

## Strategic Goal 2

Strategic Goal	Objective	Key Performance Measure
→	→	
Ensure a smooth transition for veterans from active military service to civilian life	2.1 Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.	Percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons
	2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	Average days to complete original and supplemental education claims
	2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	Foreclosure Avoidance Through Servicing (FATS) ratio

Veterans will be fully reintegrated into their communities with minimum disruption to their lives through transitional health care, readjustment counseling services, employment services, vocational rehabilitation, education assistance, and home loan guaranties.

The following table identifies estimates of total resources devoted to this strategic goal and its associated objectives:

<b>Resources by Objective</b>		
	<b>FY 2004 Obligations</b>	<b>% of Total VA Resources</b>
<b>Total VA Resources</b>	\$69,743	100%
<b>Strategic Goal 2:</b> Ensure a smooth transition for veterans from active military service to civilian life.	\$3,616	5.2%
<b>Objective</b>		
2.1 Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.	\$632	0.9%
2.2 Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.	\$2,350	3.4%
2.3 Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.	\$634	0.9%

## Increase Awareness of Benefits for New Veterans

**Strategic Goal:** Ensure a smooth transition for veterans from active military service to civilian life.

**Objective 2.1:** Ease the reentry of new veterans into civilian life by increasing awareness of, access to, and use of VA health care, benefits and services.

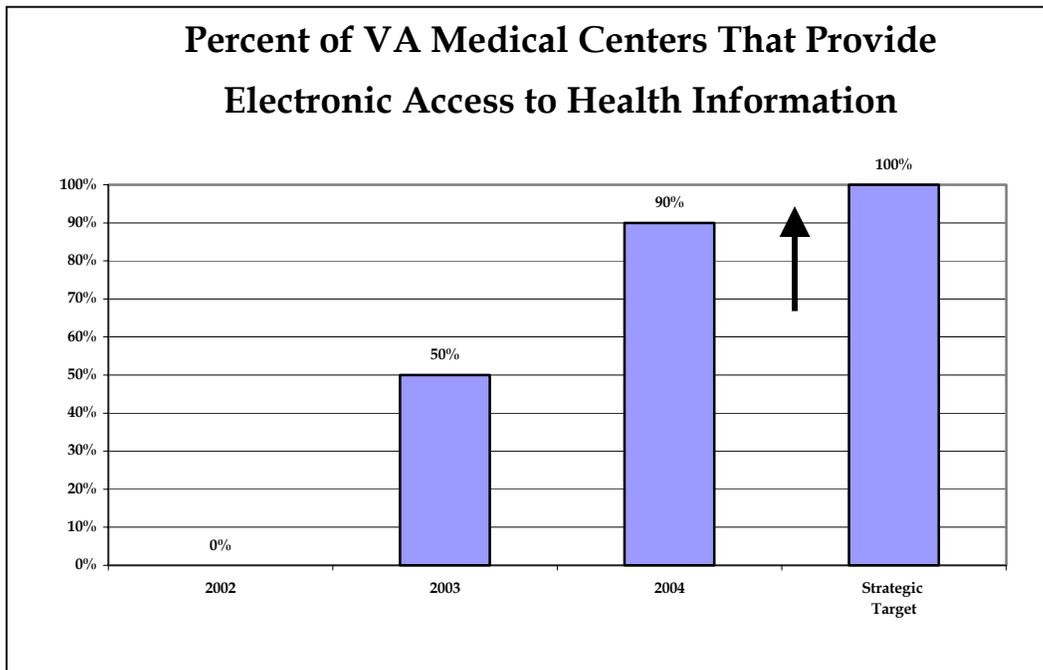
### Performance Goal

Increase the percent of VA medical centers that provide electronic access to health information provided by DoD on separated service persons.

*Definition: The numerator for this measure is the number of facilities that have Federal Health Information Exchange (FHIE)/formerly Government Computerized Patient Record (GCPR) fully installed and functioning. The denominator is All VHA facilities.*

### Current Situation Discussion

In 2001, President Bush established a top-level VA/DoD Task Force designed to find ways to improve health care in both agencies and to determine the existence of greater opportunities for sharing. The VA/DoD Executive Council has been active. Recently, VA's Deputy Secretary and the Under Secretary for Defense for Personnel and Readiness approved three initiatives including the FHIE, intended to enable the electronic exchange of health information between the Departments' disparate systems as well as with VA and DoD partners who provide health care to federal beneficiaries.



