



VA Claims Processing Task Force

Report to the Secretary of Veterans Affairs

October 2001

Memorandum

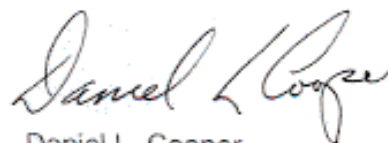
Department of Veterans Affairs

Date: October 3, 2001
From: Chairman, VA Claims Processing Task Force
Subj: Report of the VA Claims Processing Task Force
To: Secretary of Veterans Affairs (00)

The VA Claims Processing Task Force is pleased to present its report in accordance with the Task Force Charter of May 22, 2001.

It has been our pleasure to work with the various components of VA to develop these short-term, and some longer-term, recommendations meant to attack and alleviate the current claims backlog. While these specific recommendations are not of a nature to provide long-term solutions, the underlying reasons for the problem can be ascertained and a reasoned long-term set of solutions developed.

Each of us is honored to have been allowed to assist VA in its quest to better serve our Nation's veterans.



Daniel L. Cooper
Chairman

EXECUTIVE SUMMARY

At the outset, the Department of Veterans Affairs (VA) Claims Processing Task Force emphasizes its conviction that the vast majority of Veterans Benefits Administration (VBA) Regional Office employees have been executing an extremely difficult task to the best of their abilities. For more than a decade, VBA employees have been dealing with a cycle of workload crises. The current backlog or pending inventory of 533,000 veterans' claims is just the latest in a series of oscillations that have become an inherent characteristic of the claims process.

The Task Force was cognizant that many studies and reports have been completed on the VBA compensation and pension claims processing issue. In the past few years, the Veterans Claims Adjudication Commission, the National Academy of Public Administration, and the Congressional Commission on Service Members and Veterans Transition Assistance have called for fundamental legislative and strategic changes to achieve a total system cure for processing veterans' claims. The Task Force has reviewed, and concurs, with the vast majority of process improvement conclusions of these and other groups.

There has been no lack of dedication and vision at VBA to focus on alleviating the claims processing problem. Over the last few years, VBA has developed many initiatives in the belief that these initiatives would produce a better capability to adjudicate claims. The Task Force would be remiss if it did not acknowledge that VBA has indeed instituted some change at a time when it was sorely needed.

While some of VBA actions have been important first steps, the Task Force believes that VBA Central Office decisions regarding choices about how to improve the processing of claims has exacerbated the claims backlog crisis. VBA has also created many problems through poor or incomplete planning and uneven execution of claims processing improvement projects. VBA Central Office choices have essentially served to reduce the availability of skilled labor for processing claims, while diverting experienced staff to implement unproven process changes that were poorly planned or managed. At its core, the Veterans Benefits Administration serves the veteran best by getting claims processed expeditiously and in a quality fashion.

While it is difficult to develop new solutions for a problem that has been studied repeatedly and addressed by many, the Task Force focused on actions that, if implemented, could generate or free-up more direct labor hours to attack the immediate problem. Eight short-term and three medium-term Task Force recommendations address this approach. A couple of recommendations are one-time deferment of tasks that could provide some immediate relief.

All who are interested in solving the problem and helping veterans, understand that external factors have played a large role in the current situation. The VBA workload has fluctuated dramatically over the years for a variety of reasons, and there is no reason to expect some eventual settling into a stable predictable level. The Task Force has concluded, therefore, that systemic problems need to be addressed. The Task Force has attempted to identify those systemic problems but time has precluded a serious development of any in-depth solutions. Although previous 1-year and 2-year studies have addressed the need for a system cure, the actions that were recommended, and in many cases agreed to, have been tried to a limited degree or not addressed at all.

A systematic analysis was applied by the Task Force to determine the manner and extent to which veterans' compensation and pension claims are adjudicated. The basic overarching theme of the Task Force findings is that flaws exist in Accountability, Communications, and Change Management. There are other topics described in Part I of the report, but these three are the critical ones that, if not addressed properly, will ensure that VBA continues to be perceived as a reactive, short-term focused, uncoordinated entity. If prompt comprehensive corrective action is not taken, the veteran's attention will be dominated by delays and irritations rather than on the basic high purpose of the organization and the dedicated hard working VBA employees, many of whom are themselves veterans.

In addition to critiquing claims processing within VBA, the Task Force recommended actions to improve the appeal resolution time of veterans' claims at the Board of Veterans' Appeals. The Task Force also proposed actions to improve the timeliness and quality of compensation and pension medical examinations conducted by the Veterans Health Administration.

The Task Force is optimistic that its 120-day effort will help to improve the short-run situation, and that this report will provide the Secretary of Veterans Affairs with actions that are within his immediate authority, and that he can implement now. Part II of the report contains a description of 20 short-term recommendations and 14 medium-term recommendations.

The Task Force hopes this report will stimulate VA to see claims processing as a *One VA* issue and that improving the process can be achieved only if the entire organization sees it as "their" problem. The tentacles of helping the veteran understand and receive his or her benefits expeditiously extend throughout the Department of Veterans Affairs. Solving the problem will demand full cooperation and understanding at all levels. America's veterans deserve nothing less.

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PART I – DISCUSSION

SECTION A - INTRODUCTION

BACKGROUND

In fulfillment of a promise made during his confirmation, the Secretary of Veterans Affairs signed a charter establishing the Department of Veterans Affairs' Claims Processing Task Force on May 22, 2001 (Appendix A). The goal of the Task Force was to recommend specific actions that the Secretary could initiate within his own authority, without legislative or judicial relief, to relieve the current veterans' claims backlog and make claims processing more efficient.

The Secretary instructed the 12 member Task Force to provide its findings and recommendations to him in approximately 120 days (Appendix B). To accomplish this goal, the Secretary directed the Task Force to:

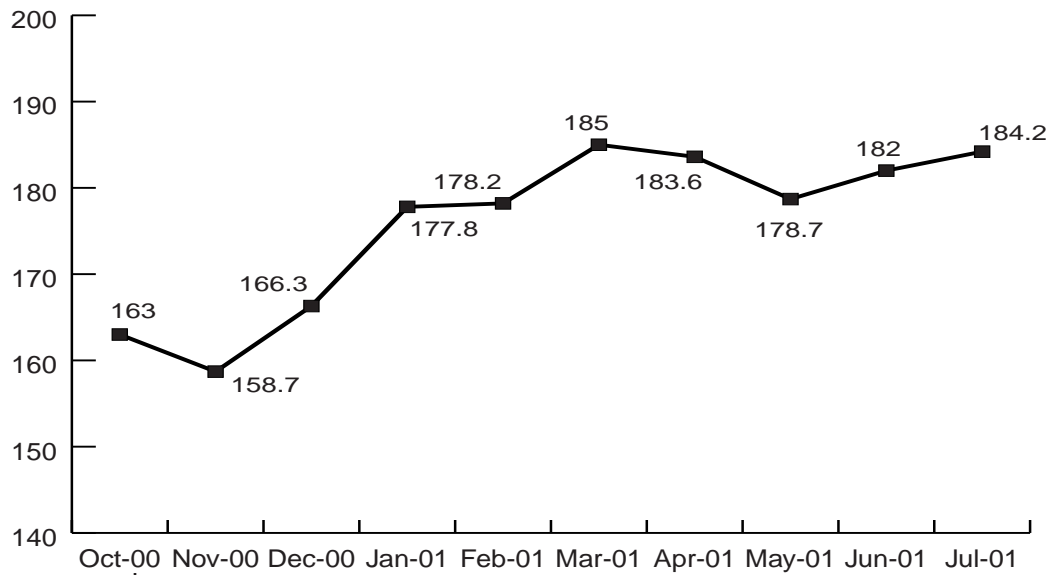
- n Assess and critique the VBA organization, management, and processes in order to develop recommendations to greatly improve VA's ability to process veteran's claims for disability compensation and pension.
- n Propose measures and actions to increase the efficiency and productivity of VBA operations, shrink the backlog, reduce the time it takes to decide a claim, and maintain or improve the validity and acceptability of decisions.
- n Evaluate the potential benefits of improving the information technology on VBA claims evaluation and propose improvements.
- n Evaluate the procedures and processes for handling veterans' appeals of VBA rating decisions.
- n Evaluate and consider changes to the VHA medical examinations in order to better coordinate with the Department of Defense (DoD), better utilize military detachment physicals, and expedite the veteran's entry into the VA system.

On March 23, 2001, the VBA backlog of pending work was 521,483 claims. By June 29, 2001, the number had grown to 535,258 claims, and as of September 1, 2001, the VBA pending workload was 533,029 claims.

Information pertaining to the average number of days to process a rating case rose from 163 days in October 2000 to 184 days in July 2001, as displayed in Exhibit 1:

Exhibit 1

Average Processing Days for Rating Cases in VBA



The types of claims that are bundled into the category of “rating cases” in Exhibit 1, include the following end products:

- 010 – Original disability compensation 8 or more issues
- 110 – Original disability compensation 7 issues or less
- 140 – Original dependency and indemnity compensation
- 180 – Original disability pension
- 020 – Reopened disability compensation
- 120 – Reopened disability pension
- 310 – Review for future exam
- 320 – Review based on hospitalization

TASK FORCE APPROACH

VBA’s claims processing and institutional problems have been well documented. Given the urgency of the situation and the requirement that recommendations be provided to the Secretary within

approximately 120 days, the Task Force began by reviewing findings from previous studies on VBA to identify potential areas for leverage that would offer high payoff in terms of increasing available staff resources. The Task Force devoted significant time to developing a consistent baseline to describe the totality and composition of VBA's workload, current and past.

With increasing workload, VBA Regional Offices face the practical problem of having to allocate a fixed level of direct labor hours to accomplishing an increasing volume and complexity of work. VBA's workload produces a variety of veteran disability rating and non-rating work products. Additionally, VBA's workforce is faced with the challenge of having to allocate direct labor hours to non-claim tasks, such as the planning and implementation of training and modernization initiatives.

The Task Force concluded, that in the near term, the best strategy was to seek ways to generate or free-up direct labor hours that could be directed to high priority claims processing activities. In reviewing prior studies and during data collection activities, the Task Force sought to find work tasks that could be eliminated or, at least deferred for a period of time, thus allowing more direct labor hours to be spent on the primary objective of reducing the claims backlog. The Task Force also looked for changes that might not expedite overall processing times, but would benefit veterans who had filed claims, especially those longstanding claims filed by aging veterans. Finally, the Task Force identified priority changes critical to VBA's strategic and long-term success.

The Task Force members were aligned into three sub-groups to focus on issues related to claims processing, information technology, personnel training, workforce performance, and quality assurance. These teams worked independently, but interacted frequently and shared information on the system-wide impacts of identified problems and solutions.

TASK FORCE FACT-FINDING

The Task Force engaged in extensive data collection activities. The Task Force conducted four public fact-finding meetings featuring presentations from Congressional Committee staff, VBA, General Accounting Office, Office of the VA Inspector General, Social Security Administration, Board of Veterans Appeals, Veterans Health Administration (VHA), American Federation of Government Employees, and representatives from Veterans Service Organizations (Appendix C).

The Task Force solicited ideas and advice from private sector organizations such as AON, UNUM-Provident, PKC, Ford Motor Company, USAA, FedEx Center for Cycle Time Reduction, and QTC. The Task Force also visited 12 Regional Offices and other key claims processing support sites: the Hines Information Technology Center (ITC) in Chicago, VBA Records Management Center and the National Personnel Records Center in St. Louis, and VBA Training Offices in Baltimore and Orlando (Appendix D). During site visits to VBA Regional Offices, the Task Force also met with VHA staff involved in C&P medical examinations. Additionally, the Task Force reviewed previous studies on VBA claims processing and met with any interested party who wished to provide relevant information.

ORGANIZATION OF THE REPORT

Part I of the report describes the nature and composition of VBA's workload. Subsequent sections of the report are organized around seven major categories of conclusions and findings that, in the aggregate, describe the underlying causes that contribute to the present VBA claims processing situation. The major categories of findings include:

1. Accountability, Leadership, and Organization
2. Communications
3. Change Management, Planning, and Control
4. Claims Development (Records and Medical Examinations)
5. Training and Workforce
6. Information Technology
7. VSO Relationships

Part II presents the Task Force recommendations. These recommendations identify immediate, near-term and longer-term actions that will directly reduce the current backlog while redirecting VBA activities to achieve a more efficient and effective organization. Part III contains Appendix A through Appendix E.

The first set of recommendations identifies actions that the Secretary has the authority to execute immediately in order to stabilize the current work environment and free-up direct labor hours that can be applied to the current backlog. The second set of recommendations identifies intermediate actions that are also within the purview

of the Secretary to initiate, but that may take some time to complete. Several recommendations highlight actions that must be taken to deal with long-standing VBA institutional as well as claims processing problems.

Exhibit 2 is a *Charter Matrix* identifying which short-term and medium-term recommendations are aligned with the five elements of the Task Force charter. Exhibit 3 is *Functional Compliance Matrix* that aligns the Task Force recommendations with the key activities to improve the processing of veterans' claims.

The Task Force is confident that, if these recommended actions are carried out in the spirit intended without attempts to obfuscate, undermine, or use some trivial misstatement to discredit a specific proposal, VA can achieve the Secretary's goal to reduce the backlog and decrease the average time to decide claims without compromising quality. To this end, the Task Force recommends that an oversight group, external to VBA, be constituted to ensure that remedial actions are promptly and effectively implemented.

SECTION B - VBA'S WORKLOAD AND THE CLAIMS PROCESS

VBA's workload will continue to remain dynamic. To expect the workload to return to some normalized, predictable level is not reasonable. As illustrated in Exhibit 4, external influences have repeatedly had a direct impact on the compensation workload. While the Task Force has concentrated on the current backlog, short-term actions to deal with it should be viewed in the context of the overall C&P workload and the trends driving VBA's volume of work.

Immediate actions are required to deal with aging cases over one year old, including appeals and remands. In this regard, the Secretary has already taken action by establishing a Tiger Team to deal with those specific cases.

VBA'S WORKLOAD

VBA's workload is normally discussed in terms of the number of pending claims or the backlog in VBA Regional Offices. Pending claims are generally assumed to be original and reopened claims for disability compensation. However, this shorthand description of the workload over-simplifies what is, in reality, a heterogeneous

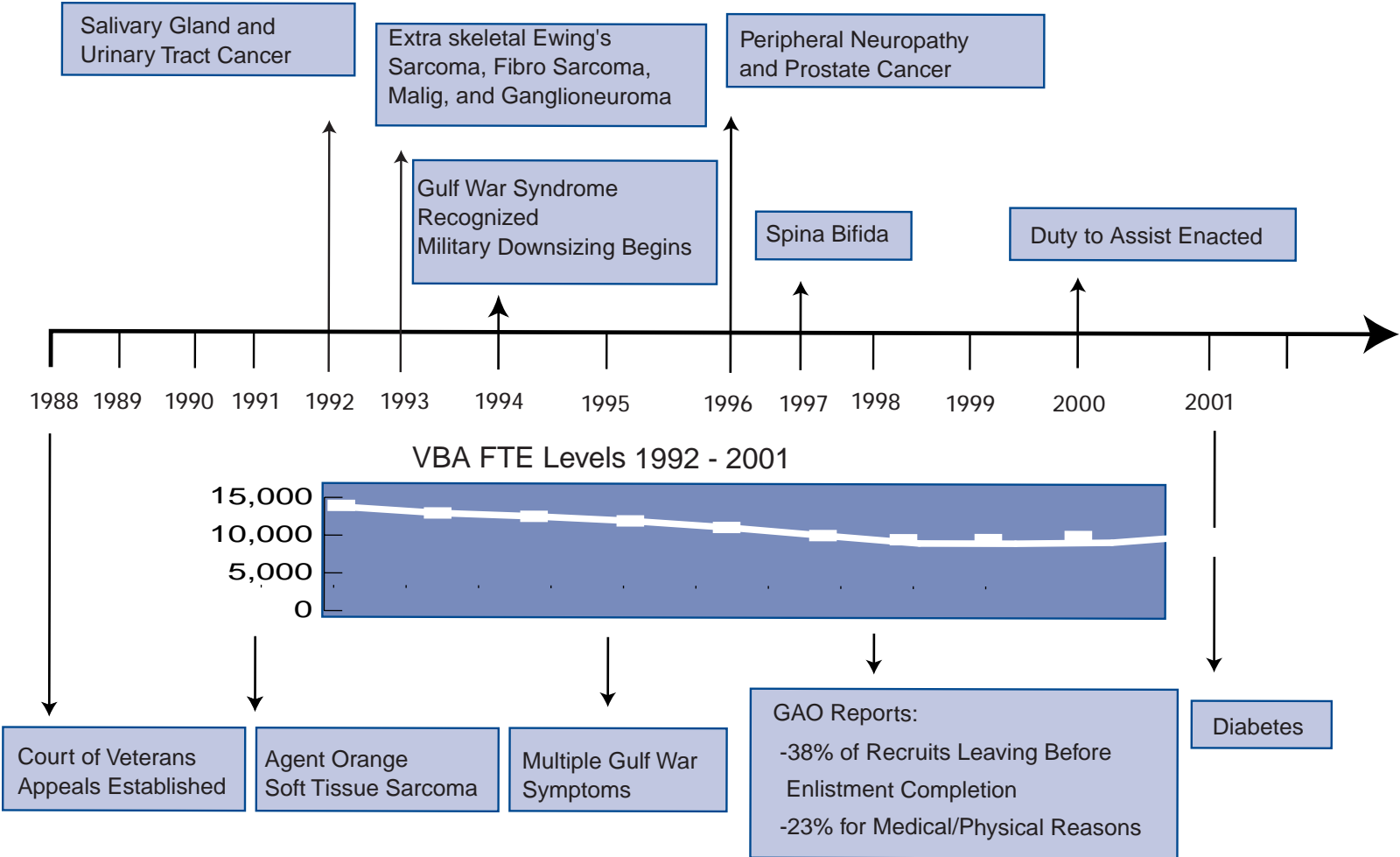
Exhibit 2 - Charter Matrix

Charter Task #1 Task Force will assess and critique VBA organization, management and processes in order to greatly improve VA's ability to process veterans claims for disability compensation and pension	Charter Task #2 Task Force will propose measures and actions to increase efficiency and productivity of VBA's operations, shrink the backlog of claims, reduce the time it takes to decide a claim and maintain, or improve the validity and acceptability of decisions	Charter Task #3 Task Force will evaluate the potential benefits of improving the information technology on VBA claim evaluation and process improvement	Charter Task #4 Task Force will evaluate the procedures and processes for deciding veterans appeals of VBA rating decisions	Charter Task #5 Task Force will evaluate and consider changes to the VHA medical examinations in order to better coordinate with the DoD, better utilize military detachment physicals ¹ and expediate the veterans entry into the VA system
S-1	S-1	S-14	S-1	S-20
S-2	S-2	M-2	S-7	M-3
S-3	S-3	M-3	S-8	M-4
S-7	S-4	M-6	S-12	
S-8	S-5	M-7	M-4	
S-9	S-6	M-12		
S-10	S-7			
S-11	S-8			
S-12	S-9			
S-13	S-10			
S-14	S-11			
S-16	S-12			
S-17	S-13			
S-18	S-14			
S-19	S-15			
M-1	S-17			
M-4	M-1			
M-5	M-4			
M-6	M-9			
M-7	M-10			
M-8	M-11			
M-11	M-14			
M-12				
M-13				

Exhibit 3 - Functional Compliance Matrix

	Free Up Direct Labor Hours	Eliminate the Backlog	Improve Claims Timeliness	Accountability	Organization Management Process	Operations	Quality of Decisions	C&P Physical Exams	Information Technology	Training
S-1		✓	✓		✓	✓				
S-2	✓	✓	✓		✓	✓				
S-3	✓	✓	✓		✓	✓				
S-4		✓	✓			✓				
S-5	✓	✓	✓			✓			✓	
S-6	✓	✓	✓			✓		✓		
S-7	✓	✓	✓		✓	✓				
S-8	✓	✓	✓	✓	✓	✓	✓			✓
S-9			✓	✓	✓	✓	✓			
S-10		✓	✓	✓	✓	✓	✓			
S-11			✓		✓	✓				
S-12		✓	✓		✓	✓				
S-13		✓	✓		✓	✓				✓
S-14				✓	✓					
S-15				✓		✓				
S-16	✓			✓	✓					
S-17	✓		✓		✓	✓				
S-18					✓					
S-19				✓	✓					
S-20					✓			✓		
M-1	✓	✓	✓		✓	✓	✓			✓
M-2					✓				✓	
M-3							✓	✓	✓	
M-4		✓	✓	✓	✓	✓		✓		
M-5				✓	✓	✓				
M-6				✓	✓		✓		✓	
M-7				✓	✓				✓	
M-8			✓	✓	✓		✓			✓
M-9	✓	✓	✓		✓	✓	✓			
M-10			✓	✓		✓	✓			✓
M-11	✓	✓	✓		✓	✓				
M-12			✓		✓		✓		✓	
M-13					✓		✓			
M-14			✓			✓	✓			

External Influences on the Compensation Workload Timeline 1988 - 2001



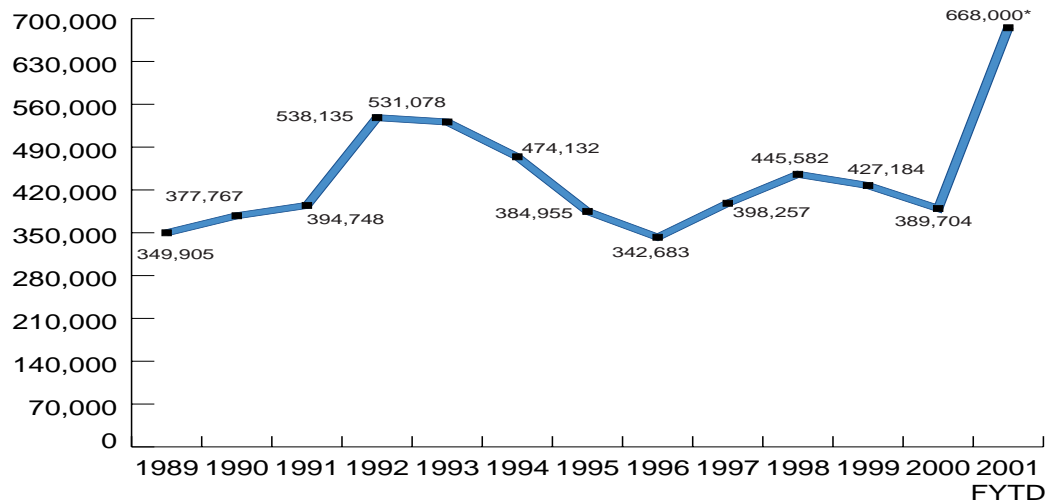
that consume direct labor hours of the C&P workforce. To complicate matters further, these end products do not account for all categories of work required in the Regional Offices, such as the following:

- n Receiving and analyzing over 24.5 million pieces of mail received per year;
- n Determining if a claim should be established;
- n Responding to over 9 million phones calls a year; and
- n Administering over 5.5 million claim folders in Regional Offices.

