

VA Claims Process: Review of VA's Transformation Efforts

Wednesday, March 13, 2013

WITNESS LIST:

The Honorable Allison A. Hickey, Under Secretary for Benefits, Department of Veterans Affairs

Accompanied By:

Stephen Warren, **Acting Assistant Secretary, Office of Information and Technology**

Alan Bozeman, **Director, Veterans Benefits Management System Program Office**

Hickey: Thank you, good morning Chairman Sanders, Ranking Member Burr, and members of the committee. I thank you for the opportunity to discuss VBA's transformation efforts. I am accompanied, as you've already said today, by Mr. Stephen Warren, Acting Assistant Secretary for Information and Technology, and Mr. Alan Bozeman to my right, the Director of the VBMS Program Office. As a direct result of the support this committee has provided, VBA is completing more compensation claims than ever before in VA history.

Over three million in the past three fiscal years, and three times the amount since 2001, when this latest conflict began. Yet, despite these efforts, too many veterans still have to wait too long to get the compensation benefits they have earned, and that is unacceptable to us. My testimony today will focus on how execution of our transformation plan will allow VBA to eliminate the backlog in 2015. I'd first like to discuss the inventory of claims and the factors impacting their timeliness. The current inventory represents claims from veterans of all eras.

The largest percentage of claims comes from our Vietnam era veterans, who make up 37 percent of our inventory and backlog; 1990s Gulf War era veterans make up 23 percent; while veterans of Iraq and Afghanistan conflicts today, make up only 20 percent of that inventory in backlog. Our World War II and Korea era veterans make up less than ten percent. The inventory contains original claims, those submitted by veterans who are claiming disability compensation, for VA, for the very first time, and supplemental claims from veterans who have previously filed and are seeking additional benefits.

As of January, 61 percent of the inventory are those supplemental claims or second filers or more. 39 percent are original first-time filers. These percentages hold true for the backlog as well. Of

those veterans filing supplemental claims, 78 percent are currently receiving a monetary benefit from VA. 40 percent of veterans filing supplemental claims have a disability rating between 50 and 100 percent, receiving payments from \$1,000.00 to \$2,800.00 monthly. In all, about half the veterans in the total inventory, are already receiving some level of compensation from VA. What's clear is the demand for this benefit is at an all-time high. We have added more than 940,000 veterans, almost a million veterans to the VA compensation rolls, by completing their claim over the past four years, which is more than today's active duty, Army and Navy combined.

Coupled with this increase are the impacts of claims associated with Agent Orange exposure and the dramatic increase in the number of individual medical issues included inside each claim. The bottom line, these claims are substantially more complex by more than 180 percent, yet we still have done 27 percent more of these claims today than in 2009. In 2009, Secretary Shinseki made the decision to add three percent of conditions for Vietnam veterans who were exposed to the herbicide Agent Orange. Over the next two and a half years, VBA dedicated over 2,300 of our most experienced claims staff, about 37 percent of our workforce, to re-adjudicate these claims for these conditions that were previously denied.

By October 2012, we completed all 260,000 Agent Orange claims, and paid over \$4.5 billion in retroactive benefits to over 164,000 Vietnam veterans and their survivors. While the decision was absolutely the right thing to do, it did have an impact on our ability to keep up with new claims coming in, and on aging claims already in the system. Another key factor is the increase in the complexity of the claims themselves. There's been a 200 percent increase over the last ten years in original claims containing eight or more medical issues. From 2009 to 2012, the number of medical issues inside the claims increased from 2.7 million to over four million, a 50 percent growth in medical issues, which is a truer measure of the time it takes to complete a claim.

It is having a significant impact on our production, the growth in our inventory, and the timeliness of claims processing. Given the growing demand and complexity of our claims, it is clear to us that continuing a legacy approach in paper will not meet the needs of our veterans. I'm happy to report that we have achieved

momentum with our transformation plan that will improve how veterans' benefits are delivered for generations to come, and 2013 is the year of full deployment and change for us. Our transformation with its people, process, and technology initiatives, represents the single largest reinvention of VBA in all of its history. And our focus is on managing that change while sustaining production, and improving quality. VBA's employees are key to this success.

Over 52 percent of them are veterans themselves, and we have a workforce that we have reorganized into new cross-functional teams, new segmented lanes, express special ops and core, and after 60 days in this new organizational model, overall productivity per claims writer has increased by 17 percent. The productivity of the workforce and the accuracy of our decisions are being increased through new national training programs and standards. There's 2,150 new employees, who have received our new challenge training, that will now decide claims, 150 percent more in the first time – first six months on the job, and a 30 percent increase in their quality.

Through process improvement teams, we have conducted rapid development testing and launch of process initiatives, like simplified notification letter, disability benefit questionnaires, acceptable clinical evidence, fully developed claims, and automated processing tools, which are showing positive results with increased implementation. The VBMS or Veterans Benefit Management System is a web-based electronic claims processing solution that serves as our technology platform for quicker, more accurate processing. National deployment of the first generation of VBMS to our regional offices began in late 2012, and is now in full swing with the 28 January, 2013 release. We also now have end-to-end digital filing capability from portal to decision, with integration of the online portal benefit, an e-benefit system with VBMS, veterans can now file a claim online using a TurboTax-like system and upload their own evidence to support their claim.

Chairman: General Hickey, summarize.

Hickey: I will absolutely. We will continue to pursue our plan and our initiatives for the direct and absolute imperative to improve delivery to our benefits for their veterans, their families and

survivors. They deserve that from us today. We are committed to make that happen, Chairman.

Chairman: Okay, thank you very much, General. Mr. Warren. Let me again, by raising the issue that Senator Isakson raised a few moments ago. In my view, the goal of the VA, the very significant step forward in terms of accuracy and processing claims in a rapid way by 2015 is a very, very ambitious goal. I think what you have heard this morning from people around this table, Senator Isakson and others, is in some ways we have heard this before. The goal is a strong goal. I support that ambitious timeline. The question I am asking you General Hickey, what reason do we have to believe? What evidence are you going to give us that suggests that you in fact, are going to achieve that very ambitious goal?

Hickey: Thank you Chairman Sanders for the question. I will tell you that everything in this plan has been tried in a real live environment, and in different regional offices across the country. We are not just leveraging the pilots we have done for those initiatives. We're actually leveraging some of the experience we've had from previous efforts to improve our performance. I will give you by example. In 2009, while not compensations, there's one of the other major business lines that we do, which is education claims. We started from a dead start in paper. We didn't do so red hot. It took us 69 days to do a claim for a student in school. We then brought on a first version of our long-term solution, our paperless IT system for education claims, cut that time in half to do a claim, and increased our quality.

Chairman: Are you suggesting that the technological breakthrough you made in terms of processing student claims is an indication of what you can do in terms of veterans' claims?

Hickey: I am, Chairman Sanders, and I have a strong – much stronger word than hope. I now have a reality point to lay before you all. Since the 24th of September last year, where we put in a new capability into Long Term Solution that lets us take 50 percent of our claims, automate those claims, where they come in and not a single person touches them. They fly through the system, and they are completed in a day.

Chairman: This is the student process.

Hickey: This is absolutely, Chairman, the student process. Let me tell you what the results of that is. Now that we have that new automated capability in the system, today – at this time last year, if I'd been sitting before you as I might have been on an occasion, talking about education claims backlog, I would have told you I had 200,000 claims in inventory. Today, I have 50,000 claims in inventory because the speed of which, the automation of which helps us bounce against rules, know that that student is where they need to be, getting the pay they need to get, and lets us do it automatically, has really significantly improved the way this semester we are doing education claims through automation.

Chairman: Okay, let me ask you this. There has been consternation on this committee, and I think within the service organizations about the decision made by the DOD – I think it was the DOD – not to go forward in terms of collaboration with the VA in terms of a one-system – one computer system for both agencies. What impact is that decision going to have in your efforts to expedite claims?

