

STATEMENT OF
ALLISON A. HICKEY
UNDER SECRETARY FOR BENEFITS
VETERANS BENEFITS ADMINISTRATION (VBA)
U. S. DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON NATIONAL SECURITY,
HOMELAND DEFENSE, AND FOREIGN OPERATIONS
July 18, 2012

Good morning, Chairman Chaffetz, Ranking Member Tierney, and Members of the Subcommittee. I am accompanied today by Mr. Roger Baker, Assistant Secretary for Information and Technology.

My testimony will provide an overview of the Veterans Benefits Administration's (VBA's) workload in our Disability Compensation program and will focus on our comprehensive and integrated Transformation Plan, which is intended to ensure timely and accurate delivery of benefits and services to our Veterans, their families, and survivors.

Introduction

We are committed to ensuring Veterans do not have to wait too long to get the benefits they have earned and deserve. A prolonged wait is unacceptable, and we are implementing a robust plan to fix current delays. This Transformation Plan is critical to achieving our goal of processing all claims within 125 days with 98 percent accuracy in 2015. However, we are not waiting for 2015; we are already implementing our plan – and have good early results.

The claims backlog is a decades-old problem, and fixing it isn't easy. If you have ever walked into a Veterans Benefits Administration (VBA) regional office, you have seen stacks and stacks of paper. Our Transformation Plan, intends to eliminate this antiquated, paper-bound process that does not serve our Veterans, who are frustrated by its lack of speed and transparency. We have an aggressive plan to ensure our Veterans get the timely and accurate benefit decisions they need and have earned.

VA completed a record-breaking one million claims per year the last two fiscal years (FY), and is on target to complete another one million claims in FY 2012. Yet the receipts continue to greatly outnumber the outputs. In 2009, we completed 900,000 claims while a million came in. In 2010, we completed a million claims, which was unprecedented, but we received another 1.2 million claims. In 2011, we completed another one million claims while 1.3 million claims came in. Given the anticipated continuing high level of claims receipts, it is clear that continuing our legacy process will not eliminate the backlog. We have an aggressive plan that builds a strong foundation for our paperless, digital disability claims system – a lasting solution that will transform how we operate and eliminate the backlog. Our plan will ensure we achieve the Secretary's goal – claim completion in 125 days with 98 percent accuracy in 2015 – delivering faster, better decisions for Veterans.

As you will learn from my testimony, we are retraining, reorganizing, streamlining processes, standardizing approaches, and implementing technology solutions that are positively impacting Veterans today and will reduce the backlog by 100,000 claims this year. As we work to transform how we do business through new people, process, and technology initiatives, at the end of the day our transformation is about taking care of our Veterans and their families. Here are some highlights of what we are doing:

- We are re-deploying 1,200 of our most experienced raters to target and tackle the backlog. These employees will complete 100,000 backlogged claims by the end of 2012.
- We have improved and are expanding training practices to make staff better equipped to handle today's difficult cases. We call this Challenge training, and this training works. New VA staff that have already received this redesigned training complete two and a half times as many claims per day as trainees – with

over 30 percent increase in accuracy – than employees trained under VA's previous program.

- By the end of July, we will have a new operating model implemented at sixteen regional offices that changes the way we're organized to do this work. This model uses a segmented lanes approach that organizes disability claims into three distinct processing lanes, one with a special emphasis on at-risk Veterans who have sacrificed the most and another where easy claims are done on an express lane. Once fully implemented at all 56 VA offices by the end of 2013, we anticipate this new operating model will allow for the processing of an additional 200,000 claims per year.
- We are also closely collaborating with DoD through the Integrated Disability Evaluation System to ensure a seamless transition for separating Servicemembers, particularly for those most severely injured. In FY 2012 alone, VA has processed 7,500 disability claims for wounded, ill, and injured Servicemembers from the current conflict in an average of 54 days. We went from a 240 day average in the legacy system to 56 days for the 10,000 claims processed this year. Our goal is to do even better and bring this down to 30 days.
- We are ensuring Servicemembers receive access to benefits information, connecting them to eBenefits and online claims filing. eBenefits is our automated system accessed through the VBA website that allows Veterans and Servicemembers to enroll in and have access to VA and DoD information for life. Current eBenefits enrollment exceeds 1.7 million users, representing more than a 500-percent increase since January 2011.
- We are ending our reliance on paper-based claims and rolling out a new, digital, paperless system to process and track disability claims. This technology, which we call the Veterans Benefits Management System (VBMS), is already deployed in four regional office locations – and it works. In pilot programs, the new system has cut the average time to process claims to 119 days. Twelve more offices will use this system in FY 2012, and it will reach all 56 VA regional offices by the end of calendar year (CY) 2013.

