

**EXAMINING THE BACKLOG AND THE U.S. DEPARTMENT OF VETERANS  
AFFAIRS' CLAIMS PROCESSING SYSTEM**

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HEARING  
BEFORE THE  
SUBCOMMITTEE ON DISABILITY ASSISTANCE AND MEMORIAL AFFAIRS  
OF THE  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
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C O N T E N T S  
February 14, 2008

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Examining the Backlog and the U.S. Department of Veterans' Affairs Claims Processing System

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Center for Naval Analyses (CNA) Corporation, Alexandria, VA, [Joyce McMahan](#), Ph.D., Managing Director, Center for Health Research and Policy

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[Bilmes, Linda J.](#), Professor, Kennedy School of Government, Harvard University, Cambridge,  
MA, statement  
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MATERIAL SUBMITTED FOR THE RECORD

["Wounded Vets, Broken System," CQ Weekly, April 30, 2007, by Patrick Yoest and Rebecca Adams](#)

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**EXAMINING THE BACKLOG AND THE U.S. DEPARTMENT OF VETERANS  
AFFAIRS' CLAIMS PROCESSING SYSTEM**

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Thursday, February 14, 2008  
U. S. House of Representatives,  
Subcommittee on Disability Assistance and Memorial Affairs,  
Committee on Veterans' Affairs,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 2:15 p.m., in Room 340, Cannon House Office Building, Hon. John J. Hall [Chairman of the Subcommittee] presiding.

Present: Representatives Hall, and Lamborn.

## OPENING STATEMENT OF CHAIRMAN HALL

Mr. HALL. Please forgive the delay. Once again, thank you all for being here. The Committee on Veterans' Affairs, Subcommittee on Disability Assistance and Memorial Affairs, hearing on examining the U.S. Department of Veterans Affairs' (VA's) claims processing system will come to order.

Would everyone please rise for the Pledge of Allegiance.

[Pledge of Allegiance.]

Mr. HALL. Thank you.

Today we are here to examine the VA's claims processing systems and its attendant disability claims backlog. There are many areas to explore when trying to determine why the disability claims backlog has reached the point of unmanageability and why this is the second time in a seven-year time period that we have reached this crisis point.

From 2002 to 2007, the disability claims backlog has risen from about 250,000 to nearly 650,000. During the same time period, the Veterans Benefits Administration (VBA) consistently missed its performance targets on nearly all compensation and pension (C&P) claims processing fronts.

These failures engender many questions about the complexity of the system the VA has created and the model upon which it is built.

One of my leading questions concerns the effectiveness of the claims processing improvement (CPI) model regards its suitability to establish meaningful accountability parameters to eliminate the claims backlog and accurately process claims. Thus far, none of the VA's own benchmarks have improved since the CPI implementation and I find this fact disturbing.

Moreover, it seems as if the failure is not necessarily with the system itself, but with the execution of the processes that are supposed to be reinforced with transparent and highly-visible accountability measures to make it work.

As outlined by the 2001 report of the VA Claims Processing Task Force led by Daniel L. Cooper, now VA Under Secretary for Benefits, "Accountability includes not only the proposition that a leader is responsible for the actions of the group, but also is accountable for the results of those actions or inactions. This single attribute is the most serious deficiency in the VBA organization."

At the time, Mr. Cooper was referring to VBA's then failed claims processing system, SDN. I think many of those who testify today will concur that these same observations could apply both to today's VBA organization and its claims processing system model, CPI.

One can only wonder where the accountability is in a work credit system whose only meaningful measure is productivity and where quality seems to be an afterthought.

Only about two percent of all claims are checked for quality and one in ten claims is processed incorrectly. This error rate is unacceptable and indicates that VA needs to improve its training regimens to ensure uniformity across Regional Offices (ROs) and that highly qualified individuals are processing and adjudicating claims.

Further, I ask why bonuses are consistently paid to managers at both the Regional and Central offices while claims languish. I want VA management to adopt this principle: Be accountable for the backlog, do not pay yourselves anything extra until the veterans are paid.

I know that VA contends that all of its inventory is not backlogged, but try selling these semantics to veterans waiting 183 days and longer for decisions on their claims.

From the Subcommittee's standpoint, based on the VA's current performance, most of the disability claims in its inventory are eventually going to become a part of those claims pending longer than VA's target of 145 days for claims processing. Hence, they will become part of the backlog.

Moreover, the Subcommittee does not consider as progress an increase in the time needed to process a claim from 177 days in 2006 to 183 days in 2007 accompanied by an increase in the VBA's target performance days for processing claims from 125 days up to 145 days during the same time period .

It is interesting that moving the goal from 125 days to 145 days is actually a greater increase than the increase in the backlog from 177 to 183 days.

VA should not conceive of moving its targets to compensate for its poor performance. I am confounded by these actions and would like an explanation and so would our veterans.

I am encouraged that some of the numbers from VA's fiscal year 2009 budget indicated a 19 percent increase in VBA information technology (IT) funding to support efforts to move to a paperless claims environment and increased funding for VETSNET. While technological improvements alone will not solve the backlog problem, they are clearly critical to the solution.

I am also anxious to see the results of IBM's study of the VBA's business processes involved with adjudicating a claim. This type of review is long overdue.

I am also encouraged to see that VA is requesting more money to add 703 full-time employees (FTE), yet I am aware that you have been unable to maximize the performance of the record number of 3,100 FTEs that this Congress ensured you received during the last two funding cycles.

Let us be very clear. This is not just a people problem and adding more people to a broken system cannot be the only answer to vanquishing the claims backlog and improving processing times. To date, this single-minded approach has proven unsuccessful.

I think the major faulty premise in this system is that the VA behaves as if it is only accountable to meet the numerical targets it sets and that Congress tacitly approves. But I want to reinforce to you that you are actually supposed to be accountable to the veteran who has borne the battle, to his widow, and to his orphan.

I believe we need to refocus and refine our Nation's claims processing system to make it accountable to producing better outcomes for our veterans, their families, and survivors.

I thank the witnesses on the first three panels for their thoughtful, solution-oriented testimonies. I hear the frustration in your statements and I look forward to working with you and with the Ranking Member and other Members of this Committee on ways to implement the workable solutions many of you offer.

I know that the backlog has taken on a life of its own. However, it is not bigger than the collective will we will devote to eliminating it and to honing a claims processing system that is veteran-focused, not process-focused.

Lastly, I know that VA cannot be pleased with its current disability claims processing performance and I look forward to hearing VBA's strategic plan for addressing these concerns.

Secretary Peake has highlighted this issue as one of his top priorities and I hope VA sees Congress as a friend and not a foe in helping to correct the shortfalls in the disability claims processing system.

I believe that just as the Veterans Health Administration (VHA) experienced a revolutionary transformation, it is well time to think of devoting the same type of resources into transforming the VBA. It is time for a paradigm shift.

Our veterans deserve the benefit of our collective resources to ensure that this process is a world-class, 21st century model that reflects their priceless sacrifice for our Nation.

And I would ask that the article from CQ Weekly entitled "Wounded Vets, Broken System," April 30, 2007, issue be entered into the record without objection. Without hearing any, so ordered.

[The statement of [Chairman Hall](#), and the article referenced, "[Wounded Vets, Broken System](#)," [CQ Weekly, April 30, 2007](#), by Patrick Yoest and Rebecca Adams, appear in the Appendix.]

Mr. HALL. Thank you very much. I would yield now to Ranking Member Lamborn for his opening statement.

**OPENING STATEMENT OF HON. DOUG LAMBORN**

Mr. LAMBORN. Thank you, Mr. Chairman, for yielding. I look forward to hearing our witnesses' testimony on how we might address the challenges and opportunities facing VA's compensation and pension service.

In fiscal year 2007, compensation and pension service commonly referred to as C&P performed more than 838,000 rating decisions. C&P also performed nearly 582,000 claims actions that did not require rating decisions.

Yet, despite this tremendous volume of work accomplished, C&P finds itself behind in its struggle to overcome the steady accumulation of claims awaiting action. An array of reasons contributes to this frustrating trend and our witnesses outlined a number of them in their written statements.

Foremost among them will be that VA place more emphasis on accuracy and less on speed. Rating decisions must be done right the first time. I wholeheartedly agree.

But as much as we may ponder and discuss solutions to the multitude of underlying problems, I think we all realize that the time has arrived for a reasonable, yet fundamentally different approach to the problem. If we continue to merely tread water, we are going to sink.

As my Subcommittee colleagues are aware, I have long been an advocate for major reform with regard to the use of information technology. I am heartened to know that they concur with my perspective that it is well past time for VA to embrace IT as a remedy to an outdated paper-based system. VA should be on the forefront of technology in the disability benefits arena and I believe it can be.

Not too long ago, VA's healthcare system was so poor, it was the subject of derision in movies such as *Born On The Fourth Of July*. Now, though, VA healthcare is the subject of emulation among a number of high-quality medical models.

I believe that VA can make a similar improvement on the benefits side of the Department. We must be open to considering new ideas, especially in the area of IT, and not be bound by narrow paradigms.

I invite the Members of the Subcommittee, the veterans groups, and others to offer suggestions that will improve the process for our future veterans.

Thank you, Mr. Chairman, and I yield back.

[The statement of [Congressman Lamborn](#) appears in the Appendix.]

Mr. HALL. Thank you, Congressman Lamborn.

I would like to welcome all of our panelists testifying before the Subcommittee today and remind our panelists that your complete written statements have been made part of the hearing record.

Please limit your remarks so that we may have sufficient time for follow-up questions once everyone has had the opportunity to testify.

Joining us on our first panel is Ms. Joyce McMahon, Managing Director, Center for Health Research and Policy, CNA Corporation; Mr. Michael McGeary, Senior Program Officer and Study Director for the Committee on Medical Evaluation of the Veterans for Disability Benefits, Board on Military and Veterans Health of the Institute of Medicine; and Mr. Daniel Bertoni, Director of Education, Workforce, and Income Security of the U.S. Government Accountability Office (GAO).

If the panelists would come to the table, please. We welcome you.

And, Ms. McMahon you are recognized for five minutes.

**STATEMENTS OF JOYCE MCMAHON, PH.D., MANAGING DIRECTOR, CENTER FOR HEALTH RESEARCH AND POLICY, CENTER FOR NAVAL ANALYSES (CNA) CORPORATION, ALEXANDRIA, VA; MICHAEL MCGEARY, SENIOR PROGRAM OFFICER AND STUDY DIRECTOR, COMMITTEE ON MEDICAL EVALUATION OF VETERANS FOR DISABILITY BENEFITS, BOARD ON MILITARY AND VETERANS HEALTH, INSTITUTE OF MEDICINE, THE NATIONAL ACADEMIES; AND DANIEL BERTONI, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

**STATEMENT OF JOYCE MCMAHON, PH.D.**

Dr. MCMAHON. Thank you.

Chairman Hall, Representative Lamborn, distinguished Members, I appreciate the opportunity to testify before the House Subcommittee on Disability Assistance and Memorial Affairs today on the subject of the VA's claims processing system.

The testimony I am giving is based on findings and our final report for the Veterans' Disability Benefits Commission (VDDB), in the written testimony I have provided, there is a website link that can provide a full copy of that report.

I am going to summarize from the testimony that we have that is pertinent to the topic of examining the backlog and the VA's claims processing system.

In particular, there were two parts of our study that relate to these issues. We did an evaluation that compared the VA Disability Compensation Program to other Federal disability programs, looking at the claims process.

We also conducted surveys of both raters and Veterans Service Organizations (VSOs) to determine how they felt about the rating process and their ability to work with the claims system.

I am first going to mention briefly some of the comparisons we did across the other Federal disability programs. We looked at Social Security disability income, the supplemental security income, workers' compensation, the disability retirement under the Federal employee system, and U.S. Department of Defense's (DoD's) disability evaluation system.

Our strategy was to look at literature reviews, reports from GAO, congressional testimony, Office of Inspector General (OIG) reports, and interviews with various officials at all of these programs.

We found two difficulties in terms of making these comparisons, the first of which is there is generally a lack of formal evaluation of the effectiveness of specific practices for the non-VA programs. That limited our ability to make direct head-to-head comparisons of methods.

In addition, there are different goals and structures and procedures and claims requirements across the programs. In particular, the VA system has a great deal of complexity required for the evaluation process, more complexity than may be required for some of these other programs.

To be specific, there is a requirement that the VA disability be a service-connected disability, and multiple VA disabilities are examined. Each disability has to be assessed for a degree of disability to determine an overall disability compensation that is appropriate for the individual.

In particular, the age of claim is an important issue, because the initial disabling event may have occurred years prior to the claim being filed, meaning that the documentation that is provided is old and may have to be requested from DoD. The evidence may have to be resurrected, from old files. So the evidence that is needed to apply to the claim may not, in fact, be very current and this adds to the problem of resolving claims quickly.

We looked at several metrics including timeliness, accuracy, consistency, training issues, and staff turnover. The one that was the most striking was the timeliness issue, in that the VA claims process takes a much longer time to complete than is the case for the other programs.

In part, this may be due to the complex issues that the VA has to deal with in terms of the determination process, but we think that one suggestion that was offered by GAO has tremendous merit. GAO suggested that the VA should look at desegregating the process of the claim so that it can be determined which stages of the claims process contribute most to the total processing time.

In other words, we do not know why it takes as many days as it does. We do not know enough about where the bottlenecks occur. Is it a problem with retrieving old paperwork? Is it getting input from DoD? Is it based on the issue of trying to do medical and clinical assessments? So we think it would be very helpful to look at that process more closely.

I would like to turn now to the discussion of the rating officials, both the VBA rating officials and the accredited Veteran Service Officers in terms of the surveys that we did. These are the first-line people that deal with the claims processing, either doing the claims processing or assisting individuals with the claims processing.

We prepared surveys for each group that were related as parallel as possible so we could ask pretty much the same questions from both groups of people and get their separate opinions. We focused on the challenges in the benefits determination and claims rating process and the raters' perspectives on their performance.

We asked raters to identify their three top challenges, for example, what kind of training they had that they thought made them very effective, what kind of resources were good to help them make the claims decisions, what types of claims were most difficult to process, and what resources would help them do a better job.

In general, the finding was that the overall determination process is difficult to use and, in particular, the VSOs reported that most veterans and survivors find it difficult to understand the determination process, difficult to navigate through the steps, and difficult to provide the needed evidence.

Both raters and VSOs agree that veterans have unrealistic expectations about the process and I think that means unrealistic in terms of what they can do to help the veterans get through the claims process more quickly. That is how the raters perceived it.

Particular things that we found from these surveys include the following: more clinical input would be helpful, especially from physicians and mental health professionals. The claims processes are viewed as being complex and getting more complex over time. And obviously, the more complex the condition that has to be considered, the more time it takes to do an accurate job on getting that done.

Some types of disabilities were identified as being more difficult to assess than others. In particular, rating mental claims is considered to be much more problematic than rating physical condition claims. Again, in particular, post traumatic stress disorder (PTSD) was singled out as requiring more judgment and subjectivity and being much more difficult and time consuming compared to physical claims. Both groups agreed.

Mr. HALL. Could you summarize, please?

Dr. MCMAHON. Yes, I can.

Among physical disabilities, neurological, musculoskeletal and sense organs were more difficult than the other physical disabilities to rate. It is not just a matter of training, but years of experience on the job that makes raters more confident. And, in particular, both the raters and VSOs believed that the claims rating process generally arrives at the fair and right decisions for veterans.

Thank you.

[The statement of [Ms. McMahon](#) appears in the Appendix.]

Mr. HALL. Thank you very much, and to remind all of our witnesses, your full statements have been entered into the record.

Mr. McGeary, you are now recognized for five minutes.

### **STATEMENT OF MICHAEL MCGEARY**

Mr. MCGEARY. Good afternoon, Mr. Chairman, Members of the Committee.

