a negative impact on our ability to meet the goal that has been mandated by our leadership." End quote.

So, VBA employees were directed to move forward with the evidence of file . . . even if a medical exam was necessary to decide these aging claims.

Contained in the guidance, I quote, "I understand that this may be difficult to do and may appear to go against the values of how we do work."

"I want to assure you that . . and, here it is typed in bold face, "there will be no negative consequences for you, the employees, as a result of following this guidance. The only possible negative consequences are those that exist if we fail to meet our goals for this project, and for any actions that keep us from doing so." End quote.

VA OIG's report, issued earlier today, found that regional office staff incorrectly processed eighty-three percent (83%) of the provisional rating decisions reviewed.

Who is paying the price for VBA's self-defined "success?" There are the roughly two-hundred and eighty thousand (280,000) veterans languishing in three, four, five years of appellate backlog . . . and the nearly two-hundred and forty thousand (240,000) veterans waiting on dependency award adjustments.

We then have the complicated cases, the old cases, which were "lost" and then subsequently "discovered" under a contrived and disingenuous interpretation of VBA's guidance of May 20, 2013.

Even more egregious, VBA has recently put out guidance to the regional offices that, unless a veteran puts specific words on their claim form—a form that provides no space for comment—that the claimed condition has existed, quote, "since service," then a medical nexus exam will not be ordered; the claim will be denied.

Robert Gates, former Secretary of Defense, recently released his memoir, entitled "Duty," which he dedicated to the men and women of the United States Armed Forces. He writes about VA, and about his dealings with a former VA Secretary.

Secretary Gates notes, "I was staggered when he said his Department was in good shape and had no problems;" and, he continued, "I had been around long enough to know that when the head of a cabinet department says his organization has no problems, he is either lying or delusional."

So, I will close my remarks by speaking to VBA directly. Whatever "hooray" you shout, whatever "win" you attempt to claim in 2015, you shall not be celebrated.

It has been made clear that there is not a corner that VBA leadership will not cut, nor a statistic that they will not manipulate, to lay claim to a hollow victory.

What we all want to see . . . both my Republican and Democrat colleagues . . . is progress, not deception. With that, I now recognize Ranking Member Michaud for his opening statement.

Chairman Miller Statement before Panel 2:

Prior to recognizing our first witness for testimony, I am going to address a recent issue, and I am going to provide a timeline for the Members' information.

I instructed my Committee staff to visit the Philadelphia Regional Office on July 2, 2014. As of June 20th, specific concerns had been raised on the management, or more accurately, mis-management, of that Regional Office. And, I wanted staff to spend a day on the ground, to perform a technical review of various files, view the office, and meet with individuals who work there.

So, let me just run through what occurred on this unannounced visit. My staff alerted the office of congressional and legislative affairs of their imminent arrival at approximately 9:00 a.m. My staff arrived at approximately 9:20 a.m., and were greeted by an employee of the Philadelphia Regional Office; they were accompanied to a conference room on the fourth floor.

Within moments of arrival, while awaiting the acting director of the RO, one of my staff went to the restroom on the fourth floor. There was another individual in the restroom who had set a yellow notepad not far from the sink.

When my staff member passed by, she noticed that there was writing at the top of the page, circled, which contained the last names of two employees at that Regional Office, who had acted as whistleblowers to improper activities in the past.

My staff then looked at the remainder of the page. On it was written my staff members' names, information of their status as Committee staff . . .

And then the word "ignore," followed by my staff member's name. And, I find that it is time to address this attitude point blank.

But before I do, to finish the timeline for the members' benefit, the person who exited the restroom with yellow notepad in hand was the acting director, Lucy Filipov, of the Philadelphia Regional Office.

The Acting Director met with my staff moments later in the conference room, and when questioned on who had provided notice of the visit, stated that she had not spoken with OCLA, but instead had only spoken with Diana Rubens moments earlier regarding the Congressional staff's arrival.

Ms. Filipov began the meeting with two comments. First, she said that the Philadelphia Regional Office endeavors to do all things with integrity, and to give proper benefits to veterans. And, second, she made a curious statement, when taken in the context of Ms. Filipov's possession of a notepad with the names of two validated whistleblowers written upon it——

She said that "it is difficult to have employees, or ex-employees, who say that we are not doing that."

When we hear from Ms. Halliday of the Office of Inspector General in a moment, I believe that this professed commitment to integrity, and service to veteran, is going to be seriously challenged on the basis of verified data-manipulation, leadership's failure to follow reporting protocols, and OIG's on-going investigation into a myriad of inappropriate practices.

While in the conference room on the fourth floor, the Veterans Service Center Manager told Ms. Filipov that the appeals team was on their way up with files and computers, to facilitate my staff's access.

Then, in an exchange that transpired three separate times, Ms. Filipov directed that the Congressional staff be accommodated in a room on the third floor, despite repeated protestations of the Veterans Service Center Manager. Both Ms. Filipov and the Veterans Service Center Manager exited the conference room, and upon their return Ms. Filipov dictated that my staff would be accommodated in a room on the third floor.

This room was found to be wired with activated cameras and microphones, and so it should be no surprise to anyone that the staff requested relocation to a different room—a room that VA OIG had vacated, which was, presumably, free of recording devices.

Now, back to my message—the acting director was in possession of a note, upon which was written "ignore" my staff. Am I surprised? Based upon the bureaucratic arrogance that VA has consistently demonstrated, I should not be surprised, but in fact . . . I am shocked.

As my colleague, Ranking Member Michaud observed at our hearing on whistleblowers last week, VA is widely known to have a culture of denying problems and not listening to feedback—be it from Congress, veterans, or its own employees.

VA ignores its employees, who highlight concerns on inconsistent quality reviews, who convey the irrationality of performance standards; not based not upon scientific study or even upon an understanding of the tasks and workload, but are fixed with an eye towards the 2015 deadline . . . standards that have been increased as of May 1, 2014, despite the workforce's inability to meet even the less stringent "standards" that were in place.

VA ignores its whistle-blowers, who report practices that go against the principles of the Department. And Acting Secretary Gibson has noted that he is deeply disappointed in the failures within VA, to take whistleblower complaints seriously.

VA ignores Members of Congress, such as highlighted when members have been denied access to VA facilities. VA ignores VSOs, when they are found to be inconvenient, such as when VBA obstructed the American Legion's Regional Office Action Reviews and limited the Legion's ability to fruitfully conduct its visits, converse with claims processing staff, and review disability benefits claims in accordance with its long-standing practice of seeking quality.

And, VA ignores Committee staff. Frequently, my staff visits Regional Offices, to perform technical, legal, claims' review. By way of example, on recent visits, fourteen appeals-files were reviewed from two regional offices; twelve were found to have remandable error.

Yet, when my staff convened with regional office staff, to demonstrate the errors and seek correction for the veterans' affected . . . often, the Regional Office staff refused to acknowledge even the most rudimentary of mistakes. Quite simply, this oversight complicates the VBA's messaging of "we're doing great."

So, while VA may ignore employees, ignore whistleblowers, ignore VSOs, ignore members, ignore Congressional staff, and ignore, let's not forget, the veterans . . . let me stress that you will not ignore me, nor my colleagues who are here with me tonight. And, be on notice that you will not ignore Congressional Committee staff, acting as my agents.

This Committee has a constitutional oversight duty, and I intend that it shall be carried out unhindered, on behalf of the American public, and on behalf of our Nation's veterans.

Prepared Statement of Mike Michaud, Ranking Member

Thank you Mr. Chairman.

Good Evening. Tonight, we will have an opportunity to continue an important discussion we've touched on in several of our previous oversight hearings: the Veterans Benefits Administration, and their progress in reaching goals related to the claims backlog.

With the scandals at the Veterans Health Administration weighing heavily on us, tonight the Committee wants to assess the current state of play at the VBA. The agency appears to be making some progress on its goal of eliminating the claims backlog by the end of 2015.

I do, however, have concerns, and the VAOIG shares the concern, that the resources needed to achieve VA's backlog goal are being directed and applied disproportionately, ultimately harming other veterans' services.

I refer in particular to non-rating workload, Quick Start, Benefits Delivery at Discharge, Independent Disability Evaluation System and appeals to name a few.

We have heard, over and over again, of the dangers and failures of a system geared toward defining success based on narrow, fixed metrics.

That is not how good customer service is delivered, and it is not how our veterans perceive success. And why should they? What good is it for a veteran if VBA processes his or her rating in an acceptable period of time, but then takes years to add a dependent?

From July 2010 to July 2014, the number of backlogged dependency claims cases has gone from 9,367 to 192,322. This represents a nearly two-thousand percent increase.

Since March of last year, the number of pending appeals has gone up 12 percent and continues to increase.

And there are personnel issues, as well. We have heard reports of unacceptable practices and challenges in many VA facilities.

At the Baltimore VA Regional Office, the OIG found that as many as nine thousand-five hundred documents—including claims, claims-related mail and various other documents containing personally identifiable information, had been improperly stored.

Lax measures and practices with regards to veterans' personal information is simply unacceptable.

Again, to me, this says VA's focus on narrow performance measures are not realistic for defining success.

Veterans define good, timely care and service on their whole experience—from start to finish. That's what makes sense, and it's something we must confront in today's hearing and in the longer-term, as we continue our important work to reform the VA.

The VA cannot morally claim success in delivering better care to our veterans by touting their progress on the backlog if that progress has come at the expense of delivering other key services to veterans in a timely manner.

This work takes on increased urgency as more and more veterans are coming home from service abroad, in Operation Iraqi Freedom and Operation Enduring Freedom.

To fix the current shortcomings in the delivery of services, we need all the facts. And we need honest, frank discussions. That's what I'm hoping to get out of today's hearing. Because if we do not base our reform efforts based on what is realistically achievable and what the facts are, we are setting the VA—and more importantly, our veterans—up for failure down the road once again. And I think we can all agree: that is not an option.

So, tonight Mr. Chairman, I appreciate your calling this hearing because it gives us a chance to take a hard look at what VBA need to do to ensure that it is providing its claims workforce with the training and other tools needed to deliver timely and accurate benefits to our Nation's veterans and their families in all areas of their responsibility.

Thank you, Mr. Chairman and I yield back.

Prepared Statement of Kristen Ruell

My name is Kristen Ruell. I work at the Philadelphia Regional Office as an authorization quality review specialist. I possess a law degree and have previously clerked for the PA Supreme Court.

Mr. Chairman, committee members, Veterans, and guests, I have been identified as a whistleblower. I started reporting various types of data manipulation and illegal payments and glitches in the VETSNET operating system, a system that is responsible for paying out VA benefits, since July 2010. I have met with Congressman Mike Fitzpatrick's office, contacted the OIG, OSC, Department of Justice, Oversights and Investigations, the Secretary and Under sectary's of the Department of Veterans Affairs, the IRS, ORM, EEO, the media and have filed many other complaints since July of 2010. I discussed what I perceived as gross mismanagement at the Philadelphia Regional Office. I raised many issues, including but not limited to; the improper shredding of military mail, beneficiaries receiving improper and/or duplicate payments, illegal processes with the recovery of funds after an improper payment has been made and not returned, notification of IRS referral regarding waived awards in error, and various other gross misinterpretations of the law. Instead of solving the problems, I was-and continue to be-retaliated against by the VA. I have been targeted by the middle and upper management at the VA for over four years.

Significant problems arose after the conversion of the VA's operating system from the Benefits Delivery Network to the Vetsnet Operating System. The old system, the Benefits Delivery Network paid a recipient of VA benefits by a claimant's social security number. The new system, VETSNET, however relies on a PID (personal identification number). The PID is supposed to be a unique number assigned to one person only. However there is no way of determining if one individual has 2 or 3 PID numbers under 2 or 3 different names. Therefore, one individual could receive 2 or 3 times the payout and the system would never know unless the claimant self-reported duplicate payment or an employee noticed multiple payments for the same person.

The VA has incorrectly stated that the benefits received by a claimant, even if they are 2 or 3 times what the claimant is entitled to, are non-taxable. This is untrue. Only the first payment is not taxable. In other words, the IRS has lost money as a consequence of the overpayments and incorrect payments paid by the VA.

The payment of benefits by the VA under an incorrect Social Security number can result in significant problems for individuals who apply for other benefits with the Federal Government because of matching programs. These persons are told by other federal agencies that, according to their Social Security numbers, they are already receiving benefits from the VA and therefore may not be entitled to other benefits. This can cause significant hardship to citizens entitled to benefits who, through no fault of their own, are listed under their Social Security numbers as receiving benefits from the VA when in fact, someone else is receiving those benefits.

The VA's problems are a result of morally bankrupt managers that through time and grade have moved up into powerful positions where they have the power to and continue to ruin people's lives. I can speak from experience. I do not believe in manipulating data to achieve monetary gain for myself while harming the Veterans and their survivors.

After receiving an email from an employee in the Philadelphia Pension Management Center's triage department regarding improper handling of military and returned mail, I decided to investigate. See EXHIBIT 2. I was told that boxes were being taped up to be sent to the shredder. The contents in the boxes were claims that allegedly could not be identified. There were 96 total boxes. An employee informed me that the mail could be identified; it just could not be easily identified. Philadelphia had huge amounts of returned and military mail that was not looked at for years, due to the claims assistants being on production. If a piece of mail could not be quickly identified, it was tossed aside until a later date when more time could be dedicated to identifying the mail. Because of the backlog, that day never came and the mail sat in boxes untouched for years. The law says after you

attempt to identify it, you need to hold it for a year (this has veterans dates of claims on it to prove the date payment of benefits should start, etc...) and then it can be destroyed (but not if you do not try and ID it and only certain types of things may be destroyed after a process of attempting to ID) there were also many other things in those boxes and they just held it to be shredded without following proper procedures. I found out about it from various employees who were scared. I stayed late to open the boxes and took pictures, reported it to Washington and Congress, and was told no shredding was done because I could not prove I saw it being shredded (which no one could because the shredding happens on the truck). There was circumstantial evidence it was getting shredded...I was then targeted and instead of doing something about this, they enacted a policy of no picture taking in the building! I saw DD 214s in these boxes and easily identifiable mail, and other things that are not supposed to be shredded.

In 2013, the VA issued fast letter 13–10 regarding "found" or "discovered" claims. A simple reading of this fast letter established that these claims would be few and far between. To qualify for a new date of claim, rather than using the date stamped when the claim actually arrived at a VA office, the claim had to be "undiscovered" and found in a claim's folder. Upon "discovery," a memo was to be attached and signed by three people, one being no less that an assistant director. Upon completion of the claim, an email was to be sent to the VACO explaining the circumstances of the claim and why this claim was going to have an altered date of claim, a newer date. Additionally, the claim was supposed to be tracked in a program called MAPD, by way of a flash, which could be tracked. This fast letter was the VA's solution for solving the issues with the backlog, because by 2015, the VA promised that there would be no claims pending older than 125 days. The Philadelphia Regional Office took this fast letter to mean that they could change the dates of claims on every claim older than six weeks old, regardless of the circumstances. When investigated by the OIG, the Pension Center managers pled "ignorance" and stated that they misapplied and misunderstood the fast letter. Ironically, there is proof to the contrary.

One member of the Pension Center management team, a GS 14, was instructing her employees to change dates of claims for many years dating back to 2007! SEE She has managed to move up the ranks of VA management to now teach other management supervisors the tricks of the trade. How could someone make such important decisions regarding our tax payer dollars and our Veterans but not understand a simple fast letter? If this was not intentional, why did Philadelphia skip the steps that would identify the large number of these "memos" indicating a manipulation of the date of claim? Why is the only trace of these cases a paper memo? Why is there proof of the same illegal behaviors years before fast letter 13–10 was introduced? Because these behaviors are intentional. They are used to minimize the average days pending of a claim to make the regional offices numbers look better. A veteran should have a date of claim of 2009 in some cases, but because of this memo, the Philadelphia RO instead used a date of claim of 2014, therefore making the claim appear "new." He or she now has a recent date of claim, with no priority attached because the claim now has a new date of claim and will not show up on any reports for claims pending longer than 125 days. I personally witnessed supervisors state that they disagreed with these practices, but out of fear they complied, with thousands of these claim manipulations being done in the Philadelphia RO. I was appalled at the way this was manipulated and reported it through a friend that is now retired because of a VA settlement. This is currently being investigated, and demonstrates the systemic lack of morality haunting this agency.

I have been admonished and suspended because I was unable to work mandatory OT (I had a problem with child care one month) and labeled "fraudulent" by the Pension Center management, which after two and a half years were both reversed. No one else was given that severe of a punishment for things beyond their control. I was not promoted for a job when I was more qualified than at least one of the selectees and can prove it (and will because my case is pending an EEOC hearing). I was followed around the RO by management and my breaks were timed. An Assistant Pension Center Manager had my direct supervisor come outside and retrieve me from break, when we are permitted flex-time. I was falsely accused of slander. I was lied to on numerous times and "counseled." After my last whistleblowing attempt, my name was forwarded to the people I reported. The next morning, my car was dented and the following morning I came out to a big mess of coffee thrown on the hood and windshield of my car.

I am currently awaiting the resolution of both an EEO complaint and an OIG investigation. Without some resolution to either one of these situations, I am not sure what my future holds. After receiving an annual EEO/Whistleblowing email encouraging employees to report illegal activities as well as taxpayer waste, I contacted

the numbers provided thinking I was doing something the Department of Veterans Affairs would appreciate. I had tried using the chain of command, to only find out that the chain was corrupt. I did just that when I realized that the amounts of improper payments could be in the billions and included many supporting documents, sample cases, and case law. What I thought was helping the taxpayer, the agency, and the Veterans proved to be the exact opposite and the beginning of a horrible nightmare I have been living for four years. I noticed that this was not really what the VA wanted, and that they cover up nearly every impropriety to gain self-benefit via bonuses and promotions and they target anyone that steps in the way.

I noticed many employees around me were depressed and upon seeing me stick up for the Veterans, tax payer, and employees, others began to tell me horror stories of the Agency I was employed at. I am here because I care about Veterans and I care about the VA employees. The people that served our country and the employees that serve them deserve much more respect from the Department of Veterans Affairs.

I would like to thank you on behalf of myself and the many voices that could not be here today for my invitation to appear here.

STATEMENT OF RONALD ROBINSON, USA, Ret

Good afternoon, Chairman Miller and Ranking Member Michaud and Members of the Committee. On behalf of my fellow comrades and employees, thank you for the opportunity to discuss the evaluation of the process to achieve Veterans Benefits Administration (VBA) goals which was established in 2009 by former VA Secretary Shinseki at 125 days to complete, and 98 percent claims-based accuracy.

Serving veterans should never be about arbitrary and unplanned goals, but how can we serve them better. It has been proven that setting unrealistic and unplanned goals with long term targets without short and intermediate targets to validate their effectiveness are a recipe for disaster.

The Columbia Veterans Affairs Regional Office had the privilege of a visit from Acting Secretary Gibson on last week and it was refreshing to hear our top leader say it's not about matrices but ensuring we are doing everything to serve our Veterans and building trust one Veteran at a time. He addressed transparency, accountability and retaliation of employees. He also acknowledged that it was his job to create conditions for employees to be successful. He is setting the tone for changing the culture of the lack of accountability, numbers and manipulation of numbers, retaliation, and VA talking points.

In October 1995, when I arrived at the Columbia VARO as a work-study, there was a VA poster on the wall in the hallway that read "Making a Difference in VBA – Integrity, Professional, and Accountability." I was impressed by the message and embarked on a journey to make it a reality as I served my fellow comrades. I visited the VBA Central Office in February 2013 and to my surprise the same poster was hung in the hallway. However, I have learned that words on paper are meaningless without corresponding action.

The VA is not a factory or business, but a service organization created to serve Veterans, their widows and orphans. We serve survivors of those who have made the ultimate sacrifice; those who have seen horrific acts of war and need comfort; those who have been mentally and physically disabled and need medical care; those who are homeless and need shelter as well as support; those who are thinking about suicide and need a lifeline; and all the others who honorably and faithfully served our Country.

Again, this is not about meeting goals and matrices, but serving those who served and VA providing the leadership, effective tools, and creating a work environment for employees that is conducive to providing accurate and timely decisions to our customers – Veterans, survivors, and their families.

When unrealistic goals cause leaders to throw common sense and intelligent analyses out of the window, it is time for a reassessment and shift the focus back on our only mission "TO CARE FOR HIM WHO SHALL HAVE BORNE THE BATTLE FOR HIS WIDOW AND HIS ORPHAN."

President Roosevelt on the date he signed the G.I. Bill, stated, "...the members of the armed forces have been compelled to make greater economic sacrifice and every other kind of sacrifice than the rest of us, and they are entitled to definite action to help take care of their special problems."

It is clear from this GAO report that when this goal was set, there was no plan to achieve it.

> The GAO testified before the Senate VA Committee and said, ""We have noted that VA's ongoing efforts should be driven by a robust, comprehensive plan; however when we reviewed 'VBA's plan documents, we found that they fell short of established criteria for sound planning. Specifically, VBA provided us with several documents, including a PowerPoint presentation and a matrix that provided a high-level overview of over 40 initiatives, but, at the time of our review, could not provide us with a robust plan that tied together the group of initiatives, their inter-relationships, and subsequent impact on claims and appeals processing times." *GAO-13-453T, Mar 13, 2013*

Furthermore, although the goal announced publicly was for all claims, VA truncated its plan to focus on disability claims leaving the appeals to spiral out of control. Appeals are disability claims.

> Here is VA's plans in their own words, "... In the first quarter of fiscal year 2012, VBA formulated a Transformation Plan to improve the delivery of benefits to veterans and their dependents and survivors. In the first phase of this plan, VBA's transformational people processes, and technology initiatives are designed to achieve VA's priority goals of processing all disability claims within 125 days and increasing rating quality to 98 percent by the end of 2015. **Upon achieving those goals**, the plan calls for VBA to allocate resources to maintain high quality service for compensation claims while redirecting resources to the second phase of the transformation, which will address the needs of VBA's other benefit programs (appeals, veterans and survivors pension, dependency and indemnity compensation, burial benefits, vocational rehabilitation, education, and fiduciary)...." (emphasis added) *Federal Register /Vol.78, No. 229/Wednesday, November 27, 2013/ProposedRules 71043.*

Goal setting is not new for the VBA, but achieving these goals cannot be measured only by increasing production and reducing the inventory as noted below.

> "... as we noted in our April 2002 testimony, cutting the time to process claims roughly in half to meet the Secretary's timeliness goal of 100 days by the end of fiscal year 2003 depends on more than just increasing production and reducing inventory." *GAO-02-412 Report to the Chairman and Ranking Member, Committee on VA, U.S. Senate, July 2002*

As we all have witnessed and was reported in 2001, the VBA workload is more than the number of pending claims or the backlog in VBA Regional Offices.

> "VBA's workload is normally discussed in terms of the number of pending claims or the backlog in VBA Regional Offices. Pending claims are generally assumed to be original and reopened claims for disability compensation. However, this shorthand description of the workload over-simplifies what is, in reality, a heterogeneous that consumes direct labor hours of the C&P workforce. To complicate matters further, these end products do not account for all categories of work required in the Regional Offices...," *VA Claims Processing Task Force Report to the Secretary of Veterans Affairs dated October 2001*

Nothing can replace competency, involvement, and validation by employees of the success of the process as explained in VBA's own study.

> "While there is an appreciation for tools, reports, and data, these are not the primary drivers of the process. Rather, they are validation that the process is working. There is a sense that without this understanding of process, tools are of little value. To be sure, not every director or assistant director must have followed a career path through the claims processing arena. However, successful engagement by senior leadership simply cannot take place without clearly "understanding the business." All of the high performing stations visited during the study exhibit this characteristic.
>
> The term "involved" means each manager works to support a culture of continuous improvement. Initiatives to improve, "stretch", recognize, and reward performance comes from all levels. The office is considered as having these two elements of management competency and involvement only when the employees themselves validate it." *VBA Cycle Time Study, June 2003*

This is surely not an employee's problem as acknowledged by Chairman Miller, but clearly rest on the shoulders of VA leadership.

