

STATE-OF-THE-ART IT SOLUTIONS FOR VA BENEFITS DELIVERY

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WEDNESDAY, MARCH 25, 2009

United States Senate,
Committee on Veterans' Affairs,
Washington, D.C.

The Committee met, pursuant to notice, at 9:37 a.m., in Room 418, Russell Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Committee, presiding.

Present: Senators Akaka, Murray, Burris, and Burr

OPENING STATEMENT OF CHAIRMAN AKAKA

Chairman Akaka. This hearing of the Senate Veterans Committee will come to order.

Aloha and welcome to today's hearing. This morning we hope to learn more about VA's use of information technology to improve the delivery of benefits to veterans. VA has invested significant resources over the years in developing IT solutions to modernize how it does business. Unfortunately, the return on our investment is considered to be mixed. This Committee has held a number of hearings on a variety of IT subjects, and stepped up oversight of VA-IT initiatives.

The current Administration has made it a priority, embracing new technology to improve the delivery of benefits. This, along with VA's move to reorganize IT,

gives me hope that we will finally see significant improvements. One focus this morning is the use of IT in VA's implementation of the Post- 9/11 GI Bill. Failure simply is not an option with this program. When VA flips the switch on August 1, 2009 to implement the new Post-9/11 GI Bill, all manual and IT systems must be in place and properly functioning so that eligible recipients get their checks on time.

At last month's budget hearing, Secretary Shinseki identified eight high-risk areas related to the implementation of the new program. I want to learn more about VA's efforts to address those problems.

The Committee would also benefit from hearing about VA's other IT initiatives, including paperless processing and the use of rules-based technology for more consistent and timely adjudication of claims.

We have done a great deal of work on disability compensation. However, timely and accurate processing of disability claims remains a problem. Hiring and training more claims adjudicators is important, but this will only take us so far. The Department must continue to work toward improving the claims adjudication process.

The results of VA's Claims Processing Improvement Study support the Administration's commitment to improve the delivery of benefits through investing in better technology.

I look forward to hearing about the details of VBA's Paperless Delivery of Benefits Initiative and how it will improve services for veterans

The processes we are looking at this morning are complex and the solutions are equally as complicated. IT can be a part of the solution, but it is not an end in itself.

I again welcome everyone to today's hearing and look forward to hearing the testimony of our witnesses.

I'd like to before I call on our Ranking Member, tell you that the lead staffer on this hearing today was Ted Pusey and it is with mixed emotion that I announce that Ted is leaving the Committee.

Fortunately for all of us, Ted is not going far. He will be working as Deputy Director of the Office of VA-DoD Collaboration at the Department of Veterans Affairs. This is obviously a great fit for Ted since he has been my mainstay on all VA-DoD issues here on the committee as we sought to ensure a seamless transition for our newest veterans. And Ted has much to be proud of.

Ted and I have covered many miles together over the years. Last fall alone we toured nearly a dozen VA and DoD facilities together; including polytrauma centers, cemeteries, regional offices and clinics and hospitals. My focus with Ted's help was to listen to employees and

managers to determine if they had the resources to do their jobs. And we looked at technology to improve the delivery of benefits and services.

Ted I hope you don't mind that I will continue to work with you on our shared quest for improved VA-DoD cooperation and collaboration. After all, you are part of 'ohana, our family.

So thank you Ted. Just stand up and say aloha.

[Applause.]

Chairman Akaka. Now I would like to call on our Ranking Member for his opening statement.

OPENING STATEMENT OF SENATOR BURR

Senator Burr. Thank you Mr. Chairman and my congratulations to Ted as well. It's hard to believe you are only 32 years old. The Chairman has aged you very quickly.

Aloha Mr. Chairman. Welcome. And I welcome our panel today.

One of the Department of Veterans Affairs' most important missions is to provide timely and appropriate benefits to veterans and their families. Yet, for far too long, the VA's claims processing system has been challenged by large backlogs and long delays.

We are well aware of what these challenges mean for veterans back home regardless of the state we come from. In

North Carolina I frequently hear how frustrated veterans are with the long, confusing process.

Over the years, a patchwork approach has been tried to improve the claims processing system, and yet the problems and frustrations continue. I believe that more fundamental changes are necessary, and state-of-the-art IT solutions must be part of that change.

Our nation continues to welcome home our newest generation of veterans. Many of these courageous men and women are used to cutting edge technologies. In fact, many have not known life without that technology. VA's benefits system must begin to make the necessary changes to meet 21st century's demands by moving to a paperless benefits system, my hope is that we can reduce the inefficiencies in the claims process, lessening the frustrations of veterans and their families, and better enable veterans to access their benefits.

As a member of Congress I went paperless eight years ago from a standpoint of that little thing in everybody's pocket that tells them where they are supposed to be in the next hour and in the next day. Three years ago my office went paperless. I was a scary thought. The truth is today I know I can walk into any office with a computer and I can find out what caseload any individual in that office has. I can check what incoming mail they have gotten. I can see

whether they have processed it. I can see what is delayed.

More importantly, I can assess the effectiveness of that employee. Not just my office, that specific employee based upon whether there is too much that is going to them or whether their productivity does not meet the level of other workers.

In the 21st century that has to be a tool that an agency like the Veterans Administration can and must use and we cannot do that until we are paperless 100 percent.

I look forward to hearing from our witnesses today about VA's progress in moving away from the paper-based claims process to an electronic system that will better serve our veterans that I think will better serve our nation's veterans.

VA's electronic health records are a prime example of the incredible benefit that state-of-the-art information technology can yield. I hope that veterans can soon benefit from a modern, electronic system for benefits as well.

Also, I hope that the VA will draw from the many lessons it has learned over the years to make sure that implementation of the Post-9/11 GI bill goes smoothly. The last thing our veterans need, after sacrificing so much to our nation, is to encounter confusion, frustration, or delay in accessing their well-earned education benefits. We owe them much more than that. So, I look forward to hearing

from today's witnesses about how VA will have this program up and running by August the 1st.

Mr. Chairman, I thank you for holding this, what I think is a vitally important hearing and I look forward to working with you and other members throughout the year to facilitate anything that the VA might need.

Thank you.

Chairman Akaka. Thank you. Thank you very much Senator Burr. Now I would like to call on Senator Murray for her opening statement.

OPENING STATEMENT OF SENATOR MURRAY

Senator Murray. Thank you very much Mr. Chairman and Senator Burr. I really appreciate your holding this hearing on IT solutions for benefits delivery at the VA and I want to thank our witnesses who are here with us, the Committee today. All of you are on the frontlines as we attempt to transform the VA into a 21st century organization and I look forward to hearing your testimony today.

I am eager to learn more about the VA's plans to leverage the power of IT to improve the quality and timeliness of our benefits delivery because our veterans deserve no less. We have already seen what the VA is capable of when it uses IT effectively to serve our veterans. Its electronic health records have improved the quality of healthcare for veterans, while at the same time

reducing the cost of delivery.

VA has proven effective at providing accessible medical information and ensuring continuity of care for our veterans.

Mr. Chairman I'm especially interested in hearing about the current status of the plans to deliver the benefits that were promised under the Post-9/11 GI Bill. Those veterans who served on our behalf since September 11, 2001 have earned those benefits and they have a right to expect them on time. The VA cannot be a day late and a dollar short when it comes to those important educational benefits that our veterans are expecting. I think we're all aware that we are less than five months away before the new benefits become effective. And I recognize that the implementation of benefits delivery is challenging, but because of the compressed timeline and changes to the payment structure I look forward to hearing from the VA, especially about the two-part IT solution that they are working on to ensure that our veterans get their GI benefits on time.