As the Chairman indicated, I was the Staff Director for the Institute of Medicine's Committee on Medical Evaluation of Veterans for Disability Benefits, which produced the report called, "A 21st Century System for Evaluating Veterans for Disability Benefits," last June. The Committee was established at the request of the Veterans' Disability Benefits Commission and it was funded by VA.

In this report, the Committee assessed the medical criteria and processes used by VA to determine the degree of disability of service-connected veterans. The Committee did not, however, assess the nonmedical aspects of the claims process. So the report does not address all the factors that might affect the timeliness of decisions on claims.

The Committee did not, for example, evaluate the adequacy of staffing nor the capacity of VA's management information systems. Rather, the main focus of the report is on the medical criteria VA uses to assess degree of disability, which are embodied in the VA's schedule for rating disability.

Dr. Lonnie Bristow, the Chairman of the Committee, is scheduled to testify before you on the rating schedule on February 26. I am here today to review the part of the report in Chapter 5 which focuses on the two steps in the claims process that are medically based, namely, the medical examination step and the rating step.

My written testimony contains statistics on timeliness, accuracy, and consistency of decisions in recent years, which I will not repeat here other than to note that, despite improvements of the time it takes to resolve claims, it is long and the number of pending claims is still large.

The Committee made several recommendations to improve the medical examination process and several more to improve the rating process. These recommendations were primarily aimed at improving the quality of the medical evidence and rating decisions rather than speeding the claims process. But two of the Committee's recommendations promise to get faster as well as better decisions.

First, VA has developed standardized on-line protocols or templates for documenting the most common disability examinations. VA has conducted studies which indicate that examinations using these templates are not only higher in quality, but reported more quickly, seven to seventeen days more quickly than traditional transcribed reports.

However, the Committee noted that the use of these templates is voluntary and the rate of use is low, although growing. And the Committee recommends, therefore, that the use of the templates be made mandatory.

Second—

Mr. HALL. Excuse me, Mr. McGeary. I am going to ask you, if you would, to pause right there and take a quick recess while we run across the street and vote and come back again.

Mr. MCGEARY. Yes, sir.

[Recess]

Mr. HALL. The hearing of the Subcommittee is back in session. Please continue Mr. McGeary.

Mr. MCGEARY. Okay. Second, the Committee found that raters should have quicker access to medical expertise. And you just heard from Ms. McMahon that the raters report the need for more medical information to use.

The raters are not medical professionals. If they have a question about the meaning of a test result or if the evidence is inconclusive, they have to refer the case back to the C&P examiners in the Veterans Health Administration, which adds time or, to save time, they can determine a rating based on incomplete information, which is obviously not desirable.

The Committee recommends, therefore, that VA have medical consultants readily available to the raters in the Regional Offices. This does not mean having a medical consultant in every Regional Office, because with modern communications technology, VBA medical consultants could be in a National or in Regional centers.

This recommendation that VBA have its own medical consultants would require congressional action because the U.S. Court of Appeals for Veterans Claims has barred the participation of physicians in adjudicating claims.

The Committee believes that the Court's decision was based on a misunderstanding of the role of physicians in adjudication, which is different from the role of a treating physician.

All other major disability programs, for example, Social Security, DoD's disability evaluation process, "The Federal Employee Compensation Act" Program, Civil Service Disability Retirement Program, either have physicians participating in the adjudication decision or have medical experts readily available to review and discuss claims with the lay disability raters.

So the Committee concluded that adoption of these recommendations, that the templates be made mandatory, and that VBA have medical consultants for raters, would, among other results, possibly improve the timeliness of the decisions.

And this concludes my remarks. Thank you for the opportunity to testify, and I would be happy to address any questions.

[The statement of [Mr. McGeary](#) appears in the Appendix.]

### **STATEMENT OF DANIEL BERTONI**

Mr. BERTONI. Good afternoon. I am pleased to participate in this discussion of the Department of Veterans Affairs' disability claims process.

Last year, VA provided \$36 billion in benefits to nearly four million recipients. For years, VA's disability program has been plagued by untimely processes, large backlogs, and error-prone decisions. It will be further strained as more Operation Iraqi Freedom (OIF) and Operation Enduring Freedom (OEF) veterans seek benefits in the coming years.

In 2003, we at GAO designated VA's disability program high risk because it was based on outmoded concepts and continued to experience management and operational problems. Since that time, we have issued numerous reports with recommendations for change.

Today I will briefly highlight three areas, service delivery challenges facing VA, actions taken to improve performance, and areas where fundamental reform is needed.

In summary, VA continues to experience service delivery challenges. Over the past four years, pending ratings-related claims increased over 50 percent to nearly 400,000. Claims pending longer than six months have more than doubled to over 100,000.

The time required to resolve appeals is also problematic with a current average processing time of almost 700 days. And VA also faces challenges ensuring that its decisions are accurate and consistent.

VA has taken steps to expedite and improve claims processing such as increasing staff overtime, using retired staff to provide training and claims assistance, shifting workloads to offices with excess capacity, and establishing special teams to prioritize claims for aged veterans as well as returning OIF and OEF veterans.

VA's 2009 budget funds nearly 11,000 claims processing staff, an increase of 2,600 positions, with 32 percent over fiscal year 2007.

While VA acknowledges some temporary declines in productivity until new staff are trained and gain experience, it expects productivity to ultimately increase.

Despite these assertions, we are concerned that incorporating a large number of new staff into the claims process will likely present substantial human capital challenges relative to hiring, training, and deployment of new personnel.

And even if staffing levels increase, other actions are needed to improve productivity. To that end, VA has continued to expand the number of benefits delivery at discharge (BDD) sites where servicemembers can apply for benefits prior to discharge and receive expedited claims processing.

To improve decisional accuracy and consistency, VA has begun to enhance its quality assurance processes and develop baseline data to monitor decisional variances, especially for PTSD and other brain injury claims.

Finally, to address long-standing systemic weaknesses, VA and the Department of Defense are piloting a joint disability evaluation system whereby VA performs a single medical exam, rates the disabilities of active-duty servicemembers. This pilot intends to streamline the confusing dual DoD and VA disability systems and ultimately expedite claims processing.

Despite VA's efforts, several factors may impede progress. Claims have increased steadily from about 579,000 at the start of this decade to 838,000 last year. And VA predicts that the current war will place a further strain on operations.

Court decisions are requiring VA to assist veterans in developing claims. They have also expanded workloads. Increased outreach and additional laws and regulations creating new presumptions of service-connected disabilities have added to the volume of claims. Caseload complexity has also increased as more veterans claim multiple disabilities. Thus, continuing to explore new ways to work smarter and more efficiently is essential to increasing VA's productivity.

Going forward, significant program improvements may lie in more fundamental reform. We have noted that VA's programs do not reflect the current state of science, medicine, technology, and the national economy, which has moved away from manufacturing jobs to service and knowledge-based employment. Thus, VA's rating criteria and support services have lagged behind modern concepts of disability and early intervention.

The Veterans' Disability Benefits Commission has recommended that VA's entire rating schedule be updated starting with PTSD, traumatic brain injury (TBI), and other signature disabilities of the current war.

The Dole-Shalala Commission also noted that the current schedule does not sufficiently acknowledge injuries that are new or for which diagnostic criteria are changing rapidly. This is an area of concern to us also.

Finally, we reported that VA's field structure may impede efficient operations. Despite limited ad hoc efforts to consolidate some processes and workloads at VA's 57 offices, claims processing remains unchanged and continues to experience large performance variations.

VA must take a more strategic approach to determining the appropriate structure and division of labor among its field locations.

In conclusion, reexamining claims processing challenges and implementing viable solutions for reform is difficult. However, recent studies have laid the groundwork to help VA better align its programs with modern concepts of disability.

It is imperative that VA thoughtfully assess the range of options and their potential effects and continue to look for other reforms to further improve its disability programs into the 21st century.

This concludes my statement. I am happy to answer any questions that you may have. Thank you.

[The statement of [Mr. Bertoni](#) appears in the Appendix.]

Mr. HALL. Ladies and gentlemen, thank you for your attention. We are in the middle of a stack of votes. There are five votes remaining, five-minute votes supposedly. Each one is five nominally. So you are still talking about somewhere in the neighborhood of probably 40 minutes or so.

I apologize. I cannot control the vote schedule. But I will be back and hopefully the Ranking Member will be back as well and we will proceed. Thank you for your patience. You are excused again.

I am officially putting this hearing in recess.

[Recess.]

Mr. HALL. The hearing of the Subcommittee is back in session. There is a privileged motion being discussed on the floor right now that could take anywhere from one to fifty minutes or so. I am not sure what is going to happen. We are going to try to move as much as we can through the business at hand today.

So let me ask some questions of our first panelists. And thank you for your patience.

Ms. McMahon, it seems that the bulk of the time, 111 days, according to the VDBC, is taken during the development stage of claims processing, most of which involves acquisition of medical records and a medical examination of a veteran by the VA or its contractor.

Your report to the VDBC also highlights how raters indicated that obtaining needed evidence and the insufficiency of medical examinations was a serious challenge given the time constraints.

During your analysis and comparison of disability programs, did you find that these programs allow the admission of independent outside examinations and, if not, how does it work in the other disability systems?

Dr. MCMAHON. Well, I think that it does allow an independent examination. Although when we talked to the raters, they indicated that they would appreciate more of that evidence to help them make their decisions. They did not think they received enough of that information.

So they have pointed out they wanted more information from clinicians, outside physicians, medical rehabilitation people, and material of this nature to help them with the decision process and that that was a lack in the overall process.

We are not in a position at CNA, as we are not clinicians, to make recommendations regarding the specific processes that these VA raters do or the other programs do with regard to how they take in their medical evidence. That is a little bit beyond my purview.

Mr. HALL. Okay. Thank you.

In your testimony, you mentioned that your survey results indicated that many raters and VSOs see claims with mental disorder problems or issues, especially PTSD, as requiring more judgment and subjectivity than claims of physical conditions.

We know from previous hearings before the Subcommittee that there is a tremendous variance between ROs on these claims.

Do you have recommendations for improving the consistency of the outcomes for veterans filing these types of claims and how do you think we can make these determinations less subjective?

Dr. MCMAHON. One way to make it less subjective would be to rely more on medical testimony. I would say again not as a medical person myself, this is basically what I have been told, that one way to do this would be to have an actual one-on-one assessment medically that would lay out the characteristics of the person's case and make a medical recommendation. This is time consuming but it would probably be something that would be helpful.

The issue of consistency across ROs can be dealt with, but it also takes the process further away from the individual person. For example, suppose you consolidated certain types of claims into a specified office. Perhaps it might be that all of the PTSD claims would go to a certain office with raters that were specializing in PTSD claims. You would probably get more consistency. But then you are taking the claim away from the individual Regional Office and from the individual veteran that is talking directly to a claims representative.

So you have a problem in the sense that you can try to specialize some types of claims, perhaps not just PTSD, but neurological claims also, so they are reviewed by certain types of raters, but then you may move away from the process of dealing with claims in an individual RO to some extent.

Mr. HALL. Thank you.

Mr. McGeary, would you please elaborate on your recommendation that VA should implement mandatory use of interactive on-line versions of the VA examination worksheets? How does this process work now and how could this change affect the processing times for rating claims?

Mr. MCGEARY. VA first started working on the medical exams in the mid 1990s and they developed standard worksheets. They worked up a large number, I think 50 plus worksheets for the most common conditions, for clinicians to use in conducting the C&P exams and in reporting them.

And then they went the next step, which is to develop them into an on-line interactive system. The idea here was that the template would indicate what information was needed. It would provide standardized input, structured and so forth, and would also make sure that everything that was needed would be answered.

And they have been working on developing these templates. They are, I believe at this point, rolled out nationally, but they are not mandatory yet. The Committee thought that they should make them mandatory because VA's own studies show that it improves the quality of the exam, at least in terms of making sure that the information that is asked for is provided and that it is also faster.

I believe the average time for a Regional Office to get an examination report is about 30 to 35 days. And they found that using some of these templates would save seven to seventeen days. That was a couple of years ago. I am not sure whether they have looked at this lately.

That is why I highlighted this particular recommendation as something that would presumably result in better medical evidence and also shorten the turnaround for doing the exams.

Mr. HALL. Thank you.

Can you provide more detail on your recommendation that raters should have better access to medical expertise, such as having medical consultants in a National or Regional Office which raters would be able to confer with on the tough cases?

Currently it does not happen with most ROs, but I believe it used to be the case that doctors or medical experts were available to raters for medical advice.

Mr. MCGEARY. Yes, sir. In the 1920s, when VA started the compensation program, they had rating boards and there would be a medical person on the board. They also would have a vocational person and a legal person.

When you fast forward to when the U.S. Court of Appeals for Veterans Claims was established, the court began to issue cases in which they were putting a pretty high standard on using doctors in these decisions. So basically, VA dropped having physicians on the rating boards and at the VBA as well.

We looked at the other disability programs as CNA did and found that VA is unique in this regard, that the other programs either have medical advisors or they actually have physician adjudicators.

[Mr. McGeary subsequently provided the following information:]

The Committee's recommendation that VBA have medical consultants for raters should reduce the number of times a case must be returned to the Veterans Health Administration and thus save time spent deciding these cases.

Mr. HALL. Thank you, Mr. McGeary.

Mr. Bertoni, in your written testimony, you note that the VA continues to fall short on its quality assurance program to assess rating accuracy. In fact, by VA's own numbers, one out of every ten cases is adjudicated incorrectly. Many of today's witnesses will testify that it may even be higher than that, closer to three in ten.

Would you please describe your observations of the VA's Systematic Technical Accuracy and Review Program (STAR) and provide any thoughts on how it might be improved?

Mr. BERTONI. Certainly. We have not done an in-depth analysis of the STAR system for some time. I guess the bottom line was that our concern with STAR was that the level and depth of their sampling perhaps at times has been insufficient to generalize and to sort of drill down into the root causes of some of the issues for the inconsistencies and inaccuracies.

To rectify that, I think you really need to look at sampling methodology, your approach, whether you are actually sampling enough cases and your methodology for doing that is going to give you a reasonable assurance that this is or is not a true soft spot or bottleneck in the system or quality assurance issue. And that has been our concern with the STAR system.

Mr. HALL. You also mentioned that VA may need to look at more fundamental reforms for improving its disability program in the long term.

Do you have any specific closing thoughts on that matter?

For instance, we will hear later today from the VA about its IT improvements and plans, something that Congressman Lamborn and I have been advocating.

Could you comment on what role you think technology might play and whether it is the panacea?

Mr. BERTONI. Absolutely. You know, technology is not the panacea, but it can make everyone's life more pleasant and result in more accurate and more consistent decisions.

I think before you talk about technology, I think you really need to, as I always say, to follow the process, to really understand the weak points, the bottlenecks, the parts of the process that really do call for reengineering.

Once you have done your due diligence and done that analysis, then you should write the system requirements that you need to write and build your systems around the new reengineered, more efficient system. And at the end of the day, you will end up with a more effective process.

I think what happens so many times at Federal programs, and we have seen it before, is agencies will take existing manual or inefficient processes and just embalm them into the new technology. And what you have is new technology that are simply built around faulty processes and techniques.

So that is the issue. You really need to look at reengineering the process, defining the system you want to use for that process, and building a system around it.

Mr. HALL. Thank you.

You highlight in your testimony how the complexity of claims is adding significantly to the challenges that the VA is facing in getting rid of its claims backlog and in decreasing processing times.

In fact, VA reported that the number of cases with eight or more disabilities increased from 21,800 to 58,500 between the years of 2000 and 2007.

Given your familiarity with the VA and its team and workflow concept instituted under CPI, would you say that its claims processing model is equipped to or flexible enough to handle this dynamic of claims complexity given that the claims processing times and the backlog have worsened?

Mr. BERTONI. I probably cannot talk specifically as to whether the current model would be sufficient or not. We have not done the drill or done the analysis on the claims processing model that we probably should do in the near future.

