

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

STATEMENT OF KIM A. GRAVES DIRECTOR, OFFICE OF BUSINESS PROCESS  
INTEGRATION VETERANS BENEFITS ADMINISTRATION DEPARTMENT OF  
VETERANS AFFAIRS BEFORE THE SENATE COMMITTEE ON VETERANS' AFFAIRS

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

CAPRI is the Compensation and Pension Record Interchange, which allows VBA users to access Veterans Health Administration (VHA) information. This function assists in a seamless share of relevant, but necessary information between the two systems. Functionality used by VBA personnel includes requesting medical examinations, obtaining examination results, review and retrieval of outpatient treatment records, and review and retrieval of information available through the Federal Health Information Exchange and Bi-directional Health Information Exchange, or FHIE and BHIE, respectively. In addition, CAPRI provides the examination templates used by medical personnel in conducting and reporting the results of requested medical examinations. Over the past several years, much progress has been made in updating and enhancing the exam templates to facilitate their use in the disability examination and rating process. A number of other non-template enhancements are pending completion, which will benefit VBA end users as they access these records across systems.

To ensure that all CAPRI users' needs are met, a governance board was recently convened, consisting of VHA, VBA, the Office of Information & Technology (OI&T), and other interested stakeholders. The charge of this group of professionals is to review and prioritize enhancement requests and to champion the CAPRI project. Investment and governance of the CAPRI project are imperative, as CAPRI is a core Compensation and Pension business application, providing enhanced access to critical information required to render decisions on Veterans' claims.

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

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

inhibiting our ability to complete the final two components of the application suite: Awards and the Finance and Accounting System (FAS). These two components provide benefit award generation (the payments to the Veteran), as well as payment and accounting interfaces.

As a result of the assessment, the Under Secretary engaged MITRE Corporation to assist in the development and implementation of mitigation strategies, to include establishing a rigorous interdisciplinary governance process, and the development of a comprehensive schedule. This Integrated Master Schedule, for the first time, identified and scheduled all elements of the project necessary to transition compensation and pension claims processing capabilities from the legacy Benefits Delivery Network (BDN) to the more agile and responsive VETSNET corporate platform.

This approach has resulted in significant progress in the delivery of benefits to Veterans. At the end of September 2006, a total of 10,385 Veterans were receiving their monthly benefit payments via VETSNET. We have increased field usage of VETSNET to 98% of all new compensation claims. The remaining cases have potential dual entitlement to pension and should be transitioned in the next few months. Of 2.7 million compensation records existing on the BDN in 2006, we have converted all but 360,000 to the VETSNET platform, and have plans in place to convert those remaining records within the next 12 months.

We are committed to the Secretary's charge of providing timely benefits to our Nation's Veterans and are expanding the number of pension and dependency and indemnity compensation claims processed in VETSNET. We anticipate VETSNET will be used to process three-quarters of all pension claims within the next year. We are working in parallel to convert the existing pension records from the BDN, and will be converting the first segment in May 2009.

To date, we have attained quantifiable success in areas having the most significant impact on VBA end users. In addition, we delivered capability to address legislative mandates and changes in business processes. Significant accomplishments in this area include support for the Disability Evaluation System pilot program between VA and the Department of Defense, and regulatory changes related to the Veterans Claims Assistance Act of 2000. While we did not achieve every milestone established in the Integrated Master Schedule developed in 2006, we capitalized on our successes and also quickly made system modifications to deliver Filipino Veterans Equity Compensation payments and payments to Veterans under the American Recovery and Reinvestment Act of 2009. VBA looks forward to enhancing this flexibility, which is critical to VBA's organizational needs and will be very valuable in the future as we strive to create a 21st Century VA. VBA and OI&T continue to work collaboratively to address the small functional areas requiring completion. We believe we are on track to meet the goal of BDN replacement for the entire Compensation and Pension benefit program, including conversion of all records from the legacy system, within 24 months --approximately a full year before our initial projections. With the substantial progress made in moving VETSNET forward, we are able to turn our

attention to migrating VBA compensation and pension claims processing to a paperless environment.

VBA has made significant strides in the use of information technology to improve claims processing in all of our benefit programs. We have successfully used imaging technology and computable data to support claims processing in our Insurance, Education, and Loan Guaranty programs for many years. Initial pilot efforts in our Compensation and Pension business line demonstrated the feasibility of using this type of technology for these benefit programs as well.

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

At the core of our strategy is the implementation of a business model for Compensation and Pension processing that is less reliant on the acquisition and storage of paper documents. Our comprehensive plan, the Paperless Delivery of Veterans Benefits Initiative, is envisioned to employ a variety of enhanced technologies to support end-to-end claims processing.

In addition to imaging and computable data, we will incorporate enhanced electronic workflow capabilities, enterprise content and correspondence management services, and integration with our modernized payment system. We are also exploring the utility of business-rules-engine software both for workflow management and to potentially support improved decision-making by claims processing personnel. This is also known as rules based automated claims processing, and where appropriate, we will embrace this technology to deliver compensation to the Veteran as quickly as possible.

VA contracted with Electronic Data Systems (EDS) to serve as the lead systems integrator (LSI) for this effort. Fiscal year 2010 is our target year for release of the initial hardware and software in support of the large-scale expansion of the Paperless Initiative. The LSI effort is focused on the design of the technology solution which will support enhanced paperless claims processing capabilities across VA. By committing to a paperless system, we will improve the efficiency and speed of claims processing.

To ensure we are addressing the transition to paperless processing in a comprehensive manner, we have taken steps to assess best practices in paperless processing from both government and industry. On January 14 and 23, 2009, we visited the Social Security Administration (SSA) and received a demonstration of their paperless processing capabilities. SSA has been very helpful in sharing information about their business process and technology transformation. We also visited United Services Automobile Association (USAA) Headquarters in San Antonio. USAA's use of

today's technologies has helped to form our vision of how we need to serve and communicate with today's Veterans.

While the use of advanced technologies is critical to our service-delivery strategy, we must also address our business processes. To that end, VBA developed strategic partnerships with two recognized experts in the field of organizational transformation. MITRE Corporation, a manager of Federally Funded Research and Development Centers, has been supporting VBA on the VETSNET project since 2006. MITRE is now actively providing strategic program management support, as well as support for the overall Paperless Initiative, addressing multiple areas of focus. Booz-Allen-Hamilton has recently been engaged by VBA to provide business transformation services. Booz-Allen will assist VBA in business process re-engineering, organizational change management, workforce planning and organizational learning strategies to ensure that VBA is well positioned to take best advantage of the technology solutions being developed. We are keenly aware that to merely apply new technology to existing business processes will likely not result in the desired end state.

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

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

I assure you VA leadership is committed to implementation of the Paperless Initiative. We believe this goal is not only attainable, but is imperative to ensure our clients, the nation's Veterans, are afforded the service they have earned. Thank you for the opportunity to address these important issues.

Mr. Chairman, this concludes my prepared testimony. I would be happy to answer any questions you or the Committee members may have.