Mr. Chairman we know from previous hearings that we have had that staffing alone won't solve all of the problems associated with the VA's benefits delivery process despite the real progress that we have made in staffing up the VA a lot more needs to be done. So I look forward to hearing from our witnesses today and thank you for all of your work

on behalf of our veterans and I would just add my thanks to Ted as well as he moves onto his new position. I wish him the best of luck and look forward to working with you.

Thank you Mr. Chairman.

Chairman Akaka. Thank you very much Senator Murray and let me call on Senator Burriss for his opening statement.

OPENING STATEMENT OF SENATOR BURRIS

Senator Burriss. Thank you very much Chairman Akaka and Ranking Member Burr.

I would like to extend my warm welcome as well to the panelists and good luck to you Ted as you head out for greener pastures. You are going to be in trouble leaving our chairman, he is the guru of all of us so do not forget to check with him. Okay? And he will help you out.

Two weeks ago I along with fellow members of the Illinois delegation met with Secretary Shinseki in the North Chicago Veterans Medical Center in North Chicago and I was very pleased with our discussion that afternoon. The Secretary and I share a commitment to providing the best care in the world for our veterans.

Specifically, we discussed ways to streamline the disability claim process and quickly implement the Post-9/11 and the VBA IT initiatives. It was a productive meeting and I look forward to much progress in these areas.

One thing that I think we have to remember in this

discussion is that the IT should always help us to deliver the best results possible to our veterans. We cannot get bogged down in creating processes and rules for IT and lose focus on the mission that we serve. Improving IT will not solve the claim backlog or ensure that the GI Bill reaches every eligible veteran.

We have to make sure we use these systems more efficiently. We must make sure that the personal element that is involved in these systems and not relying on computers to solve our veterans' problems.

So unfortunately Mr. Chairman and members of the panel I am going to have to duck out for another hearing, but my staff and I are focused on this issue and I will be submitting my statement and questions for the record to make sure I am on top of this IT issue for our veterans. We must make sure that it works, but we have to keep the human element in here and make sure they do not get lost in the computer system as they have gotten lost in some of the paperwork and the backlog that we are experience.

Thank you very much Mr. Chairman.

[The prepared statement of Senator Burris follows:]
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Chairman Akaka. Thank you very much Senator Burris.

I now welcome Acting Assistant Secretary Stephen W. Warren to our first panel. I really appreciate your being here today. Joining Mr. Warren is the Director of the Office of Education Service in VBA, Keith Wilson.

I thank both of you for joining us today and your full statements will appear in the record of this committee. Let us begin with Mr. Warren. Will you please begin with your testimony.

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STATEMENT OF STEPHEN W. WARREN, ACTING ASSISTANT
SECRETARY, OFFICE OF INFORMATION AND TECHNOLOGY,
DEPARTMENT OF VETERANS AFFAIRS

Mr. Warren. Good morning Chairman Akaka, Ranking Member Burr, and Members of the Committee, I would like to thank you for the opportunity to testify today on the use of Information Technology to enhance claims processing within the Department of Veterans Affairs.

I would like to specifically address IT issues dealing with the implementation of the new Post-9/11 GI Bill and how it relates to the current delivery of education benefits, as well as the challenges of delivering benefits in the future.

On June 30, 2008, the Post-9/11 Veterans Educational Assistance Act was signed into law. The legislation provided that the new provisions of law would become effective on 1 August of this year.

In order to insure our ability to implement this new program and make benefit payments on a very aggressive time schedule, we launched an effort to implement an augmented manual approach as an interim solution.

Before describing this interim solution, I would like to assure you that we are on schedule. There are three components to this interim approach: the Front End Tool and a Back End Tool, which I have described in more detail in my written testimony. In addition, there are modifications to

10 existing systems that support the claims and decision-making process. This interim solution will be in place until a more robust, long-term solution is developed, which is projected to be deployed no later than December 2010.

Before discussing the long-term solution I would like to highlight several key milestones established in order to meet the August 1 target date.

We recently deployed our Eligibility Production Tool on March 9, the first phase of this interim solution, enabling us to deliver the capability to accept applications and electronically store eligibility and entitlement information. For the 10 respective supporting systems, supporting system modifications had been made and are in production. We are on track to meet the August 1, 2009 target date.

Turning to the Long Term Solution. This is a more robust approach that will provide an end-to-end, seamless integrated claims processing system utilizing a rules engine, tight data integration strategies, and implementation of a well-defined Service Oriented Architecture. Once the long-term solution is deployed, it is envisioned that other Education Service benefits and systems will be modernized and migrated. This will ensure that all Veterans, will benefit from this technological advancements.

VA is aware of the risks associated with this project and has developed several strategies to deal with those risks. A co-located, cross-functional Integrated Project Team has been put in place. A development approach using agile processes is being utilized. Defined requirements were locked down at the start of this process and a comprehensive governance structure starting from the Under Secretary and myself all of the way down to the day-to-day project manager is in place and is being utilized.

As you are already aware an outside an outside consultant was hired to conduct a "Quick-Look" at our program to provide the Post-9/11 GI Bill educational benefits. This study validated our present approach and business processes. It, however, highlighted eight additional risk factors that we have dealt with.

The study also validated that the Chapter 33 project was considered "high risk" from the moment of enactment and will remain as such due to the compressed timeframe and volume of work that needs to be accomplished.

Mr. Chairman, in closing, I want to assure you that we remain steadfast in our efforts to continuously optimize any and all information technology improvements as we strive to improve our Veterans' benefits IT environment. Our goal is that these efforts, coupled with VBA's partnership and the support of private industry, we will greatly improve the

technologies used to support the business processes that will significantly enhance the delivery of benefits to our Nation's heroes.

Before closing, in concert with your comments about Mr. Pusey, on behalf of the Department I would like to bid Mr. Pusey farewell and thank him for his time and tireless service to our veterans and our nation. I would like to hand over to Mr. Wilson and then answer questions when he has completed.

[The prepared statement of Mr. Warren follows:]

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Chairman Akaka. Mr. Wilson.

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STATEMENT OF KEITH M. WILSON, DIRECTOR, EDUCATION
SERVICE VETERANS BENEFITS ADMINISTRATION

Mr. Wilson. Good afternoon Chairman Akaka, Ranking Member Burr, and Members of the Committee. I appreciate the opportunity to appear before you today to discuss the Department of Veterans Affairs strategy for implementation of the Post-9/11 GI Bill. My testimony will address the information technology solutions being pursued by VA and the implementation of the Post-9/11 GI Bill, as requested by the Committee.

The processing of VA education benefits for the existing benefit programs is generally accomplished through the Benefits Delivery Network, the BDN. This system, although aging, has been modified to support many of the changes in benefit programs over the years; primarily because the basic payment structure for the programs has not changed. The basic structure is one of payments made directly to veterans or service members based on an established full-time rate, adjusted by the number of credit hours attended by the individual.

The Post-9/11 GI Bill significantly changes the administration of the education benefit in a number of ways. No longer are benefits paid only to the claimant, but to both the claimant and directly to the educational institution. Further, instead of a single payment being

made based on a single calculation for the number of credit hours enrolled, VA is required to make three separate payments: tuition and fees, a housing allowance, and a books and supplies stipend.

