

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

VA CLAIMS PROCESS:  
REVIEW OF VA'S TRANSFORMATION

- - -

WEDNESDAY, MARCH 13, 2013

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

The committee met, pursuant to notice, at 10:02 a.m.,  
in Room 418, Russell Senate Office Building, Hon. Bernard  
Sanders, chairman of the committee, presiding.

Present: Senators Sanders, Tester, Begich, Burr,  
Isakson, Johanns, Moran, and Heller.

OPENING STATEMENT OF CHAIRMAN SANDERS

Chairman Sanders. The Senate Committee on Veterans'  
Affairs hearing is going to begin.

We are glad to see Senator Isakson with us. As I  
understand it, Senator Burr will be here later. Okay. We  
have the Senator from Montana here as well, Jon Tester. I  
think we will see Senators coming in and out. This is a  
busy time in the Senate.

We want to thank our guests, our panelists for being  
with us for this important hearing.

Let me begin by saying that during the last several  
weeks, the Veterans' Committees in the House and the Senate  
have held four hearings with virtually, including virtually

1 all of the veterans' organizations.

2       During their testimonies, the organizations raised a  
3 number of issues but I think it is fair to say that the  
4 number one issue they raise, the number one concern that  
5 they have and a concern that many of us on this Committee  
6 share is that the most pressing problem within the VA now is  
7 the very significant backlog that we have in processing  
8 claims for our veterans.

9       That is the number one issue I believe that the service  
10 organizations believe is out there. It is my concern as  
11 well as being the number one issue facing the VA and that is  
12 why the very first hearing that we are having since I have  
13 become chair of this Committee will address this issue.

14       My understanding is that as of March 2, 2013, 70  
15 percent of the compensation and pension inventory of 895,000  
16 claims have been pending for over 125 days. Further, the  
17 accuracy rate of 86 percent at the end of fiscal year 2010  
18 is significantly lower than what must be accomplished.

19       In addition, such agencies as the GAO and the VA's own  
20 Inspector General have raised some very, very serious  
21 concerns about the work and the efforts that the VA is  
22 undertaking in addressing the claims processing crisis.

23       It is my view, and I believe that I speak for every  
24 member of this Committee, that when men and women put their  
25 lives on the line to defend this country, they must be

1 treated with dignity and respect when they return, not with  
2 red tape, not with bureaucracy, not with in some cases years  
3 of delay before they get the benefits to which they are  
4 entitled.

5 Without being overly dramatic here, we all know that  
6 one of the tragedies facing the veterans' community right  
7 now is that 22 veterans every single day are committing  
8 suicide, and I know that no one in the VA and no one in the  
9 Congress wants to add to that problem, wants to add to the  
10 frustration and the problems that veterans have by delaying  
11 the benefits to which they are entitled.

12 That is the bad news; and those are some very, very  
13 serious problems that we are going to be discussing today.  
14 We look forward to the testimony of our panelists.

15 But here is some better news. It is important to put  
16 this issue in a broader context. Despite, I believe, a  
17 popular misconception, as I understand it, the VA today is  
18 processing far more claims than they have ever processed  
19 before.

20 So, this is not a case of the VA system falling apart  
21 and unable to process claim. In fact, they are processing  
22 more claims today, significantly more than they have ever  
23 processed before.

24 As I understand it, in 2001, the VA completed some  
25 480,000 claims. In 2002, about 796,000 claims. In 2003,

1 827,000 claims. During the last three years, the VA has  
2 processed over one million claims in each of those years.

3 Further, it is generally believed that the VA did  
4 exactly the right thing, and I want to thank General  
5 Shinseki and the VA for doing this, for making certain that  
6 Vietnam veterans who were exposed to Agent Orange and became  
7 ill as a result of that exposure, finally after years and  
8 years of delay, get the benefits that they were entitled to  
9 because of that exposure and because of those illnesses.

10 In the last several years, the VA has processed some  
11 278,000 new claims, new claims for Agent Orange. It is  
12 generally believed that they had done a pretty good job in  
13 processing those claims and doing it in a timely manner.

14 Last further point, General Shinseki has set a very,  
15 very ambitious goal in terms of eliminating the backlog by  
16 2015 and of having the VA process compensation claims so  
17 that no veteran or eligible spouse or child has to wait more  
18 than 125 days for a quality decision, meaning 98 percent  
19 accuracy rate on that claim.

20 I think we can all agree that that is a very, very  
21 ambitious goal. Obviously, the subject of today's hearing  
22 is whether or not we are going to achieve that goal.

23 Let me conclude. Later on today we are going to hear  
24 testimony from Joe Violante who is with the Disabled  
25 American Veterans. The DAV, as I understand it, probably

1 helps more veterans process claims than any other  
2 organization in the country.

3         What Mr. Violante is going to tell us is that the DAV  
4 believes that the VBA with the work that the VA is now doing  
5 is on the right path, that they have set the right goals and  
6 that they have leadership committed to transforming and  
7 institutionalizing a new claims processing system to better  
8 serve veterans.

9         That is kind of more or less the testimony that we  
10 heard from the veterans' organizations during the  
11 House/Senate hearings. The understanding that it is  
12 absolutely imperative that we move away from the paper  
13 system and into the 21st century where we have a paperless  
14 system; and there is the belief, I think, from the veterans'  
15 community that we are moving in the right direction but that  
16 many, many problems remain which must be addressed.

17         So, that is kind of where we are right now. I look  
18 forward to hearing the testimony.

19         Now, let me give the mic over to Senator Isakson, who  
20 will be acting as ranking member until Senator Burr comes.

21         Senator Isakson.

22                         OPENING STATEMENT OF SENATOR ISAKSON

23         Senator Isakson. Well, thank you, Chairman Sanders,  
24 and thank you for your vigilant effort on what is the number  
25 one challenge facing the VA and the number-one frustrations

1 facing every American veteran returning home.

2 I want to thank our witnesses for coming to testify  
3 today and welcome all in the audience for this hearing.

4 As you know, the VA claims process has been plagued by  
5 errors, delays, and backlogs for many years. The latest  
6 example to fix this system, VA has hired thousands of claims  
7 processing staff, spent millions of dollars developing new  
8 IT solutions, and rolled out dozens of other initiatives.

9 But, as the charts you will see to your left indicates,  
10 this is yet to translate into better service for veterans  
11 and families and their survivors.

12 On chart one, over four years, the number of claims  
13 waiting for a decision grew from less than 400,000 to nearly  
14 850,000. Today it is even higher. The number of claims  
15 considered backlog more than tripled.

16 On chart two, you will notice the accuracy rate of VA  
17 decisions remained in the mid-80s, as Chairman Sanders  
18 referred to. The time it takes to claim, an increase in 83  
19 days and it is continuing to trend upward.

20 As chart three shows, if someone disagrees with VA's  
21 initial decision, it takes an average of 866 days for VA to  
22 decide the appeal, seven months longer than in 2008.

23 Despite these trends, VA leaders say they are on track  
24 to eliminate the entire backlog and raise quality to 98  
25 percent by 2015. In fact, the VA recently released a

1 backlog reduction plan which reflects that VA aims to  
2 increase productivity by about 80 percent over the next two  
3 years.

4 Perhaps more challenging, VA would need to  
5 significantly reduce its error rates while deciding hundreds  
6 of thousands of cases of additional claims each year. To  
7 gauge how realistic this may be, we should look at how well  
8 the VA has predicted its performance in recent years.

9 For example, in 2011 and 2012, VA completed about  
10 412,000 last claims that had been projected. Last year VA  
11 estimated that during the current fiscal year, no more than  
12 40 percent of claims would be backlogged and claims would be  
13 decided with 90 percent accuracy in about 200 days. But  
14 today it takes 280 days for an initial decision. VA makes  
15 errors in 14 percent of the cases and 70 percent of claims  
16 are backlogged.

17 If you look at chart four, in addition, there has been  
18 a shift in VA projections about when we should see results  
19 from initiatives to improve claims' processing.

20 Back in 2010, we were told that those efforts would  
21 begin to yield results in 2011. As the chart shows, VA then  
22 projected that it would begin to reduce the backlog in 2012.  
23 Now, the VA expects the backlog to continue to grow until  
24 2014.

25 Also, in estimating the work that VA would need to do

1 eliminating backlog, it appears VA did not take some factors  
2 into account such as resisting laws that continue to  
3 increase the number of claims coming in. And, this was  
4 referred to by Chairman Sanders in his remarks.

5       On top of that, both the Inspector General and the  
6 Government Accountability Office have raised concerns about  
7 VA's ability to improve accuracy and timeliness,  
8 highlighting that the new IT system only partially a  
9 functioned and that there were weaknesses in VA's planning  
10 documents. We have heard some veterans' organizations  
11 expressed doubt about VA and whether it will reach its goal  
12 by 2015.

13       Given all of this, we cannot simply wait until 2015 to  
14 see if the VA initiatives worked. We need to make sure the  
15 VA has a realistic plan to begin improving timely, accurate  
16 decisions to anyone who is seeking veterans' benefits.

17       If VA is not on track to do that, we must look at what  
18 can be done to make sure that there are two years of  
19 discussion or even worse not two years more of discussion  
20 and continued delay in claims.

21       To that end, VA must be completely transparent about  
22 what is working, what is not, and where changes are needed  
23 to bring about lasting improvement.

24       I want to make a personal comment here because I am  
25 reading Senator Burr's speech because he is a little late



1 and I am happy to do so.

2 But I run a company, Chairman Sanders, for 22 years.  
3 During that period of time where most businesses in America  
4 converted from a paper and pencil operation to a high-tech  
5 Internet technology transition.

6 It is hard to do. I screwed up more times than I  
7 succeeded. But once I learned how hard that was going to be  
8 to do, I planned for those problems and tried to manage the  
9 system so that it had the least affect on my employees and  
10 my salespeople and their performance.

11 I hope the VA will be honest in evaluating what its new  
12 IT system will and will not do, planning for the problems  
13 that always come about and make sure that the number one  
14 goal is to see to it the least affected persons are the  
15 veterans of the United States military.

16 Mr. Chairman, thank you for calling the hearing. I  
17 look forward to working with you and the Veterans'  
18 Administration on improving the backlog.

19 In Georgia, I will tell you it is my number one claims  
20 challenge in my office, and I will continue to stay on this  
21 until it is done.

22 Chairman Sanders. Thank you for much, Senator Isakson.  
23 Senator Tester.

24 OPENING STATEMENT OF SENATOR TESTER

25 Senator Tester. Thank you, Mr. Chairman. I want to

1 congratulate, first of all, thanks for having this hearing.  
2 Second of all, congratulations on the new position. I look  
3 forward to working with you and hopefully I will continue to  
4 call you Chairman Sanders for a long time and not Bernie.  
5 Okay.

6 I also want to welcome the new members, Senator Heller  
7 and Hirono and Blumenthal. I look forward to their  
8 contributions to this Committee. It seems like every time I  
9 go to a committee meeting and look across the way Senator  
10 Heller is sitting there. We have very similar Committee  
11 assignments.

12 I also want to thank the witnesses. I want to thank  
13 you for the work that you have done and I want to thank you  
14 for the work you are going to do. It is not an easy issue.

15 I think the first hearing we had in 2007, if not the  
16 first one, one shortly thereafter, dealt with the backlog  
17 issue. It has been going on much, much too long.

18 You do not have an easy job. I think to get folks into  
19 the system and to do it accurately, making sure the folks  
20 who are trying to game the system do not take money away  
21 from the people who need it is difficult but it needs to be  
22 done, and it needs to be done in a better, more timely  
23 manner than we have done so far.

24 You know, the average Vietnam veteran had three to five  
25 injuries when filing for their VA claim. Now, I think it is

1 closer to more than a dozen when those claims are being  
2 filed.

3 We need to move forward in a better way. We need to  
4 have an open conversation on how to get that done, and we  
5 need to know if we are on the right path.

6 As these wars wind down, that will VA good thing as far  
7 as the pressure on you. Right now, though, we are just  
8 treading water. If we are doing a little better than that,  
9 you will have to tell me. It does not appear to that, and  
10 we need to know what is working and have an honest  
11 discussion on that.

12 With that, I just say thank you folks for your work  
13 once again. I look forward to your testimony.

14 Chairman Sanders. Senator Tester, thank you very much.  
15 Senator Heller.

16 OPENING STATEMENT OF SENATOR HELLER

17 Senator Heller. Thank you, Mr. Chairman. Thank you  
18 for giving us the opportunity to discuss this issue.

19 I agree with Senator Isakson that this is an issue that  
20 I hear a lot about. Even as early as last night, I got a  
21 phone call from a woman in Reno and her husband has an Agent  
22 Orange issue and has been delayed for over a year and a half  
23 with the backlog of claims that they have concerns.

24 I will just be real brief here, Mr. Chairman. But I  
25 understand how difficult this is. I really do understand

1 how difficult it is. When I was secretary of state in  
2 Nevada, when I first walked into the office, I walked into a  
3 vault and it had all the records of every company ever  
4 established in the State of Nevada all the way back to 1864,  
5 and it was all on fiche, and we are talking hundreds of  
6 thousands of records, companies, so on and so forth, and  
7 there was only one person who knew how to find the record  
8 that we needed that day.

9       It was a very, very difficult process. It was key in  
10 that office to take that fiche, move it to disk. Once we  
11 got it on a disk, to get it Internet based, and we made that  
12 transition over three or four years and it was not easy.  
13 Believe me. I understand how difficult this process can be  
14 but you plan, you plan, and I am concerned as everybody else  
15 here on this Committee is, the fact that we have 10,000  
16 claims backlogged right now in Nevada.

17       And the concern is from every organization that has  
18 come before this Committee is that we are not going to meet  
19 that 2015 deadline or the goal from the Secretary in order  
20 to eliminate this backlog.

21       So anyway, I want to hear answers. I have some  
22 questions. I look forward to the questions but I, first of  
23 all, want to thank you for being here and taking time.

24       Mr. Chairman, thank you for the opportunity.

25       Chairman Sanders. Thank you, Senator Heller.

1           Senator Burr.

2                           OPENING STATEMENT OF SENATOR BURR

3           Senator Burr. Mr. Chairman, thank you. I thank you.

4 Welcome, Ms. Hickey.

5           Since Senator Isakson has already given my opening  
6 remarks, I will yield the floor to the chair.

7           Chairman Sanders. Thank you very much.

8           Okay. We are ready to hear from our panelists. We are  
9 going to begin with General Allison Hickey, who is the Under  
10 Secretary for Benefits at the Department of Veterans'  
11 Affairs.

12           General Hickey is accompanied by Stephen Warren, the  
13 Acting Assistant Secretary for the Office of Information and  
14 Technology, and Alan Bozeman, the Director of the Veterans  
15 Benefits Management System Program Office.

16           General Hickey, welcome and please begin.

1           STATEMENT OF ALLISON A. HICKEY, UNDER SECRETARY  
2           FOR BENEFITS, VETERANS BENEFITS ADMINISTRATION,  
3           DEPARTMENT OF VETERANS' AFFAIRS; ACCOMPANIED BY  
4           STEPHEN WARREN, ACTING ASSISTANT SECRETARY, OFFICE  
5           OF INFORMATION AND TECHNOLOGY, AND ALAN BOZEMAN,  
6           DIRECTOR, VETERANS BENEFITS MANAGEMENT SYSTEM  
7           PROGRAM OFFICE

8           Ms. Hickey. Thank you. Good morning, Chairman  
9 Sanders, Ranking Member Burr, and members of the Committee.

