

**STATEMENT OF
JOSEPH A. VIOLANTE
NATIONAL LEGISLATIVE DIRECTOR
OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY, HOMELAND DEFENSE
AND FOREIGN OPERATIONS
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES
JULY 18, 2012**

Chairman Chaffetz, Ranking Member Tierney and Members of the Subcommittee:

On behalf of the Disabled American Veterans (DAV) and our 1.2 million members, all of whom are wartime disabled veterans, thank you for the opportunity to present testimony on the many issues related to reforming the Department of Veterans Affairs (VA) claims processing system. The timely payment of adequate disability compensation to veterans who have been permanently disabled in service is one of the highest obligations our nation must fulfill. Unfortunately, today there are too many veterans waiting too long to receive decisions on their claims for these benefits that are far too often wrong. While these problems have persisted for decades, over the past three years the Veterans Benefits Administration (VBA) has taken important strides toward comprehensively transforming its claims processing system. It is far too early to make judgments about whether it will succeed, and there are many challenges remaining, but there are some reasons to be optimistic that it could succeed. As an organization dedicated to building better lives for veterans, their families and survivors, DAV is proud to play a role in helping VBA in this process.

Since 1920 DAV has offered free representation to veterans, their dependents and survivors seeking benefits and services from VA and other government agencies. In this capacity, DAV National Service Officers (NSOs) focus on educating injured and ill veterans about their benefits and the claims process, assisting them with filing claims for benefits and then by advocating on their behalf to ensure they receive all the benefits and services they have earned through their service. DAV has the nation's largest service program, with 100 offices located throughout the United States and in Puerto Rico and a corps of approximately 240 NSOs and 30 Transition Service Officers (TSOs). DAV provides free representation to veterans and their families with claims for benefits from the VA, the Department of Defense and other government agencies, representing more veterans than all other accredited veterans service organizations (VSOs) combined. In 2011, DAV NSOs and TSOs assisted nearly a quarter million veterans and their families with their claims, obtaining over \$4 billion in new and retroactive benefits. By helping veterans file more complete and accurate applications for benefits, DAV and other VSOs assist VA by reducing their workload and ensuring more accurate claims decisions.

Mr. Chairman, the problems plaguing the VBA claims processing system are well known: the number of claims filed each year is growing; the complexity of claims filed is increasing; the backlog of claims is staggering; and the quality of the claims decisions remains

far too low. These problems did not arise over the past year or the past four years, or even the past ten years for that matter, nor will they disappear this year or next. VBA has struggled for decades to provide timely and accurate decisions on claims for veterans benefits, especially veterans disability compensation, and there have been numerous prior reform attempts that began with great promise, only to fall far short of success. However, over the past couple of years, we have seen some promising signs that VBA is finally on the right track and we continue to urge Congress to oversee and support these efforts, and most importantly, allow them to finish so that they have a chance to be successful.

For several years, VBA has been focused on achieving the ambitious goal set by Secretary Shinseki of having zero claims pending more than 125 days and all claims completed to a 98 percent accuracy standard. While the elimination of the backlog will be a welcome milestone, we must remember that eliminating the backlog is not necessarily the same goal as reforming the claims processing system, nor does it guarantee that veterans are better served. The backlog is a symptom, not the root cause. Just as someone with the flu can take aspirin to reduce their high temperature, that will not cure them of their illness, nor prevent it from returning in the future. For example, VBA could quickly eliminate the backlog of claims by denying all of them, or for that matter granting all of them. However, neither option would be of benefit to veterans in the long run. In order to achieve real and lasting success, VBA must instead remain focused on creating a claims processing system that is carefully designed to get each claim *done right the first time*.

VBA is now in the third year of its latest effort to transform its outdated, inefficient, and inadequate claims processing system into a modern, automated, rules-based, and paperless system. In the coming year, we will begin to see whether their strategies to transform the people, processes and technologies will finally result in a cultural shift away from focusing on speed and production to a business culture of quality and accountability, which is the only way to truly get the backlog under control.

One of the more positive developments in recent years has been the open and candid attitude of VBA's leadership, particularly Under Secretary Hickey, towards developing a true partnership with DAV and other VSOs who assist veterans in filing claims. VSOs have vast experience and expertise in claims processing, with local and national service officers holding power of attorney (POA) for hundreds of thousands of veterans and their families. In this capacity, VSOs are an integral component of the VA claims process, operating behind the firewall, and we remain committed to working with VBA to fix this system.