VA Benefits Overview

VBA is responsible for administering a wide range of benefits and services for Veterans, their families, and their survivors through a nationwide network of 56 regional offices, including offices in Puerto Rico and the Philippines. Our outcomes in all benefit areas are highlighted below:

- VBA currently provides compensation benefits to 3.4 million Veterans, and 10 percent, or 339,000, are 100-percent disabled.
- Roughly 77 percent of the Veterans who currently have a supplemental (subsequent) claim pending are already receiving monetary compensation for disability.
- In the last two years, VA has received 260,000 claims for three new presumptive Agent Orange conditions – putting \$3.7 billion into the hands of our Vietnam Veterans and their survivors. We surged over 37 percent of the VBA workforce to adjudicate these claims in a short period of time. This was a huge benefit for Veterans, but it did place a burden on the backlog.
- Last year we conducted nearly 6,300 outreach events and job fairs for transitioning Servicemembers, homeless Veterans, minorities, women, and other targeted groups.
- We manage the Nation's eighth largest life insurance enterprise.
- In FY 2011, VBA guaranteed 14 percent more home loans than we guaranteed in FY 2010, increasing from 314,000 to 358,000. In FY 2011, VA helped 83 percent (73,000) of Veterans in default retain their homes or avoid foreclosure through personal counseling and intervention on behalf of the Veteran. This was a 10 percent increase over the number helped in FY 2010.
- VA has issued approximately \$20 billion in Post-9/11 GI Bill benefit payments to 759,413 individuals and their VA-approved programs since program inception in August 2009.
- We assist low-income disabled and elderly wartime Veterans and their survivors through our pension programs, in which our accuracy rate for entitlement decisions improved from 87 percent to 98 percent from 2008 to 2011.

- Last year, our Vocational Rehabilitation and Employment Program successfully rehabilitated nearly 10,000 disabled Veterans and enrolled nearly 30,000 Veterans into rehabilitation plans.

The employees of the Veterans Benefits Administration are privileged to be able to administer these important Veterans programs. They have the incredibly important mission of helping Americans fulfill the Nation's commitment to our Servicemembers and Veterans, who so courageously serve and sacrifice on our behalf. In carrying out their responsibilities, our employees have adopted and embraced the Department's newly established core values of Integrity, Commitment, Advocacy, Respect, and Excellence – appropriately captured in the phrase “I CARE”. Our workforce includes more than 20,000 employees, 50 percent of whom are Veterans themselves, and 30 percent of whom have service-connected disabilities.

Growth in Claims Inventory and Backlog

Before I discuss in more detail the specific initiatives in our Transformation Plan, I want to provide you with a better understanding of our claims inventory and backlog. While today we have over 870,000 claims in our inventory, all of these claims are not “backlogged.” The claims backlog includes those claims that have been pending longer than our goal of 125 days. Approximately 558,000 claims are currently in our backlog, or 66 percent of the pending inventory. In FY 2012, VA's backlog reduction target is 60 percent, or 6 percentage points below the current backlog. We are working hard to achieve that goal. The inventory is dynamic rather than static. It includes all claims received, whether pending for just a few hours or six months or more. Completed claims are continuously removed from the inventory while new claims are added.

It may help to describe the makeup of our claims inventory to put VA's workload and backlog into perspective. Our pending rating inventory of over 870,000 claims consists of first-time (original) claims and subsequent claims (reopened claims and claims for increased benefits) from Veterans and survivors of all eras. As you will note from the information below, a large percentage of the Veterans with pending claims are already receiving disability benefits from VA. We call these subsequent claims “supplemental” claims. The pending claims breakdown is as follows:

- Nearly two-thirds, or 61 percent, are supplemental claims from Veterans for whom we have already completed at least one claim.
- Vietnam Veterans represent 30 percent of the original pending claims and 44 percent of the supplemental claims. 39 percent are from Vietnam Veterans with a current disability evaluation rating of 50 percent or higher.
- Gulf War Era Veterans (August 2, 1990 to present) represent 50 percent of the original pending claims and 37 percent of the supplemental claims. Global War on Terror (GWOT) Veterans who served in Iraq and Afghanistan are included in the Gulf War Era claims. Of pending supplemental claims from GWOT Veterans, 83 percent are already receiving compensation, and 46 percent have a current disability evaluation rating of 50 percent or higher.