10           Thank you for the opportunity to discuss VBA's  
11 transformation efforts. I am accompanied, as you have  
12 already said, today by Mr. Stephen Warren, Acting Assistant  
13 Secretary for Information and Technology, and Mr. Alan  
14 Bozeman, to my right, the Director of the Veterans Benefits  
15 Management System Program Office.

16           As a direct result of the support this Committee has  
17 provided, VBA is completing more compensation claims than  
18 ever before in VA history, over 3 million in the past three  
19 fiscal years and three times the amount since 2001 when this  
20 latest conflict began.

21           Yet, despite these efforts, too many veterans still  
22 have to wait too long to get the compensation benefits they  
23 have earned, and that is unacceptable to us.

24           My testimony today will focus on how execution of our  
25 transformation plan will allow VBA to eliminate the backlog

1 in 2015. I would first like to discuss the inventory of  
2 claims and the factors impacting our timeliness.

3 The current inventory represents claims from veterans  
4 of all eras. The largest percentage of claims comes from  
5 our Vietnam era veterans who make up 37 percent of our  
6 inventory and backlog. 1990s Gulf War era veterans make up  
7 23 percent while veterans of the Iraq and Afghanistan  
8 conflicts today make up only 20 percent of that inventory  
9 and backlog. Our World War II and Korea era veterans make  
10 up less than 10 percent.

11 The inventory contains original claims, those submitted  
12 by veterans who are claiming disability compensation from VA  
13 for the very first time and supplemental claims from  
14 veterans who have previously filed and are seeking  
15 additional benefit.

16 As of January, 61 percent of the inventory are those  
17 supplemental claims or second filers or more; 39 percent are  
18 original first-time filers.

19 These percentages hold true for the backlog as well.  
20 Of those veterans filing supplemental claims, 78 percent are  
21 currently receiving a monetary benefit from VA; 40 percent  
22 of veterans filing supplemental claims have a disability  
23 rating between 50 and 100 percent, receiving payments from  
24 \$1000-\$2800 monthly.

25 In all, about half of the veterans in the total

1 inventory are already receiving some level of compensation  
2 from VA. What is clear is the demand for this benefit is at  
3 an all-time high.

4 We have added more than 940,000 veterans, almost  
5 1,000,000 veterans to the VA compensation rolls by  
6 completing their claim over the past four years which is  
7 more than today's active-duty Army and Navy combined.

8 Coupled with this increase are the impacts of claims  
9 associated with Agent Orange exposure and the dramatic  
10 increase in the number of individual medical issues included  
11 inside each claim. The bottom line, these claims are  
12 substantially more complex by more than 180 percent yet we  
13 still have done 27 percent more of these claims today than  
14 in 2009.

15 In 2009, Secretary Shinseki made the decision to add  
16 three presumptive conditions for Vietnam veterans who were  
17 exposed to the herbicide Agent Orange. Over the next two  
18 and half years, VBA dedicated over 2300 of our most  
19 experienced claims staff, about 37 percent of our workforce,  
20 to re-adjudicate these claims for these conditions that were  
21 previously denied.

22 By October 2012, we have completed all 260,000 Agent  
23 Orange claims and paid over \$4.5 billion in retroactive  
24 benefits to over 164,000 Vietnam veterans and their  
25 survivors.



1           While the decision was absolutely the right thing to  
2 do, it did have an impact on our ability to keep up with new  
3 claims coming in and on aging claims already in the system.

4           Another key factor is the increase in the complexity of  
5 the claims themselves. There has been a 200 percent  
6 increase over the last 10 years in original claims  
7 containing eight or more medical issues.

8           From 2009 to 2012, the number of medical issues inside  
9 the claims increased from 2.7 million to over 4 million, a  
10 50 percent growth in medical issues which is a truer measure  
11 of the time it takes to complete a claim.

12           It is having a significant impact on our production,  
13 the growth in our inventory, and the timeliness of claims  
14 processing. Given a growing demand and complexity of our  
15 claims, it is clear to us that continuing a legacy approach  
16 in paper will not meet the needs of our veterans.

17           I am happy to report that we have achieved momentum  
18 with our transformation plan that will improve how veterans'  
19 benefits are delivered for generations to come, and 2013 is  
20 the year of full deployment and change for us.

21           Our transformation with its people, process, and  
22 technology initiative represents the single, largest  
23 reinvention of VBA in all of its history. Our focus is on  
24 managing that change while sustaining production and  
25 improving quality.

1           VBA's employees are key to the success. Over 52  
2 percent of them are veterans themselves, and we have a work  
3 force that we have reorganized into new cross-functional  
4 teams, new segmented claims--express, special ops and corps--  
5 -and after 60 days in this new organizational model, overall  
6 productivity per claims rater has increased by 17 percent.

7           The productivity of the work force and the accuracy of  
8 our decisions are being increased through new national  
9 training programs and standards. There are 2150 new  
10 employees who have received our new challenge training that  
11 now decide claims, 150 percent more in their first six  
12 months on the job and a 30 percent increase in their  
13 quality.

14           Through process improvement teams, we have conducted  
15 rapid development testing and launch of process initiatives  
16 like simplified notification letters, disability benefit  
17 questionnaires, acceptable clinical evidence, fully  
18 developed claims and automated processing tools which are  
19 showing positive results with increased implementation.

20           The VBMS or Veteran Benefit Management System is a web-  
21 based electronic claims processing solution that serves as  
22 our technology platform for quicker, more accurate  
23 processing. National deployment of the first generation of  
24 VBMS to our regional offices began in late 2012 and is now  
25 in full swing with the 28 January 2013 release.

1           We also now have end-to-end digital filing capability  
2 from portal to decision. With integration of the online  
3 portal eBenefits system with VBMS, veterans can now file a  
4 claim online using a TurboTax like system and upload their  
5 own evidence to support their claim.

6           Chairman Sanders. General Hickey, summarize please.

7           Ms. Hickey. I will absolutely.

8           We will continue to pursue our plan and our initiative  
9 for the direct and absolute imperative to improve delivery  
10 to our benefits to our veterans, their families and  
11 survivors. They deserve that from us today. We are  
12 committed to make that happen, Mr. Chairman.

13           [The prepared statement of Ms. Hickey follows:]

1 Chairman Sanders. Thank you very much, General.

2 Mr. Warren.

3 Mr. Warren. I have no statement, Mr. Chairman.

4 Chairman Sanders. Okay. Let me begin by raising the  
5 issue that Senator Isakson raised a few moments ago. In my  
6 view, the goal of the VA, the very significant step forward  
7 in terms of accuracy and processing claims in a rapid way by  
8 2015 is a very, very ambitious goal.

9 I think what you have heard this morning from people  
10 around this table, from Senator Isakson and others, is, in  
11 some ways, we have heard this before.

12 The goal is a strong goal which I support that  
13 ambitious time line. The question I am asking you, General  
14 Hickey, what reason do we have to believe, what evidence are  
15 you going to give us to suggest that you, in fact, are going  
16 to achieve that very ambitious goal.

17 Ms. Hickey. Thank you, Chairman Sanders, for the  
18 question. I will tell you that everything in this plan has  
19 been tried in a real live environment in different regional  
20 offices across the country. We are not just leveraging the  
21 pilots that we have done for those initiatives; we are  
22 actually leveraging some of the experience we have had from  
23 previous efforts to improve our performance.

24 I will give you by example. In 2009, while not a  
25 compensation claim is one of the other major business lines

1 that we do which is education claims, we started from a dead  
2 start in paper. We did not do so red hot. Took us 69 days  
3 to do a claim for a student in school.

4 We then brought on a first version of our long-term  
5 solution, our paperless IT system for education claims, cut  
6 that time in half to do a claim and increased our quality.

7 Chairman Sanders. Are you suggesting that the  
8 technological breakthrough you made in terms of processing  
9 student claims is an indication of what you can do in terms  
10 of veterans claims?

11 Ms. Hickey. I am, Chairman Sanders, and I have a much  
12 stronger word than hope. I now have a reality point to lay  
13 before you all. Since 24th of September last year where we  
14 put in a new capability into long-term solution that lets us  
15 take 50 percent of our claims, automate those claims where  
16 they come in, not a single person touches them. They fly  
17 through the system and they are completed in a day.

18 Chairman Sanders. This is the student process?

19 Ms. Hickey. This is absolutely, Mr. Chairman, the  
20 student process.

21 Chairman Sanders. Okay.

22 Ms. Hickey. Let me tell you what the results of that  
23 is now that we have that new automated capability in the  
24 system.

25 At this time last year if I had been sitting before you

1 as I might have been on an occasion talking about education  
2 claims backlog, I would have told you I had 200,000 claims  
3 in inventory. Today I have 50,000 claims in inventory,  
4 because the speed of which, the automation of which helps us  
5 bounce against the rules, know that that student is where  
6 they need to be, getting the pay they need to get and lets  
7 us do it automatically has really significantly improved the  
8 way this semester we are doing education claims through  
9 automation.

10 Chairman Sanders. Okay. Let me ask you this. There  
11 has been consternation on this Committee and I think within  
12 the service organizations about the decision made by the  
13 DOD, I think it was the DOD, not to go forward in terms of  
14 collaboration with the VA in terms of the one system, one  
15 computer system for both agencies.

16 What impact is that decision going to have in your  
17 efforts to expedite claims?

18 Ms. Hickey. Chairman Sanders, I am going to first  
19 address at a very high level what we require from DOD and  
20 then I am going to ask my colleague, Mr. Warren, to address  
21 specifically iEHR.

22 There are two major things that we need in order to  
23 decide those claims that are in inventory and in backlog.  
24 Out of three out of five times that we have an old claim it  
25 is because of this issue.

1           We need data from DOD in terms of the complete medical  
2 history of that member when they leave service in order for  
3 us to decide a claim. We also need their complete personnel  
4 records in order to know what their character of service is.  
5 Without those, we must ask. When we ask, we have in  
6 legislation today a 60-day wait period before we may ask  
7 again.

8           So, there is built into our process part of that  
9 problem. We have an agreement, as of January I do, under  
10 the great leadership of Mr. Fred Vollrath now in OSD, where  
11 I will now get--DOD now has a new cell in January in every  
12 single service where they will gather all those records  
13 including TRICARE and including contract medical, they will  
14 pull it all together. They will validate for me that it is  
15 full and complete as of that time. They will put their  
16 signature on top of that document and give it to me. That  
17 is a game changer for us.

18           Chairman Sanders. So, is it fair to say that we are  
19 not going to make the kind of progress we want unless there  
20 is better cooperation between the DOD and the VA?

21           Ms. Hickey. DOD and VA cooperation is critical,  
22 absolutely critical to our eliminating this backlog and to  
23 our doing claims well. But specifically iEHR, I would like  
24 to defer to Mr. Warren, who is more actively engaged in that  
25 process.

1 Chairman Sanders. Mr. Warren.

2 Mr. Warren. Mr. Chairman, to your question about a  
3 change in direction, I think you would be surprised to hear  
4 that everything we hear in the press is not necessarily  
5 correct.

6 Chairman Sanders. We are shocked by that those of us  
7 on the Hill.

8 [Laughter.]

9 Mr. Warren. And appalled. Sir, I would like to share  
10 with you that we remain committed to that single, joint,  
11 common, integrated electronic health record. We stay on  
12 that path. We are on that path.

13 Chairman Sanders. Does the DOD remain committed?

14 Mr. Warren. The DOD has stated that they are committed  
15 to the goal of reaching IOC or initial operating capability  
16 at the two sites by 2014 and full operational capability by  
17 2017.

18 The announcement that I think was misconstrued was that  
19 because some progress had not been happening at the pace  
20 that it needed to we threw some accelerators in there. We  
21 said, let us show we can do this. Let us show that we can  
22 deliver. If you will PMAS to the iEHR approach so the drive  
23 and the commitment was, now, let us take Janus this  
24 interface that we use to access both systems and accelerate  
25 it to seven more sites, and that is supposed to be completed



1 by July 31 and the IPO is committed to that.

2 Chairman Sanders. My time has expired.

3 Mr. Warren. Yes, sir.

4 Chairman Sanders. Senator Burr.

5 Senator Burr. Thank you, Mr. Chairman.

6 Mr. Warren, I read release that was put out jointly.

7 Your interpretation is not what I read. DOD is headed for a  
8 totally separate system. There is no assurance that it is  
9 going to be integrated in a way that will talk to VA. As a  
10 matter of fact, there is every reason to believe that if you  
11 talk to the DOD folks, there are no plans to have a  
12 seamless, single system.

13 So, I will question that right from the start and I am  
14 sure when the Secretary is in for his budget hearing, this  
15 will be the subject of conversation.

16 Ms. Hickey, wonderful testimony. It almost makes me  
17 embarrassed to ask questions that deal with facts because I  
18 am looking at a trend line as it relates to backlogs of  
19 disability claims that, quite frankly, are just  
20 inconsistent.

21 You talk about the increase over the last 10 years. I  
22 can look back just back at last year to projections from the  
23 VA as to progress we were going to make on disability  
24 claims. Certainly, it took into account all the changes  
25 that you have seen for the last 10 years. It took into

1 account the Secretary's decisions to extend additional  
2 benefits to Agent Orange victims. If it did not, then we  
3 have a major problem within the VA on how we plan.

4 But let me ask you. I think it is important for VA to  
5 be completely transparent about the efforts to reduce the  
6 backlog. In that regard, the backlog reduction plan VA  
7 submitted to Congress notes, and I will quote, "VBA is  
8 tracking execution of its transformation plan against its  
9 key measures of performance that are tracked daily, weekly,  
10 and monthly."

11 To start with, I would like to ask you to provide the  
12 Committee on a regular basis those performance metrics,  
13 particularly in the data that is not included in the Monday  
14 morning workload reports and the ASPIRE Dashboard.

15 Do I have your commitment to do that on a monthly  
16 basis?

17 Ms. Hickey. Senator Burr, you are right in saying that  
18 things have changed for us. Our demand has increased. That  
19 was part of the reason for my focus on explaining what was  
20 in the inventory for you. We have been now 10 years at war  
21 where our men and women are 10 times more likely to survive  
22 than their previous cohorts.

23 Senator Burr. I appreciate that. Do I have your  
24 commitment to provide this Committee with those performance  
25 metrics on a monthly basis?

1 Ms. Hickey. Senator Burr, I provide more to this  
2 Committee on a daily basis everything we do. As of last  
3 year, we are actually transparent to a fault. Not just to  
4 this Committee, we have--

5 Senator Burr. General Hickey, this is a very specific  
6 question. It is not broadly asked and I really do need a  
7 yes or no answer. You state in your submission to Congress  
8 that VBA is tracking execution of its transformation plan  
9 against its key measurements of performance that are tracked  
10 daily, weekly, monthly.

11 Can you provide us those on a monthly basis that are  
12 not included in the Monday morning workload reports and the  
13 ASPIRE Dashboard?