One of the challenges in analyzing VBA's backlog of work has been to develop a data baseline of the pending workload that accounts for discrete work activities in a consistent manner over time. Exhibit 5 depicts the ebb and flow of VBA's total pending workload from FY 1989 through FY 2001 as of August 21, 2001.

Exhibit 5

VBA's Total Pending Workload FY 1989 - FY 2001 YTD



*The Pending Workload number of 668,000, as reported to the Secretary by VBA on August 21, 2001, is the sum of 532,000 claims counted as work in progress; 93,000 appeals; 31,000 duty to assist cases; and 12,000 diabetes claims not reflected in workload count.

VBA's Business Processing Reengineering (BPR) analysis and other improvement initiatives, including case management and merging of the Adjudication and Veterans Assistance Divisions, have been based on several assumptions, some of which have been invalid: VBA's workload would remain static or decline in the out-years; there would be no future wars, military conflicts, or major legislative C&P benefit changes; and claims processing performance was not influenced by the number and size of Regional Offices. Several of the key trends that merit mention because of their continued or future impact on claims processing are:

- In 1991, VBA began experiencing an increase in the volume of pending claims. VBA cited several reasons for the increased backlog of claims including the impact of judicial review, military downsizing, the Gulf War, increasingly complex claims, the changing mix of claims, and staffing levels. The advent of Judicial Review in 1988, and its consequences, while certainly a contributing factor to the complexity of VBA's workload, is but another legislative fact of life that has always been, and will continue, to impact VBA's workload.
- The number of armed conflicts involving U.S. deployment of forces increased during the 1990's and the volume and frequency of legislative and regulatory benefit changes have continued. For example, during the tenure of this Task Force, the Congress has been considering a proposal for a 10-year extension of the December 31, 2001, deadline to file for Gulf War presumptive disabilities. VBA continues to react to these fact of life changes as being unusual, rather than recognizing that they are, and will continue to be, an inherent part of doing business.
- The Task Force is also concerned that inadequate attention is being paid to the potential for life-cycle impact of a large number of new and reopened disability claims to be filed by National Guard and Reserve personnel. VBA does not separately track claims filed by Guard and Reserve personnel. Under current rules, Guard and Reserve personnel called to active duty can file a claim following completion of each period of active duty. The Task Force is concerned about the volume of claims that might be generated from this population of veterans, as well as the problems associated with the documentation and timely access to service and medical records for Guard and Reserve personnel. The potential for

this group of veterans to file claims in the future will be determined by two factors – the number of people called to active duty and the number of days these individuals serve on active duty. Exhibit 6 depicts the increase in the number of Guard and Reserve personnel called to active duty from January 1989 to August 2001.

Exhibit 6 – Guard and Reserve Personnel on Active Duty

Guard and Reserve Personnel on Active Duty		
Major Conflict	Period of Service	Guard and Reserve Personnel Called Up to Active Duty Status
Just Cause (Panama)	1989 - 1990	7,323
Desert Shield / Storm (Iraq)	1990 - 1991	265,322
Haiti	1994 - Present	8,338
Bosnia	1995 - Present	43,523
Northern Watch (Turkey)	1996 - Present	15,842
Desert Thunder / Southern Watch (Iraq)	1997 - Present	23,346
New Horizons (Central America)	1998 - 1999	24,220
Kosovo	1999 - Present	13,595
		Total 401,509

- Although the VBA Records Management Center in St. Louis has made significant progress in reducing the turnaround time for retrieving records, the timely availability and completeness of service and medical records continues to be a nexus of problems contributing to delays. These problems may be worse for Guard and Reserve records that are under the control of DoD. Myriad issues relate to service and medical records for Guard and Reserve personnel who served on active duty. These include documentation of service and medical conditions, inventory control, and records format. At the moment, it is not clear how many records exist or where they are located. There have been some discussions between DoD and VBA concerning these records but at this time, no agreement has been reached on how to resolve these issues.
- While the estimated number of veterans in the population declined by 10.5 percent between 1990 and 2000, the total number of service-connected disabilities managed by the VBA workforce increased 48 percent during the same period.

Since the last directed study of the VBA claims process in 1997, the total inventory of service-connected disabilities managed by the C&P workforce increased 8.6 per cent through FY 2001, while the total veteran population decreased by 6 percent during the same period. The number of disabilities cited by a veteran when a claim is established and the actual number of disabilities that are rated during the adjudication process are key drivers of direct labor hour requirements.

- Dramatic changes are underway for the cohort of older veterans. The number of veterans aged 85 and older is projected to increase from 511,000 in the year 2000 to 1.23 million in 2010 (+141 percent). The aging factor will significantly impact VBA's workload of reopened disability claims, pension claims, and other types of work. Currently, the administration of pension benefits accounts for 23 percent of C&P direct labor hours, with cyclical impacts due to income and eligibility verification requirements. Administration of the pension program, even if simplified, will continue to consume large fractions of C&P direct labor hours.
- Shifting demographics have created a situation in which VBA now has several super-sized Regional Offices. In FY 2000, 19 Regional Offices accounted for 58 percent of the C&P workload. At the other end of the spectrum, 17 Regional Offices collectively accounted for only 10 percent of the total national C&P workload. VA forecasts of the veteran population suggest that these shifting demographic patterns will continue. It is not reasonable to think that the method of resourcing and organizing in order to process claims at a small Regional Office with less than one percent of the national workload should be different than at an Regional Office with 3 to 8 percent of the national workload. The changes in veteran population have major implications for Regional Office staffing, the structure of Service Delivery Networks (SDNs) and how work is organized within a Regional Office.

These and other trends have served to increase the dynamic nature of VBA's work. At the same time, the decreased productivity trends in processing C&P claims, that started in FY 1990 and FY 1991, continues. The average task time, as expressed in number of hours expended on an original compensation claim with 7 or less issues has gone from 3.0 hours in FY 1990 to 6.36 hours in FY 2000, a 53

percent increase. For the same time period, the average number of hours spent on a reopened disability compensation claim was 2.45 hours in FY 1990, as compared to 5.21 hours in FY 2000, also a 53 percent increase in direct labor hours.

VBA has continued to push new projects to the field as if these trends that obviously require more direct labor hours per claim, did not exist. As a result, Regional Offices have to divert direct labor hours from processing C&P claims to planning and implementing projects that have generally failed to improve overall performance, and certainly have not reduced time to process claims.

CLAIMS PROCESS

Two major types of claims – claims that are older than 1 year and claims that are caught in the appeals-remand cycle – trouble the Task Force. The C&P claims process was designed as a serial work flow: establish the claim, collect and develop evidence, evaluate and rate the issues or make a non-rating decision, award the benefit, pay the veteran, and then work on the next claim. This process was not designed to deal efficiently with rework that is continually reintroduced into the workflow. Rework includes remands, cases under special review, and pending cases that have aged for some reason. These claims have been introduced back into the workflow process more than once over a period of time because of the need to develop new evidence or for other reasons. These rework cases essentially “churn” in the system at each Regional Office, as they are reassessed on an ad hoc basis.

“OLDER CLAIMS”

The number of claims that have been in process for a period in excess of more than 1 year are of real concern and, except under very unusual circumstances, hard to justify. As of August 31, 2001, almost 170,000 claims were pending for 6-12 months; approximately 56,500 were pending for over 1 year with a few claims pending for almost 10 years. Many of those claims are from World War II and Korean War veterans who, as a group, are becoming older and dying in greater numbers. The Task Force believes that continuing to administer these aging claims through the current claims process at each Regional Office will only further delay providing service to veterans. To that end, the Task Force has included a recommendation to create a Tiger Team empowered to cut red tape in order to resolve claims affecting aging veterans. This initiative, besides being the right thing to do, should make a major impact on the most difficult claims and should reduce the average time delay.

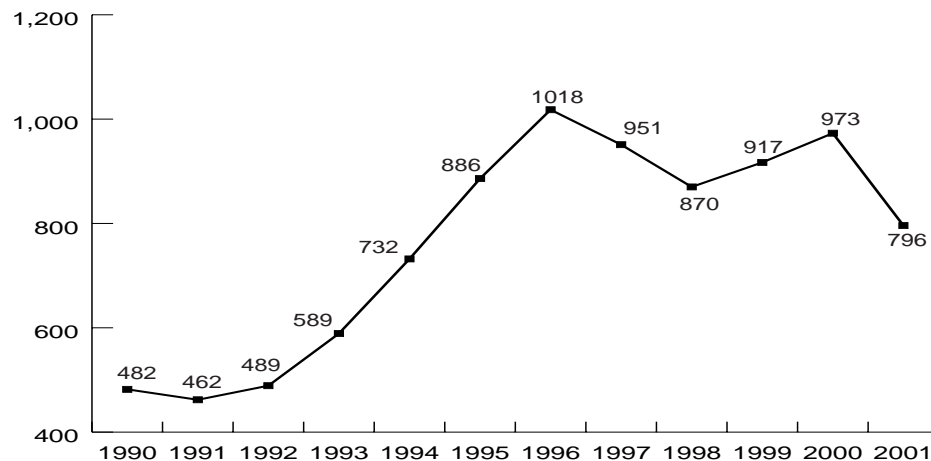
APPEALS AND REMANDS

The entire VA appeals and remand process must be redesigned into a fairer and more viable system. Currently, both the time delays to handle appeals and then the time to correct remanded decisions are both unreasonable and unfair to veterans awaiting decisions.

The processing time from the point at which a veteran submits a Notice of Disagreement (NOD), then through the various steps in the appeal process until the Board of Veterans' Appeals (BVA) renders a decision is much too long. Exhibit 7 shows the processing time from receipt from the NOD to a BVA decision (either final or remand) over the last decade:

Exhibit 7

Elapsed Processing Time - Days



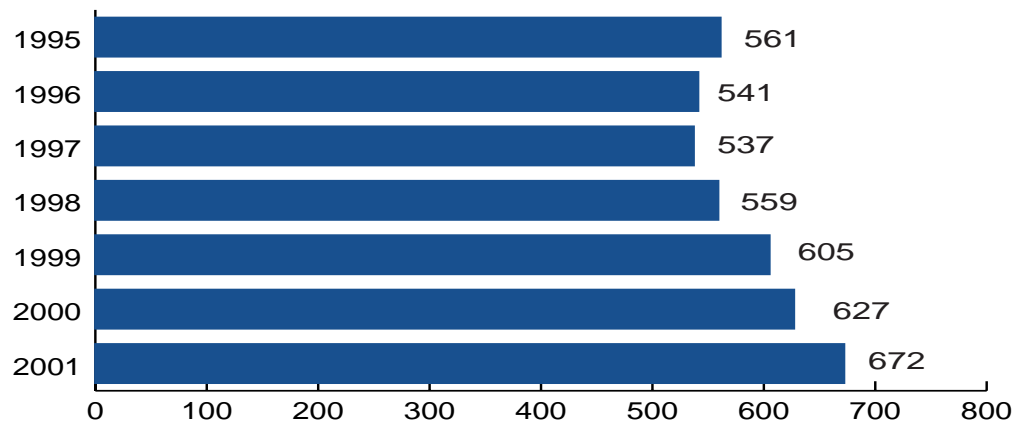
The average number of days for handling remands (from the date of the BVA decision to the date VBA returns the package to BVA for further consideration) is shown in Exhibit 8:

On April 9, 2001, the Secretary of Veterans Affairs directed BVA to help with the remand problem and reduce the time veterans have to wait for an appellate decision. The Task Force believes that BVA has been excruciatingly slow in implementing this directive. The Task Force is particularly concerned about the large number of BVA Travel Board Hearings and Video Conferencing Requests pending in the field, and the aging of these claims. As of August 23, 2001, there were 7,874 pending Travel Board Requests and 1,740 Video Conferencing Hearing Requests. There appears to be a greater con-

cern in BVA about running out of cases than being creative in the use of resources. With BVA's current significant decrease in workload, the expertise of BVA staff could be used creatively to reduce VA's claims backlog.

Exhibit 8

Average Days for VBA to Process Remand



On June 4, 2001, VBA issued guidance to the field on implementing new VBA-initiated regulatory provisions providing the veteran with an option for a *de novo* review of the claim and an additional option for an informal hearing with a Decision Review Officer after receiving notice of a rating decision. The Task Force is concerned that this policy may have the unintended consequence of generating more requests for hearings when VBA is already faced with a tidal wave of pending work.

The appeals process today is ill-suited to serve the veteran or VA. Most remanded cases are returned to the Regional Office from which they originated, where the claim languishes while awaiting its turn. A more responsive VA appeals and remand process must be designed, and BVA must be an integral part of the equation. Otherwise, there is no way the veteran can be served expeditiously and fairly. There must be some method by which cases that are currently remanded could, instead, be processed at a specific location, with a trained staff and the necessary capacities to manage the life-cycle of an appeal and remand. In redesigning the administrative appeals and remand process, VA needs to consider strategies to decentralize some BVA staff to Regional Offices and specialized sites for appeals and remand processing.

At one time in VBA's history, Regional Offices had specialized "appeals teams" to manage the life cycle of appeals and remands. Most Regional Offices abandoned this strategy as case management was introduced into the Veteran Service Centers. Until such time as VA can redesign the appeals and remand process, the Task Force believes that each Regional Office should establish, as a priority, a specialized team to manage and process appeals and remand actions locally.

SECTION C - CONCLUSIONS

C.1 ACCOUNTABILITY, LEADERSHIP, AND ORGANIZATION

The term accountability includes not only the proposition that a leader is responsible for the actions of the group but also is accountable for the results of those actions or inactions. Accountability also assumes that systems are in place to both measure results and to require positive actions when the objective is not achieved or when adjustments must be made. It is important to establish direction, to expect that action will be taken, and to provide the tools necessary to execute the action. It is vital for leadership to visit and inspect Regional Offices, analyze reports, and verify compliance with basic directives throughout the organization. Leadership must pay attention to details.

The Task Force was surprised by the apparent lack of uniformity in interpreting directives, compliance and ultimate accountability at the vast majority of the Regional Offices visited or represented in discussion groups. VBA's Central Office leadership gives the impression of neither demanding adherence to nor of being completely aware of the actual compliance to directives at the individual Regional Office level. While there is and should be room for individual initiative and leadership at each Regional Office, there must be required processes and mandated actions that are implemented across VBA. If there is no base structure, there cannot be reliable measurement or any reasonable assurance that claims decisions will be made as uniformly and fairly as possible to the benefit of the veteran.

The Task Force is convinced that VBA's Service Delivery Network (SDN), as now constituted, is ineffective. VBA created 9 geographical SDNs in 1998, and assigned between 5 and 9 individual Regional Offices to a specific SDN. These SDN's are "virtual entities" in the sense that no individual is either responsible or account-

able for SDN performance. The theory behind the SDN structure is that the Regional Office Directors will work together to arrive at a consensus on issues ranging from training to resource allocation to workload brokering. The Task Force visited 12 Regional Offices that were assigned to 8 different SDNs. Only one of the SDNs visited was perceived to be successful by a Regional Office Director while the Directors in other SDNs perceived them as having little to no credibility. The SDN concept does not impose the discipline that effective management requires, and it seems to have little effect on accountability.

Similarly, the VBA Office of Field Operations (OFO) is not organized properly to function in a leadership role. (A case could be made that the office was never expected to be effective in that role.) Not only do the incumbents have an exceptionally large span of control which cannot be exercised effectively but also the obvious friction that seems to exist between the OFO offices and the Central Office Program Offices (especially C&P) which is debilitating to both headquarters and Regional Office organizations. This single attribute - accountability - is the most serious deficiency in the VBA organization. The problem underlies many of the Task Force recommendations. A total of 13 recommendations address accountability in some form, and the following recommendations address accountability specifically:

S-16 Establish and Enforce Accountability

M-5 Restructure VBA Management

C.2 COMMUNICATIONS

While it is clearly necessary to promulgate information about important headquarters' decisions or recent judicial and legislative actions, there is an excessive volume of headquarters-generated mail. The plethora of frequently uncoordinated communications from headquarters has led to a perception that VBA Central Office is charting a course that is often unclear, confusing and contradictory. Poor follow-up compounds the problem. At the same time, the process of making prompt changes to the regulations or to the manuals, used on a daily basis, is deficient.

Legislation, new precedents established by court decisions, and various policy changes precipitate a large volume of changes, which need to be incorporated first into the regulations and then into the operating manuals. The failure to accomplish this important

task in a timely fashion serves neither the veteran nor VBA employees well. The regulations and the manual are in dire need of updating and reorganizing to allow easier access to information that is vital in providing a timely, correct decision on a veteran's claim. Further, the need for a user-friendly, rapid search engine for the Veterans Service Representative (VSR) and Rating Veterans Service Representative (RVSR) to reference pertinent information is sorely needed.

The proliferation of information and directives generated by VBA Central Office and the methods of their promulgation has resulted in confusion, lack of direction, misunderstanding and—most importantly—a lack of uniformity in execution. Frequently, there is confusion in the field as to what Central Office wants. This opinion was reinforced during visits to Regional Offices, where the Task Force found misinterpretation of specific procedures. When the Task Force suggested the need to address the confusion, VBA disseminated a clarification; but much of that specific communication in a headquarter's "fast letter" reiterated that the relief requested had been promulgated earlier and should have been understood to be in effect at the time.

Further, after visits to Regional Offices the Task Force members reported a widespread impression that headquarters' communications were poorly coordinated. To exacerbate matters, the number of individuals empowered to send directives to the field was excessive, leading to disparate instructions that subsequently needed to be rescinded or changed. It was further indicated in the field that occasionally, C&P directives are specifically undermined by tepid support or no support from members of the OFO organization.

Inconsistent and inadequate implementation of VBA Central Office directives at Regional Offices was prevalent. Not only did interpretations differ as to their meaning, but also many at the working level frequently seemed unaware of the existence of certain policy changes or did not realize the importance of the information when it was received. There maybe a system, but it is improperly coordinated and less effective than it must be to ensure both fairness to the veteran and efficiency in processing claims. The following recommendations address communications specifically:

- S-14 Impose Change Management and Communication
- M-13 Organize Compensation and Pension Regulations

C.3 CHANGE MANAGEMENT, PLANNING, AND CONTROL

The most important factors in the VBA claims process are fairness and equal treatment for the veteran in cases, and for issues that are frequently difficult, both medically and humanely. With an organization as widely dispersed and as important as VBA, the need for the maximum degree of uniformity should be unquestioned. This is particularly the case in IT program enhancements. When software applications that will assist each of the various field offices have been developed, those tools must be properly tested and introduced to the field with concomitant buy-in and feedback, which can lead to upgrades, changes, and complete implementation. VBA has done a poor job introducing change. Either the planning and execution were ill conceived or the volume of new plans and programs caused the entire system to falter.

On the other hand, once the command decision is made to utilize a system or a change, there must be assurance that the upgrade will be implemented completely in every activity concerned. Obviously, changes and upgrades must be continually reviewed, but they also must be developed and promulgated under centralized enterprise architecture control.

The Task Force was discouraged by the varying degrees of implementation of software application programs at different Regional Offices. Some of the programs had been in-place for several years but were used sparingly. Unless the uncontrolled variability between Regional Offices is dramatically changed, fair and equal treatment for all veterans cannot be assured.

Leadership is vital and innovation is critical; but the basic tools and processes are just that – basic. The tools are an aid to assist VBA employees in making the right decision based on knowledge, fairness and the accumulation of the facts. Once VBA headquarters has decided to implement a particular tool; there can be no option by a Regional Office not to use it. Full implementation according to the established time schedule is mandatory.

This variability of change implementation and the apparent acceptance (passive or active) of that variability by headquarters seem to be major contributors to the present situation. The following recommendation addresses change management specifically:

S-14 Impose Change Management and Communication Discipline

C.4 CLAIMS DEVELOPMENT

C.4.1 C&P MEDICAL EXAMINATIONS

The scheduling and performance of C&P medical examinations have been, for many reasons, a key factor affecting the timelines and quality of the C&P process. Over the last several years, an average of 33 percent of all remand reasons have been attributed to medical examination deficiencies. When a veteran's appeal is remanded for insufficient medical information, one or more of the following reasons may apply: clarify diagnosis, stale record, assess pain/functional loss, Nexus opinion, incomplete findings, and consider new criteria.

The Task Force believes the C&P medical examination process, both in terms of timeliness and quality, has exacerbated the problem for several reasons:

- The request for medical exams may be poorly researched or stated, and thus filling out the AMIE forms is long, cumbersome, and difficult;
- At VHA Medical Centers, the C&P examination is often regarded as a minor matter in their overall responsibility for health care, and it has historically been treated as a low priority; and
- At the Regional Office and Medical Center Director levels, working agreements are known to have existed that obfuscate accurate reporting of deficient medical examinations, thus preventing higher-level identification and correction of problem areas.

Congress has seen fit to permit the contracting out of medical examinations on a pilot basis. Regional Office Directors and other VBA personnel involved have been very positive when discussing the quality and responsiveness of the contracted examinations.

The vast majority of C&P medical examinations are still provided under the auspices of the VHA. Until recently, VHA leadership has not appeared to be actively involved in the management of the C&P medical examination process. There has been no organized training or continuing education of C&P clinician examiners. The *Physician's Guide* has been unavailable for several years and VHA has provided little systematic review of on-going practices and quality control, except to monitor average examination timeliness

and the number of examinations returned by BVA as inadequate for rating purposes. Although VHA performs many C&P medical examinations each year - 322,596 in FY 1998; 307,750 in FY 1999; and 263,938 in FY 2000 - VHA does not specifically monitor costs for its C&P medical examination program, thus making comparisons with private contractors difficult.