> "Miller said. "The vast majority of the 300,000 employees at VA are dedicated and are hard-working. They deserve better than to have the reputation of their organization dragged through the mud by a bunch of executives too busy patting themselves on the back to take responsibility." *Legion Convention: Chairman of House Committee on Veterans' Affairs Vows to Keep the Pressure on VA to Reduce Claims Backlog, Fort Mill Times, August 28, 2013*

The VA leadership established a goal without a detailed plan to achieve. How could it be effective?

Now, I would like to discuss the Transformation (people, process, and technology) in VA own words and with my analysis.

People

> "VBA's employees are the key to Transformation success, and over 52 percent of them are Veterans themselves." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

VBA's miscalculation that automation would reduce the need for employees has only exacerbated the staffing problem that exists.

AFGE Local 520 Freedom of Information Act (FOIA) request reveals these numbers regarding the number of FTEs assigned to all VBA field stations' Veterans Service Center (VSC) and the Resources Center (RC) comparing the beginning of FY11 (October 1, 2010) and FY14 ending December 14, 2013.

	FY11	FY14	DIFF
VSC	**11,079.0**	**9,292.0**	**(1,787.0)**
RC	**272.9**	**1,050.6**	**777.7**
TOT	**11,351.9**	**10,342.6**	**(1,009.3)**

A comparison shows that FTEs were shifted from the VSCs to the RCs. However, there was still a decrease of 1,009.3 FTEs for VBA field stations.

Even a more telling tale of staffing problems is when AFGE Local 520 requested a copy of the organization charts for each Veterans Service Center in VBA and the VBA Central Office's response was there did not keep copies of them. How can VBA ensure standardization and proper staffing without knowing how their VAROs are staffed?

A Freedom of Information Act (FOIA) also request reveals the actual cost to the taxpayers of VBA's overtime for VAROs.

FY14 (October 1,2013 to December 14,2013)	$ 18,562,466
FY13 (October 1,2012 to September 30, 2013)	$ 85,301,320
FY12 (October 1,2011 to September 30, 2012	$ 49,469,403
Grand Total	$153,297,189

The FY14 numbers were not ripe at the time of the FOIA response, but this comment from a VBAVACO email should shed a light on the way it will be at the end of FY14.

"I am so proud of you for the way you honor the Veteran community day after day. This Memorial Day weekend when so many will be on vacation or backyard barbeques, many of you will be working overtime - ***nearly 20,000 hours of overtime***." *Email, Subject: Memorial Day Message, Hickey, Allison (EX), VBAVACO, May 23, 2014* (Emphasis Added)

An organization cannot survive on mandatory overtime. It is a red flag that the pillars of an organization (leadership, processes, people systems and workplace culture) have crumpled.

Effective training and performance standards which are tested are essentials to an organization. However, in my opinion, both need work at the VBA.

The bottom line is all employees including managers, especially first line supervisors, are overwhelmed and frustrated by this massive unplanned transformation.

Process

VBA Organizational Model

> "Initially planned for deployment throughout FY 2013, VBA accelerated the implementation of its new organizational model by 9 months due to early indications of its positive impact on performance. The new organizational model incorporates a case-management approach to claims processing, by reorganizing the workforce into cross-functional teams that give employees visibility of the entire processing cycle of a Veteran's 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 serves as a formalized triage process to quickly and accurately route Veterans' claims to the right lane when first received." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

The team concept and case management are the same cornflakes in a different box. A study of VBA history shows that the old name was "Business Processing Reengineering" (BPR) which lasted three years.

The VBA call their supervisors in the Veterans Service Center coaches. A coach for a team is required to know claims development, rating, and adjudication. However, few have the technical skills to instruct employees in more than one area. This was one of the drawbacks to BPR.

The organizational model also created a nonrating team, but it was understaffed and the nonrating inventory ballooned and veterans are not receiving their earned and right full benefits because of it.

Technology

Proven technology has its advantages, but is only a part of fixing the problem now facing our organization as acknowledged by VBA.

> Mr. Murphy, Director of Compensation Service also gave this testimony at the hearing (*Pending Benefits Legislation, US Senate Veterans Affairs Committee SR-418, June 12, 2013,*) "There is no single system that is going to come in that will be a silver bullet - VBMS and make everything work. VBMS if left alone without other change will just make a bad system worst. So, there are other things that have to go on here in terms of, training, education, the quality of hiring, the processes that we are doing, the legislative proposal that you are bringing before us and have done so the last couple of years that are bearing fruit in helping us develop this as well."
>
> *Technology*
> "Key to VBA's transformation is ending the reliance on the outmoded paper-intensive processes. VBA is deploying technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*
>
> *Veterans Benefits Management System (VBMS)*
> "VBMS is a web-based, electronic claims processing solution complemented by improved business processes. It will assist in eliminating the existing claims backlog and serve as the technology platform for quicker, more accurate claims processing." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

In order to achieve the VA Secretary's goal; VBMS was rolled out too early. As a result, there are constant updates which are also not ready for "prime time."

Working in an electronic environment truly has its advantages. However; working in an electronic environment that is laden with workarounds and creates manual labor is time consuming and negates the advantages. Moreover, it has an adverse effect on employee's productivity and morale and ultimately even greater effect on timely and accurate delivery of decisions to our customers – Veterans and their survivors. "

Under political and media pressures and the pressure to meet former VA Secretary Shinseki's goal, VBA was forced to transition to a paperless process and a multitude of other untested initiatives.

Moreover, VBA was warned by the VAOIG as recorded in VAOIG report 11-04376-81, dated February 4, 2013 regarding VBMS.

- "As of September 2012, in the early stages of VBMS system development, VA had not fully tested VBMS. Due to the incremental development approach VA chose, the system had not been fully developed to the extent that its capability to process claims from initial application through review, rating, award, to benefits delivery could be sufficiently evaluated. While we did not evaluate the quality of system testing, we determined, the partial VBMS capability deployed to date has experienced system performance issues.
- Further, scanning and digitization of veterans' claims lacked a detailed plan and an analysis of requirements. We identified issues hindering VBA's efforts to convert hardcopy claims to electronic format for processing within VBMS, including disorganized electronic claims folders and improper management of hard-copy claims.
- VA senior officials stated they have taken recent actions to improve in the areas identified. However, given the incremental system development approach used and the complexity of the automation initiative, VA will continue to face challenges in meeting its goal of eliminating the backlog of disability claims processing by 2015..."

Now, let's examine the testimony of Mr. William J. Bosanko, Executive for Agency Services, U.S. National Archives and Records Administration (NARA) at the HVAC *Hearing on 06/19/2012: Reclaiming the Process: Examining the VBA Claims Transformation Plan as a Means to Effectively Serve our Veterans, regarding the scanning of documents.*

> "NARA entered into a one-year agreement with the Department of Veterans Affairs (VA) in June 2010 to help design a scanning architecture and a process that would meet VBA's particular needs. Under this agreement, NARA mapped out a scanning workflow for claims processing, configured a scanning system, trained the scanning system to recognize the data on VBA's forms, and developed a way to index the data so that it could be efficiently retrieved when needed..." Based on the success of the first pilot, NARA signed a second one-year agreement with the VA in June 2011 to further refine the scanning workflow and hardware configuration and to continue to improve the system's ability to automatically recognize and compile data from VBA forms. We are nearing our completion of meeting the requirements to the VA under the terms of the two year-long agreements. Our current agreement with the VA ends on June 26, 2012."

During questioning at the HVAC hearing by Ranking Democratic Member Filner of Mr. Bosanko, it was discovered that it would take approximately 4000 employees to scan the required 600 million pages a month for rollout.

After two years of partnership with VA to development the scanning and indexing process for VBMS, NARA terminated the contract. NARA warned us of the amount of people it would take to effectively accomplish rollout.

However, VA was determined to proceed on to meet the VA Secretary's goal. Therefore, they entered into a contract with two private contractors - CACI and SMS. However, it created problems resulting in VA creating a labor intensive process creating manifests and scanning banners to transfer documents to the scanning vendors to identify documents that were pending prior to the scanning vendors actually scanning the documents into VBMS.

However, on June 6, 2014, the use of the scanning banner to track the status of scanned items was discontinued, until further notice. *Email, Subject: Pending Scanner Banner, June 9, 2014, 8:30 AM*

Now, the VA is embarking on another effort to solve the scanning problem - Centralized Mail. As currently configured, this process is still in the embryo stage, but VA is trying to birth it prematurely.

I have personally tested the process and as currently configured it will be yet another setback and labor intensive process for VA employees and will affect productivity and service to Veterans. As a footnote, my fellow employees and I actually witnessed a document disappear into cyber space.

> ***"eBenefits*** – a joint VA-DoD client-services portal for life-long engagement with Servicemembers, Veterans, and their families – is a key component of VRM. eBenefits currently provides users with over 45 self-service options and greater access to benefits and health information at the time and method of their choosing.
>
> ***Stakeholder Enterprise Portal (SEP)***
> SEP is a secure web-based access point for VA's business partners. This portal provides the ability for VSOs and other external VA business partners to represent Veterans quickly, efficiently, and electronically. Because SEP is a new release, specific results are not yet available. "." *Statement of Allison A. Hickey under Secretary for Benefits Veterans Benefits Administration (VBA) U.S. Department of Veterans Affairs before The Senate Committee on Veterans' Affairs hearing titled VA Claims Process: Review of VA's Transformation Efforts on March 13, 2013*

Excerpts from the article, *Exclusive: Hundreds of Thousands of VA Electronic Disability Claims Not Processed, nextgov, July 3, 2014* opens another conversation and a need for an investigation into these two systems.

- ""VA spokeswoman Meagan Lutz said since February 2013, just over 445,000 online applications have been initiated. Of those, approximately

70,000 compensation claims have been submitted and another 70,000 nonrating (add a dependent, etc.) have been submitted, leaving a total of 300,000 incomplete claims. Because a number of claims started are more than 365 days old, they have now expired, totaling an estimated 230,000 unprocessed claims."

- SEP, Manar said, was not "well thought-out" when fielded and "the whole system was not ready for prime time."
- She said VA plans a new release of SEP this month to VSOs, which will allow VSOs to submit claims directly to VBMS for veterans who hold power of attorney. This update would eliminate the need for the veteran to submit from the eBenefits portal."

This is just another example of technology and a lack of an evaluation of the electronic systems launched by VBA in an attempt to reach the VA Secretary's goal.

During this transformation, I have seen failed initiatives, such as contracting out of claims development and the IBM created Fast Track system for processing the three new Agent Orange presumptive disabilities, ADHOC procedures, such as, the oldest claims initiative, all hands on deck to include suspending quality reviews, provisional ratings, unlimited overtime (20 hours of mandatory overtime and unlimited voluntary), the recent refresher training called Special Adjudication Review Course (SPARC) which is still on going and includes employees who attended the New and improved Challenge Course that was a part of transformation, as well as the closing of Regional offices to give refresher training, the returned of 37% of the workforce from processing Nehmer claims which should have been a plus, the implementation of the other initiatives that are to lengthy to discuss here, the changing of performance standards twice, the Monday Morning Workload Report (MMWR) changed three times, the exclusion of rating related EP 930s from the rating bundle, EP 400s identified on the MMWR as correspondence used to request evidence, the continued increase of appeals and nonrating claims, just to name a few. Now, another ADHOC procedure to reduce the dependency claims backlog that is labor intensive and creating more problems. Now, there is a move to hire over 100 temporary VSRs not to exceed one year to help with the nonrating claims inventory. When does the madness stop?

My colleague and dear friend, Cindy Indof, a seasoned VBA employee of over 20 years of experience at all levels and former manager, said in an article in the New York Times in June 2012, "There are so many changes that no human can keep up with it." However, the most telling comment she has coined is this "the VBA Central Office's leadership is living in a future that does not exist."

Has the process been effective, the answer is no. Have VBA tried with all its might, the answer is yes. Have VBA moved from paper, the answer is yes for the most part. Are veterans still waiting for their benefits, the answer is yes.

Is the backlog still over 50 percent and appeals, and nonrating products continue to increase, the answer is yes.

This data is taken from the VBA's MMWR report dated June 28, 2014 and July 7, 2014 reflecting the VBA workload as of June 28, 2014 and July 5, 2014, respectively. The overall rating bundle increased by **3,076** and backlog increased by **5691** from the previous week. This does not include the claims that are in VBA's possession, but have not been established into the system.

WEEK	C&P RB OVERALL	WEEKLY DIFF	WEEK	C&P RB BACKLOG	WEEKLY DIFF
06/28/14	555,180	-7,788	06/28/14	268,348	-8,543
07/05/14	558,256	3,076	07/05/14	274,039	5,691

C&P RB >125	6/28/2014	7/5/2014	DIFF	6/28/2014	7/5/2014	DIFF
010	22,685	23,386	701	53.0%	52.4%	-0.5%
110	69,847	71,185	1,338	52.7%	53.7%	1.0%
020	166,505	169,682	3,177	48.4%	49.3%	0.9%
930	22,046	22,328	282	64.9%	65.2%	0.3%
TOTAL	281083	286581	5498	54.7%	55.2%	-0.6%

DATES	3/2/2013	7/5/2014	DIFF
APPEALS	249,814	**279,751**	29,937

DATES	3/2/2013	**6/28/2014**	**7/5/2014**	**W-DIFF**
NONRATING				
130	**181,744**	237,601	235,749	-1852
290	**75,956**	108,139	108,641	502
600	**42,562**	64,080	64,423	343
Totals	300,262	409,820	408,813	-1,007

The Nation has been dealing with this problem too long. There is now a need for all parties (Congress, the VA, the Union, the VSOs, Veteran's organizations and all other stakeholders) who played a role in this decades old problem to unite, work together, roll up our sleeves, get to the root cause of the problem, and systematic fix it one prudent step at a time.

I conclude my testimony with the words of Chairman Miller, "As Congress has said for many years now, VA needs to look at the root of the problem of the backlog —training, management, oversight, and technology — and work forward from those four points to address this problem," Miller added. "Quick fixes will no longer work, and will continue to make veterans wait months, sometimes years, on end for an answer." http://usnews.nbcnews.com/

Prepared Statement of Javier Soto

I, Javier Soto, thank the Chairman, and esteemed members of the House Veterans Affairs Committee, for the invitation to participate in this process and state:

- The pressure to focus on production and complete cases has resulted in less attention on quality to meet "numbers" goals
- Various changes, like "changing the game," and "provisional ratings," seem to shift the burden to the veteran to prove the claim, or hide claim processing times, and may violate certain goals of the duty to assist (38 USC 5103A)
- While quality control methods are touted nationally as the measure of overall claims processing quality, local internal employee quality reviews show high error rates locally, and disagreements on what is a quality error and how to evaluate evidence
- In order to move cases faster, it seems the focus is on less time for Veterans to submit evidence or for VA to obtain it, to close the record faster, with the observation that there may be an increase in denial of claims at my former office as a result.

1. My statement is derived from experiences as a "rater" or Rating Veterans Service Representative while employed at the Veterans Benefits Administration, St. Petersburg VA Regional Office ("RO317"), where in four years I was promoted from GS–9 to GS–12, and received at least fully successful ratings.

2. I was hired to work on a Night Shift. We were promised verbally, by Kerry Witty, Director of RO317, and Mr. Scott Posti, Assistant Director, RO317 (at the time), that Night Shift would never go away as this program was meant to meet the goals of ending the backlog. Less than a year later, Night Shift went away. Further, about 60% of hires on the night shift rater class are no longer raters or employed as raters.

3. It is my observation VA has steadily shortened evidence wait periods for various evidentiary items—private medical record requests, duty to assist time periods, research for certain other records, and so on. The result is usually a small window to get evidence "on the record" for consideration for the claim made. When the evidence submission window closes, the claim is rated based on the evidence of record. As a consequence, a denial for benefits results if no evidence arrived during the new shortened period of time.

4. There have been times at the Orlando office when managers will tell raters how to rate a claim (mostly urging closure without further review of issues that may need more review) but refusing to follow written procedure that would alert the Veteran of a difference in opinion as to how to develop or evaluate a claim. VA rules call for differences in opinions between management and a rater to be documented in a written memorandum. Management has refused to comply with such requests by employees.

5. RO317 management developed mitigation to the national 2013 standards that I could not find approval for from VA Central Office. Employees at the lowest levels (not meeting standards) were declared fully successful based on "unique station challenges," or similar statements. Later, I learned the HR manager, Bonnie Wax, directed the use of this terminology (while engaged in helping one employee on a performance issue at Orlando—when the Orlando office manager passed the employee based on unique station challenges—"as instructed" by "HR"). Also, this term appears to be used to "assign" certain employees as 'outstanding' without those employees meeting the outstanding criteria. An additional concern was that employees that did meet production and accuracy requirements received no upward mitigation (the "middle" group) despite an appearance of a "curve" for the standards at the high end and low end (those that managed to meet standards were lumped in with poor performers). On some occasions, to avoid litigating training issues a "unique station challenge" was declared and the employee made fully successful, when the employee filed EEO or other complaints.

6. Accuracy figures differ between RO317, STAR (National), OIG, and so on. At RO317, individual quality reviews (that evaluate employee performance on claims—not station performance that is reviewed by STAR) seem subjective or based on preference of the reviewer. Accuracy impacts production because it is used punitively against employees. Because of confusion over accuracy demands by the local quality review team, some employees report shifting rating practices to accommodate reviewer "preference," not law.

7. Employees have reported to AFGE comments by managers of "let the Veteran appeal" or "that's what appeals are for" when questioning claims processing concerns.

8. We can't agree when raters and quality reviewers view the same evidence and differ as to what it means. VA law calls for one standard of review, but quality reviewers show no consistent standard locally, making it difficult to pinpoint a fix, and causing errors in rating claims. For example, consider the following sample of errors made by "quality" reviewers:

a. Three errors were called by the local quality reviewers (QR) when I granted the earliest possible increase effective date on a claim (based on VA medical records). QR ignored my clear explanation that I relied on VA records and stated "private records were too old." When the QR would not change their decision, which would have denied the Veteran thousands of dollars, the matter was challenged in various labor forums because VA would not consider it. Many months later the director finally relented and overturned the error—but refused to admit problems with the quality review process, and refused to issue guidance to QR that would avoid similar error calls in the future.

b. An error was called when QR decided the word "and" means "or" in manual reference concerning who is covered for purposes of "Agent Orange" claims in locations other than Vietnam. The rater noted that the "manual" (M21–1MR) states Veterans that meet two criteria (i.e., "x" AND "y") are to be referred for further review. The QR panel advised the argument "AND" means "AND"—was not persuasive. On further challenge, management relented and stated: "in fairness, if QRT finds it necessary to clarify this particular reference with Compensation Service, then [employee name omitted] should not be charged with this error." However, they denied a request to prevent such errors in the future.

c. In early FY2104 four quality review errors were called on raters at the Orlando Office of RO317 based "interpretation" of medical evidence. Raters at the Orlando office resubmitted the claims to VHA for clarification. VHA noted the raters were correct. The errors were reported to the director of RO317. Veterans Services Center Manager Sandra Smith has not answered calls for resolving the matter, and Director Kerrie Witty has refused to address this matter. The claims sit unaddressed as to the error concerns.

9. During the focus on initial claims, RO317 reported that appeals at RO317 had increased beyond the rate experienced at other offices. Also, other concerns have arisen. Some non-bundled claims sat ignored for the most part, resulting in losses to VA (i.e., grants requiring future exams in 6 months have gone without an exam for five years in some cases, resulting in extra payments not justified by law).

10. Review of internal quality review team "minutes" shows: They have had problems agreeing on what a local error is or should be; They feel caught between employees and management over the processing goals; and, quality reviews are time consuming for VBMS claims nation-wide. I could find no management address of these concerns.

11. RO317 has stated internally that its quality review team is 100 percent accurate after complaints about mistakes by the quality review team. An Email to RO317 employees on January 27, 2014, urged employees to stop complaining to quality reviewers. Later, during this year, quality reviewers began using "disclaimers" for guidance given by quality reviewers due to their decisions being challenged as inconsistent. This matter was brought to the attention of the RO director in a recent "town hall meeting" with employees and she responded with "I am not aware," "I have to check into that," "I don't know."

12. The matter of quality and production has increased hostility in the workplace for all—employees, quality reviewers, and middle managers. Senior management has received bad reviews from employees in employee surveys. While management refuses to admit the problems continue, or exist, recent emails exemplify the conflicting quality process: An employee asked for guidance on whether to order an exam based on a Veteran submitted claim and evidence. Due to a fluke, two quality reviewers responded via email to the same question minutes apart (the question was entered into a "request for help" database). They issued opposing guidance to the employee (one said order the exam, the other said do not order the exam).

13. "Changing the Game" rules have resulted in exams denied to veterans during increase claims by pressure to rate on available evidence that may not meet legal requirements. As an example of the conflict here, various increase claims were completed using Changing the Game, under insistence of the Orlando Area Manager, without exams. The rater complying received various errors for not ordering exams.

14. A great concern in training and development of raters is that claims are not assigned for processing based on complexity of claim and tenure and experience of the employee. Tied to the push for "production," is a disregard for position description procedural guidance for new raters. This leads to needless quality issues and delays in claims processing.

15. We receive exams from VHA not properly filled out, missing medical opinions, with conflicting opinions and diagnosis, and incomplete. We complained to our managers but get no address to this problem. We also receive complaints from Veterans on being evaluated for complex conditions in "five minutes." Exams are a critical part of the rating process.

16. A concern for fraud has arisen in e-benefits initiatives. At the Orlando Office of RO317, a script for convalescence was altered to increase 100 percent benefits for over 4 months from the 2 weeks called for by the doctor. The rater reported the matter to the management at Orlando Office of RO317. The reply by management was "you should have just rated it and closed the claim." There has been no training or instruction in identifying medical frauds for raters as we race through claims.

17. Despite congress calling for a time motion study at VBA, I have not seen or heard of one performed for the latest performance standards. I did review data on a previous study (I think over 5 years ago) and those familiar with the study advised that VBA stopped such studies because they did not support the performance standards used by VBA.

18. Provisional ratings simply closed the end product (EP, or claim as "tracked" when initially filed), but resulted in a new "non-bundled" EP being issued to track the provisional rating. The claim continues unaddressed and not is completed.

19. Because of changes seemingly appearing to conflict training and law, some raters refused to follow the new rules without written directives. The claims were reassigned to others willing to perform them as requested.

Summary

I have the utmost respect for this job and the legal process here. I am also awed by the background and efforts of our Veterans that I have served by deciding claims. I was simply trying to help when after issuing a VSR accuracy report (showing RO317 quality review team was performing poorly, overturning their own decisions about 50% of the time on appeal) of June 24, distributed on June 26, I was involuntarily separated June 30, by Kerrie Witty, Director, because "my services were no longer required" (I was laid off in the middle of a backlog and a push to hire more raters). As a re-employed retiree I was determined to be at will and no longer needed.

STATEMENT OF
LINDA A. HALLIDAY
ASSISTANT INSPECTOR GENERAL FOR AUDITS AND EVALUATIONS
OFFICE OF INSPECTOR GENERAL
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
HEARING ON
"EVALUATION OF THE PROCESS TO ACHIEVE VBA GOALS"
JULY 14, 2014

INTRODUCTION

Chairman Miller and Members of the Committee, thank you for the opportunity to discuss the results of the Office of Inspector General's (OIG) work related to the Veterans Benefits Administration (VBA). We will focus on previously issued reports as well as recent situations that have come to our attention through the VA OIG Hotline and through VBA. I am accompanied tonight by Mr. Brent Arronte, Director, OIG's San Diego Benefits Inspection Division.

BACKGROUND

Delivering timely and accurate benefits and services to the millions of veterans who served in our Nation's Armed Forces is central to VA's mission. VBA is responsible for administering a range of veterans benefits programs, including compensation, pension, education, home loan guaranty, vocational rehabilitation and employment, and life insurance. These programs are estimated to pay out over $73 billion in claims to veterans and their beneficiaries in fiscal year (FY) 2014 and comprise approximately half of VA's total budget.