14 Ms. Hickey. Senator Burr, we will continue to provide  
15 you and your staff the information we have provided and we  
16 will continue to make it transparent to the world as we do  
17 today in our ASPIRE Dashboard, in our annual reports, in our  
18 quarterly reports, in the request that you asked for--

19 Senator Burr. I will take that as a no then.

20 Ms. Hickey. Thank you, Senator.

21 Senator Burr. Mr. Bozeman, as you know, when staff  
22 from the Committee went to VA last week for a demonstration  
23 of the VBA management system, it did not work. I do not  
24 think we need to get into exactly what happened. But I  
25 would like to know how often users in the field have IT

1 problems that interfere with their ability to process claims  
2 in VBMS?

3 Mr. Bozeman. Thank you, Ranking Member Burr, for your  
4 question. You are correct. The demonstration to the staff  
5 was conducted in what we consider a lower item level of  
6 buyer. It is not the production environment of VBMS. So,  
7 we did encounter some difficulties due to some changes we  
8 were making in the software at the time.

9 So, I apologize to the Committee for that  
10 demonstration. However, field users in production VBMS have  
11 sustained very little outage time in VBMS over the course  
12 of, since generation one software was available.

13 There would be isolated pockets which affect certain  
14 users with certain roles from time to time. Those are  
15 reported on our help desk and we isolate those issues,  
16 resolve them as expeditiously as possible, sir.

17 Senator Burr. Can you provide for the Committee the  
18 percentage of time that that system is unavailable to those  
19 in the field that are working on it?

20 Mr. Bozeman. I do not have that at my disposal. I  
21 will take it for the record.

22 Senator Burr. Is that something we track?

23 Mr. Bozeman. Yes, we do track that, sir. Assistant  
24 Secretary Warren may be able to provide further insight on  
25 system outages.

1           Senator Burr. I hope that would be provided to the  
2 Committee.

3           General Hickey, according to your plan for reducing the  
4 backlog, VA's goal is to have 20 percent of the claims fully  
5 developed at submittal during fiscal year 2013.

6           At the time VA released that plan, only 3 percent of  
7 the claims were fully developed; and according to your  
8 testimony, it is now 4.8. Tell me, if you will, how are we  
9 going to get to 20 percent?

10          Ms. Hickey. So, thank you, Senator Burr, for the  
11 question. I am going to say that the way we are doing that  
12 is with the absolute dedicated commitment of our partners in  
13 our veterans' service organizations. Specifically led by, a  
14 new effort led by the American Legion, DAV, VFW and others,  
15 they are working hard to help us with that.

16          Senator Burr. How did you come up with 20 percent?  
17 Why was it not 40?

18          Ms. Hickey. We have today, our veterans are  
19 represented in our system of both inventory and backlog.  
20 About 60 percent of the time, our veterans are represented  
21 by one of these VSOs.

22          So, we took the opportunity to say let us start, let us  
23 ramp up, let us grow in our capability for our VSOs to help  
24 us do that part of our claims development effort that takes  
25 the biggest amount of time.

1           Senator Burr. So, if we do not hit 20 percent, what  
2 effect does that have then on the backlog problem that we  
3 have?

4           Ms. Hickey. So, the 20 percent is a relatively new  
5 target that we have and we have asked for our VSOs to help  
6 us with. They are eager, they are involved, they are  
7 engaged, they are training right and left on how to do that  
8 with their representatives who are in the field working  
9 every single day with the veteran.

10           Just by example, very quickly, those VSOs have more  
11 face-to-face contact when that veteran is working with them,  
12 have the opportunity to say, okay, you are claiming this  
13 condition, do you have a copy of your medical records or  
14 your private medical records that will help us make that  
15 decision for that rating condition. And our VSOs are  
16 critical, they are critical partners in our effort to do  
17 this.

18           Senator Burr. Thank you, Mr. Chairman.

19           Chairman Sanders. Senator Tester.

20           Senator Tester. Thank you, Mr. Chairman.

21           I am going to go back to a point that the Chairman and  
22 the Ranking Member talked about, and that is, that I think  
23 partnerships are critically important. You talked about VSO  
24 partnerships. I think there is another partnership out  
25 there that is very important and it is with the DOD.

1           The Ranking Member just that that the DOD is on a  
2 totally different plane and that a single seamless is not on  
3 the so-called DOD radar screen.

4           I do not know if that is true or not. If it is, it is  
5 very disturbing. That is not your problem. That is our  
6 problem, to make sure that the DOD steps up to the plate and  
7 does what they need to do so you can be successful in what  
8 you have to do.

9           Could you give me any kind of analysis without throwing  
10 DOD under the bus, but please do if it is warranted, on what  
11 they are doing as far as helping you out making sure that  
12 there is a seamless transition for veterans?

13           Ms. Hickey. So, thank you, Senator Tester, for your  
14 question. There are many things that have been happening  
15 over the last year in agreement with DOD.

16           First of which I already described. They have now made  
17 an agreement with me as of January to give us 100 percent  
18 certified full and complete medical records. We have never  
19 had that in our history before. We have had to go look for  
20 those records. They are now going to give them to us.

21           Senator Tester. Is that effective immediately?

22           Ms. Hickey. It is effective immediately. They are  
23 doing it right now. Every single service has stood up a  
24 team across the services. Every separating service member,  
25 every retiring service member's records now go through this

1 process with any service and then they will come to me with  
2 that designation, DOD taking responsibility to ensure that  
3 those are all up to speed and I do not have to keep looking.

4 The second thing they are doing is that, and I think  
5 this is important, another major effort, they have a team of  
6 people now sitting over with me to work on those really old  
7 claims that we have not been able to find records to justify  
8 for a decision we want to be able to make for a veteran.  
9 Their team is helping us to dig through all of their  
10 archives to find those records right now.

11 So, those are two big areas where they are working with  
12 us very closely.

13 Senator Tester. What can they do better?

14 Ms. Hickey. They are working on it with us better but  
15 getting those papers that claims that they will give to me  
16 over the next year, turned it into electrons and turned it  
17 into images sooner and turned into a system that they will  
18 now have in 2013 called HAIMS, the Health Artifacts and  
19 Information Management System, bringing them in  
20 electronically to me so I can get those images across  
21 without having to deal with more paper coming in the door.

22 Senator Tester. All right. How about your partnership  
23 with groups like Social Security and the IRS?

24 Ms. Hickey. I have a really good new story to tell you  
25 about that. I have had strong new relationships with both



1 SSA, and IRS. They have critical information on earned and  
2 unearned income for us to be able to make decisions very  
3 quickly, especially for our folks who are the most destitute  
4 in our environment.

5 Social Security has now, and IRS have now made a  
6 decision to give us access to current data every week rather  
7 than once a year. The good news for that for our veterans  
8 is I now can take 100 people that used to have to wait, for  
9 four months do nothing but match and look for earned income  
10 and validate earned income out of a year old's worth of  
11 database.

12 I now have them pointing at doing DIC claims which are  
13 our most vulnerable widowed and orphaned individuals,  
14 getting them the resources they need faster.

15 Senator Tester. Okay. A different area. From your  
16 perspective, what role does insufficient staffing play in  
17 the backlog?

18 Ms. Hickey. Good question. I want to thank this  
19 Committee for the staffing we do have. I want to thank this  
20 Committee for the growth in budget that this organization  
21 has never enjoyed before this Administration and so thank  
22 you very much.

23 We have, I think right now, I am reluctant to say let  
24 us throw more people at a problem where I have the  
25 capability to potentially make the work go faster by the

1 nature of the change in the process we are doing and the  
2 changes in the technology.

3 By example, when we went into a paperless environment  
4 for our loan guarantee efforts, we reduced the amount of  
5 work that had to be done by people because the system  
6 assisted or because the process assisted.

7 I know we are all in a difficult economic environment.  
8 I would prefer to not make your life harder to generate more  
9 people when I think that I might have oxygen in the system  
10 associated with what we are doing in the people, the way we  
11 are organized and trained to do the work.

12 You want me to be most the efficient, right? You want  
13 me to be the most effective, right? I want to get the  
14 efficiency and effectiveness into a 1950s industrial age  
15 process, bring us into the 21st century. If I get through  
16 that and I still need more people I will come to you.

17 Senator Tester. I certainly appreciate that  
18 perspective and appreciate the lean and mean and efficiency  
19 perspective and I know that you are committed to making sure  
20 that this problem gets solved.

21 I am out of time. I would love to talk to you about  
22 the Ruth Moore Act and I think I will put the questions in  
23 for the record for you to answer.

24 One other thing, if I might have the liberty, you  
25 talked a little bit about a 60-day window where you could

1 ask veterans for information and you had to wait another 60  
2 days.

3 Ms. Hickey. We do, Senator Tester. By the current  
4 rules, when we asked for records, we must wait a 60-day  
5 waiting period for a response.

6 Senator Tester. Is that an internal rule or is that a  
7 rule that we have set up?

8 Ms. Hickey. I believe that that is in legislation.

9 Senator Tester. Okay. We may want to visit about  
10 that.

11 Chairman Sanders. Thank you, Senator Tester.

12 Senator Isakson.

13 Senator Isakson. Thank you, Mr. Chairman.

14 Mr. Warren, the VA Inspector General reported that the  
15 partial VBMS capability that has been deployed to date has  
16 experienced, and I quote, "system performance issues".

17 What are those system performance issues?

18 Mr. Warren. Thank you, Senator, for that question. I  
19 would like to point out two items, if I could. The first is  
20 that report was issued in September, last September. So, it  
21 was dealing with the pilot prototype system. Two, the  
22 department did not agree with the conclusions that the  
23 Inspector General reached in their report.

24 Senator Isakson. So, you have had no system  
25 performance issues?

1           Mr. Warren. We had performance issues with a pilot  
2 system that was deployed whose intent was to find the issues  
3 we needed to solve before we reached full deployment of a  
4 first generation system. So, the report basically stated  
5 what we were trying to do which was put it out there, put it  
6 out there fast. Find out what works. Find out what does  
7 not work. Make the improvements, and then deploy it against  
8 the enterprise.

9           Senator Isakson. And that process has worked?

10          Mr. Warren. That process continues to work. We are  
11 using an agile methodology. So, one of the things that you  
12 will see different we applied it to Chapter 33 as a rolling  
13 change, add functionality, add capability is we get systems  
14 out there. We get capability out there quicker. We are not  
15 waiting five years to design a system that fails. We are  
16 making changes. We are deploying them every three months.

17          On some systems like eBenefits, we make deployments  
18 every month. The goal is to get capability in the hands of  
19 the user so we can evolve it, we can improve it, and bring  
20 that benefit to the veterans along the way.

21          Senator Isakson. In Secretary Hickey's testimony--I  
22 think I wrote this down right--she said the redeployment of  
23 VBMS was in full swing from portal to decision.

24          Is that an accurate statement?

25          Mr. Warren. That is an accurate statement.

1           Senator Isakson. Then let me follow-up because I was  
2 not questioning it but I wanted to make sure it was accurate  
3 because, as I understand, and I could be wrong; this could  
4 VA David problem. But I understand that is accurate with  
5 regard to pretty simple decisions that are made in terms of  
6 rating claims but complex cases which, as the Secretary has  
7 mentioned that they have grown, is VBMS capable of making  
8 rating decisions on complex cases?

9           Ms. Hickey. Senator Isakson, if I can answer that  
10 question, yes. That is the short answer. In a very old  
11 version, pilot version, of this last summer there was some  
12 restriction to limit it to claims with less medical issues.  
13 Not anymore.

14           We now rate everything. In fact, if you gone live, if  
15 you are one of the 20 stations that are now live on VBMS,  
16 every new claim you have, whether it is an original one or a  
17 supplemental one coming in the door now immediately gets  
18 turned into the electronic environment. It is scanned, it  
19 is uploaded, it is ingested electronically, and we are not  
20 bringing the paper through the system point forward.

21           Senator Isakson. What software does VBMS run on?

22           Ms. Hickey. I will defer that to my IT colleague.

23           Mr. Warren. Sir, we could probably spend a couple of  
24 hours walking through all of the different pieces.

25           Senator Isakson. Let us not do that.

1 [Laughter.]

2 Mr. Warren. So, I do not think you would like to.

3 So, when we talk about VBMS, it runs on we use Internet  
4 Explorer which is the browser. We use Windows 7 which is  
5 the desktop. We use IE server. So, it is a multitude of  
6 tools that we use. We use Oracle at the back-end. This is  
7 not a pitch for any of those companies. But again, we are  
8 using the tools that are used in industry today for these  
9 types of systems.

10 Senator Isakson. Do you use SAP?

11 Mr. Warren. No, we do not use SAP.

12 Senator Isakson. That is good. Okay.

13 The last question. On the transfer of medical records  
14 from DOD to the Veterans' Administration, that is done  
15 electronically now?

16 Ms. Hickey. Today's medical records we received in  
17 paper.

18 Senator Isakson. When you are fully installed VBMS,  
19 will DOD be able to transfer information electronically?

20 Ms. Hickey. So, Senator Isakson, that is a great  
21 question, and that is exactly what we are planning for with  
22 the new HAIMS system that the DOD is building, will be  
23 delivered December of this year. The intention is for them  
24 to upload those claims into an electronic system that feeds  
25 directly into VBMS.

1 Senator Isakson. Thank you very much.

2 Thank you, Mr. Chairman.

3 Chairman Sanders. Thank you, Senator Isakson.

4 Senator Begich.

5 Senator Begich. Thank you, Mr. Chairman.

6 Let me follow up on that last question. I thought I  
7 read something that DOD had some issues with their  
8 electronic transfer of the records.

9 Ms. Hickey. Senator Begich, the part that I am talking  
10 about is a different agreement that I have with DOD where  
11 they are consolidating and pulling together all their paper  
12 medical records in order to give it to me to make a decision  
13 full and complete with their TRICARE and their contract  
14 medical records.

15 I think the issue that you are talking about is iEHR  
16 and I will defer that question to my colleague, Mr. Steph  
17 Warren.

18 Mr. Warren. So, if I could do just a quick sidebar in  
19 terms of the different terms that are used out in the  
20 popular press.

21 Interoperability is the movement of information back  
22 and forth. There is the movement of medical information,  
23 clinician to clinician today from DOD to VA. There is a  
24 translation that takes place. It is not all the data. It  
25 is a limited amount of data.

1 Senator Begich. Electronically?

2 Mr. Warren. Electronically. So, there is a limited  
3 flow. It is not the full treatment record.

4 Senator Begich. Correct.

5 Mr. Warren. So, as a service member comes in to a VA  
6 facility either Guard, Reserve, and now they are a veteran  
7 when they come over, we see some large percentage of data,  
8 not all of it. So, that is interoperability.

9 The announcement that came out recently dealt with the  
10 goal to get to that single, joint, common, integrated  
11 electronic health record.

12 Senator Begich. Right.

13 Mr. Warren. So one system so you do not have to worry  
14 about translation.

15 Senator Begich. Right.

16 Mr. Warren. It supports that goal of the virtual  
17 lifetime electronic record.

18 Senator Begich. Right.

19 Mr. Warren. So, when that citizen raises their hand  
20 like I did coming into the service, the data gathered from  
21 there forward is part of the benefits determination for  
22 compensation.

23 Senator Begich. Right.

24 Mr. Warren. The larger issue.

25 We are committed, the VA is committed to that single



1 integrated electronic health electronic health record.

2 Senator Begich. I get the VA is. It is the DOD, and I  
3 guess, Mr. Chairman, one thing that would be unusual but  
4 maybe we should have here is DOD sitting here because I was  
5 on the Armed Services Committee four years and they still  
6 cannot an audit of DOD. It is one Federal agency that  
7 cannot get their act together when it comes to figuring out  
8 how to audit what they do over there.