I was just talking to someone on your staff earlier that it is probably a good time for us to go in and do a top-to-bottom review of the claims processing structure to get a sense of where the soft spots are, where the problems are and have a better sense of that.

But in terms of the multiple impairments, I think in general, any time you have increasing complexity in a case, you want to make sure you have the most streamlined, efficient, effective process in place that is going to allow you to address that.

Complexity is not going to go away. We have an aging beneficiary cohort. We have people coming in with some very complex impairments, especially the OIF/OEF veterans coming in with some TBI and other serious brain injuries, that that and many other body systems are going to be affected.

So I think I do not know exactly whether the current system is equipped to handle those impairments. But to the extent that it is not, it could be problematic and we would need to go in and really look at that and we have not.

Mr. HALL. Thank you, Mr. Bertoni, Mr. McGeary, Dr. McMahon. Thank you for your patience. Your spoken testimony was entered into the record as well as your written testimony. Minority Counsel will enter questions for the record. With our gratitude for your patience, you are now excused.

I have votes once again on the floor, so I am going to run across the street and come back. And this hearing will be in recess until then.

[No questions were submitted.]

[Recess.]

Mr. HALL. The Subcommittee is reconvened and is called to order. Thank you again for your patience. Welcome to our second panel, Richard Cohen, Executive Director of the National Organization of Veterans' Advocates, Inc. (NOVA); Ronald Abrams, the Joint Executive Director, National Veterans Legal Services Program (NVLSP); J. David Cox, National Secretary-Treasurer, the American Federation of Government Employees (AFGE); and Gordon Erspamer; is that correct?

Mr. ERSPAMER. Erspamer.

Mr. HALL. Erspamer, thank you, Claims Attorney from California.

Your full statements, as usual, are entered in the record and you will each be recognized for five minutes starting with Mr. Cohen.

**STATEMENTS OF RICHARD PAUL COHEN, EXECUTIVE DIRECTOR, NATIONAL ORGANIZATION OF VETERANS' ADVOCATES, INC.; RONALD B. ABRAMS, JOINT EXECUTIVE DIRECTOR, NATIONAL VETERANS LEGAL SERVICES PROGRAM; J. DAVID COX, R.N., NATIONAL SECRETARY-TREASURER, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO; AND GORDON P. ERSPAMER, SENIOR COUNSEL, MORRISON AND FOERSTER, WALNUT CREEK, CA**

#### **STATEMENT OF RICHARD PAUL COHEN**

Mr. COHEN. Thank you, Chairman Hall and Members of the Committee.

I will not belabor what we all know about the VA's shortcomings in claims processing except to say that this Committee needs to keep in mind the devastating effects on real people because we are not really talking about inventory and we are not talking about production standards. We are talking about veterans and their families, veterans who die without their benefits or live impoverished, lose their homes or their vehicles.

Now that we are at war in two theaters, we know that there is a flood of injured veterans who are going to be turning to the VA for the benefits they deserve and now almost seven years after the

Claims Processing Task Force report in October 2001, we still have an unconscionable backlog of over more than a half a million claims, with decision delays of greater than three years and in many cases greater than five years.

The main reason for this is VA funding which is too low leading to inadequate staffing and inadequate training. It is time that we, as a country, recognize that the VA's funding is a cost of war and we need to adequately fund the VA so they have adequate staff and adequate training.

We were told how complex the system is. It is a complex system, but the VA training has been less than ten or about ten hours a year. Their raters consistently demonstrate lack of knowledge and training. They have a staff of about 14,000 who are handling 1.4 million claims and these people still do not know how to apply the VA law when it applies to presumptions, and when it applies to the benefit of the doubt.

The VA is proud to tell you about an accuracy rate of over 80 percent. I am here to tell you that that is an internal number which has no reality in the real world and if you look at the numbers of the BVA decisions, the number of reversals and remands, because the case was not adequately developed or was decided wrongly, you will see that the accuracy rate is below 20 percent.

This accuracy rate is more than just an academic exercise. It directly leads to more appeals which leads to more backlogs. If the VA could decide the cases correctly the first time, it would not have the cases coming back and we would not have hamster-wheel justice that everyone is talking about.

Instead of fixating on delays and on accuracy, the VA has decided to institute their extraordinary award rule, in 2007, which puts a chilling effect upon raters who now know that, if they state that the veteran was incorrectly denied benefits for a long time, that claim will be reviewed in a Central Office in Washington, D.C.

Not only does it put a chilling effect on the raters causing them not to make the right decision, but it in effect punishes veterans who are finally able to convince raters, with further review and after further delays, that the decision was wrong initially and they are entitled to more money.

This is a big mistake by the VA. This rule has resulted in, apparently, at least 500 claims in a four-month period of 2007 being reviewed.

The production standards are improper. There is no way that someone can make three to five decisions each day. It takes longer than that to review the file and to make a proper decision. And the raters have said in a survey that they cannot keep up with those production standards.

In addition, the VA has maliciously refused to adjudicate Agent Orange claims of Blue Water vets that the Haas decision said veterans were entitled to. There is also a movement afoot, that members of NOVA have been seeing to deny PTSD benefits to combat vets.

Finally, the Veterans Claims Assistance Act (VCAA) is a mistake as applied. Congress needs to tell the VA that they should give claim-specific information to the veterans so they can know how to handle their case.

Thank you.

[The statement of [Mr. Cohen](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Cohen.

Mr. Abrams, you are now recognized for five minutes.

### **STATEMENT OF RONALD B. ABRAMS**

Mr. ABRAMS. Thank you, Mr. Chairman, Councils.

I have several things to say and it is always enjoyable for me to talk about the VA claims process.

In 1987 as a VA employee, I was asked to testify, and I recommend to the Committee that you get a copy of serial number 100-4 where they analyzed pretty much what you are analyzing today and you will see many of the same comments talking about what is wrong with the VA system. That is about 21 years ago.

Unfortunately, not much has changed. The VA obviously needs more and better people to adjudicate claims. The system is complicated and they could use people who get paid at a higher rate if they are accountable for their work.

And, of course, unless work is measured rationally and people are evaluated based on a system that considers the needs of veterans and not the bureaucracy, things will not change. I say that again. You can go to a paperless system. You can introduce doctors to give medical opinions. But if the workers in the VA system are going to be promoted and given bonuses on productivity by moving a claims file from desk A to desk B, because that is how they internally measure, you are not going to make major changes in this system.

Please encourage the VA to measure work from the point of view of the claimant, not the bureaucracy. As part of my job in the VA, I worked in and was in charge of quality. And one of the things that we learned how to do was to look at it from the point of view of the claimant. The claimant just gets letters from the VA.

Have any of you ever looked at a statement of the case? There is usually about eight pages to fourteen pages of complete boiler-plate. Some statutes and regulations that are quoted are relevant. Others are not. Then there is a short paragraph as to why the claim was denied.

VCAA letters, as Richard said, are not claim specific. They are just generalized. They give no real help to veterans. We need to fix that.

In order to test this system, NVLSP took on a few test cases, hard cases, cases where medical opinions were necessary, where lay evidence was necessary. We made two basic assumptions, that working with the VA was not worth our time and that we knew the system as well as they did and we would go out and get all the evidence necessary. We would get the doctors to evaluate the claimants based on our knowledge of the rating schedule.

It took us about eight months to get all that evidence. It took the VA one week to grant benefits at the hundred percent rate. I say that to you because it is not important to veterans how quickly the VA makes the initial rating or decision. It is important in the overall scheme how quickly they come to a fair conclusion in the claim. That is the key measure.

The VA adjudication system is rife with premature denials based on inadequate development, and failures to recognize important issues. All of that is driven by the need for production. This is not just based on my time working for the VA, which I did for many years. It is based on over 40 recent quality reviews conducted for the American Legion. All of these reviews are available to you. I know that Mr. Smithson of the Legion is testifying in the next panel.

As far as doctors being available, it is a good thing if doctors are available to give medical advice to raters, but we certainly would not be happy if they were voting on their own medical opinions.

Also, all of those opinions should be in writing and freely available to the veteran so that he or she could obtain evidence to rebut them because we have found in our experience that you can rebut very effectively VA medical opinions. Why? Garbage in, garbage out. The VA, in many cases, does not ask the right questions to its doctors and based on that, they get misleading medical opinions.

If I had more time, I would go into that in detail. Possibly you will want to ask me about that.

Thank you very much, and I will be happy to take any questions.

[The statement of [Mr. Abrams](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Abrams.

Mr. Cox, you are now recognized.

#### **STATEMENT OF J. DAVID COX, R.N.**

Mr. COX. Chairman Hall, thank you for the opportunity to share the views of the American Federation of Government Employees on a very urgent matter of the growing claims backlog.

As the sole representative of VBA employees who process these disability claims, AFGE knows firsthand about the hardships to our veterans from the backlog of 650,000 pending claims. This is a disservice to veterans and unacceptable to AFGE members, including the many veterans and service-connected veterans who work at VBA.

We want to assist you in any way we can to address this crisis. The Veteran Service Representatives or VSRs and rating specialists who develop and rate cases are an extremely valuable resource and a source of guidance to this problem.

I was a registered nurse at the VA for 23 years. I acquired most of the skills I needed from nursing school. In contrast, VBA claims processing skills are learned entirely on the job. No one understands better than a VBA claims processor how to fix the VBA claims process.

Sadly, our input is no longer welcomed by management. At the national level, we are left out of groups addressing claims process improvement, training, performance standards, or skill certification. At the local level, management refuses to consider suggestions made by employees. These days, VBA management wants one thing from its workforce, make the numbers.

AFGE and the VSOs who represent the front-line users of this process are the critical eyes and ears on the ground that can identify and oversee VBA reform.

Therefore, we urge Congress to establish a joint VSO/AFGE Advisory Committee to focus on the claims process. As long as VBA production standards continue to be driven by politics rather than methodology, all attempts to improve the claims process and employee training will be undermined.

And very often, these standards are set by managers with little or no claims processing experience. As a result, critical on-the-job training is cut short by managers anxious to put employees back in the assembly line. Make no mistake, these training gaps do contribute to the backlog. We must stop rewarding Regional Office Directors for quantity above all else. Claims accuracy and effective training should also be a part of their performance measures.

We concur with *The Independent Budget* recommendation to give more accountability to the Compensation and Pension Service Director for the performance of the Regional Office Directors.

We also need a lot more accountability when it comes to implementing claims process reforms. When the claims process improvement initiative was implemented in 2002, it was supposed to provide a uniform national model for all Regional Offices. Instead, six years later, we have 57 varieties in 57 different offices.

The first step in any reform process should be a time-motion study of the staffing needed to process different types of claims. To date, VBA has made minimal attempts to gather this critical data.

We urge you to proceed cautiously with artificial intelligence. In its current stage of development, it cannot begin to replace the ability of an experienced employee to identify and analyze all the relevant evidence in each veteran's record. In contrast, a paperless record system is within our technological reach and long overdue.

Centralization is no panacea for fixing the claims process. VBA has centralized its 57 call centers down to nine and is planning to centralize the fiduciary program. Yet, things are only getting worse. Centralization increases the distance between the veteran and the employees serving them.

Veterans and taxpayers deserve a real cost benefit analysis of the impact of centralization on claims accuracy and timeliness and access for veterans.

AFGE also supports *The Independent Budget* recommendation to complete the phase-in of VETSNET, but we urge VBA to make good on its promise to address glitches in VETSNET that are also slowing down the claims processing such as requiring employees to input the same veteran information multiple times. Employees should be able to submit reports of VETSNET's problems and other insights about the claims process to an on-line suggestion box that is taken seriously by management.

Finally, AFGE is concerned that the claims process improvement pendulum has swung too far turning the claims process into an assembly line. There are many benefits when employees work the entire claim from the application to the appeal, including eliminating the extra time required for another employee to have to relearn the same claim.

Our members really feel the loss of weekly case management meetings that used to give them the opportunity to discuss challenging claims, changes in the laws, and best practices.

We look forward to working with Chairman Hall and the other Members of the Committee to improve this process and to serve American veterans.

[The statement of [Mr. Cox](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Cox.

Mr. Erspamer?

#### **STATEMENT OF GORDON P. ERSPAMER**

Mr. ERSPAMER. Thank you, Chairman Hall. I really appreciate the opportunity to be here today to deliver what I think is probably somewhat of a unique perspective amongst all the panelists you are going to hear from.

I want to attack this problem, and I will accept Mr. Abrams' framing of the definition, that of the basic fairness of procedures, from a different standpoint.

I pose the question, what do you suppose is the most institutionalized form of discrimination in statutes and regulations today? I would suggest to you that it is our veterans in that suspect classification because veterans are the victims of the most institutionalized versions of discrimination.

What do I mean by that? I am referring to basic procedural rights rooted in the due process clause of our Constitution.

First of all, veterans have at the Regional Office level no right to a lawyer, at least no right to pay a lawyer. They have no right to subpoena documents. The VA has that right, but rarely uses it. The veteran has no right to compel the attendance of witnesses, no right to issue subpoenas to VA doctors, for example, who may have critical evidence in support of or in contravention of a claim.

Most often, it is the case that the veteran's treating physician is a VA physician. Yet, the veteran cannot call that doctor to testify at a hearing to support his claim.

There is also no discovery. The veteran gets no discovery at any stage of the system. For example, if the veteran has been the subject of some misconduct by the VA or there is some critical evidence that is within the VA's control or the control of another governmental agency, the veteran gets no discovery.

And then when you add to it the defects that are built into the structure of the Court of Appeals for Veterans Claims, I think you have a system that does not comport with the basic requirements of due process.

And with respect to the court, I will mention one thing, but there are a number of problems, and that is a problem that has been referred to many times by former Chief Judge Nebeker of the Court of Appeals for Veterans Claims, and that is the court has no power to force Regional Offices to obey its decisions. They violate the decisions with impunity repeatedly over and over again.

If any of you have ever read the Myth of Sisyphus, there is a solitary figure that climbs a hill, rolls a rock up a hill only to see it come down again. I would liken the VA system to that because each veteran must roll that rock up the hill. Even if there are a hundred thousand other veterans with the same claim, each has to go the entire mile and push that rock up that hill in order to get a relief.

There have to be improvements in the procedures and that is why I have proposed a Veterans Bill of Rights. And I have attached it to my testimony and I will go through it briefly in a moment.

But there is a second aspect to this institutional discrimination against veterans and one that the Committee is probably not even aware of, and that is the limitations on the rights of veterans to ever go into court. The Veterans Court is purely a paper record appeal. All other citizens of this country have the right to go into court and I mean the Article 3 courts, the Federal District Courts.

And when you look at the positions the Veterans Administration over the years has taken in cases involving veterans, it is deplorable. They take the position, for example, in recent litigation that we filed, Morrison and Foerster, on behalf of veterans, that veterans have no

entitlement to medical care, notwithstanding the efforts of Congress to create the two-year statute for medical care under the "Dignity for Wounded Warriors Act."

According to the VA, there is no ability to enforce those rights at all in Federal Court because the veterans lack a property interest in the benefits, because there is no entitlement to benefits, because medical care is completely at the discretion of the VA. We decide what care you get, when you get it, and how you get it, and no one else can question us.

Those are very, very basic problems with the system and I think the Congress needs to do something about this by passing legislation that says, look, veterans, you do have a basic property right under the Fifth Amendment and the receipt of disability and death compensation, veterans, yes, you do have an entitlement.

When you are a disabled veteran who has served our country and been wounded in Iraq or Afghanistan or heaven help us died there, you have a right to those benefits and you have the rights that all other citizens in this country, to have access to the courts and meaningful access at a meaningful time in a meaningful way. And that is the basic tenant of due process.

And I would be happy to take questions, but I would just close with just an observation. There are many myths that have been circulating about the VA process for many, many years. I have been in the thick of it for a long time. I have seen it from the inside. I have seen it from the perspective of litigation against the Veterans Administration. And I can tell you that these are myths. You need to find some way to get beyond the myths and find out what is really happening and we need to bring the country around to where everyone is working for the veteran. The veterans need it now more than ever.

