Qualitative Analysis of VBA Employee Work Credit and Work Management Systems

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Executive Summary

This report provides the results of a study that the Department of Veterans Affairs (VA) asked CNA to conduct on the effectiveness of the current employee work credit system and the work management system (i.e., the Claims Process Improvement Model, also called the CPI model) that is used in claims adjudication. The study is a requirement that came from Section 226 of Public Law 110-389 (the Veterans' Benefits Improvement Act of 2008)[1].

Background

The system that VBA currently uses for processing claims is the CPI model, which is an organizational model that promotes specialization as a way to improve quality and timeliness. The model has separate claims processing teams to perform functions in each of the following areas: public contact, triage, pre-determination, rating, post-determination, and appeals.

Many of the employees who work on those teams are Veterans Service Representatives (VSRs), Rating VSRs (RVSRs), and Decision Review Officers (DROs). These employees are all subject to minimum work credit standards, and they earn work credits by performing certain claims processing actions, each of which is assigned a specific number of credits meant to reflect the time required to complete the action. Employees' ability to meet the work credit standards is one of the elements considered in their annual performance evaluations.

Data and Methods

Because of the nature of our study questions, the most appropriate methodology was qualitative data analysis. Both of our study topics are fundamentally management issues, and, as stated by VA's Center

for Organizational Leadership and Management Research, "qualitative research, with its emphasis on understanding complex, interrelated and/or changing phenomena, is particularly relevant to the challenges of conducting management research" [2]. Note, however, that qualitative data are not well-suited to provide precise estimates of quantifiable factors, such as how much something is affected by a particular type of event or how often that event tends to occur.

Our primary source of data was information collected from interviews on site visits to six Regional Offices (ROs), where we spoke with employees in a wide variety of roles in order to obtain as complete a picture as possible within the time constraints of the study. We took detailed notes from each interview and reviewed them to identify common themes among the responses.

We supplemented the information from our site visits with background information from congressional hearings, formal evaluations from a variety of sources (such as the Government Accountability Office, VA's Office of Inspector General, and internal VBA projects), conversations with VBA subject matter experts, and summarized VBA administrative data.

Employee Work Credit System

Among stakeholders such as VBA employees and Veterans Service Organizations (VSOs), the main concerns about the current employee work credit system are that it is perceived as emphasizing quantity over quality and that the work credits don't accurately reflect the time required to perform each action. In addition, results from two recent surveys found strong evidence that VBA claims-processing employees perceive that quantity is considered more important than quality. This is an important finding because even if that perception is incorrect, at least some employees who have that perception will probably change the way they process claims in order to do what they think is expected of them.

VBA has undertaken several of its own efforts to consider ways to improve the work credit system. One of these efforts was a time-motion study intended to provide information for updating the

work credit values, but unfortunately some flaws in the contractor's methodology prevented VBA from using the results. VBA is also conducting a pilot study on the effect of re-defining the actions for which employees receive credit in order to align them better with the overall goal of completing claims.

Based on information from our site visits, we found that employees generally feel that the work credit values in the current work credit system do not accurately reflect the amount of time required for each action. In particular, each action is too broadly defined to account for the large degree of variation in complexity across claims. The perceived inaccuracy of the work credits combined with the requirement to meet minimum work credit standards and the perceived emphasis on quantity over quality result in some unintended consequences for the way in which claims are processed.

These unintended consequences, such as rushed actions and piecemeal development, have negative effects on both the quality and timeliness of claims processing. Although VBA has established management practices that reduce these unintended activities somewhat, a better approach would be to eliminate the actual cause of these activities. This would allow management to focus attention on other important VA priorities.

The first step toward eliminating the unintended activities resulting from employee perceptions about problems with the work credit system should be a pilot to develop a set of actions and associated work credits that accurately reflect, and are perceived to accurately reflect, the time required to perform each action. The work credit values should be established to allow a specific average level of quality. Those work credit values can then be combined with information on expected caseload to determine the staff required to process that caseload at that quality level. Because these changes will not be quick to implement, VBA should determine what the trade-off between quality and quantity is under current resource constraints and then explicitly decide on which levels of quality and quantity best contribute to accomplishing VA's mission.

Work Management System

The main motivation for studying the CPI model is the concern that quality and accountability are lacking because many different people are involved in processing each claim. Our analysis finds that two of the main distinguishing features of the CPI model, i.e., the specialization of VSRs and the fact that claims are passed through a series of specialized teams, have both advantages and disadvantages for the quality and timeliness of claims processing. In particular, VSR specialization improves quality and timeliness (compared to a model with less specialization but more continuity in the staff who work on each claim), but the movement of claims across teams reduces quality and timeliness. Thus, the net effect of the CPI model is unclear, which means that before making any changes to its approach to claims processing, VBA should conduct a pilot study to confirm that those changes will actually produce the desired improvements.

VBA is in fact already conducting a pilot study that tests an alternative to the CPI model that, based on its design, appears to have the potential to improve both quality and timeliness. Consequently, we recommend that VBA wait for the results of that study before deciding whether it would be worthwhile to investigate other alternatives.

Other Study Topics

In the area of IT use, VA has been proceeding with its efforts to increase the use of paperless processing, and that strategy seems to have the most potential for improving timeliness and quality. VA has investigated the possibility of using rules-based applications for the rating decision, but the subjective nature of many of the current VASRD (Department of Veterans Affairs Schedule for Rating Disabilities) criteria would make implementation of that approach extremely challenging.

Timely development of claims is essential to the timely completion of claims, and VBA could improve development time by encouraging more use of telephone contacts to obtain information from claimants and third-party organizations. The best way to encourage

this would be to provide appropriate work credit for phone development.

On the topic of claims that are ready to rate at the time they're submitted, we found that there are no standard practices across ROs for handling those claims. There is currently a pilot study to determine the potential for a program in which "fully developed claims" receive expedited treatment, and depending on the results of that pilot, it is possible that VA will establish such a program at all ROs. If it does, then it seems likely that any special procedures that ROs have developed for ready-to-rate claims would be superseded by the program for fully developed claims.

Another category of claims that we were asked to address was claims from seriously injured (SI) and very seriously injured (VSI) Veterans. The practice reported to be effective in ensuring that those claims are processed promptly is to designate specific individuals to be responsible for following those claims extremely closely through all phases of processing.

Until recently, VBA did not formally assess or disseminate best practices for claims processing. Instead, managers tended to learn about practices at other ROs through informal contacts. In July 2009, Compensation and Pension Services (C&P) issued a standard operating procedure (SOP) document for identifying best practices and disseminating them on their Quality Assurance Web site. So, in the future, it should be much easier for managers at ROs to access a list of best practices.

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Introduction

This report provides the results of a study that the Department of Veterans Affairs (VA) asked CNA to conduct on the effectiveness of the current employee work credit system and the work management system (i.e., the Claims Process Improvement Model, also called the CPI model) that is used in claims adjudication. The study is a requirement that came from Section 226 of Public Law 110-389 (the Veterans' Benefits Improvement Act of 2008), which was signed October 10, 2008 [1]. We began work on this project March 20, 2009.

The scope of work for this study is broad, especially given the relatively short timeline of just over 4 months between the project start date and the draft report due date. Within the primary study topics of the work credit system and the work management system, we address accountability, quality, and timeliness of claims adjudication, including a simplified process for adjudicating claims. Additional topics are the use of information technology (IT) applications (including rules-based applications), methods of reducing the time required to obtain information from outside sources, processing of claims that are ready to rate upon submittal, processing of claims from severely injured (SI) and very severely injured (VSI) Veterans, and assessment of best practices in claims processing at VA's Regional Offices (ROs.)

We begin by providing background information on VA's recent adjudication performance and challenges, along with basic information both on the CPI model and on the employee work credit system. We then describe the data and methods we used for the study. Following that, we have sections addressing issues and findings for the work credit system and then the work management system. We also provide a separate section for the other topics that were part of our scope of work. The final section of the report contains our summary and conclusions.

Background

This section describes current challenges that the Veterans Benefits Administration (VBA) is facing, the work management system that VBA uses to process disability compensation claims, and the work credit system used for the employees who do that processing.

Current VBA Challenges

Knowing the basic environment in which VBA is operating helps to understand the discussion of the work credit and work management systems. For that reason, we provide some basic program statistics here.

VA is facing multiple challenges in processing claims. The continually increasing number of claims submitted is one of the most striking. VA received about 719,000 compensation claims in FY2008, which was a 53 percent increase from FY1999 [3]. Reasons often cited for the increase are the return of Veterans from GWOT (Global War on Terror) deployments and the expansion of benefit entitlements, such as new presumptions of service connection, i.e., medical conditions that are newly presumed to be connected to military service. Another challenge is that claims are becoming more complex. For example, in FY2006, 11 percent of claims that VA decided included 8 or more issues, but that proportion had increased to 16 percent by FY2008 [3].

Table 1 shows how much VA increased production levels during the period FY1999 to FY2008 to address the challenge of increased claim submissions. Comparing those two years, the number of compensation claims completed annually increased from 458,000 to 729,000, which is a 59 percent increase. However, the numbers of pending compensation claims shown in Table 1 indicate that those production increases have not been able to fully keep pace with the increase in claims volume and complexity. Pending compensation claims increased every year between FY2003 and FY2007, although

the 2 percent decline from 351,000 to 343,000 between FY2007 and FY2008 could be the start of a desirable trend in which the increases in production levels are able to outpace the growth in the number of claims submitted.

Table 1. Number of compensation claims completed and pending

Fiscal year	Compensation claims completed	Compensation claims pending at end of fiscal year
1999	458,000	207,000
2000	440,000	188,000
2001	348,000	370,000
2002	641,000	309,000
2003	683,000	227,000
2004	571,000	228,000
2005	629,000	309,000
2006	628,000	335,000
2007	662,000	351,000
2008	729,000	343,000

Source: U.S. Government Accountability Office. *Veterans' Disability Benefits: Preliminary Findings on Claims Processing Trends and Improvement Efforts.* GAO-09-910T. July 2009.

As VBA has been increasing its production levels, it has also been paying attention to quality, which includes the Systematic Technical Accuracy Review (STAR) program to monitor claims processing accuracy rates. Table 2 provides the STAR results for "benefit entitlement" accuracy rates, which is the proportion of claims with no processing errors that would affect the amounts paid to claimants. For rating-related claims, the accuracy rate improved from 81 percent to 90 percent between FY2002 and FY2006 but has been declining since then. The current rate is approximately 84 percent. In contrast, accuracy rates for authorization actions have been generally increasing in recent years and are currently at 95 percent for compensation and 97 percent for pension, which are quite close to the long-term target rate of 98 percent.

Table 2. Claims processing accuracy rates for benefit entitlement

Year	Rating (compensation and pension)	Authorization (compensation)	Authorization (pension)
FY 2002	81%	80%	Not available
FY 2003	85%	89%	Not available
FY 2004	87%	91%	87%
FY 2005	85%	91%	80%
FY 2006	90%	92%	95%
FY 2007	89%	93%	96%
FY 2008	86%	95%	98%
July '08–June '09	84%	95%	97%
Target	*98%*	*98%*	*98%*

Sources: Actual accuracy rates come from VBA administrative data for STAR. Target accuracy rates come from U. S. Department of Veterans Affairs, *FY 2008 Performance and Accountability Report*, November 2008.