Incoming Disability Claims Workload: VBA administers the Disability Compensation Program, which provides monthly benefits to Veterans who are disabled as a result of injuries or illness incurred or aggravated during their military service. The disability claims workload from the newest generation of returning war Veterans, as well as from Veterans of earlier periods, continues to increase. VBA's annual claims receipts increased 48 percent over the last four years, from 888,000 in 2008 to 1.3 million in 2011. The growth in disability claims volume is driven by a number of factors, including:

- Additional presumptive disabilities associated with Agent Orange exposure,
- New regulations for processing certain claims related to Gulf War service, traumatic brain injuries, and post-traumatic stress disorder (PTSD);
- Growth in the average number of medical conditions for which each claimant files;
- Improved access to benefits through the joint VA and DoD pre-discharge programs such as the Integrated Disability Evaluation System (IDES);
- Ten years of war with increased survival rates;
- Successful extensive use of VA of outreach programs encouraging more Veterans to submit claims;
- Increased use of technology and social media by Veterans, families, and survivors to self-inform of available resources;

- Post-conflict downsizing of the military; and
- Difficult economic conditions.

Three factors with a particularly large impact on our claims volume include disabilities associated with Agent Orange exposure; improved transition services for our wounded, ill, and injured Servicemembers through IDES; and growth in the number of medical conditions claimed.

Agent Orange: Since October 2010, VBA has dedicated over 2,300 claims staff to readjudicating previously denied claims for the three new Agent Orange presumptive conditions (Parkinson's disease, ischemic heart disease, and B-cell leukemias). We surged over 37 percent of the VBA workforce to adjudicate these claims in a short period of time. This was a huge benefit for Veterans, but it did place a burden on the backlog. VA has received nearly 260,000 Agent Orange claims based on the new presumptive conditions and has already put \$3.7 billion into the hands of over 131,000 of our Vietnam Veterans and their survivors. All retroactive claims for living Veterans have been completed. We have completed the ratings on all retroactive claims that will benefit survivors and are now focusing on administrative actions to identify next of kin and complete these claims. Our focus on processing these complex claims contributed to a larger claims backlog, but it remains the right thing to do for our Vietnam Veterans, many of whom waited a long time for these benefits.

IDES: Through IDES, VA and DoD ensure seamless service delivery for our wounded, ill, and injured Servicemembers. VA is on track to reach our target of processing IDES claims in 100 days. In FY 2011, we made major improvements in service delivery, decreasing processing time in areas of VA responsibility from 186 days to 104 days. IDES provides a single set of disability examinations and a single-source disability rating, for use by both Departments in executing their respective responsibilities. This results in more consistent evaluations, faster decisions, and timely benefits delivery for those medically retired or separated. Last year, IDES expanded from 21 sites to 139 sites. VBA currently dedicates 94 Veterans Service Representatives and Military Services Coordinators to full-time IDES processing, and we significantly increased rating resources dedicated to IDES claims processing from 45 Rating Veterans Service Representatives (RVSRs) to 126 RVSRs currently assigned. This level of staffing represents four times the FTE devoted to claims processed under

our traditional model. We are also in the process of integrating Vocational Rehabilitation and Employment (VR&E) counselors into the IDES process to provide upfront transitional counseling for our Servicemembers and their families. This year we are placing 110 VR&E counselors at the busiest IDES sites around the country.

Number of medical conditions claimed: The complexity of the workload also continues to rapidly increase, as Veterans of all eras now claim greater numbers of disabilities and the nature of the disabilities (such as PTSD, combat injuries, diabetes, and environmental diseases) becomes increasingly complex. Last year, the number of medical conditions claimed by Veterans who served in Iraq and Afghanistan averaged 8.5, a dramatic difference from Veterans of earlier eras (e.g., World War II Veterans average 1 to 2 medical conditions; Vietnam Veterans: 3 to 4; Gulf War Veterans: 9 to 11 and recently increasing to 15; and 20 or more for those wounded, ill, and injured Veterans).