Hickey: Chairman Sanders, I want to first address at a very high level what we require from DOD, and then I'm going to ask my colleague, Mr. Warren, to address specifically iEHR. There are two major things that we need in order to decide those claims that are in inventory and in backlog. And three out of five times that we have an old claim, it's because of this issue. We need data from DOD in terms of the complete medical history of that member, when they leave service, in order for us to decide a claim.

We also need their complete personnel records, in order to know what their character of service is. Without those, we must ask. When we ask, we have in legislation today a 60-day wait period before we may ask again. So there is built into our process part of that problem. We have an agreement as of January, I do, under the great leadership of Mr. Fred Vollrath now in OSD, where I will now get – DOD now has a new cell in January, in every single service, where they will gather all those records, including TRICARE and including contract medical. They will pull it all together. They will validate for me that it is full and complete as of that time. They will put their signature on top of that document and give it to me. That is a game changer for us.

Chairman: So is it fair to say that we're not gonna make the kind of progress we want unless there is better cooperation between the DOD and the VA?

Hickey: DOD and VA cooperation is critical, absolutely critical to our eliminating this backlog and to our doing claims well, but specifically iEHR would like to defer to Mr. Warren who is more actively engaged in that process.

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

Chairman: I was shocked by that.

Warren: And appalled, and appalled. Sir, I would like to share with you that we remain committed to that single joint common integrated electronic health record. We are --we stay on that path, we're on that path, we are --

Chairman: Does the DOD remain committed?

Warren: The DOD has stated that they are committed to the goal of reaching IOC or initial operating capability at the two sites by 2014, and full operational capability by 2017. The announcement that I think was misconstrued was that because some progress had not been happening at the pace that it needed to, we threw some accelerators in there. We said let's show we can do this; let's show that we can deliver. If you will PMAS to the IHR approach, so the drive and the commitment was now let's take JANUS, this interface that we use to access both systems, and accelerate it to seven more sites. And that is supposed to be completed by July 31, and the IPO is committed to that. We've also--

Chairman: Mr. Warren, my time has expired.

Burr: Thank you, Mr. Chairman. Mr. Warren, I read the release that was put out jointly. Your interpretation is not what I read. The DOD's headed for a totally separate system. There's no assurance that it's gonna be integrated in a way that will talk to VA. As a matter of fact, there's every reason to believe that if you talk to the DOD folks, there's no plans to have a seamless single system.

So I'll question that right from the start, and I'm sure when the Secretary's in for his budget hearing, this will be the subject of conversation.

Ms. Hickey, wonderful testimony. It almost makes me embarrassed to ask questions that deal with facts because I'm looking at a trend line as it relates to backlogs of disability claims that quite frankly, are just inconsistent. You talk about the increase over the last ten years, I can look just back at last year at the projections from the VA as to the progress we were going to make on disability claims.

Certainly it took into account all the changes that you've seen for the last ten years. It took into account the secretary's decisions to extend additional benefits to Agent Orange victims. If it didn't, then we have a major problem within the VA on how we plan. But let me ask you, I think it's important for VA to be completely transparent about the efforts to reduce the backlog. In that regard, the backlog reduction plan VA submitted to Congress notes, and I'll quote, VBA is tracking execution of its transformation plan against its key measures of performance that are tracked daily, weekly, and monthly.

To start with, I'd like to ask you to provide the committee on a regular basis, those performance metrics, particularly the data that is not included in the Monday morning workload reports and the ASPIRE dashboard. Do I have your commitment to do that on a monthly basis?

Hickey: Senator Burr, you're right in saying that things have changed for us. Our demand has increased and that was part of the reason for my focus on explaining what was in the inventory for you. We have been now ten years at war, where our men and women are ten times more likely to survive than their previous cohorts.

Burr: I appreciate that. Do I have your commitment to provide this committee with those – the performance metrics on a monthly basis.

Hickey: Senator Burr, I provide more than this committee on a daily basis, everything we do. We have, as of last year, we are actually transparent to a fault. We have our – not just to this committee, we have –

Burr: General Hickey, this is a very specific question. It is not broadly asked, and I really do need a yes or no answer. You state in your submission to Congress that VBA is tracking execution of its transformation plan against its key measurements of performance that are tracked daily, weekly, monthly. Can you provide us those on a monthly basis that are not included in the Monday morning workload reports and the ASPIRE dashboard?

Hickey: Senator Burr, we will continue to provide you and your staffs the information we have provided, and we will continue to make it transparent to the world as we do today in our ASPIRE dashboard and our annual reports and our quarterly reports, in our – the request that you ask for, for us.

Burr: I'll take that as a no then.

Hickey: Thank you, Senator.

Burr: Mr. Bozeman, as you know, when staff from the committee went to VA last week for a demonstration of the VBA management system, it didn't work. I don't think we need to get into exactly what happened, but I'd like to know how often users in the field have IT problems that interfere with their ability to process claims in VBMS.

Bozeman: Thank you, Ranking Member Burr for your question. You are correct in the demonstration to the staff was conducted in what we consider a lower level environment. It is not the production environment of VBMS. So we did encounter some difficulties due to some changes we were making in the software at the time. So I apologize to the committee for that demonstration. However, field users in production VBMS have sustained very little outage time in VBMS over the course of – since generation one software was available. There will be isolated pockets which affect certain users with certain roles from time to time. Those are reported on our help desk, and we isolate those issues, resolve them as expeditiously as possible, Sir.

Burr: Can you provide for the committee the percentage of time that that system is unavailable to those in the field that are working on it?

Bozeman: I do not have that at my disposal. I'll take it for the record and –

Burr: Is that something we track?

Bozeman: Yes, we do track that, Sir. Assistant Secretary Warren may be able to provide further insight on system outages.

Burr: Then I'd hope that would be provided to the committee. General Hickey, according to your plan for reducing the backlog, VA's goal is to have 20 percent of the claims fully developed at submittal during fiscal year 2013. At the time VA released that plan, only three percent of the claims were fully developed, and according to your testimony, it's now 4.8. Tell me, if you will, how are we going to get to 20 percent?

Hickey: So thank you Senator Burr for the question. I'm going to say that the way we're doing that is with the absolute dedicated commitment of our partners in our veterans' service organizations, specifically led by – a new effort led by American Legion, DAV, VFW and others, they are working hard to help us do that.

Burr: How'd you come up with 20 percent? Why wasn't it 40?

Hickey: We have today – our veterans are represented in our system of both inventory and backlog – about 60 percent of the time, our veterans are represented by one of these VSOs, so we took the opportunity to say let's start, let's ramp up, let's grow in our capability for our VSOs to help us do that part of our claims development effort that takes the biggest amount of time.

Burr: If we don't hit 20 percent, what effect does that have then on the backlog problem that we have?

Hickey: So the 20 percent is a relatively new target that we have – we've asked for our VSOs to help us with. They're eager, they're involved, they're engaged, they're training right and left on how to do that with their representatives who are in the field working every single day with the veteran. Just by example, very quickly, those VSOs have more face-to-face contact when that veteran is working with them, have the opportunity to say, okay, you're claiming this condition. Do you have a copy of your medical records or your private medical records that will help us make

that decision for that rating condition? And our VSOs are critical. They are critical partners in our effort to do this.

Burr: Thank you, Mr. Chairman.

Chairman: Senator Tester.

Tester: Thank you, Mr. Chairman. I'm gonna go back to a point that the Chairman and the Ranking Member talked about, and that is that I think partnerships are critically important. You talked about VSO partnerships. I think there's another partnership out there that's very important, and it's with the DOD.