The collaborative partnership between VA and DoD consists of a two-phase effort. The first phase of this plan focuses on DoD providing information to VA clinicians and includes the FHIE, formerly Government Computer-Based Patient Record. The second phase, HealthePeople (Federal), is a joint VA and DoD effort to:

- Improve sharing of health information;
- Adopt common standards for architecture, data, communications, security, technology and software;
- Seek joint procurements and/or building of applications, where appropriate;
- Seek opportunities for sharing existing systems and technology, and
- Explore convergence of VA and DoD health information applications consistent with mission requirements.

### **Means and Strategies**

Veterans will be fully integrated into their communities through transitional health care and readjustment counseling services. VHA's strategic objectives to address the strategic goal and the Secretary's priority are to *Exceed Patient's Expectations* and *Build Healthy Communities*. VHA measures success through the coordination of electronic information on separated service persons with DoD. Full access to this information will enable VA to provide a seamless transition for recently separated service persons enrolling in the VA health care system.

The Interoperable Patient Record - 2004 Milestones are:

- Continue to develop/implement HealtheVet-VistA (Veterans Health Information Systems and Technology Architecture)
- Maintain/enhance operational Federal Health Information Exchange (FHIE) near term solution
- Develop/test FHIE long-term solution, enabling 2-way information exchange between CHCS II (DoD's Composite Health Care System) and HealtheVista
- Continue to implement common health data standards with Department of Defense (DoD)
- Maintain/enhance use of common standards with DoD
- Continue to identify/develop/implement common software applications through joint build and /or buy/lease decisions with DoD
- Continue to share common software applications with DoD
- Maintain/enhance common software applications with DoD

### **Crosscutting Activities**

VA is working with DoD officials to support claims development and the physical examination process prior to separation.

In conjunction with DoD, VA develops and implements clinical practice guidelines with a long-range view toward assuring continuity of care and a seamless transition for a patient moving from one system to the other.

### **External Factors**

The success of achieving this performance goal will depend on VA and DoD cooperation, not only in implementing this initiative, but in the ability of the two agencies to develop a way for the systems to electronically communicate.

### **Major Management Challenges**

The General Accounting Office (GAO) has identified Health Care Resource Utilization as a major management challenge. One of the ways VA is addressing this challenge is better VA/DoD cooperation. One of the initiatives being developed with DoD is the coordination of electronic information on separated service persons. Full access to this information will enable VA to provide a seamless transition for recently separated service persons enrolling in the VA health care system.

### **Data Source and Validation**

The measure is the cumulative number of VA medical centers where FHIE/GCPR has been implemented. This enhanced functionality provides VHA health care providers with clinical information on recently discharged military personnel. Information is tracked and reported by the Office of Information.

## Provide Timely Education Assistance

**Strategic Goal:** Ensure a smooth transition for veterans from active military service to civilian life.

**Objective 2.2:** Provide timely and accurate decisions on education claims and continue payments at appropriate levels to enhance veterans' and servicemembers' ability to achieve educational and career goals.