Thank you.

[The statement of [Mr. Erspamer](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Erspamer and to the rest of our second panel.

First of all, I had an opportunity this morning at the breakfast with the Secretary of the Army and Chief of Staff and numerous other brass to speak with them about some of these issues and possible solutions we are talking about. And the Surgeon General and I were speaking about hopefully what will soon be an electronic handshake or handoff of information from DoD to VA.

Also, when I was in Landstuhl, Germany, on my way back from Iraq in October, I visited with our returning soldiers and also with the staff and the Commander who assured me that in December, two months ago, we would be able to start handing off the onion, as he called it, that is being created of electronic records.

We have come far from having a description of the wound written or the injury written with magic marker on the forehead of the soldier as he is put in the helicopter a few years ago. Now I am told of having an electronic record that travels from the battlefield, has another layer added in the helicopter, has another layer added at Balad describing the treatment, the medications, et

cetera, in the plane to Germany, another layer in the hospital in Landstuhl, and then the entire electronic record coming back here to the United States to Walter Reed or Bethesda or wherever the service man or woman is returning to for further treatment.

I am not under any illusion about this except for the fact that I am being told that this is beginning to happen. And this panel is not perhaps as in tune to that aspect of the solution as some of the other panels that we have heard from and that we will hear from.

But I would start with you, Mr. Cohen. How much of a difference would it make in your opinion if a veteran's claim could start with a report from DoD that states what they have observed and diagnosed, what the condition of the returning soldier or veteran is as they enter VA's care?

Mr. COHEN. It sounds wonderful on paper. However, the reality is that we are hearing horror stories of servicemembers who have breakdowns in Iraq, go for medical treatment, and are then told to sign off on a paper saying they have a preexisting personality disorder which then becomes the kernel of this onion, so to speak, and follows them into the VA system.

And when they file their claim for post traumatic stress disorder and anxiety, they are told, no, this is a noncompensating preexisting medical condition which you had when you entered service even though it does not appear on your induction physical. There is some danger of that and that concerns me very much.

Mr. HALL. Any idea what percentage of those kinds of inaccuracies or misdiagnoses we are looking at?

Mr. COHEN. No. I do not have any numbers on that, but I have seen some information, which seems to indicate that there is a certain percentage of the people, maybe as high as a quarter of the diagnoses coming out as personality disorders even though there is no preexisting condition noted in an induction physical. And that concerns me very much about the VA then accepting diagnoses put in by the DoD.

Mr. HALL. Or as Mr. Abrams put it, garbage in, garbage out.

Mr. COHEN. Yes.

Mr. HALL. Only done electronically.

Mr. Erspamer, could you please describe for us with a little more detail your recommendation that VA scrap its paper-based system and develop a system that allows information to be shared between the VHA and VBA?

Mr. ERSPAMER. Yeah. I think it has been covered in some of the other testimony. I think the VA needs to gradually move, and you cannot do it in one day, but to a paperless system where all the claims files, all the medical information on the medical side and on the VBA side are all shared, where simultaneous users can share that file at the same time. It is all imaged on a computer, somewhere where they can all get access to a database.

I cannot believe in today's world that we do not have that already because the paper record system for reasons I have explained in my testimony just creates enormous problems. We have got to tackle the problem and maybe we do it a year at a time. We work back a year at a time every year. We move back in time until we get them all on a computer system. And I think that is absolutely essential.

Mr. HALL. You indicate in your testimony that you think the abandonment of claims could be as high as 99 percent.

Mr. ERSPAMER. Yes.

Mr. HALL. How did you arrive at that figure?

Mr. ERSPAMER. Well, in the prior litigation we did, which is mentioned in my testimony, we actually got discovery from the VA on the claim abandonment rate. And that is the number. It is somewhat dated. It has been more than ten years old. That was the rate that existed back then. And so I am using that as a basis for going forward. And whether it is 90 percent, 95 percent, or 99 percent, it is way too high.

The bottom line is a lot of those claims that are abandoned are valid claims and they only get abandoned because the veteran does not have a lawyer and he gets very frustrated in trying to deal with a very complicated system that is totally baffling.

Mr. HALL. How many claims were you talking about at that point?

Mr. ERSPAMER. I do not remember the exact number at that time. But it would probably be, I would guess, would be around half of what it is today in terms of total number of claims.

The big thing you need to understand is that the problems and the most important issue is the Regional Office level because most claims never get beyond the Regional Office level. They do not get to the appellate stage. The claims are abandoned for one reason or another at the Regional Office level and they die there.

And what I am suggesting to you is they do not die because the claims are bad or they are invalid. They die because lack of access to counsel and because of the individual veterans get frustrated and give up. And I know that to be the case. I have seen many examples of it in my own experience.

Mr. HALL. Thank you.

Mr. Cox, it seems that the main flaw with the CPI model of claims processing is the lack of accountability. You highlight this problem in your testimony on pages three and four when you say that VBA is not held accountable for the quality and consistency of training at each RO nor the quality or accuracy of its completed work.

Could you elaborate on that statement?

Mr. COX. Yes, sir. VBA is very numbers driven. Every day, it is produce your numbers. You have to get out the number of claims. There is the performance standards, those type things.

We do not believe that there is the focus on the quality of work. I have heard other people give testimony today about the number of claims someone is expected to produce versus the quality of the work product that they produce in the end.

And each Regional Office again has different processes with training. You need people to do the work, so you cut the training program short. We need you back on your job. We cannot let you go for training today to give people the necessary skills.

And, again, the big issue with people that do the work in VBA, they do not come with ready set skills for those jobs. They come with skills, but it is all on-the-job learning. Doctors, nurses, lawyers, whoever, come with skills by basic education to do that type work. But in VBA, it is all on-the-job learning. Hire someone to work in VBA today, they are going to be seasoned and ready to produce work at a good level maybe two to three years from now.

Mr. HALL. Thank you.

And would you please enlighten us more about the current use of IT in claims processing at VBA? For instance, the RBA2000, BDN, VETSNET, how do these systems work together? What limitations or benefits do they pose for VBA employees?

Mr. COX. In my discussions with the employees who work at VBA, the way these programs work and the boxes come open on the computer. And, you know, I am not a computer guru, sir. But the boxes come open or they enter information. It does not automatically update and populate the other fields in the system. If they are entering data into one box, then when the next box comes up, they have got to enter the same data again.

And the way work flows in the development of claims and reviewing the claims that, again, they have to come all the way out of one area to go into another area where if the system was more integrated, they could immediately move from one spot to the other.

Mr. HALL. So the lack of integration for development and adjudication of claims is part of the problem?

Mr. COX. Yes, sir.

Mr. HALL. Could you further explain why you think the VA's current IT artificial intelligence efforts to move to a paperless environment are not the silver bullet for fixing the claims processing system and how long do you think those plans will take to impact claims processing in the short term and the long term? What do you think the effect will be? Is the current system capable of accepting artificial intelligence (AI) improvements without other process improvements?

Mr. COX. Again, I think there are things that you can do that would improve the processing of claims with the information technology. You can never replace the human element and how the claims are reviewed and understanding the data and those type things.

AFGE supports the paperless record. In VHA where I worked for many years, while we are the world leader in the paperless record and the electronic record and to be able to have that in VBA, these claims examiners would not be constantly sitting down now writing a letter to someone chasing down this record or that record. It could all be there electronically very quickly. But I think you cannot develop a system that will take away the human element, sir.

Mr. HALL. Thank you.

Mr. Abrams, you commented on the obtuseness or the obscurity of VCAA letters to veterans and how unhelpful they are or how difficult they are for the lay person to understand.

Mr. ABRAMS. Yes.

Mr. HALL. Do you have more specific suggestions or—

Mr. ABRAMS. Well, we would like them to be claim specific. One of the problems is a veteran might file enough evidence to clearly prove one of the three elements of service connection and what he really needs to submit is evidence on element three, but he has got one and two at least started.

The VA letter will not really get into that. He will go out and he will go and repeat and spend his money and his time in some cases trying to reprove something that should have been conceded.

Part of that is the way the VA has set up how its Regional Offices work. They have divided these groups of adjudicators into teams and the people who are making the final decision are not the people who are developing the claim. So the people developing the claim are leery of conceding certain factual predicates.

That also impacts on examinations. Too many times we have seen a VA examination go to a doctor for PTSD where the veteran has a Combat Infantryman's Badge and the doctor looks at it and is not told to concede the fact that the veteran was in combat and that if he alleges a stressor linked to combat to concede that the stressor occurred.

So the doctor looks at the records and goes I do not see any stressor. I cannot diagnose PTSD. So the vet is told you do not have PTSD. And he spends his money to go to a private doctor to diagnose PTSD when really the issue was stressor and the VA made an error in not telling the doctor to concede the fact that he was exposed to combat and suffered a stressor.

These are the kind of things that need to be fixed. But, again, I stress unless you change the work measurement system, all of these are minor cures. The major cure is to get the VA to do it right in the first instance.

Mr. HALL. Thank you.

We, my office, had a 60-year old claim, 84-year-old veteran, Navy, World War II, who had been misdiagnosed for 60 years. Just a couple months ago we got him a PTSD rating of 100 percent, which he deserved all along after having two ships blown out from under him in the Pacific.

Mr. ABRAMS. Mazeltov.

Mr. HALL. Well, thank you. But, you know, I am glad he lived to see it.

I want to thank you. You have all been very helpful and very patient.

And starting with Mr. Cohen and then anybody else who wants to comment on this last question, would you elaborate on what you mean when you say VA should focus more on accuracy and not speed?

It seems to be a theme that has been mentioned by all of our witnesses in processing claims. Since the VA denies that this is the basis for determining production standards, speed that is, describe how VA should change this result and focus on quality, not quantity.

Mr. COHEN. Well, the OIG report, which interviewed people who were involved in ratings leaves us with the conclusion that, in fact, speed is the criteria that people who work for the VA live or die by in terms of their awards and their bonuses.

Now, at the same time, that same evaluation by OIG revealed that 50 percent of the people who were doing the ratings said the speed criteria prohibits them from adequately developing the claim before they decide it and from deciding it correctly.

We know that in order to decide a claim correctly, you have to decide whether this particular claim should be service connected, whether the impairment should be service connected, the proper rating, and the proper effective date. All these things are decisions that have to be made right. If they are not made right in the beginning, what we end up with is the 190 days in the Regional Office system and then you get a denial. And then 90 percent of them are abandoned.

I know that that is true because in the 15 years that I have been representing veterans, I have yet to find a case where a veteran came to me with a claim that had not already been filed and abandoned.

So at the time they are ready to go into court, they may have filed this claim twice or three times and abandoned it each time after they got their initial denial.

But when someone continues on it, then they are facing another two years in the Board of Veterans Appeals and it probably, because it was not developed properly, will come back again to haunt the VA and increase their backlog.

If they took the time to develop it properly and to decide it properly, then they would not face the same claim again. But this requires adequate training because this is a complex area of the law.

And our experience shows that the people who are doing the ratings do not have an adequate understanding of the rules and regulation they are supposed to rate it under. They are not keeping up with the court decisions. So they are not really able to effectively and accurately decide a claim.

Mr. ERSPAMER. May I just add one more point to that, Mr. Chairman? Back in the 1980s when I was doing the Norris case and taking discovery in that case, which went to the United States Supreme Court, the issue of incentive compensation system in the VA was a central issue in that case. It is the same system today. Some bells and whistles have been changed, but it is fundamentally the same system.

The problem is if you create a financial incentive with the adjudicators that conflicts with doing the case right, that is a system that is bound to fail. You cannot pit the financial interest of the rater or the adjudicator against the interest of the veteran.

It is a system that is flawed in the inception and it has never been changed. It needs to be changed. And I think that is one thing all of the people on this panel probably agree with. That system has severe problems and they have been endemic for many, many years. No one has ever paid any attention to it.

You know, there were two attorneys at the BVA who were indicted for doctoring and removing records from claim files in order to create an immediate basis for a remand decision, a quick remand decision about ten years ago that involved thousands of claims.

And that illustrates the depth of the problem and it is still there even though there have not been any recent indictments. The problems are still there.

Mr. HALL. Mr. Cox, would you care to add anything to that?

Mr. ABRAMS. I do, too.

Mr. COX. I think I would add to it from the medical perspective. Who would you want to do your cardiac bypass, the physician who can turn out the most and make the most money in the day or the one that can turn out your surgery with the best outcome and with the least complications and the best survival rate?

And I agree with my colleagues. Do the claim properly first out, get it right, get that veteran what they deserve, so that they do have that good life thereafter and are taken care of.

Mr. HALL. Thank you.

Mr. Abrams, last word.

Mr. ABRAMS. Well, I want to answer you with a story. We had a case where a veteran filed a claim for a bilateral leg condition. The VA did not have his service medical records. But in its eagerness to adjudicate the claim, the VA wrote him a letter and asked for continuity of symptomatology. The veteran did not answer within 60 days and his claim was denied and it went away.

I was working for the VA at the time. I picked the case up on quality review. After the claim had been put back in the file bank, the veteran's service records came in. They showed that the veteran lost both his legs due to machine gun fire. I called the veteran. I said why did you not submit evidence. And he said how can I prove continuity of symptomatology when I do not have my legs anymore.

The man was entitled in today's dollars to over \$3,000 a month. Now, we quickly fixed it and got him his money, but that was simply the Regional Office trying to do something quickly to get work credit and it impacts—

Mr. HALL. Mazeltov.

Mr. ABRAMS. Thank you.

But I want to read you what I wrote in 1987 talking about Gordie Erspamer and his lawsuit. I was working for the VA at the time. I was their legal advisor. And I said if Mr. Erspamer can show that our system pits the financial interest of adjudication officers, which today are service center managers, against the fair and reasonable treatment of our claimants, he would well be on his way to proving the VA does have an unfair, adversarial claims adjudication system.

It is clear that the people in this panel all say that there is too much emphasis on productivity, not on quality. And in our solutions, we have to be reasonable. The VA needs more people to do this. But if they are going to get the people, let us make them accountable for doing the claims correctly at first.

Independent quality review, a different work measurement system, and all the other improvements will help. And that will change this system. The VA will have to be brought kicking and screaming into this, but it will work.

Mr. HALL. Minority Counsel has a couple of questions.

Mr. LAWRENCE. Thank you, Mr. Chairman.

On behalf of the Ranking Member, Mr. Erspamer?

Mr. ERSPAMER. Yes.

Mr. LAWRENCE. You stated that 99 percent of the claims at the Regional Office are abandoned. Could you elaborate on where you arrived at those numbers? Do you mean that if a

claim is denied and somebody does not appeal the decision, is that what you consider an abandoned claim?

Mr. ERSPAMER. It would include that circumstance. And I think I explained this in part in my first answer, but I think Mr. Cohen, I believe, gave a further explanation.

Most claims, the veteran starts out representing himself, files a claim, gets a denial decision. If he does not appeal within a certain period of time, it lapses and that claim is deemed abandoned.

Most often, veterans try a second time at the Regional Office or a third time or a fourth time or a fifth time. Eventually they may try to get some help somewhere along that process.

And with each abandonment, the effective date, he loses the effective date unless he can show CUE, clear and unmistakable error. So the problem is you get the same claim over and over and over again. The veteran often abandons it.

And the statistics I gave you, the 99 percent as I indicated earlier, came from discovery in the Norris litigation. And that is a dated figure, but it is probably roughly what it is today. I do not know any reason why it would change.

But if you look at the number of claims filed, you will see that the same veteran files a claim over and over and over and over again. It is not efficient for the system either.

Mr. LAWRENCE. Well, let me ask this.

Mr. ERSPAMER. Yeah.

Mr. LAWRENCE. If somebody opens a claim for, say myopia, that is not service connectable by statute and they do not appeal that decision that would then be considered an abandoned claim by the standard that you apply?