VBA continues to face challenges to ensure veterans receive timely and accurately benefits and services. For years, VBA has faced a growing backlog and an aging inventory of benefits claims. This backlog is attributed in part due to returning Iraqi and Afghanistan veterans, reopened claims from veterans with chronic progressive conditions related to Agent Orange, relaxed evidentiary requirements to process post-traumatic stress disorder claims, and additional claims from an aging veteran population with issues of declining health. As of June 30, 2014, VBA reported it completed just under 975,000 disability claims, while the inventory of pending disability claims is just over 550,000.

FINANCIAL STEWARDSHIP

To address the claims backlog issue, VBA instituted a series of initiatives and activities aimed at achieving 98 percent accuracy and timeliness of 125 days by 2015. Improvement initiatives include claims brokering to even out workloads across VA regional offices (VAROs), expedited rollout of Disability Benefits Questionnaires (DBQs), mandatory overtime for claims raters, and moving from paper-based claims processing to an electronic-based processing system. As of July 5, 2014, VBA self-

reported progress in reducing its compensation claims backlog by more than 50 percent to 274,039 since March 2013.

However, this focused attention on claims processing comes at the expense of other non-claims processing functions. Furthermore, VBA continues to have notable weaknesses in financial stewardship. As we reported in our *FY 2013 Review of VA's Compliance With the Improper Payments Elimination and Recovery Act* (April 15, 2014) and other OIG audit reports and benefits inspections reports, VBA underreports improper payments in its compensation program.

Claims Processing Accuracy

VBA has been working toward its announced goal of 98 percent accuracy for claims processing by 2015. However, in our inspections of VAROs, we continue to report on errors in accuracy in the processing of temporary 100 percent disability evaluations and traumatic brain injury claims (TBI). We look at these two types of claims because they are considered to be at higher risk of processing errors, thus our results do not necessarily represent a VARO's overall accuracy in processing disability claims.

FY 2014 is the beginning of our second cycle of VARO inspections since we established our benefits inspections program in FY 2010. While we aim to complete 20 inspections each year, this year due to special projects such as the 2-year old claims initiative, we have issued 3 reports (Reno, Nevada; New York, New York; and New Orleans, Louisiana).[1] However we have conducted three additional inspections and expect to issue reports shortly on Atlanta, Georgia; Columbia, South Carolina; and St. Louis, Missouri

We found that VARO staff continues to face challenges making accurate decisions on certain veterans' disability claims such as temporary 100 percent disability evaluations, TBI, and on awards where the veteran is entitled to Special Monthly Compensation (SMC) and ancillary benefits. Claims processing that lacks compliance with VBA procedures increases the risk of improper payments to veterans and their families.

Temporary 100 Percent Disability Evaluations

As we reported in January 2011, VBA had not correctly processed temporary 100 percent evaluations for about 27,500 (15 percent) of 181,000 veterans.[2] We reported that since January 1993, VBA had paid veterans a net $943 million without adequate medical evidence to support the payments. We concluded that if VBA did not take timely corrective action, it could overpay veterans a projected $1.1 billion over the next 5 years (FY 2011 – 2015). The then-Acting Under Secretary for Benefits (USB) agreed with our seven report recommendations for implementing training and internal control mechanisms to improve timeliness in processing these types of claims. VBA took action to implement six of the seven recommendations.

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[1] *Inspection of VA Regional Office New Orleans, Louisiana*, (July 10, 2014); *Inspection of VA Regional Office New York, New York* (June 24, 2014); *Inspection of VA Regional Office, Reno, Nevada* (June 10, 2014).
[2] *Audit of 100 Percent Disability Evaluations* (January 24, 2011).

However, VBA's delay in implementing the final recommendation—to review all temporary 100 percent disability evaluations and ensure each had a future examination date entered in the electronic record—is unacceptable and raises major concerns over VBA's willingness to reduce its risk of improper payments. The then-Acting USB stated the target completion date for VBA's national review would be September 30, 2011. However, VBA did not provide each VARO with a list of 100 percent disability evaluations for review until September 2011 and subsequently extended the national review deadline on four occasions.

VBA's methodology did not call into question a veteran's 100 percent disability evaluation if there was an associated control referred to as an "end product" to alert VBA claims processing staff of the need to review the claim at a later date. Having a control in place is not providing adequate assurance that the reviews will occur or that reviews will be timely. VBA designated the use of End Product 684 as the control to ensure staff review 100 percent disability evaluations to determine if the monthly payments are accurate. As of July 8, 2014, VBA had 2,446 End Product 684s pending on average for 208 days showing delayed corrective actions to identify and discontinue potential improper payments.

Follow-Up Audit of 100 Percent Disability Evaluations

In June 2014 we issued our follow-up audit on this matter and reported that VBA still did not take sufficient action to ensure each evaluation had a future exam date.[3] As of January 2014, VBA identified over 8,300 temporary 100 percent disability evaluations for regional offices to review, of which 7,400 (88 percent) had not been reviewed. This included over 4,100 claims that VBA's Office of Field Operations notified regional offices to review more than a year earlier. We estimate 3,100 (42 percent) of these veterans received almost $85 million in improper benefit payments since January 2012 because these claims lacked adequate medical evidence.

We remain concerned about VBA's financial stewardship of these claims and project that without action, VBA could continue making unsupported payments to veterans totaling about $371 million over the next 5 years. In fact, we identified a $456 million ($85 million plus $371 million) total impact to the Government. (We reduced this projection to $222.6 million because our 2011 projection and report included all benefits before December 31, 2015.) We also determined that almost 1,500 claims folders with temporary 100 percent disability evaluations were located at the VA Records Management Center. Previously VBA told us they implemented our recommendation from our 2011 report to transfer claims folders with temporary 100 percent disability evaluations back to the regional offices. The USB concurred with our recommendation to ensure regional office staff take appropriate action on temporary 100 percent evaluations within 180 days and transfer all claims folders with temporary 100 percent evaluations from the Records Management Center to the regional office of jurisdiction.

We are following up on these audit results as part of our FY 2014 VARO inspections and continue to find significant processing errors. Inspection results from six benefits

[3] *Follow-up Audit of VBA's 100 Percent Disability Evaluations* (June 6, 2014)

inspections completed to date show that VARO staff incorrectly processed 61 percent of the temporary 100 percent disability evaluations we reviewed, resulting in over $401,000 in overpayments to veterans. The majority of these errors occurred because VARO staff delayed scheduling medical reexaminations to reevaluate temporary 100 percent disabilities as required by VBA policy.

Traumatic Brain Injury Claims

In response to a recommendation in our May 2011 report, *Systemic Issues Reported During Inspections at VA Regional Offices*, VBA agreed to develop and implement a strategy for ensuring the accuracy of TBI claims decisions. The then-Acting USB responded by providing guidance to VARO Directors to implement a policy requiring a second signature on each TBI case that a Rating Veterans Service Representative (RVSR) evaluates until the RVSR demonstrates 90 percent accuracy in TBI claims processing. The policy indicates second-signature reviewers come from the same pool of staff as those used to conduct local station quality reviews. Yet, we continue to identify significant processing errors related to TBI disability claims in our most recent inspections, and in many cases, the errors occur in spite of VBA completing secondary reviews.

Six inspections completed to date for FY 2014 showed that staff made errors in 27 percent of the TBI claims we reviewed. These errors were due to VARO staff using inadequate medical examination reports to evaluate residual disabilities associated with traumatic brain injuries. We learned through interviews that RVSRs were not consistently returning the inadequate reports to VA medical facilities as required due to pressure to meet production requirements. A common scenario in TBI claims processing involved veterans who had TBI-residual disabilities as well as co-existing mental conditions. When medical professionals did not ascribe the veterans' overlapping symptoms to one condition or another condition as required, VARO staff could not make accurate disability determinations. RVSRs' difficulty in following complex TBI claims evaluation policies contributes to TBI claims processing errors.

Special Monthly Compensation and Ancillary Benefits

Over time, VBA has realized that for certain types of disabilities, the basic rate of compensation was not sufficient for the level of disability present. Therefore, VBA established SMC to recognize the severity of certain disabilities or combinations of disabilities by adding additional compensation to the basic rate of payment. SMC represents payments for "quality of life" issues, such as the loss of an eye or limb or the need to rely on others for daily life activities, like bathing or eating.

Ancillary benefits are secondary benefits that are considered when evaluating claims for SMC. Examples of ancillary benefits are Dependents' Educational Assistance, Specially Adapted Housing Grants, Special Home Adaptation Grants, and Automobile and Other Conveyance and Adaptive Equipment Allowances.

VBA policy requires their staff address the issues of SMC and ancillary benefits whenever they can grant entitlement. We examined whether VARO staff accurately

processed entitlement to SMC and ancillary benefits associated with anatomical loss, loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse.

Based on the six inspections completed to date for FY 2014, we determined VARO staff incorrectly processed 54 of 178 claims involving SMC and ancillary benefits. These errors resulted in overpayments valued at approximately $384,000 and underpayments valued at approximately $279,000. These errors represented 814 improper monthly payments from February 2005 through January 2014.

Claims Workloads Impacted by Other Claims Processing Priorities

We identified several processing areas that have been adversely impacted as VBA placed priority on national strategies for eliminating the compensation claims processing backlog. Although VBA's reported backlog has decreased by over 50 percent since March 2013, other workloads such as appeals management and benefit reductions have had significant corresponding increases.

Appeals Management

A key concern is the increased appeals inventory at VAROs. This workload has continued to grow at an alarming rate, from 227,609 on September 30, 2011, to 267,944 on June 30, 2014, which is an 18 percent increase. The OIG is committed to performing more work in this area until a clear and decisive accounting of the claims workload is available and the processes are transparent to VA decision-makers.

Benefits Reductions

VBA policy provides compensation to veterans for conditions they incurred or aggravated during military service. The amount of monthly compensation to which a veteran is entitled may change because his or her service-connected disability may improve. Improper payments associated with benefits reductions generally occur when beneficiaries receive payments to which they are not entitled. Such instances are attributable to VAROs not taking the actions required to ensure correct payments for the veterans' current levels of disability.

When the VARO obtains evidence that a lower disability evaluation would result in a reduction or discontinuance of current compensation payments, Veteran Service Center (VSC) staff must inform the beneficiary of the proposed reduction in benefits. In order to provide the beneficiary due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level. If the VARO does not receive additional evidence within that period, an RVSR must make a final determination to reduce or discontinue the benefit. On the 65th day following due process notification, action is required to reduce the evaluation and thereby minimize overpayments.

On April 3, 2014, VBA modified its policy regarding the processing of claims requiring benefits reductions. The new policy no longer includes the requirement for VARO staff to take "immediate action" to process these reductions. In lieu of merely removing the

vague standard, VBA should have provided clearer guidance on prioritizing this work to ensure sound financial stewardship of these monetary benefits.

During our six inspections completed to date for FY 2014, we determined VARO staff incorrectly processed 82 of 180 cases (46 percent) involving proposed benefits reductions. These errors occurred due to a lack of priority on timely processing benefits reductions. Processing inaccuracies resulted in overpayments totaling approximately $585,000. This amount represented 509 improper monthly payments to 81 veterans from April 2009 to January 2014.

Although we cited VBA criteria requiring action on the 65th day following due process notification, VARO management typically did not concur with the benefits reductions we identified involving processing delays. In such cases, VARO managers noted, "Workload priorities and the timeliness of processing is an issue that should be discussed between leadership at the headquarters level for both OIG and VBA." Without appropriate priority set for this type of work, delays in processing reductions result in unsound financial stewardship of veterans' monetary benefits and failure to minimize overpayments.

Management of Concurrent VA and Military Drill Pay

Military reserve pay, referred to as "drill pay," is money military reservists and National Guard members earn while training on weekends and during full-time training events. Section 12316, Title 10, United States Code (10 U.S.C. §12316) and 38 U.S.C. §5304(c) prohibit the concurrent payment of VA compensation or pension benefits and drill pay. In FY 2012, approximately 81,000 beneficiaries received more than $117 million in VA benefits who also received drill pay. In June 2014, we issued a report on whether VBA timely processed VA benefit offsets when drill pay was earned concurrently. This audit focused on VA benefits offsets for beneficiaries who concurrently received drill pay during FYs 2011 and 2012.[4] This information represented the most current data available at the time we began our audit in August 2013.

We determined VBA did not timely process VA benefits offsets. VBA did not timely offset 601 (86 percent) of 700 cases we reviewed for FYs 2011 and 2012. Of the 601 offsets not timely processed, 553 (79 percent) were not processed and the remaining 48 were not processed within VBA's timeliness standard. According to VBA, higher priorities, such as processing compensation claims, took precedence over processing offsets. VBA also lacked an adequate tracking mechanism, a current cost-benefit analysis, and Systematic Analysis of Operations reviews of the drill pay offset process.

VBA's unprocessed rate for FYs 2011 and 2012 is not significantly different from the 90 percent unprocessed rate reported in our 1997 audit.[5] Therefore, we concluded that it is likely VBA has not processed hundreds of millions of dollars in offsets since our previous report. We project VBA has not offset payments of approximately $48.9 million

[4] *Audit of VBA's Management of Concurrent VA and Military Drill Pay Compensation* (June 3, 2014).
[5] *Review of Veterans Benefits Administration's Procedures To Prevent Dual Compensation* (May 15, 1997).

for FY 2011 and $95.7 million for FY 2012. If VBA improves controls over drill pay offset processing, we project VBA could recover approximately $478.5 million from FY 2013 through FY 2017 of additional payments. In total, VBA could recover approximately $623.1 million in improper payments.

The USB concurred with our recommendations to implement measures to ensure drill pay offsets are timely processed, process all offsets for FYs 2011 and 2012, more effectively track and monitor offsets, update the cost-benefit analysis, and include drill pay offset processing in Systematic Analyses of Operations.

Eastern Area Fiduciary Hub

We performed a review of the Eastern Area Fiduciary Hub (EAFH) in Indianapolis, Indiana, to determine if allegations received in the VA OIG Hotline had merit. Specifically, it was alleged that the EAFH was not timely processing allegations of misuse of beneficiary funds, conducting field examinations, and processing some incoming mail.[6] We substantiated all three allegations.

- Merit reviews for 190 of 214 allegations of misuse of funds and 17 of 23 investigations of fiduciary misuse of funds were not completed by EAFH within VBA performance standards. We also found EAFH made 12 determinations concluding fiduciaries misused approximately $944,000 of beneficiary funds. Required actions in response to identifying misuse of funds, such as replacing the fiduciary or requesting repayment from former fiduciaries, were not completed or completed timely by EAFH.
- Reviews to determine if VBA was negligent in its oversight of the fiduciaries in instances where misuse of funds occurred were not conducted as required. Thus, VA may be responsible for repayment of approximately $944,000 to the affected beneficiaries.
- EAFH had a large backlog of pending field examinations with more than 11,000 (69 percent) of 16,000 pending field examinations exceeded VBA timeliness standards. Without proper management and oversight, the general health and well-being of beneficiaries are placed at increased and unnecessary risk.

Further, we identified more than 3,200 pieces of mail that had yet to be processed and exceeded EAFH's timeliness standards, some of which were time-critical. Delays in processing the 3,200 pieces of mail ranged from 11 to 486 workdays, with an average delay of 30 workdays. Without effective management of incoming mail, those receiving VA benefits may be affected.

The USB concurred and required that EAFH implement controls to ensure timely processing of allegations of misuse of beneficiary funds. In addition, we recommended the USB ensure EAFH implements a plan to expedite completion of the backlog of field examinations, and ensure implemented actions continue to reduce the backlog of mail during FY 2014.

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[6] *Review of Alleged Mismanagement of VBA's Eastern Area Fiduciary Hub* (May28, 2014).

G.I. Bill Education Payments

In July 2014 we reported on our review of VBA's management of Post-9/11 G.I. Bill monthly housing allowance and book stipend payments.[7] We performed this audit due to the size of the program and the financial risks associated with benefits delivery. During calendar year 2013, VBA paid about $5.4 billion in housing allowances and book stipends to approximately 789,000 students. Our review of 200 students showed that 92 (46 percent) experienced processing delays in the approval of their original claims, and 35 (18 percent) students experienced payment processing delays in their housing allowance and book stipends. Fifteen of the 35 students received about $32,000 in payments an average of about 73 days after the start of their school terms.

In addition, 39 (20 percent) students received 125 improper payments valued at approximately $128,000 and 8 students received about $2,400 in book stipends that were not recovered after the students withdrew from courses. Thus, we estimated students annually experience about $60.8 million in payment processing delays and about $41 million in improper or inaccurate payments. We estimated that over the next 5 years students will experience about $205 million in inaccurate payments if Post-9/11 G.I. Bill claims processing controls are not strengthened.

We recommended the USB provide veterans additional information on educational benefits and the requirement to relinquish other education benefits before the submission of applications, and establish a timeliness standard for the submission of enrollment certifications. We also recommended the USB reinforce the need for training and monitoring of school certifying officials, improve monitoring of VBA claims processing staff, address automated claims processing programming issues, reconcile book stipend collection procedures, and collect outstanding improper payments. The USB concurred with our recommendations and provided plans to complete all corrective actions by December 31, 2014. We consider the actions acceptable.

SPECIAL INITIATIVES TO REDUCE THE CLAIMS INVENTORY

VBA instituted several efforts to reduce the claims backlog including targeting claims over 2 years old and expediting the processing of new claims through the Quick Start program.

Claims Over 2 Years Old

On April 2013, VBA began a Special Initiative to process all claims pending over 2 years. VBA planned the Special Initiative to help veterans who had been waiting the longest for benefits decisions. VARO staff were provided guidance to issue provisional ratings for cases awaiting required evidence and complete these older claims within 60 days.

In our forthcoming report on the 2 year initiative, we focus on whether provisional ratings resulted in veterans receiving benefits more quickly and helped eliminate the backlog, and whether older claims were accurately processed under the Special

[7] *Audit of Post-9/11 G.I. Bill Monthly Housing Allowance and Book Stipend Payments* (July 11, 2014).

Initiative. We found the Special Initiative rating process was less effective than VBA's existing rating process in providing benefits to veterans quickly. Further, although additional work was needed to finalize claims processed through the Special Initiative, VBA removed all provisionally-rated claims from its pending inventory. VBA's process misrepresented the actual workload of pending claims and its progress toward eliminating the overall claims backlog. At the end of June 2013 following completion of the Special Initiative, VBA reported almost 517,000 rating claims pending in its backlog, but only 1,258 rating claims pending over 2 years. We estimated just over 7,800 provisionally-rated claims had been removed from the inventory though they still awaited final decisions. These claims represented less than 2 percent of VBA's reported backlog, but about 12 percent of claims completed under the Special Initiative.

VAROs did not prioritize finalization of the provisionally-rated claims once they were issued. We estimated 6,860 provisional ratings needed final decisions as of January 2014, 6 months after the Special Initiative had ended. Because VBA did not ensure existing controls were functioning as needed to effectively identify and manage provisionally rated claims, some veterans may never have received final rating decisions if not for our review. Additionally, VBA did not accurately process 77 (32 percent) of 240 rating decisions we reviewed under the Special Initiative. Generally, these errors occurred because VAROs felt pressured to complete these claims within VBA's 60-day deadline. We estimated VARO staff inaccurately processed 17,600 of 56,500 claims (31 percent), resulting in $40.4 million in improper payments during the Special Initiative period.

During a briefing with the USB, she agreed with our recommendations to establish controls for all provisionally-rated claims, reflect these claims in VBA's pending workload statistics, expedite finalization of provisional ratings, and review for accuracy all claims that received provisional ratings under the Special Initiative. We expect this report to be issued in July 2014.

Quick Start

VBA's Quick Start Program is one of several VBA transformational initiatives to improve claims processing and eliminate the claims' backlog. During FY 2013, the Quick Start Program processed about 30,900 veteran disability claims, a small subset of the approximately 1.2 million claims completed by VBA during that year. According to program officials, service members submitting disability compensation claims under the Quick Start Program makes it possible to receive VA disability benefits as soon as possible after separation, retirement, or demobilization.

We reported in May 2014, that VBA reduced the average days to complete a claim from 291 days in 2011 to 249 days in June 2013.[8] The average days to complete a claim remained high because VBA lacked adequate program controls.

We projected veterans using the Quick Start Program in 2011 experienced an average delay of 196 days in receiving benefits valued at about $88 million. This improved by

[8] *Audit of the Quick Start Program* (May 20, 2014).

June 2013, when the delays averaged only 99 days. However, we estimated VBA accurately processed 62 percent of Quick Start claims during 2011, improving to about 69 percent in June 2013. Accuracy rates are still considered low because of insufficient oversight and training, and conflicting guidance on granting service connection for medical disabilities.

We recommended the USB increase Veterans Service Network Operation Report capabilities, include pre-discharge processing time in performance results, conduct recurring program evaluations, perform systematic reviews of Quick Start claims processing, and provide training on issues identified. The USB concurred with six of our nine recommendations and provided plans for corrective actions. However, the USB non-concurred with three recommendations on timeliness, backlog issues, and rating accuracy, stating the OIG's findings were not attributable to VBA's program oversight or management. We will continue our oversight and reporting in the areas where VBA non-concurred.

RECENT ALLEGATIONS OF VARO MISMANAGEMENT

In recent months we have received a growing number of allegations of mismanagement at several VAROs that also require VBA senior-level attention.

Allegation of Philadelphia VARO Date of Claims Manipulation Under Review

On June 20, 2014, we issued a Management Advisory to the USB on situations requiring immediate corrective action to ensure the proper establishment of correct dates of claims (DOCs) for unadjudicated claims discovered at the Philadelphia VARO in advance of final completion of our review. On June 18, 2014, we received information alleging that VARO staff were "cooking the books" because they misapplied the rules associated with VBA's Fast Letter 13-10, "Guidance on Date of Claims Issues." An OIG team sent to the Philadelphia VARO on June 19, 2014, to review this allegation determined that guidance in Fast Letter 13-10 provided significant opportunities for VAROs to manipulate and input incorrect dates of claims in the electronic record. Incorrect application of DOCs compromises data integrity related to timeliness of claims processing and in some cases can have a financial impact on veterans.

We obtained 30 unique examples where VBA's Pension Management Center staff, also located in the Philadelphia VARO used Fast Letter 13-10. We found instances where staff did not use correct DOCs due to inappropriately applying the guidance in VBA's Fast Letter 13-10. Specifically, when staff identify a claim located in a veteran's claim folder that was not previously adjudicated, they should establish the date of claim as the date the claim was discovered. However, in the 30 claims reviewed, we found staff were instructed to apply the "date discovered" rule on claims not found in the veterans' claims folders. Following are examples of how staff did not apply the "date discovered" rule correctly:

- Recent DOCs were entered in the electronic record when staff incorrectly cancelled a previously pending end product. In these instances, Pension Management Center staff were already aware that the claims existed, so they

should have used the original date of claim and not applied the "date discovered" rule. This type of action makes the average days claims have been pending appear better than it would be if staff used the original date of claim.

- Pension Management Center staff did not provide a reason why they used the "date discovered" rule as required. However, in each of these cases, the Assistant Director signed the memorandum approving the use of more recent DOCs.
- After approval, the reporting requirement to VBA Compensation Service was not performed.

In our initial walk-through of the facility, we found mail bins full of claims and associated evidence that had not been scanned into Virtual VA since 2011. Our concern is the evidence located in these mail bins is needed for processing future claims, and until scanned, decision-makers may be making decisions without all of the required evidence.

VARO staff provided us with examples of several instances where veterans or their dependents received duplicate payments resulting from duplicate records in VBA's electronic system. We were informed that this is an ongoing problem, both in the Pension Management Center and the VSC. Although management was aware of this issue, it was not a priority to correct and could result in potential improper payments.

Another issue of concern centered around the electronic date stamps used by Pension Management Center staff located in the Intake Processing Center. Claims assistants utilize electronic date stamps to record DOCs on documents received. Management informed us that each claims assistant maintained a key that allowed access to the mechanism inside where they could adjust the electronic date. Although we did not find any instance in this limited review where staff changed the electronic date, the opportunity exists to misrepresent the DOCs. However, we did find an instance where the electronic date stamp incorrectly stamped documents with a future date. Management indicated they were aware of this and had instructed staff to cross out the incorrect date stamps and re-stamp the documents with the correct DOCs.