The Ranking Member just said that the DOD is on a totally different plan, and that a single seamless is not on the so-called DOD's radar screen. I don't know if that's true or not. If it is, it's very disturbing, and that's not your problem, that's our problem to make sure the DOD steps up to the plate and does what they need to do, so you can be successful in what you have to do. Could you just give me any kind of analysis without throwing DOD under the bus, but please do if it's warranted, on what they're doing as far as helping you out, making sure that there is a seamless transition for veterans.

Hickey: So thank you, Senator Tester for your question, and there are many things that have been happening over the last year in agreement with DOD, first of which, I already described. They've now made an agreement with me, as of January, to give us 100 percent certified, full and complete medical records. We've never had that in our history before. We've had to go look for those records. They're now going to give them to us.

Tester: Is that effective immediately?

Hickey: It is effective immediately. They're doing it right now. Every single service has stood up a team across the services, every separating service member, every retiring service member's records now go through this process with any service, and then they will come to me with that designation, DOD taking responsibility to ensure that those are all up to speed, and I don't have to keep looking.

Second thing they are doing is the – and I think this is important – another major effort. They have a team of people now sitting over with me to work on those really old claims that we have not been able to find records to justify for a decision we want to be able to make for a veteran. Their team is helping us to dig through all of their archives to find those records right now. So those are two big areas where they are working with us very closely.

Tester: What can they do better?

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

Tester: How about your partnerships with groups like Social Security and the IRS?

Hickey: I have a really good news story to tell you about that. I have had strong new relationships with both SSA and IRA. They have critical information on earned and unearned income for us to be able to make decisions very quickly, especially for our folks who are the most destitute in our environments. Social Security has now – and IRS have now made a decision to give us access to current data every week, rather than once a year. And the good news for that for our veterans is, I now can take 100 people that used to have to wait for four – for four months, do nothing but match and look for earned income and validate earned income out of a year-old's worth of database. I now have them pointing at doing DIC claims, which are our most vulnerable widowed and orphaned individuals, getting them those resources they need faster.

Tester: Okay, different area. From your perspective, what role does insufficient staffing play in the backlog?

Hickey: So good question. I want to thank this committee for the staffing we do have. I want to thank this committee for the growth in budgets this organization has never enjoyed before this

administration, and so thank you very much. We have – I think right now, I'm reluctant to say let's throw more people at a problem where I have the capability to potentially make the work go faster by the nature of the – changing the process we're doing, and the changes in the technology.

By example, when we went into a paperless environment for our loan guaranty efforts, we reduced the amount of work that had to be done by people because the system assisted, or because the process assisted. I know we are all in a difficult economic environment. I would prefer to not make your life harder to generate more people when I think that I might have oxygen in the system associated with what we're doing in the people, the way we're organized, who have been trained to do the work. You want me to be most efficient, right? You want me to be most effective, right? I want to get the efficiency and the effectiveness in a 1950s Industrial Age process, bring us into the 21st Century. If I get through that and I still need more people, I will come to you.

Tester: Well, I certainly appreciate that perspective and appreciate the lean and mean and efficiency perspective. I know that you're committed to making sure that this problem gets solved. I'm out of time. I would love to talk to you about the Ruth Moore Act, and I think I'll put the questions in for the record for you to answer. One other thing, if I might have the liberty. You talked a little bit about a 60-day window where you could ask veterans for information and you had to wait another 60 days.

Hickey: We do, Senator Tester. By the current rules, when we ask for records, we must wait a 60-day waiting period for a response.

Tester: Is that an internal rule, or is that a rule that we've set out?

Hickey: I believe that that's in legislation.

Tester: Okay. We may want to visit about that.

Chairman: Thank you, Senator Tester. Senator Isakson.

Isakson: Thank you, Mr. Chairman. Mr. Warren, the VA Inspector General reported that the partially VBMS capability that has been deployed to date has experienced, and I quote, system performance issues. What are those system performance issues?

Warren: Thank you, Senator, for that question. I'd like to point out two items if I could. First is, that report was issued in September – last September, so it was dealing with the pilot prototype system; and two, the department did not agree with the conclusions that the Inspector General reached in their report.

Isakson: So you've had no system performance issues?

Warren: We had performance issues with a pilot system that was deployed, whose intent was to find the issues we needed to solve before we reached full deployment of a first generation system. So the report basically stated what we were trying to do, which was put it out there, put it out there fast, find out what works, find out what doesn't work, make the improvements, and then deploy it across the enterprise.

Isakson: And that process has worked.

Warren: That process continues to work. We are using an agile methodology, so one of the things that you will see different, we applied it to chapter 33 as a rolling change, add-functionality, add-capability. As we get system out there, we get capability out there quicker. We're not waiting five years to design a system that fails. We are making changes, we're deploying them every three months. On some systems like e-Benefits, we make deployments every month. The goal is to get capability in the hands of the users, so we can evolve it, we can improve it, and bring that benefit to the veterans along the way.

Isakson: In Secretary Hickey's testimony, I think I wrote this down right. She said the deployment of VBMS was in full swing from portal to decision. Is that an accurate statement?

Warren: That is an accurate statement.

Isakson: Okay, well, let me follow up because I want to – I was not questioning it, but I want to make sure it was accurate because I understand, and I could be wrong. This could be a dated problem. But I understand that is accurate with regard to pretty simple decisions that are made in terms of rating claims, but complex cases, which as the secretary mentioned, they've grown, is VBMS capable of making rating decisions on complex cases?

Hickey: Senator Isakson, if I can that answer that question, yes. That's the short answer. In a very old version – pilot version of this last summer, there was some restriction to limit it to claims with less than eight medical issues. Not anymore. We now rate everything. In fact, if you have gone live, if you're one of the 20 stations that are now live on VBMS, every new claim you have, whether it's a original one or a supplemental one coming in the door, now immediately gets turned into the electronic environment. It's scanned, it's uploaded, it's ingested electronically, and we are not bringing the paper through the system point forward.

Isakson: What software does VMBS run on?

Hickey: I will defer that to my IT colleague.

Warren: Sir, we could probably spend a couple of hours walking through all the different pieces –

Isakson: Let's don't do that.

Warren: So I don't think you would like to. So when we talk about VBMS, it runs on – we use Internet Explorer, which is the browser. We use Windows 7, which is the desktop. We use IE Server, so it is a multitude of tools that we use. We use Oracle at the back end. This is not a pitch for any of those companies, but again, we are using the tools that are used in industry today for these types of systems.

Isakson: Do you use SAP?

Warren: No, we do not use SAP.

Isakson: That's good, okay. Last question, on the transfer of medical records from DOD to the Veterans Administration, that is done electronically now?

Hickey: Today's medical records, we receive in paper.

Isakson: When you fully install with VBMS, will DOD be able to transfer information electronically?

Hickey: So Senator Isakson, that's a great question, and that's exactly what we're planning for with the new HAIMS system that DOD is building, will be delivered December of this year. The intention is for them to upload those claims into an electronic system that feeds directly into VBMS.

Isakson: Thank you very much. Thank you, Mr. Chairman.

Chairman: Thank you, Senator Isakson. Senator Begich.

Begich: Thank you, Mr. Chairman. Let me follow up on that last question. I thought I read something that DOD had some issues with their electronic transfer of the records. \\

Hickey: Senator Begich, the part that I'm talking about is a different agreement that I have with DOD, where they are consolidating and pulling together all their paper medical records in order to give it to me to make a decision, full and complete, with their tri-care and their contract medical records. I think the issue that you're talking about is IEHR, and I will defer that question to my colleague, Mr. Steph Warren.

Warren: So if I could do just a quick sidebar, in terms of the different terms that are used out in the popular press. Inner operability is the movement of information back and forth. There is the movement of medical information, physician – clinician to clinician today from DOD to VA. There's a translation that takes place. It is not all the data. It is a limited amount of data.

Begich: Electronically.

