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# DEPARTMENT OF VETERANS AFFAIRS CLAIMS PROCESSING

## FIELD HEARING

BEFORE THE

SUBCOMMITTEE ON BENEFITS

OF THE

COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

APRIL 26, 2002
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# DEPARTMENT OF VETERANS AFFAIRS CLAIMS PROCESSING

**FRIDAY, APRIL 26, 2002**

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BENEFITS,
COMMITTEE ON VETERANS' AFFAIRS,
*Washington, DC*

The subcommittee met, pursuant to call, at 1 p.m., at Soldier Hall, Fort Bliss, El Paso, TX, Hon. Michael K. Simpson (chairman of the subcommittee) presiding.

Present: Representatives Simpson, Reyes and Evans.

Mr. SIMPSON. Before we open this committee hearing we have some welcoming remarks first from Colonel Tom Trumps, the Garrison Commander at Fort Bliss.

Colonel TRUMPS. Thanks everybody. I'll be real short. General Green would have liked to have been here to welcome everybody here, and the Congressmen for holding this hearing here. Unfortunately, he's out of town, so I'll be his stand-in real quick just to welcome Members of Congress and parties that are here this afternoon for this very important House Committee on Veterans' Affairs field hearing.

Hopefully the hearing will address the issues that many of you have with the claims process and benefit process that in the Waco Office seems to be causing much stress for those veterans out there in this part of the country.

The privilege again is for Fort Bliss to be hosting this hearing. And just let me introduce you real quick to the three Congressmen. First, as you all well know our very own Congressman, Silvestre Reyes from El Paso, the 16th Congressional District of Texas. It's great to have you here. Thank you. The chairman of the subcommittee Mike Simpson from Idaho, the 2nd Congressional District; And the Honorable Lane Evans from Illinois, 17th Congressional District.

So, again, welcome. I hope this is a fruitful experience this afternoon and gets to many of the issues the veterans have.

Mr. SIMPSON. Thank you, Colonel. We appreciated your tour of Fort Bliss this morning and the opportunity to see the post, and we appreciate the information you gave us.

Next we have Mayor Ruben Smith, mayor of Las Cruces, New Mexico. I will say that we met with Mayor Caballero of El Paso today and had breakfast with him.

Welcome, Mayor Smith.

Mr. SMITH. Thank you, Mr. Chairman, members of the committee, and thank you very much. I don't know where you went to

have breakfast, I don't know where my good friend, Mayor Caballero, might have taken you. Don't take this wrong, and please don't take disrespect, but whatever you had here is nothing compared to what you would have had across the border into New Mexico. I think we have some New Mexico veterans here.

First of all, I think I would be remiss in saying—[speaking Spanish]. That's another way of saying while you're in the southern part of the States of the United States, Congressman Reyes not so much, but to you Congressmen Simpson and Evans, we'd ask you please spend as much money as you possibly can.

On a serious note, it's an honor for me to be here. And I just wanted to share about 2 minutes' information that I wanted to convey on behalf of, I'm very proud to say, the only veterans advisory board that has been appointed by way of the State of the New Mexico.

Now the reason I say that is because having received the invitation to be here with you, they wanted for me to convey some very, brief, brief remarks. Because I know you've got some testimony here today. But these people committed a great deal for our particular State and our particular region.

Having been in the legislature, having been mayor, I know that you're going to have people that are here for great concerns, and I'll share a few of those with you.

But before I do that, let me first tell you about the good news. I think as elected officials we need to hear the good news, particularly about the TRICARE health system. This is—I'm the messenger of this. They want us to thank you for that program. You know more about it than anybody else. We thank you for what that has done. But there's a new one that's been, as you know, about a year old, which is the TRICARE senior pharmacy program. Those people would have utilized this particular program. And you're talking about 1.5 billion beneficiaries of which we comprise a portion of that. We thank you very much because that is working exceptionally well.

We all talk about the system and some of the problems in it, but I think these are problem—it might even be better to—but I feel compelled on behalf of these veterans who might want me to share this with you. The plates, you've heard about, which you'll be hearing, but the standpoint of New Mexico this is the message they'd like to convey.

The extensive length of time to process claims, the reasons for that given is that they are returned for more information, they are returned for the same information already given, and sometimes depending on the process, it takes anywhere from 6 months and in some cases up to 6 years for the same plan. I'm sure you probably knew that.

Some of the provisions I think are very important, Lack of provisions in particular with eyeglasses, hearing aids, and false teeth. I'll share a personal story very shortly. And there seems to be excessive difficulty for some of the vets who have been in different conflicts, in particular the Agent Orange victims and the Desert Storm victims. Of course what they hear is that there is a backlog, short of staff, information has been lost in the St. Louis fire, and it's in the mail.

And then dealing with concurrent receipt—let me skip to that. Concurrent receipt is something that obviously everybody has a concern with, but they just wanted me to rearticulate, I think, what you will be hearing today, In particular for the eligible retired members who should receive both retirement and disability entitlement.

I'm sure that some of you have heard it over and over again, but I wanted personally to bring that to you, and just close with three examples. I'm going to use examples in particular from our community in Las Cruces, that for one of the veterans it took 10 years to obtain benefits for illness. It was a direct result of improper medication given to him during his time in service.

And the other one, which—it's unbelievable, but it's true, one person cannot eat because of the fact that the dentures that were given to him 2 years ago still does not work. And so he's been dealing with that issue for years.

And one in particular Las Cruces vet has his identification, he has his Purple Heart, his medals and all the memorabilia, but cannot get any medical services. And I will tell you that this man—I know you will want something specific. I know you will probably want specific names and times and locations. I'm sure you will need that for the record.

Questions that we have, there's three questions. The concerns are the appropriation line items dealing with the benefits, it appears to be a flat line item not to increase. The concerns about that it's a flat line item now. What does concern me what will we be doing with the veterans that will be added to the road, in particular with the war on terrorism.

A big concern for Las Cruces, in case you're not—I know Congressman Reyes understands this, but because of the changes we have, vets in the city of Las Cruces that used to be able just to cross over here to come to El Paso, that's not allowed anymore, and those vets are now being sent to Albuquerque.

But the last question and then I'm off, there was a plan evidently for the VA hospital in Alamogordo the Old Gerald Champion Hospital, the possibility of using that for a veterans facilities, so these people in Alamogordo very much wanted to get a response to that.

So, again, I thank you very much for the opportunity to be here and welcome you to the Southwest. And even though you're in El Paso, you're still welcome in New Mexico any time you want. Thank you very much.

Mr. SIMPSON. Thank you very much. I appreciate you being here, and thanks for those suggestions, comments and remarks.

Before we begin, let me explain, Secretary Principi was here with Congressman Reyes last August and held a town hall meeting out here. They're somewhat different. This is, in fact, an official congressional hearing, which means the testimony taken by the witnesses will be taken down, a record made of it, the questions asked by us and so forth, and entered in an official congressional hearing record.

Responses from the audience to comments is not appropriate. I realize that sometimes we deal with very emotional and controversial issues here—some that touch you very personally—but we're here to learn from the witnesses through their testimony about

what we can do to help improve the system, and what they feel needs to be done and so forth. So keep that in mind during the hearing. I would appreciate it very much.

Officially, good afternoon. The hearing will come to order. I'd like to start off by thanking my ranking subcommittee member, Mr. Silvestre Reyes, whom you all know, for welcoming us to El Paso for today's hearing. As many of you here today know, Congressman Reyes has been a true advocate for veterans, not only in this district but throughout the country during his time in the service, during his time in the United States Congress. I have enjoyed very much the opportunity and honor of serving with him on such a committee.

For all you Texans with us this afternoon, you hear a lot about some of the gridlock between Republicans and Democrats in Washington, DC, sometimes the partisanship that may occur. I can tell you that the one place it doesn't occur is on the Veterans' Affairs Committee.

I believe that the Members who serve on this committee, both Republican and Democrat alike, really want to do the right thing. We support the veterans, we want to make sure the system works as good as we can make it work. Where it doesn't, we want to improve it. And that's why we're here today.

So it's one of the few committees that I think is really a bipartisan committee trying to get the job done. We may have differences of opinion about something that we do and the effects it will have and whether it will be successful or not. That's okay. Those are differences that we can work out. But they're not based on partisan politics we win/you lose type of thing. We're all trying to make veterans winners in this situation.

Today we are receiving testimony on some challenges facing the Veterans Benefits Administration, and each of your testimony will no doubt be enlightening.

The VA pays more than $20 billion annually in compensation and benefits to veterans and their survivors. Despite the hard work of dedicated VA employees, for the past decade the VBA has experienced large backlogs, poor timeliness of decisions and poor quality in those decisions. The pending workload does remain high, and Congress takes much of the responsibility for that with the passing of legislation that requires the Department to review and in some cases readjudicate more than 300,000 claims. Additionally, legislative and regulatory changes also contribute to today's backlog.

There are over 8,000 VA employees working on claims across America. That's about the size of a small city, more about the size of an average city that I know. As of March it was taking the VA 263 days to process an original claim for disability that included between one and seven issues, and 252 days to process an original claim with more than seven issues. Pension claims were taking 136 days and DIC claims 176 days. It is also taking 623 days to process an appeal. This is discouraging, to say the least.

The figures I've just outlined are daunting. However, on a number of occasions I've met personally with Secretary Principi and Under Secretary Cooper, and I have every confidence that they have a firm grasp of the issues facing the Veterans Benefits Ad-

ministration, as well as the veteran and his family, and they are going to do all they can to make sure they address the situation.

In my view, the bottom line is that problems VA has are systemic, and it is just very difficult to get closure on many of these issues. For example, in December of 1993 when Congress was contemplating the legislation that created the Claims Adjudication Commission, the pending claim workload was 570,000. And this past November when the VA Claims Processing Task Force issued its report, the pending claims workload was 533,000. Why is this? Because Congress designed a claims system in which there is truly no finality. In fact, we have a system designed well for what we get.

But sometimes we have to look beyond the particulars of the system and look at the system as a whole and what we have designed.

So frankly, I'm hard pressed to believe that staffing, technology and other good government initiatives alone are going to solve the pending workload issue. We may have to look at the policies which drive this system as well.

At this time I recognize my good friend and gentleman from this district, Mr. Reyes, for his opening remarks.

**OPENING STATEMENT OF HON. SILVESTRE REYES**

Mr. REYES. Thank very much, Mr. Chairman, it's a real privilege to have you here in my district. I want to thank you and Ranking Member Lane Evans for joining us here this afternoon. And we want you to know that you are very much welcome here in El Paso.

Chairman Simpson, I want to thank you for—in particular, for agreeing to hold this important hearing here in El Paso. This is the first time in my service on the Veterans' Affairs Committee that the veterans subcommittee has felt it appropriate. I am especially pleased that it's here in El Paso.

Too often when we hold hearings in Washington, we do not have an opportunity to hear from the Department of Veterans Affairs and employees and veterans who are most directly affected by the actions that we take in Congress.

I also want to thank the committee staff as well as my staff here in El Paso for their efforts in preparing for this hearing. Thank you so very much for all the hard work you're doing for us.

For all of you veterans, witnesses and local officials who are here today, I also want to welcome you. Many of our local veterans are familiar with my town hall meetings, such as the one that was attended last summer by the Secretary of Veterans Affairs, Anthony J. Principi. It will be interesting for you to know that I have extended an invitation to Secretary Principi to return this August as well.

A subcommittee hearing is very different from a town hall meeting. Witnesses who have a prepared a formal written statement will be called forward to testify. Members of the subcommittee will be asking them questions about their testimony concerning the topic of today's hearing, claims processing, and backlog of the claims awaiting decision, and the actions the VA has taken to erase the backlog.

A formal record of today's proceedings will be published as a subcommittee hearing record. We will use this information in the sub-

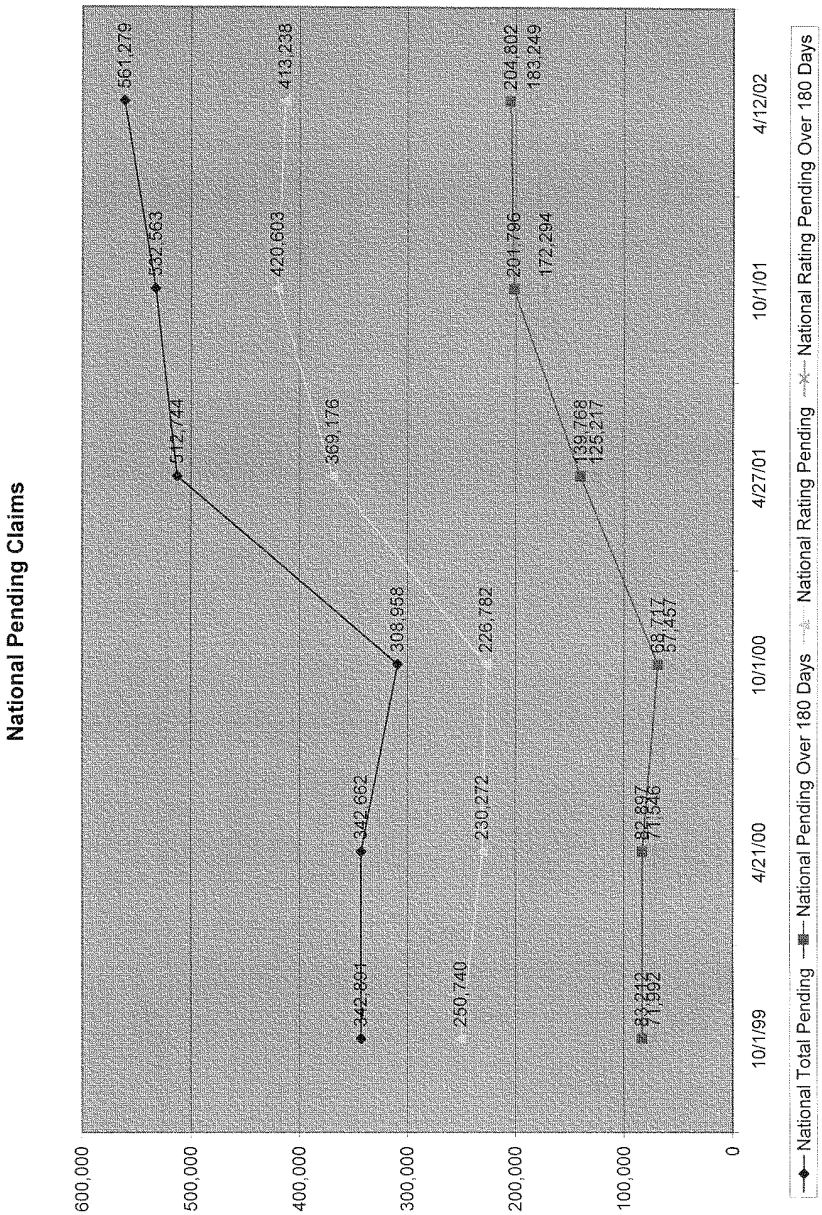
committee that we hear today to formulate policy and evaluate the activities of the VA and Veterans Benefits Administration.

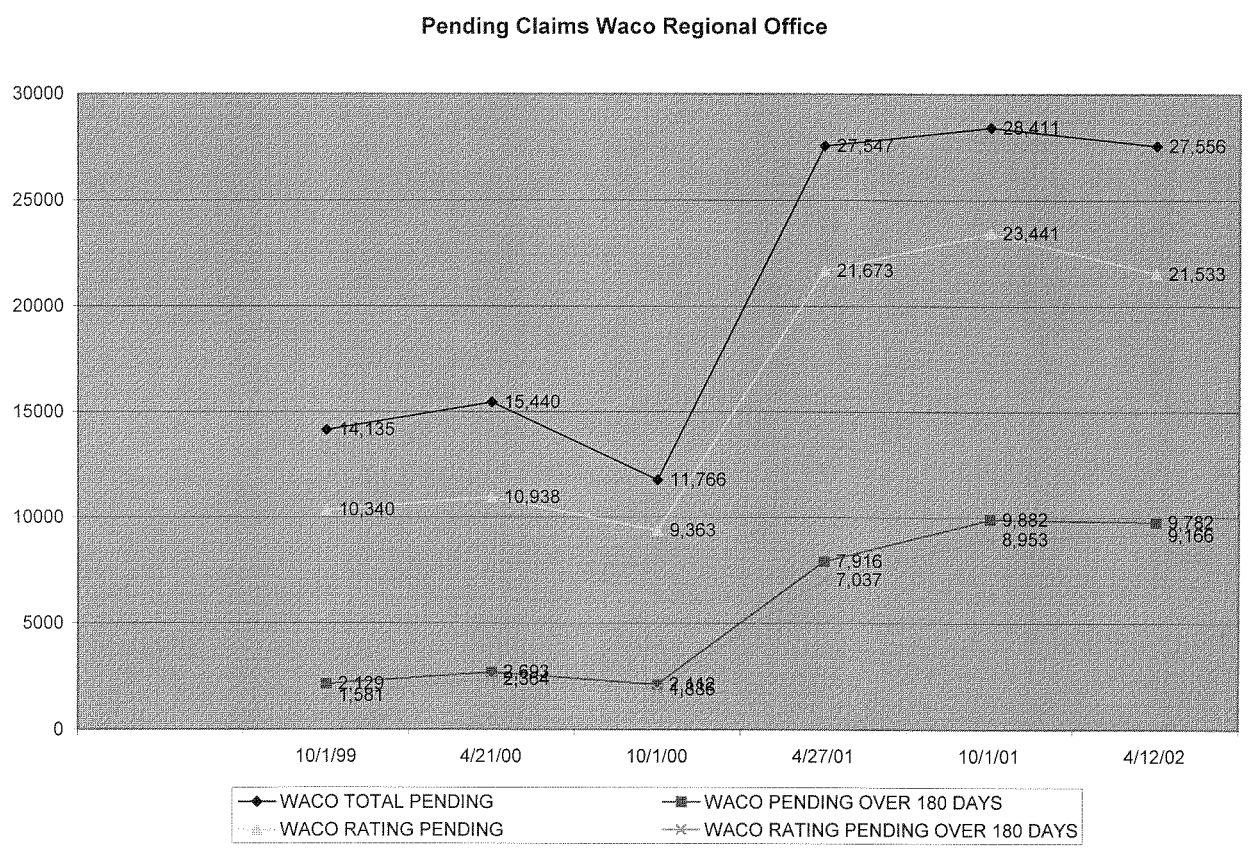
As always, if you have any questions about a specific claim or other VA concerns, please contact my local office here in El Paso for assistance. And there are a number of staff from my office here this afternoon if you wish to talk to them this afternoon as well.

There's no question that the employees of the VA perform a difficult task. And I know that many of them are still experiencing the effects of years of downsizing. It is difficult to try to improve timeliness when a large portion of the workforce is in training status. I am also aware that the Waco regional office in particular has consistently had a lower percentage of claims reversed or remanded by the Board of Veterans' Appeals than other regional office in this country.

The light green line on the chart, that's the chart right over there, represents the percentage of the appeals denied by the Board of Veterans' Appeals for the first 6 months of the year. As the graph shows, the Board believes that Waco decisions are correct 53 percent of the time compared with the national average of 40 percent represented by the yellow line. And some offices have even higher rates; others are considerably lower. Given these figures I receive many complaints about the timeliness of their decisions and the growing claims of backlogs in my office here in El Paso.

(The information follows:)

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8,953
9,782
9,166
WACO TOTAL PENDING
WACO PENDING OVER 180 DAYS
WACO RATING PENDING
WACO RATING PENDING OVER 180 DAYS

Mr. REYES. As you can see from the charts, the backlog of claims requiring rating by the VA has been increasing at both national level and in Waco. Claims involving ratings require extensive collection and evaluation of evidence.

In an effort to improve the timeliness of claims, the VA has imposed quotas on the regional offices. Though I support efforts to have reasonable work standards for VA employees, I am, however, concerned that the quotas were not determined by the ability of VA employees to meet these standards. Instead, these quotas were set to meet a previous production quota.

The General Accounting Office recognizes that the Veterans Benefits Administration is likely to have difficulty meeting these goals. I am concerned that the VA's compliance with its duty to assist has decreased while production is being increased. I support realistic goals. I am concerned that quotas discussed today are not realistic goals.

As the GAO knows, in some areas it is out of the VA's control to effect timeliness. No one benefits when the VA employees are placed between a rock and a hard place. I am concerned that both veterans and VA employees will become increasingly frustrated if employees are forced to choose between timeliness and quality of work.

Nationally a significant number of VA offices receive orthopedic examination reports that fail to address the so-called "Deluca" criteria. VA employees are required to take this into account, such as pain, weakness, the repetitive use of arm, leg or other body parts, in rating the claim. If the medical examination does not provide adequate information, the claim can be incorrectly rated. If a VA employee is faced with accepting an inadequate medical examination or missing a production quota, there is a strong temptation to accept the inadequate exam. It is unfair to ask the VA employee, it is unfair to ask a veteran or veterans, to accept a decision based on inadequate examination.

There are many reasons for why VA claims take a long time to decide. Some of those reasons are clearly the VA's responsibility. We have seen that in a number of complaints that have been brought to the attention of my office. And granted, some of these may not be the fault of the VA. It is my intention to discover why Waco currently has such significant problems with timeliness but can also produce adequate statistics on quality. If production quotas are realistic, only those actions for which the VA is responsible should be used to evaluate timeliness.

I want to work with the Chairman and VA to improve both the quality and timeliness of the VA decisions. Timeliness should be an element of quality. If it is elevated above quality in performance measures, quality is at risk.

The backlog of claims is a significant problem facing the VA and our Nation's Veterans. At today's hearing we will hear the viewpoints of veterans, local VA employees, VA central office staff and the General Accounting Office. I hope that I'm given a better understanding of the problems from a variety of viewpoints. This will help us improve the lives of our Nation's veterans and families.

I want to extend, again, an especially warm welcome to our first panel of veterans that I work with here in El Paso.

Mr. Chairman, I thank you once more for your holding this hearing here in El Paso in the 16th district. And as you can tell from the comments from Mayor Smith, and this morning Mayor Caballero, and three heads of Chambers, veterans issues are a very important part of a number in our community and in this whole region. So we hope to have a productive hearing. We hope to get testimony that will ultimately get us to finding a better solution to better serve people. And the reason why we serve on this committee is because of our veterans population and their families. Thank you.

Mr. SIMPSON. Thank you, Mr. Reyes. We certainly appreciate your work and your opening statement.

I want to thank the full Committee's distinguished ranking member, Mr. Lane Evans, for making the trip here to Texas. It's a real commitment on his part. And he also has been someone who's been very active in the support of veterans across the country and a great member to work with.

[Portions of this were indiscernible to the court reporter.]

**OPENING STATEMENT OF HON. LANE EVANS**

Mr. EVANS. Good afternoon, everybody. I appreciate your kind turnout that we're seeing here. The issues are important not just to yourselves, but to the families as well. I have a story about the marines. Sometime ago in taking an Army general to lunch there was a huge portrait depicting General Cornwallis' surrender. I have noticed in this portrait that there are three British Army officers present backing up General Cornwallis, and there are three American Army officers backing up General Washington. But there were no marines. I said to the general, you know why there are no marines? Because when the fighting is over you don't need the Marines. You tell me why this was a story at the Nation's history. It wasn't one written by the President. Think about it for a minute. It is easy to forget the veterans contribution when the war is over.

And so what we're seeing today. Those American war Veterans, disabled veterans forgotten. We know that people from all kind of backgrounds served in the Armed Forces, and we need to hear from you today. That's how legislation gets passed.

I want to thank the Chairman today and thank you all because I think it's very important for the citizens to get involved, and I appreciate it.

Mr. SIMPSON. Thank you, Mr. Evans.

We look forward to hearing from today's witnesses. It will be rather refreshing for us to hear from those of you who work directly with veterans and their families day to day, day in and day out.

Will our first panel please come to the table? Panel one is made up of representatives of the El Paso veterans community: Mr. John McKinney, Mr. Ron Holmes and Ms. Jane Franks. I'd like to welcome you and thank you for being here today.

Let me educate you, first, on our system there of green and red lights. We would appreciate it if you could keep your testimony to 5 minutes. Your entire testimony will be printed in the record. And then we will open it up to questions from the panel here.

I do appreciate your being here. The green light means go, the red light means stop or shortly thereafter. We don't enforce it real strong, but that's to kind of give you an indication of where you are on time.

