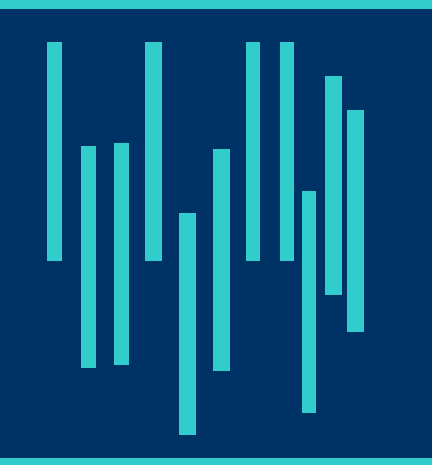
U.S. Department of Veterans Affairs
Veterans Benefits Administration

# Veterans Benefits Administration Compensation and Pension Claims Development Cycle Study



## Final Report

June 5, 2009

Booz | Allen | Hamilton

# Revision History

| Version | Date | Name of Author | Summary of Changes |
|---|---|---|---|
| 1 | 6/05/09 | Booz Allen Hamilton | First Draft |
| 2 | 7/14/09 | Booz Allen Hamilton | Revised |
| 3 | 7/30/09 | Booz Allen Hamilton | Revised |

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# 1.0 EXECUTIVE SUMMARY

The Department of Veterans Affairs (VA), Veterans Benefit Administration (VBA) dispenses benefits and entitlements to Veterans and their families through five lines of business: Loan Guaranty, Insurance, Vocational Rehabilitation and Employment, Education, and Compensation and Pension. Of these, Compensation and Pension is the largest, accounting for approximately 80 percent of VBA's workload. Compensation and Pension Service administers a variety of benefits and services for Veterans, their dependents, and survivors, including compensation for service-connected injuries, Dependency and Indemnity Compensation, non-service connected pension, burial and accrued benefits, guardianship, and public contact services.

VBA asked Booz Allen Hamilton to conduct a review of its Compensation rating claims development process and provide recommendations to improve the process, with an emphasis on cycle-time reduction. VBA is facing a Compensation rating claims inventory of nearly 400,000 cases and recognizes the need to rethink how it processes these claims. Currently, the nationwide average number of days required to process rating-related claims is 163 days with a VA Regional Office (VARO) maximum average processing time of 238 days, and a minimum of 93 days.[1] Despite recent improvements, VBA is not on pace to meet its 2009 fiscal year average-days-to-complete (ADTC) goal of 145 days, or its cases-pending goal of just under 300,000. Without meaningful changes to the current process, or a dramatic increase in staffing (or some combination of the two), VBA will be unlikely to reach its longer term strategic ADTC goal of 125 days.

Booz Allen conducted site visits to eight VAROs during the period of October to December of 2008 to observe and document claims development activities associated with rating-related Compensation claims. In total, the onsite team spent more than 30 days observing and documenting the claims development process and conducting interviews with VARO and Service Center leadership and with frontline staff. Our site visits revealed claims processing activities structured and implemented in a traditional mass production environment, including teams arranged by function rather than process flow, numerous hand-offs and transportation of work in process, quality through sampling and inspection, and inconsistent efforts to capture employee improvement ideas. Our observations also revealed numerous promising practices in place at the VAROs representing compelling efforts to improve Veteran service (e.g., several VAROs have developed close relationships with VA medical centers to reduce delays associated with the exam process and have assigned a specific staff member to monitor exam timeliness).

The recommendations in this report represent a comprehensive and holistic set of solutions reflecting the process, people, technology, and physical infrastructure dimensions of claims processing. Taken together, these recommendations will address many of the challenges inherent in the current approach to claims processing. Booz Allen suggests that VBA initiate a pilot, or series of pilots, to test, validate, and refine as necessary the recommendations in this report. The pilot(s) could also be used to improve and standardize the claims process prior to implementation of VBA's Paperless Initiative.

This report represents a summary of two related deliverables previously submitted to VBA. The Task 1 deliverable is titled *VBA Claims Development Study: Draft Regional Office Performance Assessment* and is dated December 19, 2008. The Task 2 deliverable is titled *VBA Claims*

[1] Average days to complete (ADTC) as reported on June 3, 2009.

*Development Study: Draft Recommendations to Improve Claims Development Process* and is dated February 27, 2009. Both of those documents contain additional detail related to the findings and recommendations found in this report.

# 2.0 INTRODUCTION

## 2.1 BACKGROUND AND STUDY CONTEXT

The Department of Veterans Affairs (VA), Veterans Benefits Administration (VBA), is responsible for administering programs that provide benefits and services to Veterans and their families in recognition of their service to the nation. VBA programs are divided into five core business lines: Compensation and Pension (C&P), Education, Vocational Rehabilitation and Employment, Insurance, and Loan Guaranty. C&P is the largest business line and administers service-connected Disability Compensation, non-service-connected Pension, Dependency and Indemnity Compensation, and Death Pension benefits.

VBA processes nearly 900,000 disability and death-related claims each year. In fiscal year (FY) 2008, VBA completed more than 2.2 million award actions for both rating and non-rating claims. VBA currently faces a challenge in rating an inventory of nearly 400,000 claims with an average-days-to-complete (ADTC) of 163[2] days, with the majority of that time being consumed in the development phase of the claims process.

## 2.2 CURRENT SITUATION

Over the past few years, VBA has implemented a variety of initiatives aimed at better managing its Compensation claims workload and improving benefits processing. Improvement initiatives include ensuring a consistent organizational structure across VAROs, aligning process activities by function, centralizing and standardizing training, consolidating specialized process operations, enhancing and upgrading claims processing systems through technology integration, establishing an aggressive quality assurance program, implementing a nationwide hiring initiative, and modifying training on specific claims processing functions.

The Pre-determination or case development phase of the Compensation claims process is the most time-consuming and is the key to delivering consistent, timely, and accurate claims decisions. The hands-on processing time generally involves many concurrent and often sequential actions that increase cycle time and the opportunity for errors. The potential consequences of failing to obtain evidence or inadequately developing evidence and information in support of claims include increased backlogs, increased workloads for downstream process steps, and diminished service to Veterans seeking benefits.

### 2.2.1 Process

Compensation claims are processed in a functional construct called the Claims Processing Improvement (CPI) model developed by the CPI Task Force lead Admiral Daniel L. Cooper. This model focused on standardizing operations across the 57 VAROs and divided claims processing into six functional teams:

1. Triage
2. Pre-determination
3. Rating
4. Post-determination
5. Appeals
6. Public Contact

[2] Average-days-to-complete (ADTC) as reported on June 3, 2009.

Booz Allen was tasked to evaluate the Compensation claims development process encompassing the Triage and Pre-determination CPI functional teams. Historically, these two functions consume a significantly larger proportion of processing time than the Rating and Post-determination functions. This report focuses primarily on Triage and Pre-determination functions and addresses Rating and Post-determination functions only in their relationship to the development process. Appeals and Public Contact operations were not observed.

While evaluating the compensation rating claims development process, Booz Allen encountered other historical and anecdotal accounts of previous compensation claims processing methods including business process reengineering (BPR). BPR was focused on a "self-managed team" concept whereby groups of VARO staff were formed to process claims in a case management format. Prior to the BPR model, claims were processed in a unit concept, which involved a structured team of "Claims Examiners" who managed the claim from origination to award. This claims development history provided Booz Allen with a contextual understanding of the process as a whole and insight into previous efforts to improve the compensation claims process.

### 2.2.2 People

The Office of Field Operations (OFO) and C&P Service provide policy and operations direction and oversight for the Compensation program assessed in this study. There are four area offices with 57 VAROs supporting the claims development process. The Veteran Service Center (VSC) within the VARO is responsible for Compensation claims processing and is led by the Veteran Service Center Manager (VSCM).

Compensation claims development process activities are contained within the CPI functions of Triage and Pre-determination (including mailroom operations[3]). Staffing to support the primary activities of claims development is represented by—

- Mail Clerks: Responsible for receiving, sorting, and distributing all VARO mail, which may include mail for other VARO business lines (e.g., Education), local Veterans service organizations, and the director's office. VSC mail is sorted and forwarded to the VSC for further processing.
- File Clerks (FC): Responsible for claim folder retrieval and return to storage areas, attaching mail to claims folders during processing, and movement of claim folders between process steps.
- Claims Assistants (CA): Primarily responsible for establishing claims and managing incoming mail associated with claims being actively processed. CAs assist in mail distribution and the management of tracking items received through the Veterans Service Network Modern Award Processing-Development (VETSNET MAP-D) application.
- Veterans Service Representatives (VSR): Responsible for all activities in the Pre-determination and Post-determination functions of claims processing, including evidence gathering in Pre and authorization and promulgation in Post. VSRs perform the bulk of activities required by the claims development process.
- Rating Veteran Service Representatives (RVSR): Responsible for all activities in the Rating function including the determination of service-connection, effective date, and

[3] The mailroom may or may not be associated with Triage. In some VAROs, the mailroom is a component of the Support Services Division (SSD).

degree of disability. For purposes of this study, the RVSR was observed to determine degree of support in the examination request process and training of VSRs.

- Coaches/Assistant Coaches: Frontline supervisors responsible for workload management and supervision of the FCs, CAs, VSRs, and RVSRs involved in the claims development process. Coaches also control workflow and manage productivity goals.

Various other VARO personnel are indirectly involved in the claims development process providing oversight, human resources (HR) support, and training and include Decision Review Officers (DRO), Training Manager, Super Senior VSRs, Assistant Coaches, and HR Manager.