Claims Processing

Current Operational Model

The system that VBA currently uses for processing claims is the CPI model, which is an organizational model that promotes specialization as a way to improve quality and timeliness. Its origin is one of the recommendations of the VA Claims Processing Task Force, which the VA Secretary established in May 2001 to focus on changes that would make claims processing more efficient and thereby reduce the inventory of pending claims.

The report issued by the task force had many recommendations, one of which was to "establish claims processing teams within the defined claims processing functions of Triage, Pre-Determination, Rating, Post-Determination, Appeals, and Public Contact" [4]. (We describe these teams briefly below.) The report specifically recommended that the Triage team should "assign work to the appropriate function team or work the case in the triage unit if the issue can be quickly resolved (one-time actions)." One of the motivations for creating specialized teams was the "broad scope of duties" performed by employees in the Veterans Service Representative (VSR)

position under the case management approach that was in place at the time. Those duties included claims establishment, claims development, public contacts, Veterans contacts, authorization, administrative decision-making, and appeals. The benefits of using specialized teams would consist of "greater workload control, development of expertise by the staff, higher quality of decisions, and more efficient and timely processing."

VA implemented the CPI model at all ROs, and the teams in the CPI model directly reflect the task force's recommendation. The functions performed by each team can be summarized as follows:

- The Triage Team reviews and routes mail, enters basic claim information into the computerized workload management system, and performs some simple claims processing actions.

- The Pre-Determination Team primarily "develops" claims, i.e., gathers the information necessary for a rating decision to be made.

- The Rating Team decides whether a Veteran's medical conditions are connected to military service and if so, what the degree of disability is according to the VASRD (Department of Veterans Affairs Schedule for Rating Disabilities).

- The Post-Determination Team processes (i.e., authorizes) awards and notifies claimants of the decisions made on their claims. This team is also responsible for making decisions on issues that don't involve a disability rating.

- The Appeals Team handles claims for which claimants disagree with the award decision and have decided to appeal it.

- The Public Contact Team conducts personal interviews and responds to phone inquiries. (Most of the work responding to phone calls has recently been consolidated to National Call Centers.)

An important element in the current processing of VBA claims is the Veterans Claims Assistance Act of 2000 (VCAA), which clarified VA's duty to assist claimants [5]. Two of the main provisions of VCAA are that (1) VA must notify claimants about what evidence

and information are necessary to support a claim and (2) VA must make "reasonable efforts to assist" claimants in obtaining that evidence. These responsibilities are typically fulfilled by the Pre-Determination Team.

Previous Operational Models

The CPI model is not VBA's first attempt to manage the claims process by dividing it into separate stages and passing a claim along to a different person at each stage. In the 1990s, VBA was using a similar model called the "unit model." That model resembled the CPI model in that employees were specialized so that the various functions of claims processing (e.g., development, rating, authorization) were performed by different people. The main difference between the unit model and the CPI model was that employees were not organized into teams in which everyone on the team performed the same function. Instead, each team consisted of employees who performed different functions so that they collectively covered all the necessary claims processing functions.

In the late 1990s, there was a business process reengineering (BPR) effort in which a VBA Guidance Team analyzed the key challenges facing claims processing. Among those challenges were a lack of individual accountability and an emphasis on quantity of work over quality. The team's solution was a "case management model" in which each claim was handled by only one VSR and a rater who made the rating decision. VBA used this model until, as described above, it adopted the CPI model in response to concerns about problems with timeliness.

Employee Work Credits and Performance Standards

To understand the discussion of work credits, it's important to have a basic understanding of the jobs that are subject to work credit standards. VSRs do a variety of tasks, depending on the team to which they're assigned. Tasks include conducting interviews, developing claims, sending VCAA notification to Veterans, adjudicating non-rating claims, authorizing payments, and notifying Veterans and other claimants of their award or denial. Rating Veterans Ser-

vice Representatives (RVSRs) have a more narrowly defined set of tasks. They primarily review claims to determine disability service connection, disability rating, and effective dates for the awards. Decision Review Officers (DROs) review rating decisions made by RVSRs, work on appeals, and conduct reviews of claims for the RO's internal quality review process.

In this report, we use the general term "frontline employees" to refer to this group of employees subject to work credit requirements, i.e., VSRs, RVSRs, and DROs. We use "managers" to refer to the group of more senior staff members who do not work under a work credit system, i.e., team supervisors (also called coaches), Assistant Veterans Service Center (VSC) Managers, VSC Managers, Assistant RO Directors, and RO Directors.

VSRs, RVSRs, and DROs are all subject to minimum work credit standards. These employees earn work credits by performing certain claims processing actions, each of which is assigned a specific number of credits meant to reflect the time required to complete the action. Employees record their actions and work credits in a computerized system called ASPEN (Automated Standardized Performance Elements Nationwide).

There are national minimum work credit standards, which vary by the employee's job and General Schedule (GS) level. For example, the national standard is 8.0 credits per day for VSRs at the GS-11 level, 3.5 credits per day for RVSRs, and 3.0 credits per day for DROs. Some ROs have set their own performance standards at a level higher than the national standards in order to increase production levels.

The minimum standards are set to reflect a full day of "available time," which is essentially defined as time that the employee is available for regular claims processing activities. Any time that an employee is asked to spend time on other activities, such as training, falls into the broad category of "deductible time." Employees are not held accountable for earning work credits during deductible time.

Whether a frontline employee is meeting the minimum production standards is important for his or her annual performance evalua-

tion. Performance evaluations include "critical elements" and at least one "non-critical element." Critical elements are defined as a "responsibility of such importance that unacceptable performance on the elements would result in a determination that an employee's overall performance is unacceptable" [6]. The performance evaluations for VSRs, RVSRs, and DROs all have the critical elements of quality of work, productivity, and customer service. DROs have the additional critical element of timeliness,[1] and VSRs have the additional critical element of workload management.[2]

For each element, there are three levels of performance: (1) exceptional, (2) fully successful, and (3) less than fully successful. Employee ratings across all elements are converted into one of five overall performance levels: (1) outstanding, (2) excellent, (3) fully successful, (4) minimally satisfactory, and (5) unsatisfactory. Table 3 shows the standards for "fully successful" performance on the critical elements common to all three jobs.

Table 3. Standards for "fully successful" performance

Job	Production (minimum average work credits per day)	Quality (minimum percentage of reviewed cases that have no errors)	Customer Service (maximum number of valid complaints that year)
VSR (GS-11)	8.0	85%	3
RVSR	3.5	85%	3
DRO	3.0	90%	3

Note that each RO measures quality using an internal quality review process in which five claims per employee per month are selected randomly and reviewed for errors.

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1. In the DRO Performance Plan, "timeliness" is described as working "in a manner that supports and contributes to meeting established VBA timeliness requirements."

2. In the VSR Performance Plan, timeliness is described as the extent to which the VSR "generates and completes [inventory management] reviews in accordance with the station workload management plan to assure timely claims processing" and "completes claims processing functions in a timely manner in accordance with station goals."

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Data and Methods

Because of the nature of our study questions, the most appropriate methodology was qualitative data analysis. Both of our study topics are fundamentally management issues, and, as stated by VA's Center for Organizational Leadership and Management Research, "qualitative research, with its emphasis on understanding complex, interrelated and/or changing phenomena, is particularly relevant to the challenges of conducting management research" [2].

Our primary source of data was information collected from interviews on site visits to six ROs. We supplemented that information with background information from congressional hearings, formal evaluations from a variety of sources (such as the Government Accountability Office, VA's Office of Inspector General, and internal VBA projects), conversations with VBA subject matter experts, and summarized VBA administrative data.

Site Visits and Interviews

The six ROs that we visited were Lincoln, Louisville, Los Angeles, Milwaukee, Nashville, and Newark, and they were chosen for us by VBA to represent different regions and performance levels. We conducted the site visits during the period April 28 through June 9, 2009.

Each site visit team consisted of three people, with the same team leader at all six sites to ensure consistency in the way that the questions from the interview guides were asked. We left our questions open-ended in order to avoid unintentionally leading interviewees toward certain responses. The interview guides that we developed had questions tailored to respondents' specific roles, and every interview unfolded differently depending on employees' responses and what follow-up questions we thought were necessary. In general, though, we asked about the following topics: whether the current work credits accurately reflect the amount of work performed, ex-

amples of tasks not receiving correct credit, suggestions for improving the current system of work credits, whether performance evaluations reflect what's important, and aspects of the CPI model that contribute to or detract from quality. Our average interview length was about 30 minutes, although we usually spent slightly longer with respondents who were managers above the level of team supervisor. We took detailed notes from each interview and reviewed them to identify common themes among the responses. The discussions of our site visit findings summarize those themes.

Before visiting each site, we sent each RO a request for people to interview. Although there was some slight variation by RO, and not all staff members we requested were available to speak with us at all sites, we typically asked to speak with employees in the following roles:

- RO Director, RO Assistant Director, VSC Manager, Assistant VSC Manager, Management Analyst, Quality Review Officer, and Training Coordinator

- A supervisor from each of these teams: Triage, Pre-Determination, Rating, Post-Determination, and Appeals

- A frontline employee from each of these teams: Triage, Pre-Determination, Rating, Post-Determination, and Appeals. We also requested that the frontline employees have a mix of years of experience with VBA.

The interviews were all conducted in quiet, private settings, such as conference rooms, where respondents would feel comfortable that no one besides us could hear their comments. We also explained to the respondents that everything they said would be kept confidential. In total, we interviewed 41 frontline employees, 49 managers, and 11 others (such as management analysts or training coordinators).

We spoke with employees in a wide variety of roles in order to obtain as complete a picture as possible within the time constraints of the study. We also requested that our interviews with frontline employees at each RO include at least one person with only 1 to 2 years of experience and at least one person with 10 or more years of experience. Ultimately, among the frontline employees we inter-

viewed, 59 percent had worked for VA for 1 to 5 years, 12 percent had worked there 6 to 10 years, 5 percent had worked there 11 to 20 years, and 20 percent had worked there for more than 20 years. (For two of the respondents, we did not obtain information on their tenure with VA.) We made sure to include frontline employees because they are the ones who are best able to report how various elements of the work credit and work management systems affect how they perform their jobs (and therefore how claims get processed).

Qualitative Methods

It is important to remember that neither qualitative nor quantitative methods are inherently superior, and there are always project-specific factors that determine which is more appropriate. As explained earlier, qualitative analysis was the approach best suited to this project. Nevertheless, in order to better understand the scope of our study's findings, it is worthwhile mentioning the main limitations of that approach.

Because of high data collection costs, qualitative data typically come from a smaller number of sources of information than do quantitative data. For example, there are typically fewer interview subjects for a qualitative data collection than for a well-designed survey. This means that qualitative data are less likely to be fully representative of the people or organizations being studied than are quantitative data (assuming the quantitative data were collected using valid and reliable methods and measures). Because of the smaller sample sizes, qualitative data are not well-suited to provide precise estimates of quantifiable factors, such as how much something is affected by a particular type of event or how often that event tends to occur. These limitations are offset, though, by the ability of qualitative data to help identify important issues and understand complex situations.