Warren: Electronically, so there is a limited flow. It is not the full treatment record, so as a service member comes in to a VA facility, either Guard, Reserve, another veteran when they come over, we see some large percentage of data, not all of it. So that's inner operability. The announcement that came out recently dealt with the goal to get to that single joint common integrated electronic health record, so one system so you don't have to worry about translation. It supports that goal of that virtual lifetime electronic record, so when that citizen raises their hand like I did, coming into service, the data gathered from there forward is part of the benefits determination for compensation,

for that larger issue. We are committed – the VA is committed to that single, integrated electronic record.

Begich: I get the VA is, and I want to – it's the DOD, and I guess Mr. Chairman, one thing that would be unusual, but maybe we should have here is DOD sitting here because I was on the Armed Services Committee for four years, and they still can't do an audit of DOD. It's one federal agency that can't get their act together when it comes to figuring out how to audit what they do over there. So I understand that you have an agreement, but I've been here now four years. Claims – and I saw a scathing report, which of course, Alaska was highlight in there – of delays in disability claims.

The number one issue I get in my office is the lack or inability to get these records, and determine disability claims. And on top of that, it's this ability to get the records from DOD over, and you're putting a lot of faith in DOD, that still can't even do an audit of their own functions. That's the only agency in the federal government. So can you actually say right here – you've said it a couple of times. I want to hear you say it again, that at the end of 2013, because that's what I heard you say, we will be moving electronically the full records from DOD over to the VA, so I don't have to spend time with my staff on a regular basis, calling up DOD, saying what the hell, where's the information? And then VA, why don't you have it yet?

Hickey: So Senator Begich, what I will tell you –

Begich: That's a very simple question, it's a yes or no. Yes or no.

Hickey: The very simple answer is I will have images from the record. He will not have data yet in the data part of the system.

Begich: Well, than how – how are you gonna get to that point? I mean getting the images – first off, I was somewhat surprised, and I thought the answer – the DOD now is just kind of shipping over boxes of material. I'm simplifying it, but it's paper material, right?

Hickey: It is largely.

Begich: So now, you have a contractor that's scanning all this stuff, which I have questions on that, on its ability, how fast it's moving, the

efficiency, your own ability to audit that. But then you've just got a pile of images. I can scan stuff all the time and get a pile of images. How do you interpret them to determine the outcome for that individual who is trying to get a claim?

Hickey: Senator Begich, great question, and I'll tell you how we did it. We used to take a stack of papers this big with people's little rubber fingertips on their fingers, and their eyeballs and trying to remember their rules in their head, and that's what we asked our employees to do, our hardworking employees to do, 52 percent veterans themselves. Today, in VBMS, they don't deal with the paper. The rubber fingertips are gone. They don't have to remember all the rules. They're built into the system. The images come through, they can Google-like search through all the – throughout those documents to find that information. And that is what VBMS does for us.

Begich: Right, on new claims.

Hickey: On all new – all claims coming in the door today, whether they are a Vietnam veteran, a World War II veteran, or whether they are today's GWOT veteran.

Begich: Do you have data that shows the difference between the process time, the results, and efficiency between the ones that are now coming in, versus the almost million sitting in the backlog?

Hickey: Senator Begich, I will have it. I have just put 20 ROs on it –

Begich: When will you have it?

Hickey: On the 28th of January, on the – what I consider for the first time, the portal to decision process.

Begich: Right. When will you have that?

Hickey: I'm measuring it all the time, so as soon as I have a valid enough sample to give you, I will give it to you.

Begich: Then I want to go back to Senator Burr's question. It seemed like such a simple one. You obviously do monthly matrix of some sort. It sounds like even weekly with now some of the data you're getting on earned income, but can you just answer that question

very simply, that you will provide – not – I heard your answer. It was kind of the stock answer that data that we request, we'll provide. The matrix that you have – because I know every agency, as a former mayor, every agency in my department that I operated and managed had dashboards that gave data and weekly, daily, and monthly, on its accessibility.

Can I echo what Senator Burr asked, and ask will you provide that data on a monthly basis, so we understand the success or failure because honestly, when I look at the numbers, four years later it's – from my time here, it's not getting better. And I can tell the increase in calls that I get in my office are not going down. So answer yes to Mr. Burr's question or no. I don't want the stock answer that I know you all get because OMB does sanitation to all your commentary. I just want to know the real simple answer, yes or no?

Hickey: Senator Begich, I will provide information to you.

Begich: Yes.

Hickey: I will provide information to you, yes.

Begich: Month – there we go. Okay, Mr. Burr, we maybe got halfway there, three quarters of the way. I will – and I have some more specifically – and the last comment, Mr. Chairman, thank you for – the VSOs do so much good work, and it almost seems like they do all this work, and then VA duplicates the work. And it seems like we should figure out some partnership where VSOs can help us move some of these claims because they do a lot of work around the front end that – they have about an 80 percent hit rate. That's not a bad success rate based on the history here. I'll leave it at that maybe for the record, Mr. Chairman, if that's okay.

Hickey: May I – Chairman, may I answer that question?

Chairman: Briefly.

Hickey: Senator Begich, we have a very deep relationship with our VSOs, getting stronger every day. They are on VBMS with us. They are inside the fence line now, more than they've ever been before, and I am working very closely with them, and I'm very thrilled

with their willingness to do fully developed claims, which in fact, will help exactly the issue that you're discussing.

Chairman: Senator Heller.

Heller: Thanks for holding this hearing. This is good. This is really what we need across this country, but in Nevada obviously, I get the same phone calls that the other Senators are getting. I certainly do appreciate Senator Tester's remarks. I'm glad he's across the way. We have a tendency of marching – looking down the same road here, and he made a comment that I want you to clarify that perhaps I don't understand. And that's in your testimony that you stated that the law – that by law, the VA must wait 60 days, by law.

Hickey: Yes, Senator.

Heller: It's not part of your manual, it is by law.

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

Heller: By law.

Hickey: By law.

Heller: Okay, so you have a claim, and you call the VA's office or you fax them, whatever it may be. You set that in a file for 60 days. You don't do anything with it, you just wait for 60 days, and if you don't get a response, then you respond after 60 days, and then you must wait another 30 days.

Hickey: So Senator, I don't – it's not that I don't do anything with it. We do many things with the claim besides that. We will continue to do – gather other evidence from perhaps your private medical doctor. Our veterans – we ask – we bring in private medical evidence from them. We will get that. We will get our medical records. If our veteran is already seeing a VHA doctor, we'll pull that in. We'll continue to try to do everything we can to get that claim further down the process, but then we will on occasion – more than one occasion hit a brick wall.

Heller: Let me move in a different direction with a similar question. And that has to do with the GAO Report. Tell me if this is accurate. When obtaining Social Security Administration records, VBA's policy manual instructs claims staff to fax a request for medical information and wait 60 working days to follow up if SSA does not reply. Then staff faxes a follow-up request, and then waits another 30 days. Is that part of your manual or is that also by law?

Hickey: It's also by law, but it's no longer an issue because now Social Security and IRS are giving us weekly data. We have made agreements, and are actually already seeing the flow of that information. I'm very appreciative to our Social Security and our IRS partners in that effort.

Heller: Okay, so that's solved.

Hickey: It is solved.

Heller: I was gonna say because that would make it about 25 percent more efficient, 25-35 percent more efficient if we could take those filings and at least make a phone call. I mean my staff, we get a number of cases, and we get 2,500 cases a year, and we work with the same agencies you work with, and if we don't get an answer in five days, we pick up the phone and say hey, where's our answer? We don't wait 60 days, we don't wait 30 days, but of course, by law, we're not limited to those delays. Let me ask you another question. And I certainly do appreciate the good hard work of the VA. My father's a veteran, turns 80 this year. He's received some real good service from the VA, the hospital in Reno, and I certainly have nothing but praise, nothing but praise for these hardworking individuals.