For this reason, we have been particularly pleased that Under Secretary Hickey has been such a forceful advocate to expand VBA's partnership with VSOs and bring transparency to its ongoing transformation efforts. Although she has been in her position for just over a year, we have been impressed with her forceful leadership style that has shaken up many entrenched bureaucrats resistant to change. VSOs have been increasingly consulted on a number of the new initiatives underway at VBA, including disability benefit questionnaires (DBQs), Veterans Benefit Management System (VBMS), Stakeholder Enterprise Portal (SEP), and many of their myriad business process pilots. It will be imperative that this cultural change occur not just at central office, but also at each of the 57 regional offices.

For example, there has been clear guidance sent from VBA's central office to its 57 regional offices (VAROs) that DBQs completed by private physicians to evaluate disabilities be treated as equivalent to those completed by VA or VA-contracted examiners. However, we continue to hear reports that even when private medical evidence, including properly-completed DBQs, have been submitted with a claim, and they are credible, competent and adequate for rating purposes, many Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs) continue to order unnecessary VA exams, further slowing and clogging up the claims process. This is just one example of why the institutionalization of new cultural norms within such a large bureaucracy will not be quickly or easily achieved. However, for the first time in a long time, we have a VBA leadership team interested in changing the culture and working with VSOs to reform the claims processing system and we urge Congress to support them along this path.

Mr. Chairman, the biggest challenge facing VBA is their rising workload. Over the past decade, the number of veterans filing claims for disability compensation has more than doubled, rising from nearly 600,000 in 2000 to over 1.4 million in 2011. This workload increase is the result of a number of factors over the past decade, including the wars in Iraq and Afghanistan, an increase in the complexity of claims and aggressive new outreach efforts to inform veterans of their benefits. Furthermore, new presumptive conditions related to Agent Orange exposure (ischemic heart disease, B-cell leukemia and Parkinson's disease) and previously denied claims, resulting from the Nehmer decision added almost 200,000 new claims this year; leading to a workload surge that has just now been completed. While Congress has significantly boosted the resources provided to VBA in order to allow significant staffing increases in recent years, and even though VBA is processing more claims than ever, workload continues to rise faster than work production, leading to a growing backlog of pending claims.

Three years ago, under the weight of an outdated information technology system, increasing workload and growing backlog, VBA made the decision to comprehensively transform the way it processes claims for benefits in the future, while simultaneously attempting to reduce the backlog of claims pending using its existing infrastructure. After two years of strategizing, planning, experimenting and testing, VBA has just now begun to rollout its new operating model and technology solutions, and it is too soon to make judgments about whether they are or will be successful. It would be like trying to judge whether a newly constructed race car, filled with the latest technologies, will be successful after completing only one lap of a 500 mile race, rather than waiting until it reaches the finish line. VBA's transformation strategy calls for 2012 to be a year of transition; full implementation of the new operating model is planned for 2013; in 2014, the VBA anticipates stabilization and assessment of the new system; and 2015 is planned as the year of "centers of excellence," an apparent reference to a future state that will centralize some VBA activities or functions. Although Congress must continue to play an important role in holding VBA accountable through aggressive oversight such as this hearing, VBA must be allowed to complete its transformation process.

Mr. Chairman, regardless of the processes or technologies employed, we firmly believe that the key to success in helping veterans receive timely and accurate decisions on benefits claims, and ultimately the key to VA's success as an organization, is based on building a culture focused on quality and accountability, and that begins with an unwavering commitment to education and training. At DAV, our NSOs begin their careers with a rigorous 16-month on-

the-job training program, conducted by tenured supervisory NSOs with subject matter expertise. Throughout their training, DAV closely monitors the progress and knowledge retention of NSOs through web-based testing and monthly evaluations. In addition to the training provided directly by DAV, NSO trainees must also successfully complete academic instruction on relevant medical and legal topics. NSO trainees who have successfully completed the first four months of training, and passed the requisite tests and other evaluations, will begin performing supervised claims work in their fifth month. They continue to receive training and instruction and must pass a comprehensive web-based examination every four months.

At the conclusion of their 16th month on the job, DAV NSOs are required to pass a comprehensive web-based examination covering all of the topics from the entire training period. DAV training is a lifelong commitment and all NSOs must participate in a comprehensive Structured and Continuing Training (SCT) program designed to keep them up-to-date on changes to the laws and regulations affecting veterans' benefits. All NSOs are required to take pre-tests and then successfully complete 32 monthly training modules with post-testing requirements for each module. When an NSO completes the entire 32-month SCT program, they then start the entire training cycle again from the beginning with the changes, updates and new information provided by DAV's national training staff who constantly monitor and update the course materials.