Employee Work Credit System

This section provides background information on concerns about the employee work credit system as well as the relevant results of our site visits and our analysis and recommendations.

Historical Issues and Source of Concerns

In order to illuminate why VBA's employee work credit system is considered an important study topic, this section describes some of the concerns that stakeholders (VA employees and Veterans Service Organizations, or "VSOs") have expressed.

Employees' and VSOs' Perspectives

Concerns

Based on recent congressional hearings, the stakeholders most troubled about the current employee work credit system are the ones most exposed to it, i.e., frontline VBA employees (in most cases represented by the American Federation of Government Employees) and VSOs. Some of the VSO comments from congressional hearings are summarized in reference [7] as, "the practical effects of the current system place a dangerous emphasis on quantity over quality where accuracy of the adjudicated claims suffers as a result." More specifically, employees' and VSOs' main concerns consist of the following points:

- Concern that VA management tends to emphasize quantity over quality [8, 9, 10]. The Chairman of the House Subcommittee on Disability Assistance and Memorial Affairs expressed this concern as, "One can only wonder, where is the accountability in a work credit system whose only meaningful measure is productivity and where quality seems to be an afterthought" [11]. Some feel that frontline employees are

therefore put in the position of struggling to give proper attention to each claim while simultaneously facing the pressure of meeting production standards [8, 12].

- Concern that employee production standards are not based on careful analysis of the tasks performed [12, 13].

- Concern that, although job complexity is increasing due to the increasing complexity of claims and the additional duties imposed by new and changing legislation, work credits and production standards do not reflect that change [13, 14].

Recommendations

In addition to voicing the above concerns, stakeholders have offered some suggestions for improving the work credit system.

- VBA should develop a work credit system that accurately reflects the amount of time required to do each task, including all the smaller tasks that contribute to claims being decided [12]. A rigorous time-motion study would allow VBA to "identify how much an employee can reasonably be expected to do with an acceptable level of accuracy" [14].

- A "cumulative accountability system" would hold individual employees accountable for their own work as well as for catching errors made by others [15]. Such a system would work as follows: If an employee finds an error, then the person responsible for making that error (and any employee who subsequently saw the claim and didn't catch the error) would lose a portion of the original work credit that he or she claimed.

- It might not be necessary to completely redesign the work credit system. Instead, perhaps what is needed is simply more experienced raters or "appropriate changes" within the current framework [16, 17].

Surveys of Rating Officials

Two previous surveys of rating officials addressed frontline employees' perceptions about the issues of concern described in the previous section. We discuss the studies here because the survey respondents and topics are very similar to our site visit interview respondents and topics.

The two surveys were conducted entirely separately, but they both were relatively recent and had very similar samples. The first survey was conducted by the VA's Office of Inspector General (OIG) during March and April 2005 [18]. The sample consisted of RVSRs and DROs, and there were slightly over 1,300 respondents. The second survey was conducted by CNA for the Veterans' Disability Benefits Commission during December 2006 and January 2007 [19]. It surveyed both rating officials and VSO representatives, although only the results for ratings officials are discussed here. Like the VA OIG survey, there were slightly over 1,300 RVSRs and DROs who responded to the CNA survey.

Both surveys found very strong evidence that rating officials perceive that quantity is considered more important than quality. This is an important finding because even if that perception is incorrect, at least some employees who have that perception will probably change the way they process claims in order to do what they think their supervisors want.

- The VA OIG survey results showed that respondents believed managers' most important objectives were related only to quantity, i.e., maximizing the number of ratings done each day, reducing the quantity of pending work, and improving the timeliness of ratings.

- Similarly, 84 percent of respondents to the CNA survey felt that speed received too much emphasis, and 70 percent felt that speed was considered more important than accuracy.

- Almost half of the respondents to the VA OIG survey reported that they disagreed (either "strongly" or "somewhat") that they could meet production standards without sacrificing quality.

- Just over half of the rating officials in the CNA survey reported that the availability of time for deciding a claim was only fair or poor.

Internal VBA Studies and Workgroups

VBA has undertaken several of its own efforts to consider ways to improve the work credit system. One of these efforts was a time-motion study that was intended to provide information for updating the work credit standards [20]. The study was conducted by a contractor in March 2007 at 15 ROs. Because VBA determined that there were some fundamental flaws in the study's methodology, they decided not to use any of the results. With a valid methodology, information from that study presumably would have led to some adjustments to the work credits that would have been simple to implement within the current work credit framework. Although the study did not result in any changes to the work credits, we mention it because the fact that VBA commissioned it shows that VBA has itself thought that the work credits might need updating.

A more fundamental change that VBA is investigating is re-defining all the actions for which employees receive credit in order to align them better with the overall goal of completing claims. In particular, there is a VSR Performance Standards Workgroup that has recommended that VSRs receive work credit for only the following four types of actions: (1) initiating development, (2) making a claim ready to rate, (3) deciding an award, and (4) authorizing the award. A pilot test of this approach will begin soon at multiple ROs.

Prior to developing this approach, the VSR Performance Standards Workgroup conducted a survey of frontline employees, supervisors, and managers. It included questions on perceived weaknesses in the current work credit system, and the responses echoed what we heard on our site visits. The most commonly reported problems were that the performance standards are outdated, there are inconsistencies across teams and ROs in the rules for claiming credits, deductible time is subjective, the standards are stagnant, the current system rewards churning of work, and piecemeal development is the only way to meet the performance standards.

Another fundamental change that VBA has considered is measuring work by issue (i.e., individual disability or injury) rather than by claim. For example, there was a VBA pilot effort in 2007 to measure RVSR performance by issues. In addition, during the period October 2007 through January 2008, IBM Global Business Services conducted a study for VBA on how to improve processing of compensation claims [21]. One of the recommendations from that study was that measuring output by issues instead of claims would more accurately represent both RO production and individual employee production.

To follow up on that recommendation, VBA established a workgroup in January 2008 to address the topic of issues-based performance measurement for workload management and reporting. An issues-based employee work credit system was not the specific focus of the workgroup, but the topic did arise as being a natural consequence of a global issues-based approach. One of the workgroup's conclusions was that an issues-based approach to either workload management or employee work credits would be feasible only within a paperless environment. For example, relying on a single physical claim folder, as VA currently does, would be problematic if one employee is in the process of rating some of the issues on a claim but another employee also needs the folder to finish development for the other issues on the claim.

VBA also recently contracted with Booz Allen Hamilton to study the development phase of claims processing in order to make recommendations for improving timeliness. That study was completed in June 2009 and included some observations on the work credit system. We cite those observations later as they relate to our site visit findings [22]. Booz Allen Hamilton is currently conducting a pilot study for VBA in the Little Rock RO to test some of their recommendations.

Site Visit Findings

This section summarizes the common themes we heard throughout our site visits. We first describe problems that respondents reported with the work credit values. After that, we discuss the effects of the work credit system on quality and accountability. We conclude this

section with our results on the role work credits play in performance evaluations and the balance between quantity and quality.

Design of the Current Work Credit System

Work Credit Values

One of the most basic questions to consider about the employee work credit system concerns the actual work credit values. Both frontline employees and managers were overwhelmingly in agreement that the work credits assigned to each individual action do not always accurately reflect how much time is needed to perform that action for each claim. Respondents reported multiple ways in which the work credit values are not accurate. Some actions receive too much credit for the "average" claim, some actions receive too little credit for the "average" claim, and some actions receive no credit at all. In addition, a separate issue is that there is a large amount of variation across claims, and so the same action can require different amounts of time to perform on different claims. This means that, regardless of whether an action receives too much, too little, or the right amount of credit on average, the credit might not accurately reflect the time spent for any particular claim.

Over-credited and under-credited actions

Not everyone agreed about which actions were over- or under-credited, so we simply provide here some examples that individual respondents cited. Note that, like all the results from our site visit interviews, these comments about which actions might be receiving too much or too little credit represent respondents' opinions and do not reflect any analysis of whether those opinions are correct. Nevertheless, employees' perceptions about the accuracy of the work credit values are important because those perceptions are what determine exactly how employees respond to work credit requirements in performing their jobs.

On the Pre-Determination Team, some reported that it is typically easier to do initial development than follow-up development, because follow-up development requires time to become familiar with both the case in general and the previous development that was

performed. However, initial development receives a higher work credit (1.25 credits for an original claim with 1 to 7 issues) than does subsequent development (0.50 credits).

For the Rating Team, the most common problem we heard was that work credit is given only for deciding a rating for a claim but not for reviewing a claim. This is important for RVSRs because of the large amounts of time that they often need to spend reviewing a case simply to determine whether it is ready to rate. For a complicated case, an RVSR might have to spend a couple of hours reviewing the claim folder. It's very frustrating for an RVSR to spend that time and then find some information near the bottom of the folder that indicates the claim is in fact not ready to rate but requires further development. At that point, he or she sends it back to the Pre-Determination Team for further development and cannot claim any credit for the time spent reviewing it.

On the Post-Determination Team, rating claims were reported to be generally more straightforward to process than non-rating claims, and some people felt that the work credits for actions on non-rating claims were too low relative to the credits for rating claims. Some felt the difference was due to the work credits for the rating claims actually being a bit too high for the average claim.

Variation in time required for each claim

There is tremendous variation in the complexity of claims, and based on information from our site visit interviews, the actions in the work credit system are not defined at a level of detail to reflect that variation. This implies that even if the work credit for an action is accurate on average for claims worked over an extended period of time, there's no assurance to the employees that the work credit they receive for that action on any particular claim reflects the actual amount of time spent.

The two factors that respondents reported as the main determinants of the difficulty of processing a claim were the number of issues and the types of medical conditions. For some actions, the current system allows extra work credit for claims with eight or more issues and for claims with certain medical conditions that are difficult to adju-

dicate (e.g., post-traumatic stress disorder). However, there is still a lot of variation that is not taken into account.

There was general agreement that the number of issues on a claim is not adequately addressed in the work credits. In particular, the ranges for the number of issues (1 to 7 issues and 8 or more issues) are too broad, and performing an action for a claim with 7 issues should receive more credit than for a claim with 1 issue.

There was also agreement that the particular medical condition or conditions on a claim have a big effect on how much time a claim requires. For example, respondents reported that actions on claims for hearing loss are typically relatively straightforward and might even be over-credited, whereas actions on claims with complex medical conditions (such as traumatic brain injury) might require additional credit.

Outdated work credit values

Some respondents indicated that one of the reasons they believe that work credits don't accurately reflect the effort involved in various actions is that the system has not been revised to account for changes in the types of claims submitted. They specifically cited increases in the number and complexity of issues. If, as reported by respondents, the work credit system does not fully account for variation in the number or types of medical conditions, then this means that as claims have become more difficult over time, frontline employees have had to do more work on average for each work credit that they receive.