9 So, I understand that you have an agreement. But I  
10 have been here now for years, claims, and I saw a scathing  
11 report which, of course, Alaska was highlighted in there of  
12 delays in disability claims.

13 The number one issue I get in my office is the lack or  
14 inability to get these records and determine disability  
15 claims. On top of that, it is this ability to get the  
16 records from DOD over.

17 And, you are putting a lot of faith in DOD that still  
18 cannot even do an audit of their own functions as the only  
19 agency in the Federal Government.

20 So, can you actually say right here-- and you said it a  
21 couple of times. I want to hear you say it again that at  
22 the end of 2013, because that is what I heard you say, we  
23 will be moving electronically the full records from DOD over  
24 to the VA so that I do not have to spend time with my staff  
25 on a regular basis calling up DOD saying what the hell,

1 where is the information, and then VA why do you not have it  
2 yet?

3 Ms. Hickey. So, Senator Begich, what I will tell you--  
4 Senator Begich. That is a very simple question. Yes  
5 or no.

6 Ms. Hickey. And the very simple answer is I will have  
7 images from the record. He will not have data yet.

8 Senator Begich. How are you going to get to that  
9 point? I mean, getting the images. First off, I was  
10 somewhat surprised and I thought the answer that DOD now is  
11 just kind of shipping over boxes of material. I am  
12 simplifying it but it is paper material, right?

13 Ms. Hickey. It is largely.

14 Senator Begich. So now, you have a contractor that is  
15 scanning all this stuff which I have questions on that on  
16 its ability, how fast it is moving, efficiency, your own  
17 ability to audit that.

18 But then you just get a pile of images. You know, I  
19 can scan stuff all the time and get a pile of images. How  
20 you interpret them to determine the outcome for that  
21 individual who is trying to get a claim?

22 Ms. Hickey. So, Senator Begich, a great question. I  
23 will tell you how we did it. We used to take a stack of  
24 paper this big with peoples little rubber finger tips on  
25 their fingers and their eyeballs and trying to remember

1 their rules in their head and that is what we asked our  
2 employees to do, our hard-working employees to do 52 percent  
3 veterans themselves.

4 Today in VBMS, they do not deal with the paper. Their  
5 rubber fingertips are gone. They do not have to remember  
6 all the rules. They are built into the system. The images  
7 come through. They can google-like search throughout these  
8 document to find that information. That is what VBMS does  
9 for us.

10 Senator Begich. Right. On new claims?

11 Ms. Hickey. On all claims coming in the door today  
12 whether they are a Vietnam veteran, a World War II veteran  
13 or whether they are today's veterans.

14 Senator Begich. Do you have data that shows the  
15 difference between the process time, the results, and  
16 efficiency between the ones that are now coming in versus  
17 the almost millions sitting in the backlog?

18 Ms. Hickey. Senator Begich, I will have it. I have  
19 just put 20--

20 Senator Begich. When will you have it?

21 Ms. Hickey. --ROs on it on 28th of January on the what  
22 I consider, for the first time, the portal to decision  
23 processing.

24 Senator Begich. Right. When will you have that?

25 Ms. Hickey. I am measuring it all the time. So, as

1 soon as I have a valid enough sample to give you, I will  
2 give it to you.

3 Senator Begich. I want to go back to Senator Burr's  
4 question. It seemed like such a simple one. You obviously  
5 do a monthly matrix of some sort. It sounds like even  
6 weekly with now some of the data given on earned income.

7 But can you just answer that question very simply?  
8 That you will provide, I heard your answer. It was kind of  
9 a stock answer that data that we request we will provide.

10 The matrix that you have because I know every agency,  
11 as a former mayor, every agency in my department that I  
12 operated and managed had dashboards that gave data and  
13 weekly, daily, and monthly on the accessibility.

14 Can I echo what Senator Burr asked and that is will you  
15 provide that data on a monthly basis so we understand the  
16 success or failure, because, honestly, when I look at the  
17 numbers, four years later from my time here it is not  
18 getting better.

19 I can tell you the increase in calls that I get in my  
20 office are not going down. So, answer yes to Mr. Burr's  
21 question or no. I do not want the stock answer that I know  
22 you all get because OMB does sanitation to all your  
23 commentary.

24 I just want to know the real simple answer. Yes or no.

25 Ms. Hickey. Senator Begich, I will provide information

1 to you.

2 Senator Begich. Yes.

3 Ms. Hickey. I will provide information to you, yes.

4 Senator Begich. There we go.

5 Okay, Mr. Burr, we maybe got halfway there. Three  
6 quarters of the way.

7 I have some more specifically. In the less comment,  
8 Mr. Chairman, thank you.

9 The VSOs do so much good work. It almost seems like  
10 they do all this work and then VA duplicates the work and it  
11 seems like we should figure out some partnership where VSOs  
12 can help us move some of these claims because they do a lot  
13 of work on the front. They have about an 80 percent hit  
14 rate. That is not a bad success rate based on the history  
15 here.

16 I will leave it at that maybe for the record, Mr.  
17 Chairman, if that is okay.

18 Ms. Hickey. Chairman, may I answer that question?

19 Chairman Sanders. Briefly.

20 Ms. Hickey. Senator Begich, we have a very deep  
21 relationship with our VSOs getting stronger every day. They  
22 are on VBMS with us. They are inside the fence line now  
23 more than they have ever been before and I am working very  
24 closely with them and am very thrilled with their  
25 willingness to do fully developed claims which, in fact,

1 will help exactly the issue that you are discussing.

2 Chairman Sanders. Senator Heller.

3 Senator Heller. Thanks for holding this hearing. This  
4 is good. This is really what we need across this country  
5 but in Nevada obviously I get the same phone calls that the  
6 other Senators are getting.

7 I certainly do appreciate Senator Tester's remarks. I  
8 am glad he is across the way. We have a tendency of  
9 marching, looking down the same road here. He made a  
10 comment that I want you to clarify that perhaps I do not  
11 understand, and that is in your testimony that you stated  
12 that the law, that by law the VA must wait 60 days, by law.

13 Ms. Hickey. Yes, Senator.

14 Senator Heller. It is not part of your manual. It is  
15 by law.

16 Ms. Hickey. Yes, Senator, and then if I ask 60 days  
17 later and I do not get it, I must wait another 30 days.

18 Senator Heller. By law?

19 Ms. Hickey. By law.

20 Senator Heller. Okay. So, you have a claim and you  
21 called the VA's office or you fax them or whatever it may  
22 be. You set that in a file for 60 days. You do not do  
23 anything with it. You just wait for 60 days; and if you do  
24 not get a response, then you respond after 60 days; and then  
25 you must wait another 30 days.

1           Ms. Hickey. So, Senator, it is not that I do not do  
2 anything with it. We do many things with the claim besides  
3 that. We will continue to gather other evidence from  
4 perhaps your private medical doctor. Our veterans, we ask,  
5 you know, we bring in private medical evidence from them.  
6 We will get that. We will get our medical records. If the  
7 veteran is already seeing a VHA doctor, we will pull that  
8 in. We will continue to try to do everything we can to get  
9 that claim further down the process. But then we will, on  
10 occasion, more than one occasion hit a brick wall.

11           Senator Heller. Let me move in a different direction  
12 with a similar question, and that has to do with the GAO  
13 report. Tell me if this is accurate.

14           When obtaining Social Security Administration records,  
15 VBA's policy manual instructs claims staff to fax a request  
16 for medical information and wait 60 working days to follow  
17 up if SSA does not reply. Then, staff faxes a follow-up  
18 request and then waits another 30 days.

19           Is that part of your manual or is that also by law?

20           Ms. Hickey. It is also by law, but it is no longer an  
21 issue because now Social Security and IRS are giving us  
22 weekly data. We have made agreements and are actually  
23 already seeing the flow of that information. I am very  
24 appreciative to our Social Security and our IRS partners in  
25 that effort.

1           Senator Heller.   Okay.   So that is solved.

2           Ms. Hickey.   It is solved.

3           Senator Heller.   I was going to say because that would  
4 make it about 25 percent more efficient, 25 to 35 percent  
5 more efficient if we could take those filings and at least  
6 make a phone call.

7           My staff, you know, we get a number of cases and we get  
8 2500 cases a year; and we work with the same agencies you  
9 work with; and if we do not get an answer within five days,  
10 we pick up the phone and say, hey, where is our answer? We  
11 do not wait 60 days, we do not wait 30 days. But, of  
12 course, by law we are not limited to those delays.

13           Let me ask you another question, and I certainly do  
14 appreciate the good hard work of the VA. My father is a  
15 veteran. He turns 80 this year. He received some real good  
16 service from the VA, the hospital in Reno; and I certainly  
17 have nothing but praise, nothing but praise for these hard-  
18 working individuals.

19           I have been to, though, the VA claims office in Reno;  
20 and, as I mentioned earlier in my comments, that we are some  
21 ten thousand claims behind.

22           Over the last five years, I have consistently asked  
23 them what do you need? What do you need? Do you need more  
24 individuals? Do you need more resources, bodies? What is  
25 it going to take to fix this backlog? And they have



1 consistently told me we are going to solve this without  
2 additional resources or without new bodies.

3 I had in here a second ago; but according to the GAO  
4 report, it said according the VBA officials, staff shortages  
5 represents a primary reason for backlog.

6 So, I guess I just ask the question again and I think  
7 you have touched on this but maybe you can reiterate. What  
8 is the issue? Do you need more individuals, personnel, in  
9 order to fix this backlog?

10 Ms. Hickey. So, Senator, thank you for your question  
11 and I have been to the Reno office as well and it is a  
12 terrific group of people out there working on behalf of  
13 Nevada veterans.

14 Senator Heller. Yes, it is.

15 Ms. Hickey. What I will say is the demand has risen,  
16 and I will go back to saying we have done a million claims  
17 the year. These hard-working folks out there want to do  
18 what is right for veterans, want to do what is right for the  
19 family members.

20 Senator Heller. I agree.

21 Ms. Hickey. They are not only doing a million rating  
22 claims, they are doing 1,000,000 non-rating claims. They  
23 are not only doing that, they are doing half a million  
24 pension claims in the same year. They are doing 4.7 million  
25 medical issues a year. They are producing at record, record

1 levels on behalf of our veterans. But the demand is coming  
2 in at record, record levels.

3 The only way to go after this, the only way is to  
4 fundamentally reinvent ourselves which is what we are doing  
5 in this transformation effort. You get to that many  
6 transactions in a year you have got to have the benefit of  
7 some automation, some rules-based capability all of which we  
8 have built now and are continuing to add functionality every  
9 eight to ten weeks to get some of those rules and automation  
10 built into the system, to take some of the load of a person  
11 manually doing this much paper out of the system, to create  
12 that oxygen in the system so that the men and women, the  
13 20,000 employees I have across the Nation who get up every  
14 single morning dedicated and committed to this mission have  
15 an opportunity to really meet the needs of our veterans and  
16 their family members and survivors as they truly wish to do.

17 Senator Heller. Thank you, General

18 Thank you, Mr. Chairman.

19 Chairman Sanders. Thank you, Senator Heller.

20 Senator Moran.

21 Senator Moran. Mr. Chairman, thank you.

22 Madam Secretary, thank you for being here. You can  
23 sense the frustration that many of us have on this topic and  
24 part of it is that we have heard the potential for success  
25 so many times without seeing the results that we want to

1 see.

2 I had this last week with Disabled American Veterans  
3 from Kansas, the American Legion, the VFW, all in the  
4 office. This now is their number one priority and the most  
5 significant complaint that I continue to receive from Kansas  
6 veterans and their families.

7 When I came to Congress now sometime ago--I served on  
8 the Veterans' Committee in my entire time in the House and  
9 now in the Senate--it was always health care that was the  
10 topic, and it seems to me that the health care side of the  
11 VA has done things that apparently the benefits side has not  
12 because the number of complaints about the quality and  
13 access to health care has diminished significantly and the  
14 number of complaints about benefits has increased  
15 dramatically.

16 And so, I do not know whether there is a role model  
17 within the VA; and while the health care side is not  
18 perfect, the progress and improvements seem to be evident  
19 and you may have a role model within your own department for  
20 guidelines.

21 In addition to that, I assume that you have consulted  
22 with the private sector in trying to find out how they deal  
23 with this magnitude of claims and I assume--these are  
24 questions, you can tell me that my assumptions are wrong--  
25 that you have had genuine and real conversations with the

1 employees that you describe is so loyal and so dedicated.

2 I often think that Federal agencies, and employers in  
3 general, never take advantage or rarely take advantage of  
4 the knowledge of their own employees who may have the best  
5 solutions because they are the ones who deal with the issues  
6 every day.

7 In regard to employees, is there a reward or benefit  
8 that accrues to employees who provide timeliness and  
9 accuracy in the benefit process?

10 And finally, what is the process that you have in place  
11 to help the veteran who is in a dire circumstance?

12 Often the calls, the concerns, the conversations that I  
13 have as a member of Congress and I would guess my colleagues  
14 as well is from somebody who is about to lose their home to  
15 foreclosure or my dad is homeless and we have been waiting  
16 on an answers from the VA on benefits that very well may  
17 enable him or her to make their mortgage payment or get off  
18 the street.

19 What process is in place that allows you to prioritize  
20 those claims in which, if you fail to provide the benefits,  
21 the veteran suffers dramatically?

22 Ms. Hickey. So, let me start, Senator Moran, with the  
23 last thing you just mentioned and which is how do we help  
24 our veterans who are in the most dire circumstances.

25 We actually prioritize them. When we hear words like

1 terminally ill, we hear words like on the verge of  
2 homelessness, we hear words like former prisoner of war, we  
3 hear words like Medal of Honor recipient, we prioritize  
4 those above all other claims.

5 We routinely pull those out of the process and we raise  
6 those up and we do those quickly. So, I will start there by  
7 answering that question very clearly.

8 Secondly, I will tell you that everything in this plan  
9 did not originate in 1800 G Street over in VA. In fact,  
10 every one of the initiatives that are in this plan were  
11 pulled together by including the thoughts of our employees.  
12 Most of the initiatives are either employee generated  
13 initiatives. Could not do it without them.

14 We have industry partners who are part of the process  
15 of helping us think this through. We had Federal agencies  
16 and still today, I was that IRS yesterday talking more and  
17 more. We have meetings with them frequently talking more  
18 and more about how did they go paperless, what were the  
19 issues that they saw, how can we prevent those issues as we  
20 do. The same with Social Security.

21 We have definitely partnered with our VHA partners in  
22 doing this; and I would just say, VHA enjoyed the benefit of  
23 resources that VBA did not until three or four years ago.  
24 We were not so high on the priority budget list. We have  
25 been. I am so appreciative of that over the last four years

1 but we were not prior to this. Certainly not on the IT  
2 priority list. We are now. That is a very positive thing.

3 But the last thing I really want to just tell you is I  
4 leave today in this hearing and I go do what I have been  
5 doing for the last four months. I get on a call all the way  
6 down to bargaining unit employees who are on VBMS today in  
7 all of our regional offices and I just tell them tell me the  
8 good, the bad, and the ugly.

9 We do it every week. I make every one of the program  
10 officers in there, all the IT people listening and these  
11 folks tell us like it is. When they do it, I take it, I  
12 task it, we get it fixed, and we get it done so that it gets  
13 better every single time.