### 2.2.3 Technology

There are a number of supporting information technology (IT) systems for claims development including the following:

- VETSNET suite of applications:
  - Control of Veterans Records (COVERS): Used to manage claims folder movement by recording locations through the use of barcode technology.
  - Share: Used to establish claims. Allows users to record and update basic personal information about Veterans and their dependents
  - Modern Awards Processing–Development (MAP-D): Used to track claims and support the development process through the generation of letters
  - VETSNET Operations Reports (VOR): Used to monitor VARO performance and is the primary data source for performance measures.
- Compensation and Pension Record Interchange (CAPRI): Used to request examinations for completion at VA medical centers. Used to access all VA medical records relevant to the claim.
- Veterans Examination Request Information System (VERIS): Used to request examinations for completion by contractors (e.g., QTC Management, Inc., MES Solutions). Only VAROs approved for contract medical examinations use VERIS.
- Access Standardized Performance Elements Nationwide (ASPEN): Used to track performance of VSRs, RVSRs, and DROs.
- Personnel Information Exchange System (PIES): Used to request and receive Veteran information contained in military personnel and service treatment files maintained by the National Personnel Records Center (NPRC).

These applications provide the FC, CA, VSR, RVSR, and other support personnel the systems necessary to support claims development activities.

### 2.2.4 Physical Infrastructure

Booz Allen conducted site visits at eight VAROs as part of this study. The VARO facilities varied in size, file storage capabilities, floor space arrangement, and functional area setup (e.g., facility locations for Triage and Pre-determination). These facilities are managed by the Office of Facilities, Access, and Administration (OFAA) and are supported by various Central Office (VBACO) elements to ensure sufficient space is available to process claims.

## 2.3 PURPOSE OF THIS STUDY

In an effort to improve claims processing cycle times and accuracy, the VBA tasked Booz Allen with conducting an assessment of its Compensation rating claims development processes, procedures, and support system capabilities.

To assist VBA with the challenges in improving service delivery to Veterans—specifically improving case development timeliness, accuracy, and consistency—Booz Allen conducted assessments using proven process improvement techniques to assess the Compensation claims development cycle, with attention to mail processing, claims establishment time, claim initiation time, and claim development time for Compensation rating claims. Booz Allen applied an operational excellence model, which combines Lean[4] process improvement methodologies with an organizational factors analysis to identify current challenges and improvement opportunities.

# 3.0 SCOPE

VBA engaged Booz Allen to make recommendations for improving timeliness of benefits decisions by studying the development phase of the Compensation rating claims process. VBA requested an assessment of the process, procedures, and support system capabilities within the Triage and Pre-determination phases of the development process through site visits to select VAROs. During the site visits, the team was tasked to analyze VARO performance to identify claims process variability and innovative practices to enable identification of quick-hit solutions as well as long-term improvement opportunities to reduce claims development cycle time.

[4] Lean is a production practice that considers the expenditure of resources for any goal other than the creation of value for the end customer to be wasteful, and thus a target of elimination.

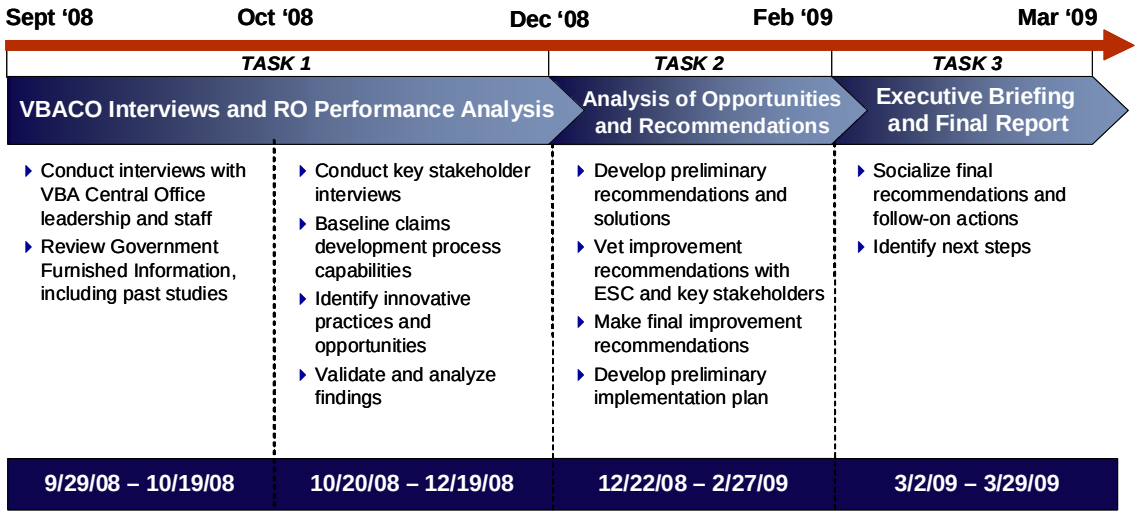
# 4.0 TECHNICAL APPROACH AND METHODOLOGY

## 4.1 TECHNICAL APPROACH

Booz Allen's approach centered on conducting process assessments using proven process improvement techniques to assess VBA's claims development processes, with attention to Triage time, development initiation time, and evidence receipt time. Triage time includes the actions from receipt of a claim until it is placed under control (claim established in the MAP-D system) of the VARO formally initiating the claims development process.

Figure 1 illustrates the overall approach to completing the tasks and the timeline of execution. The following paragraphs detail our approach to conducting an assessment of the claims development process, analyzing VARO performance, and developing improvement recommendations.

**Figure 1. Process Assessment Work Activities and Timeline**




## 4.2 VBACO INTERVIEWS, DEMONSTRATIONS AND DOCUMENT REVIEW

To ensure a thorough assessment of the process, the Booz Allen team gathered data from a number of sources, including a government-furnished information (GFI) review, interviews, and systems demonstrations. Interviews were conducted with VBACO staff during the first 2 weeks of the study to better understand overall VBA operations and how VBACO impacts field operations. Interviews were conducted with key VBACO stakeholders including—

- Admiral Patrick Dunne (USB)
- Mike Walcoff (Deputy USB)
- Diana Rubens (Associate Deputy Under Secretary for Field Operations)
- Brad Mayes (Director, C&P), Tom Pamperin (Deputy Director, C&P), Mary Glenn (Assistant Director for Training), Paul Black (Assistant Director, Procedures), Brad Flohr (Assistant Director, Policy)
- Kim Graves (Director, Office of Business Process Integration)
- Dorothy MacKay (Director, Office of Employee Development and Training).

In addition to the interviews, the team reviewed documents and received demonstrations of key technologies that track and measure performance:

- VA Policies and Procedures (e.g., Fast Letters, M21-1MR and M21-4)
- CPI Task Force Report 2001
- Performance Analysis and Integrity Cycle Time Study, 2006
- IBM Claims Processing Improvement Study, 2008
- IT System Demonstrations
  - VOR
  - ASPEN

## 4.3 REGIONAL OFFICE SITE VISIT SELECTION

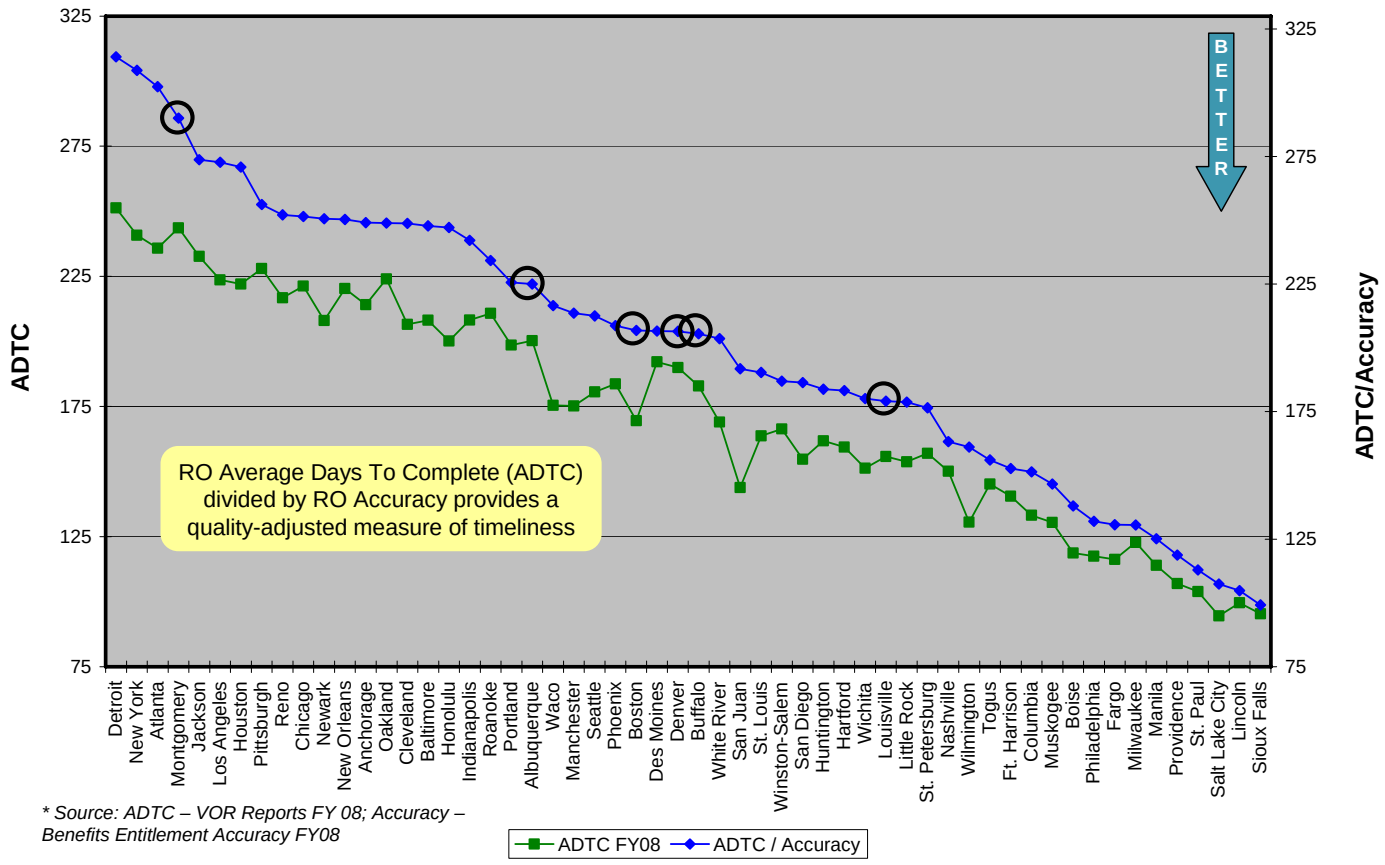
The team conducted eight VARO site visits (see Table 1) to develop a baseline assessment of the claims development process and organizational capabilities. Booz Allen worked with VBA leadership to develop quantitative criteria for selecting VAROs to conduct site visits. The team also developed a metric that combined both ADTC and accuracy to enable the selection of VAROs that are evenly distributed among high-performing and low-performing locations (see Figure 2). Other quantitative factors included—

- Rating Cases Pending
- Rating Cases Pending over 180 days
- Rating Cases Completed per Month
- ADTC (FY08)
- Accuracy (Aug 07–Jul 08)
- Special Missions (e.g., Development Center, Rating Activity)
- VSR and RVSR Experience Levels.

