

12/19 Dave Zander - Benefits Bf

58 Reg'l Offices - handle claims for all types of bns:
- disab, dep'cy + indemnity comp (survivors), pension
educ benefits, home loan guarantee
- backlog is in disab + comp
[low level disab claims/comp. siting excessive]
disab: suppose to be inc - replacement,
but acts as indemnity

Claims Adjudication Process - funded by disarching

backlog
@ all
steps

1. VA
2. Bd Vets Appeals
3. ^{since 98} ind - judicial review → Ct of Appeals (COVA)

1 - (Backlog has T'd Sec of COVA Sec require
str dupl of cases - 40% remand rate)

[VSO's co-located @ Reg'l offices]

2 - wait for records

[only 5 hrs to process once all p'work together]

1991. Backlog @ peak → VBA Modernization

\$119M over 93-95

1st step: new computers in all offices

2nd : Imaging technology

3rd : Replaced payment system - very old

- in current approps → took away earmark

but VA getting act together - new info office @ VBA

quest
\$ spent
for - up after

① Modernization stalled - payment system has to be replaced + integrated w/ computer system
want to replace payment syst, w/ claims mgmt

"Dept" has automatin syst @ Texas - that could potentially be used

Drop in # of new claims (DoD downsizing w/ end of Persian Gulf) - so VBA able to work on backlog + timeliness improved

Streamline / Re-engineering

Lower funding levels req'g them to restructure: + giving them cover to

② ~~VA 96 steps~~ → Centralize back office adjudication (instead of each Reg'l office)
(opposition will be handled)
→

③ Performance improving - workload improving
- but cost / claim inc's



Office of the General Counsel (02)

Department of Veterans Affairs
810 Vermont Avenue, N.W.
Washington, D.C. 20420

PHONE: (202) 273-6660

FTS (202) 273-6660

FAX: (202) 273-6671

FTS (202) 273-6671

DATE:

Apr 27, 1995

Pages:

COVER +

6

TO:

Lee Ann Ingdomi

Molly Brostrom

456-7028

FROM:

Neil Richman

273-6662

COMMENTS:

Interagency Veterans Policy Group

Reports of the Board of Veterans Appeals and
Veterans Benefits Administration

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Veteran Benefits Admin.

COMPENSATION AND PENSION WORKLOAD

Cumulative Totals

	Actual 10/1/94 Thru 3/31/95	10/1/94 Thru 9/30/95 (Cong Budget)
Claims pending, start.....	474,132.....	474,132.....
Claims received.....	1,233,162.....	2,641,595.....
Total C&P work in process.....	1,707,294.....	3,115,727.....
Claims completed.....	1,256,754.....	2,424,265.....
Claims pending, end.....	450,540	390,469.....

As of 3/31/95 (FYTD):