To improve the C&P medical examination process, VHA and VBA have recently entered into a Memorandum of Agreement (MOA) which encompasses the following actions:

- Establish a jointly coordinated, funded, and staffed national VBA/VHA project office to lead the effort to improve the C&P examination process and to be accountable for its outcomes;
- Identify liaison coordinators from each VHA facility and Regional Office to lead that examination process; and
- Initiate a combined training process, as well as a process to produce continuous performance measurement.

The Task Force recommends that the C&P Examination Project Office (CPEP) should also be responsible for:

- Coordinating training at Regional Offices to improve the quality of the examination requests;
- Ensuring VHA C&P training on methods of conducting C&P medical examinations;
- Improving quality of medical examinations and promoting effective continuing education;
- Enhancing accuracy, adequacy, and timeliness of VHA examination reports;
- Expediting completion and distribution of the *C&P Clinician Guide*; and
- Monitoring the cost of the examination program.

These are good first steps. The fact that it has taken so long to focus on the problem of medical examinations, both ordering and executing, is difficult to understand. The problem cannot be resolved unless VHA and VBA work closely together. Clear communications is a must at all levels in both organizations.

C.4.2 RECORDS

A major problem and cause for inordinate delay in the claims process has been the retrieval of historical information, both medical and service records, from the two major record centers in St Louis. Since 1994, VA's Record Management Center (RMC) has been the repository of all DoD Service Medical Records (SMR) for discharged personnel (the Coast Guard started in 1998). In the last several years, this center has improved its operations dramatically and is now working toward a goal of a 48-hour turnaround of claims files and SMRs.

The General Accounting Office recently released a report criticizing the National Personnel Record Center (NPRC). Historically, VA has experienced excessive delays in obtaining SMRs maintained by NPRC. Despite a January 2001 Memorandum of Agreement with the RMC, and the addition of 47 personnel supplied by VA to do work originally expected to be done by NPRC employees, the inability of VA people to enter the archives and retrieve records has resulted in an average of 60 days to deliver records. The overall average for last year was 123 days. This situation is highly detrimental to the entire VBA claims process and ensures inordinate time delays.

It is difficult to conceive of a more complicated filing process than the one that is extant at NPRC. The stacks of millions of records are filed using eight separate systems. There is no way to decide if a record is not available even if it had been signed out in 1967; and there is virtually no way to retrieve a record that had been pulled earlier, then returned to the room for refiling. This is a major roadblock to timeliness of claims processing in VBA.

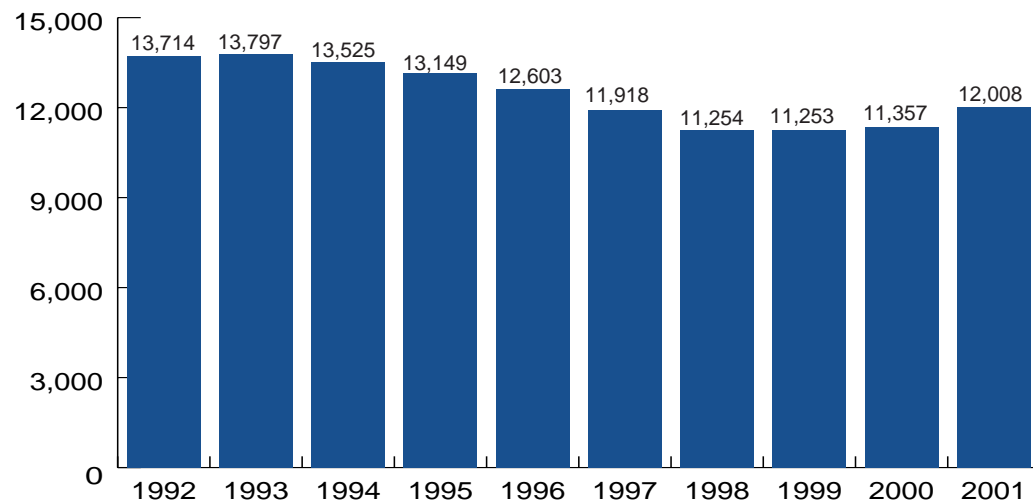
The Task Force made recommendations to help improve the situation, but, until such time that VA, DoD, and the National Archives and Records Administration reach a comprehensive agreement on major changes at the NPRC, little improvement can be expected.

C.5 TRAINING AND WORKFORCE

During the past decade, the number of people in the VBA workforce remained even or reduced slightly while at the same time, the workload increased dramatically. However, during the last 2 fiscal years (and anticipated in the FY 2002 budget), the Congress has provided VBA an average increase of 800 full time employees (FTE) each year. Exhibit 9 reflects staffing levels for VBA from FY 1992 to FY 2001, as of July 31, 2001.

Exhibit 9

Staffing Levels - VBA Workforce



Productivity, quality, and timeliness vary considerably among Regional Offices. The Task Force is concerned that the recent substantial hiring and the allocation of those resources, based on vacancies or the specific Regional Office's ability to hire, is extremely inefficient and, ultimately unproductive. VBA needs a new model for resource allocation, one that accurately measures productivity and distributes FTE more effectively, so that the most productive Regional Offices will be recognized and rewarded.

One of the Task Force's strongest recommendations is that those offices that have been most successful and which continue so today, should receive primary consideration for increased resources – both FTE and funding. Claims could then be reassigned (brokered) from those offices that experience chronic problems, despite resource increases, to those that are most effective. Once work has been completed, those claims would be returned to the office where originally filed for any required further activity involving the Decision Review Officer and the veteran.

When the Task Force began deliberations, it was deeply concerned that the new centralized training programs for VSRs and RVSRs had been planned quickly and executed poorly. As the Task Force received more information over time, and the results of the auditors' monitoring turned out to be positive, the Task Force became more encouraged.

However, VBA appears to have no apparent fully integrated training plan and program. The VBA Office of Employment Development and Training appears to be neither encouraged, nor equipped, to develop a comprehensive plan. There are components of such a plan available now in the Orlando Training Group Instructional System Development (ISD) process and the Baltimore Training Academy, but VBA has not put together a sorely needed training infrastructure. The following recommendation addresses training specifically:

M-8 Centralized Training

C.6 INFORMATION TECHNOLOGY

Information Technology has been regarded as a critical component for improving the quality and timeliness of claims processing. A National Academy of Public Administration's study issued in late 1997, noted that VBA predicted "IT investments alone will reduce the average days to complete these claims by 43 percent." But NAPA questioned this estimate, concluding that VBA was continuing to invest in "complex IT modernization projects that exceed its management and technical capabilities and that have unproven benefits," and that there was a "high risk of failure" in implementation. That situation is in large part unchanged.

A recent internal report assessing the Veterans Service Network (VETSNET), including assorted C&P claims processing applications, describes that the C&P modernization effort as having "no shared vision, no authority/control; that it has been isolated/fragmented and overly IT oriented & lacking detail." There has been "no central authority/coordination" resulting in failure to "identify explicit objectives, deliverables and expectations." The report concludes that there is a need to "accurately define user requirements and functional specifications." The "contract deliverables are not well defined" with the consequence that "requirements definition is often left to the contractor." The report employs a "green, yellow, or red stoplight" rating system to assess subproject status: Project Management, Schedule, Cost, Performance, and Risk are all marked red, with the overall subproject status also marked red. Individually, 10 projects are red, 6 yellow, and none green.

This gets to the gist of the innovative, rapid upgrade problem: namely, rollout of a system with the concomitant planning, testing, and indicators for success. The specifics expressed in the BPR plan were certainly based on the proper deficiencies identification and recovery goals. However, execution of the program, testing production

and ultimate rollout were poor. Further, it does not appear that the effect on other programs or the claim process itself, of each change in the IT programs was fully analyzed.

Information technology is a critical component in processing veterans' claims. The VBA leadership chose to make radical rapid changes in the computer programs used by the claim examiners. The Task Force believes that information technology is not a solution to shorten the time frame for claims processing significantly but that capacity of technology and the understanding of how technology can be integrated within the claims process are mandatory. A certified IT infrastructure is absolutely critical to the success of VA in delivering benefits to veterans and their beneficiaries.

Given its short duration, the Task Force concentrated on looking closely at the current Benefits Delivery Network (BDN) payment system. It is mandatory that BDN continue its relatively unblemished record of paying benefits to the veterans in an accurate and timely manner for the next three to five years. The proposed BDN replacement system, VETSNET, is of concern and under close scrutiny by the Secretary. The real question is - "Does VBA have in place a policy and process for product development that enhances the claims processing system?"

A basic principle, the requirement that programs once properly and officially introduced, must be fully implemented in the most reasonable but expeditious time possible should be inviolate. This has not been the case in Regional Offices. VBA Central Office has not mandated that several important IT initiatives be implemented within a specified timeframe, as a result, each Regional Office Director has decided when and how these IT initiatives have been implemented.

The following recommendations address Information Technology specifically:

- S-5 Defer Introduction of New Information Technology Initiatives
- M-2 Maintain the Benefits Delivery Network
- M-7 Determine Viability of VETSNET; Use Oversight Board to Review All Modernization Initiatives

C.7 VSO RELATIONSHIPS

The full partnership and cooperation between VBA and Veterans Service Organizations (VSOs) are vital elements in assuring timely service to the veteran. A well-developed network of VSOs and State Departments of Veteran's Affairs (SDVAs) is in place and should be used to improve the delivery of services to veterans.

Service organizations can assist in gathering evidence for the development of a well-documented and "ready-to-rate" claim, help deter frivolous claims, and increase veteran satisfaction by providing timely information on claim status. The Office of the VA Inspector General *Summary Report on VA Claims Processing Issues*, dated December 9, 1997, endorsed such cooperation: "VA and Veteran Service Organizations should build a claims processing partnership." (Appendix III, page 86).

VBA has taken some initial steps to encourage the participation of VSOs in the benefits delivery process. Initiatives like the Training, Responsibility and Involvement in Preparation of Claims (TRIP) and the State and Other Benefit Reference System (SOBRS) have demonstrated the willingness of VBA to engage the VSO and SDVA communities. Since 1999, VBA has trained 1,076 VSO staff members in TRIP; and 985 individuals have been certified.

VBA needs to make sure that training and certification of VSOs and SDVAs continue, that impediments to the acceptance of information provided by the service community are removed, and that the veteran service community is recognized as an active partner in the claims development and maintenance function. The NAPA report *Management of Compensation and Pension Benefits Claims Processes for Veterans*, dated August 1997, put forth this recommendation. VBA's *Roadmap to Excellence* also discussed the concept of working with service organizations in claims development.

VA must do everything possible to allow the VSOs and SDVAs to assist in solving the problem at hand. Both State and County organizations, as well as the National VSOs are capable and willing to work with VBA. However, it must be understood that to best serve and be fair to the veterans, and force the system to work well, an accreditation and certification process for veteran representatives needs to be implemented.

The following recommendation addresses VSO Relationships specifically:

M-1 Utilize Veterans Service Organizations (VSOs) Effectively

ESTABLISH TIGER TEAM TO ELIMINATE THE BACKLOG >1 YEAR OLD

PART II - RECOMMENDATIONS

SECTION A – SHORT-TERM RECOMMENDATIONS

RECOMMENDATION: S-1

Create a Tiger Team (or Tiger Teams) from experienced staff charged by the Secretary to expedite resolution of any C&P case over 1-year old especially, for older veterans, including remands and substantive appeals.

DISCUSSION

Veteran claims that have been pending for older veterans over 1 year should not be tolerated. VA must initiate a high priority, national strategy to expedite resolution of aging claims that continue to delay delivery of benefits. Ignoring these aging claims impacts productivity, delays claim resolution, and – most importantly – is unfair to veterans and their families.

As of June 1, 2001, approximately 123,600 claims, or about 21 percent of the C&P workload, had been pending for over 1 year. Of these claims, 91 percent were original and reopened claims (disability, pension, death compensation/DIC, initial death, burial, and other). For claims pending 6 to 12 months, 90 percent were categorized as original and reopened claims.

The Task Force utilized the VBA COIN DOOR 1015 Report and VACOLS of August 31, 2001, as a reference to examine the age of claims. There were 44,947 claims over 1 year old and 71,712 appeals in VACOLS over 1 year old for total of 116,659. Exhibit S-1.1 indicates the total number of cases pending as of August 31, 2001, and the number of cases pending for +365 days by major subgroups of end products:

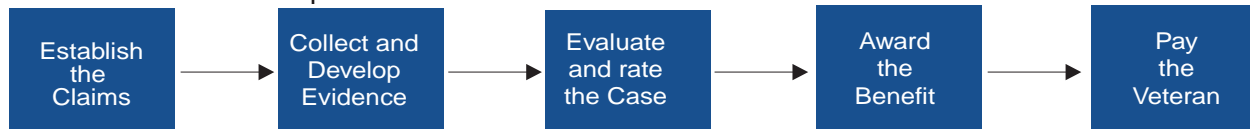
Exhibit S-1.1 Compensation and Pension Claims Pending

	Cases Pending	Cases Pending + 365 Days
Original Claims	154,063	14,234
Adjusted and Supplemental Claims	338,569	28,440
Ancillary Claims	36,414	2,155
Special Reviews	914	40
Eligibility Determination	3,069	78
Total Claims	533,029	44,947
Appeals (VACOLS 8-27-01)	91,840	71,712
Totals	624,869	116,659

As of August 15, 2001, a total of 823 original and reopened disability claims have been pending over 1,000 days.

The C&P claims process, as depicted in Exhibit S-1.2, was designed as a sequential workflow.

Exhibit S-1.2



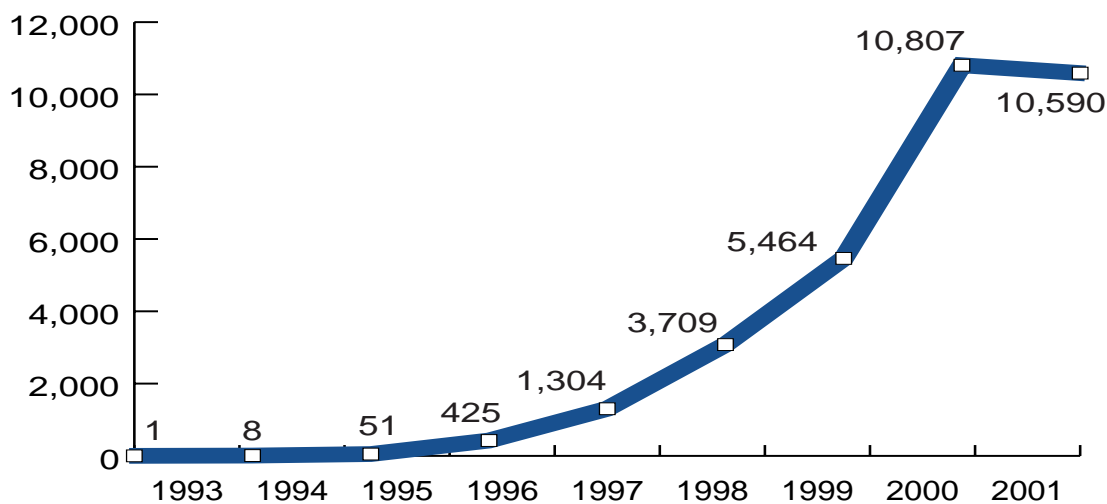
The current C&P sequential workflow was not designed to deal efficiently with rework reintroduced into the process. Rework includes such items as remands, cases under special review, and pending cases that have aged for some reason, requiring that they be introduced back into the workflow more than once over a period of time.

The Task Force recognizes that older claims are frequently left in a pending status because of an inability to locate service medical or personnel records at the National Personnel Records Center (NPRC) or the Center for Unit Records Research (CURR). These claims will continue to age, and potential benefits to the veteran will be further delayed, unless these cases are taken out of the Regional Offices and resolved through an expedited, streamlined process that will attack the oldest disability and pension cases, while giving priority consideration to the World War II and Korean War veterans and those veterans with urgent conditions.

The Task Force is also concerned with the timely processing of appeals that the Board of Veterans' Appeals has remanded to VBA Regional Offices. In FY 2000, remands returned to BVA spent an average of 630 days at Regional Offices. From October 2000 through July 2001, remands had been at Regional Offices for an average of 671 days.

Exhibit S-1.3 indicates the number of remands still residing at Regional Offices and the year the appeals were remanded. Based on data provided July 16, 2001, there are a total of 31,730 remands pending some type of action in VBA.

Exhibit S-1.3 Aged Remands Still at VBA



The law requires that all claims remanded by the Board of Veterans' Appeals or by the United States Court of Appeals for Veterans Claims for additional development or other appropriate action must be handled in an expeditious manner. [See The Veterans' Benefits Improvements Act of 1994, Public Law 103-446, § 302, 108 Stat. 4645, 4658 (1994), 38 U.S.C.A. § 5101 (West Supp. 2001) (Historical and Statutory Notes). In addition, VBA's Adjudication Procedure Manual, M21-1, Part IV, directs Regional Offices to provide expeditious handling of all cases remanded by the Board and the Court. See M21-1, Part IV, paragraphs 8.44-8.45 and 38.02-38.03.]

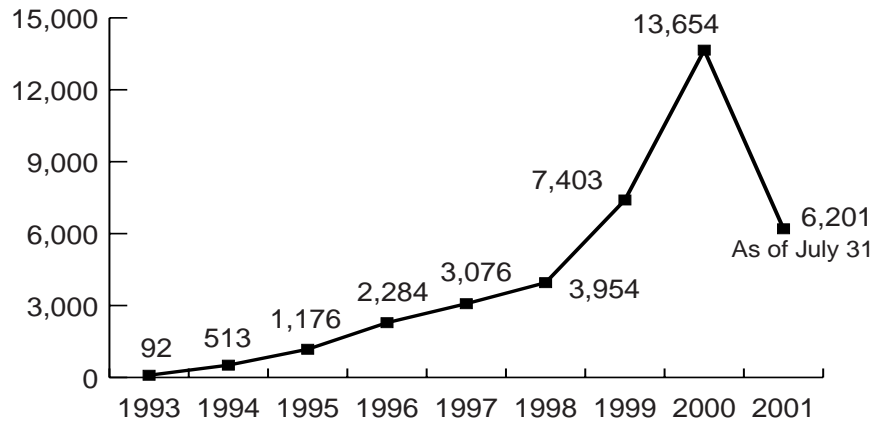
In addition to original claims, reopened cases, and remanded files, the Task Force has determined that attention must be given to the timely processing of substantive appeals. When a veteran is dissatisfied with a VBA rating determination or a Decision Review Officer judgment, the veteran can elect to have the denied claim reviewed at the appellate level. Within a specified time period, a veteran must provide VA with a signed *Form 9* to initiate the appeal process.

For the period October 2000 through July 2001, substantive appeals that eventually reached the Board spent an average of 604 days at Regional Offices. Exhibit S-1.4 reflects the number of substantive appeals pending, and the fiscal year received by VBA. As of August 28, 2001, there were 38,353 substantive appeals residing at VBA Regional Offices. Of this total, almost 4,000 substantive appeals

were 1-6 months old; nearly 6,800 substantive appeals were 7-12 months old; approximately 27,400 substantive appeals were over 12 months old:

Exhibit S-1.4

Pending Substantive Appeals and Year Received



It should also be noted that as of August 23, 2001, VACOLS showed 7,874 pending Travel Board Hearing Requests within VBA; of this total, 1,860 were shown as ready for a hearing. For the same time period, there were 1,740 pending Video Conference Hearing Requests, of which 404 were indicated as ready for a videoconference.

Once older claims, remands, and substantive appeals are resolved, the Tiger Teams may focus on critical cases less than a 1 year old or until the Secretary decides that aging cases are no longer a major problem. The Tiger Team infrastructure and lessons learned, could lead to the creation of a permanent and dedicated VBA capability to expedite the resolution of other types of special cases.

DEFER EVRS AND IVMS FOR 1 YEAR

RECOMMENDATION: S-2

Defer Eligibility Verification Report (EVR) processing and Income Verification Matching (IVM) for 1 year (effective FY 2002) to facilitate the allocation of C&P direct labor hours to higher priority disability claims.

DISCUSSION:

Eligibility Verification Report (EVR) and Income Verification Matching (IVM) processing creates cyclical workload demands affecting the continuity of original claims processing. The next round of EVR and IVM workload will begin to affect claims production in late Fall 2001. The deferral of EVR and IVM processing and maintenance will allow Regional Offices to concentrate labor hours on higher priority backlog work.

Exhibit S-2.1 indicates the number of direct labor hours expended on specific pension maintenance tasks as of August 1, 2001. The 362,723 direct labor hours, is equivalent to 230 FTE, as calculated by the VBA work rate standard of 1,576 available production hours per FTE.

EVR and IVM adjustments do not delay entitlement decisions; they confirm continuing entitlement. Beneficiaries who pay medical expenses would not be affected since they are aware that they provide the information for adjustment of their award.

Competitive sourcing of the pension maintenance workload will allow VBA to increase available direct labor hours to support core C&P claims processing. See Recommendation S-8

Exhibit S-2.1	End Product Number	Units of Work Produced	Work Rate Standard	Standard Staff-Hours of Direct Labor
Eligibility Verification Report (EVR)	050	30,776	.24	7,386.2
Income, Estate, Election	150	127,129	1.42	180,523.2
EVR Referrals	155	101,513	.98	99,482.7
Income Verification Matching (IVM)	154	21,835	3.45	75,330.8
				362,722.9

See Recommendation S-8

EXPEDITE FAVORABLE DECISIONS

RECOMMENDATION: S3

When the veteran is entitled, the Regional Office should make a partial grant as soon as possible in a multiple issue case. Other issues that are not resolved should be considered as information becomes available.

Quality checks need to be instituted to ensure compliance.

DISCUSSION:

To withhold a partial grant awaiting all evidence on all issues to be compiled is a disservice to the veteran, in that it unduly withholds monetary benefits or other entitlements. It also does not comply with VBA procedural requirements (M21-1).

As a follow-up to a letter from the Task Force Chairman, the Under Secretary for Benefits reminded all Regional Offices, in VBA Letter 20-01-28, dated June 18, 2001, to make a partial rating decision when sufficient evidence has been received to grant any benefit at issue under M21-1, Part VI, Chapter 3, paragraph 3.31.

