

**STATEMENT OF
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OF THE
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS' AFFAIRS
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
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Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear before you on behalf of the Disabled American Veterans (DAV) to address the efforts of the Veterans Benefits Administration (VBA) to properly balance quality and quantity in their work credit and work management programs. Too often, VBA has attempted to manage an ever increasing workload by emphasizing production to the detriment of accuracy. We commend this Subcommittee and Congressman Hall for holding today's hearing which focuses on this very important issue and how VBA's work credit and management systems impacts the claims backlog.

Let me note at the outset that in preparing for today's testimony, we lacked some information that could have better informed our testimony. Specifically, I am referring to the report on the work credit and work management system required by Section 226 of Public Law 110-389, Veterans' Benefits Improvement Act of 2008, which was due to Congress over six months ago. It is our understanding that the Center for Naval Analysis (CNA) presented this report to VBA last November, but that it has remained at the Department of Veterans Affairs (VA) for their review and concurrence.

In addition, VBA has just recently implemented new performance standards for Veterans Service Representatives (VSRs) that significantly change the work credit system for employees performing triage, development and post-development work on claims for benefits. We understand that new performance standards for Rating Veterans Service Representatives (RVSRs) are also due to be released shortly. We look forward to hearing VBA's explanation for how these new standards were developed, how they will be implemented, and what effect they will have on both the quantity and quality of work produced by VSRs and RVSRs.

Mr. Chairman, like you, DAV remains concerned about the large and growing claims inventory, or backlog, that VBA is managing. However, we caution the Subcommittee that the backlog is not the problem, nor the root cause of the problem; rather it is a symptom. It is akin to an individual having a fever. While one can take aspirin to reduce the fever, unless the underlying condition that caused the fever is treated, the fever may return and the patient's condition may worsen. So too it is with the claims backlog. The underlying condition is a broken claims processing system that leaves too many veterans waiting too long for rating decisions that are too often wrong. Until we address the root problems within that system that

resulted in the backlog – lack of quality, accuracy and consistency – no matter how quickly claims are processed, the problems will remain and the backlog will return.

For this reason, we believe that the best and only approach that will work is one that emphasizes quality at every stage of production. To achieve this outcome, it is essential that we examine the system of incentives and accountability for employees, management and leadership.

Mr. Chairman, I am sure you and other members of this Subcommittee have heard Secretary Shinseki say that he intends to “break the back of the backlog this year.” The way this will be measured is through VBA’s Monday Morning Workload Reports which contain measures of production, but not accuracy or quality. Since this is the only set of numbers that consistently makes its way into the consciousness of Congress and the media, it is not surprising that the backlog has become the focus of each, and thus VBA’s leadership has a great incentive to reduce the backlog, which logically leads to an emphasis on production. However, producing more inaccurate decisions will not reduce the backlog; it will increase it and further clog the appellate process.

Similarly, looking at VBA’s Dashboard, which provides the current performance statistics for each VA Regional Office (VARO), the measures reported are primarily related to pending work inventory and production times. There are few measures of accuracy included in the Dashboard reports, and those are based upon 12-month rolling averages from national STAR reviews. Improvements to these quality measures would take many months to show up, whereas changes in production would be more easily influenced by management decisions about resource and work allocation. Given the directive from leadership to “break the back of the backlog,” it is not surprising that VARO management focuses heavily on production, rather than accuracy or quality.

Given leadership and management’s focus on production, it is not surprising that employees –VSRs and RVSRs – feel tremendous pressure to meet production goals. While accuracy has been and remains one of the performance standards that must be met by employees, there is reason to believe that the work credit system creates incentives for them to favor production over accuracy.

Performance standards are the most important factor in determining the incentives for employees. If the standards either directly or indirectly reward production over quality and accuracy, we must expect employees to work first toward production goals. Although we have not heard VBA’s explanation of the new performance standards, nor seen the CNA study on the work credit system, we were able to get a copy of the new VSR performance standards and offer the following observations and concerns about this significant change.

The new performance standards have streamlined the measures of production for VSRs from what had been 63 categories of weighted work activities to five production categories now called “outputs.” Essentially, a VSR will receive one “output” credit for completing each stage of the work process: initial rating development, initial nonrating development, ready for decision, process award/decision and authorize award. It appears that this system is designed to

emphasize moving claims quickly towards completion by eliminating the piecemeal work credits that were based upon each activity related to development that was completed.

The new system provides no work credit for Congressional inquiries, Freedom of Information Act requests or conducting personal interviews. It also appears to eliminate work credit for appeals related activities, such as supplemental statements of case (SSOC).

We have been told that the old work credit system created opportunities for “gaming” the system, such as delaying requests for routine future exams, in order to gain additional work credits. However, we are now concerned that the new streamlined system of measuring only “outputs” may inadvertently create incentives for cutting corners, since more complex cases get no more credit than simple cases.

In addition to output, there are three other “Critical Elements” in the new VSR performance standards: Quality, Timeliness, and Training. We certainly agree that each of these are essential to improving the benefit claims processing system; however, we do have questions about how these new standards will produce more accurate and timely claims.

We note that VBA has increased the accuracy standard for VSRs and we certainly agree that accuracy, even by the national STAR measures, remains too low. However, it is not clear how raising the standard in and of itself will result in increased accuracy. We also remain concerned about how reliable the employee reviews will be for measuring quality. We have testified previously that coach reviews of five cases per month are not accomplished 100 percent of the time, and in many cases coaches do not have sufficient time to comprehensively review each case. As a consequence, we do not have confidence that employees performing below or above standard will be consistently measured. Employees in need of extra training and individualized mentoring may not get the attention they need to become more effective. We are also concerned that these local quality reviews may be significantly different from station to station.

We continue to note that VBA does not have a unified system for aggregating and analyzing the results of both the coach reviews and the STAR reviews in order to provide trend analysis for both quality control improvements and for development of new training instruments.

Under the new VSR performance standards, “Timeliness” will be established locally by each VARO based upon end of year station targets. While we recognize that cycle times vary from station to station due to workload and inventory, we question whether it is reasonable to have employees at different stations being held to different standards for the same work. We also have questions about whether cycle times, which include wait periods and work volume, are the most reasonable measure for holding VSRs accountable. For example, is the cycle time for average days awaiting evidence a fair measure since the submission of evidence is not in the control of the VSR?

VSRs will also now be held accountable for meeting the “Training” standard. We question whether this should be a management accountability standard more than an employee standard, since training is critical to keeping staff informed of the evolving nature of claims,

whether it is new presumptive service conditions, changes in public law or recent Court cases. Given some reports we have heard from the field about management pressuring employees to cut back on time for training to meet production goals, how is management held accountable for training being properly implemented?

Mr. Chairman, we congratulate you and the Subcommittee for holding today's hearing raising the critical issue of quality. We will continue to work with you and others to help create a culture at VBA that measures and rewards the quality and accuracy of results, not just quantity, and provides sufficient training of VA's management and workforce in order to achieve this outcome.

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