Satisfaction with work credit values

It's also important to mention that not everyone we spoke with had complaints about the work credit values. Although this attitude was more common among managers, there were also some frontline employees who did not express any criticisms. These respondents mostly felt that the work credit values were reasonable because they reflected the average amount of work for each action and therefore the effects of any particularly "easy" or "difficult" cases balance out over the long term.

Inconsistencies in Receiving Work Credit

We heard from a number of frontline employees that they don't think the official list of actions and associated work credits provides clear enough descriptions of each action. Apparently this vagueness in the descriptions has led to inconsistencies across ROs in how some activities are classified and therefore in how many work credits those activities receive.

Another source of inconsistency is the use of deductible time. Both across ROs and across teams within a single RO, we heard reports of different practices for allowing deductible time when an employee has worked on an especially difficult claim. Deductible time is sometimes granted in those cases to compensate for the fact that the time that the employee had to spend on the difficult claim detracted from the time that the employee would otherwise have spent working on other claims and earning the associated work credits. Because employees are not responsible for earning work credits during deductible time, being granted deductible time in a given period means an employee doesn't need to earn as many work credits during that period. Thus, the existence of different practices for deductible time means that, in effect, not all frontline employees are being held to the same work credit standards.

Aligning Goals of Frontline Employees and Managers

Another observation we heard numerous times goes beyond the basic question of whether the work credits accurately reflect the work involved in each action. Instead, it concerns the misalignment of the performance goals established for frontline employees and for VBA. Frontline employees have a set of actions that they are expected to perform at a rate fast enough to receive at least a minimum number of credits. Each of those actions is related to the completion of a claim, but some actions contribute more directly to that goal than others. In contrast, the fundamental goal for VBA is simply completing the claim. Thus, the current work credit system establishes performance measures for frontline employees that are not entirely aligned with VBA's mission, and this in turn creates a

challenge for managers.[3] Those challenges, as well as other unintended effects of the work credit system, are discussed in the next section.

Unintended Effects of the Current Work Credit System

A work credit system that doesn't accurately reflect the effort involved in each action has the overall effect of distorting the way that frontline employees would otherwise perform their work. Information from our site visit interviews indicates that, instead of simply working on the claims that most need attention according to RO goals, frontline employees feel compelled to pay attention to strategically managing their workload in a way that enables them to meet their minimum performance standard. In contrast, if all employees thought the work credits were accurate, then they would also feel that every action would receive credit proportional to the amount of time spent and they would see no benefit in choosing to work on one claim instead of another. In this section, we describe some of the distortions to employee performance that have resulted from perceptions about the work credit system. We also discuss the effect of those distortions on the quality and timeliness of claims processing.

Effects on Quality

Frontline employees' perceptions about the work credit system adversely affect quality in a number of ways. Most respondents were in agreement that pressure to meet work credit standards sometimes leads frontline employees to rush, and rushing increases the probability of mistakes. Based on our site visit interviews, common types of errors resulting from rushing include failing to identify inferred

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3. The recent report by Booz Allen Hamilton also notes that the work credit system "does not measure individual contributions to VARO [VA Regional Office] production goals" [22]. The current pilot study in Little Rock includes a test of their recommendation that VBA "develop a performance measurement system that aligns team and individual performance to VARO goals."

issues, failing to obtain medical evidence, and using the wrong effective dates for awards.[4]

Pressure to earn work credits also means that some employees apparently intentionally bend some of the standard rules for claims processing. For example, we heard that some RVSRs occasionally proceed with making a rating decision on a claim that is not quite fully developed. The motivation is that they have already invested substantial time in reviewing it but do not receive any work credits if they send it back to the Pre-Determination Team for additional development. Note that none of the respondents we spoke with seemed to regard these activities as desirable, since they do have a negative effect on quality. Instead, they saw them as responses to the pressure that many frontline employees feel to meet their work credit standards. The overall feeling was that most frontline employees are genuinely concerned about doing their best to serve Veterans and their families.

It should be noted that some ROs have been able to achieve both high production levels and high quality levels. When we compared the average STAR accuracy rates (for both rating and authorization) for ROs with work credit minimums above the national standards and ROs that used the national standards, we found very little difference between the two groups. In fact, ROs with higher work credit standards had average accuracy rates that were higher by 1 to 2 percentage points. Because we did not have the information to control for other relevant RO characteristics that might affect productivity and quality, these results alone are inconclusive regarding the relationship between quality and quantity. Thus, it would be useful to pursue these results further to investigate what factors enable some ROs to maintain high quality while also setting high production standards. On our site visits, some respondents said that being located in a labor market with fewer competing employers was an important component in an RO's ability to recruit and retain high-caliber employees who could perform at both high production levels and high quality levels.

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4. The recent Booz Allen Hamilton report also notes that desire to meet production targets makes some staff "hesitant to seek out the latest information" on policy changes [22].

Effects on Timeliness

The work credit system itself was established to have a positive effect on timeliness. Performance standards create incentives for employees to perform more actions, and that ultimately results in more claims being completed. (Only a few of our respondents felt that performance standards weren't necessary and that good management practices alone would be sufficient to achieve productivity goals.) However, our site visit interviews indicate that the work credit system has also created some unintended negative effects on timeliness.

The most commonly mentioned effect of having work credit values that employees do not believe accurately reflect their actual effort is the tendency of some employees to "cherry-pick" claims, which basically consists of choosing to work on the easiest claims first.[5] This tendency results from the current situation where actions on "easy" and "difficult" claims receive the same amount of credit. The result is that the more complex claims tend to be processed later, and this is one of the reasons why, as some managers noted, the inventory of old claims consists disproportionately of "difficult" cases. Cherry-picking is also one of the reasons that managers are required to spend time monitoring the older cases to make sure frontline employees don't ignore them in favor of easier cases. Managers use claims data from VOR (VETSNET Operations Reports) and the guidance provided in their RO's Workload Management Plan to determine whether employees are working on claims according to the RO's priorities.

The system of assigning claims to employees by digits is meant to prevent cherry-picking, since employees know they can't avoid the difficult claims within their digit range forever.[6] However, we heard

5. The recent Booz Allen Hamilton study also noted that "informally, VSRs prioritized their WIP [work in progress] using a variety of methods including selecting claims that they considered easy to complete, or those that would earn them the most work credits" [22].

6. Many ROs assign each employee a specified digit range, which means that the employee is responsible for all the claims with claim numbers that fall in that range (more specifically, the terminal digits of the claim numbers fall in that range). One of the effects of this practice is that, over the long term, each employee receives a set of cases that are

that cherry-picking can occur in those settings as well, such as when an employee returns from vacation only to find that a disproportionately large number of his or her easy claims have been worked on by other employees. In addition, some employees might be struggling so much with daily production credit that they feel they can't take the long-term view that ultimately they must work on all the claims in their digit range. Instead, they might simply continue to focus on only the easiest of their claims.

We were interested in whether we could see any evidence in VBA administrative data that some employees choose to work on easier claims first, so we compared development initiation time for original rating claims with 1 to 7 issues with development initiation time for original rating claims with 8 or more issues.[7] Initial development for those claims with 1 to 7 issues receives 1.25 credits, compared with 1.50 credits if there are 8 or more issues. Under the assumption that the work credits for claims with 8 or more issues are too low because of the general trend for claims to have more issues than previously, we would expect that any VSRs who tend to cherry-pick would try to postpone work on those more complex claims when possible. This would mean that development initiation time would on average be longer for those claims.

In fact, administrative data show very little difference in development initiation time for claims with 1 to 7 issues and claims with 8 or more issues. Nationally, average development initiation time was 18.86 days for claims with 1 to 7 issues and 18.96 days for claims with 8 or more issues. Thus, although on our site visits we consistently heard about work credits affecting which cases some VSRs choose to work on, we do not see any evidence of that in this basic examination of administrative data. It would be useful to do a thorough analysis of the data to estimate the extent to which claims processing is done "out of sequence" due to over- or under-credited actions, but that was not possible within the short schedule for this

a random mix with respect to difficulty. However, as noted in the recent report by Booz Allen Hamilton, the digit system "does not consider short-term (daily or weekly) workload imbalances" [22].

7. Results were calculated from summarized administrative data provided by VBA for the period October 2008 to May 2009.

project. If a more thorough analysis also showed little difference in development initiation time, then that would imply that the relative work credits for the two actions are accurate on average and/or that managers are effective in ensuring that both types of actions are performed when they should be according to RO priorities.

Based on information from our site visits, one unfortunate effect of the current work credit values is that VSRs tend not to use phone calls to Veterans to expedite development because there are generally no separate work credits for those phone calls during the development phase, even though sometimes a phone call is the most direct way to resolve a question.[8] Some of the VSRs who do make use of phone calls said they have learned to work around the absence of work credits. They do this by following up a phone call (for which they receive no credit) with a letter (for which they do receive credit), even for cases where they feel the letter isn't necessary. Thus, the lack of work credits for phone calls slows development down both by discouraging some VSRs from using a potentially good source of information and by causing others to perform an unnecessary activity (writing a follow-up letter) in order to get the work credits that they need.

A few respondents mentioned that because of time pressures, some RVSRs are instructed to write shorter explanations of their rating decisions. Although there is nothing technically incorrect about writing short explanations, as long as they contain certain essential elements, one respondent pointed out that it might be especially frustrating to a Veteran to receive only a brief explanation after waiting months for a decision. There were mixed opinions about whether short decisions might tend to increase appeals, since some respondents felt that some claimants will appeal decisions regardless of the quality of the explanation. Nevertheless, if in fact short decisions cause some people to appeal, then that implies that writing short decisions in order to improve production would actually in-

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8. A phone call made as part of public contact activities does receive its own work credit. However, phone calls made as part of development activities are considered to be simply a part of the broader action of development, and so no separate work credit can be claimed.

crease the average time for cases to be entirely resolved through the appeals process.

We also heard about some examples of "churning" or "piecemeal development" of claims. Respondents attributed these practices to the perceived need to get work credits. Unfortunately, these activities contribute to delays in completing claims.

- A VSR on the Pre-Determination Team might spread out development activities over multiple days in order to classify them as separate actions and therefore be able to claim multiple credits.

- A VSR on the Pre-Determination Team might send an incompletely developed claim to the Rating Team on purpose in order to claim credit for making it ready to rate. This actually ends up putting a burden on the RVSR who receives that claim, since he or she will have to spend time reviewing it (an action for which there are no work credits) and then ultimately send it back to the Pre-Determination Team after determining it's not ready to rate. These extra steps, where the claim waits for an RVSR's review and then is sent back to the Pre-Determination Team to await further development, delay the completion of the claim.

- An RVSR might unnecessarily send a fully-developed claim back to the Pre-Determination Team on purpose, claiming that additional development is needed, in order to postpone working on it. This could occur if it's a particularly difficult case and it's due for a rating decision but the RVSR needs easier cases in order to meet the work credit standard. (Note that this strategy would make sense to a RVSR only if he or she had not had to spend much time reviewing the case to determine that it would be difficult to rate.)

Note that we cite these examples in order to illustrate how and why piecemeal development can occur. However, we do not know exactly how frequent or rare piecemeal development is. As already mentioned, we heard that most frontline employees are genuinely concerned with serving Veterans and their families and that these

types of activities are simply responses to the production pressures that many employees feel.