Mr. ERSPAMER. Well, no. The standard I would apply assumes that we do not really know whether a particular claim is abandoned because it is a bad claim or it is a good claim, where the veteran does not have a lawyer or whatever. We do not know the answer to that question.

Some abandoned claims are abandoned because perhaps the veteran thinks it is not a very good claim. I do not start from the proposition of assuming that veterans file false claims or invalid claims. There probably are a few of them.

But, yes, in that 99 percent, probably are some claims that are abandoned because they are without merit. I would agree with that part of your assumption in your question.

But I can tell you very many times from having studied many claim files in litigation that many abandonments are abandonments of valid claims and they are abandoned because a veteran does not know what to do. He does not know how to appeal or he lets the time run. That is a very common occurrence.

And if you looked at the appeal dispositions, you will see that many dispositions on appeal are by summary dispositions because the veteran has not complied with the statutory time requirement. It is just too bad because a lot of deserving veterans lose out.

Mr. LAWRENCE. Thank you, sir.

I will be interested in the VA's response, what their take on that is.

And for, Mr. Cohen, you said the VA's accuracy rate is 80 percent, that it is actually more like 20 percent. And could you elaborate more on how you arrived at that?

Mr. COHEN. Yes. If you look at the report of the Chairman of the Board of Veterans Appeals and you look at the number of merit decisions where the Board decides either that they are reversing the decision of the Regional Office or that the claim was inadequately developed and sent back for redevelopment and you calculate out adding those two together, you will find out that it is over 80 percent of the claims either have to be sent back because the Regional Office did not do its job, made a rating without an adequate record, or outright denied it improperly.

A lot of the cases that we see that get reversed by the Board involve things like presumptions, benefit of the doubt, and my own personal favorite is lack of clear evidence of aggravation. The VA is very fond of saying, well, you had a condition before you came into service and it should not be service connected because the change in your condition was not aggravated by service.

The burden is on the VA to show it was not clearly aggravated by service and what we usually have is we usually have the veteran's doctor saying I believe that it was aggravated by service, the VA doctor saying, oh, it was not aggravated by service. So you have one piece of evidence on one side, one piece of evidence on the other side. Obviously you cannot make a decision which way it goes.

The standard should say there is no clear evidence of lack of aggravation and the veteran wins. That is not the way the Regional Office does it. Frequently the Board will have to correct them on that.

Mr. LAWRENCE. All right, sir. Thank you.

Thank you, Mr. Chairman.

Mr. HALL. Thank you.

Thank you to our panel. You have been most helpful and we will do our best to take all the information we are gathering and make some progress on these very important issues. You are now excused.

And we would ask our third panel to come join us at the table, the witness table, Adrian Atizado; Assistant National Legislative Director of Disabled American Veterans (DAV); Paul Sullivan, the Executive Director, Veterans for Common Sense (VCS); Steve Smithson, Deputy Director of

Veterans Affairs and Rehabilitation Commission, the American Legion; Gerald Manar, Deputy Director, National Veterans Service, the Veterans of Foreign Wars of the United States (VFW); and John Roberts, National Service Director of the Wounded Warrior Project (WWP).

Thank you, gentlemen, for your patience as well. As usual, your full written statements are entered in the record. And you will each be recognized for five minutes starting with Mr. Atizado.

**STATEMENTS OF ADRIAN ATIZADO, ASSISTANT NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS; PAUL SULLIVAN, EXECUTIVE DIRECTOR, VETERANS FOR COMMON SENSE; STEVE SMITHSON, DEPUTY DIRECTOR, VETERANS AFFAIRS AND REHABILITATION COMMISSION, AMERICAN LEGION; GERALD t.MANAR, DEPUTY DIRECTOR, NATIONAL VETERANS SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; AND JOHN ROBERTS, NATIONAL SERVICE DIRECTOR, WOUNDED WARRIOR PROJECT**

**STATEMENT OF ADRIAN ATIZADO**

Mr. ATIZADO. Thank you, Mr. Chairman.

Mr. Chairman, Members of the Subcommittee, I am pleased to have this opportunity to appear before you on behalf of the DAV to address the Department of Veterans Affairs disability claims backlog and claims processing system.

Mr. Chairman, it is evident that the claims backlog is growing and it is doing so successively each year. The complexity of the workload has grown as veterans are claiming greater numbers of disabilities and the nature of such disabilities are ever more sophisticated.

At the current rate, we can reasonably expect VA's caseload to pass one million claims at the current rate. However, if the most recent trend in increased staffing is sustained and recommendations that the DAV and *The Independent Budget* are utilized in conjunction, we believe VA can gain control of the growing claims backlog.

In addition to the mismatch of VBA staffing and workload, the DAV has maintained and has been confirmed, as mentioned in previous panels, by the VA's Office of Inspector General's survey that VA should invest more in training its adjudicators and that such training should have a higher priority.

The DAV has consistently stated that quality is the key to timeliness. Higher quality has a multiplier effect that reduces duplicative work and stems the flow of additional claims to an already overburdened system.

With additional tools through training, the DAV also believes VA should hold its adjudicators accountable for higher standards of accuracy. In fact, the VA acknowledged in 2000 that

management needed tools to monitor individual performance. This led to the Systematic Individual Performance Assessment or SIPA Program.

Unfortunately, due to inadequate resources, the VA abandoned this initiative in 2002 and proficiency is now apparently subjectively assessed by supervisors based on their day-to-day perceptions of employee performance.

We submit to you, Mr. Chairman, that without any standard quality assurance review on the individual level, we do not believe optimum quality can be expected nor achieved.

DAV believes various oversight and policy changes should be concurrently implemented to reduce VA's claims backlog while also improving services to VA's clientele.

For example, numerous developmental procedures in the VA's claims process collectively add to the enormous backlog of cases. However, some of those developmental procedures are arbitrarily abused causing overdevelopment of a pending claim.

Specifically the VA consistently refuses to render decisions in cases where the claimant has submitted a private medical examination and opinion until such time as VA has had its own medical examination and opinion obtained. We believe such egregious behavior should be curbed, Mr. Chairman.

In light of the known hardships of prosecuting claims based on combat injuries and the type of warfare currently waged in Iraq and Afghanistan, the DAV believes Congress should also amend Section 1154(b) of Title 38. This would clarify what type of military service would be treated as having engaged in combat.

The DAV urges Congress to consider defining a veteran when engaged in combat as one who during active service served in a combat zone for purposes of Section 112 of the Internal Revenue Code of 1986 or predecessor provision of law.

Mr. Chairman, this concludes my oral testimony. We hope the Subcommittee will review these recommendations and those in my written testimony for inclusion in your legislative plans.

Again, thank you for the opportunity, and I would be happy to answer questions you may have.

[The statement of [Mr. Atizado](#) appears in the Appendix.]

Mr. HALL. Thank you, sir.

We will now recognize Mr. Sullivan for five minutes.

#### **STATEMENT OF PAUL SULLIVAN**

Mr. SULLIVAN. I would like to thank Chairman Hall and Members of the Subcommittee for inviting Veterans for Common Sense to offer solutions on eliminating the enormous backlog of 650,000 claims at VA Regional Offices.

First, as a friend and former aide to the late Congressman Tom Lantos, I just wanted to recognize his great service on behalf of veterans, civil liberties, and human rights. I am sad to see him have passed away.

In addition, since today is Valentine's Day and it is hospitalized veterans day, I would hope we would also keep hospitalized veterans in our thoughts today.

VCS wants to start off by thanking the VBA Regional Office employees who are here in this hearing room. Veterans for Common Sense wants to help the VBA employees help our veterans.

Now, regarding VBA's massive claims backlog, a failure to address this claims catastrophe has needlessly increased suffering among our returning veterans.

According to published government and news reports, the number of broken homes, unemployed veterans, drug and alcohol abuse, homelessness, and even suicide are all rising, problems that are expected to worsen unless VBA resolves the claims backlog.

VCS believes we must focus on two priorities. The first is veterans must come first and the second is veterans' claims must be decided accurately within 30 days.

There are two ways to bring reform to VA. The first is an overhaul approach in the long term and the second is an incremental approach in the short term. There have been lots of incremental approaches, a lot of them great ones suggested here.

VCS supports the Veterans' Disability Benefits Commission report. We also support the recommendations by Harvard Professor Linda Bilmes, the recommendations made by Gordon Erspamer from Morrison and Foerster, the veterans groups, AFGE, NOVA, and the NVLSP. Now, those are all long-term solutions.

Now, in the short term, there are two quick things that Congress can do. One would be to pass a law that would simplify and expedite claims processing at Regional Offices. This would allow VA employees to automatically approve claims for TBI and PTSD. This means fewer errors and faster benefits for the hundreds of thousands of veterans expected to file TBI and PTSD claims after serving in Iraq and Afghanistan.

This change is needed because the military does not document all bomb blasts and all combat events, thus making it hard for VA to verify and to process TBI and PTSD claims.

Our proposal would establish that a deployment to the war zones means VBA concedes there was a concussive blast or psychological stressor sufficient to cause the TBI or PTSD.

Another short-term solution for VBA is enforcing accountability. Almost everyone up here has mentioned accountability.

In 2001, the current Under Secretary for Benefits was fully informed about all of VBA's vast problems while leading the Claims Processing Task Force. While in office, he should have planned for expanding VBA when the President started the Afghanistan and Iraq wars.

He should have been aware of briefings given by me to some of his top aides about the claims crisis exacerbated by a flood of claims from veterans. This serious problem of Iraq and Afghanistan war veterans was first reported on the front page of the Wall Street Journal in 2003.

VCS believes that Congress should hold the entire Administration, VBA, VA, Office of Management and Budget (OMB), and the White House accountable for systemic leadership failures to assist our disabled veterans. If we change the laws, but we do not change the leadership that is failing to implement the laws, we are still going to be crashing VA over and over again.

For these reasons, VCS believes that the current Under Secretary for Benefits should step down and be replaced with a nonpartisan career official loyal to veterans, not the White House and not the OMB.

In conclusion, Veterans for Common Sense believes VA, VBA, congressional leaders, and others should work closely with VBA employees, academics, VSOs, and advocates to find common-sense solutions. The first, of course, is to change the law for presumptions of PTSD and TBI.

To finish, as General Omar Bradley said, we are dealing with veterans, not procedures, with their problems, not ours. VCS asks if Congress cannot fix this problem, then who will?

Thank you, Mr. Chairman. I will be glad to answer any questions.

[The statement of [Mr. Sullivan](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Sullivan.

Mr. Smithson, you are now recognized.

### **STATEMENT OF STEVE SMITHSON**

Mr. SMITHSON. Good afternoon, Mr. Chairman. Thank you for this opportunity to present the American Legion's views on the VA claims backlog and the claims processing system.

As of February 9th, 2008, there were more than 657,000 total claims pending in the Veterans Benefits Administration, more than 402,000 of which were rating cases. There has been a steady increase in VA's pending claim backlog since the end of fiscal year 2004 when there were more than 320,000 rating cases pending.

The majority of the claims processed by the VBA's 57 Regional Offices involve multiple issues that are legally and medically complex and time consuming to adjudicate. Providing quality decisions in a timely manner has been and will continue to be one of the VA's most difficult challenges.

Inadequate staffing levels, inadequate continuing education, and pressure to make quick decisions resulting in an overall decrease in quality work has been a consistent complaint among Regional Office employees interviewed by American Legion staff during Regional Office quality checks.

It is an extreme disservice to veterans, not to mention unrealistic to expect VA to continue to process an ever-increasing workload while maintaining quality and timeliness with the current staff levels.

Despite the recent hiring initiatives, Regional Offices will clearly need more personnel given current and projected future workload demands.

Since 1996, the American Legion in conjunction with the National Veterans Legal Services Program, has conducted quality review site visits at more than 40 Regional Offices with the purposes of assessing overall operation.

Our quality review team visits a Regional Office for one week and conducts informal interviews with both VA and Veteran Service Organization staff. The team also reviews a random sample of approximately 30 to 40 recently-adjudicated American Legion represented claims. We find errors in approximately 20 to 30 percent of the cases we have reviewed.

The most common errors include inadequate claim development leading to premature adjudication of claim, failure to consider reasonably-inferred claims based on evidence of record, ratings based on inadequate VA examinations, and under-evaluation of disability, especially mental conditions.

In our opinion, these errors are a direct reflection of VA's emphasis of quantity over quality of work and validate our concern that emphasis on production continues to be a driving force in most VA Regional Offices, often taking priority over such things as training and quality assurance. This frequently results in premature adjudications, improper denials of benefits, and inconsistent decisions.

Unfortunately, VA's end product work measurement system as discussed in detail in my written statement creates a built-in incentive to take shortcuts so that the work credit can be taken. This system in effect rewards Regional Offices for the gross amount of work they report, not whether the work is done accurately or correctly, often resulting in many claims being prematurely denied.

Lastly, I would like to direct your attention to some nonlegislative remedies VA could use to help address its current unmanageable backlog. Several recommendations are discussed in detail in my written statement.

In closing, the best way to help veteran claimants is to fix the entire VA claims adjudication system. Piecemeal solutions do not work and should be avoided. The VA work measurement system should be changed so that VA Regional Offices are rewarded for good work and suffer a penalty when consistent bad decisions are made.

Managers, rating specialists, and Board of Veterans' Appeals (BVA) law judges and attorneys should be awarded for prompt, careful work and they should also be held accountable when they make bad decisions. American veterans seeking VA disability benefits deserve better treatment than what they are currently getting from VA.

Mr. Chairman, that concludes my statement. I would be happy to answer any questions you may have.

[The statement of [Mr. Smithson](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Smithson.

And, Mr. Manar, is that the correct pronunciation of your name?

Mr. MANAR. That's correct. Thank you.

#### **STATEMENT OF GERALD T. MANAR**

Mr. MANAR. Chairman Hall, thank you for this opportunity to present the views of the 2.4 million veterans and auxiliaries of the Veterans of Foreign Wars of the United States on the VA claims processing system.

My written testimony discusses at length many events over the last 30 years which have changed the world in which claims are adjudicated. Annual legislation, staffing limitations, implementing and modifying regulations, changes in leadership, mismanagement, failed oversight, and court decisions are just a few of the reasons why the backlog at VA stands perilously close to 900,000 compensation, education, and appeal cases.

We hope that you consider our testimony as you ponder what, if anything, you can do or should do in the coming weeks and months to help the VA better serve veterans.

This hearing today focuses on the claims processing system. Invariably when looking at the process, it is easy enough to ask VA why do you do it that way. Why does it take, for instance, so long to develop a claim when the insurance industry can decide a claim in a matter of days?

The answer lies in the unique set of rights afforded veterans by a grateful Nation in recognition of their service to our country. The insurance industry requires the insured to provide the information it needs to pay a claim. If the insured does not provide the information in a timely manner, the claim does not get paid.

The VA on the other hand is required by law to try and obtain nongovernmental information not just once, but twice, before the burden shifts to veterans. And the VA must spend whatever time is necessary in its efforts to get governmental records. The VA must either receive government records or be told that they do not exist.

The point here is that VA operates by a very different veteran-friendly set of rules which imposes burdens on the government that are not faced by private industry. As a consequence, any comparison between VA and private industry is like comparing apples to, say, canines. They are not in the same genus, species, class, or family.

We believe that there is no quick fix to fixing the problems in VBA. There is only the opportunity for steady and deliberate improvement.

Again, we are convinced that there is no magic bullet. Any single plan that makes the claims processing system simple and easy will make things only marginally simpler and easier on the VA and will occur at the expense of the rights and benefits of at least some veterans, dependents, and survivors. Any such plan is simply unacceptable.

There are a number of things that can be done to improve service and maximize efficiencies. The claims processing improvement model dictates the physical structure of claims processing teams within a Regional Office Service Center. It imposes uniform structure, staffing, and duties on Regional Office management. They deviate from the model at their peril. It has been in place for over five years and it has known limitations and problems.

Two years ago, a group of supervisors and managers were asked to study the CPI model and make recommendations for its improvement. Although they spent months diligently working on the task and reportedly made at least several significant recommendations, their report has never been finalized and the changes they suggested have not been implemented.