These payments are not based solely on hours enrolled, but also on the geographic location of the claimant's school. Because of these major differences, VA had no immediate IT solution available to accommodate this new benefit program, and modifications of the existing BDN system to provide a comprehensive solution was not possible by August 1, 2009.

Our short-term strategy to implement the Post-9/11 GI Bill consists of a two-part IT solution; a fiscal payment system which uses the existing Benefits Delivery Network to issue payments, and a Front End Tool to be used by VA claims examiners to augment the manual adjudication of the claims.

We are using internal VA-IT staff to build the needed payment processing and delivery mechanisms within the BDN fiscal payment system. This functionality will allow for entry of all payment types including recurring payments for the housing allowance, and provide auditing, account trails, and some reporting capabilities to meet finance and budgetary requirements.

The Post-9/11 GI Bill Front End Tool will augment the manual process, providing additional support that is

accessible by processors at our Regional Processing Offices as well as VA Central Office. The VA Office of Information and Technology is delivering the functionality of the Front End Tool in three phases.

Phase 1 of this effort delivered the capability to accept applications and electronically store eligibility and entitlement information that claims examiners enter manually. Phase 2 will add specific data elements for processing claims under the transfer of entitlement provisions of the law, provide the capability to perform payment calculations for school enrollment periods, and contain additional field validations. Phase 3 will add the capability to perform calculations for aggregating service periods and determining entitlement amounts under the benefit. Phase 1 was successfully deployed on March 9, 2009.

The functionality for Phase 2 of the Front End Tool is expected to be available for use by VA claims examiners on July 6, 2009. The Phase 2 supports payment calculations based on enrollment data; this availability date coincides with the planned production availability for the BDN payment functionality. Phase 3, will include our lowest priority functions having the least impact and will be delivered by the end of September 2009.

In addition to the modifications to the BDN fiscal

payment system, VBA is working with system developers from OI&T, to enhance key existing IT systems. For example, VA-ONCE, an application that allows school certifying officials to transmit enrollment data electronically to VA, is being modified to accommodate the reporting requirements of the new program. It is important to remember that this IT approach is a short-term solution that we expect to retire in December 2010, when the new replacement system that will be used for the long term is deployed in cooperation with our partners at SPAWAR.

Our long-term strategy to implement the Post-9/11 GI Bill will rely on support from SPAWAR, to design, develop, and deploy an end-to-end solution. This end-to-end solution will utilize rules-based, industry-standard technology for the delivery of education benefits. The Post-9/11 GI Bill contains eligibility rules and benefits determinations that will work well with rules-based technology.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or any members of the Committee may have.

[The prepared statement of Mr. Wilson follows:]

Chairman Akaka. Thank you very much Mr. Wilson.

My first question is to you Mr. Wilson. I understand that even though the new education program becomes effective on August 1, the first payments will not be made until September 1. Is that correct?

Mr. Wilson. The first payments that will go out to the veterans will be payments for training received at the end of the month following the month that they are first enrolled.

Since most enrollment periods will begin in August around September 1, we will cut the first monthly housing allowance check for the training time, attendance time during September. So the answer would be yes, that would be the first partial check. The first full housing allowance check will be generated around October 1.

Chairman Akaka. How are the veterans being made aware of this information?

Mr. Wilson. We have a multi-phased, redundant process in which we are communicating with veterans. Our normal outreach processes are in place and we do and have done for years, four direct mailings to service members while they are on active duty.

One mailing 12 months into active service, another 24 months, and the third six months prior to separation, and then a fourth direct mailing at separation. In addition to

those direct mailing we have two initiatives underway. One will be a direct mailing to all service members that had at least 30 days of Post-9/11 service. That's about 2.1 million individuals, we expect that to be completed in about the next month or so.

We're also doing a direct mailing to all active duty members currently on active duty and that will go out either as a hard copy or potentially through DoD's e-mail system to all active duty members. In addition to that we have in place our existing outreach mechanisms with organizations such as the State Approving Agencies.

The State Approving Agencies have been under contract to VA for decades and one of their missions is outreach directly to individuals and schools within their states.

Chairman Akaka. I'm sure in your strategizing for this that you can see that there are many errors, this question is for both of you. Do you anticipate that there will be some unavoidable errors? If so, what is the mechanism in place to fix these errors quickly and to repair the underlying issue which caused the error?

Mr. Wilson. From a claims processing perspective, I think it is fair to say that there will certainly be errors. Our accuracy rate right now for adjudicating education claims is about 96 percent, a 96 percent payment accuracy. That is our goal for this year as well and we are not

prepared to back off that goal.

We process about 1.6 million education claims a year, 99.9 percent accuracy would mean some are still incorrect. We will go to the ends of the earth to make sure that we are not making erroneous payments. Most specifically we have been underway for months within VA training both our existing staff and the 530 additional people we have hired to adjudicate these claims on this benefit. That has been underway for some time.

Additionally, we have in place a two-step authorization process before we actually award benefits. So any individual, any claims examiner that makes the initial determination will have that decision sent through a seasoned authorizer before we actually authorize the payment and notify the veteran. So I believe we have got a robust mechanism in place on the front end. On the back end we will continue to have our oversight mechanisms in place in terms of auditing claims for quality and as we spot any trends we will implement corrections to those errors into our training programs.

Mr. Warren. Turning to the development process, if I may Mr. Chairman.

Chairman Akaka. Mr. Warren

Mr. Warren. One of the things I had mentioned in my comments was that we had moved to an agile development

process. So we had broken the tradition of put together requirements and then develop for months and months and months and months and then deliver a product and see if it works.

What we have changed with this program, is we are incrementally developing it and testing it as we go down that path so we do not find out at the end when we actually need to deliver, whether the system will work or not. We are testing it on a very routinized basis, sometimes daily, mostly on a weekly basis. Lay it out, make sure it works. The end users are testing it and anything we find that is wrong, we immediately go back and fix. So it one of the reasons we have been able to move relatively fast on this Mr. Chairman.

Chairman Akaka. That you for you responses.

Senator Burr.

Senator Burr. To either one of you, give me an idea of how many claims you expect to receive this fall and what you anticipate the average number of days to be of processing those claims.

Mr. Wilson. We anticipate about a 20 percent increase in claims volume, which would translate into a total recipient pool of about 450,000 claimants during a given year. And we track that normally over a year period, so we are talking about that volume over the first year of the

program essentially.

Our average processing timeliness goals for this year are 24 days. We established those goals before this program was implemented; however, we are not prepared to back off those goals. We believe that is still something that we should aggressively work through. We have confidence that we can meet those days. So 24 days for original claims. For a supplemental claim, which is a re-enrollment type of claim, 10 days is our goal for those. And again, 96 percent accuracy continues to be our goal.

In terms of the specifics concerning the volume in the fall as you asked, generally speaking historically about 60 percent or so of our totally folks that we pay over a year period are receiving benefits during the first quarter of the year. Our students make not necessarily attend the first time in the fall, it could be the spring or the summer period.

Senator Burr. Okay. The "Quick-Look" study that you mentioned in your testimony found, and I quote, "because resources are limited, time is short, and requirements unstable, there is a risk that the quality of Phase 1 product will be compromised to meet the phase 2 requirements."