Figure 1 shows the distribution of estimates of the number of work credits claimed per completed claim for all the ROs.[9] If all ROs were processing the same set of cases in the same way, and if all employees were claiming the same work credits for the same actions, then we would not expect any variation across ROs. Instead, we found that the average number of work credits per claim at each RO ranged from 5.2 to 17.7, with substantial variation within that range. These results do not account for average differences in the types of cases across ROs, and those differences certainly could explain some of the differences in work credits per claim. Seeing the variation, though, raises questions about the extent to which cases might be unnecessarily worked on a piecemeal basis in different ROs.

9. Results for Denver and Cheyenne are treated separately, and we exclude the results for the RO in Washington, DC. Results were calculated from summarized administrative data provided by VBA for the period October 2008 to May 2009. In calculating the ratio for each RO, the numerator was the number of work credits claimed at that RO during that period, and the denominator was the number of rating claims completed by that RO during that period. Ideally, the numerator would have been the number of work credits claimed in any time period for just the claims counted in the denominator, but those data were not available.

Figure 1.   Average work credits per claim
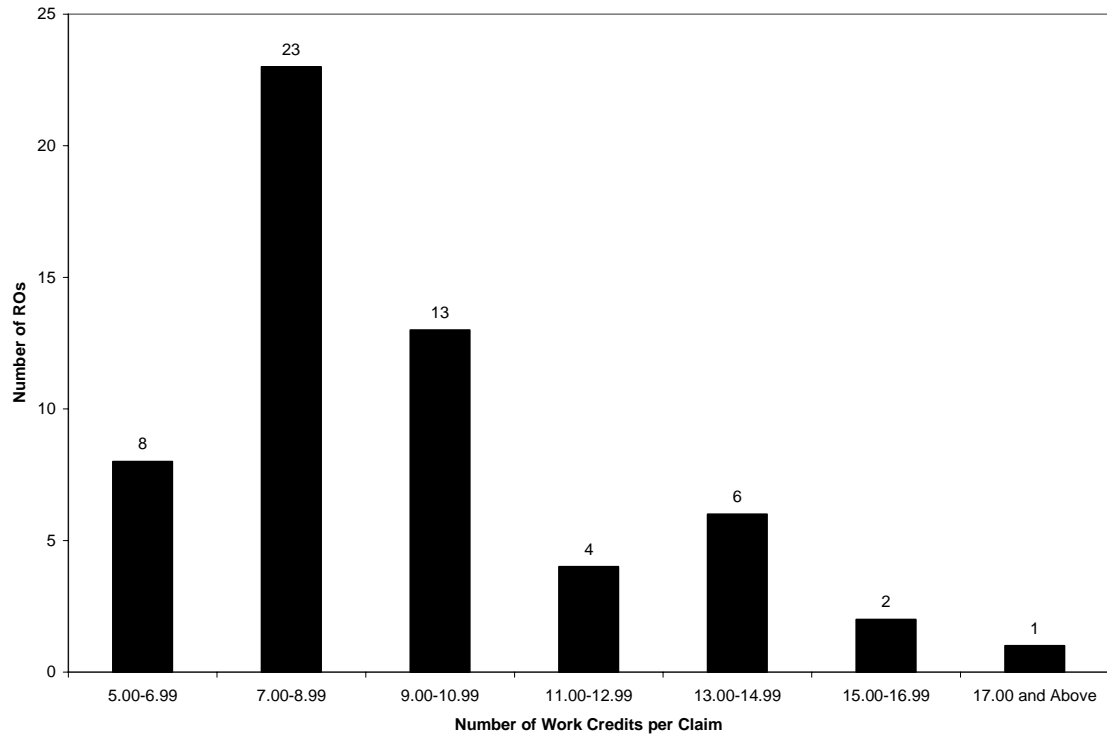
Source: Summarized administrative data provided by VBA for October 2008 through May 2009

Performance Standards and the Balance of Quality and Quantity

As described earlier, quality and productivity are two of the four critical elements on which VSRs are evaluated and two of the three critical elements on which RVSRs are evaluated. Both elements carry equal weight in the performance evaluations, and there was general agreement among respondents that it was appropriate to weight them equally. However, the perception that quantity of work receives more emphasis than quality of work was common. The overwhelming theme from frontline employees was that the production standards are difficult to meet, whereas concerns about struggling to meet the quality standards were rare.

We heard frequently from both frontline employees and managers about the tradeoff between quantity and quality. Respondents who discussed this were in agreement that increasing quantity inevitably reduces quality, although opinions differed about whether production standards were already so difficult that quality had started to decline below an acceptable level. Respondents also did not provide information about the magnitude of the tradeoff between quantity and quality.

A number of comments indicated that respondents would prefer a quality review approach that included more claims than just the five per month currently reviewed. The small sample sizes mean too much weight is given to a single error. A larger sample size would provide a more representative picture of their work.

We also heard about a couple of weaknesses in the quality review processes, beyond the small sample sizes. One frontline employee mentioned that ASPEN allows people to see when their own internal quality reviews have been done. From that information, employees can estimate the probability that their remaining cases for that month will be subject to quality review. In the extreme, if all five quality reviews have already been completed for the month, then the employee knows that any quality errors he or she makes for the rest of the month will not be caught. If an employee knows this and is also struggling to meet the work credit standards, then he or she might be more likely to rush, which increases the probability of making an error. Again, we emphasize that employees seemed genuinely concerned with serving Veterans and their families, but these types of actions are a potential consequence of the current work credit system design.

There's another weakness in the quality review process for at least one RO, where frontline employees are allowed to select a subset of their own cases from which the five claims for the monthly quality review are drawn. Rational frontline employees will choose the easier claims in which they are more confident there are no errors. This practice defeats the purpose of the quality reviews, which is to encourage employees to avoid errors on all claims because they don't know which will be subject to a quality review.

For the internal quality reviews at ROs, not all mistakes are counted against employees, such as the practices mentioned above where development is spread over multiple days to claim multiple work credits and where RVSRs send a ready-to-rate claim back to the Pre-Determination Team for additional development. If those cases are drawn for the internal quality review, those mistakes are noted as "comments" but not considered substantive enough to be counted in calculating the accuracy rate used in an individual employee's performance evaluation. Thus, there is no real incentive not to engage in such practices if an employee is struggling to meet the minimum production standards.

Analysis and Conclusions

Accuracy of Work Credits

Input that we obtained from both frontline employees and managers on our site visits strongly indicates that most do not think that the work credit values assigned to claim processing actions accurately reflect the time required to perform those actions. By itself, the large number of respondents who were in agreement about this provides support for the conclusion that the work credits in fact are not accurate. In addition, we know that claims vary in complexity, so even if the work credits are accurate on average, it's straightforward to infer that the effort required to perform an action on different claims will vary. The fact that VBA felt it would be useful to have a time-motion study in 2007 to provide information for updating the work credit values (which ultimately did not get updated because VA determined there were flaws in that study) provides further support for concluding the current work credits probably do need updating and therefore do not reflect the effort involved in each action.

Revising the work credit system so that work credit values not only reflect the time required for each action but are also perceived to reflect the time required for each action would provide a number of benefits to VBA. Most significantly, making those revisions would free up more time for both managers and frontline employees to spend on productive activities that actually improve quality and

timeliness. In addition, it would eliminate cherry-picking, because there would be no perceived benefit to working on one claim over another. Thus, managers would no longer have to spend time trying to ensure that claims aren't worked out of sequence. They also wouldn't need to make any decisions about whether to grant deductible time for certain claims, because frontline employees wouldn't feel that they were not receiving enough credit for their actions. Similarly, frontline employees could focus their efforts on the claims themselves rather than on how to strategize their actions so that they meet their monthly production standards.[10]

The use of accurate work credit values would also help address another complaint that we heard from managers on our site visits, which is that the work credit goals and management goals are out of alignment. As already mentioned, if the work credits accurately reflect the time required for an action, then frontline employees have no incentive to work on a claim out of sequence. Thus, the employee feels free to work on whatever claims most help the RO with its priorities.

Emphasis on quality and quantity

We found that any discussion of work credit values naturally led to the topic of performance standards and the quantity of work that frontline employees are expected to perform. Hearing so frequently that many frontline employees find the production standards to be very challenging raised the question of whether there were any resulting effects on quality. Interview respondents reported that the need to meet production standards probably does sometimes reduce quality, as some employees either rush or bend the rules slightly to compensate for perceived undercrediting of their actions.

That type of choice to focus on earning work credits potentially at the expense of accuracy illustrates that many frontline employees

10. Because our interviews did not include questions about how much time managers and frontline employees typically spend on workload management activities related to work credit issues, we do not have any reports of how much time might be saved by developing work credits that are both accurate and perceived to be accurate.

feel that VBA emphasizes quantity over quality. Note, however, that those perceptions do not necessarily mean that VBA actually does put quantity above quality, and VBA leadership reports that they strongly believe that quantity and quality are equally important priorities in claims processing.

Regardless of the source of employees' perceptions about the relative emphasis on quality and quantity, it is clear that that perception is widespread. Because that perception can have a negative effect on quality, VBA needs to take steps to communicate better to all employees that both production and accuracy are high priorities, with neither one taking precedence over the other. This message is already implicit in the structure of the individual performance evaluations, where quality of work and productivity are both critical elements. However, the ways in which productivity and quality are measured might unintentionally give more weight to productivity, due to the fact that employees' speed on all their actions is measured, whereas their accuracy on only five claims per month is counted. (Although employees typically don't know which claims will be reviewed, they do know that the probability of review for each claim is low.) This difference results from the simple fact that it is much easier to monitor quantity than quality. Measuring quantity involves merely logging the number of completed actions (i.e., work credits) or claims, whereas measuring quality requires reviewing claims for processing errors, which is very labor-intensive.

Because of the time required to conduct quality reviews, it is simply not feasible to fully rectify the imbalance between how much of an employee's production is monitored and how much of his or her accuracy is monitored. However, even a moderate increase in the number of quality reviews per employee would help to communicate better to employees that VBA values both production and accuracy. In addition, as mentioned earlier, some interview respondents reported that they feel the current number of reviews is too low to be representative of their work, which certainly implies that some employees would even welcome an increase in the number of quality reviews.

Recommendations

Main recommendations

To address both the issues of work credit values and perceptions that quantity receives more emphasis than quality, we recommend conducting a pilot test of the effectiveness of taking the following steps, in the order indicated:

1. Replace the current list of employee actions that receive work credit. The purpose of developing a new list is to define the actions so that, for each action, an employee almost always requires the same amount of time to perform the action. In order to achieve this goal, the criteria used in the definitions of the new set of actions will probably need to include the number of issues and the specific medical conditions for the claim on which the action is being performed. (In the next section, we discuss two examples of options for redefining actions.)

2. Determine the time required (i.e., the work credits) to perform each action at a certain average level of quality. This will require incorporating the fact that employees with different levels of experience (i.e., different GS levels) will need different amounts of time to achieve the same average level of quality.

3. Communicate information to employees about the methodology used in developing the new work credits. The goal is for employees to understand that the work credits accurately reflect the time required for each action. In addition, they should understand that the accuracy of claims processing was explicitly factored into the work credit values, reflecting the importance that VA places on quality.