To address these situations, the USB agreed to:

- Discontinue the use of Fast Letter 13-10 and have staff use as the DOC the earliest date a claim is received by VA to ensure all claims receive proper attention and timely processing.
- Prioritize scanning into Virtual VA the claims and associated evidence we identified in mail bins.
- Prioritize the merging of duplicate claims to reduce the risk of potential improper payments.
- Establish a key control point, limiting employees' access to keys for electronic date stamps.

Our work is ongoing and we continue to receive numerous allegations regarding business practices at the Pension Management Center and other VARO operations, including:

- Staff not timely scanning documents into Virtual VA, the electronic claims repository.
- Staff inappropriately shredding or destroying military and returned mail that could not be delivered.
- Staff hiding mail within the VARO.
- Staff "cherry picking" and processing easy appealed claims out of order to misrepresent performance.
- Staff did not address over 32,000 electronic inquiries from veterans regarding the status of their pending claims.
- Managers aware that veterans are receiving duplicate payments and directing staff to administratively write-off overpayments associated with the duplicate payments.

Additionally, we are concerned that electronic date stamping equipment is not adequately controlled and incoming mail is not date stamped on the date it is received at the VARO, as required by VBA policy.

VBA Reported Allegations of Mail Management Issues at the Baltimore VARO

In June 2014 VBA reported to the OIG that a VARO employee had inappropriately stored approximately 8,000 documents and 80 claims folders in his office for an extensive period of time. The types of documents inappropriately stored included processed and unprocessed claims-related mail, print-outs of computer matches of Social Security data on deceased and incarcerated veterans, suspended benefit award actions, and various documents containing personally-identifiable information. Claims folders we reviewed contained completed rating decisions as well as decisions pending award actions. Further, a VARO Director, recently assigned as an Acting Director, requested a desk-audit that resulted in identification of approximately 1,500 more documents, such as processed and unprocessed mail and completed rating decisions inappropriately stored by seven VARO staff. These documents also contained personally identifiable information. OIG teams received full cooperation from the new VARO leadership as efforts proceeded to triage this unprocessed mail and to take appropriate actions to ensure mail needed to ensure claims processing gets processed.

Allegations Related to Performance Management Issues at Los Angeles VARO

Our July 2014 review did not substantiate an allegation we received that Veterans Service Center employees were instructed on May 2, 2014, to manipulate initial actions to obtain evidence as a means of improving claims processing statistics at the Los Angeles VA Regional Office. We reviewed 183 electronic records requiring staff to gather evidence to support veterans' claims as of that date. We determined that 169 claims were either still awaiting needed evidence or staff had properly completed actions to obtain the evidence. We identified no related systemic issues at the VARO associated with these claims actions. Further, of the seven individuals interviewed on the team related to the allegation, no one indicated a supervisor had disseminated

incorrect information on manipulating initial actions to obtain evidence as a means of improving claims processing statistics. However, we identified one employee who had intentionally recorded taking actions, such as ordering VA medical examinations necessary to gather evidence in 14 cases, despite the fact that such actions had not been performed.

CONCLUSION

These are challenging times for VA. Although VBA reports the pending compensation backlog has decreased, we continue to identify a high rate of errors in VARO processing of these claims decisions. More attention is critical to minimize the financial risk of making inaccurate benefit payments by ensuring workload in other claims processing activities is performed adequately and timely. Further, special initiatives designed to remove older claims and expedite processing of new claims in the backlog have had an adverse impact on other workload areas such as appeals management and benefits reductions. Special initiatives designed to remove older claims and expedite processing of new claims have not consistently realized the expected efficiencies within claims processing activities. While other workloads are increasing at alarming rates, VBA also appears to be experiencing a number of processing weaknesses. Improved financial stewardship is needed in these VBA areas, as well as actions to address a growing number of allegations of mismanagement in several VCS operations.

Mr. Chairman, this concludes my statement. We would be pleased to answer any questions that you or other Members of the Subcommittee may have.

Prepared Statement of Hon. Allison A. Hickey

Chairman Miller, Ranking Member Michaud, and Committee Members, thank you for providing me the opportunity to discuss the Department of Veterans Affairs' (VA) commitment to providing all Veterans, their families, and Survivors with timely and accurate decisions on their benefit claims and ensuring the integrity of the data that we use to measure our workload performance in carrying out our mission. I am accompanied today by Diana Rubens, Director of the Philadelphia Regional Office, and Thomas Murphy, Director of Compensation Service.

Priority Goals

It has never been acceptable to VA or to the dedicated employees of the Veterans Benefits Administration (VBA)–52 percent of whom are Veterans themselves—that our Veterans are experiencing long delays in receiving the benefits they have earned and deserve. Over the past four plus years, VBA has been undergoing the largest transformation in its history to fundamentally redesign and streamline the way benefits and services are delivered.

As VBA undertook this major transformation, the Secretary of Veterans Affairs established as a priority goal for VBA to eliminate the disability claims backlog and ensure accurate decisions for Veterans awaiting VA's determinations on their service-connected disability claims. These rating decisions are at the core of our mission, as they have enormous financial impact on Veterans' lives and in many cases lead to eligibility for other important benefits, such as health care, vocational rehabilitation, waiver of home loan funding fees, and housing benefits. VA therefore established as one of the department's top three agency priority goals to process all disability rating claims within 125 days at a 98-percent accuracy level in 2015. In 2005, VA changed its strategic goal for processing all disability rating claims from an average of 100 days to an average of 125 days, and increased the accuracy goal to 98 percent. In 2010, former Secretary Shinseki changed the processing goal from an average of 125 days to state that all claims would be processed within 125 days, reinforcing his commitment to fundamentally transforming the claims process to ensure all Veterans receive a timely decision on their claims. With the tremendous support that VA continues to receive from its partners including this Committee, the rest of Congress, Veterans Service Organizations (VSO), county and State Departments of Veterans Affairs, the Department of Defense, and other federal agencies, we are on track to meet this goal.

Transformation Progress

We have made tremendous progress, reducing the disability claims backlog by over 55 percent, from the peak of 611,000 in March of 2013 to 275,000 today. Last year, VBA completed a record 1.17 million disability rating claims, and we are on track to complete over 1.3 million rating claims this fiscal year. Over 90 percent of the claims in our inventory are now being processed electronically in our new digital environment, the Veterans Benefits Management System (VBMS). The average age of the pending claims in the inventory is now 154 days, down 128 days or 45 percent from the peak of 282 days in February 2013. The reduction in the disability rating claims backlog and our increased production have not come at the expense of quality, which also continues to improve. We have increased our claim-based accuracy from 86 percent in 2011 to 90.3 percent today. When we measure the accuracy of the individual decisions our employees make within each claim, our accuracy level is 96.2 percent. At the same time, we also remain focused on all of the other workload components of the wide range of benefit programs we are privileged to administer.

Initiatives and Procedural Changes Since March 2013

The Committee requested that VBA specifically address certain initiatives and procedural changes implemented since the last Full Committee hearing in March 2013. The initiatives discussed below were designed to help us deliver benefits to Veterans more timely, manage our work more effectively, increase production, and ensure we are making the best possible use of our resources.

Claims Brokering

Prior to fielding an electronic claims processing system, each of VBA's 56 regional offices focused primarily on processing benefits for Veterans in the state the office was located. The proximity of the beneficiary claimant to the processing regional office was important in VA's legacy paper-based system, where claims records and files were physically stored, processed, and/or mailed between the Veteran, the regional office, and the closest supporting VA medical facility. However, this geographically-based approach resulted in variances in regional office workloads and

processing timeliness due to factors such as multiple National Guard and Reserve Component deployments from certain states, unanticipated staffing losses at regional offices, and shifts in the Veteran population in various states. To address these variances, VBA employs a "brokering" strategy, which balances the workload by sending cases from regional offices with high inventories to regional offices with greater processing capacity. Brokering has been extremely beneficial to managing workload before and during VBA's transition to an electronic claims process. For example, brokering has been of great assistance in reducing the backlog at the Baltimore Regional Office by 77 percent (15,744 claims brokered), the Los Angeles Regional Office by 62 percent (13,075 claims brokered), and the Oakland Regional Office by 74 percent (21,859 claims brokered). This assistance ensures that Veterans waiting too long for decisions receive the benefits they have earned.

National Work Queue

Within VBMS, VBA is implementing the National Work Queue, a paperless workload management initiative designed to improve VBA's overall production capacity and performance accountability. With over 90 percent of our pending claims inventory converted to digital format in the VBMS, VBA can more efficiently manage the claims workload centrally. The initial implementation phase of the National Work Queue involves moving claims electronically from a centralized queue to a regional office identified as having the capacity to complete the work. Through this process of matching inventory with claims processing capacity, VBA is improving performance nationwide, helping to ensure Veterans receive more timely benefits regardless of where they reside.

In the future, claims will be routed nationally down to the individual employee level based on the nature of claim and the skill set of the claims processor. Under the National Work Queue, the first filter for assignment of a claim will remain the geographic proximity to the Veteran's place of residence. However, if there is not capacity to process the claim at the closest regional office, the claim will be completed by another skilled employee at a different regional office. VA believes the outcome-based strategic measures of this plan will allow VBA to make a focused assessment of the quality and consistency of claims processing. The success of the Oldest Claims Initiative validated the need for this national approach to workload management. More than 100,000 claims were brokered during this initiative, leveraging the full system capacity to achieve a much higher level of production.

Oldest Claims Initiative and Provisional Decisions

VBA launched an initiative in April 2013 to expedite disability rating claim decisions for Veterans who had been waiting the longest. Over 513,000 of the longest-pending claims were covered under this initiative, including nearly 500,000 claims that received final ratings based on the availability of all relevant evidence. Approximately 14,800 of these Veterans (less than 3 percent) received "provisional" rating decisions if evidence was outstanding, but all essential evidence, such as VA examinations and service treatment records, were available.

Provisional decisions were issued during this initiative in order to provide benefits more quickly to eligible Veterans who had been waiting the longest for decisions on their claims, while at the same time giving them an additional 1-year safety net to submit further evidence should it become available, before a final decision. Veterans then have the same statutory 1-year period to appeal the final decision if they disagree.

During the initial phase of the Oldest Claims Initiative, VBA identified that one regional office had misinterpreted the provisional decision guidance. Clarifying instructions were immediately issued to all regional offices and reinforced through conference calls with regional office managers. Authority to issue provisional decisions was withdrawn in November 2013 as we completed the initial phases of the Oldest Claims Initiative.

The Office of the Inspector General (OIG) recently completed a review of VBA's implementation the Oldest Claims Initiative and found further problems with the implementation of the provisional decision guidance. As a result, the Under Secretary for Benefits directed a complete review of all provisional decisions on June 2, 2014. Regional office Quality Review Teams will determine if the ratings were completed properly, if a final rating is now warranted, or if further development is necessary. The final ratings will be completed no later than September 2014, or at least one-year after the provisional rating was issued (whichever is later), unless additional evidence needed to correctly decide the claim remains outstanding.

The purpose of the provisional decisions was to get benefits to Veterans more quickly. Veterans who received provisional decisions had an additional one-year period to submit further evidence or seek review. The final rating process provides fur-

ther assurance that Veterans who received provisional decisions are receiving the benefits they have earned.

Mandatory Overtime

Mandatory overtime is a management tool that has been periodically utilized by VBA over the years and most recently initiated in May 2013 to maximize productivity during the Oldest Claims Initiative. While in mandatory overtime, Rating Veterans Service Representatives (RVSRs), Veterans Service Representatives (VSRs), and Decision Review Officers work a minimum of 20 hours of overtime per month focused on completing priority claims—our oldest claims, fully developed claims, and special-interest claims (homeless, extreme financial hardship, former prisoners of war, terminally ill, etc.). During mandatory overtime periods in FY 2013, VBA's daily rating production increased by 30 percent, or more than 1,000 additional claims per day. Staff at all regional offices worked mandatory overtime for six months in 2013 and resumed mandatory overtime on January 19, 2014 to accelerate the reduction in the backlog.

To provide employees with a break from mandatory overtime in order to spend time with their families during the holiday season, optional overtime was in effect from November 24, 2013, through January 18, 2014. Managers at each regional office continue to make exceptions to mandatory overtime, on a case-by-case basis, for employees requesting to be excused for hardship reasons, such as educational commitments, family needs, and medical conditions. In addition, all employees are provided a month in FY 2014 in which they may elect not to work overtime.

Surge Initiative

Regional office closures and early dismissals due to hazardous weather conditions negatively affected VA disability claims production during the past winter season. To mitigate the impact, VBA implemented a short-term initiative from mid-February through the end of March 2014 in order to maintain progress in reaching the Secretary's goal of eliminating the backlog in 2015. The initiative called for the temporary assignment of employees who have claims processing expertise but are performing other duties—such as supervisors, change management agents, and quality review specialists—to process claims in the backlog during regular and/or overtime duty hours. During the five-week initiative, VA employees processed more than 154,000 claims, reducing the backlog by 40,000 claims. The surge initiative mitigated the lost production over the winter months and put us back on track for continuing the progress being made in reducing the backlog.

Found Claims

In May 2013, VBA issued guidance to regional offices that was designed to ensure there was no disincentive in our processing procedures for taking action on any previously undecided claim that may be subsequently identified in a Veteran's claims record (possibly many years or even decades later). As you know, Veterans are entitled to submit their claim in any format, including handwritten notes or letters. At times, this leads to claims being discovered later in the process. This 2013 directive instructed regional offices to use the date the claim had been discovered ("found") in the claims record as the date of receipt of the claim for tracking purposes, while ensuring that the date the claim had been originally received is used as the effective date for any benefits awarded to the claimant. This ensures the full benefits due are paid to the Veteran.

Prior procedures required employees to use the date of receipt of the original claim for tracking purposes, even if that date was decades ago. Logging such an old date of receipt could potentially harm employees' achievement of their regional offices' timeliness goals. Therefore, the new policy revised prior procedures that could be seen as a disincentive for conducting such a thorough review. This procedural change only affected the date of receipt of the claim for timeliness tracking purposes, and we believed the policy would remove the disincentive.

Indeed, the guidance issued in May 2013 directed regional offices to proactively review all the evidence of record when adjudicating a claim in order to discern if any additional claims or medical issues were of record that had been overlooked in any previous adjudication process, ensuring the Veteran's rights were being protected.

In accordance with statute and VA regulations, this May 2013 guidance instructed regional offices to use the earliest date of receipt by any VA facility as the date of claim for the purpose of determining the effective date of any benefits awarded as a result of the found claim. In addition, special controls were put in place to manage and oversee this process. Authority to apply these procedures and establish a claim based on a discovered document was delegated only to Regional Office Directors and

Assistant Directors. Regional offices were also required to notify VBA Compensation Service when any claim was established based on discovered documents.

Recently, OIG received a complaint that a regional office was not properly following this guidance. The OIG dispatched an inspection team to that regional office and identified a misapplication of this guidance. As a result, VBA quickly took several measures. First, the fast letter was immediately suspended while VBA conducts a complete review of the implementation of this policy. Data analysis is being undertaken to identify regional offices that are potential outliers in the application of this policy, including on-site analysis at certain regional offices where potential implementation issues have been identified. This analysis has also been shared with the OIG. All claims impacted by misinterpretation of this guidance will be identified, and corrective action will be taken in each instance. Any employee found to have intentionally misused this policy will be held accountable. We are committed to identifying our problems and implementing solutions.

Improving Claims Accuracy

As evident in our priority goal statement for 2015, our commitment is not only to eliminate the claims backlog, but to ensure the decisions we provide to the Veterans, families, and Survivors we serve are of the highest possible quality. VBA's transformation plan includes major resource investments to improve the accuracy of our claim decisions, toward our goal of achieving a 98-percent accuracy level in 2015:

- *Challenge Training* was redesigned for new claims processors that significantly increase quality and production, especially in the first six months following completion of training.
- *Station Enrichment Training* (SET), based on the success of Challenge training, is offered to regional offices experiencing challenges in quality and production.
- *Specialized Adjudication Review Course (SPARC) and Supervisory Technical Analysis of Data (STAND)* training sessions are being conducted from May through July 2014. SPARC was developed to retrain 1,250 Veterans Service Representatives and 900 Rating Veterans Service Representatives having difficulty in meeting performance standards. STAND training was developed for 750 coaches and assistant coaches to focus on data analysis and personnel management tools.
- *Quality Review Teams (QRTs)* were established in each regional office to conduct in-process quality reviews as well as individual employee quality reviews. Over 650 Quality Review Specialists are trained and monitored by VBA's Quality Assurance Staff.
- *Skills Certification tests* have been implemented for Veterans Service Center Coaches and claims processors.
- *Rater Decision Support Tools* have been introduced into our new automated processing system to provide more consistent ratings.
- *Disability Benefits Questionnaires (DBQs)* replace traditional VA examination reports and are designed to capture all medical information relevant to a specific condition at once and up front. A total of 81 DBQs are available to VHA clinicians, including 71 DBQs that can also be completed by private physicians.
- *VBMS Automation*—VBMS software releases in 2014 are continuing to build more complex automation features into the system, which help employees complete their work more efficiently, reduce errors, and organize tasks. The new functionality improves employees' visibility of the workload, the status of claims and information needed to finalize decisions.

Quality Assurance

VBA's Systematic Technical Analysis Review (STAR) Program measures and reports statistically valid accuracy rates covering all types of VA claim decisions, both rating and non-rating. VBA's Compensation Service and Pension and Fiduciary Service have expert claim processors assigned to the STAR teams to assess the quality of over 14,000 rating decisions and an additional 14,000 authorization (non-rating) decisions identified through a statistically valid random sampling each year. VBA's STAR program has been independently reviewed and validated by the Institute for Defense Analyses (IDA).

Under the STAR program, VBA measures both claim-based and issue-based accuracy. Claim-based accuracy measures the accuracy of the entire claim, regardless of the number of issues decided within that claim. The claim is either 100 percent accurate or 100 percent in error (even if only 1 error is made). Issue-based accuracy evaluates the accuracy of decisions on individual medical conditions. The STAR program measures both 3-month and 12-month accuracy. Site visits are also conducted

by employees of VBA's Headquarters elements and the Area Directors to ensure regional offices are following correct policies and procedures. Site visits include reviews of performance and workload trends and anomalies in rating decisions.

VA's OIG and our VSO partners also conduct assessments of VBA's accuracy, but use different methodologies than the STAR program. All of these reviews are important to VBA and help us to improve our processes. OIG benefits inspection reviews of regional offices focus on specific subsets of claims identified as more complex, needing special emphasis, or with known processing problems. As the OIG states in its benefits inspection reports, the results of these reviews are not reflective of the overall quality of the decision being made by the regional office. OIG also uses a broader definition of what constitutes an error, encompassing compliance with VBA's policies and procedures rather than only the accuracy of the outcome or entitlement. VSO reviews also have a narrower scope, as VSOs are only able to review claims of Veterans for whom they hold power of attorney, and their reviews are only conducted at a limited number of regional offices. Because the evaluation criteria and case-selection processes used by these organizations vary significantly from VBA's STAR Program, the results of these reviews cannot be directly compared.

To provide an independent assessment of VBA's current quality assurance program, VBA has an independent third-party contractor reviewing of this program. We look forward to reviewing results and recommendations of this assessment.

Workload Management

VBA has, for most of its history, used a system of "end products" to identify, track, and manage all types of claims and other workload. Our automated processing systems have been designed to incorporate this end-product methodology for managing work. With the introduction of the Balanced Scorecard approach in 2000, these end products were grouped into three categories or "bundles," enabling some prioritization of the multitude of end products being measured for purposes of tracking performance. Our workload management and reporting systems continue to report work according to these workload "bundles":

- *Rating Claims:* Includes Veterans' disability compensation and pension claims and as well as Survivors' claims for service-connected death benefits. These claims requiring rating decisions comprise our most complex and labor-intensive workload. Our goal for eliminating the backlog and providing all Veterans with a decision on their disability claims within 125 days at a 98-percent accuracy level applies to this claims "bundle."
- *Non-rating Claims:* Includes claims that in most cases do not require a rating decision but directly impact benefits, such as survivors pension, burial claims, dependency claims, income adjustments, and drill pay adjustments.
- *Other Non-rating Work:* Primarily includes administrative actions that are not necessarily claims for benefits, such as correspondence actions, income matching programs and other internal control reviews, and special claim reviews.

VBA uses two metrics to measure and report on the timeliness of the claims process. Average Days to Complete (ADC) tracks the length of the claim process, start to finish. Average Days Pending (ADP) provides a point-in-time measure of in-progress claims from start to current date. Both measures are important for managing our workload. As a result of our focus on the Oldest Claims Initiative, these measures have experienced significant fluctuations. By eliminating the oldest claims from the inventory, VA lowers the ADP for claims in the overall inventory. The focus on taking care of those Veterans who have been waiting the longest also causes the ADC to rise in the near term. ADC is a lagging indicator, while ADP is a leading indicator that provides a better measure of the current state of the claims inventory. VBA has implemented numerous transformation initiatives that not only result in more timely and accurate delivery of benefits, but also enhance our workload management and reporting systems. Development of VBMS, our new paperless processing system, is a critical component of our transformation. Electronic records and automated claims processing not only create significant efficiencies, but also improve workload management and data consistency through standardization. All disability compensation claims and supporting evidence received in paper form are now centrally scanned and converted into digital format at centralized sites. This conversion process also extracts important data and populates this data in the Veteran's electronic folder (eFolder). Through a phased implementation plan through the end of July, all incoming disability claims will be redirected by the postal service to closely controlled scan facilities, where they are immediately digitized for claims processing. When coupled with currently scheduled VBMS enhancements, centralized mail processing will result in near-instantaneous

establishment of end-product controls for a significant portion of the claims we receive.

Non-Rating Workload

Rating claim decisions in many cases open access to other VA benefits and services. Claims for these additional benefits generally do not require another rating decision and are therefore tracked and managed in the non-rating work categories. As we complete more rating claims and add more Veterans to our disability compensation and pension rolls, we also receive more non-rating claims. There is a direct correlation. Even as we have focused on our priority goal to eliminate the disability rating claims backlog for Veterans who have been waiting the longest and are achieving record-breaking levels of production, we have not ignored non-rating claims. We continue to complete more non-rating work each year; however, non-rating receipts also continue to rise. In fiscal year (FY) 2012, we completed 14 percent more non-rating work than in FY 2011. Last year we completed 2.46 million non-rating end products, which was 24 percent more than in FY 2011. This year, we expect to complete 2.84 million non-rating end products (a 44-percent increase over 2011).

VBA has not lost focus on non-rating work, as demonstrated by our efforts to develop and explore innovative ways to automate and improve the timeliness and accuracy of non-rating claim decisions.

- *Online Dependency Claims*—VBA developed a new Rules-Based Processing System (RBPS) to automate dependency claims. Since inception, self-service features in RBPS have enabled over 75,000 Veterans to add or change the status of their dependents online. Over 50 percent of the dependency claims filed through RBPS are now automatically processed and paid in 1–2 days.
- *Dependency Claims Contract*—VA recently awarded a contract for assistance in entering data from paper-based dependency claims into VA's electronic rules-based processing system. The contractor is entering the information from the paper-based dependency claims just as a claimant would enter information if filing the claim online. The contract calls for 40,000 dependency claims to be processed per month when operating at full capacity. The contractor is currently ramping up to that capacity.
- *Up-front Income Verification for Pension*—A new data-sharing initiative with the Social Security Administration and the Internal Revenue Service enables VBA to verify the income of pension applicants before awarding benefits and eliminates the annual income reporting requirement for pension beneficiaries.
- *Burial Claims*—VBA published a new regulation, effective July 7, 2014, that allows automatic payment of the one-time burial allowance to a Veteran's spouse without requiring the surviving spouse to apply for the benefit. Under this new regulation, as many as 62,000 surviving spouses will now receive timely burial benefits each year.
- *Drill Pay Adjustments*—Veterans cannot legally receive VA benefits and drill pay concurrently. VBA is working to streamline and automate the drill pay offset process through an upfront agreement from National Guard and Reserve members.
- *National Call Center Initiative*—Effective July 14, employees at the St. Louis and Phoenix National Call Centers are now also processing dependency claims. The initiative begins on July 14 at the St. Louis and Phoenix Regional Offices and will be expanded to all of our Call Centers shortly thereafter.
- *Hiring Temporary Employees*—VBA is in the process of hiring 200 temporary employees, who will be provided specialized training in processing the less complex non-rating claims and work actions.