In response to that General Shinseki recently testified in front of the Committee and I will quote him; "All of

that's true, but we are where we are and we're working to improve on those things."

Now if there is a problem with Phase 1, what impact would it have on veterans and their families applying for benefits? Number one. And two, would this problem increase the error rate in processing those claims?

Mr. Warren. If I could Senator Burr. The "Quick-Look" study was prior to March 9 and the Phase 1 they were referring to was delivery of that piece of the system on March 9. We met that schedule. The system came online and is being used for training for the examiners. So the risk that was identified; we dealt with, we overcame, and we delivered.

The risk is still high throughout the project. It is one of the reasons why the project team are basically there in one room. They are in a continuous meeting from dawn to dusk. It is not people all over the VA complex. They are a co-located, integrated team, Education Service folks, Benefits folks, and IT folks working this project day in and day out.

I meet with the Under Secretary every week. We run through what is there. To manage the risk, to make sure that if there is any risk we are aware of it and we are putting in place controls and contingencies to deal with them. In this case, there was a high risk, we delivered on

schedule. That high risk continues throughout the project, we are managing it and monitoring every single day so it does not get in the way of delivering of those benefits to the veterans and their families.

Senator Burr. Share with me if you will, the claims process employee will do some things manually. What?

Mr. Wilson. Yes. The work that they are going to be doing manually that they would not have been doing previously, is populating the information in the Front End Tool. The Front End Tool is an IT application that for Phase 1 will store the information that we will use when we are making the eligibility determination. As Mr. Warren indicated, that tool has deployed. Our employees are being trained on that tool right now.

From the veterans perspective, what they are going to see as a result of that tool is on May 1, we expect to begin receiving applications so that we can issue certificates of eligibility to claimants and it will be the information that we receive from that claimant as well as the eligibility information that we receive from DoD that we will be populating into that tool, because there will not be that capability to pre-populate the information early on.

Senator Burr. Mr. Warren you said that in areas that have risk that safeguards are in place. What safeguards do you have in place for the manual process that these claims

processors go through?

Mr. Warren. If I could Senator, the controls that are in place from the risk, for the manual entry, is the two-step process that was discussed in terms of having a seasoned examiner review the decisions made by the individual entering the information in.

As we have gone forward with this augmented manual approach that we are using, IT tools to assist in this process; we have made adjustments to it. As an example, when we first started out it was all manual entry by the Education employee. Since then we have been able to implement a secondary system which actually reaches into existing databases a pulls forward any information that already exists on that veteran, either from DoD or from ourselves.

So what we have been doing is looking at how do we decrease the quality errors that are possible as a result of manual entry? So now it is down just to new individuals for which we do not have information or it gets entered in and then we have a two-step process, if you will, where somebody makes sure all of the information is correct. No errors were made and that the check for the appropriate amount is going out.

Senator Burr. A hypothetical and I ask my colleagues to bear with me for one second and that way we will not

require a second round.

Let us accelerate if we can to the fall.

Mr. Warren. Sure.

Senator Burr. I am a veteran. I have got an education benefit. I have chosen my school. I show up at school, tuition had not been paid. Registrar says, "You are not enrolled." What happens and how long does it take?

Mr. Wilson. Perhaps the best way to address that first is walk through the process that a veteran will experience. Beginning May 1 we will begin issuing Certificates of Eligibility. The next step--

Senator Burr. I realize how we have got this timed out. But I am asking you to skip over everything.

Mr. Wilson. Okay.

Senator Burr. Assume that everything that we have done, every communication that we have had has suggested to veteran, hey you are approved, everything is happening.

The simplest of things did not happen. There was not a transfer of money from the Veterans Administration to an institution and the reality is, as a parent with one in college, is you do not have long to fill the financial obligation. They do not accept you on "the check is in the mail".

What does a veteran do and how quick are those safeguards to address that enrollment challenge?

Mr. Wilson. The mechanism we have in place right now, which is the same mechanism we have had in place for some time is when the school submits the enrollment information to us, that is the cue to us to transmit the payments. In this case under the new program it will transmit multiple payments. The tuition and fee payments will begin going out July 8, the housing allowance payments will begin going out August 3.

If there were something that prohibited those checks from going out, I guess I am struggling a little bit with perhaps what that would be because we are using our existing payment mechanism to send the checks in the same--

Senator Burr. Listen, there is nobody that is rooting for you more than we are.

Mr. Wilson. I understand.

Senator Burr. Because the point on your timeline that I have just mentioned is where we get involved.

Mr. Wilson. Right.

Senator Burr. We are the ones that get the call right after you get the call from the Registrar's Office that payment had not been made. And I would only ask you in the search for thinking through the whole process, that the law safeguard is what in the hell do we design that meets that day that a veteran shows up and for some unknown reason a payment has not been made to somebody who is eligible?

Mr. Wilson. The first thing they do is call us, 888-GIBILL and make us aware. That is the very first thing that they do.

Senator Burr. And I would hope that at some point you could share with us what you have instructed whoever answers that phone to do and what the timeline is or the expectation is for the hours that that will be addressed, not days.

Mr. Wilson. Yes, understood. And I can get that information to you Senator, it is the same process that we have in place now. Obviously, we generate millions of checks; some of them do not show up. So we do have an existing process to handle that.

Senator Burr. Thank you.

Chairman Akaka. Thank you Senator. Senator Murray.

Senator Murray. Thank you Mr. Chairman.

Mr. Wilson, the current economic climate is affecting everybody including our veterans who are coming home, our men and women who are coming home and their ability to get a job out in the current climate is very tough. Do you expect that to impact the number of service men and women who will ask for Post-9/11 GI Bill help?

Mr. Wilson. There will certainly be impacts on an individual level. Statistically how that would impact us in terms of the administration of the program as a whole concerning 500,000 plus veterans is less clear at this

point. The prime driver for usage for our program, are individuals that separate from service. Generally they will begin using the program immediately or within the first two years, perhaps three years of service and then the new users will kind of taper off over the remaining ten years that they have to use the benefit.

So there is really two groups that we are serving here; individuals that have Post-9/11 service or have already service. Generally, historically 70 percent of those individuals have used some amount of their benefits already. So there are folks out there that will still have unused benefits that could come to us that would not have otherwise. We would expect to see some increase, perhaps in there.

Senator Murray. And are you ready for that?

Mr. Wilson. I believe we are, yes.

Senator Murray. Okay.

Mr. Wilson. The other impact could be the individuals that are now potentially leaving service, which again is our prime driver, whether they will continue to make the decision to leave the service.

Senator Murray. So it could go either way?

Mr. Wilson. It could go either way, yes ma'am.

Senator Murray. Okay. Mr. Warren in the VA Inspector General's testimony last month when he went before the

House, the IG's office identified a number of concerns with the VA's IT security. The VAIG testified that their audit results, and I want to read the quote. "support that a material weakness still exists related to the implementation of VA's agency-wide information security program."

Can you tell us what the VA is doing to address those security issues?

Mr. Warren. Yes ma'am. The report was in follow up to the annual FISMA evaluation that takes place. The Inspector General identified that though we had made progress in putting together overarching programs and policies, that at the site level the actual corrective measures were not being implemented in a timely manner.

One of the things that we have done, is we have reached out to our Chief Information Officers at each of the sites and identified for them that the specific things that are identified by ongoing evaluations and audits that are actually captured at each site are important to them and are things that they need to focus on a daily basis.