14 The people who are making VBMS today better are not our  
15 IT friends. It is our subject matter experts in the field  
16 who are getting on the system going bang, bang, bang, yes,  
17 what, if you did that thing for me I could go much faster.

18 They are doing that today by the bucket loads. I am so  
19 appreciative of getting that bargaining unit level  
20 employee's input into our process and make sure that I get  
21 it every single week. I do not miss that phone call.

22 Senator Moran. Thank you, ma'am.

23 Chairman Sanders. I thank you. You have stimulated  
24 interest, and there is a desire to ask you some more  
25 questions. So, we will go a second round.

1           Let me start that off by asking you something that I  
2 probably should have asked you at the very beginning. You  
3 know, we have talked about the 60-day requirement. We have  
4 talked about perhaps impediments in law.

5           The goal of everybody up here is to see the processing  
6 claims, the claims process move as rapidly and as accurately  
7 as possible, no difference of opinion.

8           If you were sitting here as a lawmaker, what changes  
9 would you make to help expedite the process, and say a few  
10 words. I know there are differences of opinion about the  
11 60-day requirement and some of the VSOs have concerns about  
12 due process and so forth. Say a word about that but tell us  
13 what you would do up here in terms of law as to what we  
14 could do to expedite the process.

15           Ms. Hickey. Thank you, Chairman Sanders.

16           So, first of all, I will tell you. I know this topic  
17 has not come up so I am one more time throwing something out  
18 to have you asked me a question about.

19           Our appeals process today, I could take 100 days and  
20 shaped it off tomorrow if I had a standard notice of this  
21 agreement form. I do not. Our veterans do not have a  
22 standard form to appeal on with us that has all the  
23 information we need in order to identify that appeal.  
24 Frankly, we do not even though it is appeal and we lose 100  
25 days in the process for doing it.

1           So, we have asked me before for a standard notice of  
2 disagreement appeal form. That is one way to cut the  
3 appeals process down. We have a new 526EZ form. What that  
4 by 526EZ form does, and by the way it is online to  
5 facilitate our online transmission like you do your taxes  
6 today. That form takes the requirements for what has become  
7 a bit of a timeliness factor of back-and-forth mail, puts it  
8 right up front on the form and tells that veteran what we  
9 need from them in order to decide that claim.

10           Part of our due process, part of our DCAA requirement  
11 and when we do it that way, I am not sending letters back  
12 and forth and the veteran is not sending letters back and  
13 forth. It has the ability to cut out time.

14           If that were a mandatory form, that would be better for  
15 both the veteran and timeliness factors and it would be  
16 better for us to continue moving that claim.

17           The other thing I will tell you is we are looking at  
18 this issue. Today I know a lot about our pension  
19 recipients. I know they are in some of the most dire  
20 circumstances because there is a means-tested environment.

21           I know when that pension veteran dies, today I am  
22 required by law to make that pension widow send me a claim  
23 to do and go back to their process to validate that pension.  
24 I do not get that one. These are for the most part poverty  
25 level widows that I ought to just be able to continue that



1 pension, pay those pension widows at a very difficult time  
2 in their life and then go back and audit them just to make  
3 sure that we are okay. I ought to have a period of time  
4 where I can do that. We are looking at that issue. I would  
5 need legislation to do that issue.

6 Those are the kind of things we are thinking about.  
7 Even, I have 78 percent of our veterans who are taking the  
8 GI Bill who tell me today, quit sending me the letter, just  
9 post it on eBenefits. I still have a requirement to send  
10 them a letter. That is cost. That is FTE. That is mail.  
11 That is ink. That is all the rest of those things.

12 Chairman Sanders. I appreciate your comments and I  
13 suspect there is more that you are thinking about, and I  
14 think this is an issue that we should explore together.

15 Let me just ask you another question. As I understand  
16 it, VBMS is today operational in 18 regional offices.

17 Ms. Hickey. Twenty today.

18 Chairman Sanders. Twenty regional offices, right. And  
19 your testimony indicates that it will be deployed to the  
20 remaining 38 offices this year.

21 Ms. Hickey. We will have all 56 regional offices, yes,  
22 Chairman, on it by December of this year.

23 Chairman Sanders. Given the problems that keep popping  
24 up, are you confident that you can make that expansion work  
25 well?

1           Ms. Hickey. I am as of 28 January 2013. I believe I  
2 have a solid, not perfect, not perfect, I believe I have a  
3 solid, dependable portal to decision system in place to be  
4 able to get more and more people on it, to be able to check  
5 it.

6           Now, with that system in place, if I run into a  
7 problem, I am going to slow down. I am going to be  
8 methodical, deliberate, and I have demonstrated I will. I  
9 did it last fall.

10          We were going to accelerate and put on those first ROs  
11 by a certain date. It had four major problems with it. I  
12 said, no, I will not deploy this until we get those four  
13 major problems fixed.

14          They did. They fixed them. They are gone out of the  
15 system; and as a result, we went ahead and move forward and  
16 now I have 20 on the stations, 20 stations on. There will  
17 be another five next week. That is a solid system. Is it  
18 perfect? No. But our people will make it perfect.

19          Chairman Sanders. All right. My time is expiring here  
20 but what I would appreciate receiving from you as soon as  
21 possible is a memo telling me the very specific ideas that  
22 you have as to how Congress can move forward in helping the  
23 VA expedite the process and improve accuracy. Is that  
24 something you can get me?

25          Ms. Hickey. I can, Chairman.

1 Chairman Sanders. Okay. Thank you.

2 Ms. Hickey. Thank you, Chairman.

3 Chairman Sanders. Senator Burr.

4 Senator Burr. General Hickey, I sense a level of  
5 frustration with some of the questions we have asked, and I  
6 feel compelled to state to you that most of the questions  
7 deal with prior testimony, prior goals established by you or  
8 within the VA.

9 I hope you do not take offense. I sense an obligation  
10 on the part of the Oversight Committee to track whether, in  
11 fact, you hit your goals and to fully explore if you do not  
12 what the reason was, to look at goals for next year, and to  
13 ask simple questions like what went into choosing that as a  
14 goal.

15 One of the goals that you have out there right now is  
16 that the backlog is going to disappear in 2015. What is the  
17 plan if it does not?

18 Ms. Hickey. So, first, Senator Burr, I will apologize  
19 for my Irish heritage. Please do not interpret my hand-  
20 waving, pilot-talking excitement and energy around what we  
21 are doing right now as frustration and I totally, totally  
22 understand and believe that you have oversight over what I  
23 do and hope to be very responsible to you in that regard.

24 So, my apologies for maybe perhaps projecting  
25 frustration. Not there. Not there at all with you. I will

1 deliver for you as you need. But I have confidence that we  
2 will in executing this plan be better positioned for  
3 anything that happens. We have to do this. We cannot rely  
4 on the way we did things in the past.

5 Senator Burr. We have wished a lot of years in  
6 disability claims as we have seen the trend to go up, we  
7 have seen the productivity of FTEs go down as we have added  
8 FTEs. You have seen the charts. You know the numbers.

9 If the numbers are not right, again, I open up to you.  
10 Prove to me where I am wrong. I look at them. But if it  
11 does not work, what is the back up plan?

12 What do we do in 2015 if, in fact, we still see a trend  
13 going up of disability claims backlog? What do we do then?

14 Ms. Hickey. Senator Burr, you know one of my many jobs  
15 I had in my past life as an Air Force veteran was to help  
16 deploy quality management principles and practices and the  
17 idea that you never stop thinking you have got a perfect  
18 plan. You continue to look for ways in which to improve on  
19 what you have done.

20 We will continue. From this point forward, we are  
21 doing it today. We are not resting on even what is even in  
22 the plan. We are looking and delving into ways we can even  
23 add greater and greater functionality into the system. We  
24 are looking for ways in which we can shave off issues  
25 relative to accuracy.

1           By the way, I would just like to tell you, we have  
2 actually this last year reversed a four-year downward trend  
3 in our accuracy. We have increased our accuracy nationwide  
4 by almost four percentage points and we continue to do that  
5 by an investment that frankly is made in this plan which is  
6 our new challenge training where we have people doing claims  
7 faster at a much higher quality level by our quality review  
8 team people we have in the system.

9           Senator Burr. Let me stop you if I can and I commend  
10 the Chairman for asking for your suggestions in writing. I  
11 would remind you, we have asked every year for the  
12 legislative changes that need to be made to facilitate a  
13 faster, more accurate system and, to the best of my  
14 knowledge, this is the first time we have heard suggestions.

15           Hopefully, those are things that you are going to work  
16 out with the VSOs because, as the Chairman said, VSOs have a  
17 little problem with the 60-day for the due process. But we  
18 are willing to entertain legislative changes where there is  
19 consensus and where there is a belief that we can improve  
20 the accuracy and the timeliness.

21           Is there currently a hiring freeze on claims processors  
22 nationally?

23           Ms. Hickey. Senator Burr, there is not a hiring freeze  
24 on claims processors but I will tell you I am maxed out  
25 right now for my end stream. I have everybody in a seat.

1           Senator Burr. But there is not a directive at  
2 headquarters that there is a hiring freeze?

3           Ms. Hickey. No.

4           Senator Burr. Okay.

5           Mr. Chairman, I am going to end there but I do want to  
6 loop back at something and it is something that Senator  
7 Begich stopped on.

8           I am not going to ask the question again. I am just  
9 going to state fact. I think that this Committee needs the  
10 performance metrics that you do not find on the dashboard  
11 and you do not get in the monthly report for us to do our  
12 oversight correctly. I can only speak for myself.

13           If we do not receive that, I will do everything I can  
14 to fence off headquarters money until the VA provides the  
15 Committee with that metrics performance. So, hopefully,  
16 take that back if, in fact, within the administration at VA  
17 that is a bit of information they do not want to share with  
18 us then I will exercise the right of the Oversight Committee  
19 and the Authorizing Committee and I will work with  
20 appropriators to try to fence that off until we get it.

21           Thank you.

22           Chairman Sanders. Senator Tester.

23           Senator Tester. Thank you, Mr. Chairman.

24           I would just say I think we got have to be very  
25 specific on what we are asking for if we are going to ask

1 them to take time to do it. That is all.

2 I think we need the information that we need to make  
3 our decisions and hold them accountable but it has got to be  
4 pretty specific what we are asking for and I do not mean to  
5 disagree in the least.

6 Senator Burr. I will assure my good friend from  
7 Montana that I will put it in writing. It will be very  
8 specific, and it was specific.

9 Senator Tester. Metrics other than the dashboard, I  
10 think we need to be more specific than that.

11 Senator Burr. I think General Hickey knows exactly  
12 what I am asking for.

13 Senator Tester. Okay. That is good because I do not.

14 Ms. Hickey. Senator Burr, I look forward to receiving  
15 your request with the ones that you are looking for.

16 Senator Tester. Okay. First of all, I appreciate your  
17 passion and I think the Ranking Member is correct. We have  
18 asked and I very much appreciate you stepping up to the  
19 plate and giving us some good, solid, I think pretty sound  
20 suggestions on how we can eliminate some of the red tape and  
21 so I want to thank you for that.

22 I want to clarify a little bit on the Guard and Reserve  
23 medical records. Are they part of the guaranteed delivery  
24 from DOD to VA?

25 Ms. Hickey. They are, but there are complications,

1 Senator Tester, with that. I will tell you that I have  
2 recently met with all the adjutants general from all the  
3 states including yours as well as the National Guard Bureau  
4 leadership here just in the last couple of weeks to ask for  
5 their help in getting a hold of National Guard records in  
6 particular, and I hope to be meeting with the Reserve  
7 leadership soon to do the same.

8 The complication with National Guard records are that  
9 they have gone and served with units that are not in their  
10 states over the last decade of conflict in Iraq and  
11 Afghanistan.

12 So, finding those records in other units in other  
13 states, in other places becomes a very, very difficult task.  
14 What I will tell you is the request I made of the adjutants  
15 general, and I have already had five come forward and say  
16 you bet you I will do it is for them to stand up people who  
17 stayed active duty if nothing else and to bring, help us go  
18 dig and find records on claims that we have that are in the  
19 National Guard. I am very appreciative of the National  
20 Guard adjutants general standing up to that task.

21 Senator Tester. Well, I think it is very, very  
22 important to get access to those records ASAP. These folks  
23 are being used as active military at this point in time.

24 Ms. Hickey. I agree with you.

25 Senator Tester. Okay. You are familiar with Quick



1 Start and VBMS discharge I would assume.

2 Ms. Hickey. Yes, I am.

3 Senator Tester. They have been described to me as  
4 pretty ineffective. In fact, if they do not use them, they  
5 tend to get their benefits quicker just going to the VA.  
6 Give me your assessment and if you have heard similar  
7 concerns.

8 Ms. Hickey. Very frankly, Senator Tester, when we were  
9 doing the Agent Orange work and when we were taking 37  
10 percent of our workforce out of the system, that was every  
11 bit of our search capability across the country including  
12 all of the day one brokering centers. Those are our 13  
13 resource centers out there that the national level work.

14 All 13 of those were pointed at doing the Agent Orange  
15 Nehmer work. Therefore, what suffered in some respects  
16 along with every other cohort of veterans was our BDD and  
17 Quick Start work.

18 The better news. As of March last year, we redirected  
19 our day one brokering centers as soon as they finished the  
20 veterans Agent Orange claims, we redirected half of them  
21 towards BDD/Quick Start work. We have cut the inventory in  
22 half since doing that.

23 And then, when we finished the survivor claims in  
24 October, we redirected more capability to work on the  
25 BDD/Quick Start claims.

1           Senator Tester. So, I got that. What you are saying  
2 is that the problem, because I am just trying to figure this  
3 out, the problem was not with the DOD. It was with the VA  
4 and it was there because we gave you another job with the  
5 Agent Orange.

6           Ms. Hickey. Probably complicated by both. We still  
7 had to get medical records. We still had to get TRICARE and  
8 contract medical records but is less complicated by DOD in  
9 that process than it was with us and the fact that we are  
10 doing Agent Orange work. It took 37 percent of our  
11 workforce.

12          Senator Tester. Okay. I got you.

13          We have heard conflicting feedback from the VA  
14 advocates and employees regarding the role out of VBMS.  
15 Given the dramatic implications on not only the veterans but  
16 their families and the VA as a whole, there has been  
17 feedback that says there should be an independent panel to  
18 take a peek at what is going on. That has been the  
19 recommendation of the DAV, in fact.

20          Do you think that would be appropriate, do you think  
21 that would be necessary, do you think it would be  
22 beneficial?

23          Ms. Hickey. I actually use a lot of independent  
24 feedback right now for doing this and have a lot of  
25 independent folks that like to go look at us. In fact, I am

1 going through another OIG look and another GAO look right  
2 now since their previous reports.

3 I also would say DAV and others have been actually very  
4 instrumental in helping us build the VBMS. We brought them  
5 in in the requirements development portion of building the  
6 new paperless IT system. I depend on heavily all of our  
7 VSOs. I meet with them monthly and more frequently, if  
8 necessary. Frankly just took them down to Atlanta here a  
9 month ago, showed them the whole process end to end.

10 Senator Tester. So, what you are saying is outside of  
11 the DAV but you are already using independent IT experts to  
12 review VBMS and its plans and its progress and that kind of  
13 stuff.