I've been to though, the VA Claims Office in Reno. And as I mentioned earlier in my comments that we're some 10,000 claims behind. And over the last five years, I've consistently asked them what do you need? What do you need? Do you need more individuals? Do you need more resources, bodies, what is it gonna take to fix this backlog? And they've consistently told me we're gonna solve this without additional resources or without new bodies. And I had it here a second ago, but according to the GAO Report, it said according the VBA officials, staff shortages represents a primary reason for backlog. I guess I just ask the

question again. And I think you've touched on this, but maybe you can reiterate, what is the issue? Do you need more individuals, personnel, in order to fix this backlog?

Hickey: So Senator, thank you for your question and I've been to the Reno office as well, and it's a terrific group of people out there working on behalf of Nevada veterans. And what I will say is the demand has risen, and I will go back to saying we have done a million claims a year. These hardworking folks out there want to do what's right for veterans, want to do what's right for their family members.

Heller: I agree, I agree.

Hickey: They're not only doing a million rating claims, they're doing a million non-rating claims. They're not only doing that, they're doing half a million pension claims in the same year. They're doing 4.7 million medical issues a year. They are producing at record, record levels on behalf of our veterans, but the demand is coming in at record, record levels. The only way to go after this – the only way is to fundamentally reinvent our self, which is what we're doing in this transformation effort. You get to that many transactions in a year, you have got to have the benefit of some automation, some rules-based capability, all of which we have built now and are continuing to add functionality every eight to ten weeks, to get some of those rules and automation built into the system, to take some of the load of a person manually doing this much paper out of the system to create that oxygen in the system, so that the men and woman – the 20,000 employees I have across the nation, who get up every single morning dedicated and committed to this mission, have an opportunity to really meet the needs of our veterans and their family members and survivors, as they truly wish to do.

Heller: Thank you, General. Thank you, Mr. Chairman.

Chairman: Thank you, Senator Heller. Senator Moran.

Moran: Mr. Chairman, thank you. Madame Secretary, thank you for being here. You can sense the frustration that many of us have on this topic, and part of it is that we've heard the potential for success so many times without seeing the results that we want to see. I had visits last week with the Disabled American Veterans from

Kansas, the American Legion, the VFW, all in the office. And this now is their number one priority and the most significant complaint that I continue to receive from Kansas veterans and their families. When I came to Congress now some time ago, and I've served on the Veterans Committee in my entire time in the House, now in the Senate.

It was always healthcare that was the topic, and it seems to me that the healthcare side of the VA has done things that apparently the benefit side has not because the number of complaints about the quality and access to healthcare has diminished significantly, and the number of complaints about benefits has increased dramatically. And so I don't know whether there is a role model within the VA, and while the healthcare side is not perfect, the progress and improvements seem to be evident. And you may have a role model within your own department for guidelines. In addition to that, I assume that you've consulted with the private sector in trying to find out how they deal with this magnitude of claims.

And I assume – these are questions, you can tell me that my assumptions are wrong – that you've had a genuine and real conversations with the employees that you describe as so loyal and so dedicated. I often think that federal agencies, employers in general, never take advantage – or rarely take advantage of the knowledge of their own employees, who may have the best solutions because they're the ones who deal with the issues every day, and is there – in regard to employees, is there a reward or benefit that accrues to employees who provide timeliness and accuracy in the benefit process? And finally, what is the process that you have in place to help the veteran who is in a dire circumstance?

Often, the calls, concerns, the conversations that I have as a member of Congress, and I would guess my colleagues as well, is from somebody who is about to lose their home to foreclosure, or my dad is homeless, and we have been waiting on an answer from the VA on benefits that very well may able him or her to make their mortgage payment, or get off the street. What process is in place that allows you to prioritize those claims in which, if you fail to provide the benefits, the veteran suffers dramatically?

Hickey:

So let me start, Senator Moran, with the last thing you just mentioned, which is how do we help our most – our veterans who are in the most dire circumstances. We actually prioritize them. When we hear words like terminally ill, we hear words like on the verge of homelessness, we hear words like former prisoner of war, we hear words like Medal of Honor recipient, we prioritize those above all other claims. We routinely pull those out of the process, and we raise those up and we do those quickly. So I will start there by answering that question very clearly.

Secondly, I will tell you that everything in this plan did not originate in 1800 G Street over in VA. In fact, every one of the initiatives that are in this plan were pulled together by including the thoughts of our employees. Most of the initiatives – these are employee generated initiatives, couldn't do it without them. We have industry partners who were part of the process of helping us think this through. We had federal agencies and still today – I was at IRS yesterday, talking more and more. We have meetings with them frequently, talking more and more about how did they go paperless, what were the issues they saw, how can we prevent those issues as we do? Same with Social Security.

We have definitely partnered with our VHA partners in doing this. And I will just say, VHA enjoyed the benefit of resources that VBA did not until three or four years ago. We were not high on the priority budget list. We have been. I'm so appreciative of that over the last four years, but we were not prior to this, certainly not on the IT priority list either. We are now. That's a very positive thing. But the last thing I really did want to just tell you is, I leave today in this hearing, and I go do what I have been doing for the last four months.

I get on a call all the way down to bargaining unit employees, who are on VBMS today in all of our regional offices, and I tell them, tell me the good, the bad and the ugly. We do it every week. I make every one of the program officers in there, all the IT people listening, and these folks tell us like it is. And when they do it, I take it, I task it, we get it fixed, and we get it done so that it gets better every single time. The people who are making VBMS today better are not our IT friends. It is our subject matter experts in the field who are getting on the system going bang, bang, bang, guess what, if you did that thing for me, I could go much faster. They're doing that today by the bucket loads. I am so

appreciative of getting that bargaining unit level employee's input into our process, and make sure I get it every single week. I do not miss that phone call.

Chairman: You have stimulated interest and there is a desire to ask you some more questions, so we'll go a second round. Let me start that off by asking you something that I probably should have asked you at the very beginning. We've talked about the 60-day requirement. We've talked about perhaps impediments in law. The goal of everybody up here is to see the processing claims – claims process move as rapidly and as accurately as possible, no difference of opinion. If you were sitting here as a lawmaker, what changes would you make to help expedite the process? And say a few words. I know there are differences of opinion about the 60-day requirement and some of the VSOs have concerns about due process and so forth. Say a word about that. But tell us what you would do up here in terms of law, as to what we could do to expedite the process.

Hickey: Thank you, Chairman Sanders. So first of all, I will tell you – and I know this topic has not come up, so I am one more time, throwing something out to have you ask me a question about. Our appeals process today, I could take 100 days and shape it off tomorrow if I had a standard notice of disagreement form. I don't. We have – our veterans don't know how – they don't have a standard form to appeal on with us that has all the information we need in order to identify that appeal. Frankly, we don't even know it's an appeal, and we lose 100 days in the process for doing it. So we have asked before for a standard notice of a disagreement appeal form. That is one way to cut the appeals process down. We have a new 526 EZ Form.

What that 526 EZ Form does, and by the way it is online to facilitate our online transmission like you do your taxes today. That form takes the requirements for what has become a bit of a timeliness factor of back and forth mail, puts it right up front on the form and tells that veteran what we need from them in order to decide that claim. Part of our due process, part of our VCAA requirement, and when we do it that way, I'm not sending letters back and forth, and the veteran's not sending letters back and forth – has the ability to cut out time. If that were a mandatory form, that would be better for both the veteran in timeliness factors, and it would be better for us to continue a move in that

claim. Other thing I will tell you is we are looking at this issue. Today, I know a lot about our pension recipients.

I know they are most – they are in some of the most dire circumstances because there is a means-tested environment. I know when that pension person – when that pension veteran dies, today I am required to, by law, to make that pension widow send me a claim to do and go back through their process to validate that pension. I don't get that one. These are for the most part, poverty level widows that I ought to just be able to continue that pension, pay those pension widows in a very difficult time in their life, and then go back and audit them, just to make sure that we're okay. I ought to have a period of time where I can do that. We're looking at that issue.