4. Set the daily work credit performance standards for each individual employee to match the number of available work hours per day. Since the work credits from step #2 above will have been developed to equal the time required for each action, setting daily standards to match the time available ensures that employees should not perceive a need to rush.

5. Set the RO production standards so that they can be attained when employees are working at the work credit standards from step #4 above. (This contrasts with what we heard about the current RO standards, which apparently cannot be met if all frontline employees are working only at their minimum work credit standards.)

6. Develop mathematical models to predict how the number and complexity of claims translate into the number of employees needed to complete those claims. Then, apply the model to the predicted caseload to calculate the number of employees needed in the future to handle that caseload. Plan to increase or decrease the number of claims processing employees accordingly.

7. Conduct ongoing analysis and revisions of the actions, work credit values, and number of employees needed. The ongoing analysis is required to account for the fact that there are continuing changes in the complexity of claims, in the legal requirements about what must be done for each claim, and in IT system capabilities.

The purpose of steps 1, 2, 3, and 7 is to make sure that the work credits are both accurate and perceived by frontline employees to be accurate. This will eliminate cherry-picking, among other things. The purpose of steps 4 and 5 is to make sure that employees are not pressured to feel that they need to work at a rate that will reduce quality below the level that was selected as appropriate in step 2. The purpose of step 6 is to make use of the new work credit standards to help determine the workforce that VBA needs to handle their workload.

Options for Redefining Actions

We consider the following options for redefining actions (step 1 in our recommendations in the previous section) as only two examples among the numerous possible alternative approaches.

One option is to base the detailed list of actions on the four main types of actions proposed by the VSR Performance Standards Workgroup, which are initiating development, making a claim ready to

rate, deciding an award, and authorizing the award. Within each of those four types of actions, the work credit values would vary to account for differences in complexity of claims by number of issues, types of medical conditions, and any other factors found to be good predictors of how much time the action requires.

One advantage of this approach would be that employees could focus more on the actual performance of actions rather than spending time recording a lot of separate smaller actions. Another advantage would be that employees would have a lot of incentive to perform only those activities that make a definite contribution to completing the claim. A disadvantage of this approach would be that work credits would be "lumpy," by which we mean they would be relatively large but there would be only a few points in processing a claim at which work credits could be claimed. This could be a problem if there were a day or even a week in which a VSR was working on development for a large number of claims, but by chance none of the claims became ready to rate during that period because the external parties from whom supporting information had been requested were not responding. In that case, the VSR would earn zero credits for that time period. This example illustrates that "lumpy" work credits could make it difficult for frontline employees and managers to always use work credits as a reliable measure of how much work the employees have actually done within any relatively small interval of time.

A second option is to base the detailed list of actions on a comprehensive list of all the individual activities that employees perform in the process of doing their jobs. The main advantage and disadvantage of this option would be directly opposite to those described in the first example above. Specifically, the disadvantages would be that not all actions make a direct contribution to completing the claim and that the frontline employees would need to spend time recording each of their many separate actions in ASPEN.[11] However, the advantage would be that this approach would produce detailed records on each frontline employee's specific activities, which

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11. Ideally, VETSNET would be able to capture actions and the associated work credits automatically as a claim is processed. However, that capability does not yet exist.

would provide both frontline employees and managers with very precise information on exactly how much work the employees have done for any given time period and therefore how well they are on track to meet the month's minimum work credit standards.

Additional Individual Recommendations

In addition to the seven recommended steps that we describe above, we have the following individual recommendations for actions that would contribute to the effectiveness of the work credit system:

- As discussed earlier, conducting more quality reviews would help to communicate better to employees that quality is a priority for VBA.

- The RO internal quality reviews should count deviations from official procedures for claiming work credits as errors (instead of just as "comments"). This would improve adherence to procedures, thereby improving quality.

- Impose work credit deductions for actions on which there are errors. This would improve quality.

- In the long term, modify VETSNET so that it can capture work credits automatically as a claim moves through the stages of processing. This would save time for employees in recording their work credits, and it would ensure that work credits are logged accurately and consistently.

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Work Management System

All ROs must use the same work management system, and so any improvements in that system could have dramatic effects on VBA's performance in claims processing. This section discusses the specific rationale for the study of the work management system, as well as our relevant site visit findings and our analysis and conclusions.

Congressional Rationale for the Study

The idea of studying VBA's work management system (i.e., the CPI model) was addressed in the report from the House Committee on Veterans' Affairs that was submitted on July 29, 2008 [7]. That report accompanied bill H.R. 5892, which was a source for some of the provisions in bill S. 3023. (Recall that S. 3023 ultimately became the Veterans' Benefits Improvement Act of 2008, which mandated this study.)

The report questioned how realistic it was to expect that VA could handle its growing inventory of claims, given "VA's inability to vigorously address managerial and systematic problems in the claims processing system." In particular, the report commented that the CPI model has not produced the efficiencies that had been expected. The main problem cited was the lack of accountability resulting from the fact that many different people are involved in processing a single claim. The report quoted testimony in which a representative from the American Federation of Government Employees said that they were "concerned that the claims process improvement pendulum had swung too far, turning the claims process into an assembly line" and that "there are many benefits when employees work the entire claim from the application to the appeal." Concluding comments in the report's discussion of the work management system included the statement that the CPI model is "overly geared toward production and output without regard to quality or accountability."

Internal VBA Studies and Workgroups

In September 2007, VBA contracted with IBM Global Business Solutions for an analysis of current claims processing operations. The study was conducted October 2007 to January 2008. Although IBM had a number of short-term and long-term recommendations, none of them specifically addressed the CPI model or, more broadly, how employees should be organized to most efficiently work on a claim. Instead, many of the recommendations concerned changes in VBA's IT systems and seem to be applicable to various possible work management models. At a Senate hearing, VBA's Acting Under Secretary for Benefits described the recommendations as follows: "Overall, IBM's recommendations validated areas for efficiency gains that we had already identified internally...Because our current claims process is heavily reliant on paper and the movement of paper claims folders, the greatest efficiencies will be gained as a result of IBM's longer-term recommendations to move to an electronic, paperless environment" [23].

As mentioned earlier, VBA also recently contracted with Booz Allen Hamilton to study the development phase of claims processing and to make recommendations for improving timeliness. In the sections below, we cite their observations and recommendations on the work management system as they relate to our site visit findings and analysis. Note also that Booz Allen Hamilton is currently conducting a pilot study for VBA in the Little Rock RO to test some of their recommendations.

Site Visit Findings

To elicit clearer, more focused feedback about respondents' experiences with the CPI model, especially regarding quality and accountability, we asked respondents to consider that model in contrast to a hypothetical alternative in which a single employee would work with each claim for a larger part of the process. Al-

though we didn't introduce the specific term "BPR case management model," many respondents were already familiar with that model, either because they had worked under it themselves or because they had heard about it from colleagues who had worked under it.[12]

The main element of the CPI model is teams with specialized functions, and based on information from our site visit interviews, we can say it seems that specialization and the passing of claims from team to team are the sources of both the strengths and weaknesses of the model. It's important to point out that rotations of VSRs across teams are also a part of the CPI model (although each RO has slightly different practices regarding rotations), and so not surprisingly the topic of rotations came up frequently in our site visit interviews. Thus, for the greatest clarity in our summary of what respondents told us about the CPI model, we first describe opinions that were expressed without reference to rotations, and then we discuss the effect of rotations.

CPI Model

Quality Effects

The specialization that's integral to the CPI model is primarily seen as having a positive effect on quality, although some respondents questioned whether it might have some detrimental long-term effects. The benefit to quality comes from the fact that each employee is responsible for a smaller number of tasks than without specialization. Because those tasks are therefore repeated more frequently, the employee can become more proficient at them. The specialization was cited as particularly important because of the complexity of the VSR tasks, since some people don't think it's feasible for a single person to be sufficiently familiar with the entire set of VSR duties.[13]

12. As described earlier, the BPR model was a system in which each claim was handled by only one VSR and a rater who made the rating decision.

13. As described earlier, this was in fact exactly the thinking of the VA Claims Processing Task Force that led to recommending separate, specialized teams.

However, we did hear from some respondents that the complexity of the VSR job has been overstated.

Some of our interview respondents pointed out that a potential disadvantage of specialization for the quality of claims adjudication could arise in the long term as fewer employees are familiar with the details of all the stages in the process. This disadvantage would arise under the assumption of infrequent rotations of VSRs, which we discuss below. Some respondents said it's important for employees (both frontline employees and managers) to have seen the entire process first-hand. In particular, knowing what happened to a claim before an employee sees it and knowing what needs to happen to the claim after the employee has finished with it helps that employee perform his or her role better.[14]

The unavoidable result of using specialized teams is that claims must be passed from one team to another in order to be adjudicated, and that aspect of the CPI model was mostly seen as detracting from quality. One of the particular problems that respondents mentioned was the lack of continuity, i.e., the fact that someone on each team must spend time becoming familiar with the claim before he or she can even start to perform any actions on it. In addition, simply reviewing the claim folder does not always tell the full story of what has happened with the claim in the previous processing stages. Respondents also mentioned that handing claims off across teams reduces employees' sense of ownership, which contributes to lower quality. (Even though the digit system was established to promote accountability, based on our site visit interviews, that system is apparently not sufficient to provide a full sense of ownership.)

Regarding quality, we heard that the potential advantage resulting from the fact that claims are processed by different people on different teams is that having multiple sets of eyes review a claim can help to catch errors. This does raise the question, though, of

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14. The recent Booz Allen Hamilton study also noted that "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" [22].

whether some of those errors might not have happened if employees felt a greater sense of ownership, which, as we just mentioned, is perceived as lower under the CPI model.

Productivity Effects

The same basic elements of the CPI model that affect quality in claims adjudication also affect productivity and thus timeliness. Respondents noted that employees and teams who are specialized become more proficient at their jobs, and that has a positive effect on timeliness. On the other hand, the process of moving a claim from one team on to another reduces timeliness because of the effort that must be spent for each subsequent team to become familiar with the claim.

Job Satisfaction

A number of frontline employees commented that they would have a more direct sense of serving Veterans if they could see each claim through a larger portion of its processing, especially its completion. Under the CPI model, only the Post-Determination Team gets to see the completion of a claim. Respondents definitely agreed that their jobs would be more satisfying if they could have that greater sense of control and ownership. (Some employees, though, reported they feel that knowing all VSR tasks isn't feasible for one person, and so for those employees, it would be difficult to design a system where they feel both more ownership and also confidence that they are proficient in all aspects of their job.)

Rotations

The idea of rotations is that VSRs should be periodically moved from one team to another so that they ultimately know all duties of the VSR job. In other words, the purpose is the development of broader skills, which provides flexibility in changing team staffing as needs change. For example, if there is a bottleneck at one team, some VSRs from another team could be moved to that team, outside the normal rotation schedule, to alleviate the bottleneck. The flexibility resulting from having VSRs with broad knowledge is especially valuable in the smallest ROs.

