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October 25, 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 FY 16 End of Year VBA accomplishments compared with VBA FY15 accomplishments, “massaging or cherry-picking statistics” and the current VBA workload.

An excerpt from the article, *Transparency Advocate Calls VA Secrecy A ‘National Embarrassment’*, The Daily Caller October 6, 2016, provides these words.

“... VA leaders have focused on public relations efforts, massaging or cherry-picking statistics from internal databases to tout in news releases, or simply making generic positive “values” statements about the department that accurate information would likely contradict.” (Emphasis Added)

Acting USB Murphy sent an email to the VBA Team and Partners, **Subject:** VBA FY-16 End of Year Accomplishments on October 14, 2016. Here are excerpts.

“As we close out FY 2016 and enter FY 2017, I find that VBA is at a turning point in service to Veterans and in taking care of employees.” (Emphasis Added)

From 2011-2015 (during claims transformation), we processed disability claims at an incredible pace to make sure Veterans had access to the benefits they’ve earned. You embraced massive technology changes that enabled you to deliver faster and more accurate claim decisions. In those four years, we completely changed the world of how we process disability claims, directly impacting Veterans’ experience with VBA. (Emphasis Added)

I am amazed at how much we accomplished in FY16:

These are only some of the many highlights from the past fiscal year. Take a look at the attached document to read about all our FY16 successes across VBA. These are all important strides – strides that not only enhance our experience as employees, but also improve the Veteran experience – and that, when all is said and done, is our main mission.”

On October 6, 2015, the former USB Hickey sent an email updating an email previously sent on October 5, 2015 to all **VBA Team Members and Partners, Subject: UPDATED: VBA Accomplishments in 2015 for Veterans, Families and Survivors.**

Although both emails covered all aspects of VBA life and is laden with praises and numbers ad nauseam, we would like to discuss and compare the compensation, pension, and VBMS FY16 and FY15 VBA accomplishments to validate the statement in the aforementioned article.

Excerpts from the emails of acting USB Murphy (underlined), the former USB Hickey (**bold**) and AFGE Local 520 comments (italics) are as follows:

### **VBA FY16 & FY15 Accomplishments Comparison and Comments**

#### **Compensation**

#### **CLAIMS COMPLETION**

FY - 16 - 1.3M claims completed in FY16 – seventh year in a row of more than 1M claims!

**FY – 15 Completed 1.4 million claims – nearly 67,000 more than last year – and the highest ever in our history! The sixth year in a row for more than 1 million claims and the fourth year in a row that we set new records again! (Email, Former USB Hickey, Subject: UPDATED: VBA Accomplishments in 2015 for Veterans, Families and Survivors, October 6, 2015)**

FY 16 - For the first time, we consistently completed more than 100K claims per month every month; Completed 5.76M issues in FY16

**FY 15 - Increased Claim productivity by 25% and Medical Issue productivity to 81%; Finished FY15 strong with a production of 7,749K claims in a single day on Sept. 30 Id.**

*AFGE Local 520 Comments: According to Acting USB Murphy's email, the transformation was completed in 2015; and the VBMS was fully operational since 2013; however, less claims were processed in FY16.*

#### **OVERTIME**

In FY16, we saved \$61.5M in overtime compared to FY15 but only processed 115,000 fewer claims

*AFGE Local 520 Comments: In March 2016, the employees working appeals claims were allowed to work overtime on appeals work and not disability compensation claims. How much overtime monies was spent on processing appeals? Obviously, the amount of overtime dollars spent on processing disability claims would decreased.*

*Local 520 obtained through the Freedom of Information Act (FOIA) the actual cost to the taxpayers of VBA's overtime for VAROs from October 1, 2012 to December 14, 2013 which was \$153, 297,189m.*

*Additionally, excerpts from the American Federation Government Employees (AFGE), National Veterans Affairs Council (NVAC) White Paper, VBA Issues and Resolution, March 6, 2015, reveal the following information:*