The team also worked with VBA leadership to select VAROs based on qualitative criteria that may impact VARO performance to ensure that a cross-section of VAROs was represented in the study. Qualitative factors included—

- VARO leadership enthusiasm for engaging in new initiatives and being supportive of the change process.
- VARO interest in trying targeted initiatives to improve claim processing.
- VARO strong relationship and good communications with VBACO.
- VARO size (large, medium, small)
- VARO location (region of country and rural versus urban populations).

**Figure 2. Regional Office ADTC**




** Source: ADTC – VOR Reports FY 08; Accuracy – Benefits Entitlement Accuracy FY08*

**Table 1. Regional Office Site Visit Schedule**

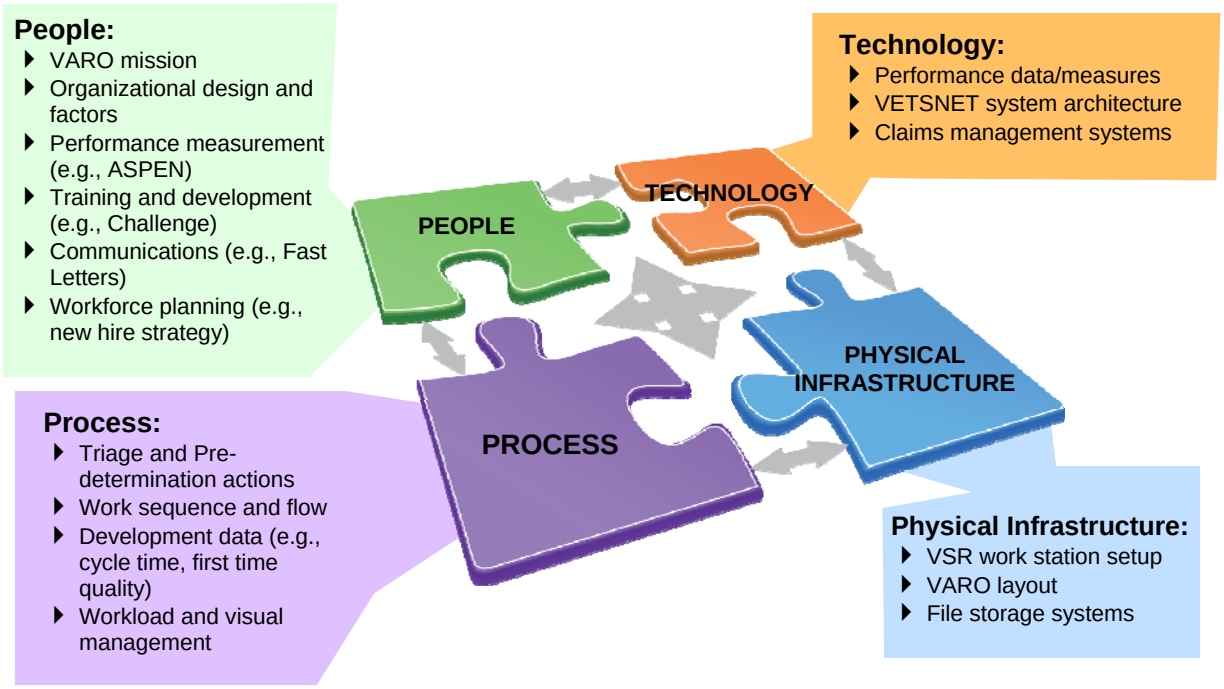
| Site Visit Location | Date Visited |
|---|---|
| Nashville, TN | October 20–24 |
| Atlanta, GA | November 3–7 |
| Lincoln, NE | November 12–14 |
| San Diego, CA | November 17–21 |
| Portland, OR | December 1–3 |
| Oakland, CA | December 3–5 |
| Providence, RI | December 8–9 |
| St. Louis, MO | January 20–23 |

## 4.4 REGIONAL OFFICE PERFORMANCE ANALYSIS

During the 5-day site visits, the team conducted extensive analysis of the rating claims development process and conducted numerous interviews with leadership, frontline employees, trainees, trainers, and other Service Center employees engaged in the Compensation claims development process. In addition, the team analyzed technology used in support of the claims development process, and the physical layout of the process. The team analyzed all four enablers of organizational performance (see Figure 3) to better understand VARO performance as a

system, and to generate a more holistic set of recommendations that consider the interactions of people, processes, technology, and physical infrastructure on organizational performance.

**Figure 3. Enablers of Organizational Performance**




The Booz Allen site visit teams employed a proven framework to conduct the analysis of VARO performance. Specifically, the team's approach included—

- Observations of development operations specific to Triage and Pre-determination phases of the claims process. (The Ratings and Post-determination phases were addressed in their relationship to the development process. Appeals and Public Contact were not observed because they are not in project scope)
  - Process walkthrough to understand claims flow
  - Development of value stream map[5] to capture process steps, file movement, inventory, cycle times, etc.
- Interviews with subject matter experts (SME) to develop a current-state understanding of the process and process challenges (e.g., Area Office and VARO Directors, VSC Managers, Coaches, VSRs, FCs, and CAs,)
- Identification of behaviors driving performance
- Identification of organizational factors impacting the claims development process
  - Human Capital
  - Quality Assurance
  - Training and Communications.

Next, improvement opportunities were identified based on the results of the VARO site visit analysis. Value stream maps of the activities associated with claim processing helped identify

[5] Value stream mapping is a Lean technique used to analyze the flow of claim folders and information required to resolve a claim and notify Veterans of the decision.

opportunities for improvement related to the reduction of non-value-adding activities such as waiting, rework, process delays, and backlog. Process assessment methodologies and organizational factor analysis were leveraged to draft recommendations regarding critical improvement opportunities in both process and organizational areas such as communication methods, organizational alignment (stovepipes), performance measures, workforce incentives, and workforce skills.

# 5.0 OBSERVATIONS AND FINDINGS

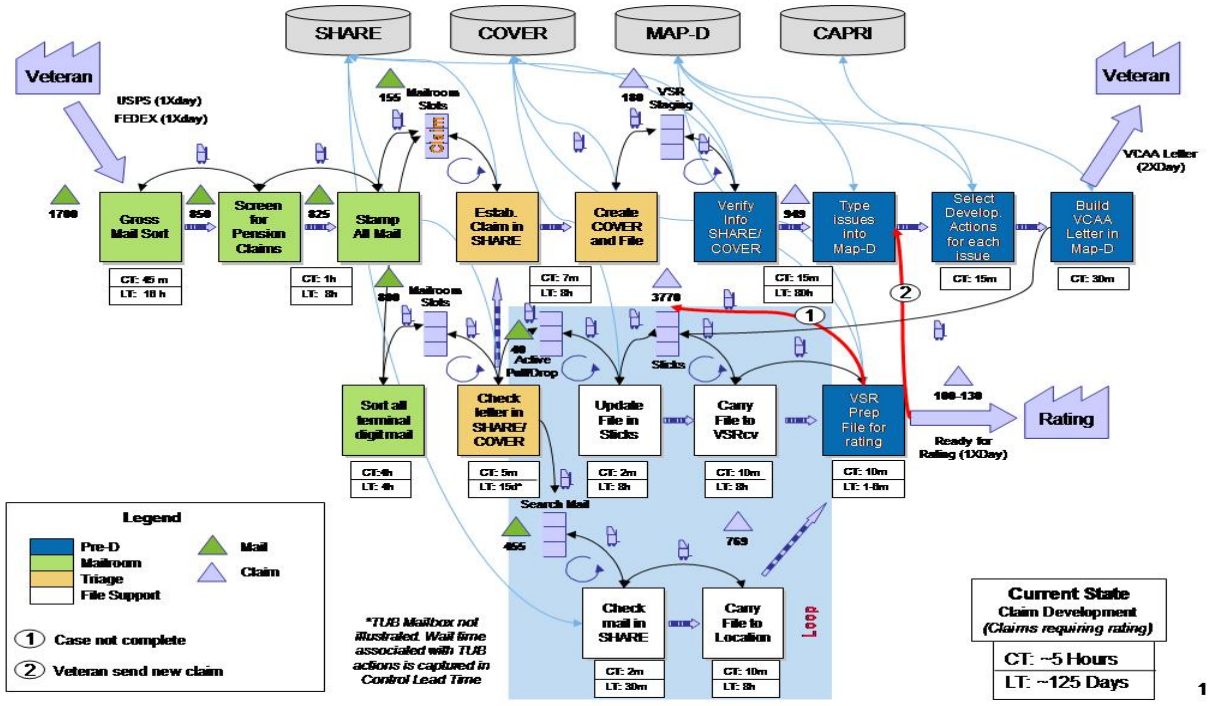
In all, the team spent more than 30 days observing and documenting the claims development process, in addition to the time spent reviewing claims development policies and procedures, and interviewing VBA employees at VAROs, the Southern Area Office, and VBACO. The findings are based on a solid understanding of the rating claims development process and insights gained through numerous interviews with VBA employees at all levels. The team also observed and documented promising practices during our VARO sites visits. Those findings are also included in this section.