We have also gone out to them and identified to those CIOs that there are resources available to them at the local level to apply to resolving any open findings. We track every one of those open findings in a dashboard that I receive every morning where I can actually drill down from a national level to a regional level to a VISN level to a site

level to a specific medical center and track progress towards closing open actions. And it has my constant attention at that level as well as with our Head of Operations to make sure he is giving the support necessary at the local level to close those open deficiencies.

Senator Murray. And is that going to apply to the Post-9/11 GI Bill, those security measures?

Mr. Warren. Those security measures apply to all systems, all locations, all processes that the Department utilizes in the delivery of benefits and services. So it is more than just on the Health side, it is across the board. And the dashboard is a comprehensive view of every function and every activity at the Department.

Senator Murray. Okay. Thank you.

Mr. Wilson, I wanted to ask you, because I understand that private schools are waiting for the final regulations to be issued before they are going to decide whether or not to participate in the Yellow Ribbon Program.

Based on your preliminary conversations with some of these private schools, do you have any guess as to the level of private school participation in the Yellow Ribbon Program?

Mr. Wilson. I would be venturing a guess in terms of a precise number, but I can say that there has been significant interest. There has been a great deal of

interest. I would expect a lot of schools to participate.

Senator Murray. So you have had a lot of conversations and you are hearing that they are interested?

Mr. Wilson. Yes. We had sent out an informational survey to kind of poll schools to find out based on what they knew right now whether there would be interest and we received a very strong response to that request.

Just incidentally, our regulations did clear OMB yesterday so they should be published very soon.

Senator Murray. Okay. Good. All right. I just have a few seconds left, but Mr. Wilson in a hearing before the House earlier this month the VA Inspector General's Office said they were concerned that VBA may need more staff than currently planned to successfully implement the GI Bill. Do you think those concerns are legitimate?

Mr. Wilson. The modeling that we have worked up, and we have revisited this as time has gone by and we have learned more, indicate that we have the capability we need to process the claims right now. We have accounted for a 20 percent increase in usage. We have also accounted for the possibility that all folks that are eligible would come in basically on day one and being able to handle during day one.

One of the advantages that we have been able to have as we have implemented this new program is we can leverage the

summer period this year because that is normally one of our slow periods and that is why we want to leverage the Certificate of Eligibility process and get a lot of that work out of the way during the summer. So that when the fall enrollments come, basically what we will have to do at that point then is plug in the numbers that the school reports and we can issue payments. That is going to help the fall process.

Senator Murray. All right. Very good. Thank you very much. Thank you both of you. Thanks Mr. Chairman.

Chairman Akaka. Thank you very much Senator Murray.

Mr. Wilson, on technical changes could you comment on what effect any additional changes made at this point would have on your effort to implement the new GI Bill program on August 1.

Mr. Wilson. Any kind of legislative changes could be significant for us. They could create a very high risk of us being unable to meet our August 1, 2009 deadline. And the reason for that is we have locked down what we need to in terms of functional requirements, business requirements to implement this program as it currently exists in statute.

If we were to be required to go back a re-baseline those functional requirements, it would potentially throw our entire timeline for deployment into question.

Chairman Akaka. Mr. Wilson it is my understanding that

there is a concern that the new Education programs could adversely affect the delivery of benefits under other Education programs in Title 38. do you have any similar concerns and if so how do you intend to address them?

Mr. Wilson. I do not share those concerns and the reason I say that is our performance goals, which I have already indicated are 24 and 10 days apply to all of our benefit programs. So and as normal course of business we manage the work in all of the Education Benefit programs we administer.

Chairman Akaka. Senator Burr asked about payments, this question is for either of you. Are payments to institutions part of your IT plans? In other words, are these payments going to be automatically sent out?

Mr. Wilson. Yes, they are part of our IT plans and they will go out during the same process as adjudicating the claim for the veteran. All of the payments; the tuition and fee payment, the housing allowance payment, the books and supply stipend are part of the same claim process and the appropriate payments will be made on each individual case.

Chairman Akaka. Mr. Warren. How has VA's IT centralization placed VA in a better position to take advantage of new technologies to improve on the delivery of benefits to veterans?

Mr. Warren. I believe centralization has allowed us to

look across the Department and look across the multiple services and products that the Department provides to our veterans and to bring to bear the technologies that work in all of those areas. So we are now able to capitalize on the successes in any part of the Department and apply it to all of our problems, as well as to capitalize on any failed projects or approaches and use those lessons learned not just in that particular, but across the whole of the Department.

So we are able to take advantage of all of the things that the Department is doing, the success as well as the failures so that we can move our delivery into the 21st century. This project, the new GI bill in terms of how we have approached, we have changed how we are managing the project. We have changed how we are using technologies and we are doing that based upon the ability to look across the Department. What has worked? What has not worked? And then bring it all to bear.

It has also allowed us to pull resources from across the Department to this program, which is in one part of the Veterans Benefit Administration. So again, we are able to draw upon all the resources, all of the knowledge, good and bad to make sure that the projects we move out on are a success.

Chairman Akaka. Mr. Wilson my final question. You did

mention about staff training and stated that staff for all of the GI Bill efforts is now on board, and has been fully trained. However, if your IT structure has not been put in place, if that happens; will additional training be necessary to meet the August 1 deadline?

Mr. Wilson. The individuals are onboard. The training is still underway though. I just want to make sure I am clear on that. The individuals, the 530 individuals are currently going through training. Would additional training be needed, the short answer to that is yes. The amount of additional training would depend on what part of the IT deliverables would not actually be delivered.

We have contingency plans in place for those. Generally speaking we would be replacing the lack of the IT deliverable with simpler IT solutions such as spreadsheets, things like that. So the training would be fairly minimal depending on what IT solution would not be delivered.

Chairman Akaka. Thank you. Senator Burr.

Senator Burr. Mr. Chairman, one last question.

I want to go to Guard and Reservists for just a minute. Guard and Reservists with some degree of active duty service could qualify for up to four different educational benefits. Now I know we have an Education Call Center. Can you share with us, is there a consultation process that will take place with these Guard and Reservists to try to put them in

the most appropriate education benefit?

Mr. Wilson. There is a process. We have worked hard to make sure that our call center staff are up to speed on all of those issues. Obviously they were already up to speed on the previous programs that we have administered and we have sent out best people out to the call center to make sure that those individuals have the expertise on this program as well.

Our approach on this is to make sure that we can help the veteran identify the questions that he or she should be asking before they make the determination on what the best benefit for them is. There could be things that we cannot fully account for, for instance if a veteran would have concerns about losing their job and they would want the additional five years to use the benefit under Post-9/11 if they choose to do so, even though they would receive perhaps a less dollar amount of benefit. Those are the type of things that we want to make sure that they account for, but we cannot really answer those questions specifically for them.

So that is the approach that we are taking with our call center. That is the approach we are taking on our website as well. We have information on there that helps them answer the questions and apply their answers to the questions to several scenarios, case studies that we have on

our website.

Senator Burr. Great. I thank you Mr. Chairman.

Chairman Akaka. Thank you Senator Burr.

I want to thank the first panel very much for your responses and this has been helpful to us. Thank you.

And now I would like to introduce our second panel.

First I welcome the Director of the Office of Business Process Integration in VBA, Kim Graves. I also welcome Scott Gaydos, Application Services Executive at EDS. Thank you both for joining us today. Your full statements will appear in the record of the Committee.