**STATEMENTS OF JOHN McKINNEY, REPRESENTATIVE OF EL PASO VETERANS COMMUNITY; RON HOLMES, CHAIRMAN, VETERANS ADVISORY PANEL; AND JANE FRANKS, COMMANDER AND CHAPTER SERVICE OFFICER, DAV NORTHEAST CHAPTER 187**

**STATEMENT OF JOHN McKINNEY**

Mr. MCKINNEY. Mr. Chairman and members of the subcommittee, thank you for coming to El Paso to allow us to present to you our concerns involving the management of disability claims for our veterans. The Department of Veterans Affairs annual booklet entitled *Federal Benefits for Veterans and Dependents* states, and I quote, "Disability compensation is a monetary benefit paid to veterans who are disabled by injury or disease incurred or aggravated during active military service," unquote.

This compensation is an entitlement, not discretionary, due the individual for having served his or her country, but who, when separated, returned to civilian life in a physical condition adversely different than when he or she entered military service. This being the case, we fail to understand why the disability claims processing system, which has been in effect for years, often seems to fail the very veteran and others it is designed to help. What part of veteran and what part of entitlement is it that the Department of Veterans Affairs and Veterans Benefit Administration, responsible for disability claims, seems not to understand?

The problems with claims processing seem to worsen as time goes on, yet our government continues to depend on our military, the future veterans, to serve political objectives, sending men and women into harm's way without the right to decline assignments or missions and the lack of conventional workers' compensation coverage. If the current system cannot take care of today's veterans in a timely and efficient manner, what can future veterans expect?

You are fully aware of the increasing backlog of veteran claims and appeals, easily approaching the 600,000 mark, with applications increasing as recognition is given to additional Agent Orange effects and bloodborne diseases. We have yet to know what health issues may come from the war in Afghanistan that our government will initially deny then admit to. We accept that as applications increase, there may be a lengthening in the claims process, but we also expect our government to react accordingly, being proactive, not reactive. We hear from the Secretary of Veterans Affairs that the problems of claims are being and have been identified and will be addressed. He asks us to just give him time, about 2 years. Even some of our national veteran service organizations tell the members to just wait. Both are unacceptable.

World War II veterans are dying at the rate of 1,300 daily. In 2 years we will lose over 949,000. How many of these will die while waiting for their entitlement? Yes, the Veterans Administration initiated Tiger Teams to address claims of many of these older vet-

erans, but why does it take special treatment to address an entitlement? And what of Korean War veterans approaching the same years in their lives as the World War II veterans? More Tiger Teams to adjudicate their lingering claims as they begin to die at increasing rates. What help is it to tell a veteran his claim is finally being addressed after being in the system for 2 years and him having reached the age of 70 or older? What help is it only to have that veteran die without ever getting his entitlement because of a system that failed him? And what of his family, who may have gained some financial benefit had the claim been approved while the veteran was alive?

The disability claims process seems to be oriented more on how much the government can save by inefficient management rather than what can it do to compensate the veteran for service to the country. The sad part is that the system is people, people whom veterans believe forget those who served, those entitled to compensation for disabilities. Yes, there are invalid claims, and they too take time to process and weed out. We accept that.

But what of the veteran who feels he has waited long enough for a claims decision, who calls the regional office seeking information, gets to speak to a computer and not a person, or gets told records are not available or still being worked on, and leaves with the feeling that because he sought information, his record will be placed on the bottom of the stack rather than being replaced where it was? How is he being served by the very government who demanded or expected his service, his loyalty, and his dedication? Simply stated, he isn't.

I am sure you are familiar with the Cooper Report, which identified many issues with the Veterans Benefit Administration. Admiral Cooper is now in a position to correct or attempt to correct the same issues his task force identified. The question which needs to be asked is why has it taken so long for someone to identify personnel shortages, lack of adequate and effective training, lack of properly motivated employees, poor management, lack of adequate supervision, lack of accountability and the many other things identified as contributors to a poor claims processing system?

Where was the necessary oversight from outside the Veterans Benefit Administration and even outside the Department of the Veterans Affairs? Where were the changes to the Civil Service rules and regulations which could expedite the release or termination of ineffective and inefficient employees who place themselves above the veteran they were and are obligated to serve? Why can a private company or corporation terminate employees for failure to perform their jobs with a pink slip, yet the Federal Government requires a burdensome bureaucratic process to accomplish the same thing. Are Federal employees above everyone else? I think not, nor should you.

Congress manages the pursestrings and should provide the oversight seemingly lacking here. Congress should be demanding and getting results. All of these problems exist using taxpayer dollars.

The congressional solution always seems to be to provide more money for more employees. More people in the processing system will equate to more processors and more timely results. New people need time to be trained. Older, qualified, and I emphasize quali-

fied, people need to train the new ones, thus slowing down the process. And while being trained, attrition will reduce those qualified to teach.

Which takes us again back to Congress saying the system needs more people. What about ensuring those in the system do the job they were hired to do or terminate them? What about terminating, not just relocating, those supervisors who do not demand quality performance or who do not exercise quality supervision? Accountability doesn't seem to be part of the claims processing system.

Last, let me briefly address a local claims issue. The Waco Regional Office initiated a local program designed to expedite the predischarge program for disability claims. A Veterans Benefit Administration claims processing office was opened which significantly enhanced this program, yet did nothing for other local veterans. Frustration set in when an exceptionally well-qualified individual in this office indicated a willingness and desire to help these latter individuals, then departed. We were then told the same assistance would be reinitiated, but with less qualified individuals, whose supervisor is 600 miles away. Is this adequate service to the veteran? Hardly.

Why do we have to continually be faced with frustrations concerning our entitlements? The Veterans Healthcare Administration recognized the need to bring healthcare closer to the veterans and reacted by adding, and continues to add, community-based outpatient clinics to its healthcare program. Where are the veterans benefits local assistance offices, adequately staffed, managed and supervised, designed to bring benefits assistance closer to the veteran?

The question which must be addressed in all of this is, when will the veteran come first and not the process?

I thank you for your time and attention.

Mr. SIMPSON. Thank you for your testimony, Mr. McKinney.

[The prepared statement of Mr. McKinney appears on p. 51.]

Mr. SIMPSON. Mr. Holmes.

**STATEMENT OF RON HOLMES, CHAIRMAN, VETERANS ADVISORY PANEL**

Mr. HOLMES. Mr. Chairman, Congressman Reyes and Congressman Evans, for the record, my name is Ron Holmes, and I'm the chairman of the Veterans Advisory Panel and the regional coordinator for Operation Desert Shield/Desert Storm. I would like to thank all of you for coming to our city to listen to what we veterans have to say.

I have been involved in the Benefits Division of the Veterans Administration since August 1998. Since then I have kept up with training and the law as it pertains to benefits delivery. My comments come from assisting claims directly, assisting veterans that have been referred to me by the VA clinic, also veterans the Congressman sends, out-of-town veterans, widows, and dependents on a part-time basis.

The Veterans Administration has stated since 2001 that the claims backlog was the number one problem to be addressed. Also, the Veterans Administration was mandated to assist in the processing of claims while previous claims that the VA did not as-

sist had—also had to be redone. Congress mandates new policies, seeks to help new veterans' needs, but does not follow up on accountability to see what the results are. The Veterans Administration's policy so states that if a veteran is in need of assistance, the VA should grant the claim or prove that the claim should be denied. In some cases the rating specialists overrule statements from the doctors. Too much time during remands causes the VA employees to be doing the same claim over and over, which is not cost-effective.

The new duty to assist puts the vet's file in a cabinet for approximately 4 months while letters are sent out to find assistance. Usually when the VA seeks information, the request by the government has more persuasion than a personal appeal.

It is my understanding that the Veterans Administration is now hiring new employees. Unfortunately, the results are not substantial. It seems that the training time takes a longer time, and the outcome of the training has not been beneficial in the final product. Some employees endure lack of supervision or a supervisor. Living in El Paso puts us 700 miles away from the supervisor, which makes it difficult to correspond. I can attest honestly that there are some employees who will go out of their way to aid and assist those in need of answers. Similarly, there are those who could care less and tend to slow down the process of record verification, et cetera. Management does not seem to anticipate employee changes to keep up with the flow of work.

I see no end to this situation since employee are unable to be permanently dismissed. I feel there are those who should be fully rewarded. And there are those who should be dismissed. Training or retraining on procedures could be a remedy if history warrants it.

Being that El Paso has a rather large veteran population, the workload problems are at a high percentage. There is some downtime during which times the claims go back and forth to Waco, TX, and, of course, this hinders the process of the claims. There are also conflicts of personality when you contact someone in Waco. I feel this is due to a lack of supervision, no conformity of process, and too many hands involved, which leads to mistakes.

If a veteran contacts the Veterans Administration, they should get an accurate answer upon request. The Veterans Administration usually contacts the veteran only once during this period with a letter that states they sent the letter, but the veteran did not apply. There have been times when the paperwork never reached the correct individual or the letter has been mishandled, lost or misplaced in someone else's letter.

I don't feel that death and indemnity compensation should take 8 months to finalize. There should be a clear and accessible emergency claims process under these circumstances. We should focus on how to best help the veteran and less on the struggle between management and the employees.

Although the Waco office is distant from El Paso, the people here have gone from a negative attitude to a more positive one in the last couple of years. In the beginning, since I became a member of Disabled American Veterans, the process was difficult enough for the veteran himself. Service organizations were not supplying

qualified service officers. And now the regional office, Congress, and some veterans organizations began working together as a team to assist veterans in our community, and thus the morale heightened.

The Veterans Administration regional office began working with Congressman Silvestre Reyes with a program to rate claims locally. There were some service organizations that were not willing to participate in the program and this, we thought, would create a hindrance and not be cost-effective. Over time we have learned to seek each other out and ask for help or advice. Now we have national service officers, so a shift in direction is yet to continue.

We believe in give a little and take a little, but at times it can be quite frustrating. A couple of people—from October 1999 to February 2001, I worked with a rating specialist in El Paso to assist veterans who had complicated cases or who were terminal or facing financial or other hardships. We would discuss all aspects of the case, and then the veteran could submit their claim for rating. After February 2001, the director or the senior rater would work with me on cases that were 2 years or older or a hardship, but it was less than could be offered before. The Congressman worked at the regional office to do claims here in El Paso. And the director stated some veteran service organizations did not want to use this new system, so that program would not be fully utilized. Some veterans want to take advantage of this new program.

A couple of people wanted to pull their power of attorney so they could use the new program, and someone at Waco took offense and accused me and my partner of hurting vets, and we were suspended from doing any claims. This left approximately 400 claims and veteran claimants with no assistance and no one to go to in El Paso for their claim because the organization had the power of attorney. This only adds to the backlog where it could have helped it. We help veterans from across the country who have heard of us or saw our name on the Internet. Many VA employees send veterans to us to assist them.

We will continue to try to help each and every veteran and their spouses and their dependents. We will continue to train and stay current with the law. And we will continue to network to help veterans who cannot help themselves.

In closing I want to again thank the committee for coming to El Paso and listening to me describe what I observed. And I hope this has been helpful to you as you try to see to it our veterans receive what they deserve. This is part of the great American dream, and to inform those who make the laws about our opinions and what changes are needed.

Thank you, and may God bless you all.

Mr. SIMPSON. Thank you. I appreciate your testimony.

[The prepared statement of Mr. Holmes appears on p. 53.]

Mr. SIMPSON. Ms. Franks.

**STATEMENT OF JANE FRANKS, COMMANDER AND CHAPTER SERVICE OFFICER, DAV NORTHEAST CHAPTER 187**

Ms. FRANKS. For the record, my name is Jane A. Franks, and I am currently the commander and chapter service officer for the Disabled American Veterans, chapter 187 here in El Paso.

Mr. Chairman, and members of the subcommittee, I have identified those areas that veterans feel need the most attention from Congress, the amount of paperwork and time it takes to get registered in the Veterans Administration system for VA identification.

Following that process, the veteran usually has to wait for at least 6 months for a first appointment to see a primary care physician. This does not include additional time for appointments and specialists and test results that may be necessary to file a claim. For a working veteran this may be difficult due to having to take time off from the job. Also, this is not compatible to get an adjudication process. Claims are adjudicated prior to veterans seeing a doctor at times. There are still some VA physicians unwilling to state an opinion in writing for the veteran to help support the veteran's claim. However, there is a VA directive that states that VA physicians may provide statements and opinions for the veterans.

Patients feel that they are being over-medicated versus their illnesses is actually being treated. Transportation problems cause problems with claims to be filed. Here in El Paso, where we have only an outpatient VA clinic rather than a full facility VA hospital, many patients are referred to see doctors at the VA hospital in Albuquerque, New Mexico, which is approximately 250 miles away. Many of our elderly veterans do not have the ability to drive the distance and have no other means of transportation. Many are being told that it is their responsibility as a veteran to arrange their own transportation to make their appointment. This interferes and causes delays for claims to be processed.

On January 2001 a local rater, VA rater, who had an open-door policy to assist veterans with special claims retired. Prior to that, as a chapter service officer, at the claimant's request I was assisting the veterans by going with them to the local VA rater to discuss their case. This also helped eliminate prolonged processing time. If I had followed regular procedures by trying to handle a special claim through my own organization at the regional office in Waco, TX, there were a number of times that I would be told that the national service officer who was assigned to the case was unavailable at the time, and that my phone call would be returned. In most cases my phone calls were not returned, and I would continue trying to contact a national service officer assigned to the case and again be told the person was not available. This definitely caused problems and delays on the claim and would also frustrate the veteran as well.

On June 2001 my company service officer in my chapter who I associated with made a visit to our organization's regional office and met with the regional office national service officer's supervisor to try and form a team that we can both together work—work out special claims.

At that time the regional national service officer's supervisor had told both myself and my associate that he had no complaints or was against us from taking claims directly to the VA rater, and that he was at that time unwilling to work out a team or system to assist us.

This has reflected against some claims both my associate and I have handled. For instance, there was a claim for a widow whose

husband passed away prior to him receiving his compensation. There was also a veteran's claim where a mistake was found that the VA made that our national service officer just signed off on the claim, and the claimant had to go through the process again to be corrected. Since that time, because both my chapter service officer's associate and I have taken steps to assist the veteran in their best interest, our chapter has been put under suspension from doing any service officer work. This action has greatly affected approximately 400 plus claims pending both within our own community and outside. For example, a veteran who sought my assistance in another State with their claim has been be categorized from expedite to taking us up to 24 months before the case is reviewed, but yet it is in the hands of a VA rater.

Having a local regional VA office would help eliminate processing time and expedite special cases that would help cut down the backlog of cases which both the VA regional office and the regional office of our own organization claim to have. This means that various organizations would have to allow their chapter service officers to utilize a local regional VA office directly for special claims. My objective is to assist the veteran to be awarded their entitlements within a reasonable time and fulfill the mission stated by my organization.

Mr. Chairman, the veterans appreciate the oversight provided by this committee in helping the Veterans Board of Appeals meet its responsibility to our Nation's veterans and their families.

Thank you for hearing me.

Mr. SIMPSON. Thank you, Ms. Franks. I appreciate your testimony also.

[The prepared statement of Ms. Franks appears on p. 57.]

Mr. REYES. Mr. Chairman, and I just want to thank the panel. I'm familiar with their dedication and commitment to the veterans of our region, and really appreciate your hard work.

In your testimony, this question goes to Mr. Holmes, you testified that there is a disconnect between El Paso and Waco. So my question to you is what is the first action by this subcommittee to the Department of Veterans Affairs that you would recommend to be taken specifically to remedy the handling of benefits claims in case backlogs regarding this disconnect between El Paso and Waco?

Mr. HOLMES. Well, sir, I think that if they had a supervisor here and they could maintain the regional office. I hear that that's coming, but I would think that if we could deal with the 50,000 vets that we have here, if we could have someone to be held accountable and someone to go to if we have a problem with the rater, that we could solve a whole lot of problems locally. Not only that, but the service organizations who work that rater would learn what that rater wants in order to get a claim through.

So you would be being trained on the process at the same time you're filing a claim as opposed to making a claim, sending it to a far-off land and waiting 'til it comes back with it being decided. If there was someone locally and there was a problem, you could talk right now. We could fix it immediately. But if you have to call, it's phone tag. Oh, he's not there, I'll call you back. He's not there. And in the meantime, what happens to this veteran who probably

gets upset, goes to another organization and puts his file at the bottom of the stack?

Mr. REYES. Mr. McKinney?

Mr. MCKINNEY. Sir, I agree with Mr. Holmes. When you look at the local office, the people here are qualified in part to do the job that's being asked of them. The situation that we've got is we had an individual here with probably exceptional quality adjudicating claims and providing advice and assistance. We now have a situation where we have newer employees. We don't have a local supervisor with that added expertise, that added experience that these individuals do not have.

So we're faced with a situation of having to go external to the Waco office either telephonically or by mail, and sometimes the claims themselves have to be sent. It goes back to my comment on lack of adequate supervision in management, in my opinion.

Mr. REYES. Ms. Franks, do you have anything?

Ms. FRANKS. If we were to have a local regional office that organizations in our community would allow the service officers or post chapter service officers to utilize only for special cases, we're not taking every case, that would help expedite these cases. And as Mr. McKinney and Mr. Holmes already mentioned, it would reduce the backlog in Waco.

The other thing is this: Many of these cases we're talking about are people with terminally ill situations, widows who have lost their husbands who were the veterans, and they depended on that income to live on on a daily basis, and they have now lost that.

So these are the kind of claims we're talking about being able to utilize a local regional office to help expedite these type of cases so they would not have to wait.

Mr. REYES. The other thing that intrigues me is the issue of the 400 veteran cases. Are those cases—you're telling me are they in limbo today.

Mr. HOLMES. Yes, sir. Once the organization takes the power of attorney, then even realistically that veteran no longer can represent himself, okay, because someone else has that power of attorney. So if goes somewhere else, then he has to file for new power of attorney and wait 'til it has gone through the system so that they can go down and check on the status of the claim, which is approximately 2 weeks.

So with those cases being—sitting in a filing cabinet and not only can her or I not go, but no one else in the chapter can go get the file. So that leaves those people without any representation, without anyplace to go, and, in my estimation, without any reason for it.

Mr. REYES. So if—from your experience, if one of those cases or really any veteran's case that meets the criteria, are you able to obtain expedited consideration of some of these claims for veterans that are either terminally ill, homeless, severe financial hardship, or those kinds of cases; is that possible to get that kind of service from the Department of Veterans Affairs in Waco.

Mr. HOLMES. It is possible to get that, but I cannot without going through my organization. And I cannot go directly to the VA, like I said before. So I had the help of the director and the raters in Waco, but then I was told I cannot do that anymore.

Mr. REYES. And assuming that my office has been advised that there is a current effort to put a supervisor in place here in the local office, will that in itself solve some of these issues that you have brought here, or are we still going to have the veterans waiting?

Mr. HOLMES. No. I think that will go a long way to address a lot of the issues and will help the majority of the vets, because there are other particular issues and different things for each veteran that might need to be addressed by a supervisor here. But that would give you more bang for the buck in the end.

Mr. MCKINNEY. I agree with that, sir. The problem that we're faced with is we have been hearing for about a year and a half that there may be a supervisor out here. The supervisor is needed. The supervisor is the one that has the initial expertise, has the initial qualifications that the local people may not, based upon their time in the system and lack of experience. But we're kind of getting tired of hearing that it's coming. We would like to see it materialize.

Mr. REYES. Thank you.

Mr. SIMPSON. Thank you, Mr. Reyes.

Mr. EVANS. I have no questions.

Mr. SIMPSON. It seems like your testimony, most of it, centered around people problems. Is that an accurate statement?

Mr. MCKINNEY. Yes, sir.

Mr. SIMPSON. Do you have any recommendations in the system as a whole? Like people problems are something that needs to be addressed, and I understand the difficulties with civil service and so forth that exists, but system problems are something that—it's somewhat hard to legislate people problems, but system problems are something that we look at, too.

Mr. HOLMES. Yes, sir. I believe it's as simple as accountability. If you go and you deal with a rater or a veteran service representative, and you come away from that meeting with a clear understanding of the next phase of the process, when you get to the next stage, you shouldn't be hit with some new thing, you know.

I think sometimes personalities get involved. And then if you go to one person, you could get help; if you go to a different person, you don't get help because of that personality problem. So I don't know what you could do about trying to legislate personalities.

But I just think if we could hold more people accountable, and maybe if there was something that happens—because I think even the veterans community thinks there's nothing we can do to get rid of these employees that hinder our goal. So I just think if there was some kind of an example out there that we can say, look, we're changing things. And as an example, you know, you have had problems with this person, and that person is no longer there, but if you transfer them to Roanoke or some other place, you're just shifting the problem to another town.

I think the VA has good, responsible people for the most part, but if you have to deal with those other ones, those are the ones that leave a sour taste in your mouth. And that's what you remember at the end of the day, not the ones that you dealt with, but the ones that aggravated you to no end.

I think if we had accountability from the top down, and the bottom up, that a lot of these problems would be solved, And if we had someone to go to after, you know, after a while and say, enough is enough.

Mr. MCKINNEY. The other situation, you've got a systemic issue being the VBA is attempting to do jobs that are mandated by law, Title 38, which is very voluminous, and very few people, I would venture to guess, fully understand everything that it's in. Some of that, we try and fix it with technology, computer systems. Unfortunately, there are times when we try to do too much simultaneously instead of incorporating things so people can understand them and make changes to them and you have a logical progression.

There are times when we attempt to force too much on people who may not understand the process to begin with. Then we want them to use technology that they may or may not fully understand. There's a training issue involved, again, which creates a length of time.

But when we're looking at the systemic issues, we may be at a point where we've got to take a step backwards, as much as I hate to say that, because it's a system that's been around for a long time. But we may have to take a step backwards and look at everything we're attempting to force on some of these agencies, take a logical look at what is there, what seems to work, what might work; not have to collect the information, not have conflicting technologies, but something that everybody is able to use and build on that, instead of forcing things on people simultaneously where everybody has to step back, the system falls apart.

Again, it goes back, you're still relying on that person. The person has to be trained to use the technology. If they don't understand the system to begin with, and the technology, we're not going anywhere. We've still got veterans waiting for entitlement.

Mr. SIMPSON. Ms. Franks.

Ms. FRANKS. One of the things that we face as a chapter service officer is even if a system is brought into the area, it's going to be left up to the organizations whose various organizations in our area will allow the service officers to utilize this service that the VA would be willing to give us so that then it would be effective.

To me it doesn't make any sense to—I'm for the VA all the way, they've worked with us. However, the problem is getting the organizations in our area willing to work with the VA and allowing their local service officers to utilize that service the VA is going to offer.

Mr. SIMPSON. Let me ask one question. As you may or not may be aware, reopened claims outnumber original disability claims by 2-to-1. Until recently that was 3-to-1. As I said, Congress is beginning to look at policies that drive the claims processing system.

In the year 2000 former Committee member chairman Bob Stump asked the General Accounting Office to survey veterans about the option, let me repeat, the option, of taking a lump sum disability payment.

Now assuming that this was available to you, and understanding that such an option would not affect the ability to receive VA healthcare and other benefits such as education, but would prevent

that individual from reopening their claim for compensation for that disability, would you consider taking a lump-sum payment?

Mr. MCKINNEY. No, sir. And I draw disability benefit. I understand the rationale. But what you're attempting to do is clean out the system. And you're going to that individual and saying, we're going to offer you X amount of money, take it and leave so we can get on. You can get on with your life, and we can get on with your system.

In the long run that individual may lose, as well as his dependents or family members may lose benefits down the line. It's hard to calculate what an individual's disability is worth in a lump-sum manner. But if he or she accepts that, he or she is basically saying, I want nothing more to do with the system other than healthcare, and it may still be available to him. But it almost appears that it's a methodology to clean out the system so we can come back and say, see, we jumped from this many pending down to this many pending because we cleared up all of these. You haven't cleared up anything.

What it did is you're buying off the person. Some may accept that, either late in life, they may be terminal, They may accept that just to have something. But if people calculate it out, and do the same thing with Social Security, in the long run it works against you if you take instant payment and shove aside anything you that may be owed you.

Mr. HOLMES. Just as an example, in 1995 I was ten percent, now I'm 100 percent. So I could have sold myself out on that. And there's a lot of veterans who get in trouble financially and would sell their soul, so to speak, for that extra money because that's what they need now. And the veterans community deals on what we need now.

And I think that there would be some people that would take advantage of that program, but I think it would be a detriment to almost everyone.

Ms. FRANKS. I totally agree with what they both said. I have seen it happen, for instance, a soldier who has been discharged and been given severance pay—this is just an example—for the medical they could be offered $30,000. That, as a whole, receiving a check for $30,000 looks like a whole lot of money, but in a very short time they find that the money is then gone, and then they have nothing to live on after that.