14 Ms. Hickey. I consider GAO and IG people fairly  
15 independent from VBA people and so I would say, yes, I have  
16 a fairly strong group of people keeping an eye on us and I  
17 think that one more set is not necessary at this time.

18 Senator Tester. Do they have the expertise in IT?

19 Ms. Hickey. I will defer to my colleague, Mr. Warren,  
20 on that issue.

21 Senator Tester. Go ahead.

22 Mr. Warren. I think your question does it have sense,  
23 is there value of having folks who know how to do the agile  
24 development methodology to have them come in and look at  
25 what we are doing to make sure we are on the right path

1 makes sense.

2 We tried going down this path and we keep running into  
3 FACA in terms of how do you put advisory groups together.  
4 We have MITRE right now looking at the architecture, pulling  
5 in externals but finding a group in the pure IT realm,  
6 because we have run into several times with the oversight  
7 folks from the GAO and the IG not having the depth and  
8 knowledge necessary to truly understand what is agile, what  
9 is iterative.

10 So, there is an interest. We have been trying to  
11 pursue it.

12 Senator Tester. Thank you. And once again I want to  
13 thank you guys for your service. I appreciate the job you  
14 do.

15 Chairman Sanders. Thank you, Senator Tester.

16 Senator Johanns.

17 Senator Johanns. Mr. Chairman, thank you for being  
18 here today. Let me, if I might, follow-up on Senator  
19 Tester's question about the oversight group because I having  
20 sat in a position similar to yours, you know, there was  
21 always a willingness to put together an oversight group.

22 But as much as I value that typically, one of the  
23 things that I do not want to have happen is that, of course,  
24 a new group everybody has to come up to speed with that.  
25 The group has to come up to speed, and we might be

1 inadvertently actually slowing things down.

2 Do you have any thoughts on that?

3 Ms. Hickey. So, Senator Johanns, thank you very much  
4 for the question.

5 It does suck up energy when we have to work with  
6 another group for them to come in and look at. We do not  
7 mind doing that. That is part of the rule of oversight. We  
8 will do that.

9 But the very same people that are producing the data  
10 for how we are doing are the very same people that have to  
11 pull off that task and now go and start working in gathering  
12 data and pulling data for new requirements that others need.

13 So, it is a burden. It is a necessary burden in life  
14 to ensure that you are doing a good job. So, we will  
15 continue to do that for our OIG and GAO and partners that  
16 you asked to do but it is a burden.

17 Senator Johanns. Yes. Let me ask you about the issue  
18 of the medical records with National Guard and, I guess,  
19 Reserve do, right? I note they are a part of the agreement.  
20 That would seem to be pretty straightforward. You provide  
21 medical records.

22 But having said that, it is obviously not very  
23 straightforward, and I do not want to pull rank on anybody.  
24 But it seems to me if you really need help in freeing up  
25 medical records, let us know and we can also make that

1 request. Now again, I am sure that makes you a little  
2 uncomfortable that you are end running people that you are  
3 trying to work with. But the challenges, you are dead  
4 stalled, right, until you get medical records?

5 Ms. Hickey. For the final decision, yes, Senator.

6 Senator Johanns. Yes. Until that happens you cannot  
7 get to a final decision I would not think.

8 Ms. Hickey. I can move the claim forward with the  
9 other kinds of evidence I can gather but I cannot make a  
10 decision on that claim, a rater cannot rate that claim until  
11 we have those medical records.

12 Senator Johanns. Now, I am sure that is not the  
13 explanation to everything obviously but how many cases would  
14 be out there where you just simply need some medical records  
15 to move forward?

16 Ms. Hickey. I will give you an example by looking at  
17 the claims that we are really focused on right now which are  
18 our very oldest claims, our two-year and older claims; and I  
19 will tell you for every five of them, three of them are  
20 waiting medical records.

21 Senator Johanns. That gives us a pretty good insight  
22 into at least a piece of the problem and if we could somehow  
23 jar that loose and you could deal with those claims in an  
24 expeditious way, it seems to me we take a pretty sizable  
25 step forward in dealing with these issues.

1 Ms. Hickey. It is a game changer, Senator.

2 Senator Johanns. It would really be a game changer.

3 The Chair asked you about a legislative approach. Again, I  
4 am guessing you are feeling uncomfortable, my goodness, I am  
5 trying to work with these people while somebody is pressing  
6 me about is there another strategy.

7 But I am interested in knowing and I think the  
8 Committee would be interested to know. Is there another  
9 strategy to try to break the logjam here, get you medical  
10 records, get these claims decided, and get these people the  
11 benefits they deserve?

12 Ms. Hickey. So, to give credit to my DOD friends who  
13 are stepping forward with us through our joint bodies, our  
14 joint governance bodies that we have been working this  
15 issue, we recently made the decision between DOD and VA to  
16 do mandatory separation health exams.

17 What that gets us is huge. That gives us a comparison  
18 between when you came into service you went through what we  
19 call a MEPS station, and we went extremely deep on your  
20 medical status at that time that you joined the military.

21 We do the same thing with a really good strong in-depth  
22 separation health exam on the back-end. We now know  
23 everything that is service-connected between the two.

24 DOD and VA have been working on that idea and that  
25 agreement, we have the agreement now. We are digging in.

1 The devil is in the details and working that issue inside of  
2 our governance structure process.

3 Senator Johanns. Can you give us any kind of a sense  
4 of a time line as to when you think you are going to work  
5 that intergovernmental process to a result?

6 Ms. Hickey. Left to me, you know, the energy that you  
7 see that can sometimes be seen as frustration is also the  
8 energy you see on "getter done". So, we are pushing hard to  
9 "getter done".

10 Senator Johanns. I would sure feel a lot more  
11 comfortable if there were some way you could look out there  
12 and say "getter done" means 12 months or 18 months or  
13 something, because I think this is sizable. I think if  
14 there were a breakthrough here, you would be back here a  
15 year from now saying I have got a great story to tell you.

16 Ms. Hickey. So, Senator, we have one of these meetings  
17 coming up shortly. I will push to see if we cannot get some  
18 milestones in place.

19 Senator Johanns. And we would love to hear about it.

20 Thank you, Mr. Chairman.

21 Chairman Sanders. Thank you, Senator Johanns.

22 Senator Begich.

23 Senator Begich. Thank you very much, Mr. Chairman.

24 Let me follow up if I can. I think that was a very  
25 good question by Senator Johanns. If I could, one of the



1 comments you said was left to your own devices. Is there  
2 something we can do to help with other agencies or groups  
3 that you are working with?

4 Ms. Hickey. So, Senator, there are two groups I would  
5 say will help us make this transformation. One is our  
6 private medical physicians who can now for 71 of our 81  
7 major body systems give us medical evidence that they fill  
8 out a thing called a Disability Benefits Questionnaire. We  
9 cut it short. We say DBQ.

10 When they fill that out, those boxes are made to give  
11 us explicitly the data that we need to make a decision.  
12 Today our VHA doctors are giving us those forms and have  
13 been since the inception, 1.5 million of them. That helps  
14 us to make that decision right the first time if it is  
15 filled out completely.

16 We have about 15,000 since we have initiated this with  
17 private medical physicians. Reaching out to the Nation's  
18 private doctors and asking them to help us to take care of  
19 these veterans by doing DBQ's is another way to bring us in,  
20 the body of the Nation's help for these veterans.

21 The second thing I will tell you is actually in the  
22 veterans themselves. They can help us by bringing us the  
23 medical records they do have, by giving us if they have  
24 copies of their DD-214 giving us those as well, by filing  
25 online point forward, and then coming online and using our

1 VSOs.

2 I actually think we will have better, high-quality  
3 claims if our veterans go to a VSO across the board bringing  
4 us in a fully developed claim, bringing us in all of the  
5 evidence we need to make that claim.

6 Our VSOs are trained very well on how to do that. I  
7 rely on them across-the-board, not only our VSOs in national  
8 organizations but our state and county service officers  
9 involved and engaged in that as well.

10 Senator Begich. Very good. Let me ask you. Do you  
11 keep or can you develop now that we are ending the second  
12 war that we have been engaged in the last 10 years, are you  
13 able to say over the next period of time assuming certain  
14 growth rates in the Army and the Air Force and other  
15 services what the VA numbers that you have to manage will  
16 be? Do you have such a document you could share with the  
17 Committee? Do you see?

18 Ms. Hickey. Yes, I do.

19 Senator Begich. Can you project out and say, okay, by  
20 such and such a day we are going to be.

21 Ms. Hickey. So, I do, Senator. I will tell you I have  
22 rudimentary capability. I will not tell you I have a model  
23 akin to--I do not have a health person here; I apologize--I  
24 do not have a model akin to what the VHA has but I am  
25 building it right now.

1           That is something we needed to do in VBA and we are  
2 doing it now. I will tell you what will drive VBA's  
3 workload that is different than the way VHA looks at it.  
4 VHA looks at it from a veteran who is utilizing medical  
5 care. I have to look at it from how many medical issues  
6 inside a claim will drive workload. And that is a shift.

7           Senator Begich. A given variable.

8           Ms. Hickey. It is a different variable. And today's  
9 veterans, I think the Chairman made this statement in his  
10 opening remarks or someone did, but the statement that our  
11 World War II veterans filed maybe 20 percent of the time  
12 with one or two medical issues. Our Vietnam veterans filed  
13 three to four medical issues with maybe 25, 28 percent of  
14 the time.

15           Today's veteran is filing at a much higher rate and  
16 with many more medical conditions inside of their claim.  
17 Why? One, we have done outreach, phenomenal outreach over  
18 the last four years. In fact, the year before last we  
19 touched 269,000 veterans. This last year we touched 609,000  
20 veterans to teach them about their benefits.

21           Senator Begich. Got you. Last question. When you  
22 mentioned the National Guard, you mentioned there are five  
23 states that have actually add personnel or done something  
24 internally to help amend your work. Is that what I heard?

25           Ms. Hickey. This is a brand-new thing, less than a

1 month old. They have agreed to try to help us by standing  
2 up that capability.

3 I will tell you one of the adjutants general that I  
4 believe does the best of this across the Nation--he is  
5 certainly held up by my personnel--is the Indiana TAG who  
6 has been helping us remarkably well already. I believe he  
7 sort of sets the bar.

8 Senator Begich. A good model.

9 Ms. Hickey. A good model. He has people on the call,  
10 on the phone, ready to go look for that veteran's medical  
11 information, that veteran's personnel records to help us  
12 close on that claim.

13 Senator Begich. Is Alaska one of those five yet?

14 Ms. Hickey. They are actually doing well in Alaska. I  
15 know we have a new regional office director over there for  
16 the last year and a half. I am hearing very positive things  
17 about him from your state director.

18 Senator Begich. Very good.

19 Ms. Hickey. And I actually believe you will see  
20 Alaska's numbers looking very good this year compared to  
21 where they have been in the past.

22 Senator Begich. Very good. Let me end, Mr. Chairman,  
23 to say, you know, we love our veterans in Alaska. We have  
24 77,000 veterans, one of the highest per capita in the  
25 Nation, and the VA does exceptional work. We have these

1 challenges. You recognize them that we have to continue to  
2 work through.

3 I just want to thank you and your team and the many  
4 people who work on the front lines every day trying to deal  
5 with the huge demands that our increasing literally daily on  
6 your organization and other veterans' organizations.

7 So, thank you for your testimony. Thanks for suffering  
8 through some of our questions.

9 Ms. Hickey. Thank you, Senator.

10 Chairman Sanders. Senator Blumenthal.

11 Senator Blumenthal. Thank you, Senator Sanders, and  
12 thank you for holding this hearing and thank you to our  
13 witnesses for your service to our Nation.

14 General Hickey, I have been following some of your  
15 testimony and I apologize if my questions may repeat some of  
16 what you have already said. But I would like to take a  
17 moment to focus on the people piece of the VBA's  
18 transformation efforts.

19 I have heard from some of the employees in Connecticut  
20 as to how they are evaluated in terms of claim processing,  
21 and many have said that they believe that the system  
22 actually values quantity over quality and accuracy.  
23 Accuracy obviously is an extraordinarily important part of  
24 what they do.

25 Their view quantity over quality and accuracy seems to

1 be inconsistent or contradictory to what you have shared so  
2 far with this panel today. So, I wonder if you could please  
3 expand on how the VBA evaluates its employees and  
4 incentivizes high-performance.

5 Ms. Hickey. Thank you, Senator Blumenthal. I will be  
6 happy to do that.

7 First and foremost, I would just like to say, the  
8 20,000 employees that work in VBA every day are absolutely  
9 committed to this mission in a way that is not driven by a  
10 job or a paycheck.

11 It is driven by the fact that 52 percent of them are  
12 veterans themselves; and when I go to ROs and I have been  
13 236 or 37 of them now--I lost count--and I talk to those  
14 employees I ask them how many of them have a direct family  
15 member who is a veteran. Ninety-eight percent of the hands  
16 are up in the room.

17 That is why they do this job every day, and they come  
18 to work every day working hard to try to make a difference  
19 for our veterans and family members and survivors.

20 Here is what I will tell you. I have heard some of the  
21 same things that you have heard. I am trying to change it.  
22 It is a culture change. The way I am trying to change it is  
23 to have made bigger emphasis over the last year and a half  
24 on quality.

25 My message to everyone is it is not an either/or

1 decision. It is not production over quality but it is also  
2 you cannot spend forever doing one claim and not, you know,  
3 get it done fast enough.

4 So, that is why I made a serious investment in  
5 challenge training. We have totally redone the way in which  
6 we train our personnel and there are good results, great  
7 results as a result of doing that challenge training.

8 In the past, basically you got taught somewhere between  
9 one and six months how to do it. You largely got a little  
10 curriculum and your buddy next door that taught you how to  
11 do how they did their claims, that is how you got taught to  
12 do your claim.

13 Today we do not do that. We have a national curriculum  
14 built by award-winning people who know how to develop  
15 curriculum, that are trained to do that. There are pre-  
16 tests, post-tests. There is actual live claims development  
17 in the course. We check you at the three-, six-, nine-, and  
18 12-month process to see how you are doing and how you are  
19 sustaining.

20 The results of many of those classes now are the  
21 following. If you are a new person who has gone through  
22 that, you are in that first six months capable of doing 150  
23 percent more claims than your predecessors did who did not  
24 go through it and a 30 percent increase in accuracy, and I  
25 have been data to support that.

1           The second thing I have done is I took 583 people off  
2 the line who were doing claims and I invested them into  
3 checking and improving the quality of those claims. They  
4 have been doing that under the name QRT, Quality Review  
5 Team, for the last year. They are inside the ROs. They are  
6 trained to our standards of our national quality team and  
7 they are managed and monitored at that level.

8           What they are doing, and I believe we had too much of a  
9 "got you" in this area so what I asked those Quality Reviews  
10 Teams to do is you take claims that are in process out of  
11 the place where we nationally have problems. You pull those  
12 claims. You find them. Where you see an error, you go to  
13 that person, that employee and they fix it now; it does not  
14 count against your performance.

15           It is a Mulligan for those of you, you know, it is a do  
16 over. Fix it now. The benefit we get out of that is, one,  
17 it is not a "got you". So, employees do not feel this  
18 overwhelming pressure.

19           Two, it is a training moment. They are now learning  
20 how to do that right before they have done three or four  
21 more months of doing it wrong. So, we have data that shows  
22 we have caught several areas and reversed those as a result  
23 of that.