Greater attention at all levels needs to be placed on these ratings. The C&P Service can assist in this effort by granting Regional Offices the authority to assign multiple end products in those cases in which these end products are in order. When a veteran files claims sequentially, each new claim should be assigned its own end product. C&P Service will need to monitor this process very carefully through its Data Integrity Program to ensure that Regional Offices do not "game" the system by reporting more work accomplished (end products) than actually earned.

REDUCE TIME DELAYS IN GATHERING EVIDENCE

RECOMMENDATION: S-4

Revise the operating procedures in VBA manual (M21-1): Evidence requested from a claimant, private physician, or private hospital must be received within 30 days.

DISCUSSION:

VBA manual (M21-1, Part III, paragraph 1.04e), covering procedures for processing claims, requires that Regional Offices allow claimants 60 days from the date of request to submit requested evidence. Reducing the time limit to submit evidence from 60 to 30 days will significantly assist VBA in meeting their processing goal of 100 days.

DEFER INTRODUCTION OF NEW INFORMATION TECHNOLOGY

Under VA regulations, a claimant has 1 year from the date of request of the information in which to submit that evidence. Therefore, the date of entitlement is still protected by the "1 year rule" so veterans will not be harmed by this recommended change.

RECOMMENDATION: S-5

Defer the deployment of new Information Technology (IT) initiatives, including the testing or prototyping at any Regional Office, until claims workload is under control.

Immediately reevaluate recent IT initiatives to test their impact on productivity (e.g., RBA 2000, CAPS).

DISCUSSION:

VBA is in a workload crisis, and the successful management of implementing new initiatives is critical. A review by the Task Force showed that as VBA has implemented new initiatives, production has dropped. There must be a plan to manage change and determine the impact of a new initiative on Regional Office workload. VBA should be immediately defer from any testing, introduction, or any action that impacts the number one task at hand until the workload is under control.

(Cross Reference: Recommendation M-7)

EXTEND TIMEFRAME FOR ROUTINE COMPENSATION REEXAMINATIONS

RECOMMENDATION: S-6

Extend all currently scheduled medical examinations for 5 years from date of the initial examination (or to the maximum extent allowed by law). VBA should establish a diary for all routine compensation medical examinations for 5 years from the date of the last (or initial) VA examination conducted.

DISCUSSION:

As an immediate short-term solution to freeing-up direct labor hours for the processing of backlogged claims, defer all routine compensation medical examinations currently scheduled to occur for at least 5 years from the date of the last (or initial) VA examination conducted. Based on data available as of FY 2000, VBA requested approximately 25,000 routine future examinations, which expended almost 53,000 standard direct labor hours.

The provisions of 38 CFR § 3.327 – (b) Compensation cases (1) Scheduling reexaminations states that "following initial Department of Veterans Affairs examination, reexamination, if in order, will be

**REQUIRE BVA
PROCESSING OF
REMANDS**

scheduled within not less than 2 years nor more than 5 years with-
in the judgment of the rating board, unless another time period is
elsewhere specified.”

Where regulations require examinations in less than 5 years, those
examinations must be conducted. At a strategic level, this should be
reviewed as a permanent modification to claims backlog of these
types of examinations.

RECOMMENDATION: S-7

**Require that BVA process the current workload of appeals, includ-
ing development of appeals, rather than issuing remands.**

**VBA should return BVA remands for priority processing. Priority
should be given to working the approximately 1,800 cases that
were remanded prior to FY 1998.**

**Acceptance of new evidence should occur only at the BVA level.
Cases should not be remanded because of new evidence subse-
quent to the date the appeal was sent to BVA.**

**An organizational realignment is required by VBA to support the
BVA remand and decision process. VBA should place an appeal
decision-processing unit within BVA to support the appeals
process and to reduce, if not eliminate, remands.**

**Establish a method of accountability for BVA in developing cases
for decision rather than returning the appeals to the Regional
Offices.**

**Continue to track errors that result in remands for cause and
report on the type and rate of errors to the originating office for
quality and retraining purposes.**

**Transfer responsibility for processing VHA appeals and remands in
an expeditious manner to VHA.**

DISCUSSION:

Remands are a major problem in claims processing, not only to the
underlying reasons causing the remand action, but also to the time
delays resulting from processing by different organizations. VA must
create a better system to manage appeals, one that obviates the
need for cases to be returned to the Regional Offices (remands) and
produces quicker responses to requests for additional evidence
from BVA. Exhibit S-7.1 reflects BVA work product information:

Exhibit S-7.1

BVA Work Products				
	1997	1998	1999	2000
Apeals Sent to BVA by VBA	33,907	28,154	27,203	22,576
Cases Remanded by BVA	19,592	16,024	13,560	10,173
Percent of Dispositions	45.2%	41.2%	36.3%	29.9%
Remands Returned to BVA	10,254	10,681	12,124	11,334
Cases Granted by BVA (Reversed)	7,226	6,707	8,270	8,961
Cases Affirmed by BVA	15,872	15,368	14,881	14,080
BVA Cases sent to Court of Appeals for Veterans Claims (CVA)	2,229	2,371	2,397	2,442
Percent of BVA Decisions Appealed to CVAC	5.1%	6.0%	6.4%	7.2%
BVA Cases Affirmed by CVAC	414	535	666	526
Number of CVAC Remand/Reversal Decisions	657	817	1,380	1,030

There are two types of remands: (1) cases that are not ready for BVA review; and (2) cases subject to the discretionary authority of BVA to request additional evidence or examination. Both types are manageable if given the proper attention.

On April 9, 2001, the Secretary of Veterans Affairs directed the BVA Chairman and the Acting General Counsel to review and amend the regulations that would allow BVA to develop evidence and decide cases without remanding them. The Memorandum of Agreement between BVA and the C&P Service, signed on May 18, 2001, provides that:

- (i) if the actions requested on the remand will take a long time to accomplish, then BVA will remand rather than develop;
- (ii) if an examination is needed (or requested), then BVA will remand.

The Task Force is concerned that the Secretary's directive is not being carried out by BVA as intended. The Task Force also questions whether the Memorandum of Agreement between BVA and VBA will carry out the intent of the Secretary.

Implementing the new requirement that BVA perform its own development rather, than remanding appeals back to Regional Offices, will assist in achieving a zero remand rate and significantly reduce the extended processing time typical of remanded appeals.

VBA should establish a VSR/RVSR unit at BVA to rate and authorize awards based on BVA decisions. This process would ensure that cases would not be returned to the Regional Office until the appeals are fully completed through the decision implementation function. It will also result in more timely decisions and authorization of awards, as well as less confusion for veterans.

The VBA Appeal Unit will also work closely with the BVA Development Unit to track the number and types of remands by Regional Office and share the information with the appropriate Regional Office for processing improvement. VBA should consider this unit as one that would be staffed on a rotating basis; that is, temporarily assigning VSRs and RVSRs to duty at the BVA. This would provide excellent on-the-job training and provide BVA with information and processing strategies.

Currently, if a veteran appeals a decision at the Regional Office level, the following opportunities for review are provided:

- A Decision Review Officer (DRO) conducts a *de novo* (a new review) with the opportunity for the veteran to submit additional evidence;
- An informal hearing with the veteran, a DRO, and the representative possessing a Power of Attorney (POA if there is one) and an opportunity to submit additional evidence; and/or
- A formal hearing with the veteran and the representative before a second DRO (formerly a Hearing Officer) who did not participate in the decision on appeal nor in the *de novo* review or informal DRO processes, with the opportunity to provide additional evidence.

If, after all the above steps (provided the veteran has requested them) the decision still remains unfavorable, the case goes to the BVA for its decision after the veteran has given VA a signed *Form 9*.

Remanded cases should be analyzed as to cause to ensure accountability and to eliminate future remands for similar reasons. This analysis must also be used as a training tool for the RVSR to make sure that errors are not repeated.

**ESTABLISH
SPECIALIZED
CLAIMS
PROCESSING
TEAMS (TRIAGE/
SPECIALIZATION)**

The present situation – with VHA appeals at VBA Regional Offices – has resulted in extremely long delays in receiving additional information from VHA necessary to decide a claim. Since VBA Regional Offices have no jurisdiction over processing and personnel at a VHA facility, control over VHA appeals should reside within VHA.

RECOMMENDATION: S-8

Establish claims processing teams within the defined claims processing functions of Triage, Pre-Determination, Rating, Post-Determination, Appeals, and Public Contact.

Establish Triage Units in VBA Regional Offices to 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).

DISCUSSION:

The Task Force observed that the current work management system in many Regional Offices contributes to inefficiency and an increased number of errors primarily due to the broad scope of duties performed by decision-makers. Currently, Veteran Service Representatives (VSRs) are responsible for all tasks of benefit delivery: claims establishment, claims development, public contacts, veteran contacts, authorization, administrative decision-making, and appeals. According to the training module developer in Orlando, FL, the VSR must understand over 10,900 separate tasks.

The Task Force noticed that some Regional Offices and/or employees are applying a "first-in-first-out" approach in processing claims. This approach is not consistent with the inventory management guidance the VBA Deputy Under Secretary provided at each case management orientation session. A basic tenet of VBA's inventory management is that cases are worked when they are ready to be worked.

The Under Secretary of Benefits has authorized the Regional Offices to screen their rating work to expedite Pension, Dependency and Indemnity Compensation, Death Pension, and Hospital Adjustment claims: to screen their authorization actions to expedite the "quick"

and "no action needed" cases. Separating the VBA Service Center into teams within distinct functional areas will allow for greater workload control, development of expertise by the staff, higher quality of decisions, and more efficient and timely processing. Triage of cases upon receipt by the pre-determination unit will result in improved timeliness of decisions.

The VBA claims processing workflow should be reorganized to reflect the requirement for specialization. By specialization, the Task Force means the organization of C&P claims processing work into common discrete tasks:

- Triage
- Pre-Determination
- Ratings
- Post-Determination
- Appeals
- Public Contact

The model for this recommendation is now used by one office that has been consistently one of the 10 best performing Regional Offices.

Before implementation of the current case management approach, many Regional Offices had specialized appeals units, which aided in more efficient processing of appeals that were remanded by BVA. These Regional Office appeals units were required to be disbanded when case management was institutionalized. In a letter from the BVA Chairman to the Task Force Chairperson, dated May 31, 2001, BVA indicated that specialized Appeals Units "materially improve the quality of cases handled." BVA further indicated that appeals units should be "...regularized [and] comprised of at least two adjudicators in each field station designated as appeals coordinators or specialists." Regional Offices need to establish appeals control teams and the DRO position should be maintained.

The Task Force strongly encourages triage of cases within the specialty team. The Office of the VA Inspector *General Summary Report on VA Claims Processing Issues*, dated December 9, 1997, states: "For claims requiring rating decisions assign specially trained examiners or rating specialists responsible for (a) determining evi-

dence requirements, and (b) performing follow-up.” (Appendix III, page 86).

The Task Force further believes that much can be gained by asking the FedEx Center for Cycle Time Research to visit the Milwaukee Regional Office, and develop best practices that can then be applied to other Regional Offices.

Exhibit S-8.1 reflects a proposed organizational chart that provides for a reengineered claims process.

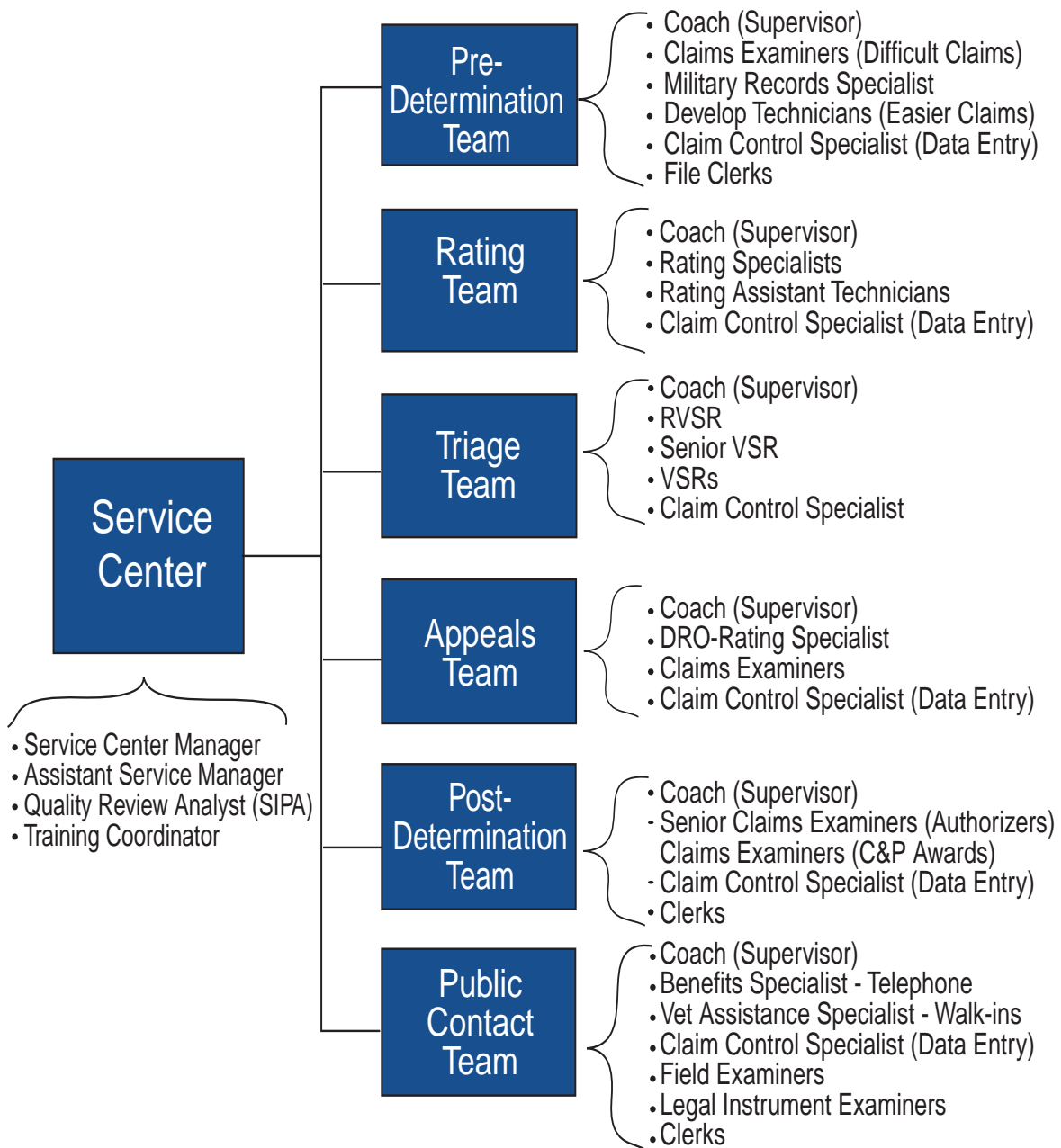
Exhibit S-8.2 indicates the relationships with the Triage Team framework:

TEAM TASKS WITHIN SPECIALIZED CLAIMS PROCESSING

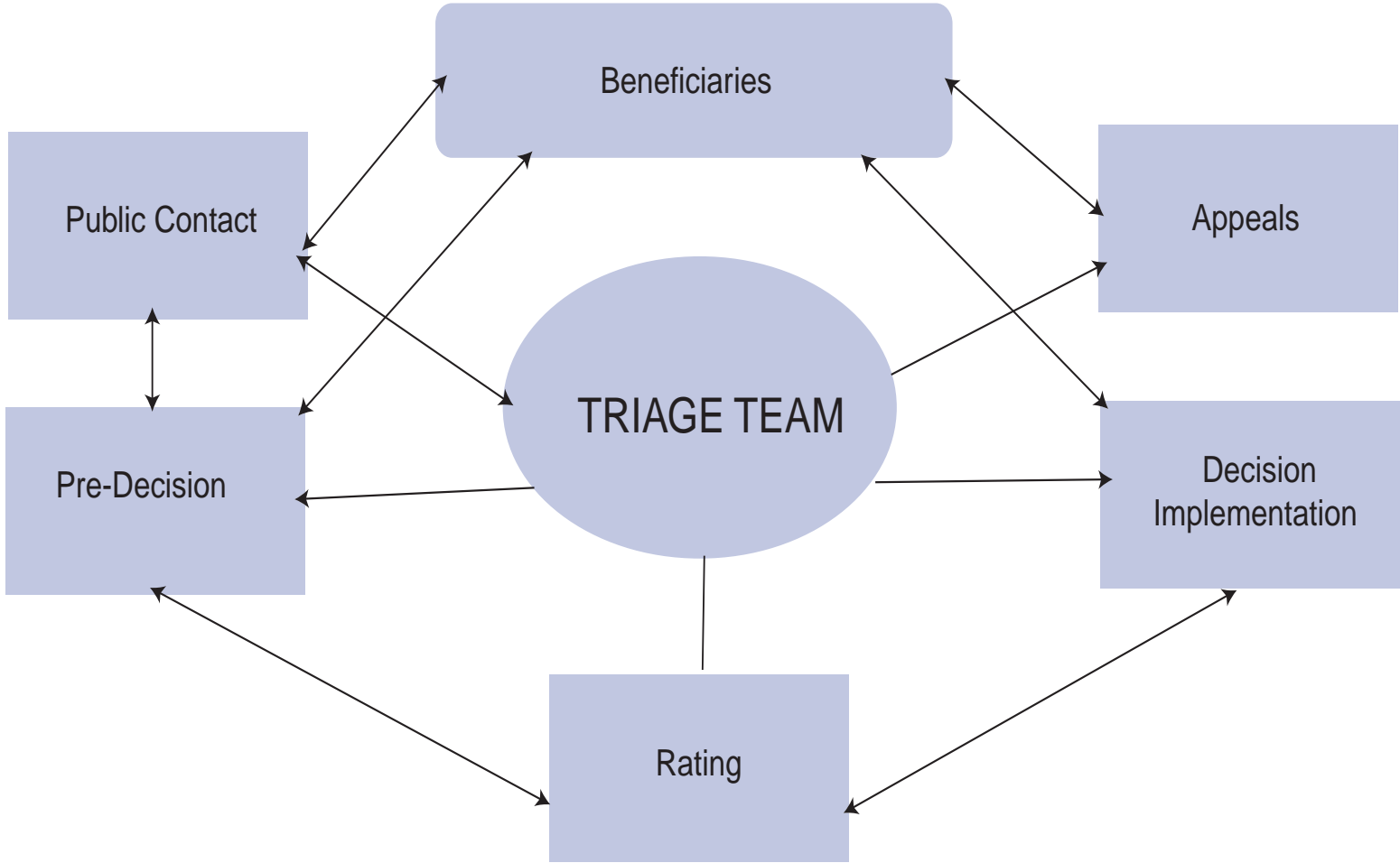
- Triage Team has bilateral exchange of information relationships with Public Contact Team.
- Triage Team will prioritize incoming work and direct it to the proper activity:
 - 1) Pre-decision Team
 - 2) Rating Team
 - 3) Decision Implementation Team
 - 4) Appeals Team
- The Rating Team will receive information from the Pre-Decision Team, Triage Team, and Decision Implementation Team;
- The Decision Implementation Team will receive information from the Rating Team, Triage Team, and Beneficiaries;
- Beneficiaries will first be directed to the Public Contact Team and will have direct contact with the Pre-Decision Team and the Decision Implementation Team as well as the Appeals Team; and
- Public Contact Team is the liaison between Triage and Beneficiaries.

Exhibit S-8-1

Proposed Organizational Chart for Service Center Team Function and Required Workforce Skills



Relationships in Triage Team



**DEVELOP
SPECIALIZED
REGIONAL
OFFICES****RECOMMENDATION: S-9**

Designate specialized Regional Offices to work specific tasks in order to increase efficiency, quality, and timeliness of decisions.

SHORT-TERM:

Establish specialized units to process non-rating actions subsequent to a careful planning process.

Implement consolidation of the maintenance portion of pension processing to free-up C&P labor hours to support higher priority claims.

Develop a prototype for the competitive sourcing of pension claims processing with a demonstration contract in FY 2002.

MEDIUM-TERM:

Develop staffing standards, performance measures, quality control, and skill sets.

Perform a study to determine the best location for specialized operations. Factors to be considered in the relocation should be ability to recruit a skilled workforce, proximity to veteran population centers (although not mandatory), and availability of space, as well as quality and timeliness of work consistently produced.

Outreach offices need to be expanded and located in close proximity to veterans to increase service to them and their beneficiaries.

LONG-TERM

Develop necessary Information Technology (IT) support; consolidate processing in Special Processing Service Centers.

DISCUSSION:

Currently, all 57 VBA Regional Offices possess a full range of claims decision-making responsibilities. Some of the issues that need to be resolved occur infrequently. In these cases, additional VSR direct labor hours are often needed to research and work a case. These additional hours would not be required in a setting where the issues occur more frequently as a result of specialization in workload.

A restructuring of VBA field offices to emphasize a more specialized approach is needed. Initial claims for compensation and pension, appeals, and claims for increased compensation should be separated from benefit maintenance actions that do not require rating action. Establishment of Pension Maintenance Centers, a concept

currently under study by the C&P Service, is a good example of the specialization the Task Force believes is necessary.

In the long term, VBA should consolidate all pension processing using competitive sourcing strategies. Such strategies will allow VBA to concentrate on core disability claims processing. In FY 2000, there were over 300,000 adjustment actions that consumed almost 394,000 direct labor hours, the equivalent of 250 FTE.

While the Task Force concurs with VBA's initiative to ultimately consolidate pension maintenance, it has concerns with the accelerated implementation while questions of training and communications remain unsettled.

The establishment of Pension Maintenance Centers must be carefully planned and implemented. The VBA Education Service and VBA Loan Guaranty Service have already been through a similar consolidation process. Their input should be solicited when developing these plans. Deferring income verification work would provide VBA with breathing space to get these centers established.

While many maintenance actions result in adjustments to the amount of benefits paid to veterans, decisions are usually based upon beneficiary-reported information. These decisions do not require significant developmental actions or physical contact with the beneficiaries or veteran service organization representatives.