Centralized Data Collection and Reporting

VBA's data is collected and analyzed at a central level by VBA's Office of Performance Analysis and Integrity. In 2000, VBA established the Enterprise Data Warehouse (EDW) to uniformly capture data across different systems used to administer all benefits and to provide a suite of reports and analytical tools that would be a consistent source of reliable information and data. EDW collects, integrates, and protects VBA's data. EDW was designed so that as soon as data is in the system, it is protected against any further modifications or manipulation, both for data integrity and to protect the personal information of Veterans stored in the EDW. VBA has made improvements to the EDW since 2000, and we have a very high level of confidence in the accuracy and security of the data.

EDW allows VBA to centrally monitor workloads, check the status of all claims, and prioritize and allocate appropriate resources to regional offices. In addition to VBA Headquarters, our 56 regional offices use data from EDW to actively manage

their workload and operations. Standardized reporting and retention of that reporting enable VBA to provide timely, consistent, and accurate data to internal and external stakeholders, including our VSO partners and Congress.

In addition to being a data repository and source for reporting, EDW offers a suite of business intelligence tools to analyze data. These tools help VBA identify trends and anomalies and evaluate corrective actions if necessary. We can explore the underlying data associated with the changes we see, allowing us to pinpoint a group of claims, a particular time period, or portion of the claim process. This level of detail and specificity is invaluable to regional offices in achieving our goals to provide more timely and accurate benefit decisions.

Commitment to Data Transparency

VBA provides publicly available data on our performance on a weekly, monthly, and annual basis through our reports web site: www.vba.va.gov/reports. Weekly performance metrics are available through the Monday Morning Workload Report where we report 11 performance metrics for more than 50 different types of benefit claims including original and reopened compensation and pension claims, award maintenance, appeals, and survivor benefits, as well as the number of education claims pending under the Post 9/11 GI Bill and our other education programs. The data is available to anyone with a computer, access to the internet, and an interest in reviewing it. The Monday Morning Workload Report has been continually updated and expanded over the years—most recently after discussions with key stakeholders, including the House and Senate Committees on Veterans' Affairs, House and Senate Appropriations Committees, as well as interested Veterans Service Organizations. At the request of these stakeholders, we have added additional data to the weekly report on several occasions, even further expanding our transparency of metrics. The home page for Monday Morning Workload Report contains current and historical information, as well as definitions for data provided in the reports.

Monthly reporting of VBA's performance data is available through the ASPIRE Dashboard, which provides information on how VBA and regional offices are performing in relation to 2015 aspirational goals for all benefit programs. ASPIRE provides data on VBA's six business lines (compensation, pension, education, loan guaranty, vocational rehabilitation and employment, and insurance) and includes a total of 38 metrics broken out at the regional office level. We began reporting using ASPIRE in July 2011. Data in the ASPIRE Dashboard is updated by the 10th of the month for the previous month, and we are working to shorten the update time in order to make current data available earlier in the month.

Each year, VA publishes its Performance and Accountability Report (PAR) to provide results on VA's progress toward providing America's Veterans with the best in benefits and health care. The PAR contains performance targets and results achieved against those targets for the preceding fiscal year. As such, the PAR is VA's report card and, in this context, communicates to the American people how well VA has done, the tangible public benefits VA has produced, and the forward-looking strategies we are employing to achieve and maintain excellence. In addition, VBA publishes an Annual Benefits Reports (ABR), a summary of benefits provided by VA to Veterans and their dependents. The ABR clearly summarizes the benefit programs delivered by VBA, identifies the current level of program participation by eligible persons, and profiles the beneficiaries.

Performance Standards

Objective measures and performance standards are used to determine if our managers and employees are meeting or exceeding their job requirements. VBA awards its employees for exceeding standards of performance that include both production and quality elements. Employees will not receive a performance award unless they meet quality standards as well as production standards.

New VSR and RVSR National Performance Standards were issued in May 2014. Workgroups of subject matter experts, including VSRs and RVSRs, as well as Headquarters personnel, developed the standards. The workgroups were tasked with aligning the standards with the agency's priority goals. These standards were negotiated with union officials at the national level. The revised standards incorporate compliance with systems requirements for data input and tracking as a critical performance element. This additional measure will help to ensure that the information associated with all aspects of a claim is accurately and completely entered into our processing systems for both internal and external inventory control, as well as to support improved customer service through all communication channels (eBenefits, regional office public contact teams, National Call Centers, SEP, etc.). Our transformational initiatives, including ongoing enhancements to VBMS and development

of the National Work Queue, necessitate on-going review of the performance standards. New workgroups are already working on the next review.

STAT Reviews

VBA's Stat Reviews are a performance technique using statistical data (Stat) and visual displays of that data to monitor progress and improve performance. This process involves in-depth performance metric reviews with the Under Secretary of Benefits and other top VA leaders, as well as VBA's Office of Field Operations and other members of the VBA leadership team, to analyze and manage performance more effectively. VBA's Stat Reviews are based on highly successful performance management programs conducted government-wide.

The Under Secretary holds day-long meetings with regional office directors to discuss challenges and successes, using extensive data-driven performance measures for accountability. This allows VBA leadership to more easily identify what improvements are needed to produce desired performance results. Stat Reviews also help VBA leadership understand what is or is not working, while motivating regional office managers and employees to focus their energy and creativity on achieving specific results. The Stat Review process focuses on accountability to achieve workload performance metrics and encourages information-sharing of best practices across VBA regional offices.

Conclusion

VBA is committed to complete transparency in communicating information about our workload and our progress in providing Veterans, their families, and Survivors with timely and accurate claim decisions. The current administration established as priority goal for VA to process all disability rating claims within 125 days at a 98-percent accuracy level in 2015. VBA has been clear and consistent in communicating our progress toward that goal, while also making information and data available for all categories of work processed by VBA. VA greatly appreciates the investments in claims processing improvements provided by the President and Congress to help us fulfill our vital mission of service to America's Veterans and their families. This concludes my testimony. I would be happy to address any questions from the Committee.

United States Government Accountability Office

Testimony
Before the Committee on Veterans' Affairs, House of Representatives

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VA DISABILITY CLAIMS PROCESSING

Preliminary Observations on Accuracy Rates and Quality Assurance Activities

Statement of Daniel Bertoni
Director, Education, Workforce and Income Security Issues

GAO-14-731T

Chairman Miller, Ranking Member Michaud, Members of the Committee,

I am pleased to discuss the Department of Veterans' Affairs (VA) quality assurance activities for ensuring accurate and consistent decisions on veterans' disability benefit claims. Through its disability compensation program, VA provides cash compensation to veterans for disabling conditions incurred or aggravated while in military service. In fiscal year 2013, VA paid $53.6 billion in disability compensation to 3.6 million veterans. For this same time period, VA reported a 96-percent issue-based accuracy rate and a 90-percent claim-based accuracy rate, while setting a goal of 98 percent for both measures in fiscal year 2015. However, the Veterans Benefit Administration (VBA) within VA has faced difficulties in improving the accuracy and consistency of its claims decisions. Accurate initial claims decisions can help ensure that VA is paying disability benefits only to those entitled to such benefits, and in the correct amounts. Meanwhile, consistent decisions help ensure that veterans' claims receive comparable treatment, regardless of which VBA staff member or regional office processes the claim. GAO and VA's Office of Inspector General (OIG) have previously reported on shortcomings in VBA's quality assurance activities.[1] Concerns also have been raised about the lack of transparency related to recent changes in the calculation of VBA's national accuracy rate for compensation claims—which is based on its national Systematic Technical Accuracy Review (STAR)—and whether recent changes reflect reliable measures of accuracy. My remarks today are based on ongoing work requested by this committee. Specifically, we examined: (1) the extent to which VBA effectively measures and reports the accuracy of compensation claim decision-making, and (2) the extent to which VBA's other quality assurance activities are complementary and coordinated.

To inform our work, we reviewed STAR guidance, reports, and methods for sampling and estimating accuracy of claims decisions, and analyzed STAR and VBA claims data for claims processed in fiscal year 2013, the

[1] Department of Veterans Affairs, Office of Inspector General, *Systemic Issues Reported During Inspections at VA Regional Offices,* 11-00510-167 (Washington, D.C.: May 18, 2011)

GAO, *Veterans' Disability Benefits: VA Has Improved Its Programs for Measuring Accuracy and Consistency, but Challenges Remain*, GAO-10-530T (Washington, D.C.: March 24, 2010)

most recent year for which complete data are available.[2] We also assessed VBA's methods against accepted statistical practices. In addition, we assessed the reliability of STAR and VBA claims data used for all our analyses and determined that they were sufficiently reliable for the purposes of providing information on trends in claims decisions. We also reviewed relevant VBA reports and practices for reporting accuracy and compared these against requirements for agency performance reporting and related GAO work. To determine the extent to which STAR and other key quality assurance activities are complementary and coordinated, we reviewed relevant guidance and policy documents, interviewed cognizant VBA officials, and visited four regional offices to gain a range of perspectives on how quality assurance activities are implemented at the regional office level,[3] as well as how information is shared across quality assurance activities. We reviewed VBA's methods for designing and implementing its consistency reviews against generally accepted practices in survey and questionnaire development. We also compared VBA's quality assurance practices against its internal guidance and *Standards for Internal Control in the Federal Government* (AIMD-00-21.3.1). We intend to produce a report later this year that will provide our final results.

Our work was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

[2]We focused on claims VBA identifies as rating-related, which require decisions on claimants' entitlement to disability compensation, and the amounts of monthly benefits. We did not review authorization decisions, where entitlement to compensation is not an issue; for example, cases where beneficiaries have died, and VA is required to terminate compensation. Our work does not include a review of quality assurance activities associated with VBA pension claims or appealed claims.

[3]We conducted site visits with the Newark, Oakland, Nashville and Waco VA regional offices. We selected these offices based on a range of criteria, including: (1) number of claims processed annually, (2) geography (at least one regional office in each of VA's four areas), and (4) accuracy rates. At each office, we spoke with service center managers and quality assurance staff, as well as representatives of local veteran service organizations.

Background

VA pays monthly disability compensation to veterans with service-connected disabilities (i.e., injuries or diseases incurred or aggravated while on active military duty) according to the severity of the disability.[4] VBA staff in 57 regional offices process disability compensation claims.[5] These claims processors include Veterans Service Representatives who gather evidence needed to determine entitlement, including VA and military medical records, and Rating Veterans Service Representatives who decide entitlement and the rating percentage. Each claim requires a determination on one or more medical conditions. In fiscal year 2013, VBA decided more than 1 million compensation claims.

Since fiscal year 1999, VBA has used the STAR program to review the decisional accuracy of disability compensation claims. Under the STAR program, VBA reviews a stratified random sample of completed claims, and certified reviewers use a checklist to assess specific aspects of each claim.[6] Specifically, for each of the 57 regional offices, completed claims are randomly sampled each month and the data are used to produce estimates of the accuracy of all completed claims. VA reports national estimates of accuracy from its STAR program to Congress and the public through its annual performance and accountability report and annual budget submission. VBA also produces regional office accuracy estimates, which it uses to manage the program. These and its national accuracy rates are reported in a publicly-available performance database, the ASPIRE dashboard.[7]

[4]38 U.S.C. §1101 et seq. VA's ratings are awarded in 10-percent increments, from 0 to 100 percent. Generally, VA does not pay disability compensation for disabilities rated at 0 percent. As of December 2013, basic monthly payments ranged from $130.94 for a veteran with 10-percent disability rating and no dependents, and to $3,134 for a veteran with a 100-percent disability rating, a spouse and one child.

[5]For quality assurance purposes, VBA counts one of its sub-offices as a separate regional office, in addition to its 56 regional offices. Thus, for reporting purposes, we refer to 57 offices.

[6]The STAR review has two major components. The benefit entitlement review assesses whether the correct steps were followed in addressing all issues in the claim, collecting appropriate evidence, and whether the resulting decision was correct, including effective dates and payment rates. Accuracy performance measures are calculated based on the results of the benefit entitlement review. The STAR review also assesses whether claims processors appropriately documented the decision and notified claimants.

[7] The ASPIRE dashboard is an online report of VBA's performance by program. Data are updated monthly and available by regional office and nationally. See http://www.benefits.va.gov/REPORTS/aspire_dashboard.asp.

Prior to October 2012, VBA's estimates of accuracy were claim-based; that is, claims with zero errors were considered accurate and, conversely, claims with one or more errors were considered inaccurate. Beginning in October 2012, VBA also began using STAR data to produce issue-based estimates of accuracy that measure the accuracy of decisions on the individual medical conditions within each claim. For example, a veteran could submit one claim seeking disability compensation for five disabling medical conditions. If VA made an incorrect decision on one of those conditions, the claim would be counted as 80 percent accurate under the issue-based measure. By comparison, under the claim-based measure, the claim would be counted as 0 percent accurate. In March 2014, VBA reported a national estimate of issue-based accuracy in its fiscal year 2015 annual budget submission and plans to update this estimate in VA's next performance and accountability report. VBA also produces issue-based estimates by regional office, and reports them in the ASPIRE dashboard. For fiscal year 2013, the regional office claim-based accuracy rates ranged from 78.4 percent to 96.8 percent, and the issue-based accuracy rates ranged from 87.0 percent to 98.7 percent.

Beyond STAR, VBA has programs for conducting regional office quality reviews and for measuring the consistency of decisions. In March 2012, VBA implemented a quality review team (QRT) at each regional office, consisting of staff dedicated to conducting quality reviews. A QRT conducts individual quality reviews of claims processing staff members' work, for performance assessment purposes. The QRT also conducts in-process reviews before claims are finalized to help prevent inaccurate decisions by identifying specific types of common errors. Such reviews also serve as learning experiences for staff members. Since fiscal year 2008, VBA has also conducted studies to assess the consistency of disability claims decisions across regional offices. Initially, these studies have included inter-rater reliability studies that assess the extent to which a cross section of claims processors from all regional offices agree on an eligibility determination when reviewing the entire body of evidence from the same claim. In 2013, VBA moved beyond the inter-rater reliability studies and introduced consistency questionnaires as its primary means for assessing consistency. A questionnaire includes a brief scenario on a specific medical condition for which claims processors must correctly answer several multiple-choice questions.

VBA's Approach to Measuring and Reporting Accuracy of Claim Decisions Has Limitations

When calculating accuracy rates, VBA does not follow generally accepted statistical practices. For example, VBA does not calculate the margin of error associated with each estimate that it generates, which prevents a complete understanding of trends over time and comparisons among offices.[8] In addition, VBA does not weight the results of its STAR reviews to reflect its approach to selecting claims by regional office, which can affect the accuracy of estimates.[9] According to our analysis of VBA data, weighting would have resulted in a small change to VBA's nationwide claim-based accuracy rate for fiscal year 2013: from 89.5 percent to 89.1 percent. However, 29 of the 57 regional offices' would have experienced a somewhat greater increase or decrease in their accuracy rates.[10] According to VBA officials we interviewed, although STAR management used a statistician initially to help develop the way in which they measure accuracy, it currently does not use a statistician to, for example, weight STAR results and calculate margins of error for accuracy estimates. Further, VBA officials said they did not consult a statistician when developing the new issue-based accuracy measure, but rather relied on the same sampling methodology and approach for estimating accuracy as for the claim-based measure. We have previously reported that to be useful, performance information must meet users' needs for completeness, accuracy, consistency, and validity among other factors.[11]

In addition, VBA's accuracy reporting lacks methodological details that would help users understand the distinction between its two accuracy

[8] STAR accuracy estimates are derived from sample data and have sampling error associated with them. The confidence interval is a range of values around the estimate which is likely to include the actual population value, and helps determine whether different estimates are significantly different from a statistical perspective.

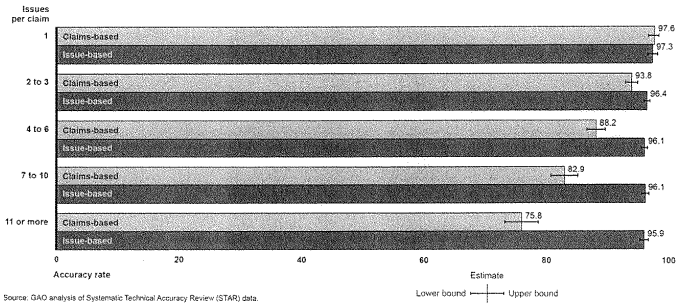
[9] VBA samples about the same number of claims from each regional office regardless of the offices' varying sizes. Smaller regional offices are disproportionately represented. Thus, the set of all claims reviewed nationally does not comprise a random sample of all claims. Weighting accounts for this fact and yields more correct estimates.

[10] In comparing the weighted accuracy estimates that we computed to the unweighted estimates that VBA reported for regional offices in fiscal year 2013, we found that weighting would increase the accuracy rate more than .4 percent for 17 offices and decrease the accuracy rate more than .4 percent for 12 offices. Weighting would increase the accuracy estimates for regional offices by as much as 2.1 percent and decrease the estimates by as much 3.6 percent.

[11] GAO, *Managing For Results: GPRA Modernization Act Implementation Provides Important Opportunities to Address Government Challenges*, GAO-11-617T (Washington, D.C.: May 10, 2011).

measures and their associated limitations. While VBA's new issue-based measure provides additional perspective on quality of claims decisions, to date VBA has not fully explained in its public reports how the issue-based and claim-based measures differ. VBA began reporting the issue-based measure in its ASPIRE dashboard in 2013. The issue-based measure tends to be higher than the claim-based measure because the former allows for claims to be considered partially correct, whereas the claim-based measure does not. According to VBA officials, the issue-based estimate provides a better measure of quality because veterans' claims have increasingly included multiple medical issues. Our analysis of STAR data confirms that, as the number of issues per claim increases, the chance of at least one issue being decided incorrectly within a single claim increases because there are more opportunities for error (see fig. 1). However, VA did not report in its fiscal year 2015 budget request how these measures are calculated and why the issue-based measure might be higher than the claim-based measure.

Figure 1: Claim-Based and Issue-Based Accuracy Rates by Number of Issues Claimed, Fiscal Year 2013



Source: GAO analysis of Systematic Technical Accuracy Review (STAR) data.

Further, VA has not explained in public reports that its accuracy measures are estimates which have distinct margins of error and limitations. These margins of error are necessary for users to make

meaningful comparisons, for example, between the two measures or over time for the same measure. Further, each accuracy measure has distinct limitations, but VA does not report this information. For example, the claim-based measure does not provide a sense of the proportion of issues that the agency decides correctly because the measure counts an entire claim as incorrect if any error is found. On the other hand, the issue-based measure does not provide a sense of the proportion of claims that the agency decides with no errors. In prior work, we identified clarity as a key attribute to a successful performance measure, meaning that the measure is clearly stated and the associated methodology for the measure is identified.[12] Measures that lack clarity may confuse or mislead users. We have also reported on best practices in implementing related federal performance reporting requirements, such as those in the GPRA Modernization Act of 2010.[13] Specifically, agencies must disclose information about the accuracy and validity of their performance information in their performance plans, including the sources for their data and actions to address any limitations.

Finally, VBA's approach to measuring accuracy is inefficient because it reviews more claims than needed to estimate accuracy. VBA randomly selects about 21 claims per month from each of its regional offices for STAR review, regardless of the offices' varying workloads and historical accuracy rates. According to VBA, this uniform approach allows the agency to achieve a desired level of precision of its accuracy estimates for each regional office.[14] However, this approach leads VBA to select more claims for review than are needed at regional offices where the number of claims processed has been relatively small or accuracy has been high. According to our analysis of fiscal year 2013 regional office workload and accuracy results, VBA could reduce the overall number of claims it reviewed annually by about 39 percent (over 5,000 claims) and still achieve its desired precision for its regional office accuracy estimates.

[12] GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, GAO-03-143 (Washington, D.C.: Nov. 22, 2002).

[13] GAO, *Managing For Results: GPRA Modernization Act Implementation Provides Important Opportunities to Address Government Challenges*, GAO-11-617T (Washington, D.C.: May 10, 2011).

[14] VBA arrived at its sample size—246 rating claims per regional office per year—based on an assumed accuracy of rate of 80 percent for each regional office, and a desired precision that reflects sampling error of plus or minus 5 percentage points at the 95 percent level of confidence in accuracy estimates for each regional office.

Only for one regional office did we find that VBA would need to increase the number of claims currently reviewed to achieve its confidence level goal for that office. More efficient sampling could allow VBA to select fewer cases for review and free up limited resources for other important quality assurance activities, such as additional targeted accuracy reviews on specific types of error-prone or complex claims. Specifically, reviewing about 5,000 fewer claims could free up about 1,000 staff days because, according to VBA officials, STAR staff review at least 5 claims per day.

Our review of STAR is ongoing. Specifically, we plan to analyze STAR data and processes to assess whether any types of claims are systematically underrepresented in accuracy reviews. In addition, we are further considering the implications of a more efficient sampling methodology on developing issue-based accuracy estimates.

VBA Has Enhanced and Coordinated Its Quality Assurance Activities, Although Gaps in Effectiveness Exist

VBA Enhanced Other Quality Assurance Activities, but Shortcomings Exist and Effectiveness is Unclear

In addition to its STAR reviews, VBA's quality assurance framework includes other complementary activities, some of which have been enhanced to help meet its 98-percent goal for fiscal year 2015. For example, VBA established QRTs in regional offices as a means of strengthening its focus on quality at regional offices, where claims are processed. QRT personnel—like STAR reviewers—are required to pass an annual skills certification test. In addition to conducting individual quality reviews to determine whether claims processors are achieving individual accuracy targets,[15] QRT personnel are charged with conducting in-process reviews of claims not yet finalized, looking for specific types of

[15] QRT reviewers review an average of 5 randomly-selected claims per claims processing staff member per month. For claims processing staff members found in need of accuracy improvement, 10 reviews per claims processing staff member per month may be performed.

errors commonly made. Quality reviewers are also responsible for providing feedback to claims processors on the results of their quality reviews, including formal feedback from the results of individual quality reviews and more informal feedback from the results of in-process reviews. Typically, feedback on quality reviews is provided as reviews are completed. In addition, at the four offices we contacted, quality reviewers are available to answer questions and provide guidance to claims processors as needed.

During our site visits, however, we identified shortcomings in QRT practices and implementation that could reduce their effectiveness. With respect to assessing individual performance, we learned that three of the four offices we contacted have agreements with their local unions that prevent QRT personnel from reviewing claims processed during overtime.[16] As a result, regional offices would be limited in their ability to address issues with the quality of work performed during overtime. VBA officials told GAO they do not know how many regional offices include or exclude claims processed during overtime, or the extent to which excluding cases worked during overtime occurs nationally. According to VBA data, claims processed on overtime represented about 10 percent of rating-related claims completed nationally in fiscal year 2013. In our ongoing work, we plan to review the extent to which this practice is followed at other regional offices and how claims processed during overtime are identified. In addition, regional offices we contacted told us that they face a challenge in conducting in-process reviews as required[17] because VBA's Veterans Benefits Management System lacks the capability to pause the process and prevent claims from being completed while a quality review is still underway.[18] In our ongoing work, we will continue to review the extent to which claims are decided before in-process reviews are finalized and whether this causes rework or other problems.

[16]To help reduce its claims backlog, VBA has required claims processors to work 20 hours per month of mandatory overtime during portions of fiscal years 2013 and 2014.

[17]A regional office is expected to perform in-process reviews equivalent to 10 percent of their expected claims decisions per month, according to VBA guidance.

[18]VBA's Veterans Benefits Management System is intended to help streamline the claims process by allowing for paperless claims processing, including electronic claims files.