24           The other thing that I will tell you that I have just  
25 done and we have just finished all the work to make it so.



1 A veteran comes in to us in the way you all see, I think  
2 many people see us in the world as we do one claim. We do  
3 not do one claim. We do all the medical issues that are  
4 like a claim inside.

5 Our people who are doing the claims, though, are not  
6 rated on how well they did all of those individual medical  
7 issues which is where the real work is and where the real  
8 decisions happen. Instead, they are rated on the overall  
9 claim. It is a 100 percent up or down vote.

10 So, if you have, as we are receiving today, 16-medical  
11 issue claims and you do 15 of those 16 perfectly, perfectly,  
12 and you miss it on the 16th, you are not given a 90 percent.  
13 You are given a zero.

14 But today I have changed the systems. I am changing  
15 the rules that say your quality as an employee will be rated  
16 on how you do individual medical issues, and then we will be  
17 able to have a better conversation. We will be able to look  
18 at your quality better according to where the real work  
19 happens at the medical issue level.

20 I will tell you the results. I know already since  
21 October I have 11 stations right now today that are at 98  
22 percent quality when I look at it as a medical issue level  
23 quality.

24 I have half my stations that are at 95 percent quality  
25 when I look at it at the medical issue level. I have all of

1 my stations but two that are above 90 percent quality when I  
2 look at it at the medical issue level.

3 When I give you credit for the things you do right but  
4 I get you to re-do the ones you do not and I grade you on  
5 the ones you do not.

6 That is what we are doing. That is what I am trying to  
7 do to really help our employees understand it is a "and"  
8 equation. It is production and quality, and we are building  
9 rules into the VBMS that help them with that. We are  
10 building calculators that help them with that all to drive  
11 their quality higher.

12 Senator Blumenthal. I appreciate that answer which was  
13 excellent. It actually answered some of my follow-up  
14 questions. But I want to, if I may, Mr. Chairman, ask one  
15 more quick question or maybe I will submit it for the  
16 record. It concerns the transition from two separate  
17 electronic medical systems to a single one. I know there  
18 have been questions about it before, and maybe I can follow  
19 up, Mr. Chairman, with questions submitted in writing.

20 Chairman Sanders. Absolutely.

21 Senator Blumenthal. Thank you.

22 Ms. Hickey. Thank you, Senator.

23 Chairman Sanders. Well, this brings our testimony to a  
24 close. General Hickey and your staff there, this issue I  
25 think you have heard from everybody up here is the major

1 issue concerning the veterans' organizations and veterans  
2 throughout this country and this Committee.

3       So, we are going to monitor what you do very, very  
4 closely. But we are not going to just do that. We need  
5 your ideas, as I indicated earlier, and your advice as to  
6 how legislatively and in other ways we can be effective in  
7 expediting the process and improving accuracy. It is an  
8 effort that we are going to have to work together on. I  
9 look forward to doing that.

10       Lastly, my wife is Irish. Your emotionalism does not  
11 make me nervous. You have not thrown anything at me yet.  
12 But thank you very much for the hard work and the focus you  
13 are giving to the issue. Thank you very much.

14       Ms. Hickey. Thank you.

15       Chairman Sanders. We will now hear from our next  
16 panel. Let me welcome our panelists for being here. I want  
17 to welcome Daniel Bertoni, who is the Director of Education,  
18 Workforce, and Income Security for the Government  
19 Accountability Office, the GAO.

20       Following Mr. Bertoni his Joseph Thompson. Mr.  
21 Thompson formally served as the Under Secretary for Benefits  
22 at the Department of Veterans' Affairs and currently serves  
23 as Project Director with the National Academy of Public  
24 Administration.

25       And following Mr. Thompson we have Bart Stichman—I hope

1 I am pronouncing that correctly--who was with Joint  
2 Executive Director of the National Veterans Legal Services  
3 Program.

4 And certainly last but not least, we have Joe Violante,  
5 who does a great job as the National Legislative Director  
6 for the DAV, the Disabled American Veterans.

7 Thank you all very much for being with us and Mr.  
8 Bertoni if you could begin.

1           STATEMENT OF DANIEL BERTONI, DIRECTOR, EDUCATION,  
2           WORKFORCE, AND INCOME SECURITY, U.S. GOVERNMENT  
3           ACCOUNTABILITY OFFICE

4           Mr. Bertoni. Mr. Chairman, Ranking Member Burr,  
5 members of the Committee, good morning.

6           I am pleased to discuss the Department of Veterans'  
7 Affairs disability compensation claims process which paid  
8 over \$39 billion in benefits to 3.5 million veterans last  
9 year.

10          For years, VA's disability process has been the subject  
11 of concern to many due to long waits for decisions and large  
12 numbers of pending claims. Moreover, since 2009, VA's  
13 backlogs of claims has more than tripled to nearly 600,000.

14          My statement today is based on our December 2012 report  
15 and discusses factors contributing to the lengthy claims and  
16 appeals processing and the status of VA's efforts to improve  
17 service delivery.

18          In summary, we found that rising workloads along with  
19 program rules and inefficient processes have contributed to  
20 lengthy processing times. As the population of new veterans  
21 has swelled in recent years, the number of claims received  
22 by VBA increased 29 percent over 2009 levels.

23          These claims generally have a high number of disabling  
24 conditions and often involving impairments which make their  
25 assessment more complex.

1           Moreover, due to new regulations establishing benefit  
2 eligibility for new diseases associated with Agent Orange  
3 exposure, VBA diverted substantial staff resources from 2010  
4 to 2012 to adjudicate 260,000 additional claims, further  
5 exasperating workloads and challenging its ability to make  
6 timely decisions for all claims.

7           Issues with design and implementation of the program  
8 have also contributed to timeliness challenges. For  
9 example, the law requires VA to assist veterans in obtaining  
10 all relevant records from both public and private sources.

11           However, delays in obtaining military records,  
12 especially for Guard and Reserve, and Social Security  
13 Administration medical records have impacted the timeliness  
14 of decisions.

15           Program rules require steps to consider all evidence  
16 submitted even if it is provided very late in the process,  
17 possibly delaying a decision for several months.

18           Further, VBA's paper-based claims processing system  
19 involves multiple handoffs which can lead to misplaced and  
20 lost documents and cause necessary delays. As a result, the  
21 evidence gathering phase alone of VBA's claims process took  
22 an average 157 days last year.

23           VBA has a number of initiatives under way to improve  
24 the timeliness of claims and appeals processing, although  
25 prospects for improvement are uncertain. This includes

1 using contractors to assist with evidence gathering for  
2 nearly 300,000 claims and shifting workloads from regional  
3 offices with large backlogs to 13 specialized processing  
4 centers.

5 VBA is also modifying certain procedures to speed  
6 decision-making. For example, veterans can now receive  
7 expedited processing for submitting claims that are  
8 certified as having all required evidence. However, to date  
9 very few veterans have elected this option.

10 To decrease the time it takes to gather medical  
11 evidence, VBA is also using contractors to obtain medical  
12 records from private physicians and encouraging the use of  
13 standardized forms for submitting information. However,  
14 results to date have been mixed.

15 The agency has also redesigned its claims process model  
16 whereby specialized teams triage and process claims based on  
17 complexity. As of December 2012, VBA had implemented this  
18 initiative at 51 regional offices.

19 Finally, the agency is developing a paperless claims  
20 processing system which will ultimately allow staff  
21 electronic access to claims and supporting evidence.

22 However, at the time of our review, the system was not  
23 ready for national deployment due to a number of software  
24 and performance issues. Despite these challenges VBA still  
25 intends to fully implement the system by the end of calendar

1 year 2013.

2 In conclusion, we have noted that VA's efforts to  
3 improve the disability claims process should be driven by a  
4 comprehensive plan. However, when we review the documents,  
5 we found that they fell short of established criteria.

6 Specifically VBA could not provide us with a robust  
7 plan that tied together its many varied initiatives, there  
8 interrelationships, and the subsequent impact on claims and  
9 appeals processing.

10 We also noted that absent such a plan to manage and  
11 evaluate the effectiveness of its efforts, the agency risks  
12 spending limited resources on initiatives that may not  
13 sufficiently expedite disability claims process.

14 Subsequent to our report and recommendations, the  
15 agency published an ambitious plan to eliminate the  
16 compensation claims backlog in 2015. While this plan  
17 includes additional performance metrics and a discussion of  
18 implementation of risks, it still falls short in the areas  
19 of performance measurement, risk mitigation, and some key  
20 assumptions.

21 Mr. Chairman, this concludes my statement. I am happy  
22 to answer any questions that you or other members of the  
23 Committee may have.

24 Thank you.

25 [The prepared statement of Mr. Bertoni follows:]



- 1 Chairman Sanders. Mr. Bertoni, thanks very much.
- 2 Mr. Thompson.

1           STATEMENT OF JOSEPH THOMPSON, PROJECT DIRECTOR,  
2           NATIONAL ACADEMY OF PUBLIC ADMINISTRATION AND  
3           FORMER UNDER SECRETARY FOR BENEFITS, DEPARTMENT OF  
4           VETERANS' AFFAIRS

5           Mr. Thompson. Thank you, Mr. Chairman and members of  
6 the Committee. I appreciate the opportunity to testify for  
7 the National Academy of Public Administration regarding  
8 VBA's efforts to transform its claims process.

9           Chartered by Congress, the Academy is an independent,  
10 non-profit, and non-partisan organization dedicated to  
11 helping government leaders address today's most critical and  
12 complex challenges.

13          The Academy has had the privilege of working with VA  
14 over the last several years on a number of serious issues.  
15 The VBA has embarked on an important effort to automate and  
16 improve its claims processing, and the Academy believes the  
17 agency is taking some positive steps to accomplish this.

18          However, its ability to get the job done will depend on  
19 the successful adoption of change management practices, some  
20 of which are discussed in my written testimony.

21          Deciding veterans disability claims has always been a  
22 complex and time-consuming task. In the post-911 world, VBA  
23 has faced major workload issues which everyone in this room  
24 is familiar with.

25          VBA's total claims processing capabilities have grown

1 significantly frankly from the time I was there until today.  
2 Unfortunately, the claims work has grown even faster. I  
3 would like to try to discuss some of the approaches VBA has  
4 taken to the backlogs and the Academy's look at that.

5       The plan identifies strategies in three major areas,  
6 people, process, and technology. Those are, in fact, the  
7 key levers of organizational change. The Academy believes  
8 this is a fundamentally sound approach and offers a number  
9 of suggestions in the written testimony of the Committee and  
10 for VBA to consider concerning potential implementation  
11 issues.

12       Strategic plans are important but, as the saying goes,  
13 no battle plan survives contact with the enemy. It would be  
14 surprising if there was not some important upcoming  
15 development that fundamentally reshapes the veterans' claims  
16 processing environment.

17       Because of this, resiliency and adaptability may, in  
18 fact, be the most important organizational characteristics  
19 VBA will need to prevail in its change efforts. Let me also  
20 say that the breadth and scope of the change that is  
21 underway is massive and we know the agency is moving heaven  
22 and earth to implement these changes.

23       There are, however, a number of cautionary notes that  
24 the Academy would sound that are offered for consideration  
25 regarding the transformation process.

1

2 One, the agency does not appear to have much, if any,  
3 surge capacity, that is, the ability to bring resources to  
4 bear if circumstances require it. There is just no slack in  
5 the system and we think that is a dangerous situation.

6 Secondly, the technological advances are the key, in  
7 the Academy's opinion, to VBA's future. Having digital  
8 claims records, using a rules-based claims systems,  
9 exchanging information electronically, those will ultimately  
10 transform the operation.

11 However, technological changes not only have an  
12 enormous potential to make claims processing better in the  
13 long run, they also have an even greater chance of making  
14 claims processing more difficult in the short run.

15 This is typically what happens in large information  
16 technology implementation efforts. It goes on throughout  
17 the Federal Government. Glitches are the norm and time,  
18 serious time is spent fixing them.

19 Some of the development difficulties with VBMS we  
20 believe are evidence of that. The performance targets set  
21 for 2015 the elimination of 700,000 claims and the backlog  
22 and making decisions at a 98 percent accuracy rate are  
23 indeed stretch goals.

24 In order to accomplish them, every initiative will have  
25 to have worked precisely as planned but noted that is not

1 the norm for these types of efforts.

2 Managing large-scale change, coupled with high  
3 workload, is a balancing act; and given the extreme amount  
4 of work in the pipeline and the comprehensiveness of the  
5 plan changes it is practically challenging for VBA.

6 Good communications with the people implementing these  
7 changes are critical--I was glad to hear of the  
8 undersecretary's efforts in that area--to understanding its  
9 impacts as is taking the time to assess and continually  
10 reassess the actual impacts in real time. This should lead  
11 to making adjustments and accommodations to the plans, to  
12 the change, the plans--let us skip that one.

13 [Laughter.]

14 Mr. Thompson. Just make sure you do not get  
15 overwhelmed with the impacts that your change is having on  
16 your own people. All of this, again, speaks to the need for  
17 fragility and adaptability.

18 In closing, Mr. Chairman, let me state the Academy  
19 believes VBA has taken important steps to bring about the  
20 fundamental change everyone seeks.

21 However, the volume of work currently sitting in  
22 regional offices combined with the extent of the changes  
23 underway make achieving success no short thing. To be  
24 successful, VBA will need to manage this change with great  
25 care and will need everyone's support, Congress, the

1 Administration, the VSOs, in making sure that veterans and  
2 their families get the help they need in the manner they  
3 deserve.

4 Mr. Chairman, that concludes my opening statement. I  
5 will be pleased to answer any questions you or the Committee  
6 may have.

7 [The prepared statement of Mr. Thompson follows:]

- 1 Chairman Sanders. Thank you very much, Mr. Thompson.
- 2 Mr. Stichman.

1                   STATEMENT OF BART STICHMAN, JOINT EXECUTIVE  
2                   DIRECTOR, NATIONAL VETERANS LEGAL SERVICES PROGRAM

3           Mr. Stichman. Thank you, Mr. Chairman, Ranking Member  
4 Burr and members of the Committee. Thank you for the  
5 opportunity to present the views of the National Veterans  
6 Legal Services Program, a VSO, on the VA's efforts in  
7 addressing the claims required to be adjudicated under the  
8 order of the U.S. District Court in Nehmer versus U.S.  
9 Department of Veterans' Affairs.

10           As background, Nehmer is a class action lawsuit that  
11 was initiated by NVLSP in 1986 on behalf of Vietnam veterans  
12 and their survivors.

13           The lawsuit challenged a VA regulation that provided  
14 that chloracne, a skin condition, is the only disease that  
15 has a positive association with exposure to Agent Orange.

16           It is important to understand that the requirement in  
17 Nehmer consent decree to re-decide past claims denials is  
18 only triggered if and when the VA Secretary decides that the  
19 scientific evidence now shows that a positive relationship  
20 exists between Agent Orange exposure and a disease whose  
21 positive relationship with Agent Orange had not previously  
22 been recognized by VA.

23           So, it was in 2010 when Secretary Shinseki was  
24 simultaneously faced with, one, a growing backlog of VA  
25 claims and, two, the conclusion of the National Academy of



1 Sciences in its latest report under the Agent Orange Act of  
2 1991 to place three new diseases, ischemic heart disease,  
3 Parkinson's disease, and chronic B-cell leukemia in the same  
4 category of association with Agent Orange exposure as all of  
5 the other diseases that prior VA Secretaries had concluded  
6 should be afforded presumptive service-connected status due  
7 to their association with Agent Orange.