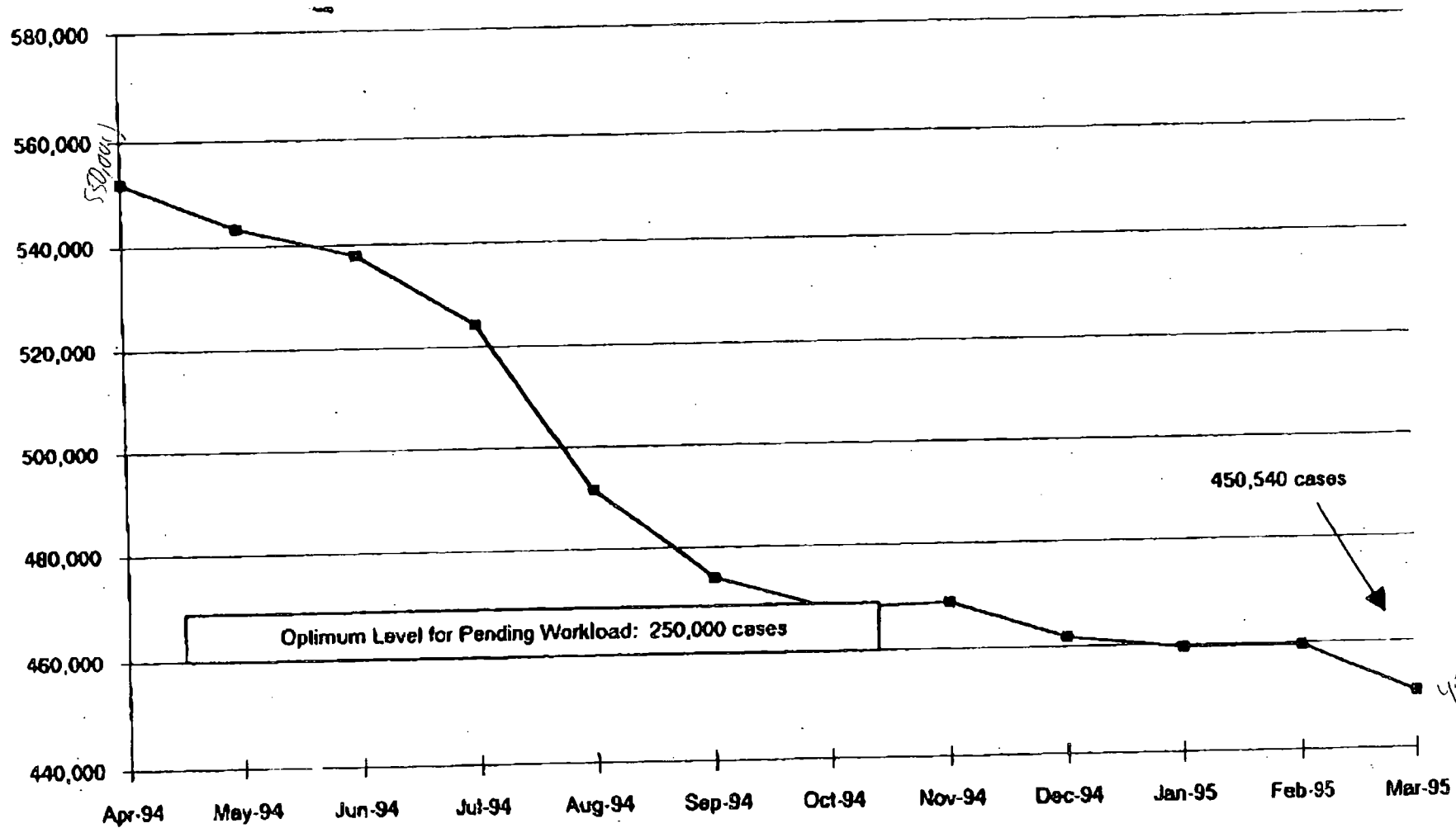
Ave. amount of time required to complete a veteran's initial claim for dis. compensation (EP 110).....	166 days
Ave. amount of time required to complete all original claims	86 days
Ave. amount of time required to complete all supplemental claims	76 days
Ave. amount of time required to complete all CO review claims	9 days
Ave. amount of time required to complete all types of claims.....	65 days