With the cost of living continuing to increase, there is no way that there is an amount, I feel, that can be offered to a veteran to help support them for the continuance of their entire lifetime.

Mr. SIMPSON. I appreciate those responses. As I understand, according to the survey that was done, about 49 percent of the veterans thought it would be a good option. And I repeat, it would be an option. I hate to be too internalistic with it. I assume veterans can make decisions for themselves, and they could decide for themselves whether that would be in best interest or not in their best interest.

I do appreciate your responses. And before I let you go, there is one thing I would like to say—and I notice this is hard to do, I don't expect a response, if you would like to think about it—and that is that sometimes we build a system by tinkering with it here

and there. Then pretty soon we've got a bureaucracy buildup. Sometimes it's best if we look at what we would do if no system existed and we tried to create one. Is this the system we would have built? If not, what would we do to create the system that we would like to serve the veterans more efficiently and effectively?

If you have ever thought along those lines, about what you would do if you were given control of everything for a day, I'd like to hear from you, if you have any suggestions.

Mr. REYES. Could I ask you to give another opinion? You know, in committee we often get testimony from many different veteran service organizations, and conceptually veterans helping veterans seems to be a common theme.

I'd be curious to know your experience that you have, extensive experience working with the Department of Veterans Affairs on issues. Do you generally get better service from employees that are veterans or employees that have no service background? That also is an issue that I've always been curious about.

Mr. HOLMES. On the whole, I think we get better service from those who understand our problems. And besides, as opposed to those who have never served, I don't think they understand it. And it's hard to explain to somebody, you know, what our issues are.

Mr. REYES. Kind of a general rule?

Mr. MCKINNEY. In response to that, Congressman, let me put it back at you, those of us that are veterans, and I know you are, those of us that are veterans feel that we have a friendlier Congress when we have a majority of Congressmen who themselves are veterans. That's not the case today, and with each succeeding election it's fewer and fewer.

That's a case of veterans helping veterans, because when we're dealing at the level that you all work at, when you're in your sessions when you're talking to each other, if you're talking veteran to veteran, you will have, I believe, a better understanding of veterans issues because you've been there. We as veterans feel the same way.

If we are dealing with a veteran, we have an initial feeling that this person, he may not agree with us, he or she may not agree, but at least will understand where we're coming from as opposed to dealing with an individual who has no concept or no reality, in our opinion, of what the military is about, was about, or may be about.

Mr. REYES. Ms. Franks, do you have a comment?

Ms. FRANKS. Yes, sir. I have come across that. This is why we have pending right now 400 plus claims. Because of the fact that they have been told that they cannot go elsewhere to seek assistance. However, because we ourselves are veterans and we know where they're coming from, and we understand what they gave for their country, and what they have earned as giving their life up for this country, then all the more it's easier for us to work with them and them to work with us, rather than with someone who has never experienced that at all.

Mr. REYES. Thank you.

Mr. SIMPSON. Thank you all very much. We appreciate your frank comments this afternoon. You're dismissed. Thank you.

Panel two may approach the witness table. We have Mrs. Mary Ann Stewart, who is also representing veterans of El Paso. Ms. Cook is a longtime VA employee and is representing the American Federation of Government Employees.

Ms. Stewart, Ms. Cook, we welcome you to the committee and are looking forward to your remarks. And again, we ask that you limit your remarks to 5 minutes, and your full testimony will be included in the record.

Ms. Stewart, we'll start with you.

## STATEMENTS OF MARY ANN STEWART, SOCIETY OF MILITARY WIDOWS, CHAPTER 30, EL PASO, TX; AND BARBARA COOK, LOCAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO, LOCAL 2571

### STATEMENT OF MARY ANN STEWART, SOCIETY OF MILITARY WIDOWS, CHAPTER 30, EL PASO, TX

Ms. STEWART. My name is Mary Ann Stewart. I belong to the Society of the Military Widows here in El Paso, TX.

Mr. Chairman and members of the subcommittee, as a member of the Society of Military Widows, I appreciate the support that you have given us, but we still need your help and your voice in Washington. We have some eligible SBP/DIC widows in our organization, and we have trouble understanding why some of the Senators and Representatives who cosponsored the retired pay restoration bills failed to also support Military Widows Equity Act by cosponsoring H.R.3183 and S.1506.

This bill would eliminate the widows having to forfeit a dollar of their SBP annuity for every DIC dollar they receive, The widows of disabled military survivors who have been unable to work or restrict their own employment because of the need to care for their disabled husbands. The DIC is offset against the SBP annuity, and the related SBP premium is refunded to the surviving spouse without interest. The SBP premium is refunded in a lump sum, and this often places a widow in a one-time higher income tax bracket.

The military member voluntarily chose to purchase SBP for his spouse and family, not realizing there would be an offset for his widow should his cause of death be the result of a service-connected disability. Federal civilian widows are not penalized with a DIC offset. Military surviving spouses should be treated the same.

Military widows' husbands who chose military service as their career were very dedicated to our country. They moved frequently in the United States and sometimes overseas, and during wartime were separated for years. The stay-at-home wives became caregivers when their disabled husbands needed care for their service-related illness. I along with other widows would appreciate your understanding and support of these bills.

Mr. SIMPSON. Thank you, Ms. Stewart. I appreciate your testimony.

[The prepared statement of Ms. Stewart appears on p. 59.]

Mr. SIMPSON. Ms. Cook.

**STATEMENT OF BARBARA COOK, LOCAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO, LOCAL 2571**

Ms. COOK. Chairman Simpson and Democratic Ranking Member Reyes and Congressman Evans, my name is Barbara Cook. I am president of the American Federation of Government Employees Local 2571. AFGE represents some 140,000 VA employees across the country including 389 workers from our local union, which includes El Paso.

VBA employees care deeply about veterans and their families. Many VBA employees are themselves veterans. We have seen the claims process become more chaotic and frustrating. The nature of compensation and pension or C&P adjudication has grown increasingly complex and legalistic. While rating specialists review and evaluate technical medical information by complex and often confusing legal standards of proof, management has responded with new initiatives du jour.

Each new IT system or benchmark does have value, but the feeling of this office is that we are trying to process claims in a constant topsy-turvy state of change. The toll is hard on employees and is even more difficult for the large segment of our workforce who have been here 2 years or less.

In the El Paso location, all three rating specialists have less than 2 years of experience in that position. Given this environment, I greatly appreciate Admiral Cooper's leadership in trying to better serve veterans by processing their claims more quickly.

In order to reduce backlog of claims and change how we serve veterans, VBA is requiring rating specialists to rate a specific number of veteran claims each day. In turn, each regional office has a production quota. To meet our quota the Waco office must finalize 4,000 claims each month until the end of the fiscal year. Many of the regional offices have been directed to double their production or pay the price.

With these steep quotas the message to ratings specialists is clear, you must finalize the specific number of claims each day, no matter what. The pressure to produce numbers, numbers, numbers is intense and clear. In order to meet this challenging and unrealistic production quotas, we are concerned that rating specialists may review cases speedily and hastily.

It is our understanding that the first quarter of fiscal year 2002 shows a nationwide decrease in rating quality. Even if the decrease is slight, AFGE is very worried that our fears about quality may be realized. If rating specialists are to be pushed to do hastily reviews to meet these challenging quota, we believe the production quota should be adjusted to ensure that rating specialists were not penalized for tackling more complex cases.

AFGE is also concerned that the production numbers create a disincentive for managers to spend the time needed to train more employees accurately. Historically, new rating specialists received considerable training over 2 years. Now training is shortened to teach trainees 70 percent of what they need to know in about 6 months, and to get trainees rating cases and meeting quotas as fast as possible with little or no mentoring.

Likewise, the current quota system does not permit time for needed ongoing training. VBA is pressing employees to produce more and more cases, but VBA has limited use of overtime. At the Waco regional office we can only make our monthly quota with overtime. The consistent use of overtime each month to meet production quotas proves that the quota levels are excessive.

Key in processing claims is our ability to access military records. Two agencies in the Department of Defense handle military records, the Department of Defense's National Personnel Records Center NPRC and the United States Armed Services Center for Research of Unit Records. The VBA has secured special arrangements from these two agencies to get records and to process claims filed by veterans aged 70 and over. This is part of the Tiger Team initiative. Tiger Team gets records in 2 days. In my office it can take three to 4 months to even get the NPRC to tell us they simply cannot find any medicals for the veteran. If VBA can make special arrangements to get prompter service from these agencies for some claims, why can't special arrangements be made for all claims?

Another widely recognized weakness in our claims processing system is the disjointed nature of the VBA's information technology systems. The monitoring systems do not add speed to the claims process. Moreover, VBA still requires employees to reenter duplicative data in multiple system programs. All computer systems that existed in 1977 remain, and have been joined by others. Each program may have added valued, but in combination they have not reduced processing times because they're stand-alone programs that do not communicate with each other. AFGE believes claims processing times could be improved if VBA would integrate and universalize information technology applications.

In conclusion, AFGE believes that the current production quotas are processing VBA should be working to resolve weaknesses in our ability to obtain needed military records. The VBA should also move forward to assess and improve current IT initiative by integrating systems.

I thank you for the opportunity to testify today and to offer a view on the claims processing.

Mr. SIMPSON. Thank you, Ms. Cook. I appreciate your testimony.

[The prepared statement of Ms. Cook appears on p. 63.]

Mr. SIMPSON. Mr. Reyes.

Mr. REYES. Thank you.

First and foremost, you know that I sit on the Armed Services Committee, and we certainly are going to refer your testimony to our committee inservices. We hope to have some good news for you in the near future. But thank you very much.

Ms. Cook, I guess my first question is that the current quota called for 3.5 cases per day as it's related to work. And is it your testimony that the 3.5 goal is not being accomplished?

Ms. COOK. I think the records would show that approximately half of our rating specialists are able to make it. These rating specialists have 2 years or more experience, but the others are not making it.

The desire or our concern that these rating specialists may be quickly reviewing cases in order to meet the standard and not doing a quality job like we would want to do. They're not doing a

good job. If you're faced with trying to reach a quota individually and stationwide also, you may put back that claim that has more issues or complicated issues in favor of less complicated claims that allow you to make that quota goal.

Mr. REYES. So if only half the employees are reaching that quota goal, then it stands to reason that when you average them out the production would be what, between 1.5 and 2 instead of 3.5?

Ms. COOK. I would probably say probably somewhere between 2 to 3, more or less.

Mr. REYES. Are there any figures that are available that we could get?

Ms. COOK. I don't have any available. I'm sure that Waco management probably has those figures, but I don't have those at my fingertips. I'll be happy to retrieve them.

Mr. REYES. If you could do that and submit it for the record, I would appreciate that.

(The information follows:)

**Cummulative Rating VSR Report**
**Period 2/1/02 - 3/31/02**

| Exp. Level (Months) | Team | Cumulative Period 2/1/02 - 3/31/02 | | | |
|---|---|---|---|---|---|
| | | Raw (Actual) Cases | Excludable Time | Weighted Cases | Average Per Day |
| 06-12 | | 97 | 43.50 | 98.50 | 2.8 |
| 06-12 | | 62 | 63.25 | 80.00 | 2.5 |
| 06-12 | | 66 | 40.25 | 79.00 | 2.3 |
| 06-12 | MH | 81 | 30.75 | 81.50 | 2.3 |
| 06-12 | MH | 72 | 70.25 | 68.00 | 2.2 |
| 06-12 | MH | 78 | 42.25 | 73.50 | 2.1 |
| 06-12 | MH | 64 | 66.75 | 66.50 | 2.1 |
| 06-12 | MH | 60 | 44.75 | 64.50 | 1.9 |
| 06-12 | 216A | 26 | 93.75 | 51.00 | 1.8 |
| 06-12 | MH | 72 | 17.75 | 66.50 | 1.8 |
| 06-12 | | 40 | 109.00 | 46.00 | 1.7 |
| 06-12 | | 48 | 55.00 | 57.50 | 1.7 |
| 06-12 | | 42 | 58.50 | 55.00 | 1.7 |
| 06-12 | MH | 61 | 22.50 | 60.50 | 1.6 |
| 06-12 | | 43 | 60.75 | 51.00 | 1.6 |
| 06-12 | | 38 | 66.50 | 49.00 | 1.5 |
| 06-12 | | 41 | 45.50 | 53.00 | 1.5 |
| 06-12 | | 42 | 95.50 | 42.50 | 1.5 |
| 06-12 | MH | 58 | 20.50 | 54.50 | 1.5 |
| 06-12 | MH | 44 | 76.75 | 41.50 | 1.4 |
| 06-12 | MH | 36 | 71.00 | 35.00 | 1.1 |
| 06-12 | | 24 | 89.25 | 31.00 | 1.1 |
| 06-12 | MH | 41 | 32.00 | 38.50 | 1.1 |
| 06-12 | | 18 | 139.25 | 22.00 | 1.0 |
| | | **1254** | **1455.25** | **1366.00** | **1.8** |
| 00-06 | | 87 | 40.25 | 106.50 | 3.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| 00-06 | | 0 | 320.00 | 0.00 | 0.0 |
| | | **87** | **2920.25** | **106.50** | **3.0** |
| | | **5662** | **7255.25** | **6241.00** | **2.9** |

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VSCM
AVSCM
LT

## Cummulative Rating VSR Report
## Period 2/1/02 - 3/31/02

| Exp. Level (Months) | Team | Cumulative Period 2/1/02 - 3/31/02 | | | |
|---|---|---|---|---|---|
| | | Raw (Actual) Cases | Excludable Time | Weighted Cases | Average Per Day |
| 24+ | 216A | 64 | 10.75 | 72.50 | 5.2 |
| 24+ | DS | 157 | 63.75 | 166.00 | 5.2 |
| 24+ | DS | 149 | 51.75 | 171.50 | 5.1 |
| 24+ | DS | 165 | 20.50 | 189.00 | 5.0 |
| 24+ | DS | 156 | 37.75 | 174.00 | 4.9 |
| 24+ | DS | 147 | 36.50 | 162.00 | 4.6 |
| 24+ | DS | 131 | 73.50 | 140.00 | 4.5 |
| 24+ | SD | 107 | 126.00 | 109.50 | 4.5 |
| 24+ | DS | 129 | 69.00 | 141.00 | 4.5 |
| 24+ | SD | 127 | 43.75 | 135.00 | 3.9 |
| 24+ | DS | 104 | 66.25 | 124.00 | 3.9 |
| 24+ | VR | 110 | 71.25 | 118.00 | 3.8 |
| 24+ | DS | 87 | 97.50 | 104.50 | 3.8 |
| 24+ | VR | 127 | 51.25 | 125.50 | 3.7 |
| 24+ | VR | 132 | 15.50 | 139.50 | 3.7 |
| 24+ | DS | 110 | 52.75 | 119.00 | 3.6 |
| 24+ | SD | 102 | 89.00 | 102.00 | 3.5 |
| 24+ | DS | 105 | 70.50 | 110.00 | 3.5 |
| 24+ | DS | 99 | 88.75 | 101.50 | 3.5 |
| 24+ | 216A | 66 | 77.00 | 106.00 | 3.5 |
| 24+ | VR | 110 | 23.00 | 128.50 | 3.5 |
| 24+ | VR | 118 | 32.25 | 123.00 | 3.4 |
| 24+ | DS | 99 | 68.75 | 104.50 | 3.3 |
| 24+ | SD | 82 | 95.50 | 93.00 | 3.3 |
| 24+ | VR | 86 | 86.75 | 93.50 | 3.2 |
| 24+ | SD | 93 | 88.50 | 92.50 | 3.2 |
| 24+ | SD | 91 | 78.25 | 95.50 | 3.2 |
| 24+ | SD | 90 | 69.00 | 99.00 | 3.2 |
| 24+ | VR | 98 | 57.50 | 103.50 | 3.2 |
| 24+ | SD | 86 | 93.50 | 85.00 | 3.0 |
| 24+ | SD | 70 | 142.00 | 66.50 | 3.0 |
| 24+ | VR | 80 | 89.75 | 84.50 | 2.9 |
| 24+ | VR | 95 | 73.50 | 90.00 | 2.9 |
| 24+ | SD | 72 | 88.25 | 84.50 | 2.9 |
| 24+ | VR | 98 | 48.75 | 98.00 | 2.9 |
| 24+ | SD | 102 | 43.25 | 97.50 | 2.8 |
| 24+ | DS | 74 | 44.50 | 87.00 | 2.5 |
| 24+ | 216A | 59 | 41.75 | 87.00 | 2.5 |
| 24+ | 216B | 35 | 108.50 | 38.00 | 1.4 |
| | | **4012** | **2586.25** | **4361.50** | **3.6** |
| 12-24 | 216A | 78 | 69.50 | 130.00 | 4.2 |
| 12-24 | 216A | 59 | 118.75 | 79.50 | 3.2 |
| 12-24 | SD | 112 | 18.25 | 115.00 | 3.0 |
| 12-24 | 216A | 60 | 90.00 | 82.50 | 2.9 |
| | | **309** | **296.50** | **407.00** | **3.3** |

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Mr. REYES. The other question I have is recently the VBA noticed that an increase error related to the VA duty to assist veterans in obtaining evidence has increased. And so based on your informal survey of rating specialists which you testified to, could you discuss the relationship between processing claims to production quotas and the reported increase in the area of failure to comply with the duty to assist?

Ms. COOK. I don't think it's intentional on the part of our employees to do that because they do care, but in the rush to meet quotas, they may take shortcuts that they normally would not take.

Mr. REYES. Did you hear the previous testimony where there was testimony to the effect that in some areas doctors are not providing the necessary evaluations to be able to make a determination? Again, based on your knowledge of the employees, how prevalent is that?

Ms. COOK. I don't know that I can speak to that since I don't participate in that particular function at the VA. I think that there may be a tendency on their part also to use the system a little faster. I would say the rating specialist has the information there. As the claims come on, they have a tendency to go ahead and rate them. And whether it is fully complete or not, I could not address that.

But the one thing that the veterans can benefit is when we're trying to rate the claim to get the veteran some money.

Mr. REYES. The other question I have, how does the Waco office compare with the national office in these areas, in the areas of productivity and quota, those kind of things?

Ms. COOK. As far as production numbers? We are falling in the lower half, I think, of the Nation on making those numbers as far as individual production. Now the aggregate production for the station we were doing well. For some reason we were doing well. We were meeting goals. If we did not have any overtime usage in order to meet the national quotas that are set for us. We would not be able to do that.

Mr. REYES. The figures that I have been given based on pages that were left in my office are—when you compare it for the quarter October 1st of 1999 to April 12, 2002, it appears that the number of cases pending over 180 days is increasing. The national average is now about 41 percent. At Waco that average is about 38 percent. Is that consistent with what you're testifying to or your knowledge this afternoon here?

Ms. COOK. That's correct.

Mr. SIMPSON. Thank you, Mr. Reyes.

Mr. EVANS. No questions.

Mr. SIMPSON. First, Ms. Stewart, I appreciate your testimony. As Congressman Reyes said, we will be forwarding that testimony to the Armed Services Committee, which has jurisdiction over that legislation. It is a very important subject. I appreciate your testimony.

Ms. STEWART. Thank you.

Mr. SIMPSON. Ms. Cook, does a quota—is the quota the same for someone who has just—a new rating specialist, someone who has just become trained or just started on the job? Can you comment on that?

Ms. COOK. No, sir. The claims for production were established for journey level rating specialists that have 2 years of experience so that each station sets their own level of quota for trainees. So that 3.5 Congressman Reyes was referring to is only for rating specialists who have more than 2 years of experience at our office. That's approximately 49 rating specialists, although we have about 80 rating specialists. So about half of our rating specialists are new.

Mr. SIMPSON. What would you say—what's the average age of your rating specialists, are they getting up there in age? Because nationally, as I understand it, we're going to lose a lot of these people who are getting ready to retire.

Ms. COOK. I would say in the next 3 to 4 years we are probably going to lose a large majority. We have hired new employees to take their place, hence that makes about half of our staff or workforce rating specialists that are less than 2 years. But it does take about 2 years to get really proficient, so you see all types of claims that come in, not just rating cases. So it does take about 2 years to get really proficient at what you're doing.

Mr. SIMPSON. I appreciate all of your testimony relative to the military records. That just baffles my mind, how it takes so long to get someone's military records if we can find them. It seems to me like we're blaming the great fire in St. Louis as an excuse for an awful lot of things that can't be found otherwise. So I was told when 9/11 happened and anthrax was found in the House and Senate and they stopped all mail delivery, someone jokingly said, you can use this for about a year as an excuse for why you didn't answer someone's letter who didn't get it.

It seems to me like we're using the fire as an excuse. But it is a real problem we need to address, not only do we need to address it for those records of those military personnel that are retired now, but make sure that we are developing systems so that in 30 years we don't have the same problems we've got now.

Ms. COOK. I think we have made progress. We just think that it's appropriate for all veterans to get the same type of treatment and expedite them also.

Mr. SIMPSON. Well, I appreciate that. I talked with some of rating specialists in Idaho. An awful lot of times it seems they're saying we sent this, now we're waiting 10 days to get this back and we're requesting this and this. And it seems like a system that just has an awful lot of waiting for information; that we ought to be able to shorten somehow.

Ms. COOK. Yes, there are some laws that we have to follow and most guidelines they do the best job they can, but they can also use those guidelines in order to make a decision.

Mr. SIMPSON. I appreciate your testimony, and thank you for being here today. We'll take it to heart and look into it seriously.

Ms. COOK. Thank you.

[The prepared statement of Ms. Cook appears on p. 63.]

Mr. SIMPSON. Will the third panel come forward?

Ms. Cynthia Bascetta is the Director of Healthcare and Veterans Health and Benefits Issues for the U.S. General Accounting Office. Ms. Bascetta is accompanied by Ms. Irene Chu, Mr. Martin Scire and Mr. Greg Whitney.

**STATEMENT OF CYNTHIA BASCETTA, DIRECTOR FOR HEALTH CARE—VETERANS' HEALTH AND BENEFITS ISSUES, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY IRENE CHU, ASSISTANT DIRECTOR FOR EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, GENERAL ACCOUNTING OFFICE; MARTIN SCIRE, SENIOR ANALYST FOR EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, GENERAL ACCOUNTING OFFICE; AND GREG WHITNEY, SENIOR ANALYST FOR EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, GENERAL ACCOUNTING OFFICE**

Mr. SIMPSON. Ms. Bascetta, you may begin your testimony when you're ready.

**STATEMENT OF CYNTHIA A. BASCETTA**

Ms. BASCETTA. Thank you. It's a pleasure to be here in El Paso today to discuss the actions VBA is taking to improve its claims processing performance. As you've heard repeatedly in the first panel, the VBA needs to dramatically improve its performance, but its track record undermines the confidence of many veterans.

I would like to focus on the facts at hand to look at VBA's record and at its prospects for achieving its goals. I'll discuss first the current status of claims processing performance and second, VBA's progress to date in meeting its newly set challenges in meeting its newly set production and inventory goals; and third, long-standing issues that will affect VBA's ability to achieve and sustain the 100 day timeliness goal.

Since fiscal year 1999 VBA's average claims processing time rose from 166 to 224 days for the first half of this fiscal year. During the same time period, the average age of pending claims grew from 144 to almost 200 days. Last year the VBA experienced the greatest increase in its backlog and, at the same time, the greatest decrease in its production.

Years of performance statistics like these were enough to cause the Secretary to establish his task force to recommend immediate actions to cut the backlog as well as long-term solutions. VBA attributes much of the increase to duty to assist requirements, which had an immediate effect of adding about 10,000 cases to the inventory as well as a long-term effect which will likely increase overall processing times for all new cases. Also, while VA's decision to allow service connection for diabetes provided an important benefit to eligible veterans, it generated an influx of claims that contributed to poorer timeliness. Moreover, the need to train many new employees and the implementation of new software adversely affected productivity.

VBA's most current data indeed show recent progress in both increasing productivity and reducing the backlog. It is slightly under its target for achieving its goals at this point in 2002, but will face increasing challenges as it ramps up to perform at even higher levels to meet its end-of-year goals. Specifically, it produced 61,000 cases per month this year so far, but VBA must increase this number to 78,000 to achieve its productivity goal. And, although its backlog declined by 2 percent during the first of the year, it must decline 23 percent over the next 6 months to reach 316,000 cases by the end of the year. Officials at some regional offices told us

they were having trouble reaching their production targets. Some said that they were cherry picking—processing the easier cases—to meet their goals. This might yield short-term improvements in timeliness at the expense of aging the backlog even more.