- *“In 2014, VBA spent \$135m on mandatory overtime.*
- *VBA recently initiated mandatory overtime for 2015 after a brief respite at the end of 2014. Given the amount of focus on reducing the backlog with the 2015 goal looming, VBA could see similar, if not higher, expenditures this year. VBA is missing another opportunity to bring on additional 1,000+ claims processors this year in the name of the arbitrary 2015 backlog goal.” (Emphasis Added)*

*In FY15, there is no mentioned of the amount of overtime dollars spent. However, using the information from the AFGE NVAC White Paper, we know that “\$135m” was spent in 2014 on mandatory overtime. Furthermore, in addition to mandatory overtime, claim processors were also allowed to work voluntary overtime after completion of the monthly 20 hours of mandatory overtime.*

*The 61.5m savings in FY16 with 115,000 less claims being processed show the importance of the previous years of overtime (mandatory and voluntary) in the reduction of the backlog and the overall claims inventory. The continued use of unlimited voluntary overtime shows the need for additional staffing and the deficiency of the transformation and VBMS.*

## INVENTORY REDUCTION

FY 16 Reduced inventory 57% from 884K peak in July 2012 to 377,107 in FY16

**FY 15 - Reduced inventory 59% from 884K peak in June 2012 to 363,034 – 29.6% lower than FY14 *Id.***

*AFGE Local 520 Comments: The use of statistics from the past (July 2012 to September 30, 2015) in FY16 does not serve any other purpose than to hide the fact that the inventory increased. Additionally, FY 16 inventory does not include EP 930. As of the*

*MMWR dated October 17, 2016, EP 930 (mostly premature rating decisions stood at 18,688. Furthermore, the inventory is also on the uptick since the beginning of FY17.*

WEEK	C&P RB OVERALL	WEEKLY DIFF
10/01/16	378,468	0
10/10/16	381,031	2,563
10/17/16	380,574	-457
		2,106

## **BACKLOG REDUCTION**

FY 16 - Reduced backlog 88% from 611K peak in March 2013 to 71,690 in FY16

**FY 15 - Reduced backlog 88.4% from a peak of 611K in March 2013 to a historic low 71,352 Id.**

*AFGE Local 520 Comments: Again, the use of statistics from the past (July 2012 to September 30, 2015) in FY16 does not serve any other purpose than to hide the fact that the backlog increased. Additionally, this does not include EP 930. As of the MMWR dated October 17, 2016, EP 930 (mostly premature rating decisions stood at 15,634 which equates to 83.7% backlogged. Furthermore, the backlog is going north since the beginning of FY17.*

WEEK	C&P RB BACKLOG	WEEKLY DIFF
10/01/16	71,240	0
10/10/16	74,868	3,628
10/17/16	77,177	2,309
		5,937

*Remember, the backlog was supposed to be at zero in 2015. Well, now according to Acting USB Murphy, the backlog will not be a "primary measure of success." It will be interesting to find out what will be. From the Veteran's perspective, the two most important measurements of success are timely and accurate decisions.*

*"...Going forward, you'll start to see that we'll be moving away from backlog as a primary measure of success – beginning to refer to it in a historical context – which will allow us to work on new standards of service for claims processing." Email, **Subject: VBA FY-16 End of Year Accomplishments, October 14, 2016. (Emphasis Added)***

## **QUALITY**

FY 16 - Issue-based quality is 95%

**FY 15 - Claim quality at 91%; Issue Quality at 96% and 7 of 8 categories where we measure quality – above 98% -- several above 99% -- 1 at 97.7% Id.**

***AFGE Local 520 Comments:*** This is another interesting topic. Acting USB Murphy excluded claims based quality in FY16. The MMWR dated October 17, 2015 shows the 3 months claims based accuracy rate at 87.54% which is down from the FY15 quality of 91%. Additionally, it also shows that the 3 month issue based quality is also on the down tick at 94.37%. It looks like accuracy is trending down. Moreover, if VBA did not institute issue based quality, the accuracy rate would be under 90%. This is why they will be pushing to eliminate claim based accuracy.