Sources: COIN DOOR Reports 1003, 1006 & 1015 Wang #0281Y

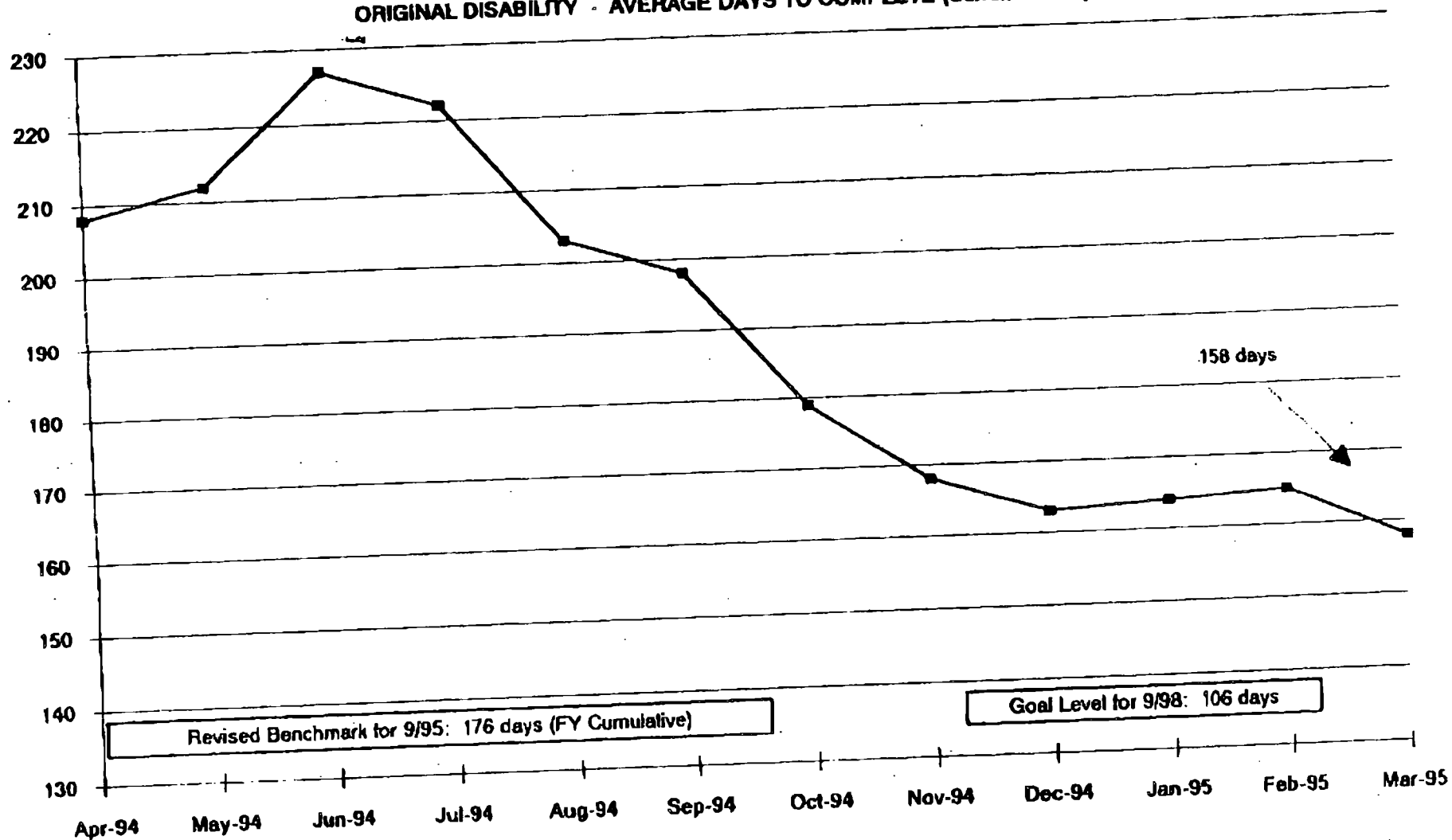
	Total Pending	Over 3 Months	Over 6 Months	% Over 6 Months	Avg Days to Compl	Avg Days Pending
EP 110/010						
Orig Comp						
June 1, 1994	84,959	54,998	30,583	36%	212	166
October 1, 1994	62,330	28,870	11,436	18%	213	115
April 1, 1995	60,968	31,208	12,651	21%	166	116
END of FY95 Goal	57,282		11,378	20%	176	
EP 140						
Orig DIC						
June 1, 1994	8,187	3,630	1,432	18%	110	108
October 1, 1994	6,307	2,574	973	15%	111	101
April 1, 1995	5,751	1,913	686	12%	100	86
END of FY95 Goal	5,378		255	5%	89	
EP 180						
Orig Pension						
June 1, 1994	13,853	5,725	1,925	14%	124	97
October 1, 1994	10,801	3,860	992	9%	123	83
April 1, 1995	9,768	3,022	839	9%	104	77
END of FY95 Goal	11,849		1,069	9%	104	
EP 190						
Orig Death Pension						
June 1, 1994	6,536	1,639	443	7%	66	70
October 1, 1994	5,353	1,088	250	5%	65	60
April 1, 1995	5,044	948	236	5%	54	57
END of FY95 Goal	3,366		165	5%	59	
EP 120/020						
Reopened C&P						
June 1, 1994	162,062	88,805	41,335	26%	132	132
October 1, 1994	163,452	87,584	40,871	25%	135	130
April 1, 1995	160,851	86,545	43,621	27%	139	133
Total End Products						
June 1, 1994	543,242	265,315	146,386	27%	57	117
October 1, 1994	474,132	213,686	102,839	22%	61	88
April 1, 1995	450,540	208,802	106,453	24%	65	84