I'd need legislation to do that issue. Those are the kind of thing we're thinking about. Even – even – I have 78 percent of our veterans who are taking the GI Bill, who tell me today, quit sending me the letter. Just post it on e-Benefits. I still have a requirement to send them in a letter. That's cost, that's FTE, that's mail, that's ink, that's all the rest of those things.

Chairman: Well, I appreciate your comments, and I suspect there's more that you're thinking about, and I think this is an issue that we should explore together. Let me just ask you another question. As I understand it, VBMS is today operational in 18 regional offices –

Hickey: Twenty.

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

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

Chairman: Given the problems that keep popping up, are you confident that you can make that expansion work well?

Hickey: I am, as of January 2013. I believe I have a solid, not perfect, not perfect – I believe I have a solid, dependable portal-to-decision system in place to be able to get more and more people on it, to be able to check it. Now, if I – with that system in place, if I run into a problem, I'm going to slow down. I'm going to be

methodical, deliberate, and I have demonstrated I will. I did it last fall. We were going to accelerate and put on those first ROs by a certain date. It had four major problems with it. I said no, I will not deploy this until we get those four major problems fixed. They did, they fixed them, they're gone out of the system, and as a result, we went ahead and moved forward, and now I have 20 on the stations – 20 stations on. There'll be another five next week. And they – that is a solid system. Is it perfect? No. But our people will make it perfect.

Chairman: All right. Let me just – my time is expiring here, but I would appreciate receiving from you, as soon as possible, is a memo, telling me the very specific ideas that you have as to how Congress can move forward in helping the VA expedite the process and improve accuracy. Is that something you can get me?

Hickey: I can, Chairman.

Chairman: Okay, thank you.

Hickey: Thank you, Chairman.

Burr: General Hickey, I sense a level of frustration with some of the questions we've asked, and I feel compelled to state to you that most of the questions deal with prior testimony, prior goals established by you or within the VA. And I hope you don't take offense. I sense an obligation on the part of the oversight committee to track whether in fact, you hit your goals, and to fully explore if you don't, what the reason was, to look at goals for next year, and to ask simple questions like what went into choosing that as a goal. And one of the goals that you have out there right now is that the backlog's gonna disappear in 2015. What's the plan if it doesn't?

Hickey: So first Senator Burr, I will apologize for my Irish heritage. Please don't interpret my hand waving, pilot talking, excitement and energy around what we are doing right now as frustration. And I totally, totally understand and believe that you have oversight over what I do and am – hope to be very responsible in that regard, so my apologies for maybe perhaps projecting frustration – not there, not there at all with you. I will deliver for you as you need. But I have confidence that we will, in executing this plan,

be better positioned for anything that happens. We have to do this. We can't rely on the way we did things in the past.

Burr: We've wished a lot of years in disability claims as we've seen the trend go up, we've seen the productivity of FTEs go down as we've added FTEs. You've seen the charts, you know the numbers. If the numbers aren't right, again I open up to you, prove to me where I'm wrong. I look at them. But if it didn't work, what's the backup plan? What do we do in 2015 if in fact, we still see a trend going up of disability claims backlogs? What do we do then?

Hickey: So Senator Burr, I have a – one of my many jobs I had in my past life as an Air Force veteran, was to help deploy quality management principles and practices, and the idea that you never stop thinking you've got a perfect plan. You continue to look for ways in which to improve on what you've done. We will continue, point forward, we're doing it today. We have not – we're not resting on even what is even in the plan. We're looking and delving into ways we can even add greater and greater functionality into the system.

We are looking for ways in which we can shave off issues relative to accuracy. And by the way, I would just like to tell you, we have actually this last year, reversed a four-year downward trend in our accuracy. We have increased our accuracy nationwide by almost four percentage points, and we continue to do that by an investment that's frankly made in this plan, which is our new challenge training, where we have people doing claims faster, at a much higher quality level, by our quality review team people we have in the system.

Burr: Let me stop you if I can, and I commend the Chairman for asking for your suggestions in writing. I would remind you, we've asked every year for the legislative changes that need to be made to facilitate a faster, more accurate system, and to the best of my knowledge, this is the first time we've heard suggestions. Hopefully, those are things that you're gonna work out with VSOs because as the Chairman said, VSOs have a little problem with the 60-day for the due process, but we're willing to entertain legislative changes where there is consensus and where there's a belief that we can improve the accuracy and the timeliness. Is there currently a hiring freeze on claims processors nationally?

Hickey: Senator Burr, there's not a hiring freeze on claims processors, but I will tell you I am maxed out right now. I've got everybody in a seat.

Burr: But there's not a directive at headquarters that there's a hiring freeze?

Hickey: No.

Burr: Okay. Mr. Chairman, I'm gonna end there, but I do want to loop back at something. And it's something that Senator Begich stopped on. I'm gonna – I'm not gonna ask the question again, I'm just gonna state fact. I think that this committee needs a performance metrics that you don't find on the dashboard and you don't get in the monthly report, for us to do our oversight correctly. I can only speak for myself. If we don't receive that, I'll do everything I can to fence off headquarters money until the VA provides the committee with that metrics of performance, so hopefully, take that back, if in fact, within the administration at VA, that's a bit of information they don't want to share with us, then I'll exercise the right of the oversight committee and the authorizing committee, and I'll work with appropriators to try to fence that off until we get it. Thank you.

Chairman: Senator Tester.

Tester: Yeah, thank you Mr. Chairman. I would just say I think we've got to be pretty specific what we're asking for if we're gonna ask them to take time to do it. That's all, and I think we need the information we need to make our decisions and hold them accountable, but it's got to be pretty specific what we're asking for. And I don't mean to disagree in the least. I don't think we disagree –

Burr: I'll assure my good friend from Montana that I'll put it in writing. It will be very specific. And it was specific.

Tester: Yeah, but I mean metrics other than the dashboard, I think we need it more specific than that.

Burr: I think General Hickey knows exactly what I'm asking for.

Tester: Okay, good. That's good because I don't.

Hickey: And Senator Burr, I look forward to receiving your request with the ones that you're looking for.

Burr: Okay.

Tester: First of all, I appreciate your passion, and I think the Ranking Member is correct. We have asked, and I very much appreciate you stepping up to the plate and giving us some good, solid, I think pretty sound suggestions on how we can eliminate some of the red tape, and so I want to thank you for that. I want to clarify a little bit on the Guard and Reserve medical records. Are they part of the guaranteed delivery from DOD to VA?

Hickey: They are, but there are complications, Senator Tester. With that, I will tell you that I have recently met with all the Generals from all the states, including yours, as well as the National Guard Bureau leadership, here just in the last couple weeks, to ask for their help in getting a hold of National Guard records in particular. I hope to be meeting with Reserve leadership soon to do the same. The complication with National Guard records are that they have gone and served with units that are not in their states over their last decade of conflict in Iraq and Afghanistan.

So finding those records in other units, in other states, in other places, becomes a very, very difficult task. What I will tell you is the request I made of the Generals, and I've already had five come forward and say you bet you, I'll do it – is for them to stand up people in state active duty if nothing else, and to bring – help us go dig and find records on claims that we have that are in the National Guard. I am very appreciative of the National Guard Generals standing up to that task.

Tester: Well, I think it's very, very important that you get access to those records ASAP. These folks are being used as active military at this point in time, okay.

Hickey: I agree with you.

Tester: You're familiar with Quick Start and delivery at discharge I would assume.

Hickey: Yes, I am.

Tester: They have been described to me as pretty ineffective. In fact, if they don't use them, they tend to get their benefits quicker just going to the VA. Is that – give me your assessment. And have you heard similar concerns?