By comparison, the VBA training program for its employees, particularly VSRs and RVSRs is shorter, less rigorous and has fewer testing requirements. It begins with an initial orientation phase at Regional Offices for new employees followed by eight weeks of "Challenge" training providing them a basic introduction to their job responsibilities. Since expanding the "Challenge" training to eight weeks a couple of years ago, VBA's policy is to have new VSRs and RVSRs immediately begin working on claims after they complete their initial training, although they will continue receiving both on-the-job training and mentoring from more senior employees in their RO. They also continue with a required course of online learning through VBA's Training and Performance Support System (TPSS) on subjects such as how to utilize VBAs computer-based programs, medical terminology, how to review and interpret medical evidence, as well as understanding and applying the law and regulations when evaluating evidence and rendering decisions. After they have completed all of the TPSS modules for new employees, they will then have the same continuing training requirements as all VSRs and RVSRs, which consists of 85 hours of annual training. While there are tests conducted during the initial training, and there is also a one-time certification examination required for all VBA employees, there is no regular testing performed to measure the effectiveness of annual training, nor is there any other regular testing of employees to ensure that they have the knowledge and skills required to successfully perform their jobs, or to identify individual or systemic deficiencies in the claims processing system.

Considering the complexity of their jobs, and in order to build a culture of quality and accountability, VBA must ensure that employees complete all of their training requirements, and must take steps to ensure that they have adequate time to do so. DAV continues to recommend that VA significantly increase the hours devoted to annual training for all VSRs, RVSRs and DROs. Furthermore, after employees have been trained it is important that they are regularly tested to ensure that they have the knowledge and competencies to perform their jobs. A GAO report published in September 2011 found that there did not exist a nationwide training

curriculum for VBA's Decision Review Officers (DROs), despite the fact that 93 percent of regional managers interviewed supported such a national training program, as did virtually every DRO interviewed. We would note that following a recent DRO examination in which a high percentage failed to achieve acceptable results, the VBA required all DROs to undergo a one-week training program to enhance their knowledge and job skills. This is exactly the type of action that should regularly occur within an integrated training, testing, and quality control program. VBA cannot accurately assess its training or measure an individual's knowledge, understanding, or retention of the training material without regular testing. We believe it is essential that all VBA employees, coaches, and managers undergo regular testing to measure job skills and knowledge, as well as the effectiveness of the training. At the same time, VBA must ensure that certification tests are developed that accurately measure the skills and knowledge needed to perform the work of VSRs, RVSRs, DROs, coaches, and other managers.

One of the most promising developments over the past year is VBA's new initiative to stand up Quality Review Teams (QRTs) in every regional office. Developed from a review of the best practices used at certain high-performing regional offices, the QRT program will assign full-time, dedicated employees whose sole function is to seek out and correct errors in claims processing. QRTs will also work to develop in-process quality control measures to prevent errors before decisions are made.

In recent months, VBA has begun to roll out a new operating model for processing claims for disability compensation, one that will change the roles and functions of thousands of VSRs and RVSRs at Regional Offices across the country. Building upon the best practices developed from VBA's myriad of processing pilots conducted over the last several years, the I-Lab in Indianapolis developed a new operating model for processing claims that relies on the segmentation of claims as its cornerstone. The traditional triage function was replaced in the new operating model with an Intake Processing Center, putting experienced claims personnel at the front end of the process, with responsibility to direct claims along three separate tracks; Express, Core, and Special Ops. The Express lane is for simpler claims, such as fully developed claims, claims with one or two issues, or other simple claims. The Special Ops lane is for more difficult claims, such as those with eight or more issues, longstanding pending claims, complex conditions, such as traumatic brain injury and special monthly compensation, and other claims requiring extensive time and expertise. The Core lane is for the balance of claims with between three and seven issues, claims for individual unemployability (IU), original mental health conditions, and others. VBA is currently deploying the new operating model at more than a dozen VAROs this year, with full implementation by the end of 2013.

Perhaps the most critical element to the success of VBA's transformation efforts will be technology, especially VBA's VBMS, which has been in development for more than two years. Beginning at the Providence, Rhode Island VARO in November 2010; a second testing site at the Salt Lake City, Utah VARO was initiated just over a year ago and two more pilot sites were recently stood up at the Wichita, Kansas VARO and the Fort Harrison, Montana VARO. The VBMS is designed to provide a comprehensive, paperless, and rules-based method of processing and awarding claims for VA benefits, particularly disability compensation and pension. We have been especially pleased with VBA efforts to incorporate the experience and perspective of our organizations throughout the VBMS development process. Understanding the important role

that VSO service officers play in the claims process, VBA proactively sought frequent and substantive consultation with VSOs, both at the national VBMS office and at the pilot locations.