## 5.1 PROCESS OBSERVATIONS[6]

Process observations were conducted by reviewing the claims development process several times during each of the site visits. Value stream maps were produced to analyze the flow of claims and information as they move through the claims development process. An example of a value stream produced during one of the site visits is shown in Figure 4. The black arrows in the graphic depict the numerous file movement activities common across all the VAROs visited. In addition, the graphic depicts the numerous staging areas between process steps. For example, at one VARO, the team counted 155 new claims waiting in mailroom storage slots between the mailroom and Triage, and 800 pieces of mail requiring action in support of an active claim on the floor. In addition, the team counted 3,770 active files in a storage bank located near the claims processing teams. Also, as initial-claim folders are assembled by the Triage team they are held at each work station until the end of the day when they are moved en masse to tables near the Pre-determination team. Claims waiting for VSRs to initiate or continue development are shown in Figure 4 as VSR Staging. Finally, the value stream map presents the Lead Time (LT)—average time it takes for one claim to go through the entire development process, and Cycle Time (CT)—average time a claim is actually worked on during the entire development process. Our site visits revealed very little variability in CT—5 to 6 hours—and great variability in total LT—99 to 193 days. So, while the observed VAROs spend less than 8 hours of activity developing a rating claim, they required anywhere from approximately 100 to 200 days to get a claim ready to rate. This large difference in lead time and cycle time presents an opportunity for improvement..

[6] Inventory counts referenced in this section represent static snapshots and are not indicative of VARO performance.

**Figure 3. Value Stream Map Example for Pre-Determination Activities**




### 5.1.1 Production Model

The claims development process (and in fact, the larger claims resolution process, which includes Rating and Post-determination activities) can be characterized as a typical batch-and-queue production model. Work is produced at each step in the process—Triage, Pre-determination, Rating, Post-determination—and moved in large batches to the next step before it is actually needed. As a result, work-in-progress (WIP) inventory is high, and claims spend time waiting in queues between process operations. For example, at one VARO, the team counted 6,071 active files in some stage of Pre-determination among 64 VSRs, indicating 6,007 files waiting to be worked at any given time. The segregation of work by function also creates overlapping, redundant, and sometimes unnecessary work activities. For example, at one VARO, the team observed incoming mail pass through five different sorting activities (first floor, fifth floor, VSC mailroom, Triage Macro, Triage Micro) prior to Triage action (Claim Established [CEST] or MAP-D).

### 5.1.2 Processing Procedures

Processes and procedures vary considerably from site to site. Although standard procedures for claims development activities exist, they are not written to provide step-by-step instruction. As a result, VSRs develop their own “cheat sheets” to help them remember specific process steps and procedures. The result is a proliferation of approaches to claims development. Furthermore, these approaches, although sometimes shared with other VSRs, are not collected centrally and analyzed for best practices, which could then be incorporated into the official procedural manual.

### 5.1.3 Operations Management

Work is pushed through the system without regard to actual demand. Production by each function (Triage, Pre-determination, Rating, Post-determination) in the current CPI model is

conducted in isolation from the other functions. As a result, work typically backs up at each step within the current process. For example, the team counted 2,500 claims awaiting follow-on development at one VARO. This large build-up of work-in-progress inventory is indicative of over-production in earlier processes—in this case Triage and Initial Development—and was observed at most of the VAROs visited.

### 5.1.4 Visual Management

Process feedback is provided through electronic and paper-based management reports, both standardized and ad hoc, with limited visual management cues provided to all employees. Although the VOR system is a useful tool for managers trained to use it, it does not provide immediate and unambiguous feedback to team members processing claims. Although some VAROs have implemented aspects of visual management including production boards, some of these production boards were not current by several days to several months, or were aligned to overall Service Center performance and not team performance, and were maintained by someone other than the actual production team.

### 5.1.5 Workload Balancing

Work is assigned to VSRs through a terminal digit system that does not consider short-term (daily or weekly) workload imbalances. Under the terminal digit approach to claim assignment, VSRs are assigned claims based on the last two digits of the Veteran's claim number. So, for example, one VSR might be responsible for all cases ending in 00–09, and another VSR might be responsible for all claims ending in 10–19, and so on. Assigning cases by terminal digit ensures that over the long run, case load is shared more or less evenly across all VSRs. The terminal digit approach also creates accountability by linking a specific range of claims numbers to a specific VSR. However, it was observed that in the short term (e.g., over the course of a week) the terminal digit approach results in the uneven assignment of claims such that one VSR will receive numerous claims, or more difficult claims, during the week, while another VSR receives relatively fewer claims, or easier claims, during the week. This uneven assignment of claims in the short term leads to additional backups and delays by not routing work to available VSRs. Furthermore, if a manager reassigns work to compensate for the imbalances, the accountability mechanism of the terminal digit system is defeated, suggesting that a different approach is needed.

### 5.1.6 Policy Deployment

Policy deployment and implementation processes are not standardized and aligned with needs of frontline workers, creating variation in how policy and process changes are implemented and executed across VAROs. The team observed variation in artifacts used by VSRs to process claim-related work. For example, at one VARO, the team observed VSR self-generated tools in use at the workstation ranging from printed e-mails from fellow VSRs describing action steps related to processing specific Veteran issues to flow charts, decision trees, and instruction sheets developed to more rapidly access documented process steps (e.g., Post-Traumatic Stress Disorder stressor screening actions). The majority of this replicated information originated from policy documents provided by VBACO in the M21-1MR and M21-4 manuals as well as Fast Letters. Much of the feedback from the VSRs indicated the self-generated tools were necessary because source documents were difficult to reference while processing a claim. For example, official procedural manuals are available online, but a VSR must toggle his or her computer screen between the claim and the guidance, making it difficult to read the Veteran's contention

and the guidance at the same time. Some VAROs have addressed this issue by providing two monitors to claims processors.

### 5.1.7 Exam Scheduling

Exam scheduling policies and procedures vary considerably across VAROs, resulting in the inconsistent collection of evidence, rework, and increased cycle times. Exam scheduling practices observed during VARO site visits rely to varying degrees on RVSR involvement to ensure that the scheduled exam addresses the issue(s) noted in the Veteran's claim. For example, at one VARO, the VSR would complete the Veteran notification process (Development Initiation) and would use a routing slip (called an exam review) to send the claim folder to an RVSR, who would review the claim and note the required examinations. The RVSR would then use a routing slip to send the claim folder back to the VSR who would request the exams in CAPRI. This practice added several days to the development cycle time. The only exams the VSR approved without RVSR review were those for Veterans who had submitted claims within 1 year of discharge (exams for these Veterans are mandatory). At another VARO, the exam scheduling process differed dramatically, and the VSRs scheduled the majority of exams (with the exception of those requiring a medical opinion). This particular VARO conducted Standardized Advanced Development Training in which VSRs were taught exam scheduling skills, enabling the Pre-determination team to discharge the vast majority of exam scheduling requirements. In this case, the VSR scheduled the exam as part of the Veteran notification process. These variations across VAROs indicate an opportunity to reduce claim processing cycle time through the application of standard work[7] coupled with improved training for VSRs.

### 5.1.8 Promising Practices

During the VARO site visits, Booz Allen noted several promising practices in use that were either unique to a particular VARO or shared across some but not all of the offices visited. The team noted these practices as a way of bringing attention to approaches that might not otherwise be shared. They are presented in Table 2 in no particular order.

**Table 2. Promising Practices Followed in Various VAROs**

| Practice | Description/ Benefit |
|---|---|
| Global War on Terror (GWOT) Team Approach | Pre-determination and Post-determination functions are conducted within a team of VSRs specifically assigned GWOT claims, reducing cycle time and ADTC |
| Veterans Administration Medical Center (VAMC) Partnering | A recognized VAMC liaison has been established, improving exam turnaround time |
| Visual Performance Measures | Prominent posting of VARO target performance metrics drives team understanding of VARO challenges |
| Development Resource Center (DRC) | Non-terminal-digit-based work distribution used to assign work to pool of DRC VSRs has improved cycle time and quality |
| Active File Location | Claim folders are located within arms reach of the assigned VSR, reducing handoffs and cycle time |

[7] Standard work is a fundamental Lean methodology and is a written, detailed description of the highest quality, most efficient way known to perform a particular process or task, and how long it should take. Standard work is expected to be continuously improved.

| Practice | Description/ Benefit |
|---|---|
| Visual Active File "Wall" | All active claim folders are stored in date of claim sequence on a wall storage system for ease of identification, reducing mail delivery times and overall cycle time |
| Capacity-Based Incoming Mail Distribution | The senior CA in Triage assigns incoming mail equally among five Triage CA personnel based on a 60 pieces/day performance expectation, improving mail processing and delivery |
| VSR Exam Scheduling Guide | The VSR team has developed an inclusive Excel spreadsheet covering the majority of exam scheduling, thereby reducing errors |
| Capacity-Based Claim Distribution | A supervisory VSR assigns daily work to an assigned team of VSRs based on a daily production goal, improving cycle time |
| Visual Active File Island | VSRs store and pull active claim folders from a chronologically ordered storage island. Cases are worked by the VSR team (not one specific individual) |

## 5.2 PEOPLE OBSERVATIONS

The human capital processes and practices in place at the VAROs support the CPI model used to process Compensation claims. In many of the VAROs visited, interviews with staff indicated that the functional stovepipes (Triage, Pre-determination, Rating, Post-determination), and the separate physical location of these units from each other, isolate individuals from the entire end-to-end process. In many cases frontline employees are unaware of what happens to a claim once they have finished their step in the process. As a result, a large number of employees indicated they are not sure how the quality of their work impacts the next step in the process, or how their work contributes to the quality of the final product. The design of the roles, structure, and supporting human capital processes currently supporting the CPI model may be inhibiting improving the current level of cycle time performance.

### 5.2.1 Employee Input

While Leaders and Supervisors seek input from employees on how to improve claims processing, it does not occur on consistent basis, is solicited in a variety ways and varies by VARO. For example, while some suggestion boxes were visible at some VAROs, employees indicated that they were not used. However, VBACO and representatives from OFO regularly solicit claims processing improvement ideas and recommendations in their Director's meetings and regularly scheduled site visits. In addition, during interviews, employees offered several ideas on to improve the process, or at the very least, could pinpoint problems with the current process.