Since it is our view that the claims processing improvement model has significant problems and limitations, we recommend that an impartial third party critique its strengths and weaknesses and recommend changes that will improve the structure through which claims are processed.

We discuss in our written testimony the current VBA policy of denying replacement staff to offices which are not performing well. In our view, VA either needs to adequately address the problems in those offices or shift the claims processing to other offices since veterans in those jurisdictions are the ones who suffer the most from extended delays and poor quality.

We have offered other suggestions and observations in our testimony on the VCAA, how to encourage ready-to-rate cases, informal claims, the use of computer technology, and how to migrate claims processing to an all electronic environment. We hope that you find them to be informative and useful.

In the end, it is our belief that VBA has difficulty effectively dealing with change. They appear to react to change rather than anticipate it. They need to learn how to better manage change to minimize its impact on employees and veterans.

In our view, VA needs to change its corporate attitude and work towards adjusting to change, managing change, and accommodating the challenges that come with change. If they can do that, if they accomplish that, then we are certain that veterans can be and will be better served than they are today.

The programs are sound. The protections afforded veterans' rights are justified and necessary. We caution, however, against any radical action that changes veterans' programs for the sole purpose of solving the backlog and timeliness problems.

The VFW does not support proposals by Professor Linda Bilmes nor the Dole-Shalala Commission recommendations concerning the compensation program.

Thank you for this opportunity to testify before you today. I will be happy to respond to any questions you may have.

[The statement of [Mr. Manar](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Manar.

Mr. Roberts?

#### **STATEMENT OF JOHN ROBERTS**

Mr. ROBERTS. Thank you, Mr. Chairman, distinguished Members of the Committee.

Our written testimony is on record, so I will highlight a few items.

I would like to start off with agreeing with some of the comments made by Mr. Abrams on the second panel. I have a unique experience. Prior to my position with the Wounded Warrior Project, I was a supervisor with VBA.

I agree until you change the current measurement system for production, you are going to continue to have a problem. When you put employees into a position where they have to worry about their job and not the veteran, you are going to have a problem. It becomes an "us" versus "them" type situation.

Currently I disagree with some of the comments made earlier on other panels. I believe quality is an issue for VA because I have seen more employees in trouble for quality issues than I have production.

So as a supervisor, I would do a random selection of cases per employee per month. And this was computer generated. It had no influence on whether I liked the employer or not. The computer generated what I was going to review and what I was not going to review. Therefore, their employee never knew what was going to be taking a look at for their quality issues. So some of the issues I agree with. Some I disagree with.

Now, clearly the Wounded Warrior Project deals strictly with only the OIF/OEF generation of veterans. However, all these problems, they affect all generations of veterans.

Therefore, everybody that has come before you today does have their own ideas, their own recommendations. However, there is no easy fix. That has been said several times. There is no silver bullet.

We do recommend any advancement on technology be researched. However, that is not going to be a quick fix or solution to the problem.

The VA does have in its authority to award what is called a prestabilization rating to the newly injured, which this would allow VA to get money in the hands of the servicemen being discharged from service as soon as possible and then they can go back and look at the other issues.

As a National Service Director, I have traveled from military facilities across the country. On one visit to Camp Lejeune, I witnessed what I considered a one-stop shopping. They actually had a fully functional team within Camp Lejeune which consisted of a supervisor, a rating specialist, veterans service representatives. Each one of them, they had medical professionals there to conduct exams. The file never had to leave Camp Lejeune. It was done right there, which I question sometimes why it is not done at all the major military facilities.

I understand BDD is in place. But if you can put people at all the major military facilities, it seems like it would cut down on some of the shuffling files back to other locations.

Now, complying with the recommendation of the Veterans' Disability Benefits Commission to incorporate medical expertise into the rating process, by necessity, VA disability compensation claims are being rated by individuals who lack medical experience. As a result, if more explanation is needed on a particular exam, a further delay is created when the file is required to be sent back to the examiner for clarification.

To remedy this, WWP agrees with the VDBC recommendation that VA raters should have ready access to qualified healthcare experts who could provide advice on medical and psychological issues that arise during the rating process.

Currently, right now I do know when I was a supervisor that VA gave limited access to VBA employees to access VHA records outside their area of jurisdiction. This is an easy fix, I believe, if you give more VBA access to other VHA facilities. That is something that could be easily done.

Most of our recommendations are very simple. I am very familiar with the CPI process. We are not advocating the removal of it as this would cause even more problems than you have now. However, we are in favor of allowing Regional Offices the flexibility to adjust their current system they have in place to utilize the strengths of their employees.

Each office has employees that are better at one thing or another. If you allow people to adjust the current system, the current CPI system, they may have better processes in place they could use at their own office. Not every system works for every office across the country.

Currently ROs are graded on the number of claims they complete each month. Because cases can be complex, there are different times in development process based on the complexity of the claim. However, you could take one with PTSD, brain injury, and an amputation. But if you go ahead and grant the amputation, you get money in the veteran's hands. You can go back at a later time and finish out the other issues that are more complex.

As I said, our written testimony is on record. Therefore, we welcome any questions you may have. Thank you.

[The statement of [Mr. Roberts](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Roberts.

Mr. Roberts, for the generation of veterans that the Wounded Warrior Project serves, a lot seems to hinge on getting accurate information from DoD.

There seems to be an effort underway to get medical records to the VHA, but does that also benefit the VBA in the same way? Is there something missing in this records transfer process?

Mr. ROBERTS. Well, right now it is. You know, in my recent testimony last month when I came in, there is a problem now. You have National Guard, you have Reservists, and then you have regular active-duty servicemen deploying and at any given time, they are redeploying on numerous occasions.

When they redeploy, the records go with them. When they come back, they refile a claim and you have to start the process all over again. Unfortunately, you have the record management centers that are receiving these records, DD 214s.

There are so many different factors that play into why it takes so long to get a claim finished that if the records came straight from DoD into wherever that veteran is going to be located, if it is at the military facility where you staff personnel to rate the claims right there before they even leave to go to their home of record, yeah, that would be an easy transfer. You take them from one location, one building to another building. It would benefit VBA in that aspect.

Mr. HALL. Thank you.

Mr. Smithson, you mentioned that the American Legion does quality reviews, so I am sure you are familiar with the CPI model of claims process that VA employees.

We have heard during our last hearing on artificial intelligence a description of how six teams of people handle one claim.

What is your opinion or your observations about that process and should we keep it or go back to a case management model or somewhere in between?

Mr. SMITHSON. Well, when we go out and do our quality review visits, we talk to people. We talk to both the VSOs and the VA personnel, both managers and the front-line people. And we have heard a consistent theme of problems or complaints about the CPI model.

The first one is basically it is an assembly line mentality. Under the old case management system, there was more of a pride in ownership. Now it is an assembly line. You move it on.

There also tends to be, I do not know whether it is intentional or it is just a product of the system, but we have heard that there tends to be discouragement of communication between, say, developers and raters. You know, the developers do the development. They move it on to the raters. There is not any interaction in the process.

One case in point, and we have heard this from both raters and developers, rating veterans service representatives (RVSRs) and veterans service representatives (VSRs), is the examination request process. The VSR has to write up that exam request for the doctor. They put the information they want from the doctor, medical opinion, that type of thing, and oftentimes they are not properly trained to write it up. They are not the one rating the claim, but they are the one having to write it up for the rater to come back and then look at.

And so we have heard from both the VSRs and the person who actually rates the claim that there needs to be more communication in that process, possibly letting the rater be involved in that process of doing the exam request versus the developer. So that has been a problem.

And also we have also heard the rotation of employees tends to cause problems as well. And we also learned during our visits that some offices do certain parts of the CPI and some offices tend to ignore certain portions.

So I do not know if the whole thing should be scrapped, but it definitely needs to be examined because both the managers and the people that actually have to implement it, the front-line workers, have concerns.

Mr. HALL. Thank you.

Mr. Manar, you stated in your written testimony that VA leadership has experimented with different claims processing models and configurations of work activities.

Can you give us more details as to what sort of experiments these were or how long the VA has been experimenting with these claims processing models and did any of them have potential that you thought was worthy of following up on?

Mr. MANAR. In the context in which you use it, experiment probably is too strong a word. I was thinking over the course of my career with the VA. I started with the VA at a moment in time when they were just moving into the units and section concept.

As the adjudication officer out in Los Angeles, I was charged with incorporating the case management concept and to bringing it into fruition. And then finally I finished up my career at the Washington Regional Office under the CPI model.

So I have had an opportunity to experience it all and each model has its own pluses and minuses. I am convinced, however, that there are significant flaws in the CPI model. It is only marginally less flawed than the case management system.

It could be it is just because I grew up in it and I was most comfortable with it, but I think that the unit and section concept approach offered the greatest flexibility while still allowing a relatively small group of people to focus on and manage a particular batch or digit range of the cases in front of them. It seemed to me that there was greater accountability under the unit and section concept than more currently.

The CPI model has so many flaws and problems that it is difficult to describe in a short period. So that is it. If I could wave a magic wand, I think we would go back about ten years and try and do it the old-fashion way, which seemed to process claims pretty efficiently and quickly. And I think quality, if not any better, was certainly no worse than it is today.

Mr. HALL. Thank you.

Mr. Sullivan, did you want to comment on that same question?

Mr. SULLIVAN. No.

Mr. HALL. No? Okay. Well, in that case, Mr. Sullivan, could you provide any information on why National Guard and Reserves are nearly three times as likely to have their claims denied?

Mr. SULLIVAN. Mr. Chairman, I wish I could give you a thorough answer. What we have done at Veterans for Common Sense is identified the problem.

About a year ago when we analyzed the claim activity of Iraq and Afghanistan war veterans, we identified that Guard and Reserve were about twice as likely to have their claim denied than active-duty soldiers. And now that rate is almost three times as high, fourteen percent versus five percent.

What we would like to know is, is it because of a lack of outreach? Is it a lack of the records being unable to be found? Is it a lack of redeployment? We do not know.

What we would like to do is ask that it be investigated to find out what it could be. But it is a significant problem because it seems to be getting worse.

Mr. HALL. That is a powerful piece of information. Colonel Norton, one of our witnesses in a hearing recently said, his slogan that stuck in my head was "same service, same battlefield, same benefits." And he was talking about educational benefits in that particular hearing, but I would say, you know, that the same should go for all of the benefits, and disability included.

Mr. SULLIVAN. Mr. Chairman, some of it may eventually be addressed if, for example, benefits delivery at discharge was forward deployed at National Guard and Reserve armories and demobilization sites. Again, there are a lot of reasons why this might be happening.

I think what we should try to do here is to find out what are the facts, what is going behind it, and then to try to find some solutions. But BDD, expanding that more thoroughly for National Guard and Reserve, it does not currently exist for them, may be part of the answer to solving it.

Mr. HALL. Thank you.

Mr. Atizado, you mentioned quality in your statement as a key issue. So could you tell us more about what you envision as a better approach for the VA? How can individual managers and employees be more accountable and is there a better approach than the STAR Program?

Mr. ATIZADO. Thank you, Mr. Chairman.

The STAR Program has a number of limitations and one of which is it does not allow for any kind of root cause analysis, any kind of trend analysis. And it is only limited to the Regional Office level, not down to the section or individual level.

As I had mentioned in my testimony, the SIPA Program which was created and eventually abandoned in 2002, we were hopeful that that would actually get funded the following year or any subsequent fiscal year, but unfortunately that has not.

The reason we believe that a more individualized quality review or quality assurance program should be in place is simply because if you do not know what the problem is, how can you propose a solution to it? And if we cannot somehow show where the issue is, whether it is a single individual or a group of individuals or a particular process, you know, the DAV comes from the position that adjudicators and rating specialists and developers are all inherently in the job to do service for veterans. The problem we see is that the workload is dragging that away from them.

Our relationship with the adjudicators hinges on their attitude. If they are open for debate or a discussion to assist the veteran, it makes the quality of the claim and the decision of the claim more in favor of the veterans, particularly if the evidence supports that.

Unfortunately, as my colleagues have mentioned, they are getting beat down by the requirements to produce rather than produce good work. And we believe that some kind of tool, whether it be the SIPA Program or some other standardized quality review instrument, be utilized or should be utilized to achieve the quality we are looking for.

Mr. HALL. Thank you.

The Minority Counsel will submit the Ranking Member's question for the record.

[No questions were submitted.]

Mr. HALL. You have all been most helpful and patient and I thank you all. This panel is now excused.

And we would ask our fourth panel to join us, Michael Walcoff, Deputy Under Secretary for Benefits, U.S. Department of Veterans Affairs; Diana Rubens, Associate Deputy Under Secretary for Field Operations of the Veterans Benefits Administration; Bradley G. Mayes, Director of Compensation and Pension Service, Veterans Benefits Administration of the U.S. Department of Veterans Affairs.

Thank you also for your patience. Had we known, we would have called this meeting to start at four o'clock instead of two o'clock. But at any rate, thank you for being here. And, of course, your statement is entered in the record as written, so feel free to highlight or shorten it or whatever you choose.

Mr. Walcoff?

**STATEMENT OF MICHAEL WALCOFF, DEPUTY UNDER SECRETARY FOR BENEFITS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; ACCOMPANIED BY DIANA RUBENS, ASSOCIATE DEPUTY UNDER SECRETARY FOR FIELD OPERATIONS, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS; AND BRADLEY G. MAYES, DIRECTOR, COMPENSATION AND PENSION SERVICE, VETERANS BENEFITS ADMINISTRATION, U.S. DEPARTMENT OF VETERANS AFFAIRS**

Mr. WALCOFF. Mr. Chairman, thank you.

Mr. Chairman, Members of the Subcommittee, thank you for providing me the opportunity to appear before you today to discuss the Veterans Benefits Administration's claims inventory and claims processing system.

I am pleased to be accompanied by Ms. Diana Rubens, VBA's Associate Deputy Under Secretary for Field Operations, and Mr. Brad Mayes, VBA's Director of Compensation and Pension Service.

My testimony will focus on two efforts we currently have in progress to improve claims processing, our aggressive hiring initiative, and an independent study of the claims process conducted by IBM Global Business Systems.

Before I begin discussing our efforts to improve the claims process, I would like to talk about the inventory and productivity.

As of January 31st, 2008, VBA's pending inventory was 397,077 claims. And I want to stop here because I want to talk about some of the other numbers that have been kind of mentioned in previous testimony.

There were several people, Mr. Cohen, I believe, mentioned 650,000. He also talked about 177 days in the same paragraph that he talked about 650,000. And I would tell you that I believe that is a little unfair in that the 177 days is how long it takes us to do our rating claims which is the 397,000. If you throw in our nonrating claims which gets it to 650,000, our timeliness is about 130 days. So if we are going to use the 650, then let us use the 130 in terms of timeliness.

And I believe that Mr. Manar threw in education claims to take the number up around 800,000. And our timeliness on education claims, especially supplementals, is approximately 12 days. So that would really bring our timeliness down. But I do not think that would be an accurate reflection of what we are here for today.

Basically I believe the 397,000 number are the group of cases that we are really talking about at this hearing and the timeliness for that is about 180 days.

There are numerous factors that contribute to that number. The two primary ones being the increase in the number of claims filed and the increased complexity of those claims. The numbers of veterans filing initial disability compensation claims and claims for increased benefits has increased every year since fiscal year 2000.

In fiscal year 2007, we received 838,141 rating-related claims compared to 578,000 in fiscal year 2000, a 45-percent increase. This high level of claims activity is expected to continue over the next years due to claims from Operation Iraqi Freedom and Operation Enduring Freedom veterans, the addition of type two diabetes as an Agent Orange presumptive disability, more beneficiaries on the rolls with resulting additional claims for increased benefits, and improved expanded outreach to active-duty servicemembers, Guard and Reserves, survivors, and veterans of earlier conflicts.