Currently, the Providence and Salt Lake City VAROs are processing only original claims for disability compensation within VBMS, whereas both Wichita and Fort Harrison process all claims within VBMS and also use the new operating model developed from VBA's experience at its I-Lab. VBA has completed just over 1,000 claims to date using the VBMS system, and it is too early to reach conclusions about the effect it will have on processing times, processing accuracy or the backlog. VBA will continue to roll out VBMS to additional VAROs this year, with full implementation scheduled for the end of next year. We continue to work closely with the VBMS team and remain hopeful that it will be successfully implemented on time and with the full capabilities necessary to achieve its goals.

One problem with VBMS that recently came to our attention was the inability of our NSOs to access the VBMS system at the pilot locations in order to review rating decisions due to problems with validating POA status for claimants we represent. VBA officials have told us that this problem will be resolved in the next iterative release of VBMS functionality scheduled for mid-July, and we are currently assessing whether the solution has been implemented and is adequate to allow us to do our jobs on behalf of injured and ill veterans.

Another concern with VBMS that has yet to be satisfactorily resolved is VBA's long-term scanning and digitizing solution for paper documents and claims folders. Even before VBMS was first conceived, it was clear that in order to have a paperless claims process there must be a comprehensive system in place to digitize paper documents. Yet VBA has failed to finalize a long-term scanning solution, in part because it has not yet definitively answered fundamental questions about when and which legacy documents will be scanned into VBMS. Although VBA has committed to moving forward with a paperless system for new claims, it has not yet made a final determination under what conditions existing paper claims files would be converted to digital files. Because a majority of claims processed each year are for reopened or appealed claims and because files can remain active for decades, until all legacy claims are converted to digital data files, VBA could be forced to continue paper processing for decades. While there are very difficult technical questions to be answered, and significant financial considerations involved in transitioning to all-digital processing, particular involving legacy paper files, we believe VBA would be best served by taking the most aggressive approach feasible in order to shorten the length of time this transition takes. While the conversion from paper processing to VBMS will require substantial upfront investment, it will pay dividends for VBA and veterans in the future. We continue to urge VBA to provide, and Congress to review, a clear plan for eliminating legacy paper files, one that includes both timelines and resource requirements.

Another area of concern with the VBMS system is the implementation of rules-based decision support for automating ratings. After some initial indecision, VBA did commit to making such an element a core component of VBMS, which began initially at the Atlanta VARO with a local pilot program called the Disability Evaluation Narrative Text Tool, or DENNT. Early versions of DENNT, however, lacked sufficient information regarding the reasons and bases for rating decisions. After raising our concerns with Under Secretary Hickey, significant changes were made, and the DENNT program was rolled out nationally as a new initiative called

Simplified Notification Letters, or SNLs, providing automated rating decisions and notification letters. SNLs use automated calculators and evaluation builders to guide rating decisions and then rely on coded, standardized text to generate notification letters and rating decisions. Essentially VBA has created a rating decision that is combined with a notification letter, instead of having a separate and distinct rating decision and notification letter, in order to save time and reduce workload. However, many of the SNLs we reviewed contain so little information and explanation that even an experienced DAV NSO has difficulty determining if the rating decision was correct without reviewing the full file. Even if SNLs do lead to a reduction in processing times—and we have yet to see convincing evidence that they will—the lack of information and confusion created by such abbreviated decision letters will likely lead to more appeals, thereby shifting workload within VBA rather than eliminating it.

While we certainly want rules-based decision support to be a central part of the new claims process and VBMS, VBA must not use technological automation to eliminate essential manual steps, such as the inclusion of sufficiently detailed free text explanations that are crucially important to the veteran. We believe that requiring raters to provide detailed, plain English explanations of their decisions will not only better inform veterans (and their representatives), but will also lead to better reasoned and more accurate decisions by the raters themselves. We continue to urge VBA to take steps to address the deficiencies we have identified with SNLs, and put a system in place to ensure that there is consistency in how SNLs are produced both within and amongst VAROs.

At present, VBA has finished developing evaluation builders for all of the diagnostic codes in the VA Schedule for Rating Disabilities (VASRD); however, only about half of them have been embedded directly into the VBMS system; the remaining ones are still functional but reside outside VBMS. The major difference is that evaluation builders outside VBMS are not able to be as easily or quickly modified when corrections or changes are necessary, a concern since the entire VASRD is currently in the process of being updated and revised. We continue to urge VBA to move as expeditiously as possible to fully embed all calculators and evaluation builders directly into the VBMS system.

Mr. Chairman, as the largest organization representing injured and ill veterans, DAV remains committed to working with Congress and VBA to achieve our shared goal of reforming the claims processing system so that veterans get all the benefits they have earned in a timely manner. With continued oversight and support from Congress, we are hopeful that VBA's current transformation plan will succeed and remain ready to assist them in any way we can.

That concludes my testimony and I would be happy to answer any questions the Subcommittee may have.