### **AVERAGE DAYS TO COMPLETE (ADC)**

FY 16 - Average days to complete (ADC) a Veteran's claim is 123 days – a 225-day reduction from 348-day peak in Sept. 2013

**FY 15 - Average days to complete are 169.6 days – a 59 day reduction from FY14 but ADC in the month of September is 149! – a 201 day reduction from Sept '14 *Id.***

***AFGE Local 520 Comments:*** It appears to be a win. However, it is interesting instead of going back one year as it was in FY15, the VBA FY16 statisticians used a two year window in order to get a better effect.

### **AVERAGE DAYS PENDING (ADP)**

FY16 - Average days pending (ADP) is 85 days – a 197-day reduction from 282-day peak in March 2013

**FY 15 - Average days a Veteran is waiting for a claims decision (pending) is 93.1 days – a 189 day reduction from a peak of 282 days in March 2013 – lowest ADP in the 21<sup>st</sup> Century *Id.***

***AFGE Local 520 Comments:*** It was reduced by 189 days from March 2013 to September 30, 2015. However, it only managed to decrease by 8.1 days in FY16.

### **FULLY DEVELOPED CLAIMS (FDC)**

FY 16 - 50% of receipts in FY16 were Fully Developed Claims (FDC), up from 3% when FDC program began in 2012

**FY 15 - Expediting Veterans claims: 46% of receipts from VSOs in FY15 were Fully Developed, up from 3% in 2012 – average days pending for FDC claims is 79.6 days *Id.***

***AFGE Local 520 Comments:*** It was increased by 43% from March 2012 to September 30, 2015. However, it only managed to increase by 4 days in FY16. According the MMWR dated October 17, 2016, it takes 101.2 days to complete a FDC and 108.5 days

*to complete a Non-FDC. Pushing FDC was another VBA tactic used to distract from the real problems with claims processing.*

### **NONRATINGS CLAIMS**

FY16 - Completed 3M non-rating and administrative action end products in FY16

**FY 15 - Dedicated non-rating workforce completed 3.1M non-rating end products in; 15% more than the 2.7M completed in FY14 – and 71% more than FY11 *Id.***

*AFGE Local 520 Comments: Production decreased in FY16. Additionally, over a half million is still pending.*

Nonrating	<b>207,091</b>
Award Adjustments	311,038
RIP Total	<b>518,129</b>

### **DEPENDENCY CLAIMS**

FY 16 - Reduced dependency claims inventory from 269K peak in August 2014 to 114.8K ; In FY16, 1 in 4 Veterans submitted their dependency requests online and 62% received payments in under 1 day

**FY 15 - More automation: in FY15, over 1 in 5 Veterans submitted their dependency requests online – more than 57 percent of these receive payments in under 1 day**

**Dependency Pilot Rapid Response – launched October 6, 2014 -The Dependency Pilot was implemented at the St. Louis, Phoenix, Cleveland and Philadelphia Call Centers. Full pilot implementation to remaining Call Centers was completed in September. 140 agents are supporting the pilot. Pilot includes adding: minor biological child, spouse, step child, school age child, and removal of spouse due to death or divorce (when children are not currently on the award as dependents) Processed 30,363 dependency claims from inception of pilot through 4<sup>th</sup> Quarter *Id.***

*AFGE Local 520 Comments: The National Call Center employees were called to the rescue at the expense of serving Veterans. The FY16 VBA Accomplishments stated, “Reduced blocked call rate from 59% in FY15 to 39.5% in FY16 – blocked call rate for month of Sept. 2016 was 0.01%!” “Robbing Peter to pay Paul” is not the answer. Remember the testimony below given two years ago. Did the dependency contract fail because surely the dependency claims should be at zero? How much of the taxpayer’s dollars did Booz Hamilton make off with? Furthermore, 53.8% of 109,947 claims pending as of MMWR dated October 17, 2016, is backlogged.*