Even with the unprecedented workload increases, VBA achieved nearly a 15 percent increase in output each year over the past three years (2009 through 2011) when compared to 2008, completing over one million disability claims in each of the past two years. VBA expects production levels to continue to increase each year through our transformational initiatives focused on people, process, and technology. Our Veterans, their family members, and survivors deserve no less.

At the same time that VA has seen this increase in the disability compensation program, VA has also seen significant growth in other benefit programs. In FY 2011, approximately 925,000 Servicemembers, Veterans, and other beneficiaries participated in all of the education programs administered by VA, a 16 percent increase over FY 2010. In FY 2011, VBA helped 73,000 Veterans (83 percent of Veterans in default) retain their homes or avoid foreclosure; this was a 10 percent increase over the number helped in FY 2010. Additionally, VBA continues to expand the multiple means Veterans have available to contact us, improving telephone service and online web access to provide choices and flexibility for our Veterans. From 2009 through 2011, the total number of contacts that VBA has with Veterans increased 59 percent, from 9.1 million to 14.5 million.

Disability Claims Backlog: Despite unprecedented VBA claims production – completing over 1 million claims each year for the last two years – VA's backlog has

grown. We have received an unprecedented growth in claims – nearly 48 percent more than three years ago. Included in this growth are 45 percent of the 1.6 million Veterans who have honorably served during more than a decade of war in Iraq and Afghanistan are rightfully filing claims and at unprecedented levels. Thankfully, these dedicated men and women are 10 times more likely than previous generations to have survived the multiple deployments they've selflessly made, but they are returning with triple the medical issues of previous generations – driving the complexity of these claims and their associated workload to an all-time high.

Transformation to a 21st Century VBA

VBA's transformation is demanded by a new era, emerging technologies, the latest demographic realities, and our renewed commitment to today's Veterans, family members, and survivors. In the face of dramatically increasing workloads, VBA must deliver first-rate and timely benefits and services – and they must be delivered with greater efficiency. VBA is aggressively pursuing its Transformation Plan, a series of tightly integrated people, process, and technology initiatives designed to eliminate the claims backlog and achieve our goal of processing all claims within 125 days with 98 percent quality in 2015.

Our plan is based on more than 600 ideas solicited from our employees, Veterans Service Organization partners, members of Congress and their staffs, as well as other stakeholders. After evaluating a multitude of innovative ideas, we focused on the 40+ most promising, tested, and measured initiatives that served as a basis for the initiatives in our Transformation Plan. As we implement these initiatives, VBA is closely tracking current metrics (the number of claims considered part of the backlog, which VA defines as claims pending over 125 days; claims production; quality of rating decisions; decision timeliness; etc.) to assess results and, if necessary, adjust our efforts. We are also working to expand what we measure to more clearly show the impact of the Transformation Plan, both at local and national levels. VBA continues to review the initial 600 ideas for process improvements to ensure all potentially valuable transformation actions are evaluated. We also continue our quest for additional new and innovative ideas to further transform our claims processes.

VBA's Implementation Center, established at VBA headquarters as a program management office, is streamlining the process of transformation by ensuring new ideas are approved through a governance process, and that implementation and training are carefully planned and executed utilizing a comprehensive change management approach. This allows us to focus on implementing initiatives that will achieve the greatest gains, without degrading current performance. The Implementation Center is now overseeing the deployment of the newly transformed organizational model in a phased implementation schedule that will be in use at 16 regional offices by the end of FY 2012 and at all regional offices by the end of CY 2013.

People-Focused Initiatives

Our employees are the key to our success, and over 50 percent of them are Veterans themselves. We are strengthening the expertise of our workforce by changing the way we are organized and trained to do the work. Our new standardized organizational model incorporates a case-management approach to claims processing. Distinct processing lanes are being established based on the complexity and priority of the claims and employees are assigned to the lanes based on their experience and skill levels. Integrated, cross-functional teams work claims from start to finish, facilitating the quick flow of completed claims and allowing for informal clarification of claims processing issues to minimize rework and reduce processing time. Less complex claims move quickly through the system in a designated "express" lane, and the quality of our decisions improves by assigning more experienced and skilled employees to the more complex claims in our "special operations" lane. The new organizational model also establishes an Intake Processing Center at every regional office, adding a formalized process for triaging claims and enabling more timely and accurate distribution of claims to the production staff in their appropriate lanes. Based on actual testing of these initiatives over time, we estimate that our people-focused initiatives will contribute to a 15-20 percent improvement in productivity and 4 percent improvement in quality when fully implemented in all regional offices.