### 5.2.2 Performance Standards

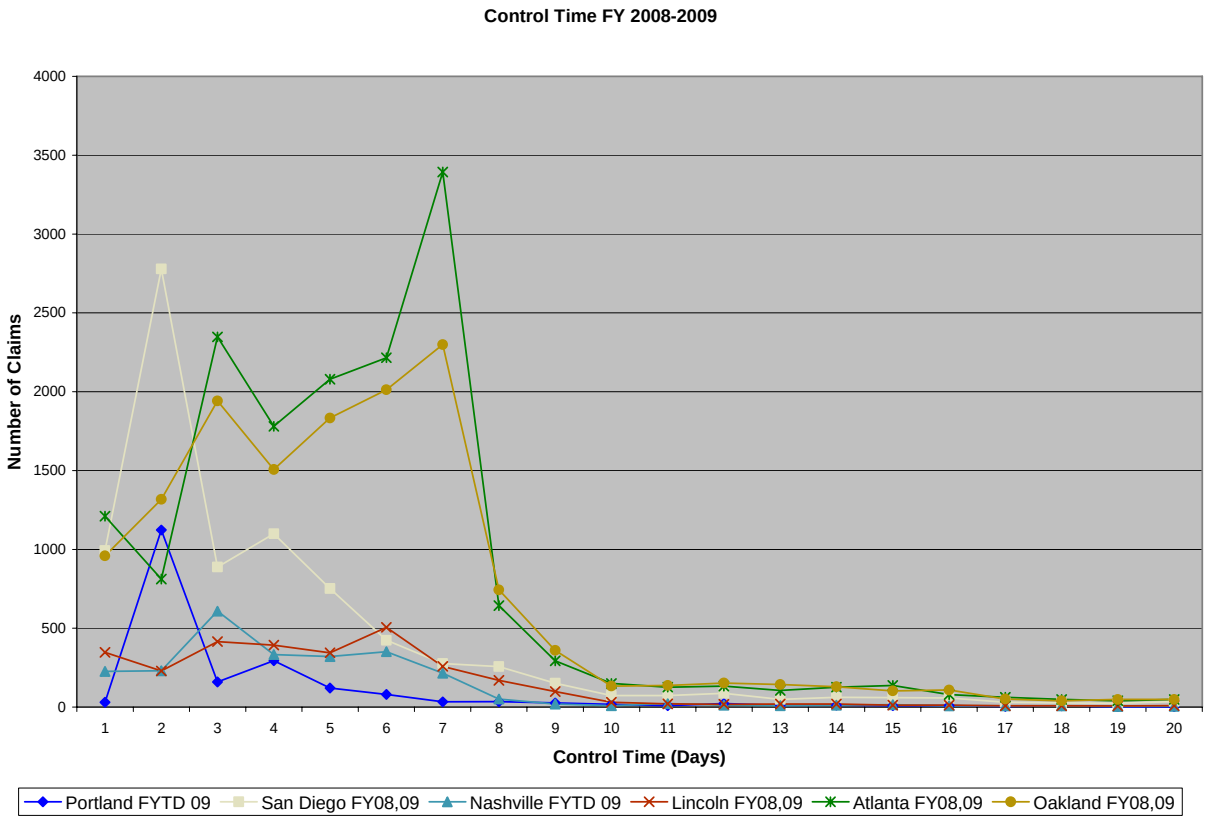
ASPEN is an automated database that captures work measurement credits for input into the performance standards of most VSC employees, including VSRs, RVSRs, and DROs. The system relies on self-reporting and awards points for specific actions taken during the processing of a claim. For example, VSRs receive .5 credits for conducting follow-up work on a claim already in development, but they receive 1.5 credits for initiating a new claim (sending the Veterans Claims Assistance Act [VCAA] notification letter). Employee performance standards are tied to this credit system and awards points for activities performed but does not measure individual contributions to VARO production goals. For example, for a VARO, the amount of time required to get a claim ready to rate is extremely important and is primarily the

responsibility of a Pre-determination VSR. ASPEN, however, does not track either the number of claims made ready to rate or the amount of time a VSR needed to prepare a claim for rating. Instead, ASPEN tracks the actions taken on daily basis (as reported by the VSR), and awards a number of work credits based on points associated each action. This credit measurement system, and the performance standards determined as a result, are not aligned with the VARO's goals of accelerating the number of claims ready to rate.

### 5.2.3 Performance Targets

Current process performance targets may be contributing to increased cycle times by setting a period of time that individuals can "wait" to achieve the performance target, thus reinforcing the wrong behaviors. For example, data suggest that the completion of work spikes at or near the time allotted for particular tasks. Figure 5 displays control time[8] for cases across several VAROs. VBA has set a nationwide goal to have all cases under control (entered into MAP-D) within 7 days of receipt. As shown in Figure 5, preliminary analysis indicates some work is being deferred until the target date approaches (as shown by the spike in work activity on or near day seven), suggesting that the performance target is actually driving the wrong behavior (i.e., not establishing a claim until the end of the target date range), thereby adding to cycle time. It appears that achieving faster control times is possible and that the VBA should consider establishing a different control-time target and align its performance measures to support the expectation established.

**Figure 4. Number of Claims Established Versus Control Time**




[8] Control Time is the time elapsed from the date of the claim to claim establishment date.

### 5.2.4 Training

To achieve a level of consistency of skill and knowledge across all VAROs, each VSC employee is required to attend a total of 80 hours of training per year—60 hours in topics mandated by VBACO, and 20 hours selected by the VARO. VAROs select the training from a list of topics provided from the VBACO. Because of the scale of numbers of employees, the delivery of the mandated training is focused on functional positions instead of meeting individual needs of employees, their existing competencies, their current level of knowledge, or individual development plans. For example, in many VAROs VSRs, regardless of experience, tenure, or needs, are required to attend training together on mandated training topics. This position-based training approach (as opposed to a competency-based approach) means that VSRs regardless of knowledge or skill level attend the exact same training session. Because training content is mandated by position rather by experience or skill level, experienced employees indicated they are often bored by the training while junior employees indicated they are often confused. Given the objectives to ensure there is a consistent skill level across all VSC employees in all VAROs, and also a need to accelerate skill development for new and existing employees to achieve higher levels of skill, a variety of learning methods may be needed to accomplish both objectives.

### 5.2.5 Internal Communication

Given the volume and complexity of legislative, regulatory, legal, and medical changes, retrieval of information in ROs is a challenge. Policies are not communicated uniformly at the local level, resulting in process and procedural variations across VAROs. Under the current system, for example, policy changes are communicated in Fast Letters from the VBACO. Although the Fast Letters provide guidance on what the change is, they do not specify the required procedural changes in a step-by-step format that would allow VSRs to rapidly enact the changes. The letters are often delayed for a variety of reasons (legal review, policy approval, leadership approval), which results in VAROs delaying work on cases potentially impacted by the policy change, adding to the cycle time. In addition, several VSCMs indicated that implementing policy changes is difficult and time-consuming with experienced staff hesitant to seek out the latest information, to keep meeting their production targets.

### 5.2.6 Quality

The current quality control process relies heavily on inspection and does not provide timely feedback to the employee. For example, within each VARO, each VSR has five of his or her claims pulled for review during the course of a month. Typically near the beginning of the month, a Super Senior VSR randomly pulls all the cases to be reviewed that month. She or he then reviews all the cases, logs the result in ASPEN, and returns the cases to the file bank or workstation, as appropriate. The time elapsed between pulling the folder, conducting the review, and providing feedback can be as long as 6 weeks. During the 6-week review cycle, the VSR presumably continues to make the same mistake on potentially dozens of other cases. In addition, the current approach to quality discourages employees from surfacing problems on their own and does not emphasize structured problem solving and root-cause analysis necessary to improve long-term quality.

### 5.2.7 Production Planning

Variability in workload management plans results in differing priorities and inconsistent performance across VAROs. The team reviewed the workload management plans at all of the

VAROs visited and noted distinct differences in the methods and templates used to prioritize claims processing. While high-level guidelines were observed to be consistent (e.g., GWOT priority, 30-day VCAA response requirement), differences in specific VARO policies, both formal and informal, were noted. For example, at one VARO, formal guidance was provided to set the VCAA response suspense dates[9] at 15 days to prompt the VSR for a follow-up. Another VARO set the suspense date to the full 30 days—prompting fewer follow-up actions from the VSR. Informally, VSRs prioritized their WIP using a variety of methods including selecting claims that they considered easy to complete, or those that would earn them the most work credits (see for example, Section 5.2.2).

### 5.2.8 Promising Practices

During the VARO site visits, Booz Allen noted several promising practices in use that were either unique to a particular VARO or shared across some but not all of the offices visited. These practices are a way of bringing attention to approaches that might not otherwise be shared. They are presented in Table 3 in no particular order.

**Table 3. Promising Practices Noted in Some VAROs**

| Practice | Description/ Benefit |
|---|---|
| Accountability and Aligned Consequences | There are clear positive and negative consequences for behaviors |
| Leadership and Union Relations | Senior leaders meet with frontline employees and union leaders regularly. Human resources is very proactive and a business partner |
| Accountable and Manageable Team Sizes | Coaches are assigned small teams of 10–15 people to encourage accountability |
| Continuous Improvement Mind Set | Results from quality reviews are used to develop training plans |
| Accountability | Performance accountability aligned with consequences is emphasized at all levels |
| Knowledge Transfer | Prior to attending prerequisite training, new hires are rotated through the CA role to understand the front end of the claims process |
| Mission-Driven Culture | Leadership reinforces the mission daily with activities, messages, and behavior |
| Coordination of Efforts | Coordination of efforts between the training manager and training coordinator relationship |
| Quality Reviews | Results of internal quality reviews are used to drive training requirements |
| Focus on Fundamentals | Focus is placed on the “critical few” performance measures along with getting the mail under control |
| Incentives | Team and individual motivators are used to improve performance |
| Workload Distribution | Senior VSRs are responsible for distribution of work among Pre-determination VSRs, using work complexity, skill level, |

[9] Suspense dates are used by VAROs to prompt action. The shorter the suspense date, the sooner a case will get pulled and reviewed for activity.

| Practice | Description/ Benefit |
|---|---|
| | and productivity factors to balance work |

## 5.3 TECHNOLOGY OBSERVATIONS

Although a technology assessment is outside the scope of this project, Booz Allen recognizes that technology plays a key support role in the claims development process and reviewed the technology in use by the VAROs from a process support perspective. VBA has invested in numerous tools to help VAROs develop claims and track their performance. While each of these tools is useful, they represent isolated solutions designed to address a specific element of the overall claims resolution cycle.

