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July 24, 2016

Chairmen, Ranking Members, Members of the US House and Senate Committees of Veterans Affairs and the Secretary, Department of Veterans Affairs

Dear Committee Members and VA Secretary:

AFGE Local 520, the exclusive representative of the bargaining unit of VARO Columbia, SC, wants to address the VBA leadership change, VA public affairs does not translate into results, politics at its best, and a VA contract revelation.

The following is an excerpt from an email dated June 24, 2016, Subject: Changes in VBA Senior Leadership, on behalf of the Acting USB Murphy was sent to all VBA employees: "At VBA, personnel changes in the senior leadership ranks have begun and I'll share more detail with you in the near future once the affected employees have been afforded due process. To be clear, these changes are not related to any shortfall or gap in service to Veterans and their families, but they will further enhance benefits delivery and better support the Department's MyVA goals." (Emphasis Added)

On July 1, 2016, Acting USB Murphy sent an email to all employees that contained these words, "For more than 40 years, VBA Chief of Staff Lois Mittelstaedt has served selflessly and honorably in the Veterans Benefits Administration. Today she retires from federal service."

On July 22, 2016, Acting USB Murphy sent an email to all employees that contained these words, "I want to update you on the personnel changes in our senior leadership ranks. As I previously mentioned, each assignment was considered thoughtfully and with the goal to further enhance benefits delivery to better support the Department's MyVA goals." Here are the following changes:

- **"Jamie Manker** now serves as the Acting Principal Deputy Under Secretary, second in command at VBA. Prior to this position, he served as Chief Financial Officer..."

- “**Mike Frueh** now serves as VBA Chief of Staff. Prior to his appointment, Mike was Director of Loan Guaranty Service...”
- **Rob Reynolds** now serves as Deputy Under Secretary for Disability Assistance (20P). Rob was previously Director of Benefits Assistance Service and managed VBA’s Direct Services and Client Outreach.
- **Beth Murphy** (*formerly Beth McCoy*) now serves as the VBA Director of Compensation Service... Beth previously served as VBA’s Deputy Under Secretary for Field Operations... *Willie Clark* will serve as Acting Deputy Under Secretary in OFO” (italics added)
- “**Cheryl Rawls** now serves as Director of Pension and Fiduciary Service and will oversee policy, training and implementation of related programs...”
- “**Dave McLenachen** is now Director of the Appeals Management Center (AMC) where he is responsible for the processing of appeals remanded to VBA by the Board of Veterans’ Appeals... Prior to his appointment, Dave was Deputy Under Secretary for Disability Assistance and had oversight of VBA’s Compensation, Pension and Fiduciary, Insurance, and Benefits Assistance business lines, and led the appeals modernization effort for VBA...” (Emphasis Added)
- “**Danny Devine** is now Compensation Service’s Deputy Director of Policy & Procedures... Danny previously served as Director in **VHA’s Office of Disability** and Medical Assessment where he managed C&P and disability programs, working closely with VBA....” (Emphasis Added)

Where is VBA leadership heading with an acting USB, Principal Deputy, and Deputy Under Secretary in Office of Field Operations (OFO) responsible for VAROs, 4 months prior to the election and the downgrading of two Deputy USBs to Directors and the selection of a VHA Director who managed the generic term “C&P and disability program”? Which affected employees were given due process as mentioned in the Acting USB’s email?

Excerpts from the acting USB’s biography is also interesting. He spent 11 months as the Director of the small office of San Juan, Puerto Rico and then was elevated to the Director of Compensation Service. Prior to this, he was the Director of Merchandise Planning at The Home Depot. http://www.va.gov/opa/bios/bio_murphy.asp

- “Thomas J. Murphy ... assumed the role of Acting Under Secretary for Benefits in the Department of Veterans Affairs on June 24th, 2016.
- ...Prior to this appointment, Mr. Murphy served as Acting Principal Deputy Under Secretary for Benefits from **February 2016 to June 2016**. From **August 2010 to February 2016**, Mr. Murphy served as the Director of Compensation Service...
- Before serving as Director of Compensation Service, Mr. Murphy served as the Director of the San Juan, Puerto Rico Regional Office... (**August 2009 – July 2010**).
- Mr. Murphy joined the Veterans Benefits Administration from The Home Depot, where he was a Director of Merchandise Planning.”

The one thing that is missing from the VBA leadership at all levels is claims processing experience. It should be especially obvious by the assembly of this temporary senior VBA leadership team.