Specialization of Regional Offices to accomplish maintenance activities will provide for quicker, more consistent service to veterans and their beneficiaries. Facilitating specialization should enhance the quality and timeliness of actions taken. VBA should improve the delivery of benefits by creating specialized processing offices to adjudicate the following types of actions (this list is not meant to be all inclusive):

Pension Adjustments

- Annual Income and Net Worth Determinations
- Apportionments
- Dependency for spouse and children
 - School Allowance
- Aid and attendance adjustments
- House-bound adjustments
- Guardianship Decisions
- Unusual Medical Expense Verification
- System Message Write-Outs
- Notice of Death
- Death Claims and Burial Expenses
- Incarcerated Veterans

Compensation Adjustments

- Adaptive Equipment
- Clothing Allowance
- Dependency for spouse and children
 - School Allowance
- Unemployability Maintenance
- Guardianship Decisions
- Incarcerated veteran adjustments
- Notice of Death
- Income issues
 - Military retired pay
 - Active Duty for training pay

Specialization within Regional Office service centers will increase productivity, improve accuracy of decisions, and ensure a timely delivery of service to veterans, thereby increasing customer satisfaction while decreasing rework and appeals. VSRs will be able to specialize in the pre-determination actions needed to fully develop cases for rating. Removal of maintenance issues will gain direct labor efficiencies by lessening the amount of time required to research policy, procedures, and changes in laws. It will also increase the quality of decision-making. As VSRs become experienced in handling specific types of casework, they can rotate within the specialized Regional Office to handle more difficult cases.

Regional Offices not identified for rating or specialty work would be staffed with Public Contact VSRs, Decision Review Officer (DROs), and VSRs who do outreach work (e.g., Homeless Veterans, Minority Veterans, Women Veterans, and Prisoner of War Coordinators) to enhance VA's outreach presence in the community. For example, mini-veterans' service centers, similar to VHA Community Based Outpatient Clinics, could be established.

The Office of the VA Inspector General *Summary Report of VA Claims Processing Issues*, dated December 9, 1997, Appendix III, page 88, directs VBA to "use specialization selectively to concentrate on certain categories of complex rating cases."

(Cross References: Recommendations S-2 and S-9)

ALLOCATE RESOURCES TO MOST EFFECTIVE REGIONAL OFFICES

RECOMMENDATION: S-10

Preferentially allocate new staffing resources to high-performance and high-quality Regional Offices. Develop a budget allocation model reflecting this approach.

DISCUSSION:

VBA's current hiring strategy is not integrated into a well-understood business plan. The Task Force was briefed that new C&P employees are hired and placed primarily based on available space and Regional Offices' ability to recruit. A contention of the Task Force is that VBA's current resource allocation system does not provide an equitable distribution of resources based upon workload, efficiency, and demonstrated need.

In order to alleviate the growing backlog in compensation and pension claims, available resources—funding and FTE—should be allocated to those Regional Offices that have consistently demonstrat-

ed high levels of quality and productivity in relation to workload and staffing levels. Regional Offices that are consistently less effective should not automatically be allocated additional staff. For staffing Regional Offices that cannot consistently achieve high levels of quality and productivity, see Recommendation S-8: Develop Specialized Regional Offices.

Congress has authorized additional staff for VBA to reduce the growing backlog in veteran and beneficiary claims and to compensate for turnover through retirements. The allocation should be based upon a viable and well-reasoned management resource allocation plan, developed to address the amount and type of work to be performed, and the ability to recruit and train well-qualified staff. A basic workforce analysis of the number of employees and the skill level requirements is needed before hiring additional staff. The rationale behind making decisions regarding assignment of work and resources should be clearly defined, measurable, objective, and open to public scrutiny.

The development of a productivity-based resource allocation model should be based upon the development of the new Regional Office structure, which emphasizes the need to have specialized offices to meet the workload demands. Changes in resource allocations should be made as staff attrition occurs, from the least productive to the most productive offices. Resource allocation is the key to future VBA effectiveness.

(Cross Reference: Recommendation M-8)

**EXPEDITE
PUTTING
DOCUMENTS
UNDER
CONTROL**

RECOMMENDATION: S-11

Decrease the time delay necessary to place incoming claims under control.

DISCUSSION:

Not placing a claim under immediate control is a disservice to the veteran in two ways:

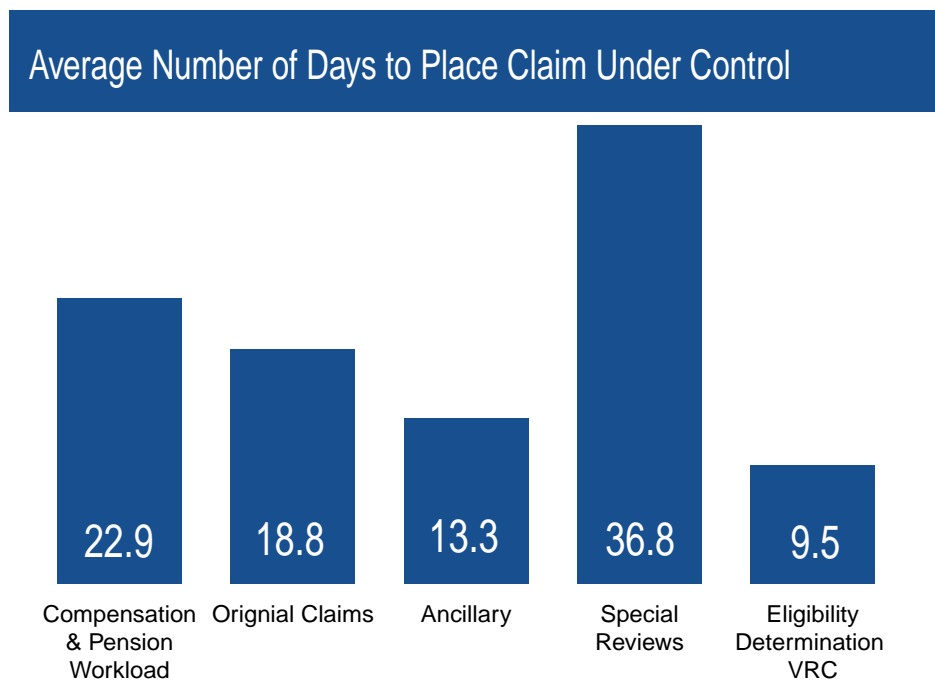
- First, there is no computer record to reference if the claimant calls with an inquiry during the period the claim is not under control.
- Second, no substantive work or development of the case ensues until the claim is put under Claims Establishment (CEST) control.

As of June 1, 2001, the average number of days to get a C&P related document under control was 22.9 days. The average number of days for all original claims was 18.8 days; original claims with 1-7 issues, 20.7 days; and for original claims with over 8 issues, 25.4 days. Exhibit S-11.1 depicts the average time in days to control C&P workload for all end products and by major subgroups. This is a completely controllable time delay; numbers in excess of a few days are unacceptable. VBA needs to lower the number of days to get all files under control with special attention to compensation claims.

VBA should establish CEST control within 2 days of receipt in the mailroom. Claims not meeting this standard should be brought to the immediate attention of the Regional Office Director. To ensure data integrity, VBA must establish a new way of measuring average days to control claims that would include the number of days to control claims that are transferred from another Regional Office.

If a Regional Office consistently exceeds 3 days in establishing claims under CEST control, VBA Central Office should require a performance improvement plan (PIP) and closely monitor the Regional Office progress toward meeting this standard.

Exhibit S-11.1



**IMPROVE
RECORD
RECOVERY FROM
RECORD CENTER****RECOMMENDATION: S-12**

Provide training to Regional Office claims development staff in records retrieval. The training should focus on identifying key veteran service information to aid the searcher, and the availability of certain service information in VA systems. The training must strongly emphasize the need to address all issues in the initial request to National Personnel Record Center (NPRC). (See Recommendation M-8: Centralize Training)

VA should consider a Memorandum of Agreement with the NPRC or parent organization to provide dedicated staff to search for and refile, VA requested service information (service medical and personnel records).

Establish a protocol to define the point at which no further search activity can, or should be, performed for service information at the NPRC, and notify the requesting Regional Office that the information is not available.

The Records Management Center's NPRC Liaison Unit should give priority to requests for information based upon the earliest date of claim.

DISCUSSION:

VBA Records Management Center entered into a Memorandum of Agreement with the NPRC to assume the duties of processing information requests made by Regional Offices in support of veteran's claims. The Liaison unit, with 47 FTE, was formed when the NPRC was unable to keep up with VA's request for information.

At the time of assuming the duties for processing requests, VA had approximately 62,000 requests backlogged. As of August 6, 2001:

- The unit has approximately 56,000 requests back logged;
- Of those, approximately 4,600 are over 1 year old; and
- Approximately 60 percent of the 1 year old requests (2,700) are charged out to operating elements in the NPRC and could not be located.

VA requests for information constitute about 20 percent of the NPRC workload. Given that the Records Management Center liaison staff is not permitted to pull or refile VA requested service med-

ical and personnel records folders from the NPRC stacks, VA must negotiate a revised Memorandum of Agreement with the NPRC or parent organization.

Requests for information are not terminated when efforts to find the information are unsuccessful. The NPRC does not report that the requested information cannot be located if the file is charged to an operating unit within the NPRC. The Task Force observed one charge card that indicated a specific case had been pulled and sent to the correspondence unit at the NPRC in 1967.

The NPRC reluctance to admit that a file cannot be found results in requests for service records that are pending for over 1 year and delays the processing of the veteran's claim. VBA needs to establish a protocol to delineate the criteria for a failed search. Veterans should be notified when the information cannot be located and told what additional steps, if any, they may take.

Significant problems occur when files need to be pulled many times at the NPRC to respond to requests for information that could have been answered with a single action. The VA Liaison staff estimates that 40 to 50 percent of all requests result in multiple pulls. Regional Office development personnel need training to make sure that they ask for all information in one request. In addition, because of the different systems used to file information at the NPRC, it is imperative that training be given on the need to provide key veteran identifier (locator) information. The VA Personnel Information Exchange System (PIES) needs to be enhanced to aid Regional Offices in providing as much veteran identification information as possible.

The Records Management Center processing unit works requests for information on the "first-in-first-out" basis. Regional Office requests for information are made via PIES. The requests are stored on VA's computer at the NPRC and are printed once a week. The printing usually takes about 5-6 hours and is done overnight. The PIES request is hand sorted, according to the information requested, veteran period of service, service department, and location of information at the NPRC. If the information request can be handled by looking at current databases (BIRLS, PIES), the Liaison Unit responds to the request. When a file pull is required, the requests are dispatched to the NPRC unit responsible for the service records requested. The request for information is not placed under priority control until a file is associated with the request. This system per-

**AUTHORIZE
ADMINISTRATIVE
SUPPORT**

mits the working of information requests for which service records (case files) are available, but does not ensure that the oldest requests are worked first. The Liaison Unit can process approximately 4,000 requests per week and on average, receives about 500-700 requests each workday.

The VBA Liaison Unit does not pull cases from the NPRC stacks except in rare instances. Although management does not feel there is an advantage to working the oldest cases first, the Task Force believes that priority should be established based upon earliest date of claim. Efforts should be made to either answer the oldest requests first, or notify the requester that the information is not available.

RECOMMENDATION: S-13

Authorize VBA Regional Offices to hire administrative staff and contract for administrative services to support claims processing.

Establish a unit within VBA Central Office with authority and responsibility for policy, procedures, and resources - associated with the range of administrative and record management activities – to support the claims process.

DISCUSSION:

The effective management of paper documents is a critical success factor in C&P efforts to process claims in a timely manner. However, VBA reduced the size of its Regional Office administrative workforce based on unrealistic assumptions about the benefits of case management and information technology. As a result, VBA Regional Offices are not staffed with the number and types of personnel with the skills necessary to plan and manage a complex administrative support process.

VBA's vision of a paperless claims process is a worthy goal. The practical reality is that today, and far into the future, Regional Offices and supporting organizations – such as VHA, DOD, and the VBA Records Management Center (RMC) – must deal with a constant stream of incoming mail from veterans, with the acquisition and analysis of veteran health, personnel, and other records; and, with the administration of millions of claims folders.

The value of administrative support personnel has been demonstrated by BVA. They have established dedicated administrative teams composed of paralegal and legal specialists to review, ana-

**IMPOSE CHANGE
MANAGEMENT
AND
COMMUNICATION
DISCIPLINE**

lyze, and manage the life - cycle of claims files. The RMC has created a liaison office at the NPRC staffed with experts in records management, document research, and administration.

RECOMMENDATION: S-14

Implement a formal process to control change by overseeing the planning, initiation, organization, and deployment of any new VBA initiative.

DISCUSSION:

The proliferation of IT initiatives and communications from VBA Central Office to Regional Offices gives every indication of being burdensome, uncoordinated, and poorly documented. In FY 2000, the Offices of Field Operations issued 62 "fast letters" and C&P Service issued 97 transmittals. Many of these communications have called for rapid material change or system enhancements to the claims handling process, which have negatively affected the timeliness and quality of disability claims decision-making.

Material deficiencies and inefficiencies in the strategic planning and tactical deployment of new and enhanced IT initiatives within the VA system have had a deteriorating effect on the organization. They have interfered with the consistency of timeliness and decision-making. In addition, there is little evidence of accountability for decisions and operations. VBA must develop a standard protocol for accepting or declining process initiatives within the administration, specifically addressing interdepartmental and intradepartmental communication and coordination. This protocol must include clear objectives for strategic and tactical planning expectations.

To implement formal processes to control change, the Under Secretary of Benefits should:

- Establish a program integration office that reports to the Under Secretary with responsibility for VBA-wide project and initiative integration policies, control, planning, and assessment of project performance.
- Implement a formal configuration control process to assess, integrate, and control major changes across VBA, especially as it impacts claims processing policies, procedures, process tasks, training, and information system support.

REVISE SCORECARD MEASURES

- n Expand the scope and use of the C&P Decision Assessment Document that goes to Regional Offices each quarter. This document outlines the Court of Appeals Veterans Court (CAVC) decisions rendered during the previous quarter to include an impact assessment of significant CAVC decisions as well as an analysis of all VBA resources, activities, projects, processes, training, and information systems impacted by the decisions.

(Cross Reference: Recommendations S-5 and M-7)

RECOMMENDATION: S-15

Expand scorecard measures to include discrete types of work products and other performance measures.

Establish a measure that delineates the timeliness of processing steps that are within VBA's direct control.

- **Timeliness measurement from date of claim to the date that all development actions have been taken should be clearly provided and articulated.**
- **Timeliness measurement from date of receipt of all pending development items to claim authorization or denial letter (final action) should be clearly provided and articulated.**

Eliminate scorecard measures by Service Delivery Network (SDN) under current ineffective SDN organizational framework.

DISCUSSION:

Much of the positive impetus behind the *balanced scorecard* approach was to ensure that in attempting to accomplish certain goals, other objectives were not ignored. The Task Force questions whether VBA's current scorecard accomplishes this effectively and whether the assigned weights to various factors are appropriate.

The Task Force is convinced that "you get what you measure" and "the more you measure, the more you get." Average processing time for all rating related actions is not as useful in management decision-making as processing times for particular end products (specific work accomplished). Generally, it takes more time to process a disability compensation claim than a pension claim, and still

more time to process a Post Traumatic Stress Disorder compensation claim than a hearing loss claim from a recently discharged veteran. Simply put, there are different time expectations for different types of claims. To the extent that there are clearly defined outcome expectations for various types of claims, measurement and accountability should be premised on those expectations.

More discrete measurement allows “apples-to-apples” comparisons among the claims processing teams and the Regional Offices, fosters accurate accountability, and more effectively accomplishes the general goal of the scorecard while preventing “gaming” of the system.

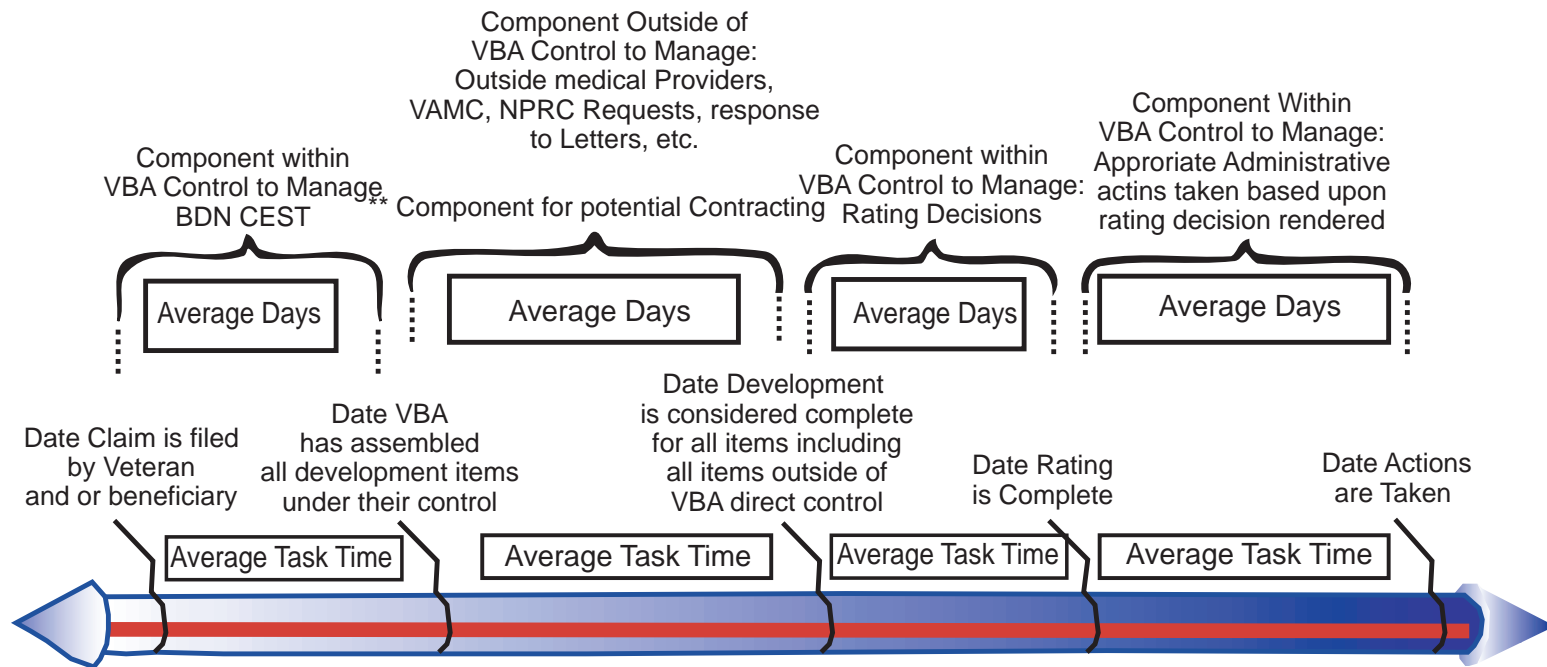
VBA needs to track and report the timeliness of claims processing within its direct control. A measurement of development timeliness and post-development timeliness (in addition to the current overall process) is needed to both access and report actual processing time. The specific measurements should include “date of claim to date all development actions have been taken” and “date of receipt of all pending development items to claims decision.” This information is readily available when the CAPS system is used properly. Gathering this information would not require an IT initiative.

The Task Force recognizes that the time interval that occurs between a request for information in support of the claim and the receipt of that information is outside VBA's immediate control. Still, VBA must continue to proactively pursue securing all information needed to process a veteran's claim at the earliest opportunity.

The average total time to process a C&P claim is extended due in large part to the length of time VBA spends in the development phase. This is further exacerbated by those development phase activities that are outside the direct control of VBA claims processing personnel.

Exhibit S-15.1 depicts the timeline of processing a claim and the activities within the process that the Task Force recommends be reviewed for competitive sourcing. This is discussed in more detail in Task Force Recommendation M-9. Examples of activities outside of VBA control and the number of days associated with waiting for the specific information are also shown in Exhibit S-15.1:

VBA Timeline for Work Measurement

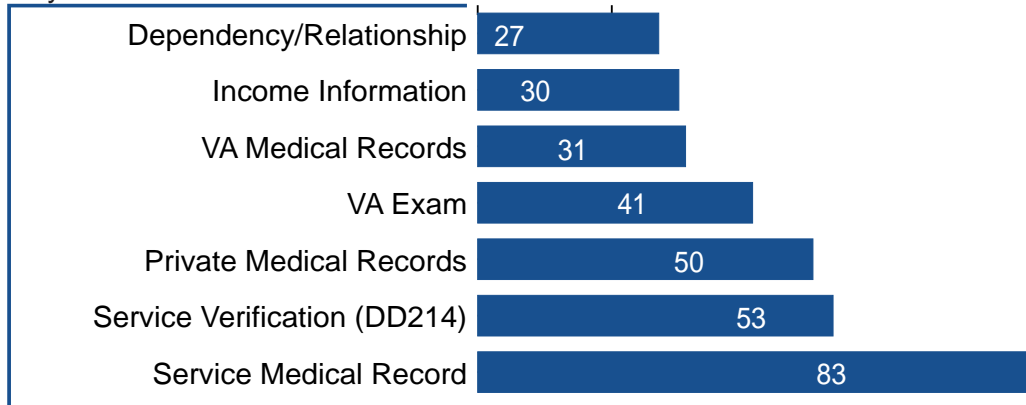


The average total time to process a C&P claim is extended due in large part to the length of time it spends in the development phase. This is further exacerbated by those activities within the development phase that are outside the direct control of VBA claims processing personnel. These activities are the component of the process that the Task Force recommends be reviewed for competitive sourcing within Recommendation M-9

At this time VBA doesn't collect the information necessary to allow the organization to conduct a cycle time reduction study that meets the criteria established by the FedEx Center for Cycle Time Research.

Exhibit S-15.1 Average Number of Days VBA Waits for Information

Types of information that may be needed to rate veteran's claim.



ESTABLISH AND ENFORCE ACCOUNTABILITY

RECOMMENDATION: S-16
 Hold VBA Regional Office and VBA Central Office officials accountable to individualized, measurable, and meaningful performance standards. Reward appropriately for outstanding performance.
 Measure and evaluate accountability at the Regional Office and individual performance level.