*amp
entire*

TOTAL C&P PENDING WORKLOAD



ORIGINAL DISABILITY - AVERAGE DAYS TO COMPLETE (Current Month)



Department of Veterans Affairs

Memorandum

Date: April 11, 1995

From: Chairman, Board of Veterans' Appeals (01)

Subj: Report on Activities of the Board of Veterans' Appeals

To: The Secretary (00)
Deputy Secretary (001)

The information below enumerates activities for some of the Board's operations during the previous month and cumulative for FY 1995

	Month Ending 3/31/95	FY 1995
Appeals Received By BVA	1,640	5,037
Decisions Dispatched	2,863	14,183
Appeals Ready for BVA Review (At BVA and in Field)	51,925	51,925
BVA Response Time*		675 days
Appeals Ready for BVA Review		
Designations of Records (Cases on Appeal to COVA)	79	444
Cases Received on Remand from COVA	59	240
Dispositions:		
Allowed	18.1%	18.7%
Remanded	50.5%	49.4%
Denied	21.1%	23.1%
Other	10.3%	8.8%
Personal Hearings In Washington, DC	10	10
Personal Hearings at Regional Offices	0	0
Congressional Correspondence Received	388	2,259
Congressional Correspondence Completed	373	2,382
Other Correspondence Received	3,359	15,745
Other Correspondence Completed**	3,448	15,488
Motions for Reconsideration Received	78	446
Motions for Reconsideration Completed	98	425

* BVA response time is an estimate of the number of days it would take to promulgate decisions on all pending appeals at the rate in which appeals have been decided in the immediately preceding one-year timeframe. BVA response time is recalculated monthly at the end of each month. Response time is calculated based on the number of appeals physically at the Board plus the number of appeals reported by VBA as certified for BVA review pending transfer to the Board. No new claims folders will be called in from the field for BVA action until a time proximate to when BVA will be able to review and decide such appeals.

** Includes Board initiated correspondence such as clarifications of hearing and/or representation.

Charles L. Cragin

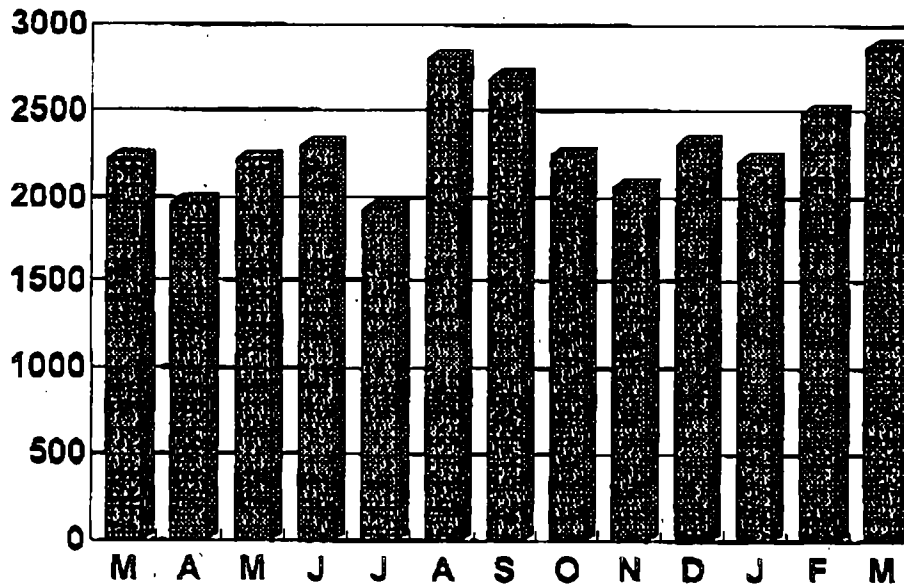
cc: General Counsel (02)