VBA's efforts to assess consistency of claims decisions have also expanded in recent years. The inter-rater reliability reviews that VBA largely relied on to assess consistency since 2007 were time consuming in that claims processors required about 4 hours to review an entire claim, the process was administered by proctors in the regional offices, and the results were hand-graded by national VBA staff. Given the resources involved, IRRs were typically limited to 300-500 (about 25-30 percent) claims processors, randomly selected from each regional office. Since VA expanded its consistency program in 2009 to include consistency questionnaires, it now relies more heavily on this streamlined approach to assess consistency. The questionnaires require less staff time to complete because, in addition to a brief scenario on a specific condition, participants have 10 or fewer multiple choice questions to answer. The questionnaires are administered electronically through the VA Talent Management System, which has allowed VBA to increase employee participation and administer the studies more frequently. For example, a recent consistency questionnaire was taken by about 3,000 claims processing employees—representing all employees responsible for rating claims.

Although VBA has enhanced its approach to measuring consistency, VA officials told us that consistency questionnaires to date have been developed and implemented without any prior pre-testing which would allow VA to examine the clarity of questions or the validity of the expected questionnaire results. Pre-testing is a generally accepted practice in sound survey/questionnaire development and would help determine whether the test questions are appropriate for field staff and are accurately measuring consistency. A quality assurance official told us that by July 2014, VBA plans to begin pre-testing consistency questionnaires with national quality assurance staff that have claims processing experience. However, VBA has not yet developed a concrete plan or written policies for pre-testing the questionnaires.

VBA efforts to evaluate the effectiveness of its efforts have been limited, although VBA told us that they have seen some improvements in accuracy following certain quality assurance enhancements. Specifically, VBA officials told us that, although they have not seen an increase in the national accuracy rate in the current fiscal year, the number of errors related to claim development—specifically, to ensuring the claim reflected

sufficient / appropriate medical examinations)[19]—has declined, showing the success of QRT efforts in targeting these errors through in-process reviews and providing related training. On the other hand, VBA central office has only begun to receive data from regional office IQR reviews and expects to begin receiving additional data and identifying accuracy trends in the summer of 2014. With respect to consistency studies, VBA has not evaluated and lacks plans to evaluate the efficacy of its new approach for conducting consistency reviews to determine its relative effectiveness. Evaluation can help to determine the "value added" of the expenditure of federal resources or to learn how to improve performance—or both. It can also play a key role in strategic planning and in program management, informing both program design and execution.[20] In our ongoing work, we plan to further review how VBA uses the results of its consistency studies to improve quality and whether and how VBA could further leverage its vast amount of claims data to identify error trends and opportunities for improvement.

VBA Has Taken Steps to Coordinate Quality Assurance Activities, but Key Supports Have Not Been Updated

VA has taken steps to coordinate its quality assurance efforts, in part, by systematically disseminating information on national accuracy and consistency trends to regional office management and QRTs, which in turn used this information to provide feedback. With respect to STAR, regional offices receive quarterly reports on their STAR accuracy performance, and QRT reviewers receive periodic conference call updates from STAR staff to discuss error trend information. Managers or QRT members at each of the regional offices we contacted noted that they also share STAR data with claims processors through periodic training focused on STAR error trends. With respect to consistency studies, regional offices receive national results; regional office-specific results; and, since February 2014, individual staff results. Officials at each of the four regional offices we visited told us they discuss the results of consistency studies and inform claims processors of the correct answers to the questions.

[19] The STAR review assesses whether adequate evidence was developed to support the rating decision. Possible development errors include failure to obtain sufficient medical records, including a medical examination or opinion.

[20] GAO, Designing Evaluations: 2012 Revision, GAO-12-208G (Washington, D.C.: January 2012).

Based on error trends identified through STAR and other quality assurance activities, QRT personnel are also expected to disseminate guidance and provide input into, and sometimes conduct, regional office training. For example, two of the four offices we contacted cited instances where they have used consistency study results for training purposes. In general, at each of the four offices, reviewers conduct, or work with regional office training coordinators to conduct, periodic training forums for claims processors. Regional offices we contacted also supplement training with other communications informed by quality review results. For example, QRTs at three of the four regional offices we contacted produce periodic newsletters for regional office claims processors, including guidance based on errors found in all types of reviews.

In addition to sharing STAR results for regional office training purposes, VA uses STAR to guide other quality assurance efforts. For example, according to VBA officials, the agency has used STAR data to identify error trends associated with specific medical issues, which in turn was used to target efforts to assess consistency of decisionmaking related to those issues. Recent examples are the August 2013 inter-rater reliability study, which examined rating percentages and effective dates assigned for diabetes mellitus (including peripheral neuropathy); and a February 2014 study on obtaining correct disability evaluations on certain musculoskeletal and respiratory conditions. In addition, according to VBA, the focus of in-process reviews has been guided by STAR error trend data. VBA established in-process reviews to help identify and prevent claim development errors based on medical examination and opinion-related errors, which it described as the most common error type. More recently, VBA has added two more common error types—incorrect rating percentages and incorrect effective benefit dates—to its in-process review efforts. VBA officials stated that they may add other common error types based on future STAR error analyses.

While regional offices receive a lot of information on accuracy and error trends, some quality review staff expressed concern that there was too much information. At the same time, staff in all four offices said that key supports were not sufficiently updated to help quality review staff and claims processors efficiently and effectively do their jobs. Staff at these offices consistently described problems with data systems, central guidance and training.

- Regarding data systems, at the regional office level quality assurance information is input into three different systems. Staff at all four offices we contacted said that these systems lack functionality to create

reports on error trends, so they maintain spreadsheets to track additional information to allow them to assess error trends from their office's quality reviews. At the national level, VA central office has made improvements in reporting capabilities to obtain information on errors by diagnostic code, but has not made this available to regional office quality staff.

- Regarding guidance, regional office quality review staff also said they face challenges locating the most current guidance from all of the information they are provided. Managers or staff at each of the regional offices we contacted said that VBA's policy manuals are outdated. As a result, staff must search numerous sources of guidance to locate current policy, which is time-consuming and difficult. VBA officials acknowledged that there are several ways it provides guidance to regional offices—such as guidance letters; periodic quality calls (and notes from those calls); various bulletins; and training materials maintained on VBA's Intranet site—and that this could be confusing to staff. VBA officials also noted that they face challenges in updating the policy manual to ensure it is as current as possible.
- Regarding training, staff in the offices we contacted also said that in some cases national training has not been updated to reflect the most current guidance. This makes it difficult to provide claims processors with the information they need to avoid future errors. For example, staff from one regional office noted that training modules on one error prone issue—Individual Unemployability[21] and related effective dates of benefits— had not been updated to reflect all new guidance, the sources of which included conference calls, guidance letters, and Frequently Asked Questions compiled by VBA's central office. VBA officials stated that they are continually updating national training to reflect new guidance, but that it takes time. Further, according to officials at the regional offices we contacted, VBA restricts regional offices' flexibility to tailor course materials to address office-specific error trends. We will follow up with VBA's national training office to discuss challenges to updating training and reasons behind restrictions on regional offices' ability to modify training materials.

[21] Individual Unemployability is a part of VA's disability compensation program that allows VA to pay benefits at the 100 percent level to veterans whose service-connected disabilities prevent them from maintaining substantial gainful employment.

In conclusion, VBA has made important enhancements to its quality assurance program, but has missed key opportunities to fully cement its commitment to quality. Although VBA's dual approach for measuring accuracy provides additional information on error trends, which can allow VBA to better target quality improvement efforts, VBA is producing imprecise estimates of accuracy that, while not completely reliable, are being used by program managers to guide improvement efforts. VBA also missed an opportunity to win the public's trust when it introduced a new accuracy measure without full explanation of its meaning and limitations. At the same time, VBA is expending more resources than needed to produce its accuracy estimates—resources that could be better used to achieve more precise estimates or drill down on error trends to guide improvement efforts. VBA has bolstered regional attention to quality and national consistency efforts, but several shortcomings—such as excluding claims worked during overtime from regional office quality reviews, or the lack of pretesting of consistency questionnaires—may detract from their overall effectiveness. Moreover, VBA does not systematically track the impact of these efforts on accuracy rates, again creating a gap in information that could help focus future quality assurance efforts. Finally, while VBA has made a concerted effort to leverage and share information resulting from its national STAR and consistency studies and to disseminate relevant guidance, VBA has not taken the final step of centralizing its guidance or promptly updating national training. Claims decisions are highly complex and subjective, and staff who need to sift through a patchwork of guidance and training to make those decisions may be vulnerable to repeating prior errors. As we complete our ongoing work, we will consider any recommendations needed to address these issues.

Chairman Miller, Ranking Member Michaud, and Members of the Committee, this concludes my prepared statement. I will be pleased to answer any questions that you or other members of the subcommittee may have.

GAO Contact and Staff Acknowledgments

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GAO Highlights

Highlights of GAO-14-731T, a testimony before the Committee on Veterans' Affairs, House of Representatives.

Why GAO Did This Study

With a growing workload of disability claims due, in part, to recent wars, VBA faces difficulties in improving the accuracy and consistency of its claims decisions by VBA staff in 57 regional offices. To help achieve its goal of 98 percent accuracy by fiscal year 2015, VBA recently implemented a new way of measuring accuracy, and changed several quality assurance activities to assess the accuracy and consistency of claims decisions and to provide feedback and training to claims processors.

In this statement, GAO discusses initial observations from its ongoing review of VBA's quality assurance efforts, addressing the extent to which (1) VBA effectively measures and reports the accuracy of its compensation claim decisions; and (2) VBA's other quality assurance activities are complementary and coordinated. For this work, GAO analyzed STAR accuracy and VBA claims data from fiscal year 2013 (the most recent fiscal year for which complete data are available); reviewed relevant federal laws, regulations, guidance and other documents relevant to quality assurance activities; and interviewed VBA staff from headquarters and four VBA regional offices (selected to achieve variety in geography, size of workload and reported accuracy rates), and Veterans Service Organization officials. GAO has no recommendations at this time. GAO plans to issue its final report later in 2014, along with any related recommendations.

View GAO-14-731T. For more information, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

July 14, 2014

VA DISABILITY CLAIMS PROCESSING

Preliminary Observations on Accuracy Rates and Quality Assurance Activities

What GAO Found

The Veterans Benefit Administration (VBA) within the Department of Veterans Affairs (VA) now measures and reports the accuracy of its claim decisions in two ways—by claim and by medical issue—but its approach has limitations. When calculating accuracy rates for either measure through its Systematic Technical Accuracy Review (STAR) program, VBA does not always follow generally accepted statistical practices. For example, VBA does not adjust its accuracy estimates to reflect that it samples the same number of claims for review from each regional office despite their varying workloads, and thus, produces imprecise estimates of national and regional accuracy. Further, because VBA does not clearly explain differences in how its two accuracy measures are calculated or their associated limitations, reported information about accuracy performance lacks clarity and may be confusing. Finally, VBA reviews 39 percent (over 5,000) more claims nationwide than necessary to achieve its desired precision in reported accuracy rates, thereby diverting limited resources from other important quality assurance activities, such as targeted reviews of error-prone cases. VBA could achieve its desired precision by reviewing fewer claims for offices with smaller workloads or higher performance levels.

Overall, VBA has made enhancements to its other quality assurance activities, although GAO identified implementation shortcomings that may detract from their effectiveness. To improve local quality, VBA recently created quality review teams (QRTs) comprised of certified staff in each regional office. QRTs review a sample of claims before they are finalized to identify specific error types and help prevent inaccurate decisions. QRTs also assess individual staff performance; however, claims processed during overtime were excluded from such reviews in three of the four offices GAO visited, which may undermine regional quality for a portion of claims. VBA officials told GAO they do not know the extent to which this occurs nationally. Recent VBA data shows that about 10 percent of claims were processed during overtime. Also, to help ensure claims processors make consistent decisions when presented with the same evidence, VBA began using a questionnaire approach to test for consistency. Although these questionnaires allow VBA to reach more staff and require fewer resources to administer, VBA did not pre-test them to ensure the clarity of questions or validity of the expected results. For each enhancement, their effectiveness is unclear because VBA has done little to date to assess their impact on improving accuracy.

VBA has also taken steps to coordinate its quality assurance efforts, but has not maintained centralized guidance and other key supports that might help prevent future errors. VBA coordinates quality assurance efforts by disseminating national accuracy and consistency results, trends and related guidance to regional offices, which use this information to train staff. Further, VBA uses the results of STAR reviews for other quality assurance activities, such as focusing QRT in-process reviews on commonly made errors. However, regional office staff told GAO that there are multiple sources of guidance, that searching these sources is time-consuming and difficult, and that VBA's policy manual and national training are not sufficiently updated to help claims processors avoid future errors. In addition, regional office data systems do not allow managers to readily track error trends, resulting in ad-hoc and inefficient work-arounds.

QUESTIONS AND RESPONSES

VBA Responses to
House Committee on Veterans' Affairs
Pre-Hearing Questions for the Record
July 14, 2014

Question 1: What research and/or analysis was performed prior to October 1, 2009, to establish the clear-cut 2015 goal of no claim pending in excess of 125 days, and accuracy at a 98% percent claims-based goal? Please provide all information considered in the formation of the goals as regards feasibility, efficacy, and risk assessment of unanticipated secondary consequences/effects on the disability claims process.

Response: VA's strategic target beginning in January 2005 had been to process all disability rating claims in an average of 125 days at 98-percent accuracy. In 2010, former Secretary Shinseki changed the processing goal from an average of 125 days to set an aspirational goal that all claims would be processed within 125 days at a 98-percent accuracy level in 2015. This aspirational goal reinforced his commitment to fundamentally transform the claims process to ensure all Veterans receive a timely decision on their claims.

Prior to 2005, former Secretary Principi had established a goal in 2001 to process all disability rating claims in an average of 100 days. In 2005, the increase to 125 days was made to reflect the additional processing requirements of the Veterans Claims Assistance Act, increased claims complexity, and recent precedential decisions by the Court of Appeals for Veterans Claims (Court), as summarized below.

- **Veterans Claims Assistance Act (VCAA)** – Requires VA to provide claimants with notice of evidence and information necessary to substantiate the claim, and generally to make reasonable efforts to assist a claimant in obtaining that evidence. These requirements introduced additional evidence gathering time into the process.
- **Increasing complex nature of claims** – As the number of conditions per claim continues to increase, the number of medical examinations required to decide claims (especially specialty examinations) also increased.
- **Evolving policy and case law** – Court decisions expanding the scope of "inferred issues" (issues not specifically claimed or readily apparent on initial review of the claims, but potentially raised by a broad reading of the record), have added additional processing time for secondary development and follow-up requests for evidence.

VA's strategic (long-term) accuracy goal had been set at 93 percent in 2003 and 96 percent in 2004. The goal of 98 percent accuracy was first reflected in the 2005 President's Budget Submission.

In compliance with recommendations by the Government Accountability Office, VBA strengthened its quality assurance program (Systematic Technical Accuracy Review or STAR) effective in FY 2002. Measurement of regional office accuracy was reassigned from a local to a national review to ensure independence of the review process and to enhance accountability for quality service delivery. The STAR report format was also

changed in response to recommendations by the VA Claims Processing Task Force, which was charged by Secretary Principi to recommend specific steps to reduce both the Veterans' claims backlog and the time necessary to adjudicate each individual claim. One recommendation from the Task Force was to redefine accuracy to include errors that affect entitlement to benefits and the amount and effective date of the benefits awarded. This change was intended to describe claims processing accuracy more consistently with stakeholder perceptions of what our accuracy statistics indicate – i.e., was the decision correct and is the climant receiving the correct benefit amount from the correct date. As the progressive increases in VA's strategic goals indicate, VBA continued to set aggressively more challenging goals for quality improvement, ensuring we are not sacrificing quality for production.

VBA now measures both claim-based and issue-based accuracy. Claim-based accuracy measures the accuracy of the entire claim, regardless of the number of issues decided within that claim. The claim is either 100 percent accurate or 100 percent in error (even if only 1 error is made). Issue-based accuracy evaluates the accuracy of decisions on individual medical conditions. Issue-based provides a more complete picture of how well VA is serving Veterans. VA strives to achieve 98% accuracy goal in both claim-based and issue-based accuracy. The STAR program measures both 3-month and 12-month accuracy.

Question 2: Recent reports on VHA have detailed significant instances of a corrosive culture, chronic system failures, and unrealistic standards, which led to manipulation and national disgrace. What actions has VBA taken to identify similar areas of concern within the administration since the VHA data-manipulation investigations began?

Response: A leadership training event was held in May 2014 for all Veterans Benefits Administration Area and Regional Office Directors and Headquarters leadership. Key topics included accountability, data management, employee motivation, labor relations, quality, and training. In addition, discussions were held on where VBA needs to continue to focus its efforts to achieve VA's goal of processing all claims within 125 days at a 98-percent accuracy level in 2015. In June, Veterans Service Center Managers and Quality Review Team coaches attended training, which included reinforcement of the Systematic Analysis of Operations (SAO) process to document internal compliance, the quality review process, and rating consistency studies. Managers and coaches from a number of VBA regional offices experiencing performance challenges are currently attending training sessions, which include the topics of accountability and conducting monthly performance reviews with employees.

To underscore the critical importance of maintaining an open and transparent culture, the Under Secretary for Benefits (USB) sent an all employee message that included a call to continue to stay focused on the mission to serve Veterans and approach all duties with loyalty, integrity, and honor. In addition, on June 13, 2014, Acting Secretary Sloan Gibson sent a message to all 314,000 VA employees on the importance of

whistleblower protection. In the message he reminded managers and employees that intimidation or retaliation – not just against whistleblowers, but against any employee who raises a hand to identify a problem, make a suggestion, or report what may be a violation in law, policy, or our core values – is absolutely unacceptable.

Ongoing efforts to strengthen the culture of transparency and accountability for performance across VBA include USB pulse checks, STAT reviews, and updating employee performance standards. USB pulse checks provide an open dialogue between front-line employees – supervisory employees are directly precluded from participating – and the USB. This open, honest, and transparent dialogue allows employees to directly communicate concerns, issues, and suggestions to the USB on topics ranging from the Veterans Benefits Management System (VBMS), our electronic claims processing system, to mandatory overtime, to new employee standards. The purpose of these events is to improve communication and encourage employees to raise all issues to VBA leadership, promoting open communications and ensuring no retaliation for frank assessments of initiatives. Likewise, in the management ranks, USB conducts a monthly STAT review. STAT reviews involve in-depth performance metric reviews across a variety of data and analytic views to observe system performance focused on quality, production, and timeliness of claims processing. The STAT team, using centralized data from VBA's Enterprise Data Warehouse (EDW) and other centralized systems, ensures objective analysis and accountability. The STAT team also often undertakes additional analysis to investigate root causes and secondary impacts across the system. Together, these data-driven performance reviews highlight accountability to achieve workload performance improvements as well as encourages information-sharing of best practices across offices.

VBA issued new employee performance standards for Veterans Service Representatives (VSR) and Rating Veterans Service Representatives (RVSR) in May 2014. VSRs are individuals who assist with development and other non-rating actions in the claims process. RVSRs are individuals who evaluate the severity of disabilities and render decisions on the degree of disability based on medical evidence and the rating schedule. These performance standards were developed through workgroups of subject matter experts, including VSRs and RVSRs, as well as headquarters personnel. The workgroups were tasked with aligning the standards with the agency's priority goal – 98 percent quality and processing all claims within 125 days. These standards were negotiated with union officials at the national level to ensure equitable standards were implemented that aligned customer service to Veterans without being unrealistic for employees. It is critical that as we implement these new performance standards, we are ensuring that we are not creating incentives for employees to manipulate data. Production data will be carefully monitored as these new standards are implemented. As VBA continues with Transformation, to include ongoing enhancements to VBMS and development of the National Work Queue, VBA is already working on assigning teams that will address updating the performance standards through data-driven requirements to align with ongoing Transformation.

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The STAR program measures and reports statistically valid accuracy rates for all VA claims decisions. The STAR assessment process meets the highest industry standards, and the Institute for Defense Analyses has independently verified its validity. To provide another idenpendent assessment of VBA's current quality assurance program, VBA has an independent third-party contractor reviewing this program. VBA looks forward to reviewing the results and recommendations of this assessment. Quality assurance teams review a random sample of all disability claim decisions from every RO every month, and conduct additional error analyses for each RO quarterly. STAR results are sent to each RO monthly for training purposes and any necessary corrective actions on claims, which are reported and validated quarterly.

To ensure that our organization is upholding our values, VA is doubling-down on its efforts to ensure the integrity of our systems and processes. Acting Secretary Gibson has directed that an expert team be assembled to brainstorm possible scenarios where an individual might find a way "around the system" and determine if further controls are needed. Additionally, I have directed a 100 percent facility and desk audit of mail and documentation at all 56 regional offices. VBA will also continue to provide publicly available performance data on the Monday Morning Workload Report and Aspire dashboards, which are available to anyone with a computer and Internet access and have been updated with additional metrics at the requests of this Committee.

Question 3: Please provide detail of any initiative, or procedural or substantive change as to notice, development, or claims' rating implemented by VBA since the Full Committee hearing held on March 20, 2013. Include a description of the initiative or change, rationale therefor, and anticipated or realized outcomes. Though not limited to the following, examples of information sought would include the Oldest Claim Initiative, the indefinite extension of mandatory overtime, and any Fast Letter/Training Letter issuance that alters claims processing, including any such documents that have been suspended or rescinded.

Response: Since the full committee hearing of March 20, 2013 VBA has instituted numerous initiatives and programs to further our mission of service to America's Veterans and their families.

As a result of these efforts VBA has reduced the backlog (any claim older than 125 days) from peak of 611,000 in March 2013 to 268,000 as of July 1, 2014, a 56% reduction in 16 months. This was performed without sacrificing quality: Claim-level accuracy increased from 83% in June 2011 to 91% as of June 2014; at the issue-level, accuracy is currently 96%. We are on track to complete a record 1.32 million in FY 2014. Today, Veterans with pending claims have been waiting, on average, 128 fewer days for a decision on their claim compared to the peak in March of last year.

Oldest Claims Initiative and Provisional Decisions

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VBA launched an initiative in April 2013 to expedite disability rating claim decisions for Veterans who had been waiting the longest. Over 513,000 of the longest-pending claims were covered under this initiative, including nearly 500,000 claims that received final ratings based on the availability of all relevant evidence. Approximately 14,800 of these Veterans (less than 3 percent) received "provisional" rating decisions if evidence was outstanding, but all essential evidence, such as VA examinations and service treatment records, were available.

Provisional decisions were issued during this initiative in order to provide benefits more quickly to eligible Veterans who had been waiting the longest for decisions on their claims, while at the same time giving them an additional 1-year safety net to submit further evidence should it become available, before a decision becomes final. Veterans then have the same statutory 1-year period to appeal the final decision if they disagree.

During the initial phase of the Oldest Claims Initiative, VBA identified that one regional office had misinterpreted the provisional decision guidance. Clarifying instructions were immediately issued to all regional offices and reinforced through conference calls with regional office managers. Authority to issue provisional decisions was withdrawn in November 2013 as we completed the initial phases of the Oldest Claims Initiative.

The Office of the Inspector General (OIG) recently completed a review of VBA's implementation the Oldest Claims Initiative and found further problems with the implementation of the provisional decision guidance. As a result, the Under Secretary for Benefits directed a complete review of all provisional decisions on June 2, 2014. Regional office Quality Review Teams will determine if the ratings were completed properly, if a final rating is now warranted, or if further development is necessary. The final ratings will be completed no later than September 2014, or at least one- year after the provisional rating was issued (whichever is later), unless additional evidence needed to correctly decide the claim remains outstanding.

The purpose of the provisional decisions was to get benefits to Veterans more quickly. Veterans who received provisional decisions had an additional one-year period to submit further evidence or seek review. The final rating process provides further assurance that Veterans who received provisional decisions are receiving the benefits they have earned.