DISCUSSION:
 Accountability for performance according to a plan is key to a successful organization from the top down. Performance agreements must be detailed, explicit, and measurable. There must be appropriate rewards for outstanding performance and negative consequences for those who do not perform according to agreement. The Task Force believes such accountability has not been demonstrated. In December 2000 – at a time when performance for the system as a whole was considerably below management goals and when there were significant performance variations among Regional Offices – VBA leadership initially recommended to the Acting

Secretary that 82 percent of its senior managers receive either a performance bonus or an increase in Senior Executive Service rank.

VBA organizational performance goals, objectives, and actual performance do not appear to be tied to formal accountability at all levels. As a result, there are no consequences for individuals with line responsibility and positional authority in the Central Office and Regional Offices for claims processing productivity shortfalls.

Much of the problem of transforming the current claims processing system into an efficient system rests on an inadequate management plan; implementation that too often has been undisciplined and incoherent; and a failure to establish priorities and achievable completion dates. Additionally, there were insufficient requirements for feedback reporting and accountability by Regional Office managers to the Under Secretary and senior VBA managers. The variability within the system and among the Regional Offices indicates a lack of follow-through at VBA Central Office. Task Force members frequently found programs that had not been implemented fully or according to schedule and, at times, not implemented at all.

Much of the success of VHA in transforming its health care system is due to establishing detailed performance standards for its senior managers. The Task Force recommends that similar detailed performance agreements be incorporated into the performance standards of each Regional Office Director. The full and timely implementation of programmatic and organizational changes should be a critical performance standard.

CENTRALIZE FUNCTION OF WAIVING DEBT

RECOMMENDATION: S-17

Centralize the debt waiver function at the Debt Management Center in St. Paul, MN.

DISCUSSION:

The debt waiver process is not consistent between Regional Offices or even within a Regional Office. A 1997 Office of the VA Inspector General *Report of Audit* found a wide variance in waiver decision results among the 57 Regional Offices, with individual Regional Offices granting from 27 percent to 85 percent of waiver requests.

VBA's manual (M21-1) and current-operating procedures require that the Regional Office Committee on Waivers and Compromise

(COWC) process beneficiary claims for waiver of a debt. Currently, membership on the Regional Office COWC is assigned as an ancillary duty to VSRs (as is the Chairperson's job). Movement of this additional assigned work to a dedicated centralized office would provide for more uniform waiver decisions (grants and denials) and would result in more timely decisions. Transfer of these decisions to the St. Paul Debt Management Center will generate additional C&P direct labor hours to process claims. Compromises are currently handled by the Debt Management Center; therefore, there is a precedent for moving this type of work.

In FY 1999, VBA processed a total of 30,398 waiver decisions; in FY 2000, there were 31,157 waivers. Exhibit S-17.1 indicates the number of C&P direct labor hours expended on debt waivers. In FY 1999, there were 20,504 direct labor hours, an equivalent of 13 FTE, as calculated by the VBA work rate standard of 1,576 available production hours per FTE. In FY 2000, the equivalent was 14.8 FTE.

Exhibit S-17.1

	FY1999	FY2000
Debt Waivers Performed at VA Regional Offices	30,398	31,157
Debt Waivers Performed in Veteran Service Center (C&P)	13,060	14,816
Percentage of Debt Waivers Performed by C&P	42.9%	47.6%
C&P End Product Number for Debt Waiver Task	293	293
C&P Work Rate Standard (Expressed in Hours)	1.57	1.57
Number of C&P Direct Labor Hours Expended on Debt Waivers	20,504	23,261

**ESTABLISH
UNIFORM
PROCEDURES
FOR OFF-SITE
STORAGE OF
CLAIM FOLDERS**

RECOMMENDATION: S-18

Establish standard operating procedures for Regional Offices off-site storage of active folders.

DISCUSSION:

VBA must develop a standard operating procedure to address the off-site storage of claim folders. Due to space constraints, more than 10 Regional Offices are currently using off-site facilities to store

**CREDITING
BROKERED
WORK
EQUITABLY**

active records. There are no consistent standards in place to ensure that a record can be retrieved in a timely manner.

The Task Force visited one Regional Office, which at the time of the visit, did not have all off-site claims folders tracked using COVERS. This has been fully accomplished as of August 3, 2001. During the interim period, a claims folder could be located using the “charge-out” card in files, which denoted the claims folder was located off-site. The Regional Office had received no complaints that a file could not be located.

The Task Force recommends that VBA develop a policy to address storing files in both VA and non-VA space. It is essential that all folders be entered into a claims folder tracking system prior to off-site storage. Failure to locate a veteran's file in a timely fashion has a direct impact on the ability of a Regional Office to process a veteran's claim.

RECOMMENDATION: S-19

Develop a system that fairly and completely apportions end product credit between VBA Regional Offices performing the brokered work.

DISCUSSION:

A considerable amount of claims processing work is performed by Regional Offices other than the Regional Office in which the claim was filed, both within and outside the Service Delivery Network (SDN). Offices that perform this brokered work, as it is called, do not receive full productivity credit for the work performed. This creates data integrity issues, because it understates the work actually done by the performing station and overstates work accomplished by the non-performing, referring Regional Office.

In addition, the current practice of brokering creates disincentives for high performing Regional Offices to accept such work. The Task Force believes that appropriate full production credit should be given to an office for work it performs, including development of the claim. This would allow for accurate measurement and accountability, and enable the effective allocation of resources to highly productive offices.

(Cross Reference: Recommendation S-10)

**EVALUATE
ESTABLISHING
NEW
PRE-DISCHARGE
CENTERS**

RECOMMENDATION: S-20

VBA must evaluate the advantage of opening additional Pre-Discharge Centers serviced by Regional Offices whose staffing resources are not adequate to support both the new Center and the present claims processing workload.

DISCUSSION:

The Benefits Delivery at Discharge initiative is an outstanding way to serve new veterans, and the Pre-Discharge program has proven to be highly successful. Service members receive their discharge physicals in the manner necessary to process a disability rating decision. As a result of the counseling provided to the service member prior to discharge, the veteran's claim is received by the Regional Office in a complete, ready-to-rate package. The effect has been that most of these claims have been resolved in less than 30 days from the date of receipt in the Regional Office. In one Regional Office, 90 percent of these veterans' claims were decided on the day of discharge.

In this situation, VBA has become a victim of its own success. While the Pre-Discharge Centers are highly valuable in the long run, the staffing resources needed to support the additional claims work is diverting resources from working the current critical backlog. Some Regional Offices are beginning to report increased times to process Pre-Discharge claims due to inadequate staffing levels to meet rising demands. In the ongoing evaluation process, VBA should allocate resources for the additional work generated by Pre-Discharge Centers located in the jurisdiction of the Regional Office performing the work.

Exhibit S-20.1 reflects work tasks associated with disability compensation inputs from Pre-Discharge Centers.

Exhibit S-20.1

	FY 1999	FY 2001	FY 2001 YTD 3rd Quarter
BDD Examinations	11,310	17,971	18,799
Number of BDD Exams Conducted by VHA	9,145	11,061	10,992
Number of BDD Exams Conducted by Contractor	2,165	6,910	7,807

**UTILIZE
VETERANS
SERVICE
ORGANIZATIONS
(VSOs)
EFFECTIVELY****SECTION B – MEDIUM -TERM RECOMMENDATIONS****RECOMMENDATION: M-1****Empower Certified Veteran Service Officers to:**

- **Accept evidence in support of a claim;**
- **Provide VBA with certified copies of necessary documents; and**
- **Assist in gathering testimonial evidence (statement in support of a claim).**

Accelerate the Training, Responsibility, and Involvement in Preparation of Claims (TRIP) Initiatives as a high priority.

DISCUSSION:

The full partnership and cooperation of VBA and Veterans Service Organizations (VSOs) are vital elements in assuring timely service to the veteran. A well-developed network of VSOs and State Departments of Veteran's Affairs (SDVAs) should be encouraged to cooperatively enhance the delivery of services to veterans. Service organizations can help improve service to beneficiaries and increase veteran satisfaction by providing assistance in gathering evidence for the development of a well documented and "ready-to-rate" claim, helping deter frivolous claims, and by providing timely information on claim status. The Office of the VA Inspector General *Summary Report on VA Claims Processing Issues*, dated December 9, 1997, encouraged such cooperation: "VA and Veteran Service Organizations should build a claims processing partnership." (Appendix III, page 86).

VBA has made some initial steps to enhance the participation of VSOs in the benefits delivery process. Initiatives like TRIP, and the State and Other Benefit Reference System, have demonstrated the willingness of VBA to engage the VSO and SDVA community more actively in the claims processing system. Since 1999 VBA has trained 1,076 veteran representatives in TRIP; 985 have been certified.

VBA efforts to provide VSOs with training and access to claims processing system needs to be expanded nationwide. Emphasis should be on endeavors that will enable VSOs to:

- (1) Receive training on the claims development process;
- (2) Use automated benefit delivery systems in a "read only" mode; and
- (3) Gain necessary information technology assets in order to participate as an active partner in the claims development process. This includes access to VA systems, training, and equipment.

VBA needs to make sure that training and certification of VSOs and SDVAs continue and that impediments to the acceptance of information provided by certified service officers are removed. The veteran service community should be accepted as an active partner in claims development and maintenance. This recommendation concurs with the report of the National Academy of Public Administration, *Management of Compensation and Pension Benefits Claims Processes for Veterans*, dated August 1997. VBA's *Roadmap to Excellence* also discussed the concept of utilizing the veteran service organization community in claims development.

Together, VBA and the service organizations must ensure that the "benefit of the doubt" goes to the veteran and that frivolous claims are removed so that valid claims are not needlessly delayed.

This recommendation could require significant resource expenditure to train VSO and SDVA representatives in the VA claims development process.

**MAINTAIN THE
BENEFITS
DELIVERY
NETWORK****RECOMMENDATION: M-2**

Sustain and upgrade the Benefits Delivery Network (BDN) to assure:

- **Uninterrupted processing and payment of compensation and pension, education, and vocational rehabilitation claims;**
- **Prompt payments to veterans; and**
- **Functionality changes to the system enable timely user, legislative, and cost-of-living adjustments.**

Immediately remedy the Hines Information Technology Center (ITC) critical workforce shortfall through near-term actions to retain critical retirement of eligible staff, rehire retirees, and remove constraints on hiring and use of contract services. Develop and fund a succession plan that addresses leadership and technical staff for the Hines ITC and Philadelphia ITC.

Operationally test and evaluate the current BDN disaster contingency plan and provide the resources necessary to achieve a viable contingency capability.

DISCUSSION:

VBA's track record of success in making timely and accurate payments to veterans has been unblemished, but it could be at risk. BDN is the mission critical information system that supports the C&P, Education, and Vocational Rehabilitation & Employment (VR&E) claims and payment processes. However, VBA has not identified BDN support as one of its "Top 10" priorities for resource (funding and staffing) allocation. BDN operations and support are approaching a crisis stage with the potential for BDN operational performance to degrade and eventually cease. This situation has occurred because of documented VBA Central Office policy decisions that limited the funding of BDN upgrades, reduced the size of the Hines ITC workforce, and stopped new hiring for the past 5 years.

Annually, the BDN Payment System provides 42 million timely and accurate C&P, Education, and VR&E benefit payments and 10 million letters to over 3.3 million veterans and their families. To support critical claims processing and veteran master record queries, BDN processes over 300 million transactions per year from over

12,000 users in VBA Regional Offices and VHA facilities with a system availability of 99.8 percent and a transaction response time of less than 5 seconds for 99.9 percent of all transactions.

The BDN Network System is a centralized, on-line information system comprised of application software and databases supporting C&P, Education, and VR&E business processes. BDN is hosted on a DPS-9000-732 mainframe with supporting data communications (equipment and software) and data storage devices at the Hines ITC in Chicago. The Hines BDN configuration also includes an IBM 3090-400 server, network interfaces with VA wide area networks, and 80 other major external systems. DPS-9000-542 processors at the Philadelphia ITC provide support to Eastern area BDN users for processing claims work in progress. The Beneficiary Identification and Record Locator System (BIRLS), as well as other system capabilities, are located at the Austin ITC.

VBA has been investing in the Veterans Service Network (VETSNET) for over 8 years as the replacement for BDN. However, there is no apparent certainty as to when and if VETSNET (or any other system) will be operational to sustain VBA-wide business processing and payments. BDN must be fully supported with people and upgrades until such time as the full VBA business community has confidence that all 57 Regional Offices can be operationally supported with a replacement system.

There are two principal issues of concern that relate to the design of a replacement system program and the decision criteria for turning off BDN:

- (i) What level of confidence will the VBA business community need to have in a replacement system to rely totally on it to support 12,000 users concurrently before phasing out BDN?
- (ii) What demonstrated operational functionality, system performance, and outcomes must be achieved to provide that level of confidence?

These questions were posed to VBA in 1995 and 1997 studies on modernization of claims processing; both issues remain valid criteria for determining the life of BDN.

BDN INFRASTRUCTURE UPGRADES

Since 1998, VBA has not upgraded the BDN hardware and software configuration. These upgrades are needed to keep pace with pro-

cessing and software technology improvements and to maintain hardware and operating software configurations that are contemporary with those configurations of other DPS-9000 users and vendor supported configurations. Because of previous VBA decisions not to fund some BDN upgrades, and because all other customers have modernized their processing environments, the vendor will no longer support the 1998 baseline BDN transaction processing software, operating system software, and the data communications system and its software as of December 31, 2001. Further, these policy decisions have created a situation where the current BDN configuration is close to exceeding the technical limit of business users that can be provided access to BDN. This constraint will impact the productivity of the current, newly hired, and planned workforce.

VBA upgraded the BDN mainframe and regional data processors and associated operating system software to the latest commercial configuration at Hines and Philadelphia in 1998. Subsequently, VBA renovated all BDN application software supporting compensation, pension, education, and vocational rehabilitation for FY 2000. At that time, VBA declined to convert the BDN DMIV-TP transaction processing software to the modern TP-8 commercial configuration and BDN's Data net 8 communications systems and software to the most current commercial configurations, as had other DPS-9000 users.

Another key issue relates to user access constraints. One measure of access is the number of individual users (Logical Identifiers or LIDS) that can have on-line access to an information system. The maximum number of individual users that can be supported with the current configuration of BDN is 4,096 per transaction processor. While VBA can increase the number of transaction processors to gain additional LIDS, this approach will increase the complexity of sharing data between users. The number of BDN users has increased over time and the system is at its limit. The additional C&P workforce will increase the number of required users, but no plans have been made to upgrade BDN to facilitate this access. For example, the addition of 800 more VSRs and RVSRs would require a minimum increase of 800 LIDS, excluding the addition of any printers. To accommodate this increase, LIDS would have to be "pooled" which would require personnel at a work station to wait in a queue until a LID was free to provide access for claims processing. Another TP could be added, but that would increase the com-

plexity of data sharing and overall system management. The solution is to upgrade BDN's configuration to accommodate increased users.

Given the high degree of uncertainty in the operational availability and suitability of a BDN replacement system, and BDN's critical role in delivering timely and accurate services to veterans, the Task Force strongly recommends that VA take out a 5-year BDN insurance policy. There are two key elements of this insurance policy. One deals with computer hardware and operating system software upgrades; the second deals with the supporting workforce. Data provided to the Task Force indicates that the cost estimate to upgrade the current BDN to be about \$4 million. Even if this initial estimate were \$8 million, the one-time cost of this insurance policy would be about 20 cents per veteran benefit payment for 1 year. The key components of this insurance policy include the following.

- Establish BDN operations, maintenance, and upgrade as the number one IT priority for resource allocation and management oversight.
- Immediately fund BDN upgrades necessary to achieve a vendor-supported configuration for the transaction processing software, operating system, communications, and core processors.

BDN LABOR FORCE

The people, skills, and expertise necessary to continue the performance of BDN are at a crisis stage. VBA has reduced the Hines workforce 33 percent since October 1992, including a 50 percent reduction in the personnel supporting compensation, pension, and education application software and databases.

This reduction in FTE has been exacerbated by three factors:

- (i) During this same period, FTE supporting C&P, Education, and VR&E were redirected to supporting VETSNET development.
- (ii) The cumulative impact of VBA's 5-year hiring freeze at Hines has created a large pool of 72 experienced personnel eligible for retirement from July 1, 2001 through January 1, 2005. For example, 27 personnel were eligible for retirement as of July 31, 2001, including 4 specialists who maintain critical Education benefit applications.

- (iii) Those immediately eligible for retirement do not include the pending retirements of the Hines ITC Director (September 2001), Chief of the Compensation, Pension, and Education Division (December 2001), and the Chief of Operations (December 2001).

This loss of people, skills, and expertise has occurred while the volume of BDN functionality changes (user, legislative, and cost-of-living adjustments) has not diminished. Currently, 107 user requests (program initiation requests or PIR) are in work and pending for changes to BDN to support C&P, Education, VR&E, Finance, and operations. This does not include additional pending PIRs to support applications such as PIES, which is critical to the timely acquisition of service member records and information from the NPRC and the associated VBA Processing and Research Unit.

VBA Central Office is aggressively working to hire and train new staff for the C&P field workforce. However, the Task Force has not seen evidence that VBA has taken similar action to remedy the crisis in people, skills, and expertise at Hines ITC necessary to sustain and upgrade the mission critical information system that enables the C&P workforce to accomplish its job and pay veterans.

The key workforce elements of the BDN insurance policy include the following actions:

- Immediately stem the loss of the highly skilled and experienced workforce at the Hines ITC that support C&P, Education, and VR&E as well as other critical applications and tasks. Remedies should include the use of retention bonuses; hiring of retirees using the same model approved for the C&P field workforce; deferment of any planned early retirement offerings. Efforts should be made to retain key Directors now pending retirement until a satisfactory succession plan can be put in place or consideration given to their rehiring on an interim basis.
- Immediately allocate new FTE positions and approve hiring for Hines ITC to achieve a workforce size and composition consistent with the user requested workload.
- Develop succession plans for the Hines ITC and Philadelphia ITC.

DISASTER RECOVERY

The introduction of the DPS-9000 based architecture at the Hines and Philadelphia ITCs has provided VBA with the opportunity to consolidate Regional Data Processors (RDP) supporting work-in-progress cases and to achieve a level of contingency back-up capability. To date, VBA has not aggressively pursued developing this inherent back-up capability into a fully operational disaster recovery contingency capability to sustain enterprise-wide processing and payments.

The Task Force recommends that VBA plan and conduct a comprehensive operational test of a BDN disaster contingency plan. The results of this test should be evaluated to identify further actions needed to achieve a high confidence disaster recovery capability.

These recommended actions will mitigate the risk of interrupting benefit payments to veterans, missing cost-of-living adjustments, and not making timely functionality to C&P, Education, and VR&E applications caused by legislative action or other needed user changes due to supportability considerations. Additionally, these actions will help to alleviate, but not eliminate the shortfalls in staffing size and skill sets at Hines ITC as a result of converting to a more modern and easily supportable transaction processing software, communications infrastructure, and operating system software. Upgrading BDN will also remove the constraint on the number of BDN users and facilitate plans to increase the size of the C&P workforce and to provide VSOs greater access to BDN to improve communications with veterans, thus improving the overall claims process.

**EVALUATE AND
IMPROVE VHA
MEDICAL
EXAMINATIONS
AND THE
PROCESS****RECOMMENDATION: M-3**

The Compensation and Pension Examination Project (CPEP) office should:

- Monitor the ongoing quality, timeliness, and cost of VHA C&P medical examinations;
- Review, monitor, and provide training to Regional Office staff to improve the quality of C&P examination requests and ensure that the flow of C&P examination requests proceeds in an orderly and cost-effective manner;
- Coordinate VHA C&P examiner training and continuing education; develop additional methods for disseminating "best practices" to the field;
- Keep the Clinician's Guide (formerly the Physicians Guide) and Examination Worksheets up-to-date and disseminate changes to the field in an expeditious manner; and
- Assess the feasibility of establishing examination centers which co-locate VHA/VBA staff. RVSR ancillary duties may include Paragraph 29 and 30 ratings, as well as assessing the need for scheduling routine future examinations.

VBA needs to evaluate the accuracy and the sufficiency of VHA medical compensation examinations for rating purposes. If after 1 year of implementation of the VHA-VBA Compensation Examination Project Office's Improvement Plan, the accuracy and the sufficiency of the examinations have not improved, then VBA should critically evaluate the CPEP results with the possibility of further utilizing private vendors.

DISCUSSION:

While the vast majority of the Department's C&P medical examinations are still provided under the auspices of VHA, until recently VHA has not been actively involved in the management of the C&P medical examination process. There has been no organized training or continuing education of C&P examiners. The *Physician's Guide* has been unavailable for several years, and VHA has provided little systematic review of ongoing practices and quality control, except to monitor average examination timeliness and the number of examinations returned by BVA as inadequate for rating purposes.

While VHA performed 323,000 C&P medical examinations in FY 1998, 308,000 in FY 1999, and 264,000 exams in FY 2000, VHA does not specifically monitor costs for its C&P medical examination program, thus making comparisons with private contractors difficult.

VHA and VBA have entered into a Memorandum of Agreement (MOA) to improve the C&P medical examination process. The agreement encompasses the following improvements:

- To establish a national VBA-VHA project office (CPEP) - jointly coordinated, funded, and staffed - to lead to improvement of the C&P examination process and to be accountable for its outcomes.
- To identify liaison coordinators at each VHA facility and Regional Office to lead their examination process.
- To initiate a combined training process as well as a process to produce continuous performance measures.

The C&P Examination Project Office (CPEP) should be held responsible to:

- Coordinate training at Regional Offices to improve the quality of the examination requests;
- Oversee VHA C&P training on methods of conducting C&P examinations;
- Improve the quality of examinations through continuing education;
- Enhance the adequacy and timeliness of VHA examination reports;
- Expedite the completion and distribution of the C&P *Clinician's Guide*; and
- Monitor and analyze the cost of the examination program.

Close proximity of VBA and VHA personnel should enhance accuracy and timeliness of the examination process. Paragraph 29 ratings are temporary 100 percent ratings based upon hospitalization in excess of 21 days for a service-connected condition. Paragraph 30 ratings are temporary 100 percent ratings based on a need for convalescence from surgery in excess of 30 days for a service-connected condition.

