



National Veterans Affairs and Rehabilitation Commission

1608 K Street, N.W. • Washington, D.C. 20006

Michael D. Helm, Chairman - Nebraska

Barry A. Searle, Director - Pennsylvania

VA&R Archived Bulletins can be found at www.legion.org

19-10

May 7, 2010

**STATEMENT OF
IAN C. DEPLANQUE, DEPUTY DIRECTOR
VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE
SUBCOMMITTEE ON DISABILITY ASSISTANCE
AND MEMORIAL AFFAIRS
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
"QUALITY VS. QUANTITY: EXAMINING THE VETERANS BENEFITS
ADMINISTRATION'S EMPLOYEE WORK CREDIT AND MANAGEMENT
SYSTEMS"**

MAY 6, 2010

Mr. Chairman and Members of the Subcommittee:

I appreciate this opportunity to express the views of The American Legion on the importance of accuracy in the veterans' benefits system. The Department of Veterans Affairs (VA) has maintained, as stated by Acting Undersecretary for Benefits Michael Walcoff in a January 3, 2010 appearance on CBS's **60 Minutes**, that: *"We stress over and over again to our employees that quality is our number one indicator, that that's absolutely a requirement for successful performance."* However, even cursory examination of actual operations shows that a far greater emphasis falls on the quantity of claims processed than the accuracy with which those claims are processed. VA Secretary Shinseki has recently set forth a bold goal of elevating the accuracy rate to 98 percent, while slashing the time of processing those claims to a state in which no claim would remain in the system unfinished for more than 125 days. In short, VA means to eliminate the backlog while eliminating error. If such a thing is possible, it would obviously be of great

benefit to the veterans of America; however, if such a plan has any chance of being effective, it must *start* with the quality component. Otherwise there is little hope of providing real benefits to veterans.

Quality is essential because of the sheer scale of the matter. By VA's own admission, in 2010 and 2011 and beyond, they will be processing in excess of a million claims a year. With volume such as this, even an error rate of one percent represents 10,000 claims incorrectly processed. Recently, VA's most optimistic accuracy projection was 87 percent. This number was challenged by the VA Office of the Inspector General (VAOIG) as being highly optimistic and at least 10 percent higher than the actual figure. However, even relying on this inflated number, when one small component of the upcoming claims challenge is examined, the impact is potentially staggering. VA expects approximately 200,000 veterans with Ischemic Heart Disease to file claims under the new regulations regarding Agent Orange in 2010. Going by the optimistic error rate of 13 percent, this still means 26,000 of those veterans will have their claims improperly processed.

Errors at VA impact thousands of veterans every year. A veteran who struggles to earn an income because of a service-connected disability, an error that denies service-connection for that disability can be the difference between getting by and becoming one of the over 100,000 homeless veterans in America today. Errors affect lives. It is essential that the removal of errors from the system be the highest priority of reform.

Testimony from the American Federation of Government Employees (AFGE) representatives before this Subcommittee, as well comments during personal interviews conducted during American Legion Quality Review visits to Regional Offices, has spoken of the overarching pressure to "make the numbers for the week". VA employees are charged to complete a minimum of 3.5 claims per day, often more in some Regional Offices. This pressure leads to the conundrum faced by a VA rater at one Regional Office who, during the interview process of an American Legion Quality Review, gestured to a claims file five inches thick and stated "That's one of my fellow veterans there. I have less than two hours to go through that claim. How am I giving that guy justice?" The employees want to get the job done right. VA employees want to take pride in their work and be accurate. They want to help veterans. However, the pressures brought about by volume are making it increasingly difficult for those employees to do so.

To resolve the issue, VA will have to go through a several step process, yet none of these steps are insurmountable. VA must begin by making quality the foundation upon which all else is based. They can make better use of triage techniques to help manage the time constraints that quality demands. Finally, VA must commit to accuracy as a greater measure of success than quantity of claims processed.

VA is in the process of testing multiple pilots across the country to determine the most effective operating procedures in their Regional Offices. Whether it is the "Lean Six Sigma" pilot in Little Rock, the electronic office pilot in Providence or one of the many others, these pilots all have the same aim — to improve how VA operates and to create a better system. However, even in these efforts, the goal is increased speed in processing as the "Prime Directive." Clearly, VA

is interested in transforming the office environment and thus there is no better time to ensure that this transformation is built upon a solid foundation -- accuracy.