Excerpts from the article, *Thomas Murphy, VBA Change Deckchairs On Titanic, Again, DisabledVeterans.org, July 22, 2016*, show that AFGE Local 520 is not alone in its assessment of the change in the VBA senior leadership team.

- "I just received a copy of a forwarded email from his "Kahnship", Thomas Murphy, announcing various promotions within the Veterans Benefits Administration (he's the Genghis Kahn of white collar VA).
- "What is Pummill up to?" you may be asking. Well, his LinkedIn account says he is transitioning to the civilian sector. Last fall, he was linked to a potential fraud scheme that involved two other executives within Veterans Benefits that resulted in Allison Hickey stepping down.
- Anyway, Murphy sent out this blast late Friday afternoon, likely hoping no one would notice. We did, and here is the list of Murphy's new merry henchmen."

The Acting USB's email said, "these changes are not related to any shortfall or gap in service to Veterans and their families, but they will further enhance benefits delivery and better support the Department's MyVA goals." (Emphasis Added)

Are these enhancements in benefits delivery?

The VBA's disability backlog has increased by **5851**, as well as the overall disability claims by **10,627** since the beginning of FY16.

WEEK	C&P RB OVERALL	WEEKLY DIFF	WEEK	C&P RB BACKLOG	WEEKLY DIFF
10/05/15	368,771	0	10/05/15	72,623	0
07/04/16	371,153	3,893	07/04/16	74,374	311
07/11/16	376,573	5,420	07/11/16	78,577	4,203
07/18/16	379,398	2,825	07/18/16	78,474	-103
Total Diff		10,627			5,851

Furthermore, EP 930 is not included in these numbers which are mostly premature rating decisions and are concealed from the reported disability backlog numbers. If they are added, the disability backlog numbers will be **92,677**.

C&P RB >125	7/18/2016	7/18/2016
930	14,203	82.4%

Then, there are the appeals as of the MMWR dated July 18, 2016. The appeals at the BVA and CAVC are not included in the MMWR which is over **140,000**.

DATES	7/18/2016
APPEALS	318,962

At the DAV Forum: The Future of the VA, on **August 10, 2015**, here are excerpts from the dialogue regarding the appeals backlog and the fix:

VA Secretary 54:22 - 54:26

"The issue I am now working, and we are working is the appeals backlog because I don't first of all I don't want you to think that getting rid of the disability claims backlog has increased the appeals backlog, it doesn't work that way. ... So what we are doing right now and working with DAV, and again I have to credit DAV, I have to credit Gary Augustine for developing something that we called a Fully Developed Appeal, which is like an accelerator lane for the appeal. We want to get that passed into law. We are working to do that. Gary and his leadership and all of us to work hard to get all the veterans service organizations involved in that. And we need to do to appeals what we done to claims and that's our big job right now."

DAV Representative: 55:26

"And Chairman Miller, thank you for sponsoring HR 800 which includes the Fully Developed Appeal that the Secretary was taking about. Could you talk about the Committee plans to advance that legislation?"

Chairman Miller: 55:37 - 57:42

"Well obviously we as we return from the August work period. ... when we return we will do everything that we can to push the legislation forward. The problem that we run into is that we are into a time crunch. As the clock began to tick on the first half of the 114th Congress, we have a lot of heavy lifting that the entire Congress has to do that affects all of the United States - debt ceiling increase, other budgetary issues. That we have to deal with, but it is my intentions is to try to move it forward as quickly as possible." (Emphasis Added)

Chairman Miller 58:56 -1:01:31

"... There needs to be an answer at some point, what I was going to say in addition to the appeals world is that we are trying to work legislation through now that will give the Board of Appeals additional personnel to be able to handle the additional appeals that are coming through. We are trying to put together the possibility of letting even them do assembly of the appeals process for the case itself because they are experts in what they do. I have talked to the judges about the need to bring some additional we gone from seven I think to nine right now but in a temporary basis."

In 2015, HR 800 was in a political traffic jam and the accelerator lane came to a screeching halt. Again in 2016, the legislative solution to the appeal backlog has stalled. The Congress will not convene again until September 5, 2016. Veterans waiting for their appeals will continue to suffer while the VA sits on the sideline waiting for a political solution.

PENSION MAINTENANCE CENTERS (PMC) CLAIMS

Then there are claims worked at the Pension Maintenance Centers (PMCs). Original and reopened pension claims (EP 180s and 120s) are included in the rating disability claims.