### 5.3.1 Data Entry

VSRs rely on multiple data systems requiring frequent switching of applications, duplicate data entry, and multiple passwords and access points resulting in greater error rates and increased cycle time. Technology solutions have not been maintained and improved regularly to ensure proper functionality. For example, VSRs must manually switch between SHARE and MAP-D applications when checking for active mail because the automated switching feature takes the VSR to the wrong screen.

### 5.3.2 IT Support

Information Resource Management (IRM) support is not aligned with the needs of the VARO claims processing priorities. As a result, chronic hardware shortages and software impede the ability of VAROs to expedite claims processing. For example, printer shortages at VAROs result in lengthy wait times and misplaced forms. At one VARO, the team counted one printer for a Pre-determination VSR team of 16—significantly adding to processing delays.

## 5.4 PHYSICAL INFRASTRUCTURE OBSERVATIONS

Although an assessment of VARO physical infrastructure is outside the scope of this project, it is worth pointing out that the current layout of the claims development process reflects the functional approach of the CPI model. Within each VARO, workers are organized by the function they perform within the overall claims resolution process. For example, employees performing Triage functions are typically grouped together as are the Pre-determination VSRs, the Rating Specialists, the Post-determination VSRs, and the authorizers. This functional grouping reflects the traditional mass-production environment of grouping employees by the function they perform rather than by how a claim flows through the resolution process.

### 5.4.1 File Movement

The current functional approach to physical layout results in cycle time delays created by the excessive file movement within VAROs. For example, in some VAROs, sequential functions were located on different floors. As a result, a whole system of file movement has been created to transport batches of claims from one process step to another. Throughout the day, work-in-process claims are collected from staging areas, placed on carts, and transported to different stations, often on different floors, where the claims are restacked at the next staging area to await the next step in the process. This movement of files is reflected in the value stream map (see Figure 4) as black lines connecting processes to staging areas and file banks.

In addition, claims folders are frequently moved to and from file storage areas during their journey through the claims resolution process. These storage banks are not always located near, or even on the same floor as, the employees processing the claims. As a result, the claims folder must be transported throughout the VARO, increasing cycle times, and creating opportunities to misplace folders.

# 6.0 IMPROVEMENT RECOMMENDATIONS

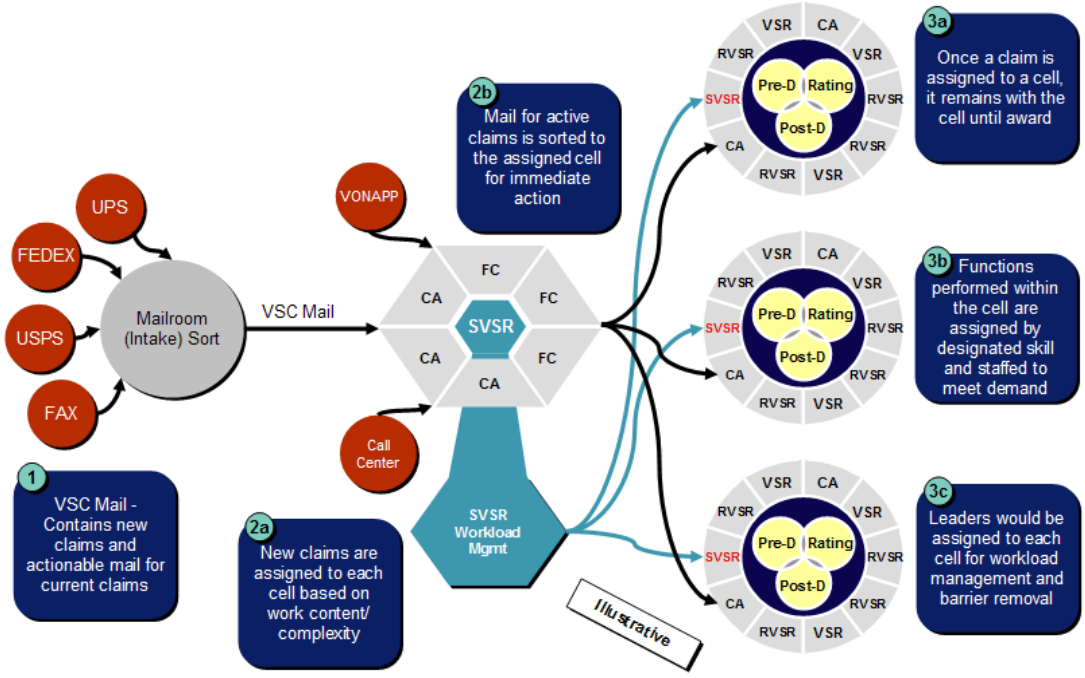
The improvement recommendations were developed by assessing the process against the enablers of organizational performance described in Section 4.4. A preliminary set of hypotheses were developed around claims development process flow and validated through observations and walkthroughs of claims development activities at each of the eight sites visited. These hypotheses were used to develop a set of recommendations intended to improve claims flow, reduce processing time, and address organizational factors highlighted in the findings.

## 6.1 PROCESS RECOMMENDATIONS AND EXPECTED BENEFITS

The overall process recommendation is to apply Lean production practices to claims processing. Lean includes a collective set of production practices designed to align production with customer demand, reduce cycle times, reduce inventories, eliminate process waste, and capture and use employee knowledge to continuously improve processes. The overriding goal of the process recommendations is to facilitate claims movement (flow), thereby reducing processing time. Increasing claims flow, combined with the people, technology, and physical infrastructure recommendations in subsequent sections, represent a comprehensive and holistic approach to improving compensation claims processing.

Figure 6 represents an illustrative example of how the current claims processing functions might be restructured based on the recommendations in this section.

**Figure 5. Regional Office Future State Concept**




The proposed structure provides several advantages over the current functional approach to claims processing. First by, structuring claims processing activities within a pod team structure encompassing Triage, Pre-determination, Rating, and Post-determination functions, claims folder movement is greatly reduced. Multiple movements throughout a Service Center can be reduced for the most part, once a claims folder enters a pod for processing. In addition, because a pod team will have ownership of the entire claims resolution process, team members will have a

greater appreciation for how their work quality impacts downstream processes. (e.g., Rating, Post-determination, Appeals).

### 6.1.1 Establish Claims Processing Teams (Pods) Containing Pre-Determination, Rating, and Post-Determination Functions

Claims processing teams containing Pre-determination, Rating, and Post-determination functions should be established by grouping personnel currently executing CPI-defined functional tasks into a team structure that reflects the flow of the claim from Triage to Post-determination. This co-location will reduce the need to move claims folders between disparate areas of the VARO, facilitate balancing the workflow between process activities (i.e., Triage to Pre-Determination), and allow Coaches to visually manage the flow of claims by streamlining the workflow within the pod. The structure will also encourage cross-functional support within the claim process (e.g., when an exam consultation would benefit a Pre-determination activity, the VSR can consult an RVSR within the pod, eliminating the need to route the work to someone else for review). Finally, the establishment of processing teams will help team members focus on the overall service to the Veteran by visually linking their work to the delivery of that service within the pod.

Expected potential benefits include—

- Reduced claim folder movement throughout the Service Center
- Reduced batching of claim folders and the associated staging areas because claims will remain within the pod throughout the resolution process
- Improved employee understanding of the entire claim lifecycle and their role in supporting the timely and accurate resolution of claims
- Simplified mail distribution as a result of reduced movement of the claims folder
- Improved quality resulting from more rapid identification and resolution of errors within the team (i.e., errors will be detected much closer to the point of occurrence).

### 6.1.2 Implement Visual Management Practices for Supervising Work and Gauging Claim Progress

Much like a scoreboard provides feedback during athletic events, visual management displays within the VARO could provide unambiguous feedback about pod and Service Center performance. By providing clear and common understanding of goals and associated measures, robust visual management systems would encourage individuals and teams to align their actions and decisions with the overall strategic goals of the Service Center (and, therefore, VBA). Furthermore, visual management systems would provide the same unbiased information to all Service Center employees and visitors without the need to print reports. The “scoreboards” should clearly display daily production goals and progress against the goals and be updated throughout the day. Once implemented, the maintenance of the visual management boards should be the responsibility of the team members. In addition to performance scoreboards, visual management techniques should be used within the pods to help Coaches recognize work priorities and progress, signaling when a pod team might need guidance or assistance.

Expected potential benefits include—

- Common understanding of Service Center goals and associated measures
- Increased ability for individuals to assess daily work expectations

- Improved ability for individuals to connect their work to the goals of the team and the Service Center
- Improved ability for management (Coaches, Assistant Veterans Service Center Manager [AVSCM], VSCM, Director, VBACO, etc.) to rapidly assess work performance and take corrective actions/remove claim flow barriers, based on claim flow and performance
- Improved esprit de corps based on achievement of team goals
- Better use of Coaches' time because teams can use and maintain visual management systems without supervisor intervention; Coaches will have more time to problem solve, remove barriers, and develop employees (i.e., they will not be sitting in front of a computer screen looking for data or at an individual's desk to assess progress).