Ms. Graves, will you please begin.

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STATEMENT OF KIM A. GRAVES, DIRECTOR, OFFICE OF
BUSINESS PROCESS INTEGRATION, VETERANS BENEFITS
ADMINISTRATION, DEPARTMENT OF VETERANS AFFAIRS

Ms. Graves. Good morning and thank you Mr. Chairman.
Chairman Akaka. Good morning.

Ms. Graves. Ranking Member Burr and Members of the
Committee, it is a privilege to be here today to talk about
the use of information technology to enhance compensation
claims processing within the Veterans Benefits
Administration. I will address the status of VETSNET and the
Paperless Delivery of Veterans Benefits Initiative, as
requested by the Committee.

VETSNET, or the Veterans Services Network, is a suite
of five inter-related software applications that support
end-to-end compensation and pension claims processing.
VETSNET is intended to replace the C&P claims processing and
benefit payment functions of the legacy Benefits Delivery
Network or BDN.

Over the past three years, significant progress has
been made in achieving our goal of migrating the C&P
functions from the BDN platform. In 2005, the Under
Secretary for Benefits requested an independent technical
assessment of the project to identify areas of concern which
were inhibiting our ability to complete the final two
components of the application suite.

As a result of the assessment, the Under Secretary engaged MITRE Corporation to assist in the development and implementation of mitigation strategies. This action has resulted in significant progress in the delivery of benefits to Veterans. Today, 98 percent of all new compensation claims are processed through VETSNET and of the 2.7 million compensation records which existed on the BDN in 2006; we have converted all but 360,000 of those cases to the VETSNET platform.

With the substantial progress made in moving VETSNET forward we are able to now turn our attention to migrating C&P claims processing into a paperless environment. We have successfully used imaging technology and computable data to support claims processing in our Insurance, Education, and Loan Guaranty programs for many years. Initial pilot efforts in our C&P business line have demonstrated the feasibility of using this type of technology for those benefit programs as well.

Our current focus is the development of a comprehensive strategy to integrate the various in-progress initiatives, leveraging successes already accomplished. VBA is collaborating with the Office of Information and Technology in developing this strategy to ensure our mission needs are met and that the appropriate enterprise architecture is employed.

At the core of our strategy is the implementation of a business model for C&P processing that is less reliant on the acquisition, storage, and movement of paper documents. Our comprehensive plan, the Paperless Delivery of Veterans Benefits Initiative, will employ a variety of enhanced technologies to support claims processing. VA contracted with Electronic Data Systems, or EDS, to serve as the lead systems integrator for this effort. The LSI effort is focused on the design of the technology solution which will support enhanced paperless claims processing opportunities across VA.

To ensure we are addressing the transition to paperless processing in a comprehensive manner, we have taken steps to assess best practices from both government and industry. In January, we visited the Social Security Administration and received a demonstration of their paperless capabilities. SSA has been very helpful in sharing information about their business process and technology transformations. We also visited United Services Automobile Association Headquarters in San Antonio. USAA's use of today's technologies has helped to form our vision of how we need to serve and communicate with today's veterans.

While the use of advanced technologies is critical to our service-delivery strategy, we must also address our business processes. To that end, VBA developed strategic

partnerships with two recognized experts in organizational transformation. MITRE is actively providing strategic program management support to both VETSNET and the Paperless Initiative. Booz-Allen-Hamilton has recently been engaged by VBA to provide business transformation services. Booz-Allen will assist us in business process re-engineering, organizational change management, and related activities to ensure VBA is well positioned to take advantage of the technology solutions being developed.

We are keenly aware that to merely apply new technology to existing business processes will likely not result in the desired end state.

As another element of our comprehensive transformation strategy, we have designated the VA Regional Office in Providence, Rhode Island, to serve as our Business Transformation Lab. The lab will serve as the focal point for convergence of process re-engineering and technology, ensuring that service delivery is optimized and that best practices are developed and deployed throughout VBA.

We recognize that while technology is not a panacea for our claims-processing concerns, it is, however, the hallmark of a forward thinking organization. Our paperless strategy combines a business-focused transformation and re-engineering effort with enhanced technologies, to provide an overarching vision for improving service delivery to our

nation's Veterans.

I assure you VA leadership is committed to implementation of the Paperless Initiative. We believe this goal is not only attainable, but it is imperative to ensure our clients, the nation's veterans, are afforded the service they have deserved or that they have earned.

Thank you for the opportunity to address these issues. This concludes my prepared testimony, Mr. Chairman and I would be happy to answer any questions you or the Committee members might have after the next panelist. Thank you, sir.

[The prepared statement of Ms. Graves follows:]

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Chairman Akaka. Thank you very much for your testimony
Ms. Graves. Mr. Gaydos.

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STATEMENT OF SCOTT A. GAYDOS, APPLICATIONS
SERVICES EXECUTIVE, EDS, AN HP COMPANY

Mr. Gaydos. Mr. Chairman, Senator Burr, Members of the Committee, thank you for the opportunity to discuss EDS' role in the U.S. Department of Veterans Affairs Paperless Delivery of Benefits Initiative. EDS is pleased to support our nation's veterans and is committed to success for the overall initiative.

We are proud of our contributions, specifically working side-by-side with VA since 1997 to evolve the Veterans Health Information Systems and Technology Architecture, or VistA, into one of the world's premier electronic health records. As we partner again with VA, this time to improve the benefits claims process, we strive to facilitate the successful design, acquisition, and implementation of enabling information technology within a transformed business process. VA required an industry partner to help guide the overall technical aspects of the program focused on objective, quantifiable, and measurable positive results. This role, known as the Lead Systems Integrator Contractor, or LSIC, is being fulfilled by EDS, an HP company.

As the LSIC for the Paperless Initiative, EDS is assisting VA in defining the overall system solution, developing functional requirements, and defining systems architecture.

To reduce the risk our contract is performance-based and payments are tied to deliverables.

As system components are developed, the LSIC will assist in installing and integrating components into the solution, as well as testing, operating, maintaining, and transitioning the solution to the Government. In developing the overall program, the LSIC will be separating the system construction into incremental release packages that focus on services provided to the veteran. These release packages will be developed by a separate Application Developer Contractor, or ADC.

After the government selects an ADC, the LSIC's primary role will be to provide systems engineering support throughout the development of the program. At the start of the LSIC contract in 2008, EDS immediately began working closely with VBA and VA O&IT offices. Focus groups have been formed within each VBA Line of Business and EDS has worked closely with these groups to understand how each Line of Business interacts.

Together, EDS and VA have identified business value drivers and critical success factors, assessed the "as-is" enterprise situation, documented business requirements, and are currently forming the vision of the anticipated enterprise architecture.

These efforts will help guide the program to a design

and transformation strategy that will be sequenced into an integrated delivery blueprint. The establishment of sequencing will be focused on the benefit to veterans, and on the measurable and demonstrable improvement of service using state-of-the-art paperless technologies implemented within a service-oriented architecture.

Current technology components envisioned for the future architecture include: a Veteran Facing Web Portal, enabling veterans and veterans' representatives to conduct benefits activities via the Internet. An Internal Facing Web Portal enabling VBA employees to process benefits through electronic access to necessary information for claims processing. Enterprise Content Management that provide a reliable, cost-effective, computer-based utility and the necessary network services for managing the extremely large numbers of electronic images anticipated. A Correspondence Processing component that provides a simple, accessible, computer-based utility for creating and managing form letters and generating output fulfillment packages.