Hickey: Very frankly, Senator, when we were doing the Agent Orange work and we were taking 37 percent of our workforce out of the system, that was every bit of our surge capability across the country, including all of the day one brokering centers. Those are our 13 resource centers out there that do national level work. All 13 of those were pointed at doing the Agent Orange work.

Therefore, what suffered in some respects, along with every other cohort of a veteran, was our BDD and Quick Start work. The better news, as of March last year, we redirected our day one brokering centers. As soon as they finished the veterans' Agent Orange claims, we redirected half of them towards BDD and Quick Start work. We've cut the inventory in half since doing that. And then when we finished the survivor claims in October, we redirected more capability to work those BDD Quick State claims.

Tester: Okay, so I got that. I mean what you're saying is that the problem – because I'm just trying to figure this out. The problem was not with the DOD. It was with the VA, and it was there because we gave you another job with the Agent Orange.

Hickey: Probably complicated by both. We still have to get medical records. We still had to get TRICARE and contract medical records, but is less complicated by DOD in that process than it was with us in the fact that we just were doing – were doing the Agent Orange work, it took 37 percent of our workforce.

Tester: Okay, I got you. We have heard conflicting feedback from the VA advocates and employees regarding the roll out of VBMS. Given the dramatic implications on not only the veterans, but their families and the VA as a whole, there has been feedback that says there should be an independent panel, take a peek at what's going on. That's been the recommendation of the DAV in fact. Do you think that would be appropriate? Do you think that would be necessary? Do you think it would be beneficial?

Hickey: I actually use a lot of independent feedback right now for doing this, and I have a lot of independent folks that like to go look at us. In fact, I'm going through another OIG look, and another GAO look right now, since their previous reports. I also would say DAV and others have been actually very instrumental in helping us build VBMS. We brought them in, in the requirements development portion of building the new paperless IT system. I depend on them heavily, all of our VSOs. I meet with them monthly and more frequently if necessary. Frankly, just took them down to Atlanta here a month ago, showed the whole process end to end.

Tester: So what you're saying is, outside of the DAV, but you are already using independent IT experts to review VBMS and its plans and its progress and that kind of stuff?

Hickey: I consider GAO and IG people fairly independent from VBA people, and so I would say yes, I have a fairly strong group of people keeping an eye on us. I think one more set isn't necessarily at this time.

Tester: Yeah, they have the expertise in IT?

Hickey: I will defer to my colleague Mr. Warren on that issue.

Warren: I think to your question, does it have sense as their value of having folks who know how to do the agile development methodology, to have them come in and look at what we're doing, to make sure we're on the right path makes sense. We've tried going down this path, and we keep running into in terms of how do you put advisory groups together. We have right now looking at the architecture, pulling in externals, but finding a group of – in the peer IT realm because we've run into several times with the oversight folks from the GAO and the IG not having the depth and knowledge necessary to truly understand what is agile, what is iterative, so there is an interest. We've been trying to pursue it. We've run into some roadblock.

Tester: Well, thank you, and once again, I want to thank you guys for your service, appreciate the job you do.

Chairman: Thank you Senator Tester. Senator Johanns.

Johanns: Thank you, Mr. Chairman. Thank you for being here today. Let me if I might, follow up on Senator Tester's question about the oversight group because I – having sat in a position similar to yours, you know, there was always a willingness to put together an oversight group, but as much as I value that typically, one of the things that I don't want to have happen is that, of course, a new group, everybody has to come up to speed with that, the group has to come up to speed, and we might be inadvertently actually slowing things down. Do you have any thoughts on that?

Hickey: Senator Johanns, thank you very much for the question. It does, it sucks – it does suck up energy when we have to work with another group for them to come in and look at. We don't mind doing that, that's part of the role of oversight. We will do that, but the very same people that are producing the data for how we're doing, are the very same people that I have to pull off that task to now go and start working and gathering data and pulling data for new requirements that others need. So it is a burden, it is a necessary burden in life to ensure that you're doing a good job, so we will continue to do that for our OIG and GAO, and partners that you ask to do it, but it is a burden.

Johanns: Yeah. Let me ask you about this issue of the medical records with National Guard and I guess Reserve, too, right? I know they're a part of the agreement. That would seem to be pretty straightforward. You provide medical records. But having said that, it's obviously not very straightforward, and I don't want to pull rank on anybody, but it seems to me if you really need help in freeing up medical records, let us know, and we can also make that request. Now again, I'm sure that makes you feel a little uncomfortable that you're end running people that you're trying to work with, but the challenge is you're dead stalled, right, until you get medical records?

Hickey: For final decision, yes, Senator.

Johanns: Yeah, you can't – until that happens, that – you can't get to a final decision, I wouldn't think.

Hickey: Not – I can move the claim forward with the other kinds of evidence I can gather, but I cannot make a decision on that claim. A rater cannot rate that claim until we have those medical records.

Johanns: I'm sure that's not the explanation to everything obviously, but how many cases would be out there where you just simply need some medical records to move forward.

Hickey: I'll give you an example by looking at the claims that we're very focused on right now, which is our very oldest claims, our two-year and older claims. And I will tell you for every five of them, three of them are waiting medical records.

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

Hickey: It is a game changer, Senator.

Johanns: It would really be a game changer. The Chair asked you about a legislative approach, and again, I'm guessing you're feeling uncomfortable. My goodness, I'm trying to work with these people while somebody's pressing me about is there another strategy. But I'm interested to know, and I think the committee would be interested to know, is there another strategy to try to break the log jam here, get you medical records, get these claims decided and get these people the benefits they deserve?

Hickey: So to give credit to my DOD friends who have – who are stepping forward with us through our joint bodies that – our joint governance bodies, we've been working this issue. We've recently made the decision between DOD and VA to do mandatory separation health exams. And what that gets us is huge. That gives us – comparison between when you came into service, you went through what we call a MEP station. Then we went extremely deep on your medical status at that time that you joined the military. We do the same thing with a really good, strong, end-up separation health exam on the back end. We now know everything that's service connected between the two. DOD and VA have been working on that idea and that agreement. We have the agreement, now we're digging into the details, and working that issue inside of our governance structure process.

Johanns: Can you give us any kind of sense of timeline as to when you think you're gonna work that inter-governmental process to a result?

Hickey: Left to me, you know, the energy that you see that can sometimes be seen as frustration, is also the energy you see on get her done. So we are pushing hard to get her done.

Johanns: I'd sure feel a lot more comfortable if there were some way you could look out there and say get her done means 12 months or 18 months or something because I think this is sizeable. I think if there were a breakthrough here, you'd be back here a year from now saying I've got a great story to tell you.

Hickey: So Senator, I will – we have one of these meetings coming up shortly, I will push to see if we can't get some milestones in place for that.

Johanns: And we'd love to hear about it. Thank you, Mr. Chair.

Chairman: Thank you, Senator Johanns. Senator Begich.

Begich: Thank you very much, Mr. Chairman. Let me follow up if I can – I think that was a very good question by Senator Johanns. If I could, one of the comments you said was left to your own devices. Are there something we can do to help with other agencies or groups that you're working with?

Hickey: So Senator, there's another group – two groups I would say, will help us make this transformation. One is our private medical physicians, who can now, for 71 of our 81 major body systems, give us medical evidence if they fill out a thing called a disability benefit questionnaire. We cut it short, we say DBQ. When they fill that out, those boxes are made to give us explicitly the data that we need to make a decision. Today our VHA doctors are giving us those forms, and have been since the inception, 1.5 million of them. That helps us to make that decision right the first time, if it's filled out completely. We have about 15,000, since we've initiated this with private medical physicians, reaching out the nation's private doctors and asking them to help us take care of these veterans by DBQs is another way to bring us in the whole body of the nation's help for these veterans.