- “The contract calls for **40,000 dependency claims** to be processed **per month** when operating at **full capacity**. The contractor is currently ramping up to that

capacity." (Emphasis Added) *Witness Testimony of The Honorable Allison A. Hickey, Under Secretary for Benefits, Veterans Benefits Administration, U.S. Department of Veterans Affairs, Evaluation of the Process to Achieve VBA Goals, July 14, 2014*

## APPEALS

FY 16 - Completed 202,088 appeals actions (including full grant, SOC resolution, and certified/recertified to the Board of Veterans Appeals) in FY16 – a 20% increase over FY15

**FY 15 - 30% increase in appeals actions from 135K in 2011 to 176K in FY15**  
**Held appeal rates steady amidst increased production – nearly 1.4M completed claims in FY15, approx. 11-12% (historical rate) appealed, 4-5% reached Board of Veterans' Appeals, 1.2% decided in Veteran's favor, often based on additional evidence** *Id*

*AFGE Local 520 Comments: The appeals inventory as of the MMWR dated October 17, 2016 compared to the end of FY15 is as follows:*

DATES	10/05/2015	10/17/2016	DIFF
APPEALS	319,016	311,710	7306

*Remember, employees of the VARO appeals teams were allowed to work overtime on appeals in March 2016.*

*Furthermore from a regional office perspective, the Columbia VARO's appeals inventory as of the MMWR dated October 15, 2016 was 13,025. At the end of FY15, it was 12,206 according to the MMWR, dated October 5, 2015. We will continue to remind the Congress and especially the SC Congressional delegation that there are only 11 decision makers to work these claims. Why should the Veterans of South Carolina be disadvantaged?*

*The HR 5620 VA Accountability First and Appeals Modernization is awaiting for action by the US Senate. Again, this legislation has no effect on the over 460,000 (to include appeals at the BVA) Veterans waiting 3 to 5 years on a decision. Who will take care of these Veterans?*

## PENSION

FY16 - Reduced Veterans Pension inventory 63% from 36.4K peak in June 2013 to 13.4K

**FY 15 - Reduced Pension inventory by 66% from peak of 36.4K to 12.5K** *Id.*

FY 16 - Reduced Pension backlog 96% from 15K peak in June 2013 to 567

**FY 15 - Reduced Pension backlog by 97% from peak of 15.3K to 405 Id.**

FY 16 - Reduced Survivors' Dependency and Indemnity Compensation (DIC) inventory 42% from peak of 19.1K in March 2012 to 11.2K

**Reduced DIC inventory by 57% from peak of 15.3K to 405 Id.**

FY 16 - Reduced DIC backlog 77% from 8.8K peak in December 2012 to 2K

**FY 15 - Reduced DIC backlog by 86% from peak of 19.1K to 8.3K Id.**

FY 16 - Improved DIC timeliness by 96 days from peak of 182 to 85 days while maintaining 99% accuracy

**FY 15 - Improved DIC timeliness by 111 days from peak of 182 to 71 days while maintaining 99% accuracy Id.**

FY - 16 Enhanced the automated burial process to include plot benefits – the automated burial process pays burial and plot benefits to eligible surviving spouses within 6 days of notification of the Veteran's death, down from a peak of 198 days in

**FY 15 - Automatic burial allowance payments to surviving spouses within 6 days – down from 190 Id.**

***AFGE Local 520 Comments:** Pension and death claims increased in every statistical category in FY 16. If burial and plot claims can be processed in 6 days, why have burial claims increased? It is important to understand that 18,659; 67.3% of the 27,741 claims pending are service connected cause of death which require a rating determination in order for them to be completed. In addition, 4148 of the 4562, 90.3% of accrued benefits for service connected cause of death is backlogged.*

DATES	1/12/2015	10/17/2016	DIFF	Total Increase
140	6,129	9,155	3,026	49.4%
190	9,631	14,988	5,357	55.6%
160	15,588	27,741	12,153	78.0%
165	7,537	10,619	3,082	40.9%
	38,885	62,503	23,618	60.7%