At VBA we are increasing the productivity of our workforce and the quality of our decisions through national training programs and standards. Our redesigned and

expanded 8-week centralized Challenge Training Program for new claims processors has achieved dramatic results. On completion of the training, employees complete 150 percent more claims per day as new employees, with a 30 percent increase in accuracy, when compared to early student performance under the previous program. Our training and technology skills programs continue to deliver the knowledge and expertise our employees need to succeed in a 21st Century workplace. We have already seen a nationwide four percent improvement in claims quality as a result of this new training initiative.

Process-Improvement Initiatives

VBA has established a “Design Team” concept to support the transformation of its business processes. Using Design Teams, VBA is conducting rapid development and testing of process changes, and automated processing tools in the workplace to assure that changes will be actionable and effective before they are implemented. The goal of our Design Teams is to implement, execute, and measure an improved facet of our operations with a mindset toward increasing productivity and improving quality. We are focusing on streamlining processes and eliminating repetition and rework in the claims process while delivering optimal service. After fully testing process improvements in pilot sites, we expect our process initiatives to contribute to a 15-20 percent increase in productivity and a minimum four percent improvement in claims quality as it relates to current processing initiatives when fully implemented nationwide. As we continue to find new, promising initiatives and scale these initiatives nationally, these estimates could change. Initial process improvements include:

Quality Review Teams: We transformed our local quality assurance process by establishing dedicated teams of quality review specialists at each regional office. These teams evaluate decision accuracy at both the regional office and individual employee levels, and perform in-process reviews to identify and eliminate errors at the earliest possible stage in the claims process. The quality review teams are comprised of personnel trained by our national quality assurance (Statistical Technical Accuracy Review or “STAR”) staff to assure local reviews are consistently conducted according to national standards. An initial focus of these teams is to reduce medical examination errors, which currently represent 30 percent of our benefit entitlement quality errors. In

addition to quality improvements, the need for reexaminations will be minimized, thereby reducing claims processing time in 39-day increments for every reexamination avoided. Since inception of quality review teams in March 2012, the return rate for corrections has improved by 20 percent, demonstrating that immediate feedback and training have a positive effect on quality.

Simplified Notification Letter: Implemented in January 2012, the new decision notification process streamlines and standardizes the communication of claims decisions. VA implemented this initiative for three reasons:

- Our Veterans didn't always understand the two different documents that explained their disability rating decision. This confusion was the second most common reason that Veterans contacted our call centers.
- It was consistent with the Plain Writing Act of 2010 (Public Law 111-274).
- It improves the consistency and productivity of the raters.

The simplified letters consolidate the two separate documents that were previously sent into one clear and concise letter, which contains the substance of the decision, including a summary of the evidence considered and the reason for the decision. Testing of this initiative at the Atlanta and St. Paul Regional Offices resulted in productivity increases of 15 percent, while sustaining accuracy rates, and reductions of 14 days in average processing time. This increase was a result of standardizing and simplifying language in rating decision documents while allowing individually customized rationales. As a direct result, raters can now process more ratings each day with greater consistency and fairness. Since nationwide implementation of this initiative, the increased production has decreased the number of claims awaiting a rating decision by 28 percent, from approximately 123,000 to 89,000 claims. Additionally, the number of rating decisions completed per Rating Veterans Service Representative has increased by 16 percent.

Rules-Based Calculators: This initiative provides new automated employee job-aids that use rules-based programming to assist decision makers in assigning an accurate service-connected evaluation. These new calculators significantly contribute to improvements in rating quality and consistency. During testing, the initiative resulted in improved quality, from 83 percent to 94 percent. Sixteen stand-alone calculators are currently being used by claims processors. The following calculators have already been

embedded in one of our technology initiatives, the Veterans Benefits Management System (VBMS), which I will describe later in testimony:

1. Hearing loss calculator: Generates stand-alone paragraphs for use in rating decisions.
2. Effective date builder: Suggests appropriate effective dates for awards and provides supporting text for decisions.
3. Evaluation builder: Helps assign correct evaluations and generates text to explain a disability grant as well as criteria for the next higher rating.
4. Integrated rules for joint disabilities and the endocrine system.