Quality takes time. It takes time to do something right. However, when something is done properly in a repetitive manner, speed will derive from the smoothness. Familiarity breeds speed. When an employee develops speed due to quality and effectiveness, they are developing speed with the proper procedure. As the system currently works, there are errors rampant within the processing system. This is compounded by tremendous pressure placed on VA by veterans' and military service organizations; private citizens; the media; and Congress to eliminate the backlog. Perhaps the focus should be on quality the first time and not the backlog itself. New tools, such as electronic office measures to operate in a paperless environment, are touted as the solution to increase timeliness. However, unless the transformation of the operating environment is fundamentally changed to an environment based on quality, VA will only be processing mistake-ridden claims...faster.

Ingrained in military training is a well-known maxim that "if you do something right, the speed will follow." It is the principle of crawl, walk, run. Take the time to learn the procedure right the first time, each successive time that the task is performed, speed can and will be increased. The important difference is that proficiency and speed will be increased under a proper operational model.

VA has increased hiring due to additional monies provided by Congress. As the existing workforce is being displaced through retirement, VA is in a position to, through training of the new employees, create a core group that will be the foundation of VA going forward through the 21st Century.

Taking the time to do claims correctly and inculcate this mindset of attention to detail will, in fact, temporarily increase the existing backlog. Some of this process may require a more sympathetic eye towards a slower pace of reduction. Most veterans could agree that a little longer time for a claim, if it is done properly, is a small sacrifice to pay for a system that will be better and better for many years to come. A little more patience is required for a job done right. If your choices are swift, but shoddy work vs. deliberate, but accurate work, many would vote for accuracy every time. Errors take years, not hours, to correct.

Still, there can be improvements in the overall system that will help create the necessary time to get the job right. In a more efficient system, time can be better allocated to get the right amount of time to the claims that demand additional time. With a better system of triage, simple claims which require little or no development can be fast-tracked, allowing for a greater portion of time to be allotted to those claims that justifiably demand more intricate attention. VA can identify claims, such as presumptive disorders, submitted with private medical evidence. These claims can be granted immediately with an interim rating, allowing for the lion's share of development time to be undertaken after veterans are integrated into the system and receiving their earned benefits, such as health care for their condition.

A simple claim seeking an increased rating for hearing loss, which should require little development, can be performed in short order. If VA seeks to maintain their present rate of three

to four claims a day per employee, triaging claims to account for simple claims that can be accomplished relatively quickly will provide more time for those claims that have more issues or are more complex. In this manner, the overall numbers should continue to be relatively the same, or even improve, if a more efficient system of directing claims to where they can be processed most effectively can be implemented.

All of this will be in vain, however, if VA continues to track success primarily by the number of claims processed. VA regularly reports the number of claims processed and the number of claims pending in their Monday morning workload reports. These reports are silent as to the accuracy of claims being processed in the offices and in the VA overall. This is a clear indication of what matters. Human nature dictates that employees will work to the acceptable standards put forth by management. If management stresses numbers, then numbers are what employees will strive to accomplish. If management stresses accuracy and judges employees based on accuracy, then the incentive to cut corners will disappear, and employees will exercise more caution to ensure they aren't falling behind in accuracy.

Similarly, if management is judged on the volume that their office produces, and little attention is paid to the quality of work, managers will respond with greater emphasis on volume to their employees. Currently, there is a single component devoted to accuracy rate in management evaluation, the greater emphasis is on performance, and thus, whether management receives bonuses is based on the volume of claims moved through the office. As long as this state of affairs persists, then quantity is what will be produced, often at the expense of quality.

The American Legion has long supported a change in the manner in which VA counts their production. The American Legion continues to advocate for a system that is based on quality determined by the final adjudication of the claim. This is based on a belief that the current emphasis on numbers creates an atmosphere of substandard quality and cutting corners, and that, as much as any other factor, contributes to claims remaining in the system for long periods of time, thus leading to the backlog of claims VA is currently operating under.