VBA, as you know, has established a Tiger Team to process older cases and resource centers to process ready to rate claims to keep backlogs down at regional offices with less processing capacity. The production of these innovative units has been impressive so far, but so are their resources compared to typical regional offices. The Tiger Team, for instance, is staffed with experienced employees who average four completed claims per day. Moreover, it has priority access to obtain evidence from the National Personnel Records Center in St. Louis and from VHA physicians.

Let's assume for a minute that VBA's assumptions hold, that is, that claims come in at a rate they expect and that employees continue to become more proficient. They should be able to come close to if not meet their production goals. But what about timeliness, as measured by the 100 day average for processing claims? We believe that achieving this goal requires more than achieving an inventory of 250,000 cases and preventing future backlogs. For example, information technology improvements can significantly affect timeliness. We recently reported that after 16 years VBA is still experiencing delays in implementing its replacement benefit delivery system. Other critical factors include reducing delays in waiting for evidence and ensuring the continuing training and retention of experienced staff. These not only affect VBA's ability to realize productivity gains but, more importantly, to sustain them.

Mr. Chairman, VBA is demonstrating exceptional effort to improve service to the veterans filing for disability compensation. It is better staffed than it has been in recent years and it is investing in training its new employees. But it will also have to address systemic issues, such as long delays in waiting for evidence, that have been at the root of slow processing times and resultant backlogs.

In addition, timeliness will be affected by factors beyond VBA's control, such as future court decisions and the filing behavior of veterans. For example, VBA will likely need to increase its productivity even more in the future because veterans' claims have become more complicated. These cases are harder to process and make up a growing proportion of the workload. While such factors are beyond VBA's direct control, it needs to anticipate and address them proactively to avoid re-creating its historic performance problems.

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

Mr. REYES. Ms. Bascetta, thank you very much for your helping us in gathering information on this very important issue for our veterans. I appreciate that very much.

[The prepared statement of Ms. Bascetta appears on p. 69.]

Mr. REYES. You recently found that the clarity of VA letters needs to be improved. In your opinion, is there a risk of employees using boilerplate language without proper accommodation in order to meet production quotas?

Ms. BASCETTA. We did find that, as one of the previous panelists said, technology can be a blessing and a curse at the same time.

It can be certainly a great aid in processing claims more quickly. But if employees are rushing and they're not reviewing their work or they're not tailoring boilerplate language appropriately to specific claims, then it can have an adverse effect of contributing to confusing correspondence for veterans, which, in turn, can increase VBA's workload, either network if they make errors, or through more correspondence with the veterans by phone or mail perhaps taking away from the immediate task to decide the claims.

Mr. REYES. When you determine that—several witnesses have said there's cherry picking going on in terms of easier cases. Obviously, one concern is there are only so many cherries to go around. What happens when—at the point where there are only hard cases or moderate cases, however you want to say it?

Ms. BASCETTA. You're absolutely right. There are so many cases that a Tiger Team can handle. There's only so much capacity that the resource centers have, and at some time we will reach that point where those offices will have to tackle those difficult or old cases.

I should point out, though, that from the statistics that we have nationwide, while some are cherry picking, some are also making their own attempts to work down their own backlogs. And that is precisely why the timeliness figures right now are not that good because they are trying to work down their own older cases.

Mr. REYES. And given the fact that there are some offices that are trying to do due diligence in terms of not just pouring out the easy cases for the sake of maintaining the quota, what are your recommendations to this subcommittee in terms of giving Secretary Principi, I guess, a new direction in terms of eliminating these backlogs or being able to address new backlogs adequately?

Ms. BASCETTA. That's a very broad question. I'm not sure where to start. One of the——

Mr. REYES. Well, perhaps I can help you. It seems to me that just putting in a quota system has not worked. And that somebody should have raised a red flag, initially. Because each veteran's case can have up to 17 or 15 different issues that—I think, the standard is 1 to 7 or more than 7 issues per claim. But be that as it may, that decision was made, the horse is out of the barn, what could we do to kind of get things back on track so that we don't have the kind of frustrations that is bubbling up all across the country, not just my district.

I hear from different colleagues, both on the committee and off the committee, that are wrestling with this issue—a lot of frustration by the veterans' committee.

Ms. BASCETTA. Yes, I certainly understand that. I have to say I'm not sure that setting production quotas was the wrong thing to do. I think it's too early to say that. I think the compelling concerns about timeliness are valid and important and cannot be overlooked, and that holding people accountable for processing these claims much faster is very important.

Having said that, of course, processing claims faster that are wrong would be a problem. But I'm not convinced that VBA is not continuing to place a high priority on quality.

For example, they are looking at their quality statistics and they have recently issued a memo showing that with regard to VCAA

they're experiencing a degradation in quality. Now, what I would like to know is whether they have data on why that is happening. Is that happening because there is something wrong with their guidance or because people are rushing?

And I'm not convinced yet that they have information about what the cause of the problem is. This is one of the long-standing problems that GAO has noted for a long time. We need to better understand from VBA's data whether or not slowing things down or lowering production quotas would produce a better product, or whether or not there's something fundamentally wrong with training and guidance. And until we have that kind of information from the department we're just as happy, frankly, to have them set a production goal, hold people accountable and make sure that they also hold them accountable for quality.

Mr. REYES. Maybe another question I have is, were you able to determine how the VA has determined the quotas? In other words, how did they settle on the figure of quotas? Were you able to do that?

Ms. BASCETTA. They seemed to work backwards from wanting to get the backlog down to 250,000 cases. And from that they assessed field capacity and allocated specific targets to the 57 regional offices. As you know they made some revisions in those targets. Again, with a situation as dire as the one that they faced regarding both backlog and timeliness, it's hard to fault them for trying to start somewhere. What we want to see is progress and a better understanding of the progress they're making or the progress they're not making and once and for all come to real solutions that will solve these problems for the long term.

This is where we also reported a couple of years ago that without better data on their actual operations, it's difficult for us to know exactly how much they can achieve within the framework of the current system. I think, the Chairman's point is important. It could be that because of the way the system is designed, there are going to be some inherent limitations on how quickly claims can be processed. Particularly, with the potential for increases in receipts.

So it's really incumbent on VBA to get a better handle on the root causes of their problems so that we can set realistic expectations and assess performance under the current system.

Mr. REYES. Thank you, Ms. Bascetta.

Mr. Chairman, I can't help reflect on the fact that this week we restructured INS and other agencies that have tremendous backlog and adjudications, and maybe this is something that we need to consider. Your original question, if you are going to build a system, is this the system we would want?

Certainly, her testimony is very telling in that VA looked at the backlog and estimated—if you were going to eliminate in X number of cases in a period of time, how many cases would each individual have to complete in order to get us to that point? To me, that's not a realistic way of setting a quota. Thank you.

Ms. BASCETTA. Certainly, if meeting production goals require a lot of overtime, and you didn't ask that question, so we don't know how extensive that might be, regional offices may not be able to sustain that kind of performance.

Mr. SIMPSON. Mr. Evans.

Mr. EVANS. [indiscernible.] Thank you, Mr. Chairman, members of the subcommittee. I think all of this administration has been trying to get caught up. I'm going to see Secretary Principi on Monday. According to GAO: "And for example, to meet its goal of completing 839,000 claims in fiscal year 2002 VBA must increase its production of claims to 78,000 in the second half of the fiscal year from 61,000 for the first half." A lot of words there. But the numbers are staggering in terms of how we go about getting to the backlog reduction. These employees that don't have skills to process these in the time amount of time will lose on production quotas and be penalized. So I don't get it.

Mr. SIMPSON. Thank you, Ms. Bascetta, for your testimony. I appreciate the interesting questions, that, I think somebody needs to look at. I have to admit that, Mr. Reyes, I do have concerns about setting your numbers out there as a goal you have to reach regardless, understanding that some claims have two issues and some have 15 issues and on and on.

But I don't fault Secretary Principi for setting goals. Setting goals without a deadline isn't a goal, it's just a wish. I think by putting some numbers out there at least he's setting something. He's setting it high and saying try to achieve this and try to examine it and see what the result is, trying to provide incentives to the employees. And it may be that it reduces quality and subsequently we have more remands and requires more overtime, which isn't taken into consideration. And those things have to be looked at as this is going on.

I'm sure that's something that the Secretary is going to look at. Is that your opinion also?

Ms. BASCETTA. Yes, it is. In fact, my understanding is that part of the Secretary's expectations for the regional offices is that if they cannot meet their production targets, they are to provide him with an assessment of the mitigating factors that created that inability to perform.

Again, you know, that should be a relief to people that, if they can explain what they really can achieve, that would be good for them as well as for their counterparts across the country, because maybe they can collectively learn where some of the real problems are in claims processing, or alternatively maybe they can identify best practices and try to replicate those in other offices.

Mr. SIMPSON. Would you agree that the GAO report basically looks at the operational aspects of VA's benefit systems rather than the policies that might drive the system?

Ms. BASCETTA. Yes.

Mr. SIMPSON. Because it's been my opinion, we're not going to be able to address it, but looking at operational aspects of it, while those need to be looked at, also, we need to look at policies and practices. And some of the things that we, Congress, do. So I appreciate your testimony.

If there's no other questions, we appreciate your being here today and for the report.

Ms. BASCETTA. Thank you. We appreciate it very much.

Mr. SIMPSON. Our fourth panel consists of Carl E. Lowe, who is here from the Waco Regional Office, and Robert Epley, Associate

Deputy Under Secretary for Policy Program Management, Veterans Benefit Administration, who is accompanied by Mr. Walcoff.

**STATEMENTS OF ROBERT EPLEY, ASSOCIATE DEPUTY UNDER SECRETARY FOR POLICY AND PROGRAM MANAGEMENT, VETERANS BENEFITS ADMINISTRATION, ACCOMPANIED BY MICHAEL WALCOFF, ASSOCIATE DEPUTY UNDER SECRETARY FOR OPERATIONS (WEST), VETERANS BENEFITS ADMINISTRATION; AND CARL LOWE, DIRECTOR, WACO VA REGIONAL OFFICE, ACCOMPANIED BY MARIBETH CULLY, SERVICE CENTER MANAGER, WACO VA REGIONAL OFFICE**

Mr. SIMPSON. Mr. Epley, we'll begin with you.

**STATEMENT OF ROBERT EPLEY, CENTRAL OFFICE**

Mr. EPLEY. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to testify at this important hearing. I am accompanied today by Mike Walcoff, Associate Deputy Under Secretary for Field Operations. Mr. Walcoff is deeply involved in one of the areas we've been discussing already.

Your invitation indicated that we should address the challenges that the VA faces in processing disability claims. I will try to describe the current status of our processing and the most significant actions that we've taken.

The challenge to process compensation and pension claims timely and accurately is not a new one. We have been focused on this area for several years. As you know, we made a concerted effort through the fiscal year 2000 and reduced the inventory to about 310,000 pending claims. Several factors at the end of fiscal year 2000 and the beginning of the fiscal year 2001 complicated our efforts and resulted in greatly increased backlogs. The most significant among those factors were the enactment of the Veterans Claims Assistance Act and the requirements to conduct special reviews of diabetes claims.

We have taken numerous management actions recently in a concerted effort to reduce our inventory and improve timeliness. Several of these initiatives derive from the recommendations of the Secretary's Task Force on claims processing. We have increased the resources dedicated to direct claims work; we're establishing clear and specific performance requirements for our field executives; establishing specialized processing teams, which have been mentioned to some degree today to streamline the claims process; consolidating our pension maintenance work at three pension centers to remove some of that work from the claims examiners around the country; changing appeals processing so that the Board of Veterans' Appeals will independently develop evidence on pending appeals; the establishment of Tiger Teams, which has been mentioned; and providing centralized, uniform training for our new claims examiners to improve the consistency of their results after their training.

We are beginning to see progress from these initiatives. Our production is decreasing dramatically. In the first 6 months of the fiscal year 2002, we have nearly doubled the number of rating evaluations we have done compared to our accomplishments one year ago.

This effort has helped us to stem the tide of increasing pending claims and to stabilize our processing time, which has been growing. We believe our plan to reduce the inventory of claims is sound. We intend to hold to this course of action and steadily reduce the backlog.

While we press on to improve our claims inventory, we must remain attentive to the processing accuracy; we know that. Over the past few years improvement and accuracy has been one of our top priorities. Significant progress has been made. Now, with renewed focus on productivity, some concern exists about our ability to sustain our quality improvements. We understand that this emphasis on timeliness can adversely effect our quality improvements. We're increasing the number of people dedicated to quality assurance, we're increasing our case sampling on the quality assurance processing around the country, and refining our methodology to clearly delineate benefit entitlement errors. We will continue to assess all issues in our original STAR methodology, while driving improvement in benefit entitlement decisions.

So our goal is to execute the plan diligently, strike the optimum balance between productivity and accuracy, and improve service to veterans.

Mr. Chairman, I think that summarizes my written testimony. I respectfully request that my full statement be entered into the record.

Mr. SIMPSON. I appreciate that, and thank you for being here today and thank you for your testimony.

[The prepared statement of Mr. Epley appears on p. 81.]

Mr. SIMPSON. We will now hear from Mr. Lowe.

**STATEMENT OF CARL LOWE, REGIONAL OFFICE**

Mr. LOWE. Mr. Chairman and members of the subcommittee, thank you for inviting me to participate in today's hearing. I am accompanied today by our Service Center Manager, Maribeth Cully.

The vital mission of serving nearly 1 million veterans and their family members is highly motivational to the 468 employees of Waco VA Regional Office. Our employees are known for their integrity, accountability and pride in accomplishment.

While our Regional Office is located in Waco, our service area extends from El Paso to Texarkana, and from Austin to Amarillo. We provide veterans benefits information and services from the regional office and 14 outbased locations.

Our employees conduct over 380,000 telephone interviews with veterans and dependents annually. They conduct over 82,000 personal interviews annually, at the regional office and at our outbased locations. Because of the vastness of our jurisdiction and to assure that all veterans and their families in our service area are aware of their entitlement to VA benefits and services, we conduct one of the most active outreach programs in the Nation. We sponsor outreach events in many local communities where we conduct personal interviews with veterans and dependents about their claims, our decisions, and their benefits awards.

Our outreach teams are made up of Veterans Service Representatives, Rating VSRs, Decision Review Officers and Vocational Re-

habilitation Specialists who volunteer to participate in these outreach events that are usually conducted on Saturdays or in the evenings. We have conducted 44 of these events in the last 2 years.

Our employees are energized by their experiences at outreach events. One of the employees observed, "I came away with a renewed spirit and sharper image of how my job affects people's lives." Our central mission is to award VA benefits and services that have been earned by our Nation's veterans and their family members and to keep veterans informed of the benefits for which they may be entitled. Last August, Secretary of Veterans Affairs Anthony J. Principi addressed over 1,000 veterans and dependents during a town hall meeting in El Paso, which was sponsored by Congressman Reyes. During that event Secretary Principi made a statement that exemplifies the feelings of our employees about serving veterans. He said, and I quote, "These are your benefits, and we are the means to help you gain access to them.".

As a result of awards processed by our staff, over 151,000 veterans and dependents are receiving VA benefits each month. Over 110,000 awards are based on service-connected disabilities. Awards made at our office have produced VA benefits payments that total over $90 million per month.

Our Veterans Service Center staff makes nearly 100,000 decisions on claims per year. As of this morning, we have 26,369 claims for which decisions are pending. In the past 2 months, we have reduced our pending workload by 3,000 claims. In the last 12 months we have established nearly 101,000 claims for processing, including original and reopened claims.

We are systematically implementing the recommendations of the VA Claims Processing Task Force. The Task Force was chaired by retired U.S. Navy Vice Admiral Daniel L. Cooper, who was sworn in as VA's Under Secretary for Benefits on April 2, 2002.

The Task Force submitted 34 recommendations for improving claims processing to Secretary Principi in October of 2001. We have implemented many of the Task Force's recommendations at the Waco office. Even prior to the official release of the report, we had some recommended innovations in place.

Since many of our employees in decisionmaking positions have been recently hired or promoted, we provide intensive training for them. About half of our VSRs and RVSRs have less than 2 years of experience in their positions.

We carefully plan the use of available overtime funds to achieve maximum productivity. We focus the use of overtime for processing claims that have been pending over 6 months, claims from veterans who are over age 70, and appeals and remands.

We are in complete harmony with Under Secretary Cooper's vision of what our employees can accomplish in the future. We want to serve veterans, their families and the citizens of Texas with all of the compassion they have earned and deserve. We make extensive efforts to ensure that veterans and their dependents are aware of the full range of the VA benefits and services to which they may be entitled.

This concludes my formal presentation to the subcommittee, and I will be happy to answer questions.

Mr. SIMPSON. Thank you, Mr. Lowe. I appreciate your testimony today.

[The prepared statement of Mr. Lowe appears on p. 87.]

Mr. REYES. As you have heard here this afternoon the issue of backlogs and the mounting frustration of veterans is quite intense in this district. As you indicated, Mr. Lowe, last August when Secretary Principi was here, one of the issues that I remember at the time that was addressed was the three ratings specialists that are here. It is my understanding that on the average, a ratings specialist gets training for 6 months. Is that correct?

Mr. LOWE. That's the beginning of the training session, yes, sir.

Mr. REYES. And the full performance level doesn't really kick in until they've gotten about 2 years' experience?

Mr. LOWE. Yes, sir. Having been a rating specialist, it takes about 2 years to fully grasp all the aspects of the job.

Mr. REYES. With the three ratings specialists that are assigned here, they've been on board over 18 months. Have they not had an opportunity through training and experience to handle all kinds of cases here so that they would, as you indicated last August, that veterans from this area wouldn't have to be in competition with other veterans from the rest of the state of Texas? Have you done anything to provide them that kind of accessibility?

Mr. LOWE. Yes, sir. I'm glad you focused the area in that question. Last August, I think, I told the audience at that it was going to take it another year to be able to address that situation. In fact, we've been able to move that timetable up. We have designated one of the three ratings specialists at the El Paso office to be a point of contact for service officers and to work on their claims, while the other two ratings specialists continue to focus on working the predischarge claims.

So, yes, sir, we have taken steps to do what we promised. You and I have worked together to try to work it out. We need to understand that this is the only location in our jurisdiction where we have rating personnel that are working reopened claims. We're testing it here. And it's been in place for 2 months, and if it continues to work, we plan to try this in other locations with heavier concentrations of veteran populations, such as Dallas and possibly Austin.

Mr. REYES. And the other part of my question deals with the frustration of the ever-increasing backlogs and the length of time that it takes to process claims. And I'm talking about the letter that I think you're currently advertising for a supervisor for this office?

Mr. LOWE. Yes, sir. We've heard that loud and clear from the other panels that are here. And just to share with you, there's even another position that we've been trying to get here to replace what we call a Senior Adjudicator, a person who, after the work has been done, after it's been put in the system, can then authorize the awarding of benefits. The Office of Field Operations has allowed us much leeway in trying to fill these positions by allowing us to look nationwide trying to get somebody to come here with the experience needed to do this job.

To date, we haven't had any takers on it. But that doesn't mean we're going to quit trying. We're going to try to get a supervisor

and authorizor. It still would be much better, and the program that we looked at would be much better off, we could do it the way we initially designed, in other words start and finish the claim right here.

Mr. REYES. Exactly. The only other—and I will tell you that I'm somewhat confused about the numbers and figures. So I would like to follow-up with you post this hearing. But in terms of—in comparing your office with the national average and the number of cases that are pending over the 180-day period, where is Waco in that comparison based on what you know?

Mr. LOWE. It depends on what you look at. The numbers I saw in the paper this morning, those aren't the correct numbers. We think that we know exactly what we have pending and we also know exactly what we have pending for over 6 months. Over 6 months old cases are right at 9,000 cases pending. It's not the number we saw according to the paper. We will work with you on that. We will get you any information you want on that. We check every day on what progress we've made as far as reducing the over 6 months old cases, and also reduce the pending work.

We work with those numbers every day so we know if it was a good day yesterday or a bad day. And to be honest, the last 2 months that we reviewed we—usually have about 3 days in a month where the number is a positive, which means it's going up.

And the rest of the time, for the most part, it's a negative number, which is exactly what we're looking for. We want to see that number coming down. I know I heard the other testimony from the other individuals about "cherry picking." The majority of the cases that we work, I think it's 63 percent of the cases, that we complete in a month are over 6 month old cases. So we're not picking cherries at the Waco Regional Office.

Mr. REYES. How does that affect the caseload here in El Paso, the fact that you're doing 63 percent of the harder cases, which I will tell you, that's commendable. But I'm interested—as you say there are a number of veterans and veterans groups here that are interested in two things, one, that we fulfill the promise last August to make this office here self-contained and they don't have to compete with the rest of the veterans in Texas. And number two, that the bottom line is reduce that waiting time that is exorbitant.

Mr. LOWE. I couldn't agree more with you. We're not happy with the numbers. But I think as the person who represented the GAO said, we've got to start somewhere. We've got to work.

You've asked me a couple of times, and I wasn't able to give you the answer that you wanted, how many of the cases in the pending workload are El Paso cases? And I don't have that information. I don't track it that way.

The only way I can get that information for you is to look at all 26,000 cases. I personally don't have that ability to do that. That was my response to you, it's still my response to you. So I wanted you to understand that. I can do it, but I've got to put resources into doing something like that.

Now getting back to your major question, how does that affect the cases here? All the cases are together, they're worked by assigning digits to our personnel at the office. It doesn't matter where

the case comes from. When their number comes up, we have the supporting information, we need to work that case, we'll work it.

So hopefully that answers your question.

I know, again, El Paso is the only area, I can't make this statement strong enough, is the only area in our jurisdiction that's getting this type of service, more attention to their cases than anybody else in Texas. Again, and from what we understand it's working very well.

Service officers told me twice today, as a group, that it's working very well to have a Rating Specialist assigned for them to talk to. It's not the way it was back when we first set this up with this office. It's not there yet. But it will get there. If it continues to work and continues to be a positive force, we want to expand; El Paso is just the first place.

Mr. REYES. So the obvious question is, how do you determine the effectiveness of the raters here, or how do you make them accountable if there's nobody to track productivity?

Mr. LOWE. We know exactly what's being done here in both categories. We have the two rating people doing the predischarge work. We know exactly how many ratings we've done and the quality of those ratings. Also, we know for a fact, predischarge program work is completed there. But we also know what Joe Esparza is doing here. And we're reviewing the work that these people put out for quality and for the number that they complete.

By the way, the rating person that we had here retired. He and his wife moved back to the Waco area. He came back to work with us and worked only El Paso cases. He worked for us for about 2 months before his disability prevented him from doing that. He has been back on board with us. He had to stop again. But the door is always open for him to come back and help us. And he was only doing El Paso cases.

Mr. SIMPSON. Mr. Evans.

Mr. EVANS. I just want to take a moment. Are there a lot of people who are getting burn out with overtime and quotas?

Mr. EPLEY. We have required a fair amount of overtime from our employees for several months to try and address the issue. We're trying to manage the effectiveness of overtime and to make sure that we keep the employees fresh. And I would like Mr. Walcoff to comment further. It doesn't become a normal part of our business and therefore—we don't want that to be considered routine.

Mr. WALCOFF. Last year we gave overtime to all stations. And they were able to use it as they saw fit. Many of them worked overtime every week. Basically the same people worked overtime every week. We found that as a result of the overtime people were getting burned out. It's very difficult to do this kind of work week after week, 6 days a week.

We aren't handling overtime the same way this year. There are a combination of ways of giving out overtime. In some cases we only give it out to stations who have met their goals in the previous month. Other times we'll give everybody overtime, but we won't do it for consecutive weeks. We will work less weeks and months, sometimes it's 1 week, sometimes it's 2 weeks. We also have overtime only directed at appeals.

We have found the productivity that we've gotten with overtime is significant. We are very, very pleased with what we're getting reported to us and what's being accomplished. We have a regular reporting system that requires a station to report to us at the end of the week telling us about the production and rating specialists and their VSRs. We're really monitoring them very closely this year.

Mr. SIMPSON. Mr. Epley, Ms. Cook indicated in her testimony that the IT infrastructure often is counterproductive to meeting the department's production goals because of repetitive and outdated programs. Can you speak to that?

Mr. EPLEY. We have been working for several years to upgrade our IT structure in making sure that we also address this issue. The key recommendation was that all offices will use the same standardized business practices, and all offices around the country expect to use certain corporate IT processing. One of the findings of the task force was that sometimes when new information technology is exported to the field, it isn't used uniformly and so, it has that varied results.