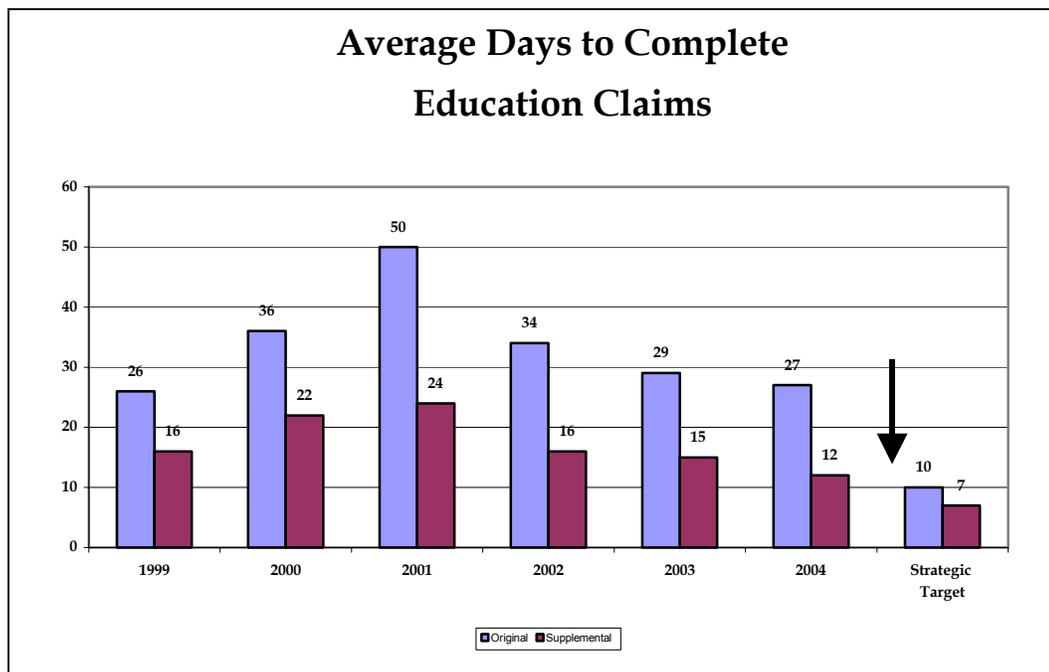
### Performance Goal

Process original and supplemental education claims in 27 and 12 days, respectively.

*Definition: Elapsed time, in days, from receipt of a claim in the regional office to closure of the case by issuing a decision. Original claims are for first-time use of this benefit. Supplemental claims are for any re-enrollment.*

### Current Situation Discussion

Timely processing of education claims will facilitate veterans attaining the skills needed to smoothly transition to civilian life. A comprehensive evaluation in 2000, examined the extent to which education programs administered by VA met their statutory intent, the educational needs of beneficiaries, and the expectations of stakeholders. It found that VA education programs continue the success established by the original GI Bill of Rights. Over 1.1 million veterans and service members have taken advantage of the Montgomery GI Bill (MGIB). Compared to those who have not taken advantage of MGIB, veterans who furthered their education under the program have lower unemployment,



increased career and education goals, and enjoy higher earnings. In general, the programs show success in meeting the intended purposes of the legislation while returning over \$2 to the economy for every \$1 in taxpayer funding.

However, the evaluation also found that VA education benefits did not cover all education costs or reflect the increased diversity in available education and training programs. In addition, VA was not effectively publicizing the availability of its education benefit programs. In response, legislation enacted by the 106<sup>th</sup> Congress enhanced VA education benefit programs by increasing rates, revising some eligibility criteria, instituting additional tuition assistance to service members, and providing for payment of approved licensing and certification tests. Legislation passed by the 107<sup>th</sup> Congress increased MGIB benefit rates by 46.6 percent from the October 1, 2001, rate to the October 1, 2003, rate. The 107<sup>th</sup> Congress also enacted a number of other improvements including:

- Rate increase for the Survivors' and Dependents' Education Benefits;
- More flexible timing of payment to persons taking courses leading to employment in a high technology industry;
- Eligibility to benefits for certain courses offered through the private sector.

#### *Improve Education Claims Processing*

A key performance measure used to monitor progress toward achieving this objective is education claims processing timeliness. Claims processing timeliness is directly impacted by the following:

- Volume of work received;
- Resources available to handle the incoming work;
- Efficiency with which work can be completed.

The Education Service is continuing its aggressive outreach program to insure that all potential beneficiaries receive timely information about the VA education programs available to them. A letter and brochure describing VA education benefits is sent to all service members when they reach their first year of active duty. A second letter is sent when they've been in service for two years and are eligible for MGIB benefits. A third letter is being developed to send near the service person's planned discharge date. In addition to written brochures and notices, VBA sends representatives to a variety of conferences and meetings to answer questions and present information about VA education benefit programs.