Death claims have increased **87.7 %** since January 2015.

DATES	1/12/2015	7/18/2016	DIFF	Total Increase
140	6,129	10,417	4,288	70.0%
190	9,631	15,977	6,346	65.9%
160	15,588	36,316	20,728	133.0%
165	7,537	10,276	2,739	36.3%
	38,885	72,986	34,101	87.7%

*EP 140 numbers included in the disability rating claims.

	7/11/2016	7/18/2016	W-DIFF
Other Claims			
137	5,619	5,658	39
150	16,366	16,036	-330
297	6,402	6,402	0
607	5,544	5,760	216
	33,931	33,856	-75

EP 137 –Dependency Claims; EP 150 – Income Adjustment; EP 297 - Misc; EP 607 – Due Process

Here is the big picture as of the MMWR dated July 18, 2016. However, the total does not include PMC claims minus EP 140 and the over **100,000** claims in our section of collateral damage claims.

RATING	379,398
Nonrating	239,980
Award Adjustments	431,584
APPEALS	318,962
EP 930	17,246
EP 400	65,652
RIP Total	1,452,822

Are all the provisional ratings included in EP 930 completed?

Hidden claims located at the small Washington DC office are coming down, but their age still shows a problem.

- Nonrating - **5305**, with an average days pending of **526** – **July 18, 2016**
- Award Adjustments - **5716**, with **74.9%** over 125 days – **July 18, 2016**

Excerpts from the article, *VA Secretary McDonald touts reduced wait times for veterans at Augusta conference, Central Maine, July 21, 2016*, show the VA Secretary continues his public affairs tour pushing his MYVA agenda, while failing to improve the veteran and employee experience at the VBA.

- “AUGUSTA — U.S. Department of Veterans Affairs Secretary Robert McDonald told a group of veterans’ advocates Thursday in Augusta that his department has worked to shorten wait times and reduce delays that have plagued the department in recent years.
- “We’re on track and are making progress, but we still have work to do,” McDonald said. He talked at length about improvements to the veteran experience, including changes to the VA’s website and phone number, making it a “one-stop shop for information rather than asking veterans to navigate a complicated system.” (Emphasis Added)
- A new mobile app, which McDonald said would be launched by the end of the year, will allow veterans to make, reschedule and cancel appointments without having to call someone or leave the house. (Emphasis Added)
- The speakers all spoke about access being a major problem, not just in Maine, but nationally. McDonald announced that veterans enrolled in the Project ARCH (Access Received Closer to Home) pilot program, which provides health care services through contractual arrangements with non-VA care providers, will continue to receive care closer to home without interruption when the pilot program ends Aug. 7.
- McDonald said the department has added to its staff in the last several years, and the claims backlog, which had about 600,000 more than 125 days old, has been reduced by about 90 percent. He said the department has more people, more space, more productivity and more choice for veterans. (Emphasis Added)
- “We want to improve the veteran experience, improve the employee experience, improve our internal support services and create strategic partnerships,” he said. “We are putting the needs, expectations and interests of veterans first, and we are transforming the VA.”

The Secretary’s comments about the prior backlog reduction is stale; the website (vets.gov) is still under construction and contains these words - “This site is work in progress. If you don’t find what you need, visit VA.gov” and the VA efforts so far is “romper room” at best; access to care is still a major problem; the new mobile app is six month away; and pilot programs at the VA is a sign that there is no plan. Therefore, what has really changed in two years?

Excerpts from the article, *House Vets chairman backs off support for VA Secretary McDonald, Military Times, July 19, 2016*, show he is now in a political fight to keep his job and the MYVA initiative is in the balance.