What they charged to us, which we are in the process of implementing, was to establish IT processing that will have standardized establishment claims, standardized practices for tracking the claims as they're pending, standardized applications for doing ratings. We are working to fulfill the recommendations of GAO on approving more ratings, through both the application tools and training new technicians.

We're pretty confident by making sure that everybody is using the same tools and, that instead of rushing to judgment in deploying them as fast as we can, that we test them first. One example of that is our process of development being tested right now in Salt Lake City, which is one of our high producing stations.

We are now in the process of testing at a few other stations and that will not go forward for national deployment until we're sure it operates as advertised.

Mr. SIMPSON. The Claims Processing Task Force recommended that the Board of Veterans' Appeals develop additional evidence rather than remand cases back to the regional offices. This has started and how do you feel it's working?

Mr. EPLEY. The recommendation is being implemented. The Board of Veterans' Appeals promulgated a regulation that gave the authority to fulfill the recommendation of the Task Force. And that has been in the last several weeks. While we were waiting for promulgation after that, our Veterans Benefits Administration has been working closely with the board to train people. We also have a small contingent of Veterans Benefits employees who will work at veterans appeals to authorize interim benefits in the instance that an appellant has more than one issue, maybe one is granted, while the other needs to be developed.

We'll grant the additional benefits, and then the Board is going to independently develop for the remaining evidence. They have not done too many cases, because it's only about 3 or 4 weeks old. But what we've found so far is that there's a lot of work to be done, and we are going to have to beef up our own support.

Mr. SIMPSON. Is VBA actively working to implement the Task Force recommendation on specialized teams to adjudicate veterans claims?

Mr. EPLEY. Yes, we are. We have a group chaired by Carolyn Hunt, who've developed a plan for the specialization. As you know, the Task Force recommended that we institute six specialized components at all of our regional offices to begin with triage of the claims, so that we can address some of the issues that your panel has already identified today. We know what needs to be done so that work can be done as fast as possible.

Then with the development, we must make sure that it doesn't languish. If we build up backlog, make that as fast as we can. And all the way through the appeals team, where we have direct contact, we have established four pilot sites to test out those concepts. They have been in operation for about a month to a month and a half. They're due to report out to us in mid-May, with their findings. Those findings will be evaluated and changes will be made very quickly so that we can begin the process of deploying the initiative nationwide.

Mr. SIMPSON. I appreciate hearing your testimony and your efforts to keep an eye on whether quality is maintained while trying to meet these production goals. Will you continue to track all STARs errors?

Mr. EPLEY. Yes, sir, we will. One of the recommendations of the Secretary's Task Force was to focus on benefit entitlement. We have altered the methodology of reporting so that we focus on mistakes that are directly affecting benefit entitlement.

We will continue to use this STAR methodology to track all the errors in the original protocol. And we're also adding, based on GAO's report recommendations to us, tracking of some administrative errors. So if we have flaws in our notifications to veterans, they will be reported, and that information will be sent back to the office of jurisdiction.

Mr. SIMPSON. Thank you. I appreciate your testimony. Mr. Lowe, has quality and claims processing been maintaining a way to ensure regional office quantity of production?

Mr. LOWE. Yes, it has. We were able to maintain our quality numbers. We're above the national average in all categories. And we were able to maintain even though we are struggling at times to meet our completion numbers but we think we're able to do it and we will continue to do it.

Mr. SIMPSON. Do you anticipate positive results from national production standards for veterans service representatives from rating veteran service representatives?

Mr. LOWE. We think so, based on some of the things that we've seen in the last 2 months. Waco didn't make their number the first 4 months of the year. We have made it the last 2 months when we started implementing the performance standards and Task Force recommendations. We think that's part of a result of putting performance standards in place.

It is causing some of our people some concern. But as our union president voiced earlier, we're starting to see people—trying a little harder, and quality hasn't suffered at least as of yet. And we track that also.

Mr. WALCOFF. If I may add a comment. We discovered, and we should have known this before, we had 23 stations that had absolutely no floors for the ratings specialists. The Secretary felt that was unacceptable and I happen to agree.

He directed us to come up with national performance floors for our stations. The methodology we used to do that was to put a team together, which included not only managers but also rating specialists themselves as well as the union representative. Together they came up with the recommendation for the standards we are now using.

We tested that standard at some offices throughout the country to see how realistic it was. When we first put it out, we were at 50 percent passing. In the last month we were at 72 percent, and every month is going up as employees get used to being under these types of standards. We believe that this is one of the key components in the overall effort to tackle the backlog.

Mr. SIMPSON. I appreciate that. It's nice to know that came about.

Mr. Lowe, you said that you have 26,000 cases?

Mr. LOWE. Yes, sir.

Mr. SIMPSON. Production goals were three and a half ratings per day?

Mr. LOWE. Yes, sir.

Mr. SIMPSON. That's about 325—80 employees, rating specialists?

Mr. LOWE. 80 to 85. 80 is a better number, I think.

Mr. SIMPSON. 85 would be about 300 cases per rating specialist. 3.5 a day or make that—are we talking about 80 days or 90 days?

Mr. WALCOFF. The standard that we're talking about, which is actually 3.6 cases a day, is only for a journeyman rating specialist. That's somebody in the job 2 years and also a grade 12.

Mr. SIMPSON. I appreciate that. Is it your opinion that there will be positive benefits from these goals?

Mr. LOWE. Yes, sir, I do.

Mr. SIMPSON. Thank you. How many journeyman adjudicators do you have in Waco?

Mr. LOWE. 44.

Mr. SIMPSON. 44. About half.

Mr. LOWE. Yes, sir.

Mr. REYES. And with just half journeyman and half trainees you can still maintain that 3.4——

Mr. LOWE. As Mike said, the rating personnel who are not at this level are working at a lower level.

Mr. REYES. But the chairman asked you for an opinion based on 3.5 or 85 raters. If half of them aren't at that level, how can you make that goal?

Mr. LOWE. We think we'll be able to make the goal if we continue to work the way we're doing in using some of the other resources that are available to us that was recommended by the commission.

Mr. REYES. Like what?

Mr. LOWE. Like using some of the specialized teams that we've been able to use to triage claims, these are helping us to find ways to meet that goal. We're taking advantage of everything that has been provided to us.

Mr. REYES. Is overtime one of those tools?

Mr. LOWE. Overtime is a tool. I will say overtime accounts for approximately 15 percent of what we turn out of the total processed for a month. And we are one of the stations that are receiving overtime dollars in support from the Office of Field Operations to do this.

Mr. REYES. Thank you. Mr. Epley, can you furnish us overtime data by office for the first 6 months since you've been tracking it?

Mr. EPLEY. Yes, sir. May I make a comment on the inventory? You asked about the 26,000 or 27,000; the majority of those claims do require the evaluation of our rating technicians, but not all of them. That 26,000-plus cases includes many cases which do not require anything outside of a rating specialist. So the math has come from that.

Mr. SIMPSON. That's not as simple as I thought.

Mr. REYES. That's a perfect lead in, can we hold the record open for 2 weeks because there are some statistics and figures that I need to get clarified with Mr. Lowe so that—for two reasons, one, so I know what the backlog is and what it is that we're dealing with as far as the Waco office, and so that we can try to figure out what the percentages are. Because I'm not clear on how you compare with the national figure.

And if we can hold the record open for 2 weeks to give me a chance to get with Mr. Lowe and look at those.

Mr. SIMPSON. Without objection we'll hold the record open for 2 weeks and this is for all who testified, so that members may submit questions and we will send them to you and hope to get responses to those. I appreciate your being here.

(Subsequently, the Department of Veterans Affairs provided the following information:)

**THE UNDER SECRETARY OF VETERANS AFFAIRS FOR BENEFITS**
**WASHINGTON, D.C. 20420**

August 22, 2002

The Honorable Silvestre Reyes
Ranking Member, Subcommittee on Benefits
Committee on Veterans' Affairs
House of Representatives
Washington, DC 20515

Dear Congressman Reyes:

At the Subcommittee for Benefits' Field Hearing in El Paso, Texas, on April 26, 2002, you requested information on the amount of overtime used by each regional office during this fiscal year. The enclosure provides that information through June 2002. Please note that this overtime is for compensation and pension claims processing only.

I appreciate the opportunity to provide this additional information for the record.

Sincerely yours,

Daniel L. Cooper

Enclosure

**Department of Veterans Affairs**
**Veterans Benefits Administration**

Information for the Record
Subcommittee for Benefits' April 26, 2002 Field Hearing

| Station | C&P Overtime Hours (FYTD June) | Station | C&P Overtime Hours (FYTD June) |
|---|---|---|---|
| ALBUQUERQUE | 1,570 | MUSKOGEE | 6,801 |
| ANCHORAGE | 201 | NASHVILLE | 4,254 |
| ATLANTA | 6,979 | NEW ORLEANS | 6,703 |
| BALTIMORE | 3,133 | NEW YORK | 4,676 |
| BOISE | 1,138 | NEWARK | 3,364 |
| BOSTON | 2,508 | OAKLAND | 4,851 |
| BUFFALO | 4,864 | PHILADELPHIA | 6,086 |
| CHICAGO | 6,158 | PHOENIX | 6,218 |
| CLEVELAND | 7,618 | PITTSBURGH | 1,830 |
| COLUMBIA | 6,406 | PORTLAND | 3,605 |
| DENVER | 6,698 | PROVIDENCE | 1,232 |
| DES MOINES | 1,849 | RENO | 2,460 |
| DETROIT | 3,831 | ROANOKE | 3,831 |
| FARGO | 3,001 | SALT LAKE CITY | 942 |
| FT. HARRISON | 1,453 | SAN DIEGO | 5,496 |
| HARTFORD | 1,161 | SAN JUAN | 2,538 |
| HONOLULU | 1,292 | SEATTLE | 4,294 |
| HOUSTON | 8,657 | SIOUX FALLS | 1,089 |
| HUNTINGTON | 5,582 | ST LOUIS | 5,059 |
| INDIANAPOLIS | 6,901 | ST PAUL | 2,923 |
| JACKSON | 5,345 | ST.PETERSBURG | 14,672 |
| LINCOLN | 2,399 | TOGUS | 1,501 |
| LITTLE ROCK | 4,015 | WACO | 13,293 |
| LOS ANGELES | 8,389 | WASHINGTON | 2,708 |
| LOUISVILLE | 3,868 | WHITE RIVER | 264 |
| MANCHESTER | 783 | WICHITA | 4,201 |
| MANILA | 8,911 | WILMINGTON | 1,794 |
| MILWAUKEE | 4,850 | WINSTON-SAL | 17,273 |
| MONTGOMERY | 4,619 | Total | 265,373 |

Mr. WALCOFF. Mr. Chairman, I don't want to prolong the hearing, I want to talk about the GAO testimony. And I agree with what was testified to in terms of how the quotas are set. My office is responsible for setting those quotas. And I just want to give a little bit of background for the record.

The quotas were based on the commitment that the Secretary gave toward getting backlog down, ultimately to 250,000. In the months of December, January and February of last year 2001 we averaged about 29,000 claims in a month. At the same time we were getting in about 60,000 claims a month. It doesn't take long with that kind of ratio before you get to be backlogged. The bottom line is we had to do something to increase production.

Starting in April of last year we set production quotas for our stations. We did it with a very simple methodology last year. We took their receipts, we added one percent in terms of reduced inventory. We had a lot of objection from a lot of stations saying that not all stations are created equally in terms of experience of the rating specialists. We committed that we would readjust the quotas starting in January. They asked us to do it based on looking at years of experience at each of their rating specialists and assigning a figure for that and multiplying it out. And that's what we did.

We set up new figures starting in January. We still had some concern from people. Because using that formula, some stations were being asked to double their production. We looked at that. And we said, maybe we should be realistic in terms of what can we really expect in a short period of time.

So we made adjustments, not only looking at receipts, but also looking and trying to set a reasonable path for how much the station could improve. And that's the way we came up with the standards. In terms of how realistic they are, what I would say is that every month we do more and more work. Forty one stations out of 57 made the goal in March. To me that's really encouraging.

Mr. SIMPSON. I appreciate that, and you are keeping an open mind toward comments made by the ratings specialists, if there are reasons that those goals aren't met and problems they run into, they can be changed if necessary?

Mr. WALCOFF. When stations do not meet their goals, not only in terms of production, but also in terms of inventory, timeliness, overtime, things like that, we will ask the station director and the Service Center Manager to come in and meet with myself and the Under Secretary to talk about what are the problems and why can't they meet their goals? We ask them to give us a plan for how much you're going to improve performance between now and the next 6 months. Give us benchmarks as to where you're going to be at each month for the next 6 months.

So that way they have something to work toward; we can focus on those things and track performance against the specific goals. It's not a question of, if you don't make it, fine. We believe in accountability. But we also think we need to work with each station to make sure they have the tools and are productive.

Mr. SIMPSON. I appreciate that. It is 3:35, and this hearing was supposed to end at 3 o'clock. We are over time and some people have to catch planes. We better not have them miss planes.

I do appreciate your testimony here today and this is obviously a subject that the Veterans' Affairs Committee and particularly the Subcommittee on Benefits is going to keep close oversight on. I know Secretary Principi is very interested in reducing the backlog and making sure veterans have benefits they have been promised, and so is this committee. And we look forward in reporting to the Secretary and regional offices and everybody else in the administration to make sure that this works out for the best.

I appreciate you being here today. As I said, without objection, the record will remain open for 2 weeks to submit additional questions and hope we will get responses from those who testified. I do appreciate all of those who testified today. This does give us some background. And the more background we have, the better job we'll do. So I appreciate that.

And Mr. Reyes, thank you very much for inviting me to come out to El Paso. The next time I come I'll look for Rosa's Cantina.

Mr. REYES. Thank you for agreeing to hold this hearing. I appreciate both you and ranking member Evans willing to help with a very important issue.

Mr. SIMPSON. I appreciate it very much.

With no further questions, this hearing is adjourned.

[Whereupon, at 3:35 p.m., the subcommittee was adjourned.]

# APPENDIX

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TESTIMONY

John B. McKinney, EI Paso, Texas, April 26, 2002

to the

Subcommittee on Benefits, Veterans Affairs Committee

U.S. House of Representatives

Mr. Chairman and Members of the Subcommittee:

Thank you for coming to EI Paso to allow us to present to you our concerns involving the management of disability claims for our veterans. The Department of Veterans Affairs annual booklet entitled *Federal Benefits for Veterans and Dependents* states, and I quote, "Disability compensation is a monetary benefit paid to veterans who are disabled by injury or disease incurred or aggravated during active military service." Unquote. This compensation is an entitlement, not discretionary, due the individual for having served his or her country but who, when separated, returned to civilian life in a physical condition adversely different than when he or she entered military service. This being the case, we fail to understand why the disability claims processing system, which has been in effect for years, often seems to fail the very veteran and others it is designed to help. What part of veteran and what part of entitlement is it that the Department of Veterans Affairs and the Veterans Benefit Administration, responsible for disability claims, seems not to understand? The problems with claims processing seem to worsen as time goes on yet our Government continues to depend on our military, the future veterans, to serve political objectives, sending men and women into harms way without the right to decline assignments or missions and the lack of conventional worker compensation coverage. If the current system cannot take care of today's veterans in a timely, efficient manner, what can future veterans expect?

You are fully aware of the increasing backlog of veteran claims and appeals, easily approaching the 600,000 level, with applications increasing as recognition is given to additional Agent Orange effects and blood borne diseases. We have yet to know what health issues may come from the war in Afghanistan that the Government will initially deny then admit to. We accept that as applications increase there may be a lengthening in the claims process but we also expect our government to react accordingly, being pro-active, not reactive. We hear from the Secretary of Veterans Affairs that the problems with claims are being and have been identified and will be addressed. Heasks us to just give him time, about two years. Even some of our national Veterans Service Organizations tell their members to just wait. Both are unacceptable.

World War II veterans are dying at the rate of over 1,300 daily. In two years we will lose over 949,000. How many of these will die while waiting for their entitlement? Yes, the Veterans Benefit Administration initiated Tiger Teams to address claims of many of these older veterans, but why does it take special treatment to address an entitlement? And what of Korean War veterans approaching the same years in their lives as these World War II veterans? More Tiger Teams to adjudicate their lingering claims as they begin to die at increasing rates. What help is it to tell a veteran his claim is finally being addressed after being in the system for two years and him having reached the age of 70 or older. What help is it only to have that veteran die without ever getting his entitlement because of a system that failed him? And what of his family, who may have gained some financial benefit had the claim been approved while the veteran was alive?

The disability claims processing system seems to be oriented more on how much the Government can save by inefficient management rather than what can it do to compensate the veteran for service to the country. The sad part is that the system is people, people whom veterans believe forget those who served, those entitled to compensation for disabilities. Yes, there are invalid claims and they, too, take time to process and weed out. We accept that. But what of the veteran who feels that he has waited long enough for a claims decision, who calls a regional office seeking information, gets to speak to a computer and not a person, or gets told his records are not available or still being worked on, and leaves with the feeling that because he sought information his record will be placed on the bottom of the stack rather than being replaced where it was? How is he being served by the very Government who demanded or expected his service, his loyalty, and his dedication? Simply stated, he isn't.

I am sure you are familiar with the Cooper Report which identified many issues with the Veterans Benefit Administration. Admiral Cooper is now in a position to correct or attempt to correct the same issues his task force identified. The question which needs to be asked is why has it taken so long for someone to identify personnel shortages, lack of adequate and effective training, lack of properly motivated employees, poor management, lack of adequate supervision, lack of accountability and the many other things identified as contributors to a poor claims processing system? Where was the necessary oversight from outside the Veterans Benefit Administration and even outsidethe Department of Veterans Affairs? Where are the changes to the Civil Service rules and regulations which could expedite the release or termination of ineffective and inefficient employees who place themselves above the veteran they were and are obligated to serve? Why can a private company or corporation terminate employees for failure to perform their jobs with a "pink slip" yet the Federal Government requires a burdensome bureaucratic process to accomplish the same thing? Are federal employees above everyone else? I think not, nor should you. Congress manages the purse strings and should provide the oversight seemingly lacking here. Congress should be demanding and getting results. All of these problems exist using taxpayer dollars.

The Congressional solution always seems to be to provide more money for more employees. More people in the processing system will equate to more processors and more timely results. New people take time to be trained. Older, qualified, and I emphasize the qualified, people need to train the new ones, thus slowing down the process. And, while being trained, attrition will reduce those qualified to teach. Which again takes us back to Congress saying the system needs even more people. What about ensuring those in the system do the job they were hired to do or terminate them? What about terminating, not just relocating, those supervisors who do not demand quality performance or who do not excise quality supervision? Accountability doesn't seem to be part of the claims processing process.

Last, let me briefly address a local claims issue. The Waco Regional Office initiated a local program designed to expedite the pre-discharge program for disability claims. A Veterans Benefit Administration claims processing office was opened which significantly enhanced this program, yet did nothing for other local veterans. Frustration set in when an exceptionally well-qualified individual in this office indicated a willingness and desire to help these latter individuals, then departed; we were then told the same assistance would be reinitiated but with less qualified individuals, whose supervisor is 600 miles away. Is this adequate service to the veteran? Hardly. Why do we have to continually be faced with frustrations concerning our entitlements? The Veterans Healthcare Administration recognized the need to bring healthcare closer to the veteran and reacted by adding, and continues to add, Community Based Outpatient Clinics to it's healthcare program. Where are the Veterans Benefits Local Veterans Assistance Offices, adequately staffed, managed and supervised, designed to bring benefits assistance closer to the veteran?

The question which must be addressed in all of this, when will the veteran come first and not the process?

I thank you for your time and attention.

Statement of Ronald D. Holmes

Members of the Subcommittee on Benefits of the Veteran's Affairs Committee, United States House of Representatives

Mr. Chairman, Congressman Reyes, and members of the Subcommittee:

I wish to thank all of you for coming to our city to listen to what we Veteran's have to say. I have been involved in the Benefits Division of the Veteran's Administration since August 1998. Since then, I have kept up with training and the laws as it pertains to Benefits Delivery. My comments come from assisting claims directly, assisting veteran's that have been referred to me by the V.A. clinic; also, veteran's the Congressman sends, out-of-town veteran's, widows, and dependant's on a part-time basis.

I will begin with areas I have witnessed and discussed in talking to the personnel at the 800#. On several occasions I have called for information concerning a veteran and I receive different answers about the same question with each person I have talked to. I feel there is a lack of concern and professionalism among the Veteran Service Representative of the V.A. A regional office that helps the personnel helps all. Contact with the regional office is critical for it will leave a lasting impression; at this time, the impression is not good.

The Veteran's Administration has stated since 2001 that the claims backlog was the #1 problem to be addressed. Also, the Veteran's Administration was mandated to assist in the processing of claims, while the previous claims that the V.A. did not assist, had to be redone. Congress mandates new policies, seeks to help new veterans' needs, but does not follow up on accountability to see what the results are. The Veteran's Administration policy so states that if a veteran is in need of assistance, the V.A. should grant the claim or prove the denial of the claim otherwise. In some cases, the rating specialists overrule statements from the doctors. Too much time during remands causes the V.A. employees to be doing the same claim over and over which is not cost effective. The new duty to assist puts a vet's file in a cabinet for approximately four months, while letters are sent out to assist. Usually the V.A. asks us to get the information, which is a request by the government and has more persuasion than a personal appeal.

I think if a viable system was in place to aid those veterans with a legitimate emergency and a well trained Veteran Service Representative assisted in development of those claims with the V.A. Wide System of qualifications, it is possible that about one-third of the claims would be dealt with at a more rapid pace. The regional offices seem to use different standards.

For example, in California the regional office seems to deal only with serious health issues. Whereas, in Waco, you can use financial difficulties by submitting food stamp evidence or Texas work force evidence, etc. or medical to prove a hardship. These special teams could take a ready claim and expedite it to help the veterans and the V.A. backlog. Other rating systems could do the rest of the claims and help the new raters in

training. Not everyone can understand the complexities of medical and legal rules. My concern is whether the training time is too short or is it the caliber of the people who are being trained? Management and union seem to protect the V.A. and worry less about their veterans.

Congress and the Court of Veterans' Appeals ask the V.A. to implement a program and the V.A. seems to get to it when they feel up to it. To get something from a vet is done now, yet to give something to a vet takes a lot longer. The V.A. and Veteran Service Representatives seem to be saying to the veteran community, "Don't try to speed up the system or criticize the V.A., just let the system go and we will be alright in a couple of years. How may families will suffer while we let those who have run the system for 20 years try to iron out the problems that have come up under their watch. I think we are all to blame. Veterans don't prepare or have someone prepare a valid claim and send in the proper paperwork with the claim. A lot of claims in the system should not be filed unless the veteran can substantiate the claim, which could lower the backlog. It is very hard for the average veteran who files a claim to know what is needed when those who made the decisions, or the VSR who helps, won't or can't tell the vet what is needed, who has power of attorney or what is the disability or percentage.
A continuous mountain of files can certainly be a problem of stress as there is no end in sight. Maybe a change every couple of months or so could help with moral and make for a better partner with the veterans.

When the V.A. is aware of a larger workload, they should better allocate a workforce to cover the overflow. I would think that in the year 2002, there is a statistical model to anticipate the flow of VA claims and deaths. We should have the budget to do what ever is needed. Now that retirees who are 60% or more disabled will get some type of retirement money, those who are 30%, 40%, and 50% will try for an increase in disability. This will put more vets in the system, more registrants at the V.A., more clinic visits and more stress on the employees, which will allow for more bad decisions.

The Board of Veterans' Appeals sends a case back to the Regional Office for whatever reason and neither the V.A. nor the Veteran Service Representative contacts the veteran to get the needed information in which case the paperwork just goes back and forth. In a recent case, a veteran's claim was bounced from the Board of Veterans' Appeals to the Regional Office at least five times in two years due to lack of communication. Each time the records were submitted, they were sent back for redevelopment. All information needed should have been addressed promptly in the first transition instead of individually. At one point, they would ask for the doctor's opinion, another time it would be on consultations, etc. Some of the Doctor's who are employed by the Veterans' Administration are still refusing to commit to an opinion even though it is in violation of federal law.

It is my understanding that the Veterans' Administration is hiring new employees. Unfortunately, the results are not substantial. It seems that the training time takes longer, and the outcome of the training has not been beneficial in the final product. Some employees endure lack of supervision or a supervisor. Living in El Paso puts us 700

miles away from a supervisor, which makes it very difficult with correspondence. I can honestly say that there are some employees who will go out of their way to aid and assist those in need of answers. Similarly, there are those who could care less and tend to slow down the process of record verification, etc. Management doesn't seem to anticipate employee changes to keep up with the flow of work.