As a result of the aggressive outreach, legislation improving benefits, and a declining economy, there was a 10% increase in work received during FY 2002 as compared to FY 2001. A total of 464,159 veterans, service members, reservists, and eligible dependents have been in training during FY 2002. This represents over 43,000 more trainees than were in school during FY 2001. In addition, VBA

made over 60,000 tuition assistance top-up payments and 5,000 licensing and certification payments during fiscal year 2002. These two new programs started late in fiscal year 2001. In spite of this increase in workload, the timeliness of claims processing has steadily improved during this same period. The chart below compares the average number of days it took to process a claim during FY 2001 and FY 2002:

	FY 2001	FY 2002
Original Claims	49.7 days	33.9 days
Supplemental Actions	24.2 days	16.0 days

The results of the annual Survey of Veterans' Satisfaction with the VA Education Benefits Claims Process was issued in April 2002. Eighty-six percent of claimants surveyed were very or somewhat satisfied with the way VA has handled their education claim. This is a significant increase over the finding of 82 percent in the previous survey and continues the upward trend since 1999 when 78.8 percent of respondents were satisfied with the way their claims were handled.

### **Means and Strategies**

Several steps are being taken to move us closer toward achievement of our performance goals and ultimately the strategic goal of ensuring a smooth transition to civilian life. These include:

- TEES (The Education Expert System) is a multi-year initiative started in 2000. When fully operational, it will improve timeliness and enhance customer service by automatically processing more claims (up to 90 percent of those received electronically) without human intervention. A proof-of-concept application has been developed and deployed. Some enrollment information received electronically from educational institutions is now processed by a prototype rules-based expert system without human intervention. VBA contracted for and received an assessment of how to successfully process up to 90 percent of all education claims automatically. A capital investment application was then approved and permission granted to proceed with the initiative. Development efforts began in 2001. TEES will be deployed in stages starting in 2004 until fully deployed in 2007.
- New employees, representing almost 40 percent of the 330 decision makers in April 2001, were trained and became more proficient. They

contributed significantly to reducing the number of days to process a claim in FY 2002.

- Up to 1,400 hours of overtime is worked each week during heavy enrollment periods to increase the volume of claims completed as soon after receipt as possible.

Payment accuracy is being improved by:

- Monitoring claims processing results;
- Identifying trends that inhibit accurate processing;
- Providing the necessary training for personnel to improve their decision-making skills.

Two issues hampered customer service improvements after implementation of toll-free telephone service in 1999. First, automated responses have only slightly curtailed the number of callers wanting to talk to an Education Case Manager. Second, call volumes have remained high. 2,947,103 calls were transferred to the RPOs in fiscal year 2001. 2,573,994 calls were transferred to the RPOs in fiscal year 2002. VA examined resource needs. Seasonal employees have supplemented permanent staff during peak periods to improve service. To divert some traffic away from telephones, VA is exploring electronic alternatives that provide services and satisfy education beneficiaries. While there has been an education service web site for several years to provide VA-related information, plans have been developed to enhance usage of the site. In addition to resolving inquiries electronically, the site has been expanded to allow for some veteran self-service. The first application, Web Automated Verification of Enrollment (WAVE), is now accepting monthly self-verifications of enrollment with minimal human intervention. Through WAVE, veterans have the ability to:

- Send a change of address
- Sign up for and change direct deposit information
- Report changes in enrollment status
- Sign up for a monthly e-mail certification reminder

VBA recently moved the processing jurisdiction for the states of Arkansas and Louisiana from the Atlanta region to the Muskogee region. The reason for this move was to better align the workload with stable resources in order to reduce the need for brokering of work between processing offices.

Taken together, the means and strategies we are deploying should significantly improve the level of education services provided to veterans.