And Workflow and Rule-Based Decision Support components that enable configuration and change of the rules-driven processes in the portals and their associated utilities and enabling the routing of workload within Regional Offices and across geographic regions.

The sequencing of the program is currently envisioned

in multiple, agile, iterative, and incremental stages. Early stages will focus on establishing the necessary foundation and infrastructure to support the solutions deployed to Regional Offices. Includes plans for an enterprise to solution to capture paper as electronic images and development of the Veteran Facing Portal enabling veterans to check the status of their claim and eventually submit a claim with electronic supporting documentation.

EDS will coordinate with the business and technology organizations to identify the timing of when new releases will be implemented to facilitate a smooth, well-managed transformation.

EDS is working with other Government partners to ensure that the work of the LSIC incorporates existing Government investment. For example, as Ms. Graves mentioned EDS, Booz-Allen Hamilton, and MITRE recently accompanied VA personnel on a site visit to the Providence, Rhode Island Regional Office, which has been selected as VA's Business Transformation Lab. The improvement in claims processing times enabled by best practices under development at this lab will provide valuable design recommendations into the overall Paperless Initiative.

EDS is proud to be part of a key initiative that will enrich the services provided to veterans and assist in the transformation of VA into a 21st century organization. We

are committed to the success of the overall initiative and look forward to continued partnership with VA to enable positive claims processing reform. Thank you Mr. Chairman. I would be happy to answer any questions you or members of the Committee may have.

[The prepared statement of Mr. Gaydos follows:]

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Chairman Akaka. Thank you very much Mr. Gaydos Ms. Graves what effect has centralization of IT functions to VA's CIO had on the developing IT solutions for improving the claims process?

Ms. Graves. One of the benefits of the centralization process has been that we have established governance processes and procedures to enable and facilitate good communication between the mission owners and the information technology folks who are charged with delivering the tools that we need to deliver the benefits and services.

I think that the processes and procedures that have been put into place and the structure that has been added around it has supported our ability to develop good, solid business requirements, have open dialogue throughout the development process. As Mr. Warren noted in his testimony, working very closely together with the mission owners and the IT community ensures that we deliver benefits and services and deliver the technology solutions along the way that we are constantly checking to make sure that what we are delivering or what we are developing is the right solution.

So I believe that the very effective communication and continued collaboration is very important and has been a benefit of the centralization.

Chairman Akaka. Mr. Gaydos. In the past there

have been difficulties with VA writing contracts that clearly spell out the requirements and results that can be measured. And as we look at things that we have to do under contracting, we need to pay more attention to the specifics. Now this was a major part of the problem with the now infamous Core FLS costing taxpayers nearly \$300 million.

My question to you is what role will EDS play in developing VA's contracts for the Paperless Initiative?

Mr. Gaydos. Thank you Mr. Chairman. As the Lead System Integrator for the Paperless Initiative, EDS is assisting the VA in the development of what are known as the Technical Data Packages. Those packages ultimately form the business requirement, the business benefit, the technological components necessary to be rolled out in an incremental fashion.

We are helping the VA in really assessing what the actual acceptance criteria should be for each of these packages so that one, as Mr. Warren testified earlier on the Chapter 33 program the same approach is being used here where as application components are developed they will be developed in small chunks, released out to the field and evaluated for acceptance so that you do not have to wait years and years and years as was the case with Core FLS. Flip the switch and hope that everything goes okay. The intention here is quite different in that it is an

evolutionary, incremental, and iterative process; thereby mitigating a lot of the risk that is associated with major programs such as this.

So we are assisting in the development of those Technical Data Packages to help measure the business value that is going to be delivered by each component piece.

Chairman Akaka. Thank you. Ms. Graves, on contract specifications what has VBA done to clearly state its goals and expectations for EDS as a lead on this Paperless Initiative?

Ms. Graves. Thank you Mr. Chairman. VBA and OI&T are working very closely with EDS to ensure that they understand out goals for the project. As we were developing the Statement of Work or the Statement of Objectives to contract for this effort, we also had independent support from the MITRE Corporation to help us very clearly delineate the goals and objectives for the contract effort. We plan to continue to have this type of very collaborative process as acquisition packages are developed so that we are clearly stating the goals and objectives of those acquisitions. And again, working closely with EDS on a day-to-day basis we are continually communicating and checking and making sure that we are all moving forward together on the same page to make sure that what is being developed is what we need to better serve our nation's veterans.

Chairman Akaka. Senator Burr.

Senator Burr. Thank you Mr. Chairman. Ms. Graves, much of your testimony is focused on the technical aspect of integrating the IT solutions into the delivery of the VA benefits. At the end of the day share with me what you think that transition means to our nation's veterans and their families.

Ms. Graves. Thank you, sir. Ultimately anything that we do, whether it is related to Information Technology or changing the business process, is focused on how we can best serve our nation's veterans. As a veteran myself, I take it very seriously and am very honored to be able to be a part of this effort.

I believe the current effort, the Paperless Initiative has promise to really take us to the next level in our claims process. We see it in industry and we recognize that some of the issues that we have in our claims process are largely the result of just that acquiring and managing those large volumes of paper. We believe this will help us streamline some of those areas, gains efficiencies in those areas, and help us move forward to ensure that we are delivering the benefits and services.

Senator Burr. And I would take for granted from the standpoint of the veterans and their families it is a more timely response. It is a more accurate response. That is

the goal.

Ms. Graves. Certainly, sir. I think one of the clear examples on when through the development process of a claim the evidentiary gathering in a claims process, one of the things that can happen are pieces of information are coming in at different times. When those pieces of information come in, we have to manually go associate those with the claims file to ensure that the decision-maker has all of the information in front of them when they are ready to make that decision.

If all of those things do not happen on the right time, it is possible that the decision-maker will not have the full evidentiary package. So an incomplete decision may be made and then when we get that piece of information associated again with the claim, we review the decision. And certainly that takes away from processing the next claim.

Senator Burr. So is it safe to say this is, yeah, a lot about technology but this is a lot about redesigning the way we process a claim within the Veterans Administration?

Ms. Graves. Certainly the business process re-engineering aspect is crucial to this effort. Again, as I stated in my testimony we recognize that just applying technology to all of our current processes will likely not result in the type of service improvements that we want to

see. By the same token there are things that the technology will allow us to do that are just not possible when you are dealing with large volumes of paper.

Senator Burr. Scott, as a consultant on this project, when fully implemented how much of a problem do you estimate we will still have that is cultural?

Mr. Gaydos. Thank you Senator Burr. One of the keys to overcoming any cultural issue when you are going through large, both business and technology transformations such as this program, one of the keys to success in doing that though is doing it in an incremental fashion. So as functionality rolls out the door and as business transformation takes place in an incremental and iterative fashion that allows the culture to evolve along with the solution; so it is not a big bang, please change your culture tomorrow when we turn everything on. That is very difficult to do and very traumatic to organizations going through cultural change. So the simple fact that the program itself is expected to be an evolutionary program allows the cultural change to evolve along with the change in the program as well.

Senator Burr. I would take for granted that one of the goals of this entire process is the ability at the end of the day to look at a particular reviewer to accurately know what the process time is of a claim to begin to establish

some type of baseline so that we can then look at whether productivity can be improved. Am I correct at making that assumption?