I see no end to this situation since employees are unable to be permanently dismissed. I feel there are those who should be fully rewarded, and there are those who should be dismissed. Training or re-training on procedures could be a remedy if a history warrants it.

Being that El Paso has a rather large veteran population, the workload and problems are at a high percentage. There is some down time during which time the claim goes back and forth to Waco, Texas and of course this hinders the process of the claim. There are also the conflicts of personality when in contact with someone in Waco. I feel this is due to lack of supervision, no conformity of process, and too many hands involved which lead to mistakes.

Although Waco, Texas is distant from El Paso, the people here have gone from a negative attitude to a more positive one in the past couple of years. In the beginning, since I became a member of the Disabled American Veterans, the process was difficult enough for the veteran himself. Service organizations were not supplying qualified service officers. The regional office, Congress, and some service organizations began working together as a team to assist the veterans in our community, and thus the morale heightened.

The Veterans' Administration Regional Office began working with Congressman Silvestre Reyes with a program to rate claims locally. There were some service organizations that were not willing to participate in the program and this, we thought, would create a hindrance and not be cost effective. Over time, we have learned to seek each other out and ask for help or advice. We now have National Service Officers, so a shift in direction is yet to come. We believe in "give a little, take a little", but at times it can be quite frustrating.

In Summary:

It would take the Veteran's Administration to hold raters personally responsible for the results of a claim(s) and Congress to hold the Veteran's Administration accountable to follow procedures and make them responsible for errors before the process becomes fair and efficient and the claims are done in a timely manner. A universal training program to assist veterans to prepare and submit claims could probably cut down on backlogs and decrease delays.

If a veteran contacts the Veteran's Administration, they should get an accurate answer to their question upon request. The Veteran's Administration usually contacts the veteran only once with a letter and states that the veteran did not reply. There have been times

when the paperwork never reached the correct individual or the letter has been mishandled, lost, or placed in someone else's letter.

I don't feel that Death and Indemnity Compensation should take eight months to finalize. There should be a clear and accessible emergency claims process under these circumstances. We should focus on how to best help the veteran and less on the struggle between management and the employees.

From October 1999 to February 2001, I worked with a Rating Specialist in El Paso to assist veterans who had a complicated case or were terminal or facing financial or other hardship. We would discuss all aspects of the case and then the veteran could submit their claim for rating. After February 2001, the Director or the Senior Rater would work with me on cases that were 2 years or older or hardship, but it was less than could be offered before. The Congressman worked with the Regional Office to do claims here in El Paso. The Director stated some Veterans Service Organizations did not want to use this new system, so the program would not be fully utilized. Some veterans want to take advantage of this new program, and it is going to cause some problems.

A couple of people wanted to pull their Power of Attorney so they could use the new program and my DAV superior at Waco took offense and accused me and my partner of hurting vets. We were suspended from doing any claims (Detailed attachments are included). This left approximately 400 claims and veteran claimants with no assistance and no one to go to in El Paso for their claim because the organization has the Power of Attorney. This only adds to the backlog where it could have helped it. We help veterans from across the country who have heard of us or who saw our name on the Internet. Many VA employees send veterans to us to assist them. We will continue to try to help each and every Veteran, their Spouses and their Dependants. We will continue to train and stay current with the law. And we will continue to network to help veterans who cannot help themselves for whatever reason.

In closing, I want to again thank the committee for coming to El Paso and listening to me describe what I have observed. I hope this has been helpful to you, as you try to see to it our veterans receive what they deserve. This is part of the Great American Dream, and to inform those who make the laws about our opinions and what changes are needed.

Thank you and may God Bless You all.

Ronald D. Holmes

Chairman, Veterans Advisory Panel

Statement of Jane K. Franks

To the Subcommittee on Benefits Committee on Veterans' Affairs United States House Of Representatives

Mr. Chairman and Members of the Subcommittee:

I will identify the areas that the veterans feel need the most attention from Congress:

First the amount of paperwork and time it takes to get registered in the Veterans' Administration (VA) system for a VA identification card is excessive.

Following that process, the veteran usually has to wait for at least 6 (six) months for their first appointment to see a Primary Care Physician. This does not include additional time for appointments with any specialists and test results that may be necessary to file a claim.
For a "working" veteran, this may be difficult due to having to take time off from their job. Claims are adjudicated sometimes before a veteran even sees a doctor.

There are still some VA physicians unwilling to state an opinion in writing for the veteran to help support the veteran's claim. However, there is a VA directive that states that VA physicians shall provide statements and opinions for the veteran (see attached exhibit "A").

Patients feel that they are being over-medicated instead of being treated for their illnesses or injuries.

Transportation problems obstruct filing of veterans' claims. Here in El Paso where we have only an "outpatient" VA clinic rather than a full facility VA hospital, many patients are sent to see doctors at the VA hospital in Albuquerque, New Mexico, which is approximately 250 miles away. Many of our elderly veterans do not have the ability to drive the distance and have no other means of transportation. Many are being told that it is the responsibility of the veteran to arrange their own transportation to make their appointment. This interferes and causes delays for claims processing.

On January 2001, a local VA Rater who had an "open door" policy to assist veterans who had "special" claims, retired. Prior to that as a chapter service officer, at the claimant's request. I was assisting the veteran by going with them to the local VA Rater to discuss their case. This also helped eliminate prolonged processing time. If I had followed regular procedures by trying to handle a "special" claim through my own organization, at the Regional Office in Waco, Texas, there were a number of times that I would be told that the National Service Officer who was assigned to the case was unavailable at the time and that my phone call would be returned. In most cases, my phone calls were not returned and I would continue trying to contact the National Service Officer assigned to the case and again be told that the person was not available. This definitely caused problems and delays on a claim and would also frustrate the veteran as well.

On June 2001, the other service officer in my chapter and I made a visit to our organization's Regional Office in Waco and met with the Regional Office National Service Officers' supervisor to try to form a team that my associate chapter service officer and I could process "special" claims through. The Regional Office National Service Officers' supervisor was at that time informed that both my associate and I were taking "special" claims to a local VA Rater with the claimant present until the local VA Rater had retired. The Regional Office National Service Officers' supervisor had told both myself and my associate that he had no complaints about us taking claims to the local VA Rater and that he was at that time unwilling to form a team or system to assist us.

Cont. page 2.

This has caused adverse results on some claims we have handled. For instance, there was a claim by a widow whose husband passed away prior to him receiving a compensation/pension (C&P) exam. There was also a veteran's claim where a mistake was found that the VA made, but our National Service Officer in Waco just signed off on the claim and the claim had to go through process again to be fixed.

Since that time, because we have taken steps to assist the veteran in their best interest, our Chapter has been put under indefinite suspension, not less than 90 (ninety) days, from doing any service officer work (see attached exhibits "B"and "C").

This action has greatly affected approximately 400+ claims existing and new both within our own community and outside (see attached exhibit "D"). For example, a veteran who sought my assistance in another state to assist with their claim has been recategorized from "expedite" to taking up to 24 (twenty-four) months before it is reviewed while it remains inactive in the hands of a VA Rater (see attached exhibits "E"and "F").

Having a local Regional VA Office would help eliminate processing time and expedite "special" cases to cut down on the "backlog" of cases which both the VA Regional Office and Regional Office of our organization claim to have. This means that various organizations would have to allow their chapter/post service officers to utilize the local Regional VA Office directly for "special" claims.

My objective is to assist the veteran to gain their entitlements within a reasonable time and fulfill the mission stated by my organization (see attached exhibit "G").

Mr. Chairman, the veterans appreciate the oversight provided by this committee in helping the Veterans Board of Appeals meet its responsibility to our nation's veterans and their families.

Jane K. Franks
Commander and Chapter Service Officer
DAV Northeast Chapter 187

House Committee on Veterans' Affairs
Subcommittee on Benefits
Field Hearing on Department of Veterans Affairs Claims Processing
April 26, 2002

**Vitae,**
**Testimony,**
**for**
**Ms. Mary Ann Stewart**

**Mrs. Mary Ann Stewart**

**Military Widow**

**April 26, 2002**

**I have been a member of The Society of Military Widows since 1996, and am a dually eligible SBP/DIC widow. The Society of Military Widows is affiliated with the National Association for Uniformed Services.**

**I was born and raised in West Virginia, where I lived until my senior year of High School and then moved with my parents to Arizona. I attended Arizona University where I met my future husband. After college we were married and began our life in the military and service to our country. We moved twenty times during our twenty-five years of service to twenty different states and two foreign countries. We were separated many times during the Vietnam years. We had three daughters, which were all born at different places, Fort Sill, Oklahoma, Fort Ord, California, and Frankfurt, Germany. I thought it would be interesting to see where our daughters graduated from High School, which was Louisiana, Texas and Japan. They then graduated from a College in Texas.**

**My husband retired from the service in 1979 and we chose El Paso, Texas as our retirement home. Currently I am living in El Paso, Texas, and stay busy with the other widows of the organization. I also am involved and a member of my Church and the Daughters of the American Revolution.**

**STATEMENT OF**

**MARY ANN STEWART**
**SOCIETY OF MILITARY WIDOWS**
**CHAPTER 30, EL PASO, TEXAS**

**BEFORE THE**
**SUBCOMMITTEE ON BENEFITS**
**COMMITTEE ON VETERANS' AFFAIRS**

**EL PASO, TEXAS** **APRIL 26, 2002**

**Mr. Chairman and Members of the Subcommittee:**

**As a member of the Society of Military Widows, I appreciate the support you have given us, but we still need your help and your voice in Washington. We have some eligible SBP/DIC widows in our organization, and we have trouble understanding why some of the senators and representatives who cosponsored the "Retired Pay Restoration Bills" have failed to also support The Military Widow's Equity Act by cosponsoring H.R. 3183 and S.1506.**

**This bill would eliminate the widows having to forfeit a dollar of their SBP (Survivor Benefit Plan) annuity for every DIC (Dependency and Indemnity Compensation) dollar they receive. The widows of disabled military survivors who have been unable to work or restrict their own employment because of the need to care for their disabled husbands. The DIC is offset against the SBP annuity and the related SBP premium is refunded to the surviving spouse without interest. The SBP premium is refunded in a lump sum and this often places a widow in a onetime higher income tax bracket.**

The military member voluntarily chose to purchase SBP for his spouse and family, not realizing there would be an offset for his widow, should his cause of death be the result of a service-connected disability. Federal civilian widows are not penalized with a DIC offset. Military surviving spouses should be treated the same.

Military widows' husbands who chose military service as their career were very dedicated to our country. We moved frequently in the United States and sometimes overseas, and during wartime were separated for years. The stay-at-home-wives became caregivers when their disabled husbands needed care for their service related illness. I along with other widows would appreciate your understanding and support of these bills.

**STATEMENT BY**

**BARBARA COOK**
**LOCAL PRESIDENT**
**AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO**
**LOCAL 2571**

**TO**

**HOUSE COMMITTEE ON VETERANS' AFFIARS**
**SUBCOMMITTEE ON BENEFITS**

**AT THE EL PASO, TEXAS, FIELD HEARING**

**ON PROCESSING VETERANS' DISABILITY BENEFIT CLAIMS**

**April 26, 2002**

Chairman Simpson and Democratic Ranking Member Reyes, my name is Barbara Cook. I am the President of the American Federation of Government Employees (AFGE) Local 2571. I am the proud wife of a Vietnam Era veteran. My AFGE Local is proud to represent 389 workers at the Waco Regional Office of the Veterans' Benefits Administration (VBA). The Waco Regional Office includes the out-based locations in El Paso, Tyler, Dallas, Fort Worth, Amarillo, Lubbock, Austin, Temple, Fort Hood, Killeen, Big Spring, and Hillsboro. The men and women AFGE Local 2571 represents care deeply about providing benefits and services to veterans and their families. Roughly half of the workers who rate a veteran's disability claim (or rating specialists) are veterans themselves. The employees at our VBA Regional Office want to provide veterans and their families with responsive, timely and compassionate service.

AFGE applauds you for holding this oversight hearing. We greatly appreciate the opportunity to share with you the perspective of the frontline workforce on the current claims processing system.

In the past several years a convergence of three trends has made work at the VBA more chaotic and difficult.

First, the nature of compensation and pension (or C&P) adjudication has grown increasingly complex and legalistic. Preparing or rating a compensation claim requires the ability to review and evaluate technical medical information by complex legal standards of proof. For example: claims dealing with radiation exposure and Agent Orange exposure often deal with issues of statistical risk and exposure rates. Gulf War claims deal with the often confusing concept of undiagnosed illnesses. These claims are very different than the claims filed by most WWII veterans.

Second, at the same time that the presumptions involved with claims and establishment of claims have become more complex and legalistic, management has responded with new initiatives, shifts in philosophy, transformations in priorities, new benchmarks, and new computer programs. While each initiative du jour may have merit, in aggregate they create a constant state of reorganization and revamping of processes. This reduces our effectiveness. The constant and chaotic state of change is hard on employees. It distracts us from "the prize" --- to provide veterans with responsive and quality service.

Third, our workforce is changing. In anticipation of the nearing retirement of more and more VBA claims examiners, VBA has hired new staff. This means that at our office we have a group of employees who are very seasoned and experienced, and a group of employees who are still learning many of the basics of C&P. It takes a minimum of two years for a new rating specialist to become proficient enough to process claims with minimal supervision. Even with two

years of experience most rating specialists need assistance in evaluating claims involving multiple medical issues. In my office 63% of the rating specialists have two years or less than two years experience. Some 23 out of our 79 rating specialists have less than one year's experience. The three rating specialists in the El Paso location all have less than two years experience.

I would like to highlight how the confluence of these trends has impacted our ability to process veterans claims for compensation.

The latest VBA initiative is production quotas. AFGE appreciates Admiral Cooper's leadership in trying to better serve veterans by processing their claims more quickly. At first glance a concentrated emphasis on processing a high number of claims and reducing our case backlog would appear reasonable. It would appear to be an objective performance measure and sound basis for holding VBA employees and management accountable for their performance. However, these production quotas as implemented may be unrealistic and may undermine our goal to provide veterans with fair and accurate decisions.

The Waco Regional Office must rate 4,000 claims a month in order to meet our production quota. Many offices have been given exorbitantly high quotas. For example, the offices in Pittsburgh, Los Angeles, New York, Phoenix, Chicago, Wilmington, Columbia, Manchester and Fort Harrison have been directed to double their production, or pay the price. If an office does not meet its quota of rating claims the Regional Office Director may lose his or her job. Individual employees are also at risk if they fail to meet a daily production quota.

With these steep quotas the message is clear: you must finalize a specific number of claims each day, no matter what. With the push on numbers, AFGE is very concerned that employees will be compelled to take short cuts to meet their quotas and that our quality of work will suffer. AFGE believes that these high quotas may ultimately be hurting veterans because accuracy and quality are not as important in this numbers game.

In FY 2001 the national accuracy measurement for quality was 81% nationwide. It is our understanding from management that the first quarter of FY 2002 shows a nationwide decrease in rating quality.

Employees are frustrated and feel they are between a rock and a hard place. They want to do quality work and ensure that veterans receive all the benefits they have earned and deserve but employees feel they may be compelled to take short cuts to meet the numbers game.

In preparation for this hearing I asked AFGE union leaders in VBA to survey rating specialists at their VBA offices for candid and anonymous information on

how they are processing claims to meet the high production quotas. I wanted to verify whether our fears about how the quotas are impacting quality were justifiable.

Unfortunately, rating specialists, of various levels of experience, uniformly acknowledged that due to the pressure to meet their daily production quotas they are compelled to pick the cases with few issues to process first. The unintended consequence of the high production quotas is that cases involving Hepatitis C, radiation exposure, Gulf War undiagnosed illnesses, or with multiple medical evidence are worked later because these claims require more research time to work. AFGE believes this is unfair to veterans and the production quotas should be adjusted to ensure that rating specialists are not penalized for tackling the cases that are not as easy to rate. AFGE believes that production quotas should be adjusted to permit a more comprehensive review of multiple sources of medical records.

Rating specialists also believe that the production quotas require that they review cases speedily and, unfortunately, hastily.

AFGE is also concerned that intense and considerable pressure to meet high production numbers creates a disincentive for managers to spend the time needed to train employees adequately. Historically in the VBA new rating specialists were expected to receive considerable training over two years in order to grasp the knowledge and skills needed to rate a veterans claim carefully and fairly. Now training is truncated to teach trainees 70% of what they need to know in about six months and to get trainees rating cases and meeting their quotas as fast as possible, with little if any mentoring.

The constant pressure to produce numbers has also sidelined recurring training. Whenever Congress establishes or modifies new presumptions we need training to ensure that veterans receive consistent and fair claims development and adjudication under these new or modified standards. Whenever case law significantly alters processes or standards of proof we need training. The current quota system does not permit time for this needed ongoing training. If rating specialists do not keep current with changes in the law, veterans suffer because rating specialists will not be rendering decisions on their cases based on the correct legal standards.

In the long run ongoing training for rating specialists is key to providing veterans with fair, accurate and consistent decisions. AFGE believes that the quotas should be adjusted to encourage adequate ongoing training.

VBA is pressing employees to produce more and more cases, but VBA has limited the use of overtime. At the Waco regional office we can only make our

monthly quotas because we used overtime in the last two weeks of the month. It is clear that without overtime we could not meet our production quotas. The consistent use of overtime each month to meet production quotas suggests that the quota levels are excessive.

We are also concerned by VBA's overall approach to overtime. VBA is starving offices that are having difficulties meeting monthly quotas. This approach appears punitive to staff and ultimately will hurt veterans.

How can claims processing be improved?

The Veterans Health Administration (VHA) has succeeded in improving patient safety by looking for vulnerabilities in the health care system. This systemic approach eschews blaming individual practitioners for medical errors. Under the VHA's model to improve patient safety, VHA conducts root cause analyses to identify ways in which the delivery of health care can be improved. One VHA touted improvement in patient safety is the use of bar code scanners to verify that the correct type and dose of medication is being delivered to the correct patient. Rather than blame doctors, nurses and pharmacists for medication errors, VHA has instituted a process to check for and avoid medication errors.

AFGE believes that a similar systemic approach must be used to improve claims processing. I would like to highlight two weaknesses in our current claims processing system.

A widely recognized vulnerability in our ability to accurately and quickly process veterans claims is VBA's limited ability to get access to needed military records.

VBA has had success in expediting the resolution of claims pending over one year for veterans age 70 and over through the Tiger Team initiative because of improvements in the retrieval of military records. Special arrangements have been formalized with the Department of Defense's National Personnel Records Center (NPRC) to retrieve military records for the Tiger Team's cases. These special arrangements have caused the NPRC's productive output to double and information to the Tiger Team is routinely provided within two days. In my office it can routinely take three to four months to even get the NPRC to tell us that they simply cannot find any medical records for the veteran.

Special arrangements have also been made with the United States Armed Services Center for the Research of Unit Records (CRUR) and the Defense Threat Reduction Agency to secure needed evidence in an expeditious manner for Tiger Team claims.

It is clear that improving the timeliness of NPRC's and CRUR's responses to our

request for military records dramatically improves our ability to fairly, accurately and quickly render a decision on a veteran's compensation and pension claim. If VBA can make special arrangements to get prompter service from these key agencies for some claims, why can't special arrangements be made for all claims?

Another widely recognized vulnerability in our claims processing system is the disjointed nature of VBA's information technology (IT) systems.

New IT programs should assist staff in meeting the high production quotas, but in many instances the computer programs may slow down the actual decision making process. The Rating Board Automation 2000 (RBA 2000) program, which is used by rating specialists to compile data and generate rating decisions, is more time consuming.

In VBA's zeal to monitor progress in reducing the claims backlog, VBA has implemented computer programs designed to capture data about the processing of claims and the claims themselves. These monitoring systems do not add speed to the process. Moreover, VBA still requires employees to re-enter duplicative data into multiple system programs because VBA has not integrated existing information technologies. All computer system programs that existed in 1977 remain and have been joined by others such as the Control of Veterans Records (COVERS) program, which electronically tracks the physical movement of a veterans claim file throughout the office, the Veterans Appeals Control and Locator System (VACOLS) which tracks the chronology of the veteran's appeal of a rating decision, the Claims Automated Processing System (CAPS) which tracks the filing, development, decision and final action of a veterans claim, but will not track the physical location of the file, and RBA 2000. Each program may have added value to monitoring the claims process, but in aggregate they have not reduced duplication or processing times because these systems are stand-alone programs that do not communicate with each other.

AFGE believes that claims processing times could be improved if VBA would integrate and universalize information technology applications.

In conclusion, AFGE believes that the current production quotas are unrealistic.

AFGE believes that to dramatically improve claims processing the VBA should be working to resolve weaknesses in our ability to obtain needed military records. The VBA should also move forward to assess and improve current IT initiatives by integrating systems.

I thank you for the opportunity to testify today and to offer you a view from the trenches of claims processing.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Benefits, Committee on Veterans' Affairs, House of Representatives

For Release on Delivery
Expected at 1:00 p.m. MDT,
Friday, April 26, 2002

# VETERANS' BENEFITS

## Despite Recent Improvements, Meeting Claims Processing Goals Will Be Challenging

Statement of Cynthia A. Bascetta, Director,
Health Care—Veterans' Health and Benefits Issues

GAO-02-645T

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the Department of Veterans Affairs' (VA) progress in reducing veterans' waiting times for decisions on their disability compensation and pension claims. VA expects to provide about $25 billion in compensation and pension benefits in fiscal year 2002 to over 3 million veterans and their dependents and survivors. For years, the compensation and pension claims process has been the subject of concern and attention within VA and by the Congress and veterans service organizations. Many of their concerns have focused on the long waits for decisions and large claims backlogs, both of which have negatively affected the quality of service provided to veterans. The Secretary of Veterans Affairs has made improving compensation and pension claims processing performance one of VA's top management priorities. The Secretary's end of fiscal year 2003 goal is to complete accurate decisions on rating-related claims in an average of 100 days.[1] To achieve this goal, the Veterans Benefits Administration (VBA) is focusing on increasing production of rating decisions and reducing the inventory of claims to about 250,000. As of the end of March 2002, VBA was completing claims in an average of 224 days and had an inventory of about 412,000 claims.

My comments today address (1) the current status of VBA's continuing claims processing performance problems, (2) VBA's progress to date and its challenges in meeting its production and inventory reduction goals, and (3) longstanding issues that will affect VBA's ability to improve timeliness and sustain performance improvements. This statement draws from our body of work on claims processing (see Related GAO Products); our ongoing study of VBA's implementation of the Veterans Claims Assistance Act (VCAA) of 2000; and additional discussions with VBA central office officials and officials responsible for VBA's Tiger Team and Resource Centers.

In summary, compensation and pension claims processing has been a long-standing management problem for VBA. Since we testified before the Subcommittee on Oversight and Investigations of this Committee in May 2000,[2] VBA's rating-related claims inventory has risen by about 85 percent; the number of claims waiting more than 6 months has risen by more than 175 percent; and the timeliness of completing decisions has worsened. VBA's response to the Secretary's promise to give veterans faster decisions on their claims is focused on significantly increasing regional offices' rating decision production to reduce the inventory and, in turn, reduce the time required to complete decisions. VBA expected to increase production by hiring more staff and increasing the proficiency of new staff. Although VBA has recently increased its production and reduced its inventory, meeting its production and inventory reduction goals will be challenging. For example, to meet its goal of completing 839,000 claims in fiscal year 2002, VBA must increase its production of claims to 78,000 per month in the second half of the

[1] Rating-related claims are primarily original claims for compensation and pension benefits and "reopened" claims by veterans already receiving such benefits.

[2] U.S. General Accounting Office, *Veterans Benefits Administration: Problems and Challenges Facing Disability Claims Processing*, GAO/T-HEHS/AIMD-00-146, (Washington, D.C.: May 18, 2000).

fiscal year from 61,000 per month in the first half. Also, to reach its end of the year inventory goal, VBA must reduce its inventory by about 16,000 claims a month over the second half of the year, from an average of about 1,400 per month in the first half. Even if these goals are met, VBA will have difficulty meeting the Secretary's timeliness goal. Improving timeliness depends on more than just increasing production and reducing inventory. VBA continues to face some of the same challenges we identified in the past that lengthen claims processing. For example, VBA needs to continue to reduce delays in the process – in particular, delays in obtaining evidence. Without such improvements, VBA may have difficulty attaining its timeliness goal and sustaining the progress it makes.