The American Legion believes that the backlog is not the problem. The backlog is merely a symptom of the problem. Much as an infection in the body leads to a fever, the infection of poor quality work in VA leads to the backlog. If you treat the infection, the fever will reduce. If you improve the quality of decision making in VA, the backlog will diminish.

The media is full of reports of veterans who fight years and years in the VA system for benefits they are entitled to receive. The constant refrain from frustrated veterans is that VA is delaying and denying and waiting for them to die. A veteran's claim is not an initial claim, if it is languishing in the system for multiple years. VA's average processing time for an initial claim hovers around six months. While many of these initial claims can exceed a year, multiyear claims are almost exclusively claims that have been appealed through the higher levels of VA's adjudication system.

When a claim is reviewed by the Board of Veterans Appeals (BVA) many years after the initial claim has been filed and appealed and made its way to Washington, DC, that claim is commonly remanded or returned to address simple procedural errors that were made at the Regional Office.

Many of these claims are won once the proper procedure has been followed. The end result is that a veteran with a legitimate claim has waited now for three to four years or more to be granted a claim that would have been won in the Regional Office had the Regional Office only done its duty properly the first time.

To understand the scale of the appeals problem, it is again important to consider the numbers involved. If VA is processing approximately one million claims a year, and approximately 10-15 percent of veterans are appealing these claims simply because of poor decision making and failure to adhere to the required procedures, then approximately 100,000 – 150,000 cases are being recycled into the system every year. These are hundreds of thousands of claims that would not be a part of the backlog had VA done the job properly when given the first opportunity to do so.

It is this cycle which must stop if the backlog is ever to be cured. By minimizing, or better yet eliminating errors at the Regional Office level, the number of appeals and thus the number of claims destined to languish many years in the system will be massively diminished. This is the goal VA must strive for.

VA's frequency of error has created a gulf of distrust between this Federal agency created to help veterans and the community of veterans that they have been directed to serve. Veteran confidence in the VA's ability to correctly process their claim is very low. However, this trust is not lost, merely damaged, and with diligent effort on the part of VA it can be restored. In the 1970s the Veterans' Health Administration faced a similar lack of confidence in their ability to serve the veterans' population. A major overhaul was required to regain the public trust.

The American Legion monitors the VA health care system through our annual System Worth Saving reports. What has been shown is a renewed confidence in VA health care. Many veterans speak proudly of the care they receive through VA and the quality of that care. Patient satisfaction is among the very best in the entire health care industry, public and private. There are still problems within that system, and there is always much work to be done. However, the example of this transformation and VHA's ability to regain some measure of trust within the veterans' community is indicative that it is not too late for the Veterans' Benefits Administration (VBA) to similarly embark on a great campaign to regain the trust of the veterans that they serve.

The present administration of VA under Secretary Shinseki has set bold expectations and shown promising signs. The candor with which they admit to the grave flaws within the system and the necessity of change is both refreshing and admirable. Whether or not the reality of this transformation within VA will conform to this mission statement remains to be seen. VA has recently announced changes to their internal work credit system. Information on exactly what these changes constitute is currently slim, yet hopefully will be revealed in the near future. Whether these changes will be real changes with a chance to positively support an emphasis on quality or simply window-dressing covering a continued emphasis on pure volume remains to be seen.

With the positive mission laid out by Secretary Shinseki, perhaps a situation of distrust may be moved to one of "trust, but verify". There is, to be sure, a great deal of damage that has been

done to the state of trust by an ongoing culture of volume over accuracy. When veterans look to the system designed to support them, they too often experience only a cold, unfeeling bureaucracy that treats them as a number and pays little attention to getting their claim done “right”. If a mistake is made, then what are the consequences? Veterans do not see consequences for errors, but experience the dramatic impact on their life and well being. This must change.

VA stands on the brink of a major transformational effort. There is no better time than the present to rebuild this system on a bedrock of quality and accuracy. There is no better time to repair the lost trust with the veterans’ community. A demonstrable dedication to quality above all else would go a long way towards doing so.

The American Legion stands ready to answer any questions of this Subcommittee and thanks you again for this opportunity to provide testimony on behalf of our members.