Board of Veterans' Appeals

Selected Statistics - March 1995

	<u>Mar 1994</u>	<u>Mar 1995</u>
Number of Decisions Issued	2,226	2,863 ✓
Number of Board Members (FTE) Deciding Cases	60	56 (6 mos)
Number of Decisions - FYTD	8,158	14,183 *
Number of Appeals Ready for BVA Review	44,133	51,925
Response Time (Future Projection)	745	675 ✓

Number of Decisions by Month March 94 through March 95



14,183
8,158
6,025

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO <u>Molly Brostrom</u>	Take necessary action ☐
	Approval or signature ☐
	Comment ☐
	Prepare reply ☐
	Discuss with me ☐
	For your information ☐
	See remarks below ☐
FROM <u>DAVE ZAVADA</u>	DATE <u>8/24/95</u>

REMARKS OMB-VA BULKY

Molly. Attached are two recent report on USA Claims Processing. I only sent you the Exec. Summary from the Consultant's Report. I hope that this is helpful. See you next week.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

02-May-1995 12:29pm

TO: Toni S. Hustead
TO: Dennis L. Stout
TO: Alex S. Keenan
TO: LaVonne D. Sampson

FROM: David M. Zavada
 Office of Mgmt and Budget, VAPD

SUBJECT: CNA Report on VBA Modernization

The following is my summary and analysis of the major findings in the CNA Report on VBA Modernization. After each finding I have discussed efforts (if any) to address the issue.

1. No Specific Operational Goals - CNA stated that VA should translate broad goals such as "customer-driven service" into lower level specific goals that can be used to guide day to day operations.

VA says that this is underway however, we have been pushing for specific, meaningful and comprehensive goals for at least a year. Two opportunities are coming up for VA to address this issue: the FY96 GPRA pilot performance plan due in June for the NYC RO (we have given VA specific comments on the goals and measures in the '95 plan), and in Spring Review - this is a key program.

2. Organization Not Prepared for Change - CNA believes VA is not organizationally prepared to manage the rapid and complex change brought about by the modernization effort. They stated that VA should more selectively and strategically pursue modernization related projects.

CNA elaborated with the following specifics regarding implementing, planning and controlling the modernization initiatives:

- a.) there is a lack of overall accountability for the modernization effort in VBA,
- b.) VETSNET is too ambitious and won't meet its goals,
- c.) Stage 1 success is measured by "deployment of hardware" rather than performance (process) improvements and,
- d.) there is no strategy or plan for transitioning from VBA's old

claims processing system to the new modernized system.

VA said they agree in concept with the overall finding of not being able to handle organizational change and are reviewing the other specific findings. The only action VA has taken to address these findings is to place one person in charge of the VETSNET project and instructed them to perform an overall assessment of VETSNET plans.

CNA's findings suggests (and I agree) that this problem runs deeper than just VETSNET and is not adequately addressed by only naming a manager for this project. I believe that VA needs to establish overall accountability for modernization decisions - now accountability seems to be disbursed between VBA Finance and Budget (Gardner), VBA Office of IT (Veveras) and Department level IRM (Harris). CNA suggests naming a single office in VBA to be responsible for modernization planning, implementation and evaluation.

CNA's finding regarding a lack of a strategy or plan for systems transition relates to our concern during the 96 budget process over systems maintenance costs. Although CNA's finding focused on the need to have a smooth transition and not the cost. It was evident during the 96 budget process that VA had not adequately thought through the systems transition issue - VA was unable to adequately justify the need for significant future maintenance costs associated with the old system.

3. No Analysis and Prioritization of IT Initiatives - CNA believes that VBA is "...pursuing a growing number of initiatives without a systematic and explicit...understanding of their consequences (benefits, resource effects, schedule and risks)." Consequently "...decisions may be based on minimum data and information concerning program and resource consequences..." Additionally, once initiatives are analyzed, they should be prioritized and pared down to enable VBA to focus on the initiatives with the largest benefit.