Mr. Gaydos. Yes, Senator. And in fact as you stated in your opening statement around the use of your BlackBerry and other components to say how well are you actually doing. Are people performing the work that they are supposed to be performing? The workload components that are part of this initiative as well allow for the ability to do just that. What regional offices are performing better than other regional offices and then for the electronic ability to quite literally shift work from regional office to another to allow comparisons between these offices and really some cultural pressure as well to help the underperforming offices come up to speed with where the others are expected.

Senator Burr. But Scott, for any company going through this massive a transition, transformation let us say. The expectation would be or the result would be and the expectation of that goal would be that the productivity per employee involved would change dramatically. Is that right?

Mr. Gaydos. It should. You are right Senator. Over time as the new processes are understood, both in the business transformation as well as the technology transformation productivity should increase really resulting in that visible, demonstrable benefit to the veteran who is

trying to navigate through this process.

Senator Burr. Okay. Ms. Graves, over the years VA has tried to improve the delivery of benefits for our veterans. For example, over the decade that VA has been transitioning from Benefits Delivery Network to the more modern payment system VETSNET. What lessons has the VA learned from these endeavors that are being applied to the current initiatives to help smooth this transition to a Paperless Delivery System?

Ms. Graves. Senator, I hope that we have done a good job of learning lessons from these past efforts. Certainly having spent the last three years very focused on getting us over the finish line in VETSNET, I have been on the front lines of learning those lessons. I believe the strategy that we have undertaken establishing the governance process with the Office of Information Technology, having a business focus to this effort, ensuring that we have developed and declared or are developing and declaring demonstrable milestones, clear schedules, clear performance metrics that we hope to obtain through the effort, and a constant and a consistent team working on this project.

In the past we have had efforts including on VETSNET where on the business side of the house specifically which is where I can speak, we have had folks who have sometimes ancillary duties. They were working on VETSNET, but have

other things that they may be responsible for doing. To the extent possible we have tried to minimize that. My office was established in VBA really for the major purpose of having oversight, business oversight and coordination responsibility for the Paperless Initiative.

We believe that is a significant lesson that was learned through the VETSNET process and establishing that office was done by the Under Secretary for Benefits recognizing the importance of having a focal point and people who are dedicated to moving this process forward.

I think one of the other lessons that we have learned as demonstrated by our engagement with Booz-Allen Hamilton. Your last questions discussed organizational transformation or cultural change, and certainly one of the things that we have specifically contracted with Booz-Allen for is to assist us, not only in the business process re-engineering, but in the cultural transformation ensuring that we have looked at these things at not just the systems level and the process level, but also at the people level to ensure that our people are ready for this, that we are making incremental progress. That we have established appropriate performance metrics so that our people can be measured effectively with the new systems and technologies and so that we are prepared to make adjustments and re-vector as necessary to make continuous improvement.

Senator Burr. The Chairman has been very kind to me. Let me just ask one last question if I can.

Chairman Akaka. Sure.

Senator Burr. Are there any specific statutory impediments that stand in the way of further improvement and if so what are they or will you share them with us if in fact you want to think about it?

Ms. Graves. I would certainly take that back to get the real policy experts to answer that question. But I can tell you one of the things that has recently been done. The Director of the C&P Service, Mr. Brad Mayes, has established a cross-functional work team, chartered work team specifically for the purpose of going through the regulations, the statutes, policies and procedures to ensure that we have look at everything that we need to look at as we transform into this paperless environment. To ensure that we don't get too far down the path and find that we have a procedural or a regulatory stumbling block that we might need to come back and get some assistance with.

So that is one step that we are taking, but with respect to anything specific I can certainly take that back for the record sir.

Senator Burr. Well, I want to thank both of you for your testimony and for the last panel and leave you with this reminded. That I think government becomes increasingly

more insulated from its customers. Agencies know that they are designed to execute a specific function. And the one unique thing that is different between the federal government and private businesses, private business not only recognizes their customers, they listen to their customers. And even though we were going through this huge transformation to process things that are brought to the agency, never forget that you have got to listen to your customers and that is not limited to the focus groups and the outreach sessions that you can do.

If you really want to get some idea of what veterans think of the VA, then try to get in chat rooms where veterans talk to veterans about the VA. Try to go in where they communicate, because that will give you a great understanding of the challenges that we still have to overcome, but more importantly their impression of what this agency is. And I think it will point you in directions of things we have yet to think about that are not structural changes, but they are certainly cultural things that we might have the opportunity to change as we are going through a very transformational period. I thank you.

Chairman Akaka. Thank you very much Senator Burr. Let me, if you have further questions.

Senator Burr. No.

Chairman Akaka. Let me ask Ms. Graves this. I am

concerned about VETSNET's role in the claims process. I understand that currently Rating Specialists literally have to deal with a combination of paper records and multiple computer screens.

I saw this firsthand at Chicago's Regional Office and it seems like an inefficient system to me and looking for improvements in that, will you please comment on that?

Ms. Graves. Certainly, sir. Thank you.

With respect to VETSNET specifically, as you noted it is a suite of five inter-related applications and throughout the claims process individual claims processing personnel may very well indeed have to toggle between one or more of the applications to get to a particular piece of information or to complete a specific action. We also have applications that are outside of the VETSNET suite that our claims processing personnel must access. CAPRI where they access information from the Veterans Health Administration; a separate system.

So we recognize that that is a cumbersome process or can be a cumbersome process for our claims processing personnel. And certainly we hope that, we believe that in the work that EDS is doing; taking a landscape view. They will help us identify areas where we may be able to put a new face on some of those very good and very powerful tools but perhaps make them more easy to use for the claims

processing personnel.

We do, with respect to VETSNET specifically, we do continuously evaluate ways that we can improve the interoperability of the suite of applications. And as we find those where we believe we can make improvements, we evaluate and prioritize those with the other application changes we need. And we will certainly go back and continue to look at that to ensure we are doing everything that we can to make it a smoother process.

Chairman Akaka. Thank you for that response. We certainly are looking forward to a time when we can improve these systems. Let me ask my last question to Mr. Gaydos. As the Lead Systems Integrator, what difference do you think the Paperless Initiative can make in improving the timeliness and accuracy of claims processing?

Mr. Gaydos. Thank you Mr. Chairman. I think that the key to that is, in fact, that is the measurement of the success of the program. So when we look at things like the VA and VBA have been coming up with, which is those key business values and those key performance measures. If not measured by how much did this particular implementation of new business process and technology, for instance, cut the claims development time by X days? That is the appropriate business value that is applied to each release over time.

So the overall impact absolutely, unequivocally must

demonstrably improve that business process overall and at the end of the day make visible impact to the veteran going through the process to say I can get through this process quicker than I did last time I tried to go through. So it is absolutely imperative.

Chairman Akaka. Well, thank you for that. I think that is a good note to end this hearing on. I really appreciate your responses.

In closing, again, I want to thank all of our witnesses. Your testimony has given us a better understanding of how our Information Technology is being used for VA to improve on the delivery of benefits, especially for the delivery of the new Post-9/11 GI Bill. I want to thank you. It is good to hear what you are doing to meet the deadline and I want you to know that we are supporting you as much as we can and we want to bring this about for the benefit of our veterans and that is why we exist.

So thank you very much again, this hearing is now adjourned.

[Whereupon, at 11:05 a.m., the Committee was adjourned.]