Issues in Rotations

We heard from interview respondents that one of the main difficulties with rotations is that newly rotated employees are typically not as productive. This is because they are either entirely new to the team or they have forgotten a lot about how to work on that team in the time when they were working on other teams.

Some frontline employees like rotations for themselves because they prefer change and the opportunity to learn new things. Others dislike rotations because they would rather become more proficient with a smaller set of actions. Both frontline employees and managers made the point that not everyone is good at all types of VSR tasks, and so some people are better candidates for rotations than others.

Opinions were very mixed about how useful the rotations are for passing the VSR certification test that is required for promotion to the GS-11 level. Some frontline employees felt it was very important for them to rotate in order to pass the test, whereas others stated that the test was mostly about knowing where to find information, and so rotations aren't essential for the test. Having to do rotations after passing the exam was actually a concern for some frontline employees. Their specific concern was that, despite having passed the exam, they might have difficulty meeting the GS-11 performance standards on a team that they weren't very familiar with.

Frequent Rotations and the Effectiveness of the CPI Model

Some respondents pointed out that rotations are somewhat at odds with the CPI model's principle of specialization, and therefore they reduce the positive effects on timeliness and quality that were intended to result from specialization. Although rotations don't change the fact that each team is specialized, they do affect the ability of each team to accomplish its work. Specifically, they decrease productivity and quality in the short term because a team's more proficient employees are replaced by employees doing tasks they're not familiar with. We heard from respondents that this negative effect on productivity is the reason that many ROs have reduced the use of rotations as the emphasis on production has increased.

Analysis and Conclusions

As described earlier in our Background section, since the 1990s, VBA has used a number of operational models to process claims. In the unit model, employees were specialized to perform different functions. Then, in response to concerns about quality and accountability, VBA adopted the BPR case management model, which had more continuity because each claim was handled by only one VSR and a rater who made the rating decision. Resulting concerns about timeliness caused the case management model to be replaced by the CPI model and its focus on employee specialization, which has now generated renewed concerns about quality and accountability. In all these approaches, rating is performed by employees specialized for that function, so the differences among the models are really based on differences in how the other functions are assigned to employees.

It's not difficult to see the cyclical pattern of recurring concerns that led to switching between two basic types of approaches (more vs. less employee specialization), each of which has different advantages and disadvantages. The key question then is which approach has more advantages than disadvantages, and based on our synthesis of information that we obtained from our site visits, the answer is not straightforward. (Recall that in our site visits, we asked respondents for their reactions to the idea of a work management system that had VSRs working with a claim throughout more phases of processing than they currently do in the CPI model.)

In table 4, we lay out the expected effects on quality and timeliness, assuming a case management model that is different from the CPI model only in that the same VSR performs both Pre-Determination and Post-Determination functions for a claim (increasing continuity) and that any one VSR works with only a few RVSRs (fostering coordination). We assume that the public contact, triage, and appeals functions would remain separate. In other words, the hypothetical case management model that we consider is one that retains some of the specialization of the CPI model but attempts to improve continuity and ownership by having VSRs be responsible for more functions on a claim and work more closely with the RVSR who's making the rating decision.

Table 4.   Effects of alternative claims processing models

CPI model	Modified case management model (a)
VSRs are specialized:	**VSRs are responsible for knowing both Pre-Determination and Post-Determination tasks:**

• More proficiency
   o Better quality
   o Better timeliness
	• Less proficiency
	   o Worse quality
	   o Worse timeliness

• Less flexibility in staffing (b)
   o Worse timeliness
	• More flexibility in staffing (b)
	   o Better timeliness

Claim is passed from team to team:	**Same VSR performs both Pre-Determination and Post-Determination tasks for a claim:**

• Less sense of ownership
   o Worse quality
	• More sense of ownership
	   o Better quality

• Claim waits at each stage
   o Worse timeliness
	• VSR and RVSR collaborate to keep claims moving
	   o Better timeliness

• Each team must become familiar with claim
   o Worse quality
   o Worse timeliness
	• VSR provides continuity for claim
	   o Better quality
	   o Better timeliness

Notes:
(a) See text for assumptions made about a modified case management model.
(b) Staffing flexibility refers to the ability to move employees to different functions to respond to short-term changes in work volume at different phases of claims processing.

As table 4 shows, each approach is expected to have both positive and negative effects on quality and timeliness, and therefore it is impossible to predict the net effect without estimates of the magnitudes of the individual component effects. This is why we would recommend that any changes in VBA's claims processing operations be preceded by a pilot study demonstrating exactly how various outcomes would be affected.

Of course, as mentioned earlier, there is already a pilot study currently being conducted in the Little Rock RO, and one of its main elements is testing the use of claims processing teams (called "pods") that contain pre-determination, rating, and post-determination functions. (One of the factors to be determined dur-

ing the pilot is whether the triage function should also be included in the pods.) One of the expected benefits of organizing employees into pods is "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)" [22]. This approach also retains the current specialization of VSRs. Thus, the current pilot study is testing a model that appears to have reasonable potential to improve quality compared to the CPI model, especially if organizing employees into pods creates a greater sense of accountability than in the CPI model's function-based teams. Consequently, we do not see any reason to pilot test another approach (e.g., the hypothetical one we consider above) unless the results of the current pilot show that the use of pods does not result in claims processing outcomes any better than those obtained under the CPI model.

It is also important for all stakeholders to consider the possibility that different work management systems might ultimately produce similar outcomes. On our site visits, we heard from a number of managers who thought that the specific claim processing model is less important than managers' abilities in implementing it. This line of thinking suggests that only limited improvements could be obtained from changing the approach to claims processing. VA should certainly be using the approach that will best produce the quality and timeliness results it wants. However, other factors, such as certain IT improvements, could easily have much more impact than changes to the claims processing approach. In written testimony for the Senate Committee on Veterans' Affairs, VBA's Acting Under Secretary for Benefits stated, "To achieve large-scale improvements in efficiency and productivity, VBA must make a fundamental shift in how we process compensation and pension claims," and that "fundamental shift" was a reference not to changing the work management model but rather to the movement to a paperless environment [23].

Other Study Topics

As described in the introduction, the scope of our study is broad and includes a number of topics that are not directly related to the work credit system or the CPI model. We address those topics here.

Maximum Use of IT Applications

The recent IBM study of VBA business processes addressed the use of IT applications within VBA very extensively [21]. Some of their short-term recommendations and all of their long-term recommendations addressed potential IT improvements that VBA could make. The short-term recommendations related to IT were to automate incoming mail processing, enhance electronic application submission, and improve VETSNET (Veterans Service Network) application integration and functionality. The long-term recommendations were to provide online access to claim information, institute electronic workload management, institute electronic content management, and use rules-based tools to facilitate business processes.

In recent testimony before the House Subcommittee on Disability Assistance and Memorial Affairs, VBA's Deputy Under Secretary for Benefits summarized VBA's IT modernization activities [24]. He reported that they have had success in using imaging technology and computable data for processing claims in their insurance, education, and loan guaranty programs and that pilot efforts show that that approach is also feasible for compensation and pension claims. He then stated, "We are also exploring the utility of business-rules-engine software both for workflow management and to potentially support improved decision-making by claims processing personnel."

Rules-based applications were one of the specific IT topics that we were asked to address for this study. In the past, the rating decision was the area where the greatest potential was seen for a rules-based application to improve timeliness, quality, and consistency. However, VA subject matter experts noted that the current rating

schedule, i.e., the VASRD, does not lend itself well to automation because its criteria are not objective enough for most conditions.[15] Although other countries (e.g., Australia and Canada) have implemented a rules-based approach for their Veterans' disability decisions, they were able to do so only by changing their respective rating schedules purposely to accommodate that type of approach.

It should be noted that a rules-based application for the rating decision would improve timeliness only for the rating phase of the claim process. Because so much of the time to complete a claim is typically spent in the development phase, there would be a limit to how much a rules-based approach could improve the overall time to complete a claim.

VA also pointed out that a major challenge in implementing rules-based applications for any stage of claims processing, not just the rating stage, is that VBA does not have a static business process. In other words, the specific rules for processing and rating claims are continually changing. Thus, in order to implement any rules-based approach, VBA would need to be able to make system updates more often than they currently do, which is typically every 6 to 8 months. In fact, on our site visits, one of the main complaints that we heard about VETSNET from frontline employees was that the changes to claims processing are not incorporated quickly enough in the automated functions and in the online reference documents.

In summary, it appears that use of rules-based applications is not an obviously good fit for VA, at least not at this point. In particular, it could not be widely used for rating decisions without substantially changing the rating schedule, a proposal that has in the past faced significant resistance. The most promising option for improving claims adjudication seems to be the increased use of paperless processing, which would improve timeliness and thereby free up resources for other priorities.

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15. Examples of objective criteria are degree of hearing loss, range of motion, and amputation. An example of a subjective criterion is pain.

Obtaining Information to Support Claims

During the development of a claim, VA must fulfill its duty to assist the Veteran in obtaining documents and records needed to process his or her claim. This requires VA frontline employees to work with the claimant, a variety of federal entities, and private medical practices, and there are often delays in processing the claim as VA waits to receive the information requested. This is the main reason that development is typically the most time-consuming part of processing a claim.

There is evidence that making phone calls directly to claimants and private entities can be an effective method for obtaining the necessary supporting information more quickly than sending letters. VBA conducted a study to identify best practices at high-performing ROs, and one of the practices they noted for the Pre-Determination Team was "productive telephone development" [25]. Similarly, some of our site visit respondents also mentioned that they find phone contacts to be very useful in developing a claim, although they're frustrated that making phone calls does not earn any work credits.

In addition, there was a pilot effort at the Waco RO in 2008 to investigate the effectiveness of telephone development. In that pilot, experienced representatives from the Texas Veterans Commission (a VSO) worked on-site, alongside VSRs, and used phone contacts to obtain the information that VA usually tries to get by mailing out letters.[16] Based on anecdotal evidence, the phone development effort seems to have been effective. Unfortunately, no straightforward analysis of the pilot was possible because phone development was used only for older claims and not for a representative sample of all claims. The participating groups had decided that focusing on older claims was the approach that would provide the greatest benefit to the Veteran community.

It seems clear that phone contacts have significant potential to shorten the time required for development, and so it would make

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16. The reason for using VSO representatives instead of VSRs was that the RO needed all of their VSRs to continue in their usual claims processing roles in order to maintain production levels.

sense for VA to encourage phone calls by providing appropriate work credits and also by providing training on what one site visit respondent called "how to control the call." This latter element is important because, according to our site visits, some VSRs are reluctant to initiate phone contact with claimants because they don't feel they always know how to politely and diplomatically end a phone call in which the conversation has strayed off topic. Their concern is that they won't be able to return to their other duties in a timely manner.

From our site visits, we heard that it is often very difficult to get information requested from the National Guard and Reserves. VBA's Acting Under Secretary for Benefits made this same point in testimony before the Senate Committee on Veterans' Affairs [23]. Some of the ROs that we visited have addressed this problem to some extent by making special arrangements with their state's National Guard, such as identifying someone to serve as liaison. These examples indicate that there could be some potential benefits in expanding that approach to other federal entities from whom VA must frequently request information.[17]

Claims Ready to Rate Upon Submission

There are apparently no standard procedures used for claims that are already "ready to rate" at the time they are submitted. Some of the ROs we visited said they had no special procedures for those types of claims, whereas the others reported they had a very low volume of those claims (between about 30 and 140 per year) and that their procedures were relatively informal.