It was evident during the 96 budget process that this type of analysis was not being performed by VBA. That is why we requested the study of IT costs and benefits during budget season and again last month. VA states that they are in conceptual agreement with the CNA finding and are underway with developing a "screening" process.

Next Steps

I think the next step is to sit down with the VBA folks and Nada Harris and obtain commitments for specific actions to address the CNA study - and tie the CNA findings in with our request for an IT study - the briefing they gave us last time was too general - we need specific commitments.

1. Executive Summary

1.1 Overview

The Veterans Benefits Administration (VBA) is implementing an ambitious program to modernize the delivery of benefits and services to almost 27 million veterans and their dependents. VBA's modernization program implements a 1985 Veterans Administration policy to provide "better service to the veteran through modern technology." This program includes projects that improve business processes for providing services and replace the supporting core automated information system infrastructure, called the Benefits Delivery Network (BDN), with more modern information technology hardware and software, called the Veterans Service Network (VETSNET). In December 1992, VBA awarded the first of its planned three-stage procurements to modernize its information technology hardware.

During 1994, VBA continued to make significant strides toward achieving its goals of meeting customer expectations, improving the productivity and timeliness of claims processing, and exploiting information technology to improve overall business effectiveness. VBA management has also created an organizational environment that fosters the emergence of new ideas for change at all levels.

The Congress, the General Accounting Office (GAO), the General Services Administration (GSA), and the Office of Management and Budget (OMB) support VBA's modernization goals, but they have criticized VBA's approach to achieving these goals and the planning and management of the major, critical modernization projects. The criticisms focus primarily on (1) VBA's ability to manage such a large, complex information technology acquisition program, (2) insufficient linkage of the modernization program to customer performance measures, and (3) acquisition of VETSNET before decisions on fundamental changes in business processes and, therefore, adequate definition of VETSNET requirements.

This report documents The CNA Corporation's (CNAC) independent assessment of the effectiveness of the organizational structures and processes that VBA uses to plan, integrate, and manage these information technology and business process modernization projects. Our assessment identifies a number of key organizational issues that affect VBA's ability to manage its modernization program and concludes that there is a low probability that VETSNET can achieve its goals as currently scoped, planned, and managed. The report also provides recommendations for strengthening and improving the coordination and control of key modernization activities.

1.2 Study Tasks

We structured this study to address the following specific tasks directed by VBA:

determined the degree of integration that exists within the Program activities and between the Program and other key activities. We selected the VETSNET/C&P Program for the following reasons:

- It is a critical VBA modernization initiative.
- The Department of Veterans Affairs and the oversight community have expressed major concerns with VBA plan.
- VETSNET/C&P execution requires significant resource reallocation within VBA and diversion of resources from maintaining or upgrading the legacy systems.
- It is expected to produce major performance and efficiency gains.
- It is critically linked to VBA's Stage III hardware procurement plan.

As major tasks of our study were completed, we presented the results in a series of annotated briefings and presentations to designated VBA managers. We briefed the findings and recommendations from the study to the Under Secretary for Benefits and VBA Policy Board.

1.3 Basis for Findings and Recommendations

We based the findings and recommendations contained in the report on an intensive 16-week data collection and analysis effort. Our primary sources of data and information were interviews and detailed reviews of VBA modernization documents.

The analysis team conducted more than 100 interviews with key VBA managers; members of various VBA modernization teams and VBA functional specialties; Congressional staff members; representatives from GAO, OMB, and GSA; and members of the Department of Veterans Affairs. We conducted field visits to VBA's Baltimore Regional Office and VBA Training Academy, New York Regional Office and its Team Development Lab, Philadelphia Regional Office and the Information Technology System Development Center, and the Hines (Illinois) System Development Center. Our primary objective was to determine how the modernization program is actually being planned and managed today.

The team also made an extensive review of over 100 VBA and VBA support contractor studies and documents related to information technology modernization, process improvement, and modernization management. The purpose of the document review was to (1) determine the specific policy, planning, and analytical frameworks that have guided the evolution of the modernization programs, (2) assess the continuity of these policies, plans, and study results, and (3) establish a programmatic and technical baseline for assessing the modernization and related programs.