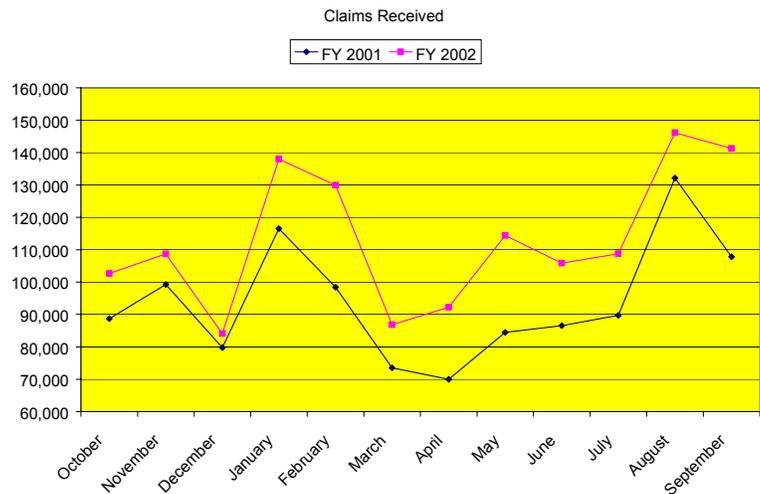
## Crosscutting Activities

The quality of the enrollment information received from school officials affects overall processing timeliness. Several years ago, VA tested an initiative with selected school-certifying officials in the electronic transmission of that enrollment data, VACERT, which proved to be successful and was made available to all education institutions. Many began using the application, but for a variety of reasons not all were able to take advantage of VACERT. One common reason for not using VACERT was incompatible computer hardware. As a result, VA developed an Internet application, eCert, to encourage more electronic submissions. Testing of eCert began in November 2002, and will continue until it's fully implemented in June 2003. In addition, we will continue improving relationships with institutions through better liaison and assistance.

Education Case Managers rely on accurate enrollment information from school officials to process claims from veterans and other eligible beneficiaries. Conflicting or confusing information could lead to errors and hinder payment accuracy. We will continue to work with representatives from education and training institutions to assure reliable, accurate enrollment information. For example, in February 2001, VBA began conducting weeklong, on-line training courses for new school-certifying officials. These courses are available to school officials who are new to the job and in need of "just-in-time" training. VBA will develop and install additional on-line training interventions.

## External Factors

The chart to the right shows the number of claims received in each month in FY 2001 compared to those received in month in FY 2002. Generally, factors affecting claims processing are internal. However, a slowing economy with more veterans returning to the classroom and improvements in benefits passed by Congress increase the number of people claiming benefits. This will impact VA's ability to improve the claims processing environment.



## Major Management Challenges

There are no major management challenges that will affect achievement of the education program performance goals.

## **Data Source and Validation**

Education claims processing timeliness is measured using data captured automatically by the Benefits Delivery Network (BDN) as a part of claims processing. Claim dates are recorded at the time a claim or issue is received. When the claim or issue is resolved, BDN records the number of days it took to resolve the issue. The control in place to ensure data quality is the Education Service's ongoing quality assurance review program. Staff members review a statistically valid sample of cases each fiscal year and issue reports, which include suggested training interventions. The data integrity issues they look for are:

- Date-of-claim errors
- Appropriate control code
- Source documents in file

The number of date-of-claim errors is one indication of timeliness data quality. Quality reviews during fiscal year 2001 found 86.3 percent of the cases reviewed to be free of date-of-claim errors. Quality reviews during fiscal year 2002 showed 91.6 percent of cases to be free of date-of-claim errors. Most errors we find do not dramatically alter the validity of the data.

## Meet Community Standards for Home Loan Guaranty Benefits

**Strategic Goal:** Ensure a smooth transition for veterans from active military service to civilian life.

**Objective 2.3:** Improve the ability of veterans to purchase and retain a home by meeting or exceeding lending industry standards for quality, timeliness, and foreclosure avoidance.

### Performance Goal

Improve the Foreclosure Avoidance Through Servicing (FATS) ratio to 45 percent.

*Definition: The FATS ratio measure the effectiveness of VA supplemental servicing of defaulted guaranteed loans. The ratio measures the extent to which foreclosures would have been greater had VA not pursued alternatives to foreclosure.*

### Current Situation Discussion

To ensure a smooth transition from active military service to civilian life, the VA home loan program enables veterans to purchase homes with little or no down payment, with terms not generally available to non-veterans. More than 16 million veterans have purchased or refinanced homes through the VA home loan program.

One of VA's critical functions is to assist veterans after they receive their housing benefit. Lenders report to VA when veterans are seriously delinquent (a payment is 90 days in default) on their mortgages. The veteran is responsible for repayment of the loan. VA is responsible for contacting the veteran and offering assistance to help retain his or her home, or resolve the issue at the lowest possible cost to the veteran and VA.

VA measures its success in assisting veterans who are facing foreclosure with the FATS ratio. When VA is able to pursue an alternative to foreclosure, the costs to the government are reduced because veterans are able either to save their home or avoid damage to their credit rating. Of particular note is the level of successful interventions in FY 2002. There were 10,564 reinstatements with VA's direct assistance, saving an estimated \$252 million. There are four alternatives to foreclosure:

**Successful intervention** - VA may intervene with the holder of the loan on behalf of the borrower to set up a repayment plan or take other action that results in the loan being reinstated.