8 Secretary Shinseki knew that, if he agreed as a result  
9 of the latest NAS report to add these three new diseases to  
10 the list of diseases already accorded presumptive service  
11 connection, VA adjudicators would be required by Nehmer  
12 consent decree to re-decide more than 150,000 past claims  
13 and tens of thousands of new claims for these three diseases  
14 at the exact same time that the same adjudicators were faced  
15 with the growing backlog of other claims.

16 But in a courageous decision that gave appropriate  
17 recognition of both the scientific evidence and the service  
18 and needs of disabled Vietnam veterans who risked harm to  
19 themselves in serving their country in Vietnam, Secretary  
20 Shinseki agreed in August 2010 to add these three diseases  
21 as presumptively service-connected due to Agent Orange  
22 exposure.

23 In the years prior to the administration of Secretary  
24 Shinseki, VA efforts to implement the Nehmer consent decree  
25 were shoddy. Things changed under Secretary Shinseki.

1           The VA ensured that the 150,000 past claims for these  
2 three diseases were decided speedily and accurately. He  
3 accomplished this through two key management decisions.

4           First, he wisely assigned decision-making on these  
5 150,000 past claims and 60,000 new claims to a large group  
6 of VA adjudicators whose primary task was devoted to these  
7 claims.

8           Second, he assembled a competent management team to  
9 train these adjudicators through use of a 130-page training  
10 guide and a training video. The end result was speedy and  
11 quality decision-making.

12           On October 30, 2010, two months after the decision to  
13 add the three diseases, VA began to adjudicate these past  
14 claims and they adjudicated 146,000 of these claims by  
15 August 1, 2012 in an accurate and timely fashion I am happy  
16 to report.

17           I did want to bring one of the veterans who got one of  
18 these decisions with me but we were unable to get him to  
19 come due to transportation problems. He is confined to a  
20 wheelchair but he authorized me to tell you about his re-  
21 adjudication by the VA.

22           He has coronary artery disease which was first  
23 diagnosed when he was 39 years old in 1987. He served in  
24 the Army from 1966 to 1968 after a six-month tour in Vietnam  
25 and his original claim was denied because coronary artery

1 disease was not recognized by that time.

2 In a nine-page letter he received and a 19-page rating  
3 decision which I have here, he not only was given an earlier  
4 effective date and a grant of service connection for  
5 coronary artery disease back to 1989 but, while the VA was  
6 revealing his claim, they found a number of past errors that  
7 they rectified.

8 In the same decision, they gave him an earlier  
9 effective date for his grant of service connection for  
10 diabetes mellitus which is another Agent Orange related  
11 disease back to 1991, an earlier effective date for the  
12 grant of special monthly compensation based on house band  
13 status back to 1991, an earlier effective date for service  
14 connection for erectile dysfunction retroactive to 2004, an  
15 earlier effective date for special monthly compensation  
16 based on loss of use of a creative organ back to 2004, and  
17 an earlier effective date for service connection for an eye  
18 disease related to diabetes retroactive to 2002.

19 Chairman Sanders. Mr. Stichman, if you could come to a  
20 conclusion.

21 Mr. Stichman. This shows the quality of the decision-  
22 making that the VA made during this period. Thank you.

23 [The prepared statement of Mr. Stichman follows:]

- 1 Chairman Sanders. Thank you very much.
- 2 Mr. Violante.

1                   STATEMENT OF JOSEPH VIOLANTE, NATIONAL LEGISLATIVE  
2                   DIRECTOR, DISABLED AMERICAN VETERANS

3           Mr. Violante. Mr. Chairman and members of the  
4 Committee, thank you for inviting Disabled American Veterans  
5 to testify about the Veterans Benefits Administration's  
6 claims processing transformation.

7           Congratulations, Chairman Sanders, for being selected  
8 to lead this Committee, and I welcome back Ranking Member  
9 Burr. I look forward to working with both of you and all  
10 the members of this Committee.

11          Mr. Chairman, the timely and accurate award of a  
12 disability rating does more than provide compensation. It  
13 provides an array of benefits that support the recovery and  
14 transition of veterans and families and survivors.

15          But when benefits are delayed or denied, the  
16 consequences can be devastating. Today, the number of  
17 claims pending is far too high. The time veterans wait is  
18 too long, and the accuracy of decisions is too low.

19          But while there is a tendency to focus only on reducing  
20 the backlog, DAV continues to urge of VBA and Congress to  
21 concentrate their efforts on the underlying problems that  
22 created and continue to fuel the backlog.

23          Three years ago, VBA set out on an ambitious path to  
24 completely transform its IT systems, business processes, and  
25 corporate culture while simultaneously continuing to process

1 more than one million claims annually.

2 In the midst of this transformation, it is hard to get  
3 the proper perspective to measure whether the final design  
4 will ultimately be successful.

5 For anyone who has lived through a home renovation,  
6 that experience would have many parallels. It is hard to  
7 judge whether the renovation will be successful when you are  
8 surrounded by open walls, exposed wires and pipes, as  
9 unexpected problems pop up adding time and cost to the  
10 project.

11 In a similar way, observations of VBA's transformation  
12 efforts logically focus on the exposed errors and unfinished  
13 initiatives but it is still too soon to judge whether the  
14 transformation will be successful. Of course, it would be  
15 equally premature to simply trust that they will succeed.

16 DAV believe that VBA is on the right plan with the  
17 right goals and that they have leadership committed to  
18 transforming and institutionalizing a new claims system that  
19 will better serve veterans.

20 Ultimately, the question whether they will succeed  
21 remains to be determined but one point we are certain of,  
22 there is no turning back. VBA is currently rolling out the  
23 Veterans Benefits Management System, its new IT program for  
24 processing claims.

25 Although not yet fully developed or deployed, there has

1 been some extremely important milestones. One of the most  
2 critical was the decision and commitment to scan all legacy  
3 paper files for new or reopened claims requiring rating  
4 related actions. The creation of the digital eFolders  
5 allows instantaneous transmission and simultaneous review of  
6 files, saving both time and resources.

7         The most important process achievement is the  
8 implementation of VBA's new transformation organizational  
9 model which creates cross functional teams working in  
10 segmented lanes to more efficiently processing claims.

11         Another key reform was the creation of the local  
12 Quality Review Team that monitor claims processing in real  
13 time to catch and correct errors before the decision is  
14 finalized.

15         Finally, one of the most encouraging aspects has been  
16 the open, transparent, and collaborative manner in which  
17 they work with DAV and other VSOs. Under Secretary Hickey  
18 has demonstrated her commitment to expanding the partnership  
19 with VSOs and we believe that veterans are better served  
20 thanks to her strong and principled leadership.

21         Mr. Chairman, DAV believes significant progress has  
22 been made but important work remains. DAV offers numerous  
23 recommendations in our testimony but let me highlight just a  
24 few.

25         First, while aggressive oversight of VBA claims

1 transformation efforts is essential, Congress must support  
2 and fully fund the completion of VBMS and all document  
3 scanning. We also recommend an independent review of VBMS  
4 by outside IT experts.

5 Second, VBA must develop a new corporate culture based  
6 on quality, accuracy, and accountability throughout every  
7 regional office.

8 Finally, Congress should enact legislation to mandate  
9 that VBA shall accept private medical evidence when it is  
10 competent, credible, and adequate for rating purposes.

11 In addition, private physicians should be allowed  
12 access to DBQs for medical opinions of service connection  
13 and for PTSD diagnosis.

14 Mr. Chairman, that concludes my testimony. I will be  
15 happy to answer any questions.

16 [The prepared statement of Mr. Violante follows:



1 Chairman Sanders. Mr. Violante, thank you very much  
2 not only for the work that the DAV does but for your  
3 excellent testimony.

4 Every person, every member of this Committee and all of  
5 these service organizations are deeply, deeply concerned  
6 about the backlog and we want to move that process forward  
7 as rapidly as we can.

8 I think the testimony that we have heard today from  
9 General Hickey and others is that, among other things, the  
10 VA is now processing more claims than they ever have before.  
11 And, they took a detour it, if you like, in appropriately,  
12 appropriately dealing with the Agent Orange issue.

13 Mr. Stichman, what I heard you say is, in fact, that at  
14 the VA did exactly the right thing in terms of responding to  
15 the illnesses suffered by our soldiers who served in  
16 Vietnam, and they did in a prompt and accurate way.

17 Would you elaborate on that?

18 Mr. Stichman. Yes. Your statement is accurate. They  
19 re-decided 150,000 past claims and 60,000 new claims in a  
20 speedy way using good management techniques by giving the  
21 cases to a group of adjudicators whose time was focused on  
22 that task alone at the same time that the agency was dealing  
23 with the backlog.

24 Chairman Sanders. So, in the midst of a lot of  
25 criticism being leveled at the VA, some of that appropriate,

1 in this issue you think they actually did a pretty good job.

2 Mr. Stichman. Yes, and I know that because, as class  
3 counsel, we are given copies of all the decisions the VA  
4 makes; and we have been spending the last couple of years  
5 communicating with the class members and we do find some  
6 mistakes. People make mistakes on claims adjudications.  
7 That will always be true but the percentage of correct  
8 decisions is much higher than in prior administrations in  
9 implementing Nehmer case.

10 Chairman Sanders. Thank you very much, Mr. Stichman.

11 Mr. Violante, you have indicated in your view, DAV's  
12 view, that the VA is, quote unquote, is on the right path.  
13 I think we all understand that the year 2013 in the 21st  
14 century there is no choice but to go forward into a  
15 paperless system. The paper system can no longer be used.

16 Talk a little bit about what you see that they are  
17 doing is right and then give me some suggestions, and you  
18 did make one. If you were sitting up here, what would you  
19 do, and it is the same question asked General Hickey, what  
20 legislatively can we do to improve the situation? And say a  
21 few words, if you might, on this 60-day requirement, what  
22 some of your concerns might be about that.

23 Mr. Violante. Thank you, Mr. Chairman. Let me say  
24 that I had been in D.C. now for 30 years. I have been  
25 involved in veterans issues for most of that time and I have

1 never seen such openness with the leadership at the VA  
2 central office.

3 They brought us in. They talked to us. They listen to  
4 us when we talk. So, that is helping VBA go down the right  
5 path. We believe that what they are doing with VBMS is the  
6 right thing to do to get into a paperless situation.

7 I think what we must understand is this is not being  
8 done in a vacuum. At the same time, they are processing  
9 over a million claims annually which, in my mind, is  
10 something phenomenal. I think their Quality Review Teams  
11 are what we have asked for for a long time. It will help  
12 ensure that their accuracy is improved.

13 Their training program is better now than it was years  
14 ago. So, in those areas that is where we are seeing  
15 improvements.

16 Chairman Sanders. Let me just interrupt you, Mr.  
17 Violante. My understanding is the DAV helps more veterans  
18 than perhaps any other organization in the country move  
19 their claims forward, is that correct?

20 Mr. Violante. That is correct.

21 Chairman Sanders. So, you have today and have had in  
22 the past some experience in this whole process.

23 Mr. Violante. That is correct. Yes. We represent  
24 roughly about 300,000 veterans, about a quarter of those  
25 veterans filing claims.

1           With regard to the 60 days, we would not like to see  
2 that shortened only because 50 percent of the veterans are  
3 unrepresented. We certainly encourage veterans that we work  
4 with or claimants that we work with, if there are no  
5 additional evidence or they can get their evidence filed  
6 early, to do so. So, we would not like to see changes  
7 there.

8           A couple of things legislatively we would like to see  
9 would be with regard to the recommendations I made about  
10 requiring the VA shall consider credible, competent medical  
11 evidence that is adequate for rating purposes.

12           Right now, we hear from the field, from our people,  
13 that in some cases where the medical evidence is sufficient  
14 to be rated the fact that it comes in from a private  
15 physician triggers an unnecessary examination.

16           I think also there should be more emphasis put on  
17 partial claims. In other words, I walk in the door. VA  
18 looks at my records. They see I was involved in an IED  
19 explosion. They see I have a through and through wound from  
20 the shrapnel. I have ringing in my ears. You know, those  
21 can be adjudicated quickly.

22           The other claims for PTSD, for traumatic brain injury,  
23 they can continue to develop those but I should walk out of  
24 there with a check immediately because in the evidence, in  
25 the record is evidence establishing, you know, those

1 injuries.

2 So, we would like to see more done with regard to  
3 intermediate or partial claims.

4 Chairman Sanders. Okay. Thank you very much, Mr.  
5 Violante. Thanks again for what the DAV does.

6 Mr. Thompson, you have a unique perspective on this  
7 issue, given the fact that you were doing exactly what  
8 General Hickey is doing today. We look at so many numbers  
9 to try to measure the VA's progress. It is kind of  
10 difficult to deal with all those numbers.

11 VA, Congress, and stakeholders examine mountains of  
12 data in an attempt to gauge where progress is being made and  
13 which efforts are producing results.

14 What measurements or data do you think are the most  
15 vital for this Committee, VA leadership, and most  
16 importantly veterans to use to measure VA's performance as  
17 well as the success or failure of their transformation  
18 efforts?

19 Mr. Thompson. Mr. Chairman, I think the single most  
20 important measure is the quality, the accuracy of the  
21 decisions made. Everything else, you can do everything else  
22 but if you get that wrong it is just a problem.

23 I would say the second issue has to do with both the  
24 cycle times, the average days to complete as VA measures it  
25 which is one measure but that is looking at the past. And

1 then, they had the measurement of the age of cases in the  
2 inventory, average days pending. That is a look at the  
3 future.

4 So, if those average days pending are in decline, as I  
5 understand they are now, that is giving you some insight as  
6 to where the workload is headed.

7 If I might take my hat off as a representative of the  
8 National Academy and speak as a private citizen who has some  
9 familiarity with this issue, I think that until  
10 transformation is done, until they actually have these tools  
11 available to them, this still will remain overwhelmingly a  
12 people process inside regional offices.

13 It will require a large number of people handling the  
14 work, and it is my belief that they need more people than  
15 they have today. I believe they need in the thousands more  
16 just looking at the volumes, looking not just at the pending  
17 claims but looking at how much appeals work is sitting out  
18 there, and all of the things they are trying to do  
19 simultaneously.

20 I commend them for what they are trying to do but that  
21 is the heaviest lift I can imagine. In my personal  
22 perspective, I think they need more people.

23 Chairman Sanders. I appreciate that thought. Would  
24 you want to add any other advice that you would give in  
25 terms of what this Committee could do legislatively based on

1 your years of experience?

2 Mr. Thompson. Well, I have heard numerous discussions  
3 about DOD and I would offer this. 15 years ago I sat with  
4 my counterpart in DOD, the undersecretary when we thought we  
5 had a deal about securing the transmission of records from  
6 them to us. The fact that it is still an issue suggests to  
7 me that they may not fully be on board. If I were to spend  
8 time in terms of trying to craft legislation, I think I  
9 would look down that road.

10 Chairman Sanders. Well, let me thank all of you for  
11 your valuable and interesting testimony, and we look forward  
12 to working with you in the future. Thanks again.

13 This hearing is now adjourned.

14 [Whereupon, at 12:21 p.m., the Committee was  
15 adjourned.]