**MAINTAIN OR
INCREASE
COMPETITIVE
SOURCING OF
MEDICAL
EXAMINATIONS**

VHA and VBA need to maximize professional communication at all levels. Less than full, accurate information at any level is unacceptable. The Task Force found at least one inaccurate reporting of “inadequacy rate” examinations and heard about several. Less than full reporting is unprofessional and unacceptable. Improvements cannot be made to the conduct and performance of C&P medical examinations unless full disclosure is not only encouraged, but required.

(Cross Reference: Recommendation M-4)

RECOMMENDATION: M-4

Maintain or increase the present level of competitive sourcing of medical examinations.

Request that a GSA Contract or Federal Supply Schedule be established for medical examination providers which VBA can select from on an “as needed” basis.

Monitor the quality and timeliness of the contract medical examinations continuously.

DISCUSSION:

An appropriate balance of contracted and VHA medical examinations are desirable to achieve the highest quality and timeliness of service to the veteran. The BVA Chairman recommended to the Task Force that:

“Compensation and Pension examinations must improve. There probably is no single action that would have a greater effect on the entire adjudication and appeals process than to improve the quality of C&P medical examinations. Without an adequate examination report, it can be very difficult, if not impossible, to fairly and accurately decide a disability compensation claim. Problems with examination reports remain among the top reasons for Board remands.”

In order to improve the timeliness and quality of C&P medical examinations, Congress directed VA to pilot the contracting of medical examinations by a private contractor, QTC. In May 1998, QTC began providing approximately 50 percent of the C&P medical

**RESTRUCTURE
VBA
MANAGEMENT**

examination services to 10 VA Regional Offices. In the past 3 years, QTC has provided C&P medical examination services to over 100,000 veterans, utilizing over 1,400 private physicians in over 1,700 locations. The quality of QTC exams has been reported to exceed a 99 percent adequacy rate, and the Task Force found high approval from Regional Office employees. Reported medical examination timeliness was within contract compliance with positive feedback in customer service surveys. QTC's proprietary software was reported to have contributed to the success of the contract.

It is advisable for VBA to compile a list of authorized GSA or Federal Supply Schedule medical examination providers for selection by VBA on an "as needed" basis.

(Cross Reference: Recommendation M-3)

RECOMMENDATION: M-5

Eliminate the Service Delivery Network (SDN) organizational structure and establish an appropriate number of (at least four) Offices of Field Operations with line authority to Regional Offices.

Establish an independent Performance Analysis and Evaluation (PA&E) Office at VBA Headquarters that reports directly to the Under Secretary for Benefits.

Establish at each Regional Office a staff management analyst (without ancillary duties) to assist station management. These management analysts should be organized as a workforce group and work with the VBA PA&E Office located in Washington, DC.

DISCUSSION:

Presently, a Service Delivery Network (SDN) is a loosely organized grouping of VBA Regional Offices, designed to share resources and best practices by consensus management. However, the current SDN organization is not effective in facilitating activities related to planning, reporting, budgeting, resource allocation, communication, cooperation, control of work, and supervision. The Task Force witnessed multiple examples of these issues during site visits to 12 Regional Offices. In the opinion of the Task Force, and most VBA management officials in the field, the organization of the Regional Offices into SDNs has not improved communication and coordination.

The Task Force recommends that VBA establish an effective span of control. At present, two Deputy Assistant Under Secretaries (Office

of Field Operations) directly oversee the 57 Regional Offices. The fact seems to be that oversight is neither effective nor really expected.

An independent PA&E Office should be used to provide workforce analysis, review of data and end products, publish proven best practices that are working within individual Regional Offices, and share the results VBA-wide. This oversight function should analyze and propose the institutional skill sets needed.

As an example of the need for clear lines of communication and control, VBA has no effective method of direct oversight to ensure consistent implementation of directives. It is apparent to the Task Force that there is wide variance in implementing instructions and directives, as well as IT programs, at the Regional Office level, which has led to confusion and lack of uniform adherence to accepted procedures.

It should be noted that the NAPA Recommendation (4NAPA-5) stated that the Under Secretary for Benefits should develop a formal organizational chart for VBA and its components that closes the gaps in accountability between the Regional Offices and VBA Central Office.

ESTABLISH ENTERPRISE ARCHITECTURE

RECOMMENDATION: M-6

Establish an IT program, which includes standards for an enterprise processing system for all Regional Offices.

Establish uniform core programs for C&P claims processing that define a core set of enterprise programs and mandate usage.

Develop a national letter package, the use of which must be mandated as the only package to be used by Regional Offices.

Require the e-mail address of each Regional Office to be shown on all external correspondence.

Provide voice recognition software for use by Rating Veterans Service Representatives in the preparation of rating decisions.

DISCUSSION:

The Task Force did not find a uniform or standard enterprise solution for processing C&P claims. While IT initiatives have been delivered to the Regional Offices, there was not an enforced requirement

that they be installed or used. As a result, some Regional Offices have not implemented applications designed to better control and process claims. PIES, COVERS, and CAPS are three examples that are viewed by the Task Force as critical for claims processing. In the case of the CAPS application, VBA is still in the process of implementing a system for inventory management of cases.

Successful installation and use of inventory management requires that Regional Offices first install CAPS. Because there has not been universal implementation of CAPS, the validity or use of the data produced by the inventory management system to identify workload is highly suspect, especially on the national level.

To have a successful enterprise system, VBA must evaluate the effectiveness and efficiency of its IT programs and initiatives, including such applications as RBA, RBA 2000, BDN, CAPS, COVERS, MAP-D. Given the numerous initiatives and the lack of uniform implementation, the Task Force recommends stopping the introduction of new IT initiatives until a thorough reevaluation of VBA's IT program has been conducted.

(Cross Reference: Recommendation S-5)

VBA Central Office needs to standardize a national letter package, and must approve any deviation in use. Any national letter required or necessitated by regulatory changes must be exported to the IRM offices in Regional Offices for addition to the national package. This letter must be available concurrently with the release of the "fast letter" or regulatory change. GAO is currently performing a study on the national letter package to determine its efficacy.

During the early 1990s, VBA converted from a system in which rating decisions were dictated by Rating Specialists and transcribed by typists into an automated system (Rating Board Automation or RBA) which required RVSRs to type their own decisions. The time consumed by this typing requirement has reduced the productivity of some RVSRs. There are currently on the market a number of voice recognition software packages, and the Task Force noted that one commercial product is currently being used by a limited number of RVSRs. Providing all RVSRs with voice recognition capability could result in increased productivity and efficiency.

DETERMINE THE VIABILITY OF VETSNET; USE OVERSIGHT BOARD TO REVIEW ALL MODERNIZATION INITIATIVES

RECOMMENDATION: M-7

Determine viability of the Veterans Service Network (VETSNET). Strategically move to develop functional requirements for a new system to support a redesigned and integrated VBA, BVA, NCA and VHA claims process.

Determine the core set of business applications that are required to be used by all and mandate implementation in all Regional Offices.

Stop new IT initiatives until there is a formal mechanism in place to evaluate the need for new and on-going initiatives, as well as to develop and evaluate the realism of implementation plans and their potential impact on the field. This formal mechanism should take the form of an IT Oversight Board.

DISCUSSION:

VETSNET

For almost 8 years, VETSNET has been the centerpiece of VBA's enterprise solution to replace BDN and provide enhanced functionality to support VBA business line users. VBA plans have been driven by worthy goals, but program performance has not been satisfactory. The troubled history of this project has been well documented by GAO, Office of the VA Inspector General, VA's Information Resource Management Group, the Congress, National Academy of Public Administration, and others. More recently, VA sponsored assessments in July and August 2001, concluded that the operational viability status of VETSNET remains questionable.

The implementation of VETSNET poses two concerns to the task force. First, absent any data to the contrary, VETSNET remains a questionable long-term solution for VBA's payment system. Second, were VETSNET implemented today, it represents decade-old technology, which would require immediate plans for replacement or migration to current technology. With these two concerns, VA should decide, based on a determination from an outside source, the viability of VETSNET. After studying these findings, VA should either terminate VETSNET and pursue the design of a new system, or complete VETSNET with the understanding that VETSNET will require plans for replacement or migration to current technology.

Strategically, the Task Force believes that VA should initiate studies leading to the development of functional requirements for a new system to support a redesigned and integrated VBA, BVA, NCA, and VHA claims process. The key elements of this strategy include the following:

- Leverage the Department of Defense investment in knowledge couplers technology and applied research, through technology demonstration projects targeted to the claims development and ratings determination processes. Reviewing systems and capabilities used by the Australian Government in processing military disability claims could help this effort.
- Use the results of a rewrite and rationalization of C&P regulations and an analysis of their operational process impacts to develop and produce a new claims process that integrates VBA, BVA, NCA, and VHA.
- Once these processes have been designed and demonstrated to be appropriate for the job, use this process baseline to develop a set of functional requirements for a new information system.
- Solicit private sector participation from the technology, insurance, and claims processing industries to propose system demonstrations and solutions.
- Plan for a high degree of interoperability with DOD for seamless access to data, supplementary information, and delivery of service.

(Cross Reference: Recommendation M-12)

ROLLOUT OF IT APPLICATIONS

The integration of strategic and tactical planning in developing and implementing new IT initiatives is a critical component of the claims handling and decision-making process within VBA. Material changes, enhancements, developments, and/or deletions to the IT infrastructure impact the timeliness and quality of disability claims decision-making. The Task Force has observed material deficiencies and inefficiencies in the strategic planning and tactical deployment of new and enhanced IT products and initiatives within the VBA claims processing system as VBA's own recent internal review has acknowledged. In addition, there are multiple non-integrated IT systems currently in place used to process a claim. The result has

been inconsistency in implementing IT programs and initiatives, inconsistency in decision-making, and continued delays in processing claims for veterans.

The absence of an integrated IT implementation plan is illustrated by the rollout of two software applications – CAPS and RBA 2000. These applications are neither integrated with each other nor with other applications. Based on Task Force visits to 12 Regional Offices and interviews with representatives from other Regional Offices, it is clear that the C&P workforce is not consistently using these applications because they are perceived to be labor intensive and adversely impact direct labor productivity. These applications are data-entry intensive and widely perceived as not being user friendly.

Generally, many people do not find that these applications save them time or contribute to improved processing. For example, CAPS was originally planned to include a bar coding capability to track incoming and outgoing veteran correspondence and evidence, so as to automate some aspects of what remains a labor and calendar time intensive process. The value of these bar coding capabilities had previously been demonstrated in the Claims Automated Tracking System and the COVERS application for tracking claims folders. However, these capabilities were not transitioned to CAPS. The use of COVERS to track claims folders has become inconsistent, primarily because of cumbersome security access procedures.

In July 2001, notwithstanding these problems, VBA's Office of Field Operations pushed out to the Regional Offices, a data centric claims inventory management initiative that depends on CAPS data to populate the inventory model. The inventory management model may have some value to complement existing data on pending and in-process work, but the Task Force was not provided any information to demonstrate that value. The data integrity problem arising from inconsistent use of CAPS essentially nullifies the inherent enterprise value of the inventory management model.

For the near term, the Task Force believes that VBA needs to identify the applications that comprise the core business process applications and that are mandatory for all Regional Offices to have in place. This approach would provide a common baseline to ensure that all Regional Offices are using the same technology. The Task Force understands that VBA has plans to transition its inventory of

computer workstations from Windows 95 to the Windows 2000 environment. The Task Force certainly supports this transition as being critical to achieving a core capability. However, the Task Force does have concerns related to the priority, planning, and funding of this upgrade as well as its impact on business applications such as PCGL and overall claims processing.

Further, VBA should cease enterprise efforts to implement CAPS and RBA 2000 including updates and changes. Those individual C&P staff members now using these applications should be free to continue their use. It makes little sense to continue to push new initiatives that have questionable value, but negatively impact direct labor hour availability. In the interim, VBA should develop measurable goals, objectives, and outcomes for these applications as well as revalidate the need for these applications. VBA should also develop criteria for determining when and how these applications should be fully implemented and consistently used, but only after the current backlog is under control and has been reduced to some specific level.

APPROVAL OF NEW VBA IT INITIATIVES

VBA is continuing to develop new IT initiatives that further divert C&P Central Office and IT staff and attention from solving the claims workload problems at hand. VBA is aggressively pushing *Virtual VA*, an imaging-based project, as a follow-on to a demonstration project in the Washington Regional Office. Some Central Office and Hines ITC labor effort is already being diverted to plan for this project, although it has a proposed FY 2003 start, and no data is available to demonstrate the value of the project.

In July 2001, one office in the VBA C&P Service released a Request for Proposal to initiate C&P Evaluation Redesign (CAPER), a program with the long-term goal of determining the optimal physical examination and medical evidence gathering process, while developing a model and system for evaluating disabilities. At the same time, another C&P office is partnering with VHA to create a joint office in Nashville to improve the medical examination process. These efforts do not appear to be well coordinated.

Resolution of these issues requires a better mechanism to provide oversight and direction in the development of IT. An effective oversight board would provide the means to develop a strategic plan and tactical plan in VBA. The IT Oversight Board should establish a standard protocol for accepting or declining all IT initiatives within

**CENTRALIZE
TRAINING**

VBA. The IT Oversight Board should be responsible for establishing clear objectives and be held accountable for accepting, developing, and discontinuing IT initiatives. VBA has an Information Technology Investment Board (ITIB), but it is not currently performing the necessary functions outlined above.

RECOMMENDATION: M-8

The VBA Office of Employee Development and Training should develop and be held accountable for a fully integrated training plan and program. This should include creation of a fully integrated training infrastructure (staff, resources, priorities, and requirements determination processes).

The Office of Employee Development and Training should:

- **Develop a documented hiring strategy addressing measurably effective training prior to hiring new employees in FY 2002.**
- **Develop immediately a process to certify instructors.**
- **Assess immediately the effectiveness of the recent VSR/RVSR training, including the impact on employee's performance.**
- **Hire retired VBA employees to serve as instructors and mentors for employees.**
- **Establish skill requirements and competencies for each grade level of VSR and RVSR job series.**
- **Design Training for each grade level within the VSR and RVSR job series.**
- **Certify VSR and RVSR staff as proficient at each grade level in the job series.**
- **Establish a training plan for each employee consistent with the requirements of their job series.**
- **Develop a separate Training and Performance Support System (TPSS) module for PIES, especially the NPRC service records procedures.**
- **Fully utilize the capacities of the VBA Training Academy and the VBA Orlando Instructional System Development (ISD) Training Group.**

**CENTRALIZE
TRAINING**

- **Provide broadcast training capabilities for the VBA Baltimore Academy and use the VBA satellite channel for VSR and RVSR training.**
- **Local Regional Office training coordinators should be assigned as full time positions and be made responsible for local training plans and programs. The VBA field training coordinators should be managed as a workforce receiving guidance and direction from the VBA Office of Employee Development and Training. While the local training coordinators should be accountable to the Regional Office Director, the training coordinators should be fully integrated into the ISD development and implementation process.**
- **The VBA Orlando ISD Training Group should conduct an assessment to determine the resources and structure for integrating training throughout VBA, including the ISD Training Group.**

DISCUSSION:

VBA has gone to a combination of centralized and local training, including VSR and RVSR training. This new approach, combining classroom and on-the-job training, was developed in response to the large number of new hires that required training.

VBA's current hiring pattern is not the result of a conscious strategy that is integrated into a business plan; rather, the Task Force has been informed that new employees were basically hired and placed where there was space, and where Regional Offices could hire new people. Without a hiring strategy (see *Recommendation 5-10*) and with the need to train new employees, VBA took trainers from the service centers to conduct the training. This has naturally reduced productivity significantly. VBA must develop a strategy that reduces this negative impact, which is causing major problems for the Regional Offices. First, they are trying to deal with the significant backlog of claims; and second, they are trying to train and integrate new employees. In FY 2002, VBA must develop a strategy to bring on new employees in a manner that allows for timely and effective training of new employees with minimum impact on the performance of Regional Offices.

A review of VBA's placement of new employees is also in need of a plan and strategy. Since new employees were hired based on which

Regional Office had space and could hire staff, less consideration was given to allotting a larger percentage of the new hires to better performing Regional Offices, stations with low turnover rates for employees hired in the last 5 years, and Regional Offices that have the ability to hire college graduates with high grade point averages (Outstanding Scholars). VBA needs to develop a placement strategy that takes full advantage of these considerations.

Task Force members were able to observe the VSR national training program and talk with participants in the RVSR program. While this was during the early stages of these training programs, the Task Force noted several observations concerning the VBA education programs:

- The training program was not geared to grade levels or competencies at each grade level in a job series. Employees were not certified as having the skills needed to do their jobs. Many of the instructors were not certified. In addition, VBA did not have mandatory training hours for all employees. This creates a gap for employees at the journeymen levels, as training programs are not required. No effort was made to link the learning activities to increased performance. Some measure is needed to verify the content of educational programs is achieving the learning objectives of the organization.
- VBA is in the midst of a "proof-of-concept" in building a learning management system. This type of system is mandatory for VBA as it establishes an Individual Development Plan for each employee, while tracking skill sets and learning progress. For management, the system is designed to indicate the collective skills of all employees and identify training needs and learning gaps in VBA. This type of system should be advanced as soon as possible. The proof of concept has no established date for completion or procurement.
- VBA has available a satellite channel for learning and studios to produce educational materials. More effective use of these resources would allow VBA to reach more employees with training materials. VBA should broadcast VSR and RVSR training as it is being conducted to remote sites and have interactivity between the students and the classroom site. Also, training should be videotaped and made available in each Regional Office as a resource for employees. An example of using technology to reach more students would be to give

the VBA Baltimore Training Academy broadcast capability. Courses that now require someone to travel to the Academy would be made available to the Regional Office classroom. VBA should also partner with VA Learning University and use learning materials to supplement or design learning programs.

- VBA should evaluate other learning modalities, like web-based training, and determine if this would be suitable for training. A goal for VBA should be to make all learning programs available in various modalities, so that leadership and employees have a choice in how they achieve learning objectives. This would provide a "just-in-time" learning environment.
- Currently, instructors are experts in content areas and are taken from the Regional Offices or Central Office staff. In most instances, instructors are taken away from their responsibilities of claim processing to teach the classes. In addition, new employees need direct supervision and mentoring. VBA should use contractors and retired VBA employees to provide training and mentoring for new employees.
- VBA needs to take advantage of training provided by other organizations. For example, Disabled American Veterans (DAV) has an established training program that does an outstanding job, utilizing VBA materials. VBA should evaluate the value of this program and, if acceptable, request training space.
- The Task Force was made aware that BVA spends approximately \$10,000 a year per attorney on training. BVA staff may provide training when a Board member visits the Regional Office to conduct hearings. This ad hoc approach should be replaced with a systematic and recurring training program that is pushed out to the Regional Offices by BVA and integrated into the overall training effort. BVA should be a resource for VBA and not just another step in the claims process.

VBA has been developing a training program called TPSS and several modules have been completed. TPSS is a product of VBA's Orlando Training Group's Instructional System Development (ISD),

which serves as a framework for (i) guiding the identification and breakdown of work tasks, (ii) identifying and analyzing of required skills for accomplishing the tasks, and (iii) identifying the range and depth of domain knowledge needed to perform the tasks at a certain level of performance. This framework defines a set of specifications to drive the design of the training system for a given task.

The Orlando Training Group has begun delivering TPSS computer based training modules to the field. The appeals module (May 1998 - February 2000) was the first, followed by basic rating (RVSR) modules that are still rolling out through FY 2002. The VSR package is planned to contain 15 modules, with the first 5 modules to be delivered under an accelerated schedule in the November-December 2001 timeframe with others to follow. The schedule for the advanced rating/DRO modules has not been determined. VBA has asked the Orlando staff to accelerate the VSR module deliveries scheduled from mid to late FY 2002 in order to support new hires. The Orlando staff does not believe that this acceleration has compromised quality.

The TPSS computer-based training program should include, as a separate module, training to prepare accurate requests for verification of service; for requesting service medical, clinical and hospital records; and for when and how to request service personnel records. Due to the complexity of this procedure, particularly for those veterans whose records may have been destroyed or damaged in the fire at NPRC in July 1973, this part of the training is critical. The staffs at NPRC and RMC are knowledgeable in this area, and VBA must institutionalize this knowledge before these experts retire. It is critical that this module be developed quickly, since a significant number of the over 1- year old claims are due to the inability to obtain these records.

ISD is a proven methodology and the VBA Orlando Training Group is a critical asset and resource to enhance VBA performance. VBA deserves an "A" for the initiative. The problem is that the Orlando Group's capabilities far exceed VBA's capacities to use their analyses and products effectively. For example, the ISD analysis for the VSR and RVSR positions included identification of skill and domain knowledge requirements for these positions.

**USE PROTOTYPE
SITES FOR
COMPETITIVE
SOURCING
OF
PRE-
DETERMINATION****RECOMMENDATION: M-9**

Establish prototype site(s) for outsourcing the pre-determination claims development function.

DISCUSSION:

VBA currently has large increasing backlogs in claims development, and the organization faces significant turnover in experienced staff due to retirements. At the same time, VBA is engaged in hiring and training unprecedented numbers of new staff.

Training new C&P employees pulls experienced staff out of the direct claims processing system, which leads to increased time to process claims. To address these issues, VBA should immediately establish a prototype site (or sites) to outsource part or all of the pre-determination claims development process. An evaluation should be made to determine if the results of outsourcing lead to more timely development of claims and better service to veterans.

The VA General Counsel issued an opinion on July 10, 2001, with respect to contracting out case development and collection of evidence. The opinion held that VA may contract out development of compensation and pension claims and collection of evidence for those claims. Contractors would not render decisions, and as a result, their work would not require the exercise of discretion in applying Government authority or making value judgments in making decisions for the Government.

A specialized Regional Office should serve as a comparison site for the prototype test. To provide an accurate comparison with commercial services, it is imperative to compare exactly the same specialized portion of the claims processing, i.e., the pre-determination function.

(Cross Reference: Recommendations S-8 and S-9)

**REDEFINE
CLAIMS
PROCESSING
ERRORS****RECOMMENDATION: M-10**

Redefine substantive claims processing errors as those that affect entitlement, amount of benefit awarded, and effective date of award.

Correct substantive errors and take steps to prevent future mistakes.