Disability Benefits Questionnaires (DBQs): DBQs are templates that solicit the medical information necessary to evaluate Veterans' medical conditions. VA has made 71 DBQs available to the public, so that Veterans can take them to their private physicians for completion. Ten additional DBQs for specialized medical examinations and opinions are used by VA physicians, bringing the total number of DBQs to 81. DBQs facilitate submission of a fully developed claim, the fastest means of getting a claim processed. Veterans participating in the Fully Developed Claims Program, often supported by their Veterans Service Organization (VSO) representatives, send all the required evidence with their claims and certify that they have nothing further to provide. By doing this, they dramatically reduce the processing time of their claim. The more claims we receive that are fully developed, the faster we can make decisions. Currently, claims submitted under the Fully Developed Claims Program are processed in an average of 117 days. We especially recognize the Maine Department of Veterans Services for the outstanding assistance they are providing to the Veterans they represent, submitting 42 percent of their claims as fully developed claims.

Technology Initiatives

A key component of the Transformation Plan is our new technology solution for paperless claims processing, VBMS. We have been developing and testing VBMS in two regional offices, Salt Lake City and Providence, since 2011. We expanded this technology to two additional offices, Fort Harrison and Wichita, in

2012 and will be deploying VBMS to 12 more offices by the end of this fiscal year. The new technology will be deployed to all regional offices by the end of CY 2013.

Key to VBA's transformation is ending the reliance on the outmoded paper-intensive processes that thwart timely and accurate claims processing. VBA is deploying technology solutions that improve access, drive automation, reduce variance, and enable faster and more efficient operations. VBA's planned digital, paperless environment will also enable greater exchange of information and increased transparency to Veterans, the workforce, and our stakeholders. We know that 73 percent of our Veterans prefer to interact with VA online. We are therefore taking a new approach, which includes online claims submission. Our strategy includes participation of stakeholders such as Veterans Service Officers, State Departments of Veterans Affairs, County Veterans Service Officers, and the Department of Defense (DoD) in providing digitally ready electronic files and claims pre-scanned through online claims submission. This will be accomplished through electronic data sharing and utilizing a stakeholder portal.

Our Transformation Plan also includes the following major technology initiatives that aim to improve access and increase efficiency, with goals to contribute to an additional 15-20 percent increase in productivity and a four to six percent improvement in claims quality:

VBMS: To improve the efficiency of the claims process, VA is transitioning to a business model that relies less on the acquisition and movement of paper documents. VBMS is a business transformation initiative supported by technology to improve service delivery. VA recognizes technology is not the sole solution to improving regional office performance and eliminating the claims backlog; however, it is the critical hallmark of a forward-looking organization. Without VBMS, we cannot succeed in meeting our goal of processing all claims within 125 days with 98 percent accuracy in 2015. The centerpiece of VBMS is a paperless system, which will be complemented by a new organizational model, enhanced tools and training, and improved business processes and workflows. VBMS will dramatically reduce the amount of paper in the current disability claims process, and will employ rules-based claims development and decision recommendations utilizing rating calculators where possible. Additionally, by using a service-oriented architecture and commercial off-the-shelf products, VA will be positioned to take advantage of future advances in

technology developed in the marketplace to respond to the changing needs of Veterans over time.

Last year, VA developed, tested, and began processing a limited number of original claims for disability compensation using VBMS at the Providence and Salt Lake City Regional Offices. These efforts validated the ability of users to enter and process claims to completion within the new, web-based, electronic claims processing system, while ensuring successful integration with existing databases and legacy applications.

VA added new system functionality in 2012, which was deployed to the Providence and Salt Lake City Regional Offices, and recently expanded to the entire Wichita and Fort Harrison Regional Offices. VBMS will release additional system functionality in July 2012 prior to beginning national deployment. VBMS will be deployed to an additional 12 regional offices bringing the total to 16 regional offices by the end of FY 2012. All regional offices will be using VBMS by the end of calendar year 2013.