### **VETERANS BENEFITS MANAGEMENT SYSTEM (VBMS)**

FY 16 - Completed over 5.3M rating decisions (43% more than FY15) and nearly 3.2M claims in VBMS (60% more than FY15); Now processing 99.7% of all disability compensation claims electronically

**FY 15 - Went from touching 5,000 tons of paper annually to processing 99.8% of disability compensation claims electronically, with 342K claims in electronic inventory – only 21K pension and DIC in paper; Completed over 3.7M rating decisions and over 2M claims in VBMS; Demonstrating the growing momentum of**

**the system, the one millionth award in VBMS was completed in February 2015 – and just six months later, the second millionth award was completed in VBMS *Id.***

*AFGE Local 520 Comments: VBMS and digitization should not be measured by VBA statistics, but what it was promoted and supposedly designed to accomplish – be the game changing weapon used to reduce the backlog to zero and ensure an accuracy rate of 98% by 2015. However, the VAOIG provided these recommendations recently:*

“We recommended the Executive in Charge for the Office of Information and Technology, in conjunction with the Under Secretary for Benefits, define and stabilize system and business requirements, address system performance problems, deploy required functionality to process claims end-to-end, and institute metrics needed to identify and ensure progress toward meeting stated goals.” *Department of Veterans Affairs, Follow-up Review of the Veterans Benefits Management System, 13-00690-455, September 14, 2015*

“We recommended that the Under Secretary for Benefits ensure the St. Petersburg VARO is consistently organizing and mailing hard copy veteran material to contractor scanning facilities. Additionally, we recommended that the Under Secretary for Benefits initiate onsite reviews of the contractor scanning facilities to ensure efficient scanning practices and the proper safeguarding of sensitive VA information at those facilities.” *Department of Veterans Affairs, Review of Alleged Problems with Veterans Benefits Management System and Claims Processing, 14-04816-72, January 6, 2016*

*Have these recommendations been addressed?*

The FY16 VBA accomplishments did not include the progress that was made in fixing the following known problems: 67,686 cost of living adjustments (COLA) pending; the nearly 25,000 TBI examinations reviews; 12,514 E-benefits informal claims retroactive payments; 14,000 missed fiduciary appointments, and the 80,000 document lost through e-Benefits and the Stakeholder Enterprise Portal.

It is clear from the comparison of the FY15 and FY 16 VBA accomplishments, the VBA “massaged or/and cherry-picked statistics” to tout its FY16 accomplishments which showed in most cases a decrease in performance from FY15.

It can also be concluded that the transformation was not as effective as claimed and prove that progress in the past was made because of overtime (mandatory and voluntary), manipulation, and other ADHOC procedures.

Unlimited overtime is still being doled out which only proves that production still depends on it and not the 4 years (2011-2015) transformation or the 1.3 billion dollars and climbing VBMS.

After 4 years, the transformation with its 40+ initiatives and VBMS still need unlimited overtime which translate into the need for increased staffing.

This statement in Acting USB Murphy's email regarding production in FY16 is another example of "massaging and cherry picking" statistics.

"Much of our progress on production is due in large part to the National Work Queue, which we fully implemented in May 2016 to balance our benefits delivery to Veterans nationwide, no matter where they live. VBA is now rendering claims ready for decision an average of 14 days faster than before NWQ."

The NWQ is in its infancy and has many questions to be answered. The major problem is shifting claims from one VARO to another without accountability is a recipe for poor performing VAROs to get worse and good performing VAROs to be overburdened.

The VBA continues to tout faster and accurate claims processing. However, the comparison of FY15 and FY16 proves otherwise. Therefore, the need for an independent review of the transformation, VBMS, and VBA national and local leadership is imperative to ensure Veterans receive timely and accurate decisions and claims processors have the tools to successfully accomplish that mission.

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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