1.5 Findings and Recommendations

This section presents a summary of the findings and recommendations of our study. They result from the study team's interviews, document reviews, analyses, and syntheses.

We have concluded that VBA is now trying to accommodate a rate of change that its operational management infrastructure cannot handle effectively. As a result, VBA is faced with a critical choice: (1) it can continue its modernization investments on the current near-term schedule as planned, accepting the current level of risk and potentially greater risks ahead or, (2) it can selectively constrain modernization in the near term while investing in a management infrastructure that will effectively manage and integrate complex modernization projects over the mid- to long-term. We recommend the second approach.

The findings and recommendations are the critical issues that VBA must address in order to resolve some of the integration and management issues for modernization and related programs to ensure a higher probability of success. A more complete discussion is contained in section 6.

1.5.1 Operationalizing Vision and Goals

Finding:

VBA's vision of customer-driven service can be a powerful organizing theme. But the vision and goals have not yet been translated into an integrated and consistent set of performance objectives and measures that are meaningful at the process and working levels to guide process re-design and design of information systems.

The vision and the goals have not been translated down to the working level, i.e., the process and design levels. The goals must be translated into terms that are operationally meaningful to people in their daily tasks whether they are performing processes of service to the veterans or changing the business or information system processes.

Recommendation:

Translate VBA customer-driven vision and goals as well as veteran's expectations into a detailed system operational concept with performance objectives and measures that are meaningful at the process and operating levels. The systems users and new system designers both must understand the performance objectives they are to serve in their daily work. The objectives and measures must be integrated, consistent, and operationally meaningful to them in their jobs.

VBA vision of improved customer service must be balanced with concern for efficiency in delivery of those services.

Print out to
Executive Board (Ald. Moore)

program and resource consequences and often a partial perspective of the effects on VBA as a whole system.

Recommendation:

Establish a systematic, integrated decision analysis process to screen and analyze new ideas and initiatives before assigning priorities and selecting initiatives for implementation.

The issue is how VBA can improve its process for filtering and analyzing new ideas in the context of VBA vision and operationalized goals. VBA must be able to analyze and manage new ideas in a more systematic and integrated manner to better inform decision-makers of the potential consequences of their decisions. There are several key considerations: metrics and data to support the analyses; expertise to perform the analyses; and organizing and staffing the function.

The decision analysis process must analyze initiatives and address the following questions in an integrated, systems manner: (1) How will the initiative affect business processes and performance measures? (2) How will the initiative affect information systems? (3) How will the initiative affect VBA resources?

The objective in the long term is to develop and establish this screening and analysis process for promising initiatives to better inform the Policy Board and VBA processes with VBA-wide, integrated information. In the short term, these analyses should be performed on all significant current projects to support Program Prioritization, as discussed in the following section.

1.5.4 Program Prioritization

Finding:

VBA is beginning to implement, over a two- to three-year time period, a strategic planning process for prioritizing current programs as well as candidate programs. Resource and other pressures require an interim process for making difficult decisions about program priorities.

It will be some time before the new corporate strategic planning process matures and produces the results desired. The current process addresses only new initiatives; it does not systematically and rigorously evaluate both proposed and ongoing projects. The Policy Board and Executive Management must have better decision information on current as well as new programs if better-informed decisions are to be made.

Recommendation:

Selectively restrain the implementation of new projects. Conduct a VBA-wide bottom-up review to identify, categorize, and make visible to corporate management all significant ongoing information technology and business projects according to benefit, cost, schedule, risk, and systems integration. Systematically and explicitly evaluate VBA's organizational capabilities to execute these projects. Affordability of these projects should be evaluated

Our point
exactly on
IT!

exactly

exactly

* *
IT STUDY - See Program Prioritization Section for details.

Our point on
IT - no info.
to make decisions.

IT STUDY
WP
requested

assessment and integration, and (5) rapid prototyping, modeling, and simulation techniques to evaluate and prove selected business process changes before implementation.

Consider the creation of a dedicated VBA integration control room to track multiple modernization and related projects.

VBA must move to a Program Management culture by investing in skill sets and organizations for managing large and complex change programs.