From FY 2009 through the end of FY 2012, the projected cost of VBMS development, sustainment, and deployment to 16 regional offices is approximately \$537 million. This total also includes costs associated with the Virtual Regional Office proof of concept, VETSNET and Virtual VA operations and maintenance, and licenses to support VBA operations. As an integrated investment, delivering VBMS will enable VBA to complete significantly more claims each year. Additionally, VBMS will facilitate integration across VBA's benefits programs for automated, rules based claims processing. This standardization of capabilities will reduce long-term costs and align VA enterprise requirements. The costs associated with this initiative reflect the complexity of the system development effort and scope of capabilities required to transform current paper-intensive processes to an electronic operating environment.

Once VBMS is fully developed, it will enable end-to-end electronic claims processing for each stage of the claims life cycle. The functionality of VBMS 2.0 software included the ability to establish claims, view and store electronic documents in an electronic folder, rate electronic or paper claims, and easily conduct searches for information. In the paper-based environment, our employees spend significant time manually searching through hundreds of pages of records to locate claim-specific information. The robust VBMS search capability eliminates time related to manual searches and assists users in quickly locating information. The system also provides the

ability to track evidence requested from beneficiaries. The rating application provides users with web-accessible, rules-based tools, and rating calculators to ensure consistency in rating decisions and improve the overall quality and timeliness of decisions.

In the software release for VBMS 3.0, new functionality provides the ability to generate a guided evidence development plan, which assists users in identifying required evidence supporting Veterans' claims. This plan then automatically generates a Veterans Claims Assistance Act letter and a medical record request to private physicians. In addition, new functionality includes the ability to broker, or reassign, claims electronically to any VA regional office where VBMS is deployed, allowing fluid movement of pending work and workload balancing. The VBMS initiative will continue to use incremental technology releases to modernize and automate the benefits adjudication process.

Veterans Relationship Management Initiative (VRM): VRM engages, empowers, and serves Veterans and other claimants with seamless, secure, and on-demand access to benefit and service information. Veterans now have access to benefit information from multiple channels – on the phone, on line or through our shared DoD/VA portal called eBenefits.

VRM is transforming VBA's National Call Centers through the introduction of new Veteran-friendly technologies and features. In October 2011, VA deployed Virtual Hold technology. During periods of high call volumes, this system enhancement allows callers to leave their name and phone number instead of waiting on hold for the next available operator, and the system automatically calls them back in turn. Over 2 million return calls have been made through the Virtual Hold system since November 2011. This represents an acceptance rate for callers of 51 percent, exceeding the industry standard of 30 percent, and our successful re-connect rate is 93 percent.

In December 2011, VA deployed Scheduled Callback technology, allowing callers to make an appointment with us to call them at a specific time. Since deployment, over 785,000 scheduled callbacks have already been processed. The J.D. Power and Associates' client-satisfaction scores for our National Call Centers indicated a four-point uptick in overall satisfaction, from 738 to 742, for those callers that utilized the Virtual Hold option from November 2011 to March 2012.

VRM also deployed a pilot of our new “Unified Desktop” technology. This initiative will provide National Call Center agents with a single, unified view of VA clients’ military, demographic, and contact information and their benefits eligibility and claims status through one integrated application, versus the current process that requires VA agents to access up to 13 different applications. Agents will benefit from not switching between multiple applications or being timed out. These new developments provide functionality not previously available, such as real-time analytics and reporting, “smart” scripts, and caller contact history and appeals information, all from one screen. This will not only help ensure our Veterans receive consistent, comprehensive, and accurate responses, but will increase the speed to answer calls, and provide better “first-call resolution” for our clients.

eBenefits Portal: eBenefits, the joint VA/DoD client-services portal for life-long engagement with Servicemembers, Veterans, and their families, is a fundamental component of the VRM initiative. Our life-long engagement now begins with the Servicemember’s entry into military service and extends throughout his or her lifetime – and will include access for Veterans’ survivors. The eBenefits portal provides users with self-service options and greater access to benefits and health information at the time and method of their choosing, including a new single-sign-on exchange with My HealthVet. We have reduced the burden on obtaining an eBenefits Premium (Level 2) account by allowing beneficiaries to register online or over the phone. In September 2011, VA and DoD, in a collaborative partnership, registered its one-millionth user on eBenefits. Current eBenefits enrollment exceeds 1.7 million users, representing more than a 500-percent increase since January 2011. eBenefits makes it easier for Veterans to get what they want – when they want it. Veterans and Servicemembers are downloading over 120,000 letters per month for purposes including military service verification, benefits summaries, commissary privileges, and civil service preference. This year, DoD is making enrollment in the eBenefits portal mandatory for all Servicemembers upon entry into military service.