- “The chairman of the House Veterans Affairs Committee and Donald Trump’s top veterans adviser backed off his support for current Veteran Affairs Secretary Bob McDonald on Tuesday, saying the department leadership needs a full overhaul.
- “I think the next secretary, whoever that is, has got to be an agent of change, somebody that will resist the call from within the department to maintain the status quo,” Rep. Jeff Miller, R-Fla., said during an interview with Military Times at the Republican convention in Cleveland. “And I think, unfortunately, the status quo in many instances remains.”
- Miller is under consideration for an administration post — perhaps even the VA secretary’s job — if Trump wins in November. He is not seeking re-election to his congressional seat this fall.
- Earlier this spring, Miller and Senate Veterans’ Affairs Committee Chairman Johnny Isakson, R-Ga., separately endorsed McDonald to stay on as VA secretary into the next administration, regardless which party wins, citing his progress in reforming the embattled bureaucracy.
- Trump has publicly blasted McDonald for failings at the department, and mocked him during the roll out of his campaign’s 10-point plan for veterans earlier this month.
- On Tuesday, Miller said he would encourage Trump to speak with McDonald but not push him to leave the secretary in his job.
- “(McDonald) has spent untold hours traveling to medical centers and facilities all over this country and has his finger on the pulse of VA,” Miller said. “That doesn’t necessarily mean he can get things done that need to get done.” (Emphasis Added)
- “I don’t believe the secretary would want to stay on, to be honest with you. I think it has been an eye-opening experience for him having come from the private sector, on how difficult it is to do what needs to be done.” (Emphasis Added)
- McDonald has dismissed most questions related to the upcoming change in the White House, saying that he hopes to push through significant administrative reforms by the end of the year and would consider continuing his public service if asked.
- Miller blamed lingering cultural problems at VA not on McDonald but on President Obama. He said as president, Trump will bring a real commitment to improving the department.
- “I said early on that one individual alone in a short period of time was not going to be able to change the department,” he said. “You’ve got to have a president who wants to see the change, and Barack Obama does not.
- “Donald Trump is committed to boldly reforming the Department of Veterans Affairs. The status quo is not acceptable. And Hillary Clinton, as Trump has named her, is the secretary of the status quo. She’ll keep doing the same thing, and that’s not serving veterans at all.”

Excerpts from the article, *Report: DOD and VA still years away from full health records sharing*, Military Times July 13, 2016, show more half-baked projects despite millions of taxpayers’ dollars spent.

- “Military and Veterans Affairs officials are still years away from fully sharing patient health records, even after almost two decades of work and hundreds of millions of dollars

in funding, according to a report from the Government Accountability Office released Wednesday.

- But Defense Department officials said they're confident the two bureaucracies will reach that goal in the next two years, citing recent improvements to the system and planned advances in coming years.
- Nine months earlier, the two bureaucracies announced a massive expansion of information being shared through their Joint Legacy Viewer tool, a major breakthrough in allowing physicians to compare different notes in their separate software systems.
- **But GAO officials said those advances still leave significant work ahead for full medical record sharing, noting that key documents like X-ray images and CT scans aren't easily transferred between agencies.** (Emphasis Added)
- **"In addition, VA's unsuccessful efforts over many years to modernize its VistA system raise concern about how the department can continue to justify the development and operation of an electronic health record system that is separate from the Defense Department's," their report states.** (Emphasis Added)
- That has been a lingering point of contention between lawmakers and department officials since 2013, when VA and military leaders announced plans to abandon a \$564 million project on joint medical records software due to its expense and lengthy production time frame.
- VA and Defense Department leaders defended the decision again at Wednesday's hearing, saying the separate systems can be made fully interoperable faster and for less money than the effort building a new system would take. Committee members said they're skeptical.
- Earlier this year, the committee included language in its draft of the annual VA budget plan restricting the use of nearly \$260 million in technology modernization funds until the departments can show more progress on the issue."

Excerpts from the article, *GAO recommends VA rebid medical exam contracts*, TribLIVE.com, July 18, 2016, show why AFGC Local 520 requested the contracts of the 20 private contractors employed during the VBA transformation. Our FOIA requests have been pending for over 1 year despite an appeal to the Office of General Council. What will these contracts reveal?

- "The U.S. Government Accountability Office is recommending the Department of Veterans Affairs rebid its contracts for conducting medical exams for thousands of vets applying for disability payments after concluding the VA made several prejudicial errors in its process.
- The decision, issued to interested parties last week, sustains the protests of some competing firms upset that the largest chunk of the \$6.8 billion in contracts went to QTC Medical Services, a California firm once headed by former VA Secretary Anthony Principi. The company was sold in 2011 to Lockheed Martin, but Principi now serves as a lobbyist for the firm.
- "VA made several prejudicial errors in evaluating the proposals for these contracts," the GAO said in a summary of its decision. "The VA misled two of the (competing firms) during the conduct of discussions or negotiations. These errors led the VA to make source selection decisions that GAO found were unreasonable because they were based on erroneous conclusions in support of the contracts awarded."