## Background

The compensation program pays monthly benefits to veterans who have service-connected disabilities (injuries or diseases incurred or aggravated while on active military duty). The pension program pays monthly benefits based on financial need to wartime veterans who have low incomes and are permanently and totally disabled for reasons not service-connected.[3] Disability compensation benefits are graduated in 10 percent increments based on the degree of disability from 0 percent to 100 percent. Eligibility and priority for other VA benefits and services such as health care and vocational rehabilitation are affected by these VA disability ratings. Basic monthly payments range from $103 for 10 percent disability to $2,163 for 100 percent disability. Generally, veterans do not receive compensation for disabilities rated at 0 percent. About 65 percent of veterans receiving disability compensation have disabilities rated at 30 percent or lower; about 8 percent are 100 percent disabled. The most common impairments for veterans who began receiving compensation in fiscal year 2000 were skeletal conditions, tinnitus, auditory acuity impairment rated at 0 percent, arthritis due to trauma, scars, and post-traumatic stress disorder.

Veterans may submit claims to any one of VBA's 57 regional offices. To develop veterans' claims, veterans service representatives at the regional offices obtain the necessary information to evaluate the claims. This includes veterans' military service records; medical examinations and treatment records from VA medical facilities; and treatment records from private providers. Once claims are developed, rating veterans service representatives (hereafter referred to as rating specialists) evaluate the claimed disabilities and assign ratings based on degree of disability. Veterans with multiple disabilities receive a single, composite rating. For veterans claiming pension eligibility, the regional office also determines if the veteran served in a period of war, is permanently and totally disabled for reasons not service-connected, and meets the income thresholds for eligibility.

If a veteran disagrees with the regional office's decision, he or she can ask for a review of that decision or appeal to VA's Board of Veterans Appeals (BVA). BVA makes the final decision on such appeals and can grant benefits, deny benefits, or remand (return) the case to the regional office for further development and

[3] Veterans who are 65 years or older do not have to be permanently and totally disabled to become eligible for pension benefits, as long as they meet the other requirements for income and military service.

reconsideration. After reconsidering a remanded decision, the regional office either grants the claim or returns it to BVA for a final VA decision. If the veteran disagrees with BVA's decision, he or she may appeal to the U.S. Court of Appeals for Veterans Claims (CAVC). If either the veteran or VA disagrees with the CAVC's decision, they may appeal to the court of appeals for the federal circuit.

## Claims Processing Continues to be a Problem

VBA continues to experience problems processing veterans' disability compensation and pension claims. These include large backlogs of claims and lengthy processing times. As acknowledged by VBA, excessive claims inventories have resulted in long waits for veterans to receive decisions on their claims and appeals. As shown in table 1, VBA's pending workload of rating related claims has almost doubled from fiscal year 1997 to fiscal year 2001. During the same period, VBA's production of rating-related claims has steadily declined from about 702,000 to 481,000. The greatest increase in inventory and decline in production occurred during fiscal year 2001.

**Table 1: Changes in VBA's Workload of Rating-Related Claims, Fiscal Years 1997-2001**

| | Rating-related compensation and pension claims | | |
|---|---|---|---|
| Fiscal year | Received | Completed | End of year inventory |
| 1997 | 740,052 | 701,717 | 213,193 |
| 1998 | 691,461 | 663,400 | 241,254 |
| 1999 | 639,070 | 630,145 | 250,179 |
| 2000 | 578,773 | 601,451 | 227,501 |
| 2001 | 674,219 | 481,117 | 420,603 |

Source: Veterans Benefits Administration.

Several factors contributed to the significant increase in claims inventory in fiscal year 2001. VBA attributes much of the increase to VCAA. According to VBA, the most significant change resulting from the legislation is the requirement to fully develop claims even in the absence of evidence showing a current disability or a link to military service. As a result of the VCAA, VBA undertook a review of about 98,000 veterans' disability claims that were previously denied under the CAVC's Morton decision.[4] In addition, the VCAA has affected the processing of about 244,000 rating-related claims that were pending at the time the VCAA was enacted and all new compensation and pension claims received since the law's enactment. These claims must be developed and evaluated under the expanded procedures required by the VCAA. VBA believes this will increase the time to process cases.

[4] In *Morton v. West*, 12 Vet. App. 477 (1999), the CAVC ruled that the VA did not have a duty to assist in developing claims unless they were "well-grounded" as required by federal statute; that is, enough evidence was provided for VA to determine that the claim was plausible. Prior to this court decision, VA policy was to assist claimants in developing a well-grounded claim. This practice, however, was not required by law, and VBA regional offices varied in the amount of assistance they provided. The VCAA (P.L. 106-475) was enacted on November 9, 2000; this law repealed the requirement that claims be well-grounded and it obligated VA to assist a claimant in obtaining evidence that is necessary to establish eligibility for the benefit being sought.

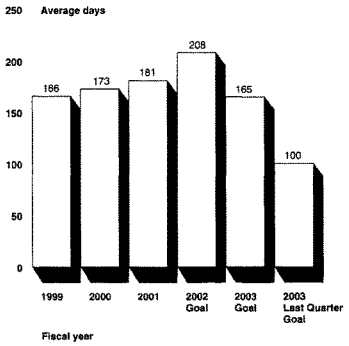
Other contributing factors included the recent addition of diabetes as a presumptive service-connected disability for veterans who served in Vietnam; the need to train many new claims processing employees; and the implementation of new VBA processing software. VBA received about 56,500 diabetes claims through November 2001 and expects to receive an additional 76,000 claims during the remainder of fiscal year 2002. The influx of new claims processing staff during fiscal year 2001 has also temporarily hampered the productivity of experienced staff. According to officials at some of the regional offices we visited, experienced rating specialists had less time to spend on rating work because they were helping train and mentor new rating specialists. Although this may have reduced short-term production, it should enable VBA to increase production in the long term by enhancing the proficiency of new staff. Furthermore, regional office officials noted that the learning curve and implementation difficulties with VBA's new automated rating preparation system (Rating Board Automation 2000) hampered their productivity.[5]

Over the last 3 years, the average time VBA takes to complete rating-related claims has increased from 166 to 181 days – which places it far from reaching its end of fiscal year 2003 goal of 100 days (see fig. 1).[6] During the same period, the average age of pending claims increased from 144 to 182 days. In fiscal year 2001, the average age of pending cases was actually greater than the average time to complete decisions. According to officials at some of the regional offices we visited, staff have recently been focusing on completing simpler and less time-consuming cases. Officials told us that focusing on completing simpler cases might result in increases in production and short-term improvements in timeliness. At the same time, it may also result in the office's pending inventory getting even older.

[5] Rating Board Automation 2000 is a system designed to assist rating specialists in preparing rating decisions on claims.

[6] VA's Strategic Plan for fiscal years 2001 – 2006 includes a strategic goal of completing rating-related claims in an average of 74 days in fiscal year 2006.

Figure 1: Average Days to Complete Rating-Related Claims, Fiscal Years 19 to 2003




Source: Department of Veterans Affairs Fiscal Year 2003 Performance Plan.

In addition to problems with timeliness of decisions, VBA acknowledges that the accuracy of regional office decisions needs to be improved. Inaccurate decisions can also lead to delays in resolving claims when veterans appeal to the BVA. Appeals to BVA can add many months to the time required to resolve claims. In fiscal year 2001, the average time to resolve an appeal was 595 days – almost 20 months. VBA has made progress in improving its accuracy; its accuracy rate for rating-related decisions increased from 59 percent in fiscal year 2000 to 78 percent in fiscal year 2001. Beginning in fiscal year 2002, VBA has revised its key accuracy measure to focus on whether regional office decisions to grant or deny claims were correct.[7] This revision to VBA's quality assurance program is consistent with a recommendation made by the 2001 VA Claims Processing Task Force.[8]

## Some Progress Made, but Meeting Production and Inventory Goals Will be Challenging

VBA has made some progress in improving its production and reducing its inventory but will be challenged to meet the production and inventory goals it has set for fiscal year 2002. Recognizing the need to address VBA's long-standing claims processing timeliness problem and excessive inventory, the Secretary of Veterans Affairs has made improving claims processing performance in its regional offices one of VA's top management priorities. Specifically, the Secretary's end of fiscal year 2003 goals are to complete accurate decisions on rating-related compensation and pension claims in an average of 100 days and reduce VBA's inventory of such claims to about 250,000.

[7] Prior to this change, VA's accuracy rate included whether decisions to grant or deny claims were correct and also included errors stemming from procedural and technical issues, such as failure to include all the documentation in the case file.

[8] In May 2001, the Secretary established the VA Claims Processing Task Force to recommend ways to improve VA's claims processing production, reduce its claims backlog, and improve its claims processing timeliness. The task force issued its report in October 2001.

To achieve these goals, VBA is focusing on increasing the number of claims decisions its regional offices can complete. At the same time, VBA has implemented two initiatives to expedite claim decisions. In October 2001, VBA established the Tiger Team at its Cleveland Regional Office, a specialized unit including experienced rating specialists, to expedite the processing of claims for veterans aged 70 and older and clear from the inventory claims that have been pending for over a year. VBA also established nine Resource Centers to process claims from regional offices that are "ready to rate." [9] A claim is ready to rate after all the needed evidence is collected.

To meet the Secretary's inventory goal, VBA plans to complete about 839,000 rating-related claims decisions in fiscal year 2002. Of these claims, the regional offices are expected to complete about 792,000, while VBA's Tiger Team and Resource Centers are expected to complete the balance of 47,000 claims. This level of production is greater than VBA has achieved in any of the last 5 fiscal years — VBA's peak production was about 702,000 claims in fiscal year 1997. However, VBA has significantly more rating staff now than it did in any of the previous 5 fiscal years. VBA's rating staff has increased by about 50 percent since fiscal year 1997 to 1,753. To reach VBA's fiscal year 2002 production goal, rating specialists will need to complete on average about 2.5 cases per day – a level VBA achieved in fiscal year 1999. VBA expects this production level to result in an end of year inventory of about 316,000 rating-related claims, which VBA believes would put the agency on track to meet the Secretary's inventory goal of 250,000 cases by the end of fiscal year 2003.

To meet its production goal, in December 2001, VBA allocated its fiscal year 2002 national production target to its regional offices[10] based on each regional office's capacity to produce rating-related claims given each office's number of rating staff and their experience levels.[11] For example, an office with 5 percent of the national production capacity received 5 percent of the national production target. In February 2002, VBA revised how it allocated the monthly production targets to its regional offices based on input from regional offices regarding their current staffing levels. In allocating the target, VBA considered each regional office's fiscal year 2001 claims receipt levels, production capacity, and actual production in the first quarter of fiscal year 2002.

To hold regional office managers accountable, VBA incorporated specific regional office production goals into regional office performance standards. For fiscal year 2002, regional office directors are expected to meet their annual production target or

[9] The Resource Centers are located at the regional offices in San Diego, California; St. Petersburg, Florida; Togus, Maine; St. Louis, Missouri; Muskogee, Oklahoma; Philadelphia, Pennsylvania; Columbia, South Carolina; Seattle, Washington; and Huntington, West Virginia.

[10] VBA had initially established production targets in March 2001 for April through December 2001. The target was to complete 52,000 rating related claims per month that would allow VBA to reduce its inventory by 1 percent per month.

[11] In determining regional office production capacity, VBA officials told us that they considered the various experience levels of regional office rating specialists. For example, rating specialists with 6 months to 1 year of experience are expected to rate half as many claims as rating specialists with more than 2 years of experience. A rating specialist with 1 to 2 years of experience would be expected to rate three-quarters as many claims as a rating specialist with over 2 years' experience.

their monthly targets in 9 out of 12 months. Generally, the combined monthly targets for the regional offices increase as the year progresses and as the many new rating specialists hired in previous years gain experience and become fully proficient claims processors.

The Tiger Team, primarily made up of Cleveland Regional Office staff, was established to supplement regional office capacity. It identifies claims of veterans aged 70 and over as well as those pending for 1 year or more and then requests these claims from the regional offices. The Tiger Team's 17 rating specialists and 18 veterans service representatives are expected to perform whatever additional development work is needed on the claims they receive and to make rating decisions on these claims. To help expedite development work, VBA has obtained priority access for the Tiger Team to obtain evidence from VA and other federal agencies. For example, VA and the National Archives and Records Administration completed a Memorandum of Understanding in October 2001 to expedite Tiger Team requests for service records at the National Personnel Records Center (NPRC) in St. Louis, Missouri. Also, VBA established procedures and timeframes for expediting Tiger Team requests for medical evidence and examinations. Veterans Health Administration (VHA) medical facilities were, in general, given 3 days to comply with requests for medical records and 10 days to provide reports of medical examinations. As of mid-April 2002, the Tiger Team has completed about 7,800 claims requested from 42 regional offices. From December 2001 through March 2002 the team's production exceeded its goal of 1,328 decisions per month. According to Tiger Team officials, its experienced rating specialists were averaging about 4 completed ratings per day. Officials added that in the short term, completing old claims might increase VBA's average time to complete decisions.

Meanwhile, the Resource Centers also supplement regional offices' rating capacity by making decisions on claims that were awaiting decisions at the regional offices. VBA officials noted that the rating specialists at the Resource Centers tend to be less experienced; thus, they are expected to produce fewer ratings per day than the Tiger Team. From October 2001 through March 2002, the Resource Centers had completed about 14,000 ratings.

Although VBA has made some progress in increasing production and reducing inventory, achieving its fiscal year 2002 production and inventory goals will be challenging. VBA expects to increase production in the second half of the fiscal year. During the first 6 months of fiscal year 2002, VBA produced about 368,000 decisions – 61,000 per month. To meet its goal of producing 839,000 rating decisions for the fiscal year, VBA must increase its production to about 78,000 decisions a month for the second half of the fiscal year. Meanwhile, the rating-related inventory declined by 2 percent during the first half of fiscal year 2002. To reach VBA's inventory goal of 316,000 claims by the end of fiscal year 2002, the inventory must decline by another 23 percent over the next 6 months.

Officials at some of the regional offices we visited said they were having difficulty reaching their production targets. Some offices were "cherry picking" — completing easier cases in order to meet production goals. Meanwhile, older claims were not being worked. While the Tiger Team is designed to resolve some of these older

claims, regional offices will eventually have to handle this workload. Another issue raised by officials at one regional office was inadequate numbers of staff to develop claims for the rating specialists. While VBA has defined capacity based on the number and experience of rating specialists, regional offices also need sufficient veterans service representatives to develop claims for the rating specialists.

## Even if VBA Meets Its Production and Inventory Goals, Meeting Timeliness Goal Will be Difficult

VBA will likely have difficulty meeting the Secretary's fiscal year 2003 timeliness goal, even if it meets its production and inventory goals. VBA will have to cut its average claims processing time by more than half – from an average of 224 days in the first half of fiscal year 2002 — to meet the 100 day goal. However, improving timeliness depends on more than just increasing production and reducing inventory. VBA also needs to address long-standing problems affecting timeliness. VBA needs to continue to make progress in reducing delays in obtaining evidence; ensuring that it will have enough experienced staff in the long term; and implementing information systems to help improve claims processing productivity. Furthermore, external factors beyond VBA's control, such as decisions made by the CAVC and the filing behavior of veterans, will continue to affect VBA's workload and its ability to make sustained improvements in performance.

Much of the delay in completing claims is not related to the time a rating specialist spends on the claim. Rather, delays come in the development process – time waiting for evidence. The Tiger Team has been able to achieve high production levels, in part, through priority access to service and VHA medical records and expedited VHA medical examinations. However, not every regional office can benefit from such expedited access. VBA needs to continue its progress in reducing delays in general. VBA has initiatives to improve its access to evidence needed to decide claims. For example, VBA has established an office at the NPRC to expedite regional office requests for service records. Also, VBA has initiatives to obtain better and more timely medical information from VA medical facilities. VBA has access to VHA's medical records database. Also, VBA and VHA have established a Joint Medical Examination Improvement Office to help identify ways to improve the quality and timeliness of VHA's compensation and pension medical examinations. While these initiatives seem promising, it is unclear the extent to which they will improve timeliness.

VBA needs to ensure that it can maintain the necessary expertise to process claims as experienced claims decision makers retire over the next several years. To accomplish this, VBA needs to ensure that its new claims processing staff are receiving the necessary training and on the job experience to become proficient and that it retains these employees. VA plans to complete a workforce plan in 2002, which should address VBA's succession planning needs. Also, VBA needs to continue its progress in implementing its training and performance support system for claims processing staff.

Furthermore, VBA needs to overcome delays in implementing its information system improvements. We recently noted that, after 16 years, VBA is still experiencing delays in implementing its

replacement benefit delivery system.[12] Also, officials at some of the regional offices we have visited noted that the initial implementation of rating board automation (RBA) 2000 – the application designed to assist rating specialists in rating benefit claims – has reduced their rating production.

These challenges affect not only VBA's ability to meet its fiscal year 2003 goals, but also its ability to sustain the progress it makes in improving claims processing performance. To sustain its progress, VBA needs to be able to maintain increased production levels, so it can deal with future events that could significantly increase its workload. Recent history has shown how actions by VA, the Congress, and the CAVC can have significant impacts on VBA's workload. For example, VA's decision to provide compensation to Vietnam veterans with diabetes is having a significant impact on VBA's workload. By the end of fiscal year 2003, VBA expects to have received 197,500 diabetes claims. VBA has cited the influx of diabetes claims as a factor in its fiscal year 2001 inventory increase. Also, the CAVC's Morton decision, and the Congress' reaction in passing the VCAA, show the impact of procedural changes on VBA's workload. In fiscal year 2000, VBA reduced its rating-related inventory from about 250,000 to about 228,000 in part because regional offices denied more than 98,000 claims as not well-grounded under Morton. However, the overruling of Morton by the VCAA was a major factor in the increase in inventory for fiscal year 2001 and is expected to have a continuing impact on timeliness because of lengthened timeframes for obtaining evidence.

VBA is working hard to meet the Administration's commitment to improve its service to veterans by providing more timely decisions on their claims. VBA is better staffed to meet its claims workload than it has been in recent years. This, in turn, should translate into a more productive VBA workforce in the future. However, increasing staffing is not enough. VBA needs to address many of the same challenges to improving timeliness we reported in May 2000 – such as improving waiting times for evidence. VBA has a number of initiatives to improve its process, including the implementation of the Claims Processing Task Force's recommendations. VBA needs to continue its progress, while also addressing its future succession planning and information technology needs. By addressing these challenges, VBA can better ensure that it will be able to sustain the performance improvements it makes in fiscal years 2002 and 2003.

Mr. Chairman, this concludes my prepared remarks. I would be pleased to respond to any questions you or Members of the Subcommittee may have.

[12] U.S. General Accounting Office, *VA Information Technology: Progress Made, but Continued Management Attention Is Key to Achieving Results*, GAO-02-369T, (Washington, D.C.: Mar. 13, 2002).

## GAO Contact and Staff Acknowledgments

For further contacts regarding this testimony, please call Cynthia A. Bascetta at (202) 512-7101. Others who made key contributions to this testimony are Irene Chu, Steve Morris, Martin Scire, and Greg Whitney.

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(130134)

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**for Policy and Program Management**

**Veterans Benefits Administration**

**Before the**

**Subcommittee on Benefits**

**Committee on Veterans' Affairs**

**U.S. House of Representatives**

**April 26, 2002**

*

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify today on the Department of Veterans Affairs disability claims processing. I am pleased to be here with you to address the challenges VA faces in processing disability claims and our efforts to improve the system.

Workload trends during 1999 and 2000 have shown improved processing times and a reduction in backlog from previous years. In FY 2001, however, VBA experienced a significant increase in the volume of incoming work, which greatly affected our claims processing timeliness. This increased workload is attributed to the following factors:

- Veterans Claims Assistance Act (VCAA) resulted in a review of more than 98,000 previously denied cases, and additionally required review of 238,000 claims already in our pending inventory, to ensure compliance with the Act;
- VA's expanding outreach efforts to separating service members;
- new legislation resulting in the receipt of 66,000 Type 2 Diabetes claims based on exposure to Agent Orange; and
- the requirement to review 13,000 previously adjudicated Diabetes claims under the Nehmer stipulation.

VBA has taken steps to diminish the current claims inventory. Our goal is to reduce the claims inventory to 250,000 by the end of FY 2003. To attain this goal, VBA is committed to achieving an end of FY 2002 inventory of approximately 315,000 rating-related cases.

Mr. Chairman, first and foremost I want to stress that a claim is not fully adjudicated until the decision is right. We have increased our efforts to measure quality and can demonstrate that quality is improving. I will further address the issue of quality later in my testimony.

We have increased the number of people and hours dedicated to claims resolution. As a result of this action along with additional countermeasures, we have significantly increased our production of rating decisions in the latter months of FY 2001 and into this year, which is key to reducing the claims backlog. We expect our production to continue to increase as many of our recently hired employees gain additional experience and we begin to implement the recommendations of the Claims Processing Task Force.

Monthly rating production targets have been set for individual Regional Offices to track our progress and improve focus on the overall National target. Production targets were created for the periods April through December 2001, and January through September 2002. They are based on a combination of factors, including the station's capacity to rate cases, as well as on the number of claims they receive in a given period.

The sum of the each station's production targets, plus the Tiger Team targets and Resource Center targets, equals the number of completed claims necessary to achieve our FY 2002 target of about 315,000 rating-related claims. (Discussion of the Tiger Team and Resource Centers to follow later.) These targets were established using the assumption that the number of claims received would remain consistent with past trends. However, the number of claims received has increased by 14.1% during the first half of the year primarily because of duty to assist (DTA), Diabetes, and Nehmer cases, thus compounding our challenge.

Nevertheless, we have made progress. For the first six months of FY 2001, VBA completed 191,022 claims. For the same period in FY 2002, that figure increased by

92.4% to 367,476 claims completed. In other words, in only six months, VBA has already completed 76.4% of the total number of claims completed in FY 2001.

VBA's February production of 73,627 claims was the highest in over five and a half years. During the month of March 2002, 41 out of 57 regional offices met their production target. We consider these figures very promising since only 48.8% of VBA's Rating Veterans Service Representatives (RVSRs), those who rate disability claims, are considered to be fully trained. Fully trained RVSRs are those who have over two years of experience. We recently increased the number of employees dedicated to rating claims. Over 500 new RVSRs completed an extensive training program last fall. As these employees become more proficient in the claims process, we expect our production to increase.

**Countermeasures**

VA has implemented several of the recommendations made by the Secretary's Task force to ensure our focus remains on timeliness and accuracy as we strive toward our goal.

VBA has established performance requirements for every Director that are tied directly to the Secretary's priorities. Specific service delivery goals have been set for:

- achievement of accuracy targets as mandated by the Balanced Scorecard,
- monthly rating production,
- improvement in processing times,
- reduction in the number of cases pending over six months,
- reduction in the total pending inventory of claims,
- reduction in the number of pending appeals,
- improvement in remand timeliness, and
- timeliness standards for putting cases under control in VBA's data processing systems.

The Directors' performance plans also state that if any of the service delivery goals are not met, the Director is required to submit compelling mitigating reasons why and identify actions that are being taken to improve the performance. These submissions, or "wellness plans", are detailed analyses of the current situation, causes for the non-performance, and development and implementation of countermeasures.

If the wellness plan does not result in performance improvements and no mitigating reasons exist, appropriate administrative action will be taken.

We are also acting on another key recommendation of the Task Force – to strengthen accountability throughout the organization. We recognize that, to achieve our goals, accountability must be at the forefront of VBA's efforts. Each Regional Office must know the processes and results expected, and headquarters must be completely aware of the status of actions and processes at each regional office. In order to hold Regional Office Directors and their staffs accountable, we will assure that there is nationwide consistency in the business processes, the data processing applications, and the procedures that are being used in the field to process claims. We are issuing, and will continue to issue, clear guidance in terms of how work should be accomplished, along with specific and measurable performance targets. At the same time, we will establish appropriate monitoring and inspection systems to measure and ensure compliance.

In addition to these measures, we are implementing several recommendations of the Task Force report specifically aimed at helping VBA achieve and sustain higher levels of productivity. One such proposal involves the establishment of specialized processing teams within each Veterans Service Center. Specialization will narrow the focus of each employee's job and result in a more efficient claims process. These new processing teams are currently being proto-typed in four Regional Offices.