DISCUSSION:

Correcting substantive errors and taking steps to prevent future mistakes will require that serious material defects be identified and measured apart from the procedural defects. Veterans expect decisions on their claims that are substantively correct as to entitlement, amount, and effective date of award. Title 38 USC requires that "due process" is to be accorded to all claims and where these fundamental standards are not observed, BVA or the Court will accordingly remand the case for further processing. Substantive errors and serious procedural flaws are matters of great consequence.

Lesser errors, while regrettable and to be avoided where possible, are of a fundamentally different character. To mix the serious errors with the less significant, as has been the practice in recent years under the Systematic Technical Accuracy Review (STAR), is to obscure what is of real concern. It is the understanding of the Task Force that under current STAR program, two stations with identical error rates would be rated the same, even though one station may have a much higher rate of substantive errors than the other. Reported error rates have improved recently, although it is unclear how much of this is the result of the changing definitions of what constitutes an error.

To level the playing field and focus attention of what is important, the Task Force recommends that errors measured for performance standards be limited to those that are substantively incorrect, or be so procedurally deficient as to require a remand for cause by BVA or the Court.

**CONSOLIDATE
INCOME
MATCHING
PROCESS AT ONE
LOCATION****RECOMMENDATION: M-11**

Consolidate the function of validating reported income for the Veterans Health Administration and the Veterans Benefits Administration at one location.

Short-Term:

Establish a joint VHA and VBA Project Team to determine operational needs, and review notification letters and procedures.

Mid-Term:

Conduct joint match with IRS and SSA records.

DISCUSSION:

Since the income and net worth verification process is the same for both VBA and VHA, this procedure should be consolidated at the Health Eligibility Center (HEC) in Atlanta, GA. Consolidation would permit VA to utilize the income verification system developed by VHA, which incorporates an integrated IT system and specialized support personnel. The HEC would then forward validated income and asset information to VBA for further processing.

VBA currently matches approximately 760,000 records with the Social Security Administration's (SSA) earned (wage) income database; and approximately 660,000 records with the Internal Revenue Service's (IRS) unearned (interest, dividends, and retirement) income database. VHA matches approximately 1 million records per year with both databases.

The objective of both VBA and VHA matches is to verify income information provided by veterans and beneficiaries in support of their claims for benefits and health care services. During the time period FY 1995 to FY 1999, VBA identified potential differences between income reported to VA by beneficiaries, and reported 262,000 cases to IRS and SSA.

Currently, cases with potential income discrepancies are identified and prioritized for review into one of 11 categories, based on the amount of the discrepancy. The VBA Information Technology Center in Hines refers the questioned cases to the Regional Office of jurisdiction and sends initial notification letters to the beneficiaries. The Regional Office employees review each referred case and, as necessary, validate income from the payer or beneficiary, make necessary benefit payment adjustments, and initiate action to recover overpayments.

VHA gathers income information through applications for health care. For certain veterans, the application requires the completion of information concerning their income and asset holdings (net worth). This information is compiled and sent to HEC, where income discrepancies are identified and prioritized for review, based on the amount of the discrepancy. Those with the largest discrepancies are worked first.

When a new or updated means test is conducted at a VHA facility, the means test data is automatically transmitted to HEC, along with information used to identify the veteran and spouse. The HEC Eligibility Integrity Division staff handles case development. Veterans and spouses are sent correspondence to confirm income information, and the beneficiaries are given 30 days to explain any discrepancies. If no response is received in 30 days, the HEC generates a second request to the veteran. The letters are automatically generated by the IT system. The veteran is provided extensive due process and appeal rights in accordance with prescribed regulations and policies. The HEC will not change the means test category until information supplied by IRS and SSA has been independently verified. If the verified means test results in a change to the veteran's medical eligibility status for medical care, the means test is transmitted to the VA health care facility where the billing process is initiated. Of the 1 million records matched each year by VHA, approximately 85,000 require full development for differences in reported income.

Consolidation would provide for a unit that could concentrate on ensuring the accuracy of information contained in both VBA and VHA databases and promote efficiency of operations. Examples would be:

COMMENCE ONE VA SYSTEM INTEGRATION

- n Social Security Number - In FY 1999, VBA was unable to match approximately 95,000 beneficiary files, because either the SSN or the record had not been issued by SSA (2,400 records) or secondary match criteria (birth date and name) did not match (93,000).
- n Income Level - Based upon results of data matches in both VBA and VHA, certain differences in reported income do not result in economical adjustments. For pension cases, a discrepancy amount of less than \$500 (priority code 11) is not cost effective to work and should be eliminated from follow-up. In FY 1999, there were 22,000 income level matches.

RECOMMENDATION: M-12

Utilize a System Integrator to develop an IT solution for VBA's benefit delivery system.

Utilizing the Department's Enterprise Architecture process, integrate VBA's IT system with VHA, National Cemetery Administration (NCA), and department systems.

Long-Term:

Sponsor a commission/Task Force, with representation from relevant federal agencies, to identify an enterprise solution and integration plan for the records of all veterans.

DISCUSSION:

Veterans do not see VA as different organizations, and are confused when asked to produce the same information for various VA administrations. VA information technology systems need to be integrated in order to maximize service and access to veterans and their beneficiaries. There is limited degree of integration of VBA systems into a larger VA network or IT architecture. VHA, VBA, and NCA need a mutual platform for data and the ability to exchange information as necessary. Identifying common data that is collected by each administration is the first step in appearing as *One VA* to beneficiaries.

This same problem exists with federal agencies that come in contact with the veteran. A veteran's benefit entitlement originates with entry into the military, and it continues during the time served in the military. With the exception of retirement benefits, all benefits management becomes the responsibility of VA when a service member

**ORGANIZE C&P
REGULATIONS**

achieves veteran status. Today, there is limited integration of systems between DoD, service department military records, and related federal agencies, such as Railroad Retirement Board, Social Security Administration, and IRS. The result is incomplete information and the requirement for the veteran to produce the same documents and information individually for each federal agency. Veterans deserve better service through a single enterprise system that stores their historic data for use by all federal agencies.

RECOMMENDATION: M-13

First, rewrite and reorganize the C&P Regulations in a logical coherent manner, incorporating regulatory materials now found in manuals as well as binding court precedents.

Second, rewrite operations manuals as soon as a regulatory basis for the claims process is established.

Establish a viable, user-friendly search engine to aid in the researching of regulations and procedural requirements.

DISCUSSION:

Over 20 years ago, in testimony before Congress, VA acknowledged that the Compensation and Pension regulations were in dire need of revision and organization. VA promised to clarify them and to incorporate instructions found only in VBA manuals, which were in fact, regulatory in nature. The problems identified 20 years ago remain today, and the promise to correct them is unfulfilled. The Court that was established by the Veterans Judicial Review Act, has noted the need for regulatory revision. It has termed the C&P regulations a "confusing tapestry" and criticized the presence of regulatory material in VA internal manuals. Confusing to even experienced claims examiners, this situation is particularly challenging to the many new VBA employees.

Locating all regulatory material in regulations that are rewritten and reorganized in a logical, coherent manner should be an immediate priority. Leadership for this project should be assigned to the Office of the General Counsel, which is charged with interpreting the laws and determining whether various prescriptions are regulatory in nature. Veterans Service Organizations, as stakeholders, should be solicited for input and discussion of issues. Resources needed and a timetable for accomplishing the overhaul of the regulations

should be established. If necessary, priority as to individual sections in need of immediate revisions should be assigned. These revisions should further take into account explicit changes required by various precedent court decisions, which are now found in over 14 volumes of reported cases.

Once the regulatory basis for the claims process is established, the operating manuals should be rewritten to reflect the new operational guidance. This information should also be promulgated in an electronic format, easily accessible by a user-friendly search engine.

ESTABLISH CALL CENTERS

RECOMMENDATION: M-14

Establish several General Inquiry Call Centers nationwide to handle routine and general case status questions.

DISCUSSION:

The Task Force found that there is a plethora of methodologies used to answer veteran telephone inquiries at the Regional Office level. In all of these instances, the VSRs were diverted from claims decision-making for varying amounts of time depending on the number of calls received. Although this leads to lower blocked and abandoned call rates, fewer decisions are made, which in turn produces even more calls from veterans checking on the status of their claims. In order to reduce the claims backlog, relief must be provided to the VSR involved in claims decisions. The best service VA can provide veterans is to make timely, quality decisions on their claims - something that is more difficult to provide if the VSR is constantly interrupted by telephone calls. From October 2000 through July 2001, VBA received 7.7 million calls, of which 226,000 were blocked.

The Task Force has been informed that approximately 50 percent of current telephone calls from veterans and beneficiaries are of a general information nature. By redirecting these calls to one or more Call Centers, available direct labor hours will increase, which will allow uninterrupted decision-makers to concentrate on the complex decisions before them. This will result in more timely and quality decisions.

As many as 25 percent of the current telephone calls from veterans and beneficiaries involve claim status or basic adjudication questions. These calls could also be handled at one or more Call Centers. The IT programs currently in use (i.e., BDN, COVERS, and CAPS) should be sufficient to answer these calls. The VSRs located at the Call Centers should also be trained on change of address procedures, basic dependency changes, and other routine procedures without referral to the Regional Office.

The balance of calls would become the responsibility of the Regional Office with jurisdiction. The call could be "warm" transferred - that is, the Call Center VSR speaks to the VSR at the Regional Office, provides them the necessary information regarding the caller and the issue involved, and then transfers the call to the Regional Office. Another option is to e-mail the information to the Regional Office of jurisdiction for subsequent call back by the VSR or the team handling the veteran's claim.

The possibility of handling claim status calls via an interactive voice recognition system similar to that used in private industry should also be explored. There are many versions currently available with a proven history of compatibility with various databases, which are essentially off-the-shelf and could be utilized with minimal expenditure. These programs would retrieve information from the CAPS database to give the caller the most current claim status information, including what evidence has been received and what documentation is still needed.

All of these strategies are currently used in private industry. An independent study by outside experts would provide VBA with the costs and benefits of establishing these Call Centers, which could be easily obtained given that the use of call centers is widespread in the private sector.

Appendix A

Department of Veterans Affairs (VA) VA Claims Processing Task Force

Membership Information

Daniel Cooper, VADM U.S.N. (Ret)
Chairman
VA Claims Processing Task Force
Wyomissing, PA

Kay Roberts Clowney
Retired VBA Regional Office Director
North Little Rock, AR

Ken Wolfe
National Service Director
Disabled American Veterans
Washington, DC

Dr. Dale Block
Consultant
Pittsburgh, PA

Frederico Juarbe, Jr.
Director, National Veterans Service
Veterans of Foreign Wars
Washington, DC

Mike McClendon
Consultant
Greensboro, GA

Guy McMichael
Acting Principal Deputy Assistant Secretary
for Information and Technology
Department of Veterans Affairs
Washington, DC

Robert Gelb
Consultant
Doylestown, PA

Stan Sinclair
Director, VA Learning University
Department of Veterans Affairs
Washington, DC

Carolyn Hunt
Director, VA Regional Office
Lincoln, NB

Daniel Umlauf
Service Center Manager
VBA Regional Office
Roanoke, VA

Dr. Steven Oboler
Clinic Director, C&P Unit
VA Medical Center
Denver, CO

John O'Hara
Task Force Executive Director
Designated Federal Officer
Department of Veterans Affairs
Washington, DC

Michael Slachta
Assistant Inspector General
Office of VA Inspector General
Washington, DC

TASK FORCE CHARTER**Department of Veterans Affairs (VA)
Claims Processing Task Force**

A. Task Force Designation:

Department of Veterans Affairs (VA) Claims Processing Task Force.

B. Objective and Scope of Task Force Activities:

- The VA Claims Processing Task Force will assess and critique the Veterans Benefits Administration's (VBA) organization, management and processes in order to develop recommendations to greatly improve VA's ability to process veterans' claims for disability compensation and pension.
- The Task Force will propose measures and actions to increase the efficiency and productivity of VBA operations, shrink the backlog of claims, reduce the time it takes to decide a claim, and maintain or improve the validity and acceptability of decisions.
- The Task Force will evaluate the potential benefits of improving the information technology on VBA claims evaluation and propose improvements.
- The Task Force will evaluate the procedures and processes for deciding veterans' appeals of VBA rating decisions.
- The Task Force will evaluate and consider changes to the Veterans Health Administration medical examinations in order to better coordinate with the Department of Defense, better utilize military "detachment physicals," and expedite the veteran's entry into the VA system.

C. Period of Time Necessary for the Task Force to Carry Out Its Purpose:

The Task Force will report its initial findings and recommendations in approximately 120 days after being constituted.

D. Officials to Whom the Task Force Reports:

The Task Force will report its findings and recommendations to the Secretary.

Appendix B

Department of Veterans Affairs (VA)
Claims Processing Task Force
Page 2

E. Organization Responsible for Providing Necessary Support to the Task Force:

The Assistant Secretary for Policy and Planning will provide administrative support as required for the Task Force. VA Administrations and Staff Offices will provide pertinent information and render appropriate levels of support to the Task Force.

F. Duties of the Task Force:

The Task Force will identify and recommend to the Secretary steps that VA can take to increase productivity, reduce processing times, and shrink the disability claims backlog without compromising either the accuracy of decisions or service to veterans.

G. Estimated Annual Operating Costs in Dollars and Staff Years for the Task Force:

Dollar Cost: \$100,000
Staff Years: 2

H. Size and Terms of Task Force Membership:

The Task Force will be comprised of nine (9) to twelve (12) members who will serve for the duration of the Task Force. Selection criteria for Task Force membership will be based on expertise in organizational assessment, functional analysis, and improving operational processes. Attention will be given to equitable geographic distribution and to ethnic and gender representation.

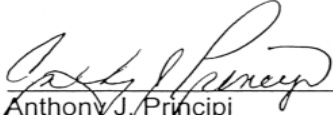
I. Frequency of Task Force Meetings:

The Task Force will meet as frequently as necessary to accomplish its mission.

J. Task Force Termination Date:

The Task Force will report its initial findings and recommendations to the Secretary in approximately 120 days after it is established. The Task Force will submit a formal report to the Secretary on its findings and recommendations and terminate not later than 1 year after it is established.

K. Date Task Force Charter Filed:

Approved: 
Anthony J. Principi
Secretary of Veterans Affairs

Date: MAY 22 2001

Appendix C

Fact Finding Sessions**DEPARTMENT OF VETERANS AFFAIRS (VA)
CLAIMS PROCESSING TASK FORCE**Monday - April 16, 2001

Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:05	Secretary's Remarks and Charge to Task Force	Honorable Anthony Principi Secretary of Veterans Affairs
9:20	Chairman's Remarks	Admiral Daniel L. Cooper Task Force Chairman
9:30	Member Introductions, and Role of the Committee	Task Force Members
10:15	Overview Briefing on Department of Veterans Affairs	Dennis Duffy Office of Policy & Planning Mark Catlett Office of Management
10:45	Review Charter and Draft Operational Plan	Task Force Members
11:30	Overview of Administrative Issues	John O'Hara Task Force Executive Director
1:10	Briefing on the Veterans Benefits Administration	Joe Thompson Under Secretary for Benefits
3:30	Overview briefing on findings and recommendations of the Veterans' Claims Adjudication Commission	S. W. Melidosian Chairman, Veterans' Claims Adjudication Commission
4:30	Develop Information Requests	Task Force Members

Tuesday - April 17, 2001

Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:05	Briefing on the National Academy of Public Administration's Report on Management of Compensation and Pension Benefits Claim Processes for Veterans	Milton Socolar Panel Chair, Chris Wye NAPA Senior Research Assoc
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Appendix C

10:30	Overview briefing on findings and recommendations from General Accounting Office on veterans' claims processing, best practices, and modernization issues.	Cynthia Bascetta GAO Associate Director for Veterans' Affairs and Military Health Care Issues
1:00	Discuss charter Discuss operational Plan Develop initial summary of issues Refine list of data requirements Establish future meeting schedules	Task Force Members
2:00	Adjournment	Chris Yoder Counselor to VA Secretary

Wednesday – May 9, 2001

Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:00	Opening of Fact Finding Session	Admiral Daniel L. Cooper Chairman, Task Force
9:10	Comments from Veteran Service Organizations	American Legion AMVETS Disabled American Veterans Paralyzed Veterans of America Veterans of Foreign Wars Vietnam Veterans of America
10:30	Comments from National Association of State Directors of Veterans Affairs	John King Chairman Subcommittee on Benefits
11:25	Comments from American Federation of Government Employees	Michael MacDonald AFGE President Nashville VA Regional Office
1:05	Panel Discussion on C&P Medical Examinations	VBA and VHA
2:30	Briefing on Board of Veterans Appeals	E. Clark, Chairman, BVA
4:30	Adjournment	

Appendix C

Thursday – May 10, 2001

Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:05	Comments from Congressional Committees on Compensation and Pension Benefits Claim Processes	House and Senate Veterans Affairs Committee Staff
10:30	Briefing from Social Security Administration on Disability Claims Processing	Sue Roecker Senior Advisor to the Commissioner Bob Emrich Director, Federal Disability Determination Services Bill Taylor Deputy Associate Commissioner for Hearings and Appeals
1:05	Overview on Principles of Cycle Time Reduction – Approach, Benefits, and Recommendations	Dr. Ernest Nichols Director, FedEx Center for Cycle Time Research
2:40	Using the Principles of Cycle Time Reduction in VBA	Rick Nappi Deputy Under Secretary for Benefits
4:00	Task Force Discussions	Task Force Members

Tuesday – June 5, 2001

Room 530, 810 Vermont Avenue, Washington, DC - Session Closed to the Public

9:00	Subcommittee Discussions on Focus Areas: Process, Training, IT, Personnel, Quality Assurance	Task Force Subcommittees Rooms 528, 530, 532
1:00	Review of C&P Claim Folders and Discussion of Medical Information Status of Managing C&P Claim Folders	Claims Processing Task Force Room 530
4:00	Ethics Briefing	Office of VA General Counsel
4:30	Adjournment	

Appendix CWednesday – June 6, 2001

Omar Bradley Conference Room, 810 Vermont Avenue, Washington, DC

9:00	Opening of Fact Finding Session	Admiral Daniel L. Cooper Chairman, Task Force
	Comments to Task Force	Deputy Secretary Mackay
9:10	C&P Audit Findings, Assessments, and Comments on C&P Program	Office of VA Inspector General
10:45	Private Sector Experiences in Conducting C&P Medical Examinations	QTC, Incorporated Steeve Kay, President, QTC Marjie Shahani, Project Manager
12:30	Update on VBA Workload and Progress to Reduce Backlog Discussion of Operational Issues and other C&P Topics	Rick Nappi Robert Epley Joe Thompson
2:45	Briefing on C&P Budget Formulation and Budget Execution	John McCourt Jim Bohmbach Mike Walcoff
4:15	Adjournment	

Monday – July 9, 2001

Room 830, 810 Vermont Avenue, Washington, DC

11:00	Opening of Fact Finding Session	Admiral Daniel L. Cooper Chairman, Task Force
11:05	Briefing on Selected C&P Customer Satisfaction Results	Lynne Heltman Director, Survey & Research VBA Data Management Office
12:30	VHA Medical Examination Process Briefings on CAPRI, CAPER, Software Development, and CPEP Initiative	Dr. Frances Murphy Deputy Under Secretary Veterans Health Administration
3:30	Adjournment	

Department of Veterans Affairs (VA) VA Claims Processing Task Force

List of Site Visits

VBA

VBA Regional Office, Atlanta, GA
VBA Regional Office, Buffalo, NY
VBA Regional Office, Cleveland, OH
VBA Regional Office, Houston, TX
VBA Regional Office, Milwaukee, WI
VBA Regional Office, Oakland CA,
VBA Regional Office, Philadelphia, PA
VBA Regional Office, Pittsburgh, PA
VBA Regional Office, San Diego, CA
VBA Regional Office, St. Paul, MN
VBA Regional Office, St. Petersburg, FL
VBA Regional Office, Washington, DC

Office of Technical Training and Evaluation - Orlando, FL
Records Management Center - St. Louis, MO
VBA Regional Data Processing Center, Hines, IL
Veterans Benefits Academy – Baltimore, MD

VHA

Bay Pines
Buffalo
Chicago – West Side
Health Eligibility Center Income Verification Center – Atlanta, GA
Houston
Milwaukee
Pittsburgh
San Diego

Other

AON Workforce Strategies
Board of Veterans' Appeals – Washington, DC
CIGNA Insurance Company
Disabled American Veterans Training Academy – Denver, CO
National Personnel Records Center – St. Louis, MO
Prudential Insurance Company
United Service Automobile Association – San Antonio, TX
UNUM-Provident – San Antonio, TX
Reliance Standard Life Insurance Company

Appendix E

GLOSSARY

AL	American Legion
AFGE	American Federation of Government Employees
AMIE	Automated Medical Information Exchange
BDN	Benefits Delivery Network
BVA	Board of Veterans Appeals
CAPRI	C&P Records Interchange
CAPS	Claims Automated Processing System
CEST	Claim Establish (establishing computer control)
CO	Central Office (Headquarters)
COVERS	Control of Veterans Records System
DAV	Disabled American Veterans
DIC	Dependency and Indemnity Compensation
DRO	Decision Review Officer
EP	End Product
CAUT	Claim Authorize (authorizing completed claim)
GAP	Generate a Print (completing a claim)
MAP	Modern Award Processing
MAP-D	Modern Award Processing – Development
NAPA	National Academy of Public Administration
NASDVA	National Association of State Directors of Veterans Affairs
NPRC	National Personnel Records Center
NSO	National Service Officer
POA	Power of Attorney
PVA	Paralyzed Veterans of America
RMC	Records Management Center (these records are in VA custody)
SDN	Service Delivery Network
SIPA	Systematic Individual Performance Assessment
SMRs	Service Medical Records
STAR	Systematic Technical Accuracy Review
TPSS	Training & Performance Support System
TRIP	Training, Responsibility, Involvement, and Preparation of Veterans Claims
UME	Unreimbursed Medical Expense
USAA	United Services Automobile Association
USDVA	United States Department of Veterans Affairs
VACOLS	Veterans Appeals Control and Locator System
VAMC	VA Medical Center
VBA	Veterans Benefits Administration
VFW	Veterans of Foreign Wars
VSO	Veterans' Service Organization/Veterans' Service Officer

**Department of Veterans Affairs
Office of the Secretary
Washington, DC 20420**