VBA's inventory has remained at approximately the 400,000 level for the last year. During that time, VBA has become much more productive, over 21 percent more productive compared to two years ago.

If you look at the current fiscal year alone, our production is already up 13 percent compared to fiscal year 2007. In fiscal year 2008, we expect to make decisions on over 878,000 claims and in 2009, that number goes to 942,000. Our increased productivity will eventually have a significant positive impact on our inventory.

VBA is continually seeking new ways to decrease the pending inventory of disability claims and shorten the time veterans must wait for their decisions. Key to our success will be ongoing long-term effort to enhance and upgrade our claims processing system through integration of today's technology.

In the near term, we have two initiatives that I want to highlight. In fiscal year 2007, we implemented an aggressive nationwide hiring initiative. More than 1,800 new employees have been added since January of 2007 and our hiring plan will add an unprecedented 3,100 additional employees by the end of this fiscal year.

To enhance rapid integration into the veterans claims process, we have modified our employee training program to focus on initial training on specific claims processing functions. This will allow new employees to become more productive earlier in their training and at the same time allow our more experienced employees to focus on the more complex and time-consuming claims.

By more effectively utilizing both newly hired employees and experienced claims processors, we expect to reduce the pending inventory and improve claims processing in 2008.

From October 2007 until January 2008, the IBM Global Business Services conducted a detailed review of our business process involved with adjudicating a claim beginning with the application receipt and ending with notification to the claimant.

To date, IBM has provided VBA with a gap analysis which identifies the gaps between VBA's current process and IBM's envisioned process. The gap analysis also includes short-term and long-term recommendations to help VBA improve its processes.

Overall, IBM's recommendations validate areas for efficiency gains already identified internally. Both the short-term and long-term recommendations made by IBM focus on the phases of the claims process and special activities under VBA's control.

The short-term recommendations are incremental enhancements VBA can make to the existing business process to realize benefits and efficiency in productivity in the near term.

Because our current claims process is heavily reliant on paper and the movement of paper claims folders, the greater efficiencies will be gained as a result of IBM's longer-term recommendations to move to an electronic paperless environment.

Managing work flow, monitoring performance, and tracking the number of claims processed are critical to maintaining processing efficiencies. The average number of medical disabilities or condition claimed on an original application is increasing.

To further enhance our ability to monitor performance, the study recommends the creation of a performance measurement system focused on tracking the number of medical disabilities or issues claimed.

VBA agrees with the idea of adding an issue-based performance measurement system to our current reporting system. This system will provide us with a better understanding of our workload and productivity. However, at the same time, VBA must ensure that our claims processors stay veteran focused.

To achieve large-scale improvements, VBA must make a fundamental shift in how we process C&P claims.

All of the study's long-term recommendations focus on IT enhancements that will allow VBA to move into a paperless environment, one where work can be managed electronically and

automation can reduce manual activities, thereby freeing resources for more value-added decision making.

IBM believes that one of the first steps for VBA in this transition is to enhance the current veteran's on-line application or VONAPP. VBA is currently coordinating with VA's Office of Information and Technology to resolve all data and privacy and security concerns surrounding the use of an electronic signature.

In addition, we are working through VA's General Counsel to resolve any regulatory issues regarding the need for a wet signature.

Using the virtual VA application, VBA has also initiated two pilot efforts to test our ability to shift to a paperless environment and to test the utility of imaging technology. Through these pilots, we continue to refine our business process and identify necessary enhancements that will allow us to expand the use of imaging technology.

We are also leveraging the lessons learned from the imaging accomplishments in our Insurance, Education, and Loan Guaranty programs.

As VBA transitions to paperless processing, claimants' access to information will expand. The study team recommends the creation of a secure web portal so that claimants can access claim information and request transactions on-line.

Currently, claimants may check the status of their claim by calling a toll-free number or by visiting by a Regional Office or through a Veteran Service Organization. VBA has a secure web portal called the Veterans Information Portal. The primary external users of this portal are lenders and appraisers who are assisting veterans in the Loan Guaranty Program. Through this portal, external users can access web-enabled computer applications.

Currently there are no disability compensation business applications available to external users through the portal. But efforts are underway as the President's Commission on Care for America's Returning Wounded Warriors also recommended that VA and DoD develop an interactive web portal.

In conclusion, we believe that the independent study by IBM validates our current course of action to improve claims processing timeliness, particularly with regard to information technology. Despite ongoing challenges, VBA continues to develop new strategies to improve claims processing and reduce the time veterans must wait for decisions.

Mr. Chairman, this concludes my testimony. I would be happy to respond to any questions that you may have.

[The statement of [Mr. Walcoff](#) appears in the Appendix.]

Mr. HALL. Thank you, Mr. Walcoff.

When do you expect that the Subcommittee could see the IBM report?

Mr. WALCOFF. I think Monday is the official day that we get it and I will be glad to give you whatever we get on Monday.

Mr. HALL. That is great. Thank you. I am looking forward to that.

Congratulations on your new position.

Mr. WALCOFF. Thank you, sir.

Mr. HALL. And as former chief person for field operations prior to elevation to this position, I am sure your experience will serve our veterans well.

Could you please describe the current claims processing system model used by the VBA called CPI and the current number of days that each step in the process uses?

Mr. WALCOFF. The CPI model is a process where the teams are divided by particular functions within the claims process. We have a function called triage where employees will look at mail when it comes in. They put it under control and they make a determination as to whether work can be done quickly, immediately, or whether it has to go through a longer process of development before a decision is made.

Assuming that the work does have to be developed, it is then passed on to the predetermination team which is responsible for developing the claim. That includes sending out VCAA letters. It includes going out for medical evidence. It sometimes includes going out for service medical records or service treatment records. It sometimes means going out for private medical evidence. It could be going to Joint Services Records Research Center (JSRRC) to get stressor information on a PTSD claim.

There are all kinds of different types of development that has to be done and this is the process that takes the longest in developing for that evidence waiting for the evidence to come back. And I will give you some time frames in a minute.

The third process after the case has been developed is to certify it as ready to rate and it is then sent to the rating board where a rating specialist will rate the case.

Once the case is rated, it goes to a fourth team called the post-determination team where it is gapped, meaning it is printed out on a piece of paper and it is authorized. The award is actually paid in the post-determination team.

That would be the typical claim that you would have. There is another team called the appeals team that would only get involved in cases where a veteran has appealed the decision. So that is the basic process.

The average time it takes to work a claim, and I am going to do this off my memory, so I might be off a couple days, but it will give you a little bit of an idea. It takes us about eight to ten days to put the case under control and do that triage process that we talked about.

It then gets sent to the pre-determination team. It takes them about 30 days to begin the development of the case. And there is an area that we can improve in. From the time it goes to triage to pre-D on average, we need to quicken the time that it will take for a VSR to begin the development on that case.

The development itself does not really take that long, but waiting for the evidence to come back is what really takes long. That takes right now about 63 days for all the evidence to come back from the various places. And there are a lot of reasons for that.

Under VCAA, we have to give a certain amount of time for a provider to respond. And under certain types of conditions, if he does not respond in 60 days, we give another 30 days for them to respond. So that is why it takes so long on this particular process.

When all the evidence comes in, it actually moves fairly quickly from there. The rating specialist, it goes into the rating team and it takes about somewhere, I would say, between 14 and 20 days for the rating team to be finished with the case.

It then goes to the post team and it takes there, I would say, about 15 days for it to go through that process. So that is 30 and 60 is 90 and 30 is 120. Depending on the case and how long that part takes where we have to develop evidence, it takes you to around 170 days.

Mr. HALL. Thank you.

And is this an effective model in your opinion and, if so, why has the VA backlog increased almost threefold since its implementation along with a notable rise in processing times?

Mr. WALCOFF. Well, there are several answers to that. First in terms of whether it is an effective model, I will compare it to the model that it replaced which is what we called the BPR model. It was a model that was developed by Joe Thompson who was a former Under Secretary. And it involved a situation where an employee would not pass the case from one person to another. They would be responsible for all the elements involved in a case.

And I will tell you that when I came into Washington in the Associate Deputy Under Secretary role, I was brought in by Joe Thompson who was Under Secretary at the time and was a supporter of that model at that time.

But what we found was that our work had become so complex and so difficult that our VSRs were having a lot of trouble being able to master all aspects of what a VSR does and at the same time, having to do all the different aspects of VSR work on any given day.

And the reason the CPI model was adopted was the idea that by specializing in a particular function, an employee could learn it, could get comfortable with it, and get good at it. And that is the basic philosophy behind the CPI model.

Now, why has our inventory gone up so much? Well, I can give you a couple reasons. One was we got down to 253,000 at the end of fiscal year 2003. And on September 23rd of that year, there was a court decision called PVA versus Principi, I guess it was at the time. Yes. And that decision said that we could not deny any issue of a claim until it had been pending a year. Within three months, because of that court decision, our inventory went from 253,000 to 354,000.

It was finally remedied by legislation passed by Congress. But by that time, we had already gone up 101,000 claims. So that is part of why we are in the shape we are in.

In addition to that, our receipts have continued to go up. We went through a period when we were in a hiring freeze. So while we had receipts going up, while we were losing experienced employees, we were not hiring for about 18 months. Now that is a while ago and we have been hiring now for about two years. But we are still paying to a certain extent for that period where we did not hire.

But I believe that with the hiring we are doing now, with the training we are doing, and I think with the total number of employees that we are going to have available to us, we will bring the backlog down.

Mr. HALL. And the loss of experience is slow to be made up when you are bringing new people on board. So that is understandable.

I am curious that witnesses here have taken issue with the VBA's work credit system which is used to measure the productivity of your employees. I know that you disagree. I think that you disagree that the system sacrifices quantity over quality.

But who is accountable for the accuracy of a veteran's claim and the decisions made in adjudicating it? For instance, if an RVSR makes an error in making a rating or a VSR commits an error in the development resulting in an avoidable remand, are there any actions taken?

Mr. WALCOFF. Well, who is responsible? I would say that the employee is responsible for the part of the claim that they did.

And I will tell you that I do disagree with a lot of the statements that were made on previous panels, statements that in effect said that all VBA cares about is productivity and that we do not measure quality at the individual level.

STAR does not measure quality at the individual level. I agree with what the DAV rep said about that. And the reason for that is that STAR is a quality assurance program. It is not a quality control program. It is not meant to measure quality at the individual level.

We do have measures in place tied in with the individual performance standards of all VSRs and all rating specialists that require that five cases a month be reviewed for each employee. And what is reviewed is the part of the work that they were responsible for.

So if it is a VSR who was on the pre D team, the work they did in developing the claim would be what would be reviewed. If you are a rating specialist, then the rating would be the part of the case that would be reviewed. That is a part of our performance standards.

I thought Mr. Roberts made a point as somebody who was a supervisor that he has actually seen more employees be put under performance reviews for quality than he saw for productivity. So I think that certainly proves by a very neutral witness the fact that we do have a quality program.

Mr. HALL. Although it is not abnormal to realign targets as realities change, in your testimony, you talked of the addition of 1,800 employees since January 2007. Yet, during the same time, VA has moved its claims processing target from 125 days in 2007 to 145 days for 2008.

Could you explain why?

Mr. WALCOFF. The change was made because 125 days we felt was not realistic. And to put a goal out there that we just did not feel there was any way we were going to make we felt was, and I guess I will use the word, in some way intellectually at least dishonest.

And the 145 days, I was asked by counsel whether that was a goal that I really felt was realistic and I absolutely believe it is. I do not know whether we will make it or not, but I honestly believe that with all the staffing we are getting that we should be able to make 145 days. And that is why we put that out as our goal.

Mr. HALL. Well, certainly we have to get there before we get to 125.

Mr. WALCOFF. We do. We do. And certainly, sir, strategically, and I think we talked about this a little bit at the hearing that we had in New York, strategically I would like to see us get to 125 days and I have not given up on that. But I think that in terms of, you know, the years that we are talking about, 2009, 145 is more realistic.

Mr. HALL. During this same time period as former Director of Field Operations, can you tell us how many Regional Office Directors received a bonus?

Mr. WALCOFF. I do not know the number off the top of my head. I would say that it is probably half. I would say it is probably about 50 percent. That is not an exact number, but I would say that is in the ballpark.

Mr. HALL. And in your previous position, you also received a bonus. Can you look at that with some objectivity? With the current and historical performance of VBA in processing claims, what do you think of that? In your new position, are you expecting or are you eligible for receiving a bonus and what would that depend on?

Mr. WALCOFF. I am not going to offer a personal comment on whether my bonus was justified. I would suggest that you talk to the two people that rated me, Ron Aument and Admiral Cooper.

In the position that I am in right now, I am eligible for a bonus. Whether I get one is going to be up to Admiral Cooper and the Secretary.

Mr. HALL. Fair enough.

As a long-time employee with the VA who has occupied several positions of leadership with the VBA, could you explain the seemingly sudden shift in priorities at the VBA to information technology improvements?

While I am happy to see VA make affirmative moves in this direction to help increase the efficiency in processing claims for our veterans, I have to say I am not convinced, nor were a number of our witnesses, that the shift is a panacea for all that ails the system.

Mr. WALCOFF. It is not a panacea. I definitely agree with that. I mean that if I am giving the impression that by going paperless, the day after we go paperless, our timeliness will immediately improve by, you know, 50 percent, that certainly is not true and I am not saying that our quality will automatically improve or anything else.

But I think it is a tool. I think it will give us a lot more flexibility in terms of how we handle the work. You know, there has been a lot of discussion. We always hear discussion about consistency and our quality.

And I can tell you that right now there has been suggestions, for instance, just to give you an example on how this could help us, there have been suggestions about PTSD claims. You get inconsistency from office to office. Why do you not just have all PTSD claims processed at a particular office?

Well, on the surface, that sounds like, that might be a good idea. That way, you have all people in one building doing them. You can centralize your training. You can make sure everybody is doing it the same way, that sort of a thing.

Well, the problem is that most PTSD claims are along with several other issues so that you have a claims folder with the PTSD information in there along with the information about, say, five or six other issues. You really cannot pull out certain pieces of the paper and send them to another office and then leave the paper that is left to the office where the claim was filed.

If we went to an electronic system, it would be very, very simple to have a particular office have access to the part of the file that deals with PTSD while at the same time, the home office could have access to the rest of the file at the same time.

That is a great example to me of how going to a paperless system will absolutely help us in terms of our flexibility and allow us to do some things that we cannot do today.

Mr. HALL. Well, it would seem to me that that is true and also all offices could have access to the same information—

Mr. WALCOFF. That is right.

Mr. HALL. —at the same time. One of our earlier hearings was on artificial intelligence and some of our witnesses were suggesting from their academic or private-sector experience that a system could be set up, which would process 80 to 90 percent of the claims or the portions of claims that were brought by veterans because there would be definitive either presumptive causes or definitive medical records that would establish a clear, visible, undeniable aspect of that claim and leave the 10 or 20 percent that were more difficult to be handled by the human part of the process that you described before.

Do you think that that is at all realistic and what would your comments be about that?

Mr. WALCOFF. I am going to make a comment and then I am going to ask Brad to comment.

If you remember when I talked about how long it takes to do different parts of the claim, the actual rating of the claim really does not take that long. What really takes a long time is the part of the development, the deciding what evidence is needed and then having to wait for all that evidence to come back.

Having an expert system or I call it an expert system which you are referring to, to help on the rating aspects of it, I think that the way I understand expert systems, it could help us on the quality aspect because everybody would be sent down the same path answering the same questions as they work through a claim which would, I think, provide for more consistency.

But I am not sure that it would save that much time because that part of the process does not take that much time to begin with.

What do you think, Brad?

Mr. MAYES. Well, I agree with that, Mr. Chairman. Two comments. First of all, we are pretty effective once we gather all of the information and evidence needed to make a decision. We are pretty effective at making the decision. We are doing it 13, 15 days, something in that neighborhood.

Second of all, the algorithms that would be needed to evaluate evidence and the probative value of that evidence in some cases would be, I think, very complex.