- Among those protesting the awards were Veterans Evaluation Services of Houston, Logistics Health of La Crosse, Wis., and Medical Support Los Angeles of Pasadena, Calif.
- The decision was issued under a protective order because the full decision contains confidential proprietary information from the competing firms. The actual ruling will be issued after the confidential information is redacted, according to the July 13 notice.
- Principi, who left QTC in 2001 to become VA secretary only to return to the company four years later, said in response to Tribune-Review questions that he was not involved in QTC's bid effort. He said he was not a founder of QTC but joined the company after its founding by Lay Kay.
- "I never read any of the (bid) documents," he wrote in response to questions.
- "I'm confident that the process will lead to a result that serves the best interests of veterans. The integrity of the government's procurement process should be above reproach and free of outside influences," Principi added.
- Congressional lobbying records show Principi's firm, The Principi Group, registered as a lobbyist for Lockheed Martin in 2014.
- Its listed lobbying mission: "Determine the benefits and medical affairs requirements of the Department of Veterans Affairs."
- The GAO action comes as several members of Congress questioned the award. In addition, the House Veterans Affairs Committee has initiated an investigation into how QTC conducted exams of veterans claiming injuries from exposure to Agent Orange under a previous contract.
- The inquiry was made in response to charges in a federal whistleblower lawsuit by former QTC employee David Vatan alleging the exams of veterans claiming exposure were rushed and not properly completed. The suit was dismissed on a technicality, but an appeal is pending."

COLLATERAL DAMAGE CLAIMS SECTION

In addition to the workload, add these ongoing issues that have not been resolved. AFGE Local 520 will continue to be a voice for those who are waiting for action and the benefits and service they have earned by serving their country.

2014 COST OF LIVING ADJUSTMENTS -The MMWR dated July 18, 2016 indicates that EP 690 - Cost of Living Adjustments (COLAs) and other reviews stood at **24,211**. with **69.5%**, over 125 days old. Again, these cost of living adjustments must be from 2014 because Veterans did not get a COLA for December 2015.

E-BENEFITS INFORMAL CLAIMS RETROACTIVE PAY - According to the MMWR dated November 9, 2015, there were **43** EP 680 under this category. After the approximately 25,000+ end product (EP) 680s that were established via automation to control the e-Benefits informal claims, the number rose to **25,149** according to the MMWR as November 16, 2015. There are now **34,856**, EP 680 - Review of Hemodialysis related cases/conditions with **24,230 69.5% over 125 days** as of the MMWR dated July 18, 2016.

FIDUCIARY APPOINTMENTS - "The Department of Veterans Affairs (VA) announced today that an information technology system that it deployed in 2014 and enhanced in 2015, the Beneficiary Fiduciary Field System, allowed it to identify claim processing errors affecting approximately **14,000 Veterans** and survivors. These Veterans' and survivors' claims were initially filed over many years, with some going back as far as 2000. ... These cases represent approximately four percent of such proposals since 2000. <http://www.va.gov/opa/pressrel/> on or about March 25, 2016 (Emphasis Added)

TBI EXAMINATIONS - In addition to the more than 300 cases in Minneapolis KARE 11 originally reported, the VA now says it has identified approximately 24,800 other cases in which TBI exams were not done by the proper specialists. *KARE 11 Investigates: Unqualified VA doctors performed 25,000 TBI exams, KARE May 04, 2016*

NEHMER AGENT ORANGE CLAIMS (LAWSUIT PENDING) - "The National Veterans Legal Services Program, who filed the class-action suit, told McClatchy that since 2010, they've identified more than 1,600 cases in which the VA failed to recognize and pay the required retroactive Agent Orange compensation, resulting in an additional \$42 million being paid to veterans and their survivors." *Agent Orange benefit screening process scrutinized in Congress, Kansas City Star, March 31, 2016*

VDC DROPPED-EVIDENCE REVIEW - the loss of certain documents uploaded through eBenefits and the Stakeholder Enterprise Portal. This defect affected approximately 9,300 Veterans, 10,000 claims, and 80,000 documents of unknown page length.

The hour glass is running out on MYVA and the VA Secretary. The VBA is in limbo and he does not seem to know or care about it. The VA is now engaging in public affairs messages in an attempt to cover up its many failures. However, instead of the Veterans and the VBA employees experiencing improvement, they are experiencing nightmares.

We will continue to be the eyes, ears, and voice for the Veterans and the employees who are called to serve them because the price is still "**life and death**" for Veterans.



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