Other recommendations included consolidating pension maintenance work at three Pension Maintenance Centers and reestablishing phone units, both of which will allow Veterans Service Representatives to spend more time processing claims. Similarly, the Task Force recommendation to have the Board of Veterans' Appeals develop for additional evidence rather than remanding cases to the Regional Office will also free up resources in the Regional Offices to spend more time on new claims, as well as reduce the time necessary to process appeals. The final regulations implementing that recommendation became effective February 22, 2002.

**Tiger Team Concept**

As part of the challenge to reach our FY 2003 goals, the Secretary launched a major effort to resolve 81,000 of VBA's oldest claims, those that have been pending for

more than a year. A key element of that effort involves the establishment of the Tiger Team, which is charged with tackling many of these oldest claims over an 18-month period. Its first priority is the long pending claims of veterans who are 70 years of age and older, and then moving on to claims of other veterans who also have been waiting for a decision for more than a year. Since its establishment, more than 11,500 cases have been redirected to the Tiger Team for processing. To date, over 8,000 of those cases have been completed.

The Tiger Team concept is not new to VBA. During FY 2001, we designed nine Service Resource Centers to add processing capacity to each area of the country. These resource centers provide special expedited service in support of both the Tiger Team and other priorities identified by the Secretary.

In addition, VBA has centralized the processing of claims from children with certain birth defects who were born to women who served in the Republic of Vietnam. The Denver Regional Office is responsible for processing all claims that fall under this new category.

As you can see, we believe this type of focused approach is beneficial to our process and we will continue to adapt the concept for future use.

**Quality Assurance**

While VBA has made dramatic improvements in the accuracy of its decisions, we understand the concern that focus on production targets and higher levels of output may affect quality. We are aware of this risk and we are acting to mitigate it. We modified our quality assurance process for FY 2002, by implementing the task force recommendation to accurately measure processing errors that affect entitlement. The Systematic Technical Accuracy Review (STAR) program was initially designed to measure accuracy for each of our nine Service Delivery Networks (SDNs). Regional Office accuracy results were based on the accuracy rate received by their SDN. STAR has now been adapted and expanded to provide individual Regional Office accuracy results based on national reviews and to redefine claims processing errors based on benefit entitlement decisions. We will continue to cite and correct all errors from the original STAR methodology, but we will now emphasize actions directly affecting entitlement.

Beginning with reviews of work completed during FY 2002, the accuracy rate is captured based upon the following review categories: addressing all issues, VCAA compliant claims development, correct decisions, and correct payment dates. The core accuracy measurement is labeled "***benefit entitlement***". It will be recorded on VBA's balanced scorecard and reported as the official accuracy rate for compensation and pension claims processing.

To independently assess regional office accuracy, the sample size for national reviews was increased by over 11,000 cases for rating and authorization reviews (from 6,300 to 17,640). This revised sample provides an adequate sample size to assess regional office accuracy.

The results of reviews, conducted thus far in FY 2002, show accuracy rates consistent with last year's improvement in most areas. We have identified an emerging trend related to our recent VCAA legislation and we are taking corrective measures. The field stations were made aware of the categories where the greatest percentage of errors were found—both related to VCAA—and a reminder to closely follow the guidance issued by the C&P Service on the implementation of duty-to-assist.

The recent data shows a moderate improvement in the accuracy of authorization decisions. The benefit entitlement accuracy rate for authorization decisions, based upon the most recent data, is 77%. In comparison, the authorization accuracy rate for FY 2001 was 65%.

The Under Secretary for Benefits is requiring regional office directors to provide certification that "retraining" was conducted on the implementation of duty to assist, as spelled out in VBA Letter 20-02-12. Over the next few months, close attention will be paid to the rating quality measurement to determine whether the "retraining" efforts outlined in the aforementioned VBA Letter resulted in improvements.

**Conclusion**

While VBA faces many challenges ahead, we believe that our current strategies will not only further our efforts to reach the goal of 100 days for claims processing time, but will also serve to improve our business practices. In addition, we look forward to working with our new Under Secretary for Benefits, Admiral Daniel L. Cooper, to provide increasingly higher service to our nation's veterans.

**Testimony of**

**Director Carl E. Lowe II**

**Department of Veterans Affairs (VA) Regional Office**

**Waco, Texas**

**Veterans Benefits Administration**

**Before the**

**Subcommittee on Benefits**

**Committee on Veterans' Affairs**

**U.S. House of Representatives**

**April 26, 2002**

Mr. Chairman and members of the Subcommittee, thank you for inviting me to participate in today's hearing. Recent world events have shown how essential the sacrifices made by servicemembers and their families are in preserving peace and liberty. The vital mission of serving nearly 1 million veterans and their family members is highly motivational to the 453 employees of the Waco VA Regional Office. Our employees are known for their integrity, accountability, and pride in accomplishment.

Our service area includes veterans and dependents in 164 counties in the northern two-thirds of Texas. Awards processed at our office result in annual outlays of VA benefits that total nearly $1 billion.

While our Regional Office is located in Waco, our service area extends from El Paso to Texarkana, and from Austin to Amarillo. We provide veterans benefits information and services from the Regional Office and 14 outbased locations. The outbased locations include the VA Medical Centers or Outpatient Clinics in El Paso, Austin, Amarillo, Big Spring, Dallas, Fort Worth, Lubbock, Marlin, Temple, and Waco. In addition, we provide service from outbased offices in Dallas and Tyler. We have 8 employees at Fort Hood, and 15 at El Paso. Congressman Chet Edwards maintains a permanent office and staff in the Regional Office building.

Our employees conduct over 380,000 telephone interviews with veterans and dependents annually. They conduct over 82,000 personal interviews annually, at the Regional Office and our outbased locations.

For the past 2 years, the Waco Regional Office has been adequately funded to support our employment, travel, and other needs. Our annual budget for FY 2001 was $22,883,000, and our annual budget for FY 2002 is $26,398,000. Also, we used $395,000 to provide vocational rehabilitation and employment counseling under contracts in local communities during FY 2001.

Our full-time Homeless Veterans Coordinator provides veterans benefits counseling and assistance to homeless and indigent veterans in Dallas, Fort Worth, and surrounding areas. The Homeless Veterans Coordinator is outbased at the Dallas Day Resource Center, which is part of the North Texas Veterans Health Care System.

We have eight full-time Field Examiners who work from outbased locations throughout our service area. They assist veterans and their dependents who are unable to manage their funds, due to physical or mental disabilities.

The following veterans service organizations have full-time representatives located in the Regional Office: the American Legion, the Veterans of Foreign Wars, Disabled American Veterans, AMVETS, Paralyzed Veterans of America, Military Order of the Purple Heart, and the Texas Veterans Commission.

We have provided instruction in the Training, Responsibility, Involvement, and Preparation (TRIP) Program to accredited veterans service organization representatives who work in the Regional Office building. The TRIP program involves leveraging the expertise of veterans service officers to assist our customers in providing us with more complete evidence for their claims.

Under a pilot test, we were one of the first VA regional offices involved in VA's Pre-discharge Development, Examination, and Rating Program. We provide services under the Pre-discharge program at Fort Bliss; and Fort Hood, which is the largest military installation in the free world. The program is a joint

effort with the Department of the Army, the VA Health Care System in El Paso, and the Central Texas Veterans Health Care System in Temple.

The Pre-discharge program is designed to assist servicemembers who are approaching release from active duty, by processing their claims for disability compensation prior to discharge. Under the program, we have reviewed over 5,500 claims for disability compensation at Fort Hood, and nearly 1,700 claims at Fort Bliss.

We provided the first outreach services at an overseas location under the Pre-discharge program and the Transition Assistance Program. In this special initiative, we assisted members of the Texas Army National Guard serving with the United Nations peacekeeping forces in Bosnia. Two of our employees briefed National Guard members about VA benefits, accepted claims, and evaluated disabilities while on location. The initiative received extensive coverage in the Army Times, VAnguard (VA's employee magazine), and other publications.

To assure that all veterans and their families in our service area are aware of their entitlement to VA benefits and services, we conduct one of the most active outreach programs in the nation. We sponsor outreach events in many local communities, where we conduct personal interviews with veterans and dependents about their claims, our decisions, and their benefits awards. Our outreach teams are made up of Veterans Service Representatives (VSR), Rating VSRs (RVSR), Decision Review Officers (DRO), and Vocational Rehabilitation Specialists who volunteer to participate in these outreach events.

When representatives of the General Accounting Office (GAO) visited our office recently, they recognized that our outreach program could provide an excellent model for use by other VA regional offices. At their request, we submitted a White Paper to GAO, outlining our outreach activities and community involvement.

We receive frequent compliments from veterans and community leaders about our outreach efforts. For example, the Community Affairs Specialist for

KWTX Channel 10 Television said, "I'm seeing a great difference in the attitudes of veterans, because of the Waco VA Regional Office's outreach activities. The veterans feel that the people at the regional office are listening and care about helping them."

The well-being of Former Prisoners of War (POW) and their survivors is especially meaningful to us, because of the extreme suffering they endured while in captivity. We conduct Former POW Outreach Seminars frequently, in communities throughout our jurisdiction.

Through interviews at the seminars, we identify former POWs who are entitled to higher levels of VA disability compensation based on changes in legislation. We assist many surviving spouses of Ex-POWs who have never applied for Dependency and Indemnity Compensation (DIC) at these events. Since we have had several recent legislative improvements, we are conducting a review to ensure that the former POWs in our service area are receiving all available benefits. Where former POWs are not in receipt of disability compensation at the 100 percent rate, we telephone them to encourage reopening of their claims. In many cases, we are able to award 100 percent evaluations based on Individual Unemployability.

Our employees are energized by their experiences at outreach events. One employee observed, "I came away with a renewed spirit, and a sharper image of how my job affects people's lives."

Local veterans service organizations are supportive of our outreach activities. They provide facilities where the meetings can be held, help publicize the events, and coordinate with veterans who have problems or need to discuss their claims with someone from our office. In our Veterans Advisory Council, we are partners with representatives from all major veterans service organizations, and the Central Texas Veterans Health Care System.

Our central mission is to award the VA benefits and services that have been earned by our Nation's veterans and their family members. Last August, Secretary of Veterans Affairs Anthony J. Principi addressed over 1,000 veterans and dependents during a Town Hall Meeting in El Paso, which was sponsored

by Congressman Silvestre Reyes. During that event, Secretary Principi made a statement that exemplifies the feelings of our employees about serving veterans. He said, "These are your benefits, and we are the means to help you gain access to them."

As a result of awards processed by our staff, over 151,000 veterans and dependents are receiving VA benefits each month. Nearly 110,000 of these awards are based on service-connected disabilities. Awards made at our office have produced VA benefits payments that total over $90 million per month.

Our Veterans Service Center staff makes nearly 100,000 decisions on claims per year. Currently, we have 26, 607 claims for which decisions are pending. In the past two months, we have reduced our pending workload by almost 3,000 claims.

In the last 12 months, we have established nearly 101,000 claims for processing, including original claims and reopened claims. The Secretary of Veterans Affairs initially proposed a regulation which presumed service connection for Vietnam veterans with Type II Diabetes, secondary to exposure to herbicides. Congress then followed with legislation which resulted in the Waco Regional Office receiving over 4,400 claims for service connection for Type II Diabetes and related disabilities. Another 4,300 claims resulted from new legislation regarding VA's duty to assist veterans in the development of their claims. An additional 900 cases came from our completion of a review required by a U.S. district court decision in the case of *Nehmer v. VA.*

We strongly support President George W. Bush's commitment to make the processing of applications for veterans benefits faster, easier, and more accurate. As part of this effort, we are systematically implementing the recommendations of the VA Claims Processing Task Force. The task force was chaired by retired U.S. Navy Vice Admiral Daniel L. Cooper, who was sworn in as VA's Under Secretary for Benefits on April 2, 2002.

The Task Force submitted 34 recommendations for improving claims processing to Secretary Principi in October 2001. We have implemented many

of the Task Force's recommendations. Even prior to the official release of the report, we had some of the recommended innovations in place.

We appreciate the opportunity to send claims to the Tiger Team established in Cleveland by Secretary Principi for rapid development, rating decisions, and award processing. Nearly 900 claims forwarded from our office have been processed promptly by the Tiger Team. Also, we sent ready-to-rate cases to the satellite rating activity at the Muskogee Regional Office, which has processed over 1,200 cases for our office.

We have implemented the Task Force recommendation that calls for making "partial grants" of benefits, while obtaining additional evidence. On claims with multiple issues, we grant benefits on all the issues we can, and continue our efforts to obtain evidence on the other issues.

To assist in reducing workload, we have developed specialized claims processing teams, as recommended in the Task Force report. For example, we have a Special Service Team, which gives priority processing to claims that have received Congressional interest; and claims from veterans who are homeless, have other hardships, or have terminal illnesses.

Also, we have teams that specialize in performing the following activities:

- processing rating decisions
- preparing claims for rating decisions by obtaining necessary evidence
- processing appeals
- conducting personal and telephone interviews
- completing special projects, and processing burial claims
- performing general claims processing, and
- sorting claims and evidence received to establish automated controls.

Each claims processing team conducts "triage" reviews of claims as they are received. Using triage procedures, team members identify those claims which can be processed quickly, without the need to obtain additional evidence.

We also specialize within our Appeals Team. Task teams are assigned to process remands, Notices of Disagreement, hearings, and the oldest docketed appeals cases.

Fortunately, we have received additional staffing to address the increasing number and complexity of claims received within the past few years. This allows hiring and promotions of capable employees to decision-making positions, including Veterans Service Representative (VSR) and Rating VSR (RVSR). We have 85 RVSRs who make rating decisions on claims. In addition, we have 14 Decision Review Officers (DRO) whose primary responsibilities are processing appeals and providing training to our rating VSRs. The VSRs support the RVSRs and DROs by preparing claims for rating decisions, and processing awards after rating decisions have been made.

We believe than our initial investment in training is an important key to improving the timeliness of claims processing. If an employee is trained well, he or she will work at a high level of quality. Timeliness is improved as a direct result, since employees save the time and energy it takes to rework cases because of errors. Increased accuracy enhances the service we provide to veterans.

Since many of our employees in decision-making positions have been hired or promoted recently, we provide intensive training for them. About half of our VSRs and RVSRs have less then 2 years of experience in their positions. We use the automated Training and Performance Support System (TPSS) and the Advisor program to provide computer-based training that combines interactive lessons with small group learning experiences.

To improve productivity and timeliness, we provide extensive, ongoing training to VSRs on effective screening of claims and reviewing of evidence. To streamline rating activities, we provide training on promptly identifying relevant medical evidence, and preparing effective written summaries in rating decisions.

We maintain a high level of quality in processing appeals. For the month of March 2002, the percentage of cases remanded back to our office from BVA was 8.11 percent, compared to 14.53 percent for all regional offices. Fiscal year

to date, BVA has reversed decisions in less than 20% of the appeals from our office as compared to a national rate of more than 24%. The DROs and VSRs on the Appeals Team work closely with veterans service officers, to assist in resolving appeal issues or making timely submission of appeals to BVA.

In addition to the centralized training provided at the national level for both VSRs and RVSRs, we establish training teams for new or recently promoted employees. The teams remain together during a period of formal training, to gain practical experience in processing claims before becoming part of regular teams. This allows them to build a solid foundation of quality in claims processing, prior to experiencing the demands of managing a large workload.

We use Inventory Management System reports to carefully monitor and analyze the progress of claims in each stage or "cycle" of claims processing. This has assisted us in identifying and implementing specific actions to improve timeliness for each of the following cycles of claims processing:

- establishing automated controls for claims promptly upon receipt
- pulling claims folders and delivering them to decision makers
- obtaining the evidence necessary for accurate decisions
- completing rating decisions
- processing award actions and authorizing awards

In addition, we have developed written performance plans that establish specific requirements for VSRs and RVSRs for productivity, quality, and timeliness in claims processing. We review the quality of completed cases monthly, using a nationally developed quality review checklist.

For increased efficiency, we use the latitude given by VA Central Office for use of Rating Board Automation (RBA) programs to prepare rating decisions. We allow our more experienced RVSRs to use the regular RBA program for cases that have not been established previously in the newer RBA 2000 program. However, all recently-selected RVSRs are trained in and continue to use the newer system.

We carefully plan the use of available overtime funds to achieve maximum productivity. We focus the use of overtime funds on processing claims that have been pending for over 6 months, claims from veterans who are over age 70, and appeals and remands.

We have close working relationships with the nine VA medical facilities that perform examinations for our claims. We use videoconferencing, as well as personal visits, to discuss examination requirements and administrative procedures with the medical facility staff members. To ensure that exams are completed promptly and accurately, we communicate by phone when questions related to particular exams arise. Seven of the medical facilities return completed exams within 30 days of our requests; and the other two facilities are averaging 34 days and 41 days. The VHA standard or goal is thirty-five days.

We appreciate the assistance provided recently to regional offices by representatives of BVA. A BVA team working at the Cleveland Regional Office has assisted us greatly by processing Statements of the Case on appellate actions from our office. We continue to provide appellate cases to this team on a weekly basis. During a recent visit to our office, attorneys from BVA assisted us by:

- Reviewing and providing guidance on appeal cases,
- studying the effects of remanding cases back to regional offices, and
- developing improvements in procedures for obtaining additional evidence needed to process appeals.

We are in complete harmony with Under Secretary Cooper's vision of what our employees can accomplish in the future. In a recent letter to each regional office Director, Under Secretary Cooper wrote, "Most importantly, <u>you lead (not manage) people</u>, some of whom are experienced, some of whom are new, but all of whom are intelligent. Many of them have the potential to do things you never thought possible years ago. And, you are responsible for mentoring them, training them, and inspiring them to do things they do not even realize they could do."

We want to serve veterans, their families, and the citizens of Texas with all of the compassion they have earned and deserve. We make extensive efforts to ensure that veterans and their dependents are aware of the full range of VA benefits and services to which they may be entitled.

We have implemented multiple initiatives that improve timeliness and quality in processing claims. We have given special emphasis to processing the claims that have been pending longest, as well as appeals. We focus on promptly adopting innovations that allow more effective use of our staff, information technology, funding, and other resources. We are guided by Under Secretary Cooper's statement of absolute principles which must always dominate our actions: Integrity, Professionalism, and Accountability.

This completes my formal presentation to the Subcommittee. I will be happy to answer any questions.

House Committee on Veterans' Affairs
Subcommittee on Benefits
Field Hearing on Department of Veterans Affairs Claims Processing
April 26, 2002

**Vitae,**
**Testimony**
**for**
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**PROFESSIONAL SKILLS**

Management, Supervision, & Instruction; Consultant to Management at the national, regional state, and local levels in Veterans Affairs; Developer and Presenter of national, regional, and local Training Seminars & Conferences.
Bilingual: English/Spanish

**EXPERIENCE**

Dept. of Veterans Affairs – El Paso Vet Center, El Paso, TX — 1989-Present
Position: **Director**
Duties: Direct all administrative and clinical operations of a counseling program for veterans and their families; Supervise counseling, administrative support, and ancillary staff in carrying out all program functions; Manage fiscal, supply, purchasing, and contract administration operations. Provide management consultation services to local organizations via advisory groups; Collaborate with public and private organizations to develop and present seminars aimed at improving individual and organizational opportunities for success.

Dept. of Veterans Affairs – Readjustment Counseling Service, Dallas, Texas — 1986-1989
Position: **Deputy Regional Manager**
Duties: Provided direct assistance to Regional Manager in oversight of 25 programs in a 6 state region; Administered all fiscal, supply, personnel, and contract administration functions; Supervised over 100 employees and managed a budget of over 7 million dollars.

Traveled extensively to provide administrative and clinical consultation to Directors and their staffs throughout the southwest region; Provided training in various topics to include management, computer hardware and software applications, supervision, and clinical operations.

Provided management consultant services to 6 other regions; Developed and presented management seminars at the national, regional, and local levels; Coordinated regional training conferences, to include contracting with hotels, faculty, and travel arrangements for over 100 employees.

Dept. of Veterans Affairs – Boston Vet Center, Boston, MA — 1985-1986
Position: **Director**
Duties: Directed administrative, fiscal, contracts, and clinical operations in and around the Boston area; Developed and presented training seminars; Collaborated with area veteran and non-veteran organizations to provide readjustment counseling services to veterans and their families.

Dept. of Veterans Affairs – El Paso Vet Center, El Paso, Texas — 1983-1985
Position: **Social Worker**
Duties: Assisted the Director in administration of program operations; Provided readjustment counseling services to veterans and their families; Collaborated with local veterans in development and start-up of a veterans service organization.

**EDUCATION**

University of Texas, Austin, Texas — 1978-1980
Degree: **MSSW** - Social Work Administration & Planning
University of Texas at El Paso, El Paso, TX — 1969-1977
Degree: **B.A.** - Sociology/Social Work

**MILITARY**

U.S. Air Force — 1971-1975

**REFERENCES**

Available upon request

Mr. Chairman and Members of the Subcommittee:

We wish to commend you for scheduling this hearing on veterans' benefits claims administered by the Department of Veterans Affairs, particularly in processing of disability claims and how to make the system better.

The Department of Veterans Affairs – Readjustment Counseling Service – was established with a mission as follows: Vet Centers serve veterans and their families by providing a continuum of quality care that adds value for veterans, families, and communities. Care includes professional readjustment counseling, community education, outreach to special populations, the brokering of services with community agencies, and provides a key access link between the veteran and other services in the U.S. Department of Veterans Affairs. In carrying out our mission, we have identified areas which we believe need to be addressed and in which we can be of assistance in improving the business process of the Veterans Benefits Administration (VBA).

1) A backlog of claims is a major issue facing the VBA today. This much faceted issue has been addressed through Secretary Anthony J. Principi's Commission of the Claims Processing Task Force whose purpose was to identify and provide ways to fix or improve the business process of VBA. Recommendations made by that task force include looking at quality and time lines of the VA's disability claim process, to include strong oversight by Congress to ensure corrections in the disability claims process to benefit veterans and family members.

2) A significant finding of the Claims Processing Task Force was that the number of VARO staff and overall level of training is not adequate to handle the volume of claims in a timely and proper manner. I would like to offer the following observations and recommendations based on over 19 years of working with the Vet Center as an advocate for veterans applying for veterans benefits:

   a. In the area of staffing, major contributors to challenges in the disability claims process include the hiring, training, retention, and succession planning regarding personnel.

      1. Hiring practices, starting with benefits counselors on up, it is recommended that staff could benefit from improved basic skills and attitudes necessary to:

         - Understand the problems our veterans present
         - Communicate effectively with veterans and family members so that all parties are clear on the purpose of the visit and the problem to be solved.
         - Develop problem-solving skills so that the claims process can be resolved at the lowest level possible
         - Utilize current technology to expedite the disability claims process from initial application to the decision point.

      2. Training practices, it is recommended that in addition to basic knowledge of the claims process, that staff be provided with extensive training and development in medical and psychosocial areas of functioning, to include Post Traumatic Stress Disorder (PTSD). This training is particularly important with our aging WWII, Korea, and Vietnam Veteran population.

3. Retention, it is recommended that incentives be provided to encourage employees not only to remain with VBA, but to also put in place the support systems that enable every employee in the organization to work together to achieve VBA's goal collectively.

4. Succession Planning – In view of the approaching retirement of many of our VA employees, particularly within the Veterans Benefits Administration, VBA will be losing a wealth of experience. Case in point is the retirement of a rating specialist who was operating out of the local VA health care facility. His retirement and the relocation of his partner left a significant void, which has been felt tremendously by our local veteran community. Improved succession planning is needed to ensure continuity in the provision of disability claims assistance for our veterans and family members.

b. In the area of customer service, I would like to recommend that we replace telephone answering machines VA wide with live people to respond to veterans, family members, veteran advocates, and other interested parties upon contacting

**CONCLUSION**

The staff at the El Paso Vet Center has worked collaboratively with Veterans Benefits Assisi stance, Veterans Health Administration, and the National Cemetery Administration to improve the quality of services to our veteran community and family members. VBA has identified many problems and is working diligently to find solutions that will provide improved service to veterans and their families. We support much-needed changes in the form of vigorous, comprehensive quality assurance programs and in hiring, training, retention, and succession planning regarding personnel. We stand firm on our mission to serve veterans and their families by providing a continuum of quality care that adds value for veterans, families, and communities. In carrying out our mission, we are ready to work and collaborate as partners with VBA, Veterans Service Organizations, VHA, and any other entity desiring to work toward improving the business process of the Veterans Benefits Administration (VBA).

Mr. Chairman, we appreciate the oversight provided by this committee in helping VBA meet its responsibility to our nation's veterans and their families.