And, thirdly, the third point that I would make is that that is the fundamental decision and obligates the U.S. Government to that veteran. I would think that where we are making that critical obligation, that commitment, that we would want to have a person involved in that decision-making process.

Rather, I would like to see us, if we are going to look at this type of technology, let us leverage that technology up front in the process, taking information from an application, using that technology to see if there is basic entitlement. Does the claimant have status to file the claim in the first place? Are they a veteran? Use that technology up front and help in this process, the development process, which takes more time.

So I would suggest that probably more bang for our buck if it could be achieved in the front part of the process as opposed to that part of the process where we are already doing it timely and also we are making that critical obligation.

Mr. HALL. There are a number of Members, I would say most if not all of the Subcommittee, who feel strongly that we should find a way to start providing disability benefits, at least partial benefits to our veterans as soon as possible, if not immediately upon filing a claim. There must be a way for this to be done, even as other aspects of the claim are still adjudicated.

And I realize that we do not want to make this more complicated and more expensive and we are running the risk of doing both. But at the same time, the hardest thing for us as individual Members of Congress in our districts when we deal with cases that come through our door there or as Members of the Committee or the Subcommittee is to justify 125 days, 145, 180, whatever it is, before some money starts to flow and some part of the claim is recognized.

I just wanted to ask if rating a claim actually is not the part that takes the longest, why are there over 800 cases ready to rate in Baltimore and close to 1,000 in Philadelphia?

Mr. WALCOFF. You know, I do not know. I would have to look to see what the ratio is in terms of rating specialists to VSRs. I do not know whether they have been instructed to concentrate on development with the idea that the area Director is planning on brokering some of those cases out. If you want, I can get back to you on that.

[The following was subsequently received from Mr. Walcoff:]

At the end of May 2008, there were 733 claims awaiting a rating decision in Baltimore and 392 awaiting a decision in Philadelphia. The national average processing time is 15 days from the time a claim is determined to be ready to be rated until the rating is completed. During this period, the Rating Veterans Service Representative (RVSR) reviews all evidence in the claims file, ensures that VA has met its duties to notify and assist, and makes a determination related to service connection, degree of disability, and effective date. Additionally, the decision time includes any required second-signature reviews by senior RVSRs. At the Philadelphia Regional Office, the decision time is 8.2 days, while this process currently takes 20.6 days in Baltimore.

To assist the Baltimore office in providing more timely claims decisions, additional staffing has been authorized, and cases are being brokered from Baltimore to other regional offices with capacity to assist in rating these claims. Baltimore has hired 51 employees since January 2007. This fiscal year through May, Baltimore brokered over 1,500 claims to other regional offices for rating.

Mr. HALL. Sure. That would be great. I understand there are similar numbers in some of the other ROs.

Mr. WALCOFF. Sir, there are some offices that have been, based on a lot of different factors, and, Diana, you may want to comment on this, instructed to put all of their resources toward development with the idea that we have capacity maybe in the rating area in another office.

And we want to try to get them as much as possible where they have trained rating specialists. So we might tell an office to concentrate on getting these cases ready to rate and we will get them rated for you.

Mr. HALL. So each office does not have trained rating specialists?

Mr. WALCOFF. Well, it depends. I mean, certainly every office has trained rating specialists. Do they have enough depends on several things.

It could be that they have recently had losses where it is taking a while to get the replacements trained so that they are temporarily in a situation where they do not have enough.

It could be that their receipts are up more in a particular area than they are nationwide which is causing a shortage in a given area. There are a lot of different reasons why that might be.

Mr. HALL. On a visit to Landstuhl, Germany, I was informed that efforts are underway to have the medical records for OIF/OEF soldiers leaving the medical facility available in an electronic format upon arrival on American soil.

How accurate is that or how close to that are we and what are VA's efforts and the status currently of efforts to have access to these records and to establish the level of disability or injury?

Mr. WALCOFF. You want to take that?

Mr. MAYES. Sure. That is one of the lines of action that is underway right now with the Senior Oversight Committee. I know that Dr. Tibbits from VA's OI&T staff has been working with some individuals over at DoD at a high level.

I do not know the exact status of the electronic transfer of those types of records. But I am aware that there are some records apparently that are available in the personnel file that we can actually access right now. But it is very limited.

Ideally, we have the entire service treatment record available on-line. I mean, that is the ultimate goal and I know that is what the line of action team is pursuing.

Mr. HALL. Does the IBM report address this in particular?

Mr. WALCOFF. Not really. They did not get into the whole idea of electronic records in our relationship with DoD. It is not covered.

Mr. HALL. Can any of you tell us how compatible or incompatible the DoD and VA systems are from a computer software standpoint? How close are we to being able to actually transfer that information?

Mr. WALCOFF. I cannot answer the question. I do not know. I know that we are working with DoD on several different levels to try to be able to share records. But in terms of the medical records themselves. I do not know the answer.

Mr. HALL. Mr. Cohen, I believe it was, on one of the other panels, was talking about inaccuracies or misdiagnoses in the DoD side and his concern about them being transferred to VA and being used as a starting point for whatever follows.

Do you have any opinion as to the accuracy of what you are getting from DoD?

Mr. MAYES. I do not think we would necessarily question, for example, a diagnosis by a medical care provider if it is in the service treatment records. But I can speak to the fact pattern that Mr. Cohen talked about. He mentioned that service personnel were being diagnosed with personality disorder and being put out of the military.

As long as they do not have a disqualifying separation, they file a claim with us and there is evidence of a neuropsychiatric disorder, whether or not there was a diagnosis of personality disorder or not, then we will go ahead and develop that claim. We will pursue that claim.

And in many cases, I should not say many, I am aware of cases where there was a personality disorder that was referenced on the DD-214 and, yet, we got a diagnosis of a condition that is subject to compensation and have awarded disability benefits in those cases.

So the point here is that we will treat that claim just like any other claim as long as there is no barred benefits and we will adjudicate it. We will develop for the evidence and in some cases, order an exam if appropriate and pay benefits if appropriate.

Mr. HALL. That is good to hear. I am still curious if there is a percentage. But do you want to hazard a guess?

Mr. MAYES. I do not have data that I am aware of that would show how many service personnel put out for personality disorder where we have seen those diagnoses.

Mr. HALL. I mean, we have heard about it, but it is anecdotal and hard to quantify from my point of view in any way. But it is a concern, especially if we are thinking that, as some people have suggested to the Subcommittee or to the full Committee, that the parallel in the health maintenance organization/private sector world would be a diagnosis of a doctor.

I go into an emergency room or go in to see my doctor and he takes an X-ray, says I have a broken leg, whatever. Either he or I file with the insurance company and that starts, you know, the claim out. And if we could rely on the medical records transferred from DoD and have that

peg or at least approximate the level of disability that we are going to be looking at so that it sort of starts the process up.

The question is, how reliable that is and what would trigger a reexamination being necessary? Could that be done on a random basis?

I mean, you can never remove the human component completely. But we are hoping that the electronic and the AI aspect of this is going to help us reduce those parts of claims and those claims which are obviously valid and not have your people spending time on things that theoretically could be simple enough that they would be rated or processed by electronic means. It is being done in other areas of government and apparently successfully.

The American Legion testified today about the brokering of claims which involve transferring claims from the Regional Office of jurisdiction to another Regional Office to adjudicate the claim, usually from a poor-performing RO to a high-performing RO. Apparently this brokering concept was instituted around the time of implementation of the CPI model. The Legion believes that this was intended to be a short-term solution as VBA does not have a tool in place to measure the quality of brokered work.

Could you explain for the Subcommittee how and why VBA brokers its claims? Is this a resources, training, or management problem? Are these claims being checked for quality and how does the brokering figure into the strategic plan for processing claims?

Mr. WALCOFF. I can definitely do that since I was very involved in the decision to start the extensive brokering that we do.

It really does not have anything to do with the CPI model per se. You have heard testimony and I think, you know that we do have variation in terms of performance from office to office around the country.

I wish I could tell you that all 57 of our offices were performing very, very well—equally well. But the fact is that for a lot of different reasons, we have some offices that have more of a backlog than other offices do.

In addition to that, we have organizations called Resource Centers that were set up back in 2000, 2001. The purpose of them being set up originally was to work the diabetes claims that were going to be coming in when the new presumptive was passed. For a lot of reasons, that is not what they were used for.

But we have started using them or started using them back around 2002 to handle the work that was backing up at some of our stations that were not doing as well.

And the philosophy is that, and I will use an example, sir, of your home office of New York, that if a veteran lives in the southern part of New York in New York Regional Office that he should not have to wait an extra 80 to 100 days, let us say, to get that case done because he happens to

live in New York where if I move that case to Salt Lake City or Milwaukee, I can get the case probably turned around in 30 days.

And that is the basic philosophy. The fact is we do not have, in my view, New York veterans or Utah veterans. We have veterans of this country and they all deserve to get their case worked as quickly and as accurately as possible.

And if we can find a way to keep that case from sitting some place and get it moved and get it worked, we are going to do that. And that is really the basic philosophy behind brokering.

Now, the answer to the other part of it, I know it was mentioned in here by somebody that we do not do quality checks on the brokered cases and that is not true.

Brad, you might want to talk about that.

Mr. MAYES. Yeah. We are now including the brokered work as part of our Systematic Technical Accuracy and Review Program or the STAR Program. So I believe there was a limitation at one point in attributing those cases to the Regional Office that actually did the work, but we are incorporating brokered work into those reviews.

Mr. HALL. CPI was supposed to eliminate the inconsistencies in ROs, so—

Mr. MAYES. Well, okay. Let me—

Mr. HALL. —was that the idea?

Mr. MAYES. What he was talking about, the quote that I guess that somebody read out of Admiral Cooper's task force, what he was referring to had to do with the fact that when he came in, he found that every office was processing work in a different way.

We would put a policy out from Central Office. The C&P Service would put a policy out and we found that there were offices that were deciding, yeah, that is a good policy. I am going to do that policy. And then there were other offices that said, you know, I do not agree with that. I am just going to ignore it. And then there were other offices that said, well, I am going to do it, but I am only going to half do it because Joe Thompson is going to be gone soon anyway, so, you know, it will all go away.

And Admiral Cooper felt, based on his background of being in the Navy for 33 years that that was an unworkable system. Once the headquarters' organization puts a policy out, everybody has to follow it. You cannot have the people in the field making a decision as to whether they like that policy or not and deciding whether to apply it or not.

We would put IT applications out and offices would make their own decisions as to whether they were going to use them or not. So, therefore, it really became difficult as you would try something new to see whether it would work in a given place because a given place was not necessarily the same as three other places.

And that is what he meant in terms of consistency, that the offices need to be structured the same, meaning they all should be under the CPI model, and that everybody should follow the policies that are decided. There will be time for discussion, that type of a thing. But once a decision is made, everybody does what they are told to do. And that is what he meant by consistency.

Mr. HALL. You will be happy to know this is my last question, Mr. Walcoff.

Mr. WALCOFF. That is fine.

Mr. HALL. It has been mentioned several times before the Subcommittee that providing a prestabilization rate, as outlined in title 38, as well as possibly expanding the Benefits Delivery at Discharge Program would help provide many veterans who are waiting for the adjudication of claims.

Could you give us your thoughts on these ideas?

Mr. WALCOFF. I think one of the things that we have discussed actually fairly recently that we are concerned about is that I do not think our people in the field are making proper use of the pre-stabilization ratings.

Just in looking at the numbers that we see, it appears like there should be more of them and that is one of the things that I am going to talk to Diana about working with the service to see what we need to do to find out why stations are not using pre-stabilization ratings.

Now, one thing I will tell you, sir, is that on the seriously injured cases, there is an assumption that if on a given case it took us, say, 150 days to process the case, that that means that the veterans did not receive anything for 150 days.

In most of those cases where the condition that is actually the most serious, let us say it is an individual with an amputation, that amputation, that leg amputation should be able to be rated based on the service treatment records from Walter Reed.

Now, that does not mean we can take the end product on the case because maybe he also filed for a hearing loss and for a back condition or whatever. But the way our process, the way our procedures are laid out, the Regional Office is supposed to pay for the amputation, get that money out to the individual, and then develop for everything else. That is the procedure that we have so that in a situation like that, the veteran would not have to wait the 150 days.

Mr. HALL. Is that happening to your knowledge?

Mr. WALCOFF. I believe it is happening, but I will tell you that anecdotally, I have heard some people complain to me that because you do not get credit for the case, you know, when you put the 40 percent out for the leg that stations are holding off on doing that until they can do the whole case.

And I will tell you that I tell them and I have told Brad in terms of his STAR reviews that that is one of the things I want them looking at. And if we find any cases where they are doing that, I want to know about it because that is absolutely contrary to the policy we put out and it is contrary to doing the right thing.

Mr. HALL. Well, thank you for expressing that sentiment and for passing it on to your employees. I think this Subcommittee would agree wholeheartedly with that approach.

And thank you for testifying. Thank you for being here. Thank you for waiting so long, Mr. Walcoff, Ms. Rubens, Mr. Mayes. We may have other questions that we will submit in writing to you. And thank you for the work that you do and have a good evening.

The Minority will submit questions on behalf of the Ranking Member and the record will stay open for five days.

[No questions were submitted.]

Mr. HALL. Okay. I just wanted to thank you again for your work on behalf of our Nation's veterans and thank everyone who testified. Some of you from the beginning are still here. We look forward to working with all of you on those important issues involved with improving the claims process system.

This hearing now stands adjourned.

[Whereupon, at 6:25 p.m., the Subcommittee was adjourned.]

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## APPENDIX

Prepared Opening Statements:

Prepared statement of [Hon. John J. Hall](#), Chairman, and a Representative in Congress from the State of New York

Prepared statement of [Hon. Doug Lamborn](#), Ranking Republican Member, and a Representative in Congress from the State of Colorado

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Prepared Witness statements:

Prepared statement of [Joyce McMahan](#), Ph.D., , Managing Director, Center for Health Research and Policy, Center for Naval Analyses (CNA) Corporation, Alexandria, VA

Prepared statement of [Michael McGearry](#), Senior Program Officer and Study Director, Committee on Medical Evaluation of Veterans for Disability Benefits, Board on Military and Veterans Health, Institute of Medicine, The National Academies

Prepared statement of [Daniel Bertoni](#), Director, Education, Workforce, and Income Security, U.S. Government Accountability Office

Prepared statement of [Richard Paul Cohen](#), Executive Director, National Organization of Veterans' Advocates, Inc.

Prepared statement of [Ronald B. Abrams](#), Joint Executive Director, National Veterans Legal Services Program

Prepared statement of [J. David Cox](#), R.N., National Secretary-Treasurer, American Federation of Government Employees, AFL-CIO

Prepared statement of [Gordon P. Erspamer](#), Senior Counsel, Morrison and Foerster, Walnut Creek, CA

Prepared statement of [Adrian Atizado](#), Assistant National Legislative Director, Disabled American Veterans

Prepared statement of [Paul Sullivan](#), Executive Director, Veterans for Common Sense

Prepared statement of [Steve Smithson](#), Deputy Director, Veterans Affairs and Rehabilitation Commission, American Legion

Prepared statement of [Gerald T. Manar](#), Deputy Director, National Veterans Service, Veterans of Foreign Wars of the United States

Prepared statement of [John Roberts](#), National Service Director, Wounded Warrior Project

Prepared statement of [Michael Walcoff](#), Deputy Under Secretary for Benefits, Veterans Benefits Administration, U.S. Department of Veterans Affairs

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Submissions for the Record:

Prepared statement of [Linda J. Bilmes](#), Professor, Kennedy School of Government, Harvard University, Cambridge, MA

Prepared statement of [Master Sergeant Kurt Priessman](#), USAF (Ret.), Vernon, TX

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Material Submitted for the Record:

["Wounded Vets, Broken System," CQ Weekly, April 30, 2007, by Patrick Yoest and Rebecca Adams](#)

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