In one RO that we visited, these claims are handled within the Triage Team. The cases are brought directly to the coach of the Triage Team by VSO representatives. If the coach determines that a claim

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17. The recent Booz Allen Hamilton report noted that a useful practice for some ROs has been to establish a VA Medical Center (VAMC) liaison in order to improve turnaround time for medical exams [22]. That report also recommends that "to reduce processing times, VBA should expand its partnerships with [DOD and VA's Record Management Center (RMC)] to streamline file and records retrieval."

is ready to rate, there is one RVSR on the Triage Team, and he or she then makes the rating decision. In another RO, a claim that is ready to rate when submitted gets flagged as such, and then an RVSR on the Rating Team rates it. For both of these ROs, the time to complete these claims is 1 to 2 days.

Because of the low volume of claims that are ready to rate upon submission, it does not seem to make sense to establish official procedures for these claims. This is especially true at this point because of the current pilot study on "fully developed claims." Like this study, the pilot for fully developed claims is a result of a provision in the Veterans' Benefits Improvement Act of 2008 [1]. The one-year pilot is being conducted at 10 ROs and started in December 2008. Under the pilot study, a claimant can choose to submit, or have his or her representative submit, "an indication that the claimant does not intend to submit any additional information or evidence in support of the claim and does not require additional assistance with respect to the claim." Those claims then receive expedited processing, with a goal of completing them within 90 days of submission. CNA is studying the pilot to assess the feasibility and advisability of providing expedited treatment for those claims. If VA decides to create a formal pathway for fully developed claims in response to the results of the pilot, then that pathway would probably apply also to the claims that ROs currently treat as ready to rate upon submission.[18]

Claims from SI and VSI Veterans

VBA has designated claims from seriously injured (SI) and very seriously injured (VSI) Veterans as very high priorities, and in order to ensure they are treated as such, ROs have developed specialized staff and processes to handle those claims. Reference [26] provides

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18. Although "fully developed claims" are not necessarily ready to rate (because there might still be information required from sources other than the Veteran), ready-to-rate claims would certainly meet the criteria for being considered fully developed. If an RO already had informal procedures for immediate processing of ready-to-rate claims, it could still use those procedures. Other ROs would simply establish a goal of completing ready-to-rate claims within 90 days.

processing standards for claims from SI/VSI Veterans and other GWOT priority claims. It states that the following pairs of events should happen either on the same day or 1 day apart:

- Establishment of the claim by the Triage Team and initiation of development by the Pre-Determination Team

- Determination by the Pre-Determination Team that the claim is ready to rate and the rating decision by the Rating Team

- The rating decision by the Rating Team and the promulgation of the award by the Post-Determination Team.

One RO was able to provide us with a very detailed chart describing their procedures for SI/VSI claims. In summary, the Triage Team checks all original claims for whether the Veteran is a GWOT Veteran. GWOT claims are then hand-carried to the RO's "Pre-Determination GWOT and SI/VSI Team." This team then determines whether the claimant is considered SI or VSI. This all happens the same day that the Triage Team establishes the claim. In addition, either on the same day or the next day after the claim is established, claim development is initiated. Then, on the same day the VSI/SI claim is made ready to rate, it is hand-carried to the coach of the Rating Team. The claim is then given to an RVSR, and "every effort" is made to rate the case the same day or the next day after it is determined to be ready to rate. On the same day the RVSR makes the rating decision, the claim is hand-carried from the RVSR to the coach of the Rating Team and then to the case manager on the VSI/SI Special Processing Team. At that point, the case manager hand-carries the claim to the designated VSR on the Post-Determination Team, who inputs the rating, prepares the notification letter, and hand-carries the claim to the appropriate authorizer on the same day or the day after the rating decision is made. After authorization, the claim is hand-carried back to the case manager.

Overall, timeliness for claims from SI/VSI Veterans seems to have been improving. For example, table 5 shows that the average days to complete has declined substantially for SI/VSI original rating claims completed during the first 8 months of FY2009.

Table 5.   Timeliness for SI/VSI original rating claims

Month	Average days to complete
October 2008	53
November 2008	57
December 2008	50
January 2009	50
February 2009	45
March 2009	33
April 2009	42
May 2009	34

Source: Summarized administrative data provided by VBA

Best Practices in Claims Processing

VBA conducted two cycle time studies in an effort to identify best practices in claims processing. They were completed in June 2003 and March 2006, and they both identified practices that were important in contributing to timeliness in high-performing ROs [25, 27].

At the time of our site visits, no other formal efforts to identify and share best practices were reported. Managers mentioned two main avenues by which VA's Central Office meets with the VSC Managers, and those are monthly teleconferences and an annual in-person conference. However, we heard that these are not forums that formally address best practices, although there was definite agreement that the annual conference is very useful because of the networking that leads to informal sharing of best practices.

Another area of strong agreement was that managers are extremely interested in hearing how other ROs are addressing the same challenges that they face. However, they did have a concern that any good practices identified through a formal assessment should be presented as suggestions rather than mandates. Because the ROs vary so much in terms of staffing, caseload, facilities, and other factors, it's important to recognize that an approach that is very successful in one RO might not be appropriate for another.

In the time since our site visits, VBA's Compensation and Pension Service (C&P) has taken a significant step to improve its identifica-

tion and dissemination of best practices. In July 2009, C&P issued a standard operating procedure (SOP) document for identifying best practices and for disseminating them to ROs by posting them on C&P's Quality Assurance Web site. The SOP defines a best practice as "a procedure that has a positive impact on claims processing at the originating regional office and can be replicated at other regional offices." The SOP also states that best practices are optional. The primary route for identifying promising practices is through C&P's routine site visits to ROs, after which the practice must be approved by the Director of C&P Services (through the Assistant Director for Quality Assurance and the Deputy Director for Operations) in order to be considered a best practice. The Quality Assurance Web site will list all approved best practices, and visitors to the Web site will see an announcement whenever a new practice is posted.

Summary and Conclusions

Employee Work Credit System

Most frontline employees believe the work credit values in the current employee work credit system do not accurately reflect the amount of time required for each action. In particular, each action is too broadly defined to account for the large degree of variation in complexity across claims. The perceived inaccuracy of the work credits combined with the requirement to meet minimum work credit standards and the perception that managers emphasize quantity over quality result in some unintended consequences for the way in which claims are processed.

Those unintended consequences, such as rushed actions and piecemeal development, have negative effects on both the quality and timeliness of claim processing. The first step toward eliminating them should be a pilot effort to develop a set of actions and associated work credits that accurately reflect (and are perceived to accurately reflect) the time required to perform each action at a specified average level of quality. Those work credit values can then be combined with information on expected caseload to determine the staff required to process that caseload at that quality level. Because these changes will not be quick to implement, VBA should determine what the trade-off between quality and quantity is under current resource constraints and then explicitly decide which levels of quality and quantity best contribute in the short term to accomplishing VA's mission.

Work Management System

In the current work management system, the CPI model, a claim is passed through a series of teams, each of which is responsible for performing different actions on it. Although this approach has

some disadvantages for quality and timeliness, it's not clear that switching to a model with more continuity in the staff who work on each claim would produce a net improvement. The ambiguity comes from the fact that the approaches each have different strengths and weaknesses, and so the nature and magnitude of the net effects must be determined empirically. Thus, before making any changes to its approach to claim processing, VBA should conduct a pilot study to determine what the resulting improvements ultimately would be. VBA's current pilot study in the Little Rock RO is testing an alternative to the CPI model that, based on its design, appears to have the potential to improve both quality and timeliness. Consequently, we recommend that VBA wait for the results of that study before deciding whether it would be worthwhile to investigate other alternatives.

Other Study Topics

In the area of IT use, VA has been proceeding with its efforts to increase the use of paperless processing, and that strategy seems to have the most potential for improving timeliness and quality. VA has investigated the possibility of using rules-based applications for the rating decision, but the subjective nature of many of the current VASRD criteria would make implementation of that approach extremely challenging.

Timely development of claims is essential to the timely completion of claims, and VBA could improve development time by encouraging more use of telephone contacts to obtain information from claimants and third-party organizations. The best way to encourage this would be to provide appropriate work credit for phone development. Currently, some employees who use phone contacts for development report that they also follow up with a letter that's not always necessary because sending the letter is what enables them to claim sufficient work credits to meet their minimum performance standards.

On the topic of claims that are ready to rate at the time they're submitted, we found that there are no standard practices across ROs for handling those claims. There is currently a pilot study to determine the potential for a program in which "fully developed claims"

receive expedited treatment, and depending on the results of that pilot, it is possible that VA will establish such a program at all ROs. If it does, then it seems likely that any special procedures that ROs have developed for ready-to-rate claims would be superseded by the program for fully developed claims.

Another category of claims that we were asked to address is claims from SI and VSI Veterans. The practice reported to be effective in ensuring that those claims are processed promptly is to designate specific individuals to be responsible for following those claims extremely closely through all phases of processing.

Until recently, VBA did not formally assess or disseminate best practices for claims processing. Instead, managers tended to learn about practices at other ROs through informal contacts. We heard from managers that they would like more access to information on alternative approaches that other ROs have found to be successful, but because of the many differences among ROs, the managers would prefer that any practice reported to work well at one RO be presented as a suggestion rather than as a requirement. In July 2009, C&P issued a SOP document for identifying best practices and disseminating them on their Quality Assurance Web site. So, in the future, it should be much easier for managers at ROs to access a list of best practices.

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Appendix: Abbreviations and Acronyms

AFGE   American Federation of Government Employees

ASPEN   Automated Standardized Performance Elements Nationwide

BPR   Business Process Reengineering

C&P   Compensation and Pension Service

CPI   Claims Process Improvement

DRO   Decision Review Officer

GAO   Government Accountability Office

GS   General Schedule

IT   Information Technology

OEF   Operation Enduring Freedom

OIF   Operation Iraqi Freedom

OIG   Office of the Inspector General

PTSD   Post-Traumatic Stress Disorder

RMC   Record Management Center

RO   Regional Office

RVSR   Rating Veterans Service Representative

SI   Seriously Injured

SOP   Standard Operating Procedure

STAR   Systematic Technical Accuracy Review

TBI	Traumatic Brain Injury
VAMC	VA Medical Center
VARO	VA Regional Office
VASRD	Department of Veterans Affairs Schedule for Rating Disabilities
VBA	Veterans Benefits Administration
VCAA	Veterans Claims Assistance Act of 2000
VETSNET	Veterans Service Network
VOR	VETSNET Operations Reports
VSC	Veterans Service Center
VSI	Very Seriously Injured
VSO	Veterans Service Organization
VSR	Veterans Service Representative
WIP	Work in Progress

References

[1] *Veterans Benefits Improvement Act of 2008*, Public Law 110-389, 110th Cong., 2d sess. (October 10, 2008)

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