### 6.1.3 Develop Standardized Case Development Activities Through the Implementation of Job Instruction Sheets and a Suggestion System

VBA currently has standardized and documented procedures for the activities associated with claims resolution; however, these standard procedures are used infrequently, especially by more experienced VSRs. The result is wide variation in how claims are processed throughout and across Service Centers. VBA should develop standardized claims development processes through the implementation of Job Instruction Sheets (JIS) that contain action steps and average time required to complete the steps. Along with JISs, VBA should implement a robust employee suggestion system to continuously capture and implement improvement to the standard procedures.

Expected potential benefits include—

- Increased VARO adherence to policies and procedures
- Ability to improve processes once they have been standardized
- Easier root cause analysis, because all employees will be following the same procedures
- Identification and dissemination of best practices
- Predictable performance, enabling future work balancing and flow improvements
- Improved ability for Coaches and managers to assess individual performance against true productivity standards
- Enhanced esprit de corps and process implementation buy-in through the recognition of employee innovation (suggestion system).

### 6.1.4 Develop a Mechanism to Enable Consistent, Standardized, and Flexible Management of Workload

A mechanism to enable consistent, standardized, and flexible management of workload that links all team claims processing activity to Veteran customer demand should be developed. In other words, the rate of production for the VARO should be determined by the number of requests for new claims received daily. For example, if the VARO receives 100 new claim requests, 100 notifications should be sent to Veterans. This simple measure will determine whether the VARO is keeping pace with customer requests. A mathematical "pace" for production, defined as Takt Time, can also be calculated (see Figure 7).

This implies that for the VARO to meet customer demand, a claim notification must be sent every 4.8 minutes. Understanding this mechanism will allow the team to develop strategies enabling the VARO to balance workload against this pace and rapidly assess the VARO's ability to meet the demand on any given day.

**Figure 7. Takt Time**

$$Takt = \frac{Available\,Work\,Hours}{Total\,Customer\,Demand}$$

$$Takt = \frac{8 hours}{100 Claims} = .08 hours = 4.8\,\text{min}$$

Expected potential benefits include—

- Reduce overall cycle time by reducing batch sizes, reducing WIP, and improving individual performance of specific claims processing activities
- Enable future staffing decisions based on specific processing needs
- Improve visual management capabilities
- Reduce folder transportation needs
- Assist in linking individual performance to VARO performance goals by establishing specific work performance expectations at the individual level.

### 6.1.5 Develop In-line Quality as a Standard Practice Enabling Root-cause Analysis and Elimination of Claims Development Process Issues

The current system of quality through inspection does little to improve long-term quality, as evidenced by the consistency of the most common errors reported on the monthly Systematic Technical Accuracy Review (STAR) reports. Rather than more inspections, VBA should modify internal VARO and VBACO quality assurance and quality control processes to embed quality into the claims resolution process. The suggested pod structure will be first step in this direction, because team members will be able to provide feedback to each other as claims are worked. Service Center Coaches must also encourage the surfacing of errors so that root cause analysis can be conducted and overall error rates can be reduced.

Expected potential benefits include—

- Immediate resolution of claim processing errors
- Long-term elimination of claim processing errors through root-cause analysis
- Improved claims processing cycle time as a result of the elimination of rework (duplication of effort)
- Increased ownership of work because process executors are primarily responsible for quality
- Increased individual understanding of impact on overall process as defined quality expectations permeate team groups.

### 6.1.6 Expand Partnerships with External Record Storage Facilities to Streamline File and Records Retrieval

VBA relies on numerous partners to supply and store Veteran service-related files. For example, VBA requests several thousand personnel records each week from the Department of Defense (DoD), and several thousand service treatment records each week from the DoD and/or the VA's Record Management Center (RMC).To reduce processing times, VBA should expand its partnerships with these entities to streamline file and records retrieval, specifically by implementing improvement efforts through collaboration with the RMC, NPRC, and Federal

Archives and Records Center (FARC). As part of its paperless initiative, VBA should investigate methods to electronically share these records and eliminate the costly and time-consuming mailing of claims folders and associated evidence.

Expected potential benefits included—

- Improved results in requests for externally stored files in support of claims processing
- Improved relationship with external file storage agencies and an ability to rapidly address concerns through periodic process-focused meetings
- Improved understanding of the information required at each storage facility to accurately retrieve information relative to claims processing
- Identification of potential improvement opportunities relative to claims processing at the RMC and/or VA Liaison Office. (VALO).

### 6.1.7 Develop a Mechanism/Process for Reducing Cycle Time Delays Caused by Claim Folders with Pending Appeals

If a Veteran chooses to Appeal a VARO decision, and then submits another claim while that previous claim is in the Appeals process, the appeal will be delayed, in most cases, while the new claim is processed. However, depending on the progression of the appeal, the Veteran's claim folder might be located with the Board of Veterans' Appeals (BVA), which means the new claim is also delayed until the claim folder is returned to the VARO

To address this situation, some VAROs will begin processing the claim using a temporary folder, which, to a limited extent, allows the VSR to initiate development and notify the Veteran that claim development has been initiated. However, full development cannot be completed until the claims folder itself becomes available from BVA. Although this problem will potentially be eliminated by the VBA's eventual transition to a paperless claims processing environment (by allowing simultaneous access to a claims folder), the VBA should investigate and implement manual procedures to minimize this delay during the interim.

Expected potential benefits include—

- Improved claims process cycle time resulting from the reduction/elimination of reintroduced appeals claims folders, temporary folders, and Veteran requests
- Improved ability to assess workload as a result of the elimination of rework induced by appeals-related claims.

## 6.2 PEOPLE RECOMMENDATIONS AND EXPECTED BENEFITS

### 6.2.1 Develop a Performance Measurement System that Aligns Team and Individual Performance to VARO Goals

The current work measurement (credit) system used to measure all VSR's and RVSR's performance (rating and non-rating) (Pre-determination, Rating, Post-determination) should be replaced with a performance measurement system that aligns team and individual performance to VARO goals. Employees in these key roles need to be guided and motivated to accelerate the movement of claims to being ready to rate and authorized. Before changing any measurement system, it is important to first make changes to improve key processes, align roles, and identify the desired behaviors that would achieve the desired levels of performance. Once these steps are completed, the measurement system needs to be designed to reinforce the desired behaviors. An

additional benefit of changing from a work credit performance measurement system to one that is aligned with VARO goals, is that it would create a sense of belonging and team of those VSRs and RVSRs to the VARO's goals and they would have a more clear "line of sight" and understanding as to how they contribute to the VARO's success.

Expected potential benefits include—

- Individuals focused on measures based on VARO performance, not earning credits
- Improved ability to identify performance and other human capital issues and initiate appropriate corrective action
- A clear line of sight across all measures that connect "shop floor" to strategy
- Individuals motivated to contribute to and exceed team and organizational goals.

### 6.2.2 Define the Appropriate Roles (Novice to Expert), Related Competencies and Training Required at Each Level of Performance to Support the New Claims Process

The performance of individuals in an organization is a function of the person, his or her behavior, and the work environment. The work environment is described as an organization having the right processes, the right roles, the right people, the right responsibilities, the right accountabilities, the right recognition/rewards, and the right skills supported by the right tools (resources, technology, etc.). Following the changes in process, the key roles such as leaders, VSRs, and RVSRs that impact the performance of the claims process need to be defined in light of the process changes. For the performers, along with consultation from their Coaches, to identify ways to strengthen their performance, the role definitions should include competencies that illustrate levels of performance from novice to expert that support the development of a high-performance workforce. These roles, responsibilities, accountabilities, competencies, and the training required at each level of performance must be defined to support the new claims process.

Expected potential benefits include—

- Reduced variability and improved learning outcomes
- Advancement of learners as they demonstrate proficiency
- Continuing learning environment that is motivating to all staff
- Clearer job expectations that facilitate motivation and better coaching
- Training based on proficiency gap
- Impact on reducing the backlog
- Clarity of the professional development path.

### 6.2.3 Improve the Clarity of Internal Communications and Provide Tools for Easier Dissemination and Retrieval of Polices and Procedures

There is a business need to improve the clarity of internal communications and provide tools for easier dissemination and retrieval of policies and procedures. Communications needs across all internal stakeholder groups requires an assessment and gap analysis to identify the strategies and actions that will enable all staff to acquire the information and knowledge necessary to accelerate the accurate and timely processing of claims. This change may require new tools and approaches not currently in place, including the use of a variety of technology-based approaches that will make the retrieval of accurate information easier and thereby more likely to occur by all employees.

Expected potential benefits include—

- Greater compliance with policy and procedures
- Behavior of "researching to get the right answer" encouraged, resulting in fewer errors
- Increased motivation through decreased feeling of being "overwhelmed"
- More time moving claims to ready-to-rate or completed claims status versus researching the right answer
- More consistency and timeliness of Coaches implementing communications.

### 6.2.4 Improve the Clarity and Consistency of Communications with Veterans

There is a need to improve the clarity and consistency of communications with Veterans by reducing the complexity of Veteran communications (e.g., VCAA letter), encouraging the use of standardized forms, and follow-up mechanisms. The Veteran population varies widely by demographics. Their needs and expectations vary by the various demographic segments. The mounting amount of legal, medical, and legislative policies, laws, and overall changes has created a complex web of communications that is increasingly difficult to communicate in a simple, clear method. A communications gap analysis should be conducted to identify any new strategies or changes to the existing communication process that would meet the needs and expectations of the Veteran population.

Expected potential benefits include—

- Less burden on Veterans to interpret communications from VA
- Call centers able to provide more accurate information to Veterans regarding claim status
- Faster and more complete input from Veterans facilitating faster resolution of their claims.

### 6.2.5 Affirm the Role and Accountability of the Area Office to the VARO in Light of the Proposed VARO Process and Organizational Changes

As processes and organizational recommendations are implemented, VAROs will find that their roles and accountabilities will need to be adjusted accordingly. The VAROs will most likely have some different support needs than they have today. A major area of support are the Area Offices and the roles and resources that are aligned to the VAROs. To ensure the Area Offices are designed to assist the VAROs with the consistent implementation of the proposed process and organizational changes, it will be necessary to assess the VAROs future needs from their perspective and identify any gaps, or missing support systems, required to implement and sustain the process and organizational changes. This might result in an affirmation of the existing roles and responsibilities of the Area Offices, or it may identify changes, that if made, will accelerate the VARO's ability to execute change more quickly and achieve changes in performance in a more efficient and effective manner.