Mandatory Overtime
Mandatory overtime is a management tool that has been periodically utilized by VBA over the years and most recently initiated in May 2013, to maximize productivity during the Oldest Claims Initiative. While in mandatory overtime, Rating Veterans Service Representatives (RVSRs), Veterans Service Representatives (VSRs), and Decision Review Officers work a minimum of 20 hours of overtime per month focused on completing priority claims — our oldest claims, fully developed claims, and special-interest claims (homeless, extreme financial hardship, former prisoners of war,

terminally ill, etc.). During mandatory overtime periods in FY 2013, VBA's daily rating production increased by 30 percent, or more than 1,000 additional claims per day. Staff at all regional offices worked mandatory overtime for six months in 2013 and resumed mandatory overtime on January 19, 2014 to accelerate the reduction in the backlog. 52% of VBA's workforce are Veterans themselves, who are dedicated to maximizing productivity and providing benefits to Veterans.

To provide employees with a break from mandatory overtime in order to spend time with their families during the holiday season, optional overtime was in effect from November 24, 2013, through January 18, 2014. Managers at each regional office continue to make exceptions to mandatory overtime, on a case-by-case basis, for employees requesting to be excused for hardship reasons, such as educational commitments, family needs, and medical conditions. In addition, all employees are provided a month in FY 2014 in which they may elect not to work overtime.

Acceptable Clinical Evidence (ACE) Examinations
VBA and VHA collaborated to implement the Acceptable Clinical Evidence (ACE) program. Under ACE, VHA clinicians complete Disability Benefits Questionnaires by reviewing existing paper and/or electronic medical evidence, while supplementing it as needed with information obtained during a telephone interview with the Veteran. This process alleviates the need for the Veteran to report for an in-person examination. There is potential for expansion of the ACE program. Since implementation, ACE has addressed 6,474 issues in 4,068 completed cases as of the end of June 2014.

VHA Clinicians in VBA Regional Offices
VBA and VHA worked together to establish, in the fourth quarter of FY 2013, the Clinicians in Residence Program in an effort to help reduce the disability claims backlog. Regional offices staff a full-time, registered, and certified VHA clinician to assist with medical opinions, clarifying medical documentation and completing reviews using Acceptable Clinical Evidence (ACE). This program has significantly contributed to reducing the turn-around time for medical evaluations needed to process disability claims.

Placing clinicians at the regional offices has been a success – helping many Veterans get their claims completed while having little impact on VHA waiting time. Clinicians at the regional offices generally originated from VHA Compensation and Pension staff. Typically, they have credentials and privileging suitable for C&P but not for primary care. Of the clinicians providing full or part-time support to the regional offices, four have previous primary care experience.

Streamlining Veterans Claims Assistance Act (VCAA) Notice
Sections 504 and 505 of Public Law 112-154 allowed VBA to streamline its duty-to-notify/assist responsibilities and eliminate unintended claims processing delays that were related to the Veterans Claims Assistance Act of 2000. VBA now has greater

flexibility in how we deliver § 5103 notices to claimants. Actions VBA has taken include attaching notices to benefits applications, transmitting notices electronically through eBenefits, and eliminating the need to send a separate notice requirement when the same type of claim is already pending.

Automated VCAA Notifications
In June and July 2013, VBA conducted a one-time initiative to more expeditiously process 180,000 supplemental compensation claims that were pending initial development. To expedite the processing of these claims, a special 38 U.S.C §5103 (VCAA)) notice letter was centrally generated and sent to each identified claimant. This letter notified the claimant of the information and evidence needed to substantiate a disability compensation and/or related compensation benefit claim, eliminating the need for VA personnel to send an individualized §5103 notice to the claimant. The notice also provided the claimant the option to tell VA that all evidence available to the Veteran had been submitted, allowing faster processing by VA. If the claimant elected this option, he or she completed and returned to VA the specific election attached to the notice. VA received over 64,000 responses to the notice, including 58,000 Veterans who indicated they had submitted all available information, saving at least 60 days in the processing of each of their claims.

Realignment of 100 Education Employees to Compensation Claims Processing
In the 4th quarter of 2013, VA transitioned 100 existing education claims processing employees in the Atlanta Education Regional Processing Office to disability compensation claims processing in support of VA's efforts to end the disability claims backlog in 2015. These 100 employees were able to transition to disability claims processing without any impact to education processing as a result of the efficiencies achieved with new Long Term Solution automated functionality delivered in fall 2012. Through special Challenge training sessions, these new Veterans Service Representatives are now focused on claims development.

STAT Reviews
VBA implemented monthly Stat Reviews in the second quarter of FY 2013 as a performance technique to monitor progress and improve performance. This process involves in-depth performance metric reviews with the Under Secretary of Benefits and other top VA leaders, as well as VBA's Office of Field Operations and other members of the VBA leadership team, to analyze and manage performance more effectively. VBA's Stat Reviews are based on highly successful performance management programs conducted government-wide that use statistical data (Stat) and visual displays of that data. The Under Secretary holds day-long meetings with regional office directors to discuss challenges and successes, using extensive data-driven performance measures for accountability. This allows VBA leadership to more easily identify what improvements are needed to produce desired performance results. Stat Reviews also help VBA leadership understand what is or is not working, while motivating regional office managers and employees to focus their energy and creativity on achieving

specific results. The Stat Review process focuses on accountability to achieve workload performance metrics and encourages information-sharing of best practices across VBA regional offices.

Online Claims Filing/Electronic Claims Submission
Several enhancements and updates have been made to the electronic claim submission process utilizing VONAPP Direct Connect (VDC) within eBenefits to simplify the claims process for Veterans and make the submission of electronic claims more efficient. To date, more than 75,400 disability compensation applications have been submitted electronically. Additionally the forms designed to support claims for PTSD secondary to personal assault and increased compensation based on unemployability is incorporated in VDC for electronic submission. Integration of these forms allows the Veteran to populate the information on multiple applications while going through a single interview process in VDC. Forms have also been integrated with Public Contact Individual Update (PCIU) enhancements to allow Veterans and Servicemembers to update their contact information including mailing address, email address, phone numbers, and payment address, as well as their Post 9/11 GI Bill benefit payment address. Veterans can also access the Veterans Online Application (VOA) to apply for Veterans Health Administration benefits.

Veterans can also electronically request to assign their Power of Attorney (POA) to a Veterans Service Organization (VSO) to assist them in preparing and submitting a disability compensation claim. In turn, VSOs can accept POA requests in the Stakeholder Enterprise Portal (SEP).

Stakeholder Enterprise Portal (SEP)
VBA deployed the Stakeholder Enterprise Portal (SEP), a secure web-based access point for VA's business partners. This portal helps Veterans Service Organizations (VSOs) and other external VA business partners represent Veterans more quickly, efficiently, and electronically. SEP currently allows VSOs to prepare electronic claims and upload supporting documents in a secure, consistent and seamless entry portal on behalf of Veterans. This results in a quicker processing of Veterans' claims and overcomes the time-consuming, paper-driven processes external stakeholders have had to use to conduct business with VA. The current customer base is approximately 8,000 individual VSO representatives at national, state and county levels, and will include future business partners. As of June 30, 2014, there are 1,603 registered SEP users representing more than 75 different VSOs. We continue to conduction outreach to encourage all VSO representatives to register to use SEP and also provide direct training on the system.

Electronic Service Treatment Records
DoD committed to provide VA with 100% of separating Servicemembers' complete and certified Service Treatment Records (STRs) electronically, including Tricare, contract medical, and inpatient summaries. This is accomplished via the Health Artifact and

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Image Management Solution (HAIMS) to VBMS interface, which was implemented January 1, 2014. The STR standard is the following: Complete Medical Record, Complete Dental Record, and DD Form 2963 – Certification Form. All of these need to be available in HAIMS for transmission to VA in a complete package within 45 days of separation/retirement from the military. VA agreed to temporarily accept certification of health records without dental records (unless needed to decide a Veteran's claim) for a period of 6 months. During this time, certified dental records can be separately submitted by DoD, thereby allowing more timely submission of STRs to minimize claim delays. .

Reservists Supporting IDES
In May 2013, 15 Army Reservists began assisting the Seattle Disability Rating Activity Site (DRAS) by performing DoD administrative procedures necessary to make the Integrated Disability Evaluation System (IDES) cases ready to rate. In August, 6 more were assigned, for a total of 21 Reservists. The Reservists will provide assistance to the Seattle DRAS through September 2014, per agreement with DoD.

Rollout of VOW/VEI to All DoD Installations
The VOW to Hire Heroes Act included steps to improve the Transition Assistance Program (TAP) for separating Servicemembers. To comply with the Act, VA, DoD, and the Department of Labor in collaboration with other Federal agencies, implemented revised TAP briefings (now known as Transition GPS (Goals, Plans, Success)) to 100 percent of transitioning Servicemembers to include Active Duty, Reserve, and National Guard components. In support of the revision, VA created enhanced benefit briefings within the Transition GPS Core Curriculum, as well as developed curriculum to provide the Transition GPS Career Technical Training Track for those seeking job-ready skills and industry-recognized credentials in shorter-term technical training programs. To ensure the highest quality instruction to Servicemembers, Veterans and their family members, VA trained and deployed 302 Benefits Advisors in support of 218 CONUS and 56 OCONUS installations, to include itinerant support. These 302 Benefits Advisors provide full-time transition support on 106 installations and provide itinerant support to 168 additional installations in order to support 100% of transitioning Servicemembers.

Through Transition GPS activities, VA Benefits Advisors provide Servicemembers with briefings and individual assistance on benefits and career options. VA Benefits Advisors conduct mandatory VA Benefits I and II Briefings, which provide Servicemembers with information on education, health care, life insurance, home loans, VA disability compensation, and the eBenefits portal. They also facilitate the Career Technical Training Track (CTTT)—a two-day workshop that helps Servicemembers to identify civilian occupations, establish career goals, and begin applying for credentials and vocational training. In addition, Transition GPS also established a set of Career Readiness Standards (CRS) for transitioning Servicemembers, and implements a series of supporting recommendations to ensure they reach their transition goals to include a

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"Military Life Cycle" (MLC) transition model to occur over the entire span of a Servicemember's military career.

SSA Government-to-Government Online Services (GSO)
In September 2013, 300 VBA employees from across all regional offices received access to the the Social Security Administration's GSO system. VBA trained these new users with SSA-approved materials on transmitting electronic medical records that are manually uploaded into VA systems. VBA currently has approximately 3,400 registered GSO users. In October 2013, SSA reported only 36 percent of the records VBA requested were transmitted electronically via GSO, but by March 2014, 74 percent were transmitted electronically.

Completion of VBMS Rollout
By June 2013, six months ahead of schedule, all of VA's 56 regional offices had implemented the new paperless claims processing system, VBMS. In 2014, VA is expanding automated functionalities, incorporating VBMS-user feedback. VA completed the one-millionth rating decision in VBMS in January 2014, and has now completed over 1.4 million rating decisions in VBMS.

Veterans Claims Intake Program (VCIP)
VBA awarded a Document Conversion Services (DCS) performance-based contract to provide scanning and upload of compensation-related paper claims material into VBMS for electronic claims processing. The DCS effort provides expedited intake of relevant claims data, enabling paperless claims processing, through conversion of paper claims documents and materials into searchable pdf images uploaded to VBMS. Document conversion directly supported national deployment of VBMS to all Regional Offices, Records Management Center (RMC), and Appeals Management Center (AMC). To date, DCS vendors have uploaded more than 800 million images, exceeding 99% image quality, in less than the contractually required 5 Days. Volume equates to approximately 1.6M disability claims; exceeding expectations.

Electronic Regional Office (eRO)
The Newark Regional Office was selected as the electronic Regional Office (eRO) pilot station to simulate the future operating model of a fully paperless regional office. This allowed VBA to understand the operational differences that an electronic versus paper environment poses. It also provided an opportunity for VBA to test additional initiatives to understand the future state and impact of RO operations in an electronic processing environment. To simulate this environment, VBA removed all active paper claims files from the Newark RO in November 2013, and sent them to VBA's scanning vendor for conversion to electronic files. This resulted in all claims being processed electronically and allowed VBA to refine, test, and streamline operations in preparation for a fully electronic environment nationwide. Veterans, Survivors, and their families served by the Newark eRO did not experience any change in the way they interact with the Newark RO. Claims submitted in paper format continue to be accepted but are

automatically redirected by the Postal Service to be scanned and immediately entered into VBMS for electronic processing.

Although VBA does not have the resources to remove all active paper claims folders from all ROs, as was done in Newark, the remaining ROs are transitioning into a paperless state and adopting lessons learned from the pilot. In February 2014, electronic Standard Operating Procedures (eSOP) and new clerical positions descriptions were distributed to all ROs to standardize the baseline electronic operating model.

Surge Initiative
Regional office closures and early dismissals due to hazardous weather conditions during the winter months negatively affected VA disability claims production. To mitigate the impact, VBA implemented a short-term initiative from mid-February through March 2014 in order to maintain progress in reaching the Department's goal of eliminating the claims backlog in 2015. The initiative called for the temporary assignment of employees who have claims processing expertise but are performing other duties – such as supervisors, change management agents, and quality review specialists – to process claims in the backlog during regular and/or overtime duty hours. Following completion of the surge initiative, VA ensured that quality reviews necessary for employees performance evaluations were completed. During the five-week initiative, VA employees processed more than 154,000 claims, reducing the backlog by 40,000 claims. The surge initiative mitigated the lost production over the winter months and and allowed us to continue the progress being made in reducing the backlog.

National Work Queue
Within VBMS, VBA is implementing the National Work Queue, a paperless workload management initiative designed to improve VBA's overall production capacity and performance accountability. With over 90 percent of our pending claims inventory converted to digital format in VBMS, VBA can more efficiently manage the claims workload centrally. This initiative builds on the demonstrated success of the Oldest Claims Initiative, where workload was centrally managed across all regional offices. The initial implementation phase of the National Work Queue involves moving claims electronically from a centralized queue to a regional office identified as having the capacity to complete the work. Through this process of matching inventory with claims processing capacity, VBA is improving performance nationwide, helping to ensure Veterans receive more timely benefits regardless of where they reside.

In the future, claims will be routed nationally down to the individual employee level based on the nature of claim and the skill set of the claims processor. Under the National Work Queue, the first filter for assignment of a claim will remain the geographic proximity to the Veteran's place of residence. However, if there is not capacity to process the claim at the closest regional office, the claim will be completed by another skilled employee at a different regional office. VA believes the outcome-based strategic

measures of this plan will allow VBA to make a focused assessment of the quality and consistency of claims processing.

Performance Standards
Objective measures and performance standards are used to determine if our managers and employees are meeting or exceeding their job requirements. VBA awards its employees for exceeding standards of performance that include both production and quality elements. New Veterans Service Representative (VSR) and Rating Veterans Service Representative (RVSR) National Performance Standards were issued in May 2014. Workgroups of subject matter experts, including VSRs and RVSRs, as well as Headquarters personnel, developed the standards. The workgroups were tasked with aligning the standards with the agency's priority goals. These standards were negotiated with union officials at the national level. The revised standards incorporate compliance with systems requirements for data input and tracking as a critical performance element. This additional measure will help to ensure that the information associated with all aspects of a claim is accurately and completely entered into our processing systems for both internal and external inventory control, as well as to support improved customer service through all communication channels (eBenefits, regional office public contact teams, National Call Centers, SEP, etc.). Our transformational initiatives, including ongoing enhancements to VBMS and development of the National Work Queue, necessitate on-going review of the performance standards as work processes are automated. New workgroups are already working on the next review.

VBMS Automated Awards Functionality
The Automated Decision Letter (ADL) within VBMS Awards functionality automates preparation of the rating document and award decision letter with very little handling by the end user. The implementation of this new process reduces processing time for benefit awards and allows VBA employees to focus their critical expertise on substantive aspects of award processing, while standardizing the letters across the Nation in a way not previously possible. This functionality uses rules-based logic to drive letter generation based on the various decision inputs as part of a rating decision or award action, replacing a manual process to build the letter. VBMS Awards was deployed April 24, 2014, to all 56 regional offices.

Automated Disability Benefits Questionnaires (DBQs)
VBA and VHA instituted several initiatives to improve the timeliness and accuracy of claims processing based on medical evidence. DBQs are designed to more efficiently gather medical evidence from VHA clinicians and private physicians by capturing all the medical information needed to process a claim for a specific condition at once and up front. A total of 81 DBQs are available to VHA clinicians, including 71 DBQs that can also be completed by private physicians The terminology in the DBQs is built around the specialized requirements needed to make forensic determinations regarding a

disability and gather the information needed to rate a disability claim. Functionality continues to be added to VBMS to populate the DBQ data into rating calculators.

Proposed Rule to Require Standardized Forms
In order to get benefits into Veterans' hands as quickly as possible, with the most accurate decision possible, VA proposed a rule that would require claims to be filed on a standard form and appeals to be initiated using a standard form whenever one is provided for that purpose. VA's proposed rule would not require that Veterans file electronic claims in order to receive benefits. Interested members of the public had the opportunity to comment on the proposed rule from October 30 through December 30, 2013. VA is carefully reviewing the 53 comments it has received from stakeholders and will respond to them in accordance with Administrative Procedure Act procedures.

Centralized Mail
VBA is in the midst of transitioning from decentralized mail intake operations at 56 Regional Offices to more efficient and controlled centralized mail operations that will shorten the current claims process for Veterans who apply for benefits by mail. The Centralized Mail initiative improves business processes, creates efficiencies, and enhances VA's ability to eliminate the claims backlog by reducing incoming paper handling and processing of mail at the Regional Offices. Under Centralized Mail, the beneficiary sends compensation claim-related mail directly to the scanning vendor which scans and uploads the mail into the beneficiary's electronic folder for processing. This is being implemented in phases through the end of July 2014.

Centralized Privacy Act/FOIA
The Centralized Privacy Act/Freedom of Information Act (PA/FOIA) initiative at the Records Management Center (RMC) in St. Louis, MO, eliminates the need for individual regional offices to process these requests and provides a controlled environment for more efficient and timely processing. Centralized FOIA/PA takes advantage of a dedicated and trained staff utilizing electronic mediums to fulfill requests. This allows VBA regional offices to refocus personnel processing these requests back to claims processing activities, increasing VBA's capacity to achieve its priority goals.

Issue-Based Accuracy
VBA's Systematic Technical Analysis Review (STAR) Program measures and reports statistically valid accuracy rates covering all types of VA claim decisions, both rating and non-rating. Under the STAR program, VBA now measures both claim-based and issue-based accuracy. Claim-based accuracy measures the accuracy of the entire claim, regardless of the number of issues decided within that claim. The claim is either 100 percent accurate or 100 percent in error (even if only 1 error is made in a claim with multiple issues). VBA added an issue-based accuracy measure in 2013 to evaluate the accuracy of decisions on individual medical conditions and issues. For issue-based reviews, each decision within the claim is reviewed for accuracy independent of its

relation to the other issues. The addition of issue-based reviews did not change the procedures for performing the traditional STAR claim-based reviews.

The STAR program also now measures both 3-month and 12-month accuracy. Adding the 3-month accuracy metric allows VBA to better assess current quality and quickly identify and address problems at both regional office and national levels through additional training.

Quality Review Teams (QRTs)
In August 2013, VBA's Compensation Service released additional guidance on VBA's Quality Review Team (QRT) program. The QRT had been in place in every VBA facility processing compensation and pension rating-related claims since March 2012 as part of VA's Transformation Plan. This additional guidance provided standard operating procedures and more clearly identifed the responsibilities of the QRT, team ratios for staffing, and technical knowledge requirements. VBA also established the internal QRT within the Compensation Service Quality Assurance Program in April 2013 to perform second-level reviews on all identified STAR errors, including benefit entitlement errors and all other errors that impact payment of benefits. The initiative promotes consistency in claim decisions, which leads to overall improvement in national accuracy.

Consistency Studies
VBA's Compensation Service developed its consistency program to support efforts to ensure field decisionmakers achieve 98-percent rating accuracy. Consistency studies assist with assessing how well claims processors from all regional offices agree on determinations on specific issues when reviewing the same bodies of evidence. The Compensation Service Quality Review and Consistency Staff develops a series of studies that are based on error trends identified by issue-based quality reviews. The consistency studies are administered through the VA Talent Management System (TMS) with a minimum of 12 studies administered in a fiscal year. The audiences that currently participate in these studies include Veterans Service Representatives (VSRs), Rating VSRs (RVSRs), Decision Review Officers (DROs), and Quality Review Team (QRT) personnel.

Specialized Adjudication Review Course (SPARC)
SPARC training sessions are being conducted from May through July 2014. SPARC was developed to retrain selected 1,250 Veterans Service Representatives and 900 Rating Veterans Service Representatives having difficulty in meeting performance standards.

Supervisory Technical Analysis of Data (STAND) and Advanced Coaches Training
STAND training, being conducted from May through July 2014, was developed for 750 coaches and assistant coaches to focus on data analysis and personnel management tools. Advanced Coaches 201 (AC201) Training sessions are being conducted during the months of June, July, and August 2014, to improve the first line supervisors'

workload and performance management skills (focused on quality and production) and develop and enhance new skills to supervise in the virtual environment we are transforming to with new tools such as the National Work Queue. AC201 Training was developed for all first line supervisors (Coaches and Assistant Coaches) that are directly responsible for ensuring VBA achieves its goals of 98% quality and no claims pending over 125 days.

Found Claims
In May 2013, VBA issued guidance to regional offices that was designed to ensure there was no disincentive in our processing procedures for taking action on any previously undecided claim that may be subsequently identified in a Veteran's claims record (possibly many years or even decades later). Veterans are entitled to submit their claim in any format, including handwritten notes or letters. At times, this leads to claims being discovered later in the process. This 2013 directive instructed regional offices to use the date the claim had been discovered ("found") in the claims record as the date of receipt of the claim for tracking purposes, while ensuring that the date the claim had been originally received is used as the effective date for any benefits awarded to the claimant. This ensures the full benefits due are paid to the Veteran.

Prior procedures required employees to use the date of receipt of the original claim for tracking purposes, even if that date was decades ago. Logging such an old date of receipt could potentially harm employees' achievement of their regional offices' timeliness goals. Therefore, the new policy revised prior procedures that could be seen as a disincentive for conducting such a thorough review. This procedural change only affected the date of receipt of the claim for timeliness tracking purposes, and VBA believed the policy would remove the disincentive..

Indeed, the guidance issued in May 2013 directed regional offices to proactively review all the evidence of record when adjudicating a claim in order to discern if any additional claims or medical issues had been overlooked in any previous adjudication process, ensuring the Veteran's rights were being protected.

In accordance with statute and VA regulations, this May 2013 guidance instructed regional offices to use the earliest date of receipt by any VA facility as the date of claim for the purpose of determining the effective date of any benefits awarded as a result of the found claim. In addition, special controls were put in place to manage and oversee this process. Authority to apply these procedures and establish a claim based on a discovered document was delegated only to Regional Office Directors and Assistant Directors. Regional offices were also required to notify VBA Compensation Service Office when any claim was established based on discovered documents.

Recently, OIG received a complaint that a regional office was not properly following this guidance. The OIG dispatched an inspection team to that regional office and identified a misapplication of this guidance. As a result, VBA quickly took several measures.

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First, the policy guidance was immediately suspended while VBA completes a complete review of the implementation of this policy. VA is analyzing data to identify potential outliers in the application of this policy, including on-site analysis at certain regional offices where potential implementation issues have been identified. This analysis has also been shared with the OIG. All claims impacted by misinterpretation of this guidance will be identified, and corrective action will be taken in each instance. Any employee found to have intentionally misused this policy will be held accountable. VBA is committed to identifying its problems and implementing solutions.

Processing Fugitive Felon Cases
Veterans Benefits Administration (VBA) released *New Fugitive Felon Policy and Procedures* on June 26, 2014. In accordance with current case law, VBA no longer presumes that any valid outstanding felony arrest warrant establishes a beneficiary's fugitive felon status under 38 U.S.C. § 5313B. Instead, VBA will request information and process fugitive felon cases only for beneficiaries who have a felony arrest warrant with a National Crime Information Center offense code indicating flight or a probation or parole violation. This new process reduces the number of claims requiring adjustment for fugitive felon status.