The eBenefits portal also provides an online capability and 41 self-service features to check the status of a claim or appeal; review the history of VA payments; request and download military personnel records; secure a certificate of eligibility for a VA home loan; and numerous other benefit actions. We continue to aggressively

expand and update on-line self-service and access capabilities. We are engaging our Veterans Service Organization partners in registering Veterans for eBenefits accounts. In the coming months, Servicemembers will be able to complete their Servicemembers' Group Life Insurance applications and transactions through eBenefits. Recent enhancements allow Veterans to view their scheduled VA medical appointments. They will soon be able to file benefits claims online in a "Turbo Claim-like" approach and upload supporting claims information that feeds our paperless claims process. In 2013, we plan enhanced self-service tools for the Civilian Health and Medical Program of VA (CHAMPVA) and VetSuccess programs, as well as the Veterans Online Application for enrolling in VA healthcare. eBenefits can be accessed via <https://www.ebenefits.va.gov>.

Conclusion

VA is in an era of unprecedented production and unprecedented demand, and our Transformation Plan is critical to achieving our goals for improving the delivery of benefits to our Veterans, their families, and survivors. We will continue to vigorously pursue our people, process and technology-centered improvements designed to eliminate the claims backlog and achieve our goal in 2015 of processing all claims within 125 days with 98 percent accuracy.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or other Members of the Subcommittee may have.

Allison A. Hickey
Under Secretary for Benefits



Retired Brig. Gen. Allison A. Hickey assumed the duties of Under Secretary for Benefits at the Department of Veterans Affairs (VA) on June 6, 2011.

As Under Secretary for Benefits, Hickey leads more than 20,000 employees in the delivery of a wide range of integrated programs of non-medical benefits and services to Veterans, their dependents and survivors. Through a nationwide network of 57 regional offices, special processing centers, and VBA Headquarters, she directs the administration of VA's disability compensation, pension, education, home loan guaranty, vocational rehabilitation and employment, and life insurance programs, and an annual budget of more than \$72.3 billion.

Prior to her appointment, Hickey led Human Capital Management for the consulting company Accenture in their work for the National Geospatial-Intelligence Agency – supporting operational business processes for intelligence community organizations in the areas of customer relationship management, call center practices and 21st Century information technology systems.

As the Director of the Air Force's Future Total Force office at the Pentagon, she provided leadership and oversight for four divisions in the areas of strategic planning, mission development, public and congressional affairs and program and resource implementation for more than 140 new Air Force units. Hickey was responsible for shifting billions of dollars towards new capabilities across the Air Force portfolio and directing new organizational models for a world-wide 500,000 person organization including active duty, Air National Guard and Air Force Reserve units and personnel to create a common Air Force policy, mission, and culture – known in the Department as the Total Force Perspective.

Prior to that assignment, Hickey served as the assistant deputy director of Strategic Planning, where she provided leadership and oversight for five divisions. She also served as chief of the Air Force Future Concepts and Transformation Division focused on the integration of technologies, organizations and concepts of operation to model for the Air Force of 2025.

Hickey is a 27-year Veteran of the Air Force having served on active duty, in the Air National Guard and the Air Force Reserves. Her Air Force career began in 1980 as a graduate of the U.S. Air Force Academy's first class to include women. As a pilot and aircraft commander, she accumulated more than 1,500 hours of flight time in KC-10A, KC-135A, T-38 and T-37 aircraft. She is the daughter of retired Lt. Gen. William J. Hilsman, a Vietnam Army Veteran, and Jean Hilsman, who served as a director and past-president of the National Military Family Association and as the first Department of Defense Family Policy Office director.

Hickey is married to retired Col. Robert Hickey, a 30-year Veteran and former A-10 and C-130 pilot. She and her husband have three children and live in Ashburn, Va.