Expected potential benefits include—

- Continued Area Office accountability for VARO performance
- An increased emphasis on sharing of best practices and implementation and continuous improvement lessons learned within and across Areas
- Consistent implementation of policy and procedural changes.

### 6.2.6 Develop a Measurement System for Leadership Capabilities that Reflects the Desired Leadership Competencies

Leaders and Supervisors are critical to the performance of a VARO and in the execution of change of any type and magnitude. They can be an effective distribution channel for communications and role models for desired behaviors expected of others. For strategic or operational changes to be successfully executed and sustained, leaders and supervisors must understand and be skilled in applying positive reinforcement for desired behaviors and quickly address those behaviors of individuals inhibiting the change. Identifying the leadership competencies that will distinguish the high-performer leaders from the average, and creating a development process and supporting resources to develop these competencies, will be essential for VBA to develop a cadre of future leaders and accelerate the achievement of their performance targets.

In addition, once these leaders and supervisors have the opportunity to develop these new competencies, the performance standards should be adjusted to reflect the new criteria for success. Ultimately a consistently applied leadership development and performance process linked to newly created competencies will create a culture of high performance and a roadmap for the development of leaders. This approach will require conducting a gap analysis of the leadership development and measurement process as it exists today and realistically may require new supporting methods, resources, and structures.

Expected potential benefits include—

- Leaders and Supervisors receive feedback based on a high-performance model
- Leaders and Supervisors have a clearer picture of behaviors of the "best performer model" and know what to do
- Leaders and Supervisors can receive more targeted coaching with an understanding that the new competencies will be aligned eventually with their performance standards and formal and informal reward and recognition systems

Leaders and Supervisors demonstrating the necessary behaviors that will influence movement toward a desired culture.

## 6.3 TECHNOLOGY RECOMMENDATIONS AND EXPECTED BENEFITS

Although an actual assessment of the IT applications and solutions in use by the VAROs was outside the scope this study, the team did observe how the Pre-determination process is supported or hindered by technology and the support VBA receives from the IRM function.

### 6.3.1 Improve Relationship with Information Resource Management

As a result of consolidation of the IT function at the Department (VA) level, VBA does not have its own internal information management support, and instead relies on the VA's IRM function to provide IT support. Currently, the priorities of the IRM department are not aligned with the IT needs of the VBA, as evidenced by the chronic shortage of printers and monitors across VAROs, and the lengthy upgrade cycles for software programs. To ensure the appropriate level of support

from the IRM, VBA should develop a service level agreement[10] with IRM that will better support claims processing priorities.

Expected potential benefits include—

- Improved reliability of IT systems VBA-wide
- Improved availability of peripherals necessary to support claims processing
- Improved alignment of claims processing support applications to specific claim needs
- Improved cycle time as a result of eliminating duplicative efforts of managing multiple systems, and reduced error rates
- Faster implementation of software upgrades.

## 6.4 PHYSICAL INFRASTRUCTURE RECOMMENDATIONS AND EXPECTED BENEFITS

Booz Allen assessed the physical infrastructure of work areas to determine how the layout and design of work areas support or hinder the flow claims through the VARO. The team observed that while some VAROs have aligned process functions to mimic the beginning-to-end flow of a claim, and in some cases, even aligned those functions into related teams (i.e., the work from Triage Team 1 is moved to Pre-D Team 1, which is then moved to Rating Team 1, and so on), in general, claims make a long journey and numerous stops within a VARO.

### 6.4.1 Develop a Physical Layout of Work Areas to Facilitate Claims Process Flow

A physical layout of work areas needs to be developed to facilitate claims process flow by optimizing and aligning VARO workspace with a team-based processing approach. The observed current structure physically separates the mailroom, Triage, Pre-determination, Rating, and Post-determination functions. The primary purpose of physical layout modification is to co-locate process functions to minimize the transportation and hand-offs of claims folders and the associated movement of support documentation (i.e., end product mail, evidence, or examination reports) between process actions. The establishment of physical cellular workstations, or pods, will serve to align process actions within the pod, effectively connecting process actions within the pod and allowing for the application of visual management and workload balancing tools to effectively reduce overall claim processing cycle time.

Expected potential benefits include—

- Reduced file movement and storage space requirement
- Improved use of visuals as a result of reduced clutter caused by stored files and staging areas
- Improved coach visual management as a result of reduced need to traverse multiple floors when assessing assigned teams
- Reduced need for peripheral file carts, staging tables, sort areas, etc., providing a cleaner work environment and additional square footage

[10] A service level agreement is a negotiated agreement between a customer and a service provider that documents a common understanding about services provided, priorities, responsibilities, level of availability, or any other attribute of service important to the customer.

# 7.0 RECOMMENDED NEXT STEPS

## 7.1 CONDUCT A PILOT OF RECOMMENDED CHANGES

To test, validate, and refine the recommendations in this report, Booz Allen recommends the VBA conduct a pilot, or set of pilots, of the proposed improvement recommendations. Piloting the recommendations will provide VBA with the opportunity to assess the impact of the recommendations, validate their suitability for a broader roll out, and refine the recommendations as necessary. The pilot, or pilots, could be conducted at one or up to several VAROs. Depending on the size of the VARO selected, the length of the pilots would range from 8 months to 1 year.

## 7.2 PILOT PURPOSE AND GOALS

The purpose of the pilots would be to test, validate, and refine as necessary claims processing improvement recommendations in a pod structure and measure the impact on reducing cycle times. Pilot improvements will be used to inform development of business process, organization, and technology requirements in support of VBA's transition to paperless claims processing and would be incorporated into the business transformation workstreams supporting the Paperless Initiative. Specifically, the pilots should—

1. Implement an efficient claims processing team structure (pods) built on proven principles that will enable continuous improvement in claims processing. Each pod will comprise the requisite personnel/functions necessary to complete compensation claims processing. To sustain the workflow changes, a redesign of the roles, responsibilities, accountabilities, competencies, performance measures, and training specific to the pilot for all impacted positions from the Regional Offices Director to the frontline staff should be analyzed.
2. Test, validate, and refine as necessary a subset of improvement recommendations (referred to in the pilot goals listed below) in the pod structure and measure the impact on reducing cycle time.
3. Identify process and technology requirements resulting from the pilots and incorporate them into the Paperless Initiative.
4. Document and incorporate lessons learned and best practices to support additional pilot activities and future implementations across the remaining VAROs.
5. Develop new skills for the leadership and staff to work in a high-performance quality environment.
6. Build internal VBA capability to facilitate the pod structure implementation across the other VAROs.

The high-level objectives of the pilot activities are shown in Table 4.

**Table 4. Pilot Objectives**

| Potential Pilot Objectives |
|---|
| 1. Establish a Triage pod and Claims Processing pods containing Pre-determination, Rating, and Post-determination functions |
| 2. Develop a physical layout of work areas to facilitate claims process flow |
| 3. Implement visual management practices for supervising work and gauging claims progress |
| 4. Develop standardized case development activities through the implementation of JISs and a suggestion system as well as related procedures for in-line quality |

| Potential Pilot Objectives |
| --- |
| 5. Develop a methodology to enable consistent, standardized, and flexible management of workload<br>6. Define the appropriate roles (novice to expert), related competencies, and training required at each level to support the new claims process<br>7. Develop a draft performance measurement methodology that aligns team and individual performance and incentives to VARO goals |

## APPENDIX: ACRONYMS

| Abbreviation | Definition |
|---|---|
| ADTC | Average Days to Complete |
| ADUS | Associate Deputy Under Secretary |
| ASPEN | Access Standardized Performance Elements Nationwide |
| AVSCM | Assistant Veterans Service Center Manager |
| BPR | Business Process Reengineering |
| BVA | Board of Veterans' Appeals |
| C&P | Compensation and Pension |
| CA | Claims Assistant |
| CAPRI | Compensation and Pension Record Interchange |
| CEST | Claims Establishment |
| COVERS | Control of Veterans Records |
| CPI | Continuous Process Improvement |
| CT | Cycle Time |
| DoD | Department of Defense |
| DRC | Development Resource Center |
| DRO | Decision Review Officer |
| ESC | Executive Steering Committee |
| FARC | Federal Archives and Records Center |
| FC | File Clerk |
| FY | Fiscal Year |
| GFI | Government Furnished Information |
| GWOT | Global War on Terror |
| HR | Human Resources |
| IRM | Information Resource Management |
| IT | Information Technology |
| JIS | Job Instruction Sheet |
| LSS | Lean Six Sigma |
| LT | Lead Time |
| MAP-D | Modern Awards Processing: Development |
| NPRC | National Personnel Records Center |
| OFAA | Office of Facilities, Access, and Administration |
| OFO | Office of Field Operations |
| PIES | Personnel Information Exchange System |
| Pre-D | Pre-determination |
| Post-D | Post-determination |
| QTC | QTC Management (Private Contractor) |
| RMC | Records Management Center |
| RVSR | Rating Veteran Service Representative |
| SME | Subject Matter Expert |
| SSD | Support Services Division |
| STAR | Systematic Technical Accuracy Review |
| SVSR | Senior Veteran Service Representative |

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|---|---|
| USB | Undersecretary for Benefits |
| VA | Department of Veterans Affairs |
| VALO | VA Liaison Office |
| VAMC | VA Medical Center |
| VARO | VA Regional Office |
| VBA | Veterans Benefits Administration |
| VBACO | Veterans Benefits Administration Central Office |
| VCAA | Veterans Claims Assistance Act of 2000 |
| VERIS | Veterans Examination Request Information System |
| VETSNET | Veterans Service Network |
| VOR | VETSNET Operations Reports |
| VSC | Veteran Service Center |
| VSCM | Veteran Service Center Manager |
| VSR | Veterans Service Representative |
| WIP | Work in Progress |