One-Year Retroactive Benefits for Fully Developed Claims (FDC)
Public Law 112-154, Section 506, provided up to a one-year retroactive effective date for awards of disability compensation based on fully developed original claims received from August 6, 2013 through August 5, 2015. The purpose of this legislative change is to provide an incentive to Veterans and Veterans Service Organizations (VSOs) to submit fully developed claims.

Specially Adapted Housing for Veterans with ALS
VBA amended its regulations to authorize automatic issuance of a certificate of eligibility for Specially Adapted Housing (SAH) to all Veterans and active Servicemembers with Amyotrophic Lateral Sclerosis Beneficiaries (ALS) rated totally disabling under the VA Schedule of Rating for Rating Disabilities.

American Bar Association Pilot
In August 2013, the American Bar Association (ABA) and Veterans Benefits Administration (VBA) announced a partnership to reduce the claims process. The first step in this partnership is to pilot a program allowing pro bono attorneys to assist non-represented Veterans with their pending claims, helping evaluate Veterans' claims and obtain evidence in support of the claims to rapidly prepare them for adjudication. This pilot will have the attorneys focus on electronic claims in VBMS with e-folders.

In June 2014, a memorandum of understanding (MOU) was signed outlining the parameters of the initiative. The pilot program will be conducted through the Chicago and St. Petersburg Regional Offices, where VA personnel will provide Continuing Legal Education and VA systems training for the ABA Triage Center and other ABA

participants. The pilot will consist of claimants currently without a VSO or other representation and include a batch of 3,300 original, new, increased, and supplemental claims (excluding special issue claims). The first batch of 300 letters to Veterans eligible for the pilot are anticipated to be sent out in August 2014.

Online Dependency Claims and Dependency Claims Contract
VBA developed a new Rules-Based Processing System (RBPS) to automate dependency claims. Veterans receiving disability compensation at the 30-percent rate or higher are entitled to an increased amount for each of their dependents. Since inception of RBPS, self-service features have enabled over 75,000 Veterans to add or change the status of their dependents online. Approximately 60 percent of the dependency claims filed through RBPS are now automatically processed and paid in 1-2 days.

In addition to automation of dependency claims, VBA recently awarded a contract for assistance in entering data from paper-based dependency claims into VA's electronic rules-based processing system. The contractor is entering the information from the paper-based dependency claims just as a claimant would enter information if filing the claim online. The contract calls for 40,000 dependency claims to be processed per month.

Burial Automation
VA rewrote its monetary burial benefits regulations to ensure that these one-time benefits to survivors can be paid as expeditiously as possible following a Veteran's death. The regulations, which were effective July 7, 2014, establish automatic payment of the basic burial allowance (at the statutory maximum $300 or $2,000 amounts, depending upon service connection of the Veteran's death) to as many as 62,000 surviving spouses annually. The new automation provides this benefit based upon notice of the Veteran's death and information in VA systems, and does not require the spouse to submit a claim for the benefit. Under these regulations, VA will expedite the delivery of benefits to survivors and free-up resources to work other claims.

IRS-SSA and EVR Update
VA worked with the Internal Revenue Service (IRS) and Social Security Administration (SSA) to transition its need-based pension program for wartime Veterans and their survivors to upfront income verification using federal tax information. Under new agreements with these agencies, VA automatically matches new pension claims with federal tax information maintained in IRS and SSA records and supplies the most recent three years of each claimant's information to the processing system used by its adjudicators. The ability to verify a claimant's income at the time of application permitted VA to discontinue the annual eligibility verification reporting requirement for as many as 150,000 pension beneficiaries. This automation, which VA has deployed at each of its Pension Management Centers, improved program integrity, reduced

improper payments, reduced claimant burden, and positions the pension program for rules-based processing.

Progress on the Pension and DIC Inventory and Backlog
Implementation of VBA's Transformation Plan has contributed significantly to the reduction of the pension and Dependency and Indemnity Compensation (DIC) inventory and backlog. The Veterans pension inventory as of June 23, 2014, was 11,228, which was down from 31,102 in 2011, and represents a 64-percent reduction. As of June 23, 2014, the Veterans pension backlog inventory was 408, down from 8,839 in 2011 (a 95-percent reduction). DIC claims inventory as of June 23, 2014, was 8,157, down from 18,036 in 2011 (a 55-percent reduction). As of June 23, 2014, the DIC backlog is 988, down from 8,519 in 2011 (an 88-percent reduction). VA has already achieved its goal of processing these claims with a high level of accuracy. For fiscal year 2014 through May, the quality of the work produced by VA's Pension Management Centers (PMC) was 98.9 percent for rating accuracy and 98.4 for authorization accuracy.

Education Term Employees Reassigned to Burial Claims
Effective June 1, 2014, VBA assigned 50 Education term employees that had previously been working Veterans Retraining Assistance Program (VRAP) claims to assist in the processing of burial claims. Employees from the St. Louis and Buffalo Regional Processing Offices are supporting the Veterans Service Centers in their offices in providing decisions on claims for burial benefits. As of June 30, 2014, these employees completed 11,000 burial claims.

Newly Hired Employees Working Non-Rating Claims
Just-hired Veterans Service Representatives who are scheduled to attend upcoming Challenge training sessions are being trained to assist in completing specific types of non-rating claims activities while they wait to attend the Challenge training. Additionally, approximately 200 Challenge graduates, having completed the Challenge courses covering non-rating claim processing, are being assigned to work on the non-rating claim teams at their regional offices.

National Call Center Dependency Claim Support
Beginning on July 14, 2014, VBA's National Call Center employees will have the system capability to process dependency award adjustments at the point of call. This allows call center agents utilizing the Customer Relationship Management / Unified Desktop application to add a dependent for a Veteran over the phone using RBPS. Initial implementation locations are the St. Louis and Phoenix call centers, with the remaining call centers added within 30 days thereafter. This will increase point-of-call resolution for the call centers, as well as reduce the dependency claims inventory.

Fiduciary
VA has taken significant steps to enhance oversight of its fiduciary program, including publication of a proposed rewrite of its fiduciary regulations consistent with current law

and policies, while also addressing the consolidation of its fiduciary activities at six fiduciary hubs. It also deployed a new information technology system for the program with enhanced workload management capabilities, an automated field examination report generator, and improved misuse monitoring. Because most fiduciaries are family members, friends, or care providers who have a one-on-one relationship with the beneficiary, VA published a guide for volunteer fiduciaries and deployed web-based training. Both advise fiduciaries about beneficiary rights, fiduciary responsibilities, management of funds, and accounting and audit procedures. To ensure that the program meets the needs of an increasing number of beneficiaries, VA developed and provided training to all new Field Examiners. It also developed refresher training for journey-level Field Examiners and web-based training for Legal Instrument Examiners. VA also improved its program oversight to better detect and address fiduciary misuse of benefits. It issued standard operating procedures and training for misuse reporting and VA negligence determinations and implemented a standard debt collection process for fiduciary debts. VA also developed misuse training for field personnel, which it deployed in June 2014.

Deployment of Beneficiary Fiduciary Field System
VA deployed a new information technology system for the fiduciary program on May 5, 2014. The Beneficiary Fiduciary Field System (BFFS) will allow VA to leverage existing technology to enhance workload management capabilities, integrate an automated field examination report generator, and improve misuse monitoring. BFFS will greatly improve VA's ability to track beneficiary visits, fiduciaries' annual accountings, and further detect potential misuse.

Appeals Plan
VA's strategy to improve the appellate process is available in the attached *Strategic Plan to Transform the Appeal Process*, which was shared with the Senate Committee on Veterans' Affairs and House Committee on Veterans' Affairs at their request in February 2014. The current process provides appellants with multiple reviews in VBA and one or more reviews at the Board of Veterans' Appeals (the Board), depending upon the submission of new evidence or whether the Board determines that it is necessary to remand the matter to VBA. The multi-step, open-record appeal process set out in current law precludes the efficient delivery of benefits to all Veterans. The longer an appeal takes, the more likely it is that a claimed disability will change, resulting in the need for additional medical and other evidence and further processing delays. As a result, the length of the process is driven by how many cycles and readjudications are triggered. VA is implementing a series of initiatives to improve the appeal process and continues to work with Congress and other stakeholders to explore long-term solutions that would provide Veterans the timely appeals process they deserve.

VA is leveraging state-of-the-art technology to better serve Veterans, particularly with the use of video teleconference (VTC) hearings. Veterans who disagree with a

disability benefits decision and who file an appeal to the Board of Veterans' Appeals may elect to have an optional hearing before a Board Veterans Law Judge. The number of VTC hearings conducted reached a record 51 percent in Fiscal Year 2013, which represents a remarkable 71 percent increase in the use of such technology in just the past five years. VTC hearings allow Veterans to remain at their local VA field facility while communicating with the Judge using high-definition equipment that provides crisp and clear audio and visual feeds that allow users to feel as though they are in the same room with the Judge. VTC hearings can be scheduled more quickly than traditional in-person hearings, saving Veterans up to 100 days of hearing wait time. Such hearings are offered at all VA Regional Offices, and statistically, Veterans who elect a VTC hearing have the same grant rates as those who elect traditional in-person hearings. To encourage the use of VTC, the Board periodically sends out correspondence to Veterans apprising them of the option and benefits of electing a VTC hearing. For more information on VTC hearings, please visit: http://www.bva.va.gov/docs/BVA-VideoHearing-508version.pdf

Updated Monday Morning Workload Report (MMWR)
As a result of requests from various stakeholders, including Veterans Service Organizations and Congressional staff, VBA has added features and updated its MMWR, while retaining all information that has historically been reported there. Features added include 7 new rating bundle metrics (3 quality-based metrics and 4 performance-based metrics); increased reporting on VBA's Pre-Discharge Processing, Quick Start and Benefits Delivery at Discharge; and non-rating claim timeliness. The MMWR was substantially re-designed in January 2014 to include 11 new metrics by Station of Jurisdiction (i.e., the regional office currently assigned to work the claim) in addition to the Station of Origination (i.e., traditional state-based jurisdictional assignment).

Question 4: Please provide a chart that demonstrates the number of claims brokered in, and brokered out, detailed by each Regional Office on a monthly basis since January 2013.

Response: The requested information is attached. Historically, claims have been assigned to an RO closest to the Veteran's home with ROs primarily dedicated to processing claims of the Veteran population living within that state or its area of jurisdiction. These jurisdictional boundaries were driven by the severe limitations of operating a paper-based system, where claims records and files were physically stored, processed, or mailed between the Veteran, the RO and the closest supporting VA medical facility. With the move to a paperless process, VBA can leverage a more national brokering strategy that is "boundary-free" and thus improve its overall production capacity for Veterans. The brokering strategy was a key component of the Oldest Claims Initiative in which the three Area Directors monitored inventory levels and redistributed workload. The brokering greatly contributed to the gains achieved in reducing the backlog by allowing workload to be distributed based on capacity.

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Question 5. Please provide a chart that details both the monthly number of Veteran Service Representatives (VSRs) and Rating Veteran Service Representatives (RVSRs) that have met their respective performance standards, as well as the numbers of VSRs and RVSRs that have not met their set performance standards. Provide information to identify these figures by each Regional Office, per month, for the period of January 2014 through June 2014

Response: VBA uses the Automated Standardized Performance Elements Nationwide (ASPEN) system to track employee performance. ASPEN relies on manual input of data and requires supervisors to approve/deny deductible time in order to accurately reflect an employee's performance. VBA is determining how to leverage current technology to replace ASPEN with a more robust system that will automatically capture employee performance without manual input.

National Data

VSR	January-14	February-14	March-14	April-14	May-14
Meeting Production	69%	72%	73%	70%	66%
Meeting Quality	77%	87%	79%	90%	81%
RVSR					
	January-14	February-14	March-14	April-14	May-14
Meeting Production	83%	84%	87%	82%	81%
Meeting Quality	78%	88%	76%	87%	76%

Notes:
- Data as of report dated July 1, 2014.
- Performance data for June 2014 is not yet available. Performance data is available after the 15th of the following month.
- Production and quality variance can be attributed to several factors. For example, in May 2014, VBA implemented new performance standards.

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VSRs Meeting Performance by Regional Office

Station Name	January 2014 Production	January 2014 Quality	February 2014 Production	February 2014 Quality	March 2014 Production	March 2014 Quality	April 2014 Production	April 2014 Quality	May 2014 Production	May 2014 Quality
Boston	32%	89%	39%	N/A	37%	70%	52%	80%	28%	81%
Providence	64%	71%	55%	83%	66%	89%	81%	100%	52%	86%
New York	57%	72%	44%	78%	50%	66%	46%	74%	60%	81%
Buffalo	83%	91%	86%	100%	95%	95%	92%	88%	92%	96%
Hartford	88%	48%	92%	89%	88%	80%	88%	75%	88%	83%
Newark	18%	N/A	17%	N/A	17%	44%	22%	100%	16%	61%
Philadelphia	33%	55%	43%	55%	44%	74%	49%	75%	45%	74%
Pittsburgh	69%	87%	78%	87%	73%	48%	56%	76%	85%	70%
Baltimore	24%	75%	17%	41%	17%	64%	23%	74%	21%	74%
Roanoke	81%	73%	78%	67%	77%	65%	83%	82%	76%	81%
Huntington	76%	83%	81%	93%	83%	80%	74%	98%	78%	81%
Atlanta	66%	86%	66%	N/A	75%	70%	79%	93%	63%	59%
St Petersburg	62%	74%	66%	87%	71%	84%	63%	88%	58%	82%
Winston-Salem	70%	95%	68%	97%	69%	91%	58%	98%	62%	93%
Columbia	55%	89%	53%	97%	43%	82%	56%	92%	50%	79%
Nashville	81%	90%	86%	96%	85%	99%	70%	98%	85%	93%
New Orleans	76%	61%	81%	N/A	88%	81%	85%	88%	91%	73%
Montgomery	65%	73%	73%	80%	72%	46%	61%	79%	77%	67%
Jackson	32%	52%	35%	92%	36%	62%	24%	85%	23%	68%
Cleveland	24%	56%	35%	61%	29%	68%	25%	83%	33%	77%
Indianapolis	47%	46%	46%	100%	62%	N/A	62%	N/A	74%	N/A
Louisville	79%	88%	98%	95%	95%	90%	95%	97%	72%	75%
Chicago	70%	63%	75%	86%	75%	48%	78%	100%	51%	73%
Detroit	85%	71%	84%	100%	88%	61%	88%	92%	83%	48%
Milwaukee	74%	37%	78%	71%	73%	61%	85%	92%	77%	79%
St. Louis	77%	67%	82%	91%	83%	62%	80%	75%	65%	69%
Des Moines	69%	81%	83%	100%	87%	62%	93%	92%	81%	100%
Lincoln	78%	59%	87%	90%	78%	76%	91%	88%	87%	80%
St. Paul	77%	97%	73%	100%	80%	89%	79%	96%	83%	96%
Denver	85%	85%	96%	90%	98%	77%	94%	89%	91%	77%

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VSRs Meeting Performance by Regional Office – Continued

Station Name	January 2014 Production	January 2014 Quality	February 2014 Production	February 2014 Quality	March 2014 Production	March 2014 Quality	April 2014 Production	April 2014 Quality	May 2014 Production	May 2014 Quality
Albuquerque	95%	100%	94%	92%	94%	88%	76%	94%	63%	88%
Salt Lake City	77%	76%	87%	85%	96%	93%	90%	100%	83%	95%
Oakland	76%	74%	79%	89%	79%	77%	75%	100%	76%	86%
Los Angeles	63%	86%	64%	95%	75%	72%	57%	96%	65%	94%
Phoenix	90%	68%	94%	93%	92%	100%	94%	96%	82%	86%
Seattle	87%	94%	83%	95%	87%	90%	90%	100%	77%	93%
Boise	90%	79%	89%	100%	94%	71%	89%	76%	83%	76%
Portland	28%	73%	42%	100%	28%	75%	32%	78%	74%	85%
Waco	69%	73%	76%	71%	72%	73%	65%	90%	52%	66%
Little Rock	91%	82%	85%	94%	73%	92%	74%	94%	75%	81%
Muskogee	94%	85%	82%	80%	84%	74%	84%	89%	75%	88%
Reno	81%	85%	90%	100%	90%	93%	80%	60%	47%	61%
San Juan	70%	41%	58%	57%	74%	57%	79%	71%	72%	69%
Manila	100%	88%	92%	N/A	83%	77%	73%	82%	48%	100%
Houston	59%	83%	80%	93%	80%	82%	79%	85%	71%	78%
Manchester	67%	100%	50%	N/A	86%	100%	79%	100%	93%	100%
San Diego	90%	82%	88%	95%	89%	82%	76%	97%	75%	90%
Togus	38%	79%	39%	91%	46%	76%	44%	96%	42%	74%
White River	56%	60%	89%	N/A	78%	100%	50%	N/A	N/A	80%
Ft. Harrison	73%	87%	93%	100%	83%	83%	92%	100%	85%	92%
Fargo	100%	91%	100%	75%	91%	82%	90%	80%	90%	78%
Sioux Falls	88%	78%	88%	100%	70%	80%	78%	100%	88%	81%
Cheyenne	70%	N/A	78%	N/A	78%	100%	67%	100%	89%	100%
Wichita	77%	90%	77%	100%	91%	93%	73%	100%	64%	85%
Honolulu	68%	89%	65%	100%	75%	100%	81%	100%	59%	100%
Wilmington	10%	89%	50%	N/A	44%	100%	78%	N/A	40%	88%
Anchorage	67%	86%	56%	N/A	22%	50%	50%	100%	40%	67%

*N/A - These stations did not complete all quality reviews during these months due to staffing losses and workload prioritization. Stations are working diligently to catch up on local quality reviews. By the end of the fiscal year, each full-time employee will have a minimum of 60 reviews as outlined in performance standards.
**Production and quality variance can be attributed to several factors. The primary factor is the small monthly sample size of only 5 work products reviewed per employee.

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This small sample size when looked at for just a one-month period can result in wide month-to-month variance in accuracy among regional offices. Additionally, VBA changed to issue-based quality standards in 2014, most recently in May 2014. New performance standards require employees to understand the new metrics and what additional information they must manually track and report in VBA's performance management system.

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RVSRs Meeting Performance by Regional Office

Station Name	January 2014 Production	January 2014 Quality	February 2014 Production	February 2014 Quality	March 2014 Production	March 2014 Quality	April 2014 Production	April 2014 Quality	May 2014 Production	May 2014 Quality
Boston	71%	78%	73%	N/A	74%	83%	77%	75%	74%	67%
Providence	91%	100%	93%	100%	93%	92%	93%	100%	94%	94%
New York	51%	72%	48%	67%	58%	77%	51%	83%	62%	81%
Buffalo	100%	82%	100%	N/A	100%	82%	94%	73%	100%	88%
Hartford	86%	55%	89%	64%	100%	67%	100%	83%	100%	82%
Newark	18%	N/A	44%	N/A	56%	100%	67%	100%	88%	63%
Philadelphia	35%	43%	40%	93%	41%	67%	46%	56%	44%	80%
Pittsburgh	78%	86%	72%	N/A	84%	94%	54%	100%	68%	81%
Baltimore	26%	43%	19%	55%	42%	37%	6%	72%	50%	65%
Roanoke	80%	80%	90%	N/A	98%	77%	86%	90%	94%	87%
Huntington	91%	70%	91%	64%	95%	82%	86%	100%	96%	93%
Atlanta	88%	65%	79%	73%	84%	61%	83%	82%	84%	66%
St Petersburg	95%	83%	92%	92%	90%	76%	79%	91%	54%	74%
Winston-Salem	87%	79%	89%	96%	92%	72%	80%	92%	84%	86%
Columbia	91%	88%	94%	98%	99%	87%	93%	91%	88%	84%
Nashville	91%	90%	89%	N/A	93%	86%	83%	98%	88%	70%
New Orleans	92%	N/A	85%	N/A	93%	50%	100%	100%	95%	90%
Montgomery	82%	95%	93%	98%	92%	81%	78%	98%	96%	90%
Jackson	94%	84%	97%	89%	84%	65%	75%	94%	69%	45%
Cleveland	64%	61%	67%	79%	77%	72%	79%	87%	81%	74%
Indianapolis	87%	56%	83%	N/A	100%	N/A	95%	100%	95%	100%
Louisville	97%	96%	100%	94%	100%	85%	88%	85%	79%	66%
Chicago	80%	76%	92%	81%	79%	74%	70%	100%	74%	64%
Detroit	93%	72%	93%	100%	90%	54%	73%	100%	87%	66%
Milwaukee	96%	62%	100%	93%	100%	64%	93%	79%	96%	75%
St. Louis	59%	50%	78%	62%	86%	54%	86%	65%	84%	76%
Des Moines	88%	87%	76%	100%	83%	93%	100%	100%	100%	100%
Lincoln	88%	61%	79%	83%	71%	46%	81%	78%	70%	60%
St. Paul	85%	79%	83%	N/A	83%	83%	85%	85%	87%	81%

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Station Name	January 2014 Production	January 2014 Quality	February 2014 Production	February 2014 Quality	March 2014 Production	March 2014 Quality	April 2014 Production	April 2014 Quality	May 2014 Production	May 2014 Quality
Denver	97%	85%	94%	94%	94%	84%	97%	79%	100%	78%
Albuquerque	69%	60%	77%	60%	100%	45%	73%	45%	93%	33%
Salt Lake City	92%	83%	93%	96%	93%	98%	91%	99%	88%	83%
Oakland	79%	73%	71%	94%	74%	72%	89%	75%	69%	84%
Los Angeles	100%	84%	85%	100%	95%	89%	71%	100%	87%	95%
Phoenix	100%	84%	96%	86%	93%	100%	98%	81%	94%	73%
Seattle	89%	72%	89%	100%	93%	85%	86%	100%	88%	59%
Boise	91%	82%	100%	100%	100%	75%	91%	N/A	91%	89%
Portland	83%	67%	73%	74%	71%	63%	87%	82%	96%	61%
Waco	78%	78%	88%	83%	88%	75%	83%	86%	86%	78%
Little Rock	95%	73%	83%	100%	89%	56%	72%	78%	82%	64%
Muskogee	95%	79%	95%	92%	95%	77%	91%	95%	79%	86%
Reno	79%	78%	93%	N/A	100%	100%	86%	100%	87%	100%
San Juan	100%	85%	100%	100%	93%	75%	93%	100%	100%	57%
Manila	100%	100%	91%	100%	100%	80%	100%	78%	90%	60%
Houston	72%	60%	79%	50%	84%	67%	76%	78%	63%	63%
Manchester	100%	100%	100%	100%	83%	83%	100%	100%	100%	100%
San Diego	96%	73%	95%	93%	100%	70%	87%	84%	96%	70%
Togus	58%	72%	64%	94%	68%	83%	69%	84%	72%	79%
White River	60%	50%	20%	N/A	60%	N/A	60%	60%	80%	100%
Ft. Harrison	69%	92%	69%	100%	85%	92%	79%	79%	86%	79%
Fargo	67%	88%	89%	N/A	100%	88%	89%	78%	100%	89%
Sioux Falls	100%	100%	60%	75%	40%	75%	60%	100%	83%	73%
Cheyenne	100%	100%	100%	83%	100%	100%	100%	100%	83%	67%
Wichita	100%	75%	100%	75%	100%	40%	82%	83%	80%	45%
Honolulu	88%	100%	100%	100%	100%	90%	100%	100%	90%	90%
Wilmington	50%	50%	100%	N/A	100%	50%	100%	N/A	50%	N/A
Anchorage	63%	100%	75%	N/A	78%	86%	86%	86%	88%	86%

*N/A - These stations did not complete all quality reviews during these months due to staffing losses and workload prioritization. Stations are working diligently to catch up on local quality reviews. By the end of the fiscal year, each full-time employee will have a minimum of 60 reviews as outlined in performance standards.

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**Production and quality variance can be attributed to several factors. The primary factor is the small monthly sample size of only 5 work products reviewed per employee. This small sample size when looked at for just a one-month period can result in wide month-to-month variance in accuracy among regional offices. Additionally, VBA changed to issue-based quality standards in 2014, most recently in May 2014. New performance standards require employees to understand the new metrics and what additional information they must manually track and report in VBA's performance management system.