The second thing I will tell you is actually the veteran themselves. They can help us by bringing us the medical records they do have, by giving us – if they have copies of the DD214s, giving us those as well, by filing online, point forward, and coming online and using our VSOs. I actually think we will have better high quality claims if our veterans go to a VSO across the board, bringing us in a fully developed claim, bringing us in all of the evidence we need to make that claim. Our VSOs are trained very well on how to do that. I rely on them across the board. Not only our VSOs in the national organizations, but our state and county service officers involved and engaged in that as well.

Begich: Let me ask you, do you keep or can you develop, now that we're ending the second war that we've been engaged in, in the last ten years, are you able to say over the next period of time, assuming certain growth rates in the Army and the Air Force and other services, what the VA numbers that you're going to have to manage will be? Do you have such a document you could share with the committee? Can you project out and say okay, by such and such date, we're gonna be –

Hickey: So I do, Senator. Well, I'll tell you I have rudimentary capability. I will not tell you I have a model akin to – I don't have a health person here, I apologize. I don't have a model akin to what the VHA has, but I'm building it right now. That is something we needed to do in VBA, and we are doing it now. I will tell you what will drive VBA's workload that is different than the way VHA looks at it. VHA looks at it from a veteran who is utilizing medical care. I have to look at it from how many medical issues inside a claim will drive workload. And that is a shift.

Begich: A different variable.

Hickey: It is a different variable, and today's veteran – I think the Chairman made this statement in his opening remarks, or someone did, but the statement that our World War II veterans filed maybe 20 percent of the time, with one or two medical issues. Our Vietnam veterans file three to four medical issues, with maybe 28 – 25-28 percent of the time. Today's veteran is filing at a much higher rate and with many more medical conditions inside of their claim. Why? One, we've done outreach – phenomenal outreach over the last four years. In fact, last –

year before last, we touched 269,000 veterans. This last year, we touched 609,000 veterans to teach them about their benefits.

Begich: Got you. Last question. When you mention the National Guard, you mentioned there are five states that have added personnel or done something internally to help augment your work, is that what I heard?

Hickey: This is a brand new thing, it's less than a month old. They have agreed to try to help us by standing up that capability. I will tell you one of the – the General that I believe does the best of this across the nation, he's certainly held up by my personnel, is the Indiana tag, who has been helping us remarkably well already. I believe he sort of sets the bar.

Begich: So a good model.

Hickey: Good model. He has people on the call, on the phone, ready to go look for that veteran's medical information, that veteran's personnel records, to help us close on that claim.

Begich: Is Alaska one of those five yet?

Hickey: They are actually doing well. In Alaska, I know we have a new Regional Office Director over there for the last year and a half, I'm hearing very positive things about him from your state director, and I actually believe you will see Alaska's numbers looking very good this year, compared to where they have been in the past.

Begich: Very good. Let me end, Mr. Chairman, to say you know, we love our veterans in Alaska. We have 77,000 veterans, one of the highest per capita in the nation, and the VA does exceptional work. We have these challenges, you recognize them, that we have to continue to work through, and I just want to thank you and your team, and the many people who work on the front lines every day trying to deal with huge demands that are increasing literally daily on your organization and other veterans' organizations, so thank you for your testimony, thanks for suffering through some of our questions.

Hickey: Thank you, Senator.

Chairman: Senator Blumenthal.

Blumenthal: Thank you, Senator Sanders, and thank you for holding this hearing, and thank you to our witnesses for your service to our nation. General Hickey, I've been following some of your testimony, and I apologize if my questions may repeat some of what you've already said, but I'd like to take a moment to focus on the people piece of the VBA's transformation efforts.

I've heard from some of the employees in Connecticut as to how they're evaluated in terms of claim processing, and many have said that they believe the system actually values quantity over quality and accuracy. Accuracy obviously is an extraordinarily important part of what they do. Their view, quantity over quality and accuracy, seems to be inconsistent or contradictory to what you have shared so far with this panel today, so I wonder if you could please expand on how the VBA evaluates its employees and incentivizes high performance.

Hickey: Thank you, Senator Blumenthal, I'll be happy to do that. And first and foremost, I would just like to say, the 20,000 employees that work in VBA every day are absolutely committed to this mission, in a way that is not driven by a job or a paycheck. It's driven by the fact that 52 percent of them are veterans themselves, and when I go to ROs and I've been to 36 or 37 of them now, I lost count. And I talk to those employees. I ask them how many of them have a direct family member who is a veteran, 98 percent of the hands are up in the room. That's why they do this job every day. And they come to work every day working hard to try to make a difference for our veterans, their family members and survivors. Here is what I will tell you.

I've heard some of the same things that you've heard. I'm trying to change it. It's a culture change. The way I am trying to change it is to have made bigger emphasis over the last year and a half on quality. My message to everyone is it's not an either-or decision. It's not production over quality, but it's also you can't spend forever doing one claim and not get it done fast enough. So that's why I made a serious investment in challenge training. We have totally redone the way in which we train our personnel, and there are good results – great results as a result of doing that challenge training. In the past, basically you got taught somewhere between one and six months how to do it, you largely got a little curriculum, and your buddy next door that taught you how to do

– how they did your claim is how you got taught to do your claim. Today, we don't do that.

We have a national curriculum, built by award-winning people who know how to develop curriculum that are trained to do that. There's pre-test, post-tests, there's actual live claims development in the course. We check with at the three, six, nine and twelve-month process to see how you're doing and how you're sustaining. The results of many of those classes now are the following. If you are a new person who has gone through that, you are in that first six months, capable of doing 150 percent more claims than your predecessors that did not go through it, and a 30 percent increase in accuracy, and I have the data to support that.

Second thing I've done is I took 583 people off the line, who were doing claims, and I invested them into checking and improving the quality of those claims. They have been doing that under the name QRT, Quality Review Team, for the last year. They're inside the ROs, they're trained to our standards of our national quality team, and they're managed and monitored at that level. What they are doing, and I believe we had too much of a gotcha culture in this area. So what I asked those quality review teams to do is you take claims that are in process, out at a place where we nationally have problems, you pull those claims, you find them.

Where you see an error, you go to that person, that employee, you say fix it now, it doesn't count against your performance. It's a mulligan for those of you – you know, it's a do-over. Fix it now. The benefit we get out of that is one, it's not a gotcha, so employees don't feel this overwhelming pressure; two, it's a training moment. They're now learning how to do that right before they've done three or four more months of doing it wrong. So we have data that shows we have caught several areas and reversed those as a result of that.

The other thing I will tell you that I have just done, and we've just finished all the work to make it so. A veteran comes into us, and the way you all see, I think – many people see us in the world as we do one claim. We don't do one claim. We do all the medical issues that are like a claim inside. Our people who are doing the claims though, aren't rated on how well they did all those individual medical issues, which is where the real work is and

where the real decisions happen. Instead, they're rated on the overall claim. It's 100 percent up or down vote. So if you have, as we are receiving today, 16 medical issue claims, and you do 15 of those 16 perfectly, perfectly, and you miss it on the 16th, you're not given a 90 percent, you're given a zero. But today I've changed the systems.

I'm changing the rules that say your quality as an employee will be rated on how you do individual medical issues, and then we'll be able to have a better conversation. We'll be able to look at your quality better, according to where the real work happens at the medical issue level. I will tell you the results I know already since October. I have 11 stations right now today that are at 98 percent quality, when I look it at the medical issue level quality. I have half my stations that are at 95 percent quality when I look at the medical issue level. I have all of my stations but two, that are above 90 percent quality, when I look at it at the medical issues level.

When I give you credit for the things you do right, but I get you to redo the ones you don't, and I grade you on the ones you don't, that is what we're doing. That's what I am trying to do to really help our employees understand it's an equation. It's production and quality, and we're building rules into VBMS that help them with that. We'll build calculators that help them with that, all to drive their quality higher.

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

Chairman: Absolutely.

Blumenthal: Thank you.

Hickey: Thank you, Sir.