1.5.5.2 VETSNET/C&P Program Planning and Controlling

Finding:

The VETSNET/(C&P) Program for software engineering development was highly ambitious as conceived and structured. The objectives of the project appear to be sound, but the current strategy and plan have a low probability of achieving the August 1996 milestone for completion, which includes the switch from the BDN system to VETSNET/C&P to support benefits delivery services.

The VETSNET/C&P Program approach employs a large, hierarchical, team-centered structure, with 12 teams working on 24 projects in parallel at 4 geographical locations. Although begun with good intentions, the complexity and scope of the program exceeded the capabilities of VBA integration and management resources brought to bear in implementing it. VBA chose to develop VETSNET/C&P applications software using in-house resources at a fixed level of effort.

In retrospect, that strategy for the VETSNET/C&P Program can be seen as highly optimistic and risky because of the following factors:

- Complex and unwieldy organization and management structure and processes
- Weak technical and program integration processes
- Incomplete and unvalidated information engineering guidelines provided to project team members
- Team members starting with weak skill sets for this type of effort and requiring a significant investment of training and experience.

These factors have been aggravated by a lack of definition of the intended integration of software applications projects with process re-engineering activities as well as by differing expectations among VBA senior leadership about the resource requirements for and the timing and benefits of the program.

Recommendation:

Appoint a VETSNET Program Manager and reassess the current strategy and plan for VETSNET/C&P to determine alternative approaches that consider

*Don't put
headline
too early*

1.5.5.4 Transition Planning for Legacy Systems and VETSNET

Finding:

The legacy systems and the VETSNET system will have to be operated and supported until full business community confidence in VETSNET has been achieved and VBA's business customers agree to switch off legacy systems. VBA has not analyzed the requirements and developed a detailed transition strategy and plan for providing operations and support concurrently to two different information systems.

For BDN, the first set of critical issues is: (1) What is the extent and impact of the deferred and forecasted BDN hardware and software backlog? (2) How will full implementation of Stage I affect BDN's performance and availability to the business community? (3) Since the time span over which it will be necessary to sustain BDN is indeterminate, what strategy will sustain BDN, as a minimum, at the current level of service, under any modernization strategy?

The second set of critical issues focuses on establishing VBA business user requirements and demonstrating the achievement of the requirements. For VETSNET, the issues are: (1) What level of confidence will VBA business community need to have in VETSNET operational capabilities to agree that BDN can be disconnected? (2) What demonstrated operational performance and functionality will be required to achieve that level of confidence for the business community?

Recommendation:

Reevaluate the decision to maintain BDN at minimum levels. Reconsider business-community-desired upgrades, however modest, since VBA's ability to deliver services to its customers will depend on BDN for an indeterminate period of time. Develop a transition strategy and plan for providing operations and support concurrently to BDN and VETSNET information systems.

BDN must be sustained with the current level of functionality and operational availability for a period of time yet to be determined. Therefore, under any revised VETSNET scenario or alternative modernization strategy, VBA must define the technical and programmatic options that can be executed to sustain such levels of service delivery. In simple terms, VBA must have an "insurance policy" for BDN under any VETSNET strategy.

1.6 Conclusions

VBA implemented a number of significant steps in 1993 and 1994 to meet customer expectations, improve productivity and the timeliness of claims processing, and exploit information technology that would improve overall business effectiveness. The findings of this study should not diminish the significance of what VBA has achieved or tarnished the vision VBA has established. The issues of concern are not the merits of VBA's goals, but rather

time, VBA must determine what level of resources will be invested in organizational changes—structures, processes, skill sets, and culture—to allow the organization's program management and integration capabilities to proactively manage all the interdependent modernization projects and organizations.

The degree to which change must be reduced and resources invested must be driven by explicit judgments on what is feasible to do, when it can be done, and the level of risk VBA is willing to accept. In the future, as the organization achieves new levels of capability for integration and management of change, the rate and complexity of modernization can be increased.

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GAO

Report to the Ranking Minority Member,
Committee on Veterans' Affairs,
U.S. Senate

January 1995

VETERANS' BENEFITS

Better Assessments Needed to Guide Claims Processing Improvements