**Refunding** - VA may purchase the loan when the holder is no longer willing or able to extend forbearance but VA believes the borrower has the ability to make mortgage payments, or will have the ability in the near future.

**Voluntary conveyance** – VA may accept the deed in lieu of foreclosure from the borrower if it is in the best interest of the government.

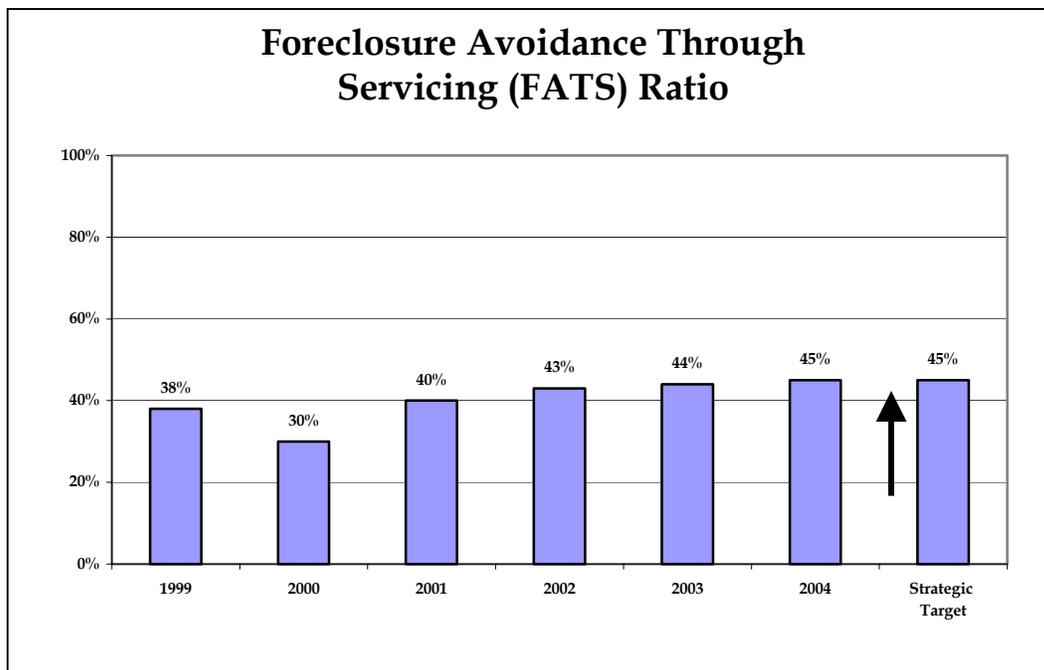
**Compromise Claim** – If a borrower in default is trying to sell the home, but it cannot be sold for an amount greater than, or equal to, what is owed on the loan, VA may pay a compromise claim for the difference in order to complete the sale.

Beginning in 2000, each of the four components is weighted equally.

### Means and Strategies

Some veterans, like other homeowners, experience financial difficulties that may cause them to default on their home loan. When this occurs, VA strives to help veterans retain their homes through loan servicing efforts. Besides counseling, VA may intervene directly on behalf of the veteran to work out a repayment plan. In limited circumstances, VA may buy the loan from the holder and the veteran will make future payments directly to VA.

In fiscal years 2002 and 2003, VA is performing a complete review and redesign of the loan servicing function. The plan is to move VA much closer to performance and operational standards used by large private sector servicers and lenders. The emphasis will be on providing financial incentives and greater flexibility to primary servicers of VA-guaranteed loans to prevent foreclosures that in turn will improve the FATS ratio.



Information technology solutions are critical to providing timely service to our customers at a reduced cost. VA is moving rapidly to paperless processing of eligibility determination, loan originations, and default servicing.

VA loans are delivered along with private sector alternatives. The level of expectations for real estate transactions (VA and private) is similar. As a result, we use private sector benchmarks for quality and efficiency of service as a means for evaluating performance and setting goals.

VA relies heavily on the lending industry to deliver the home loan benefit. Ultimately, the level of veteran satisfaction is directly dependent on how well VA can meet the expectations of lenders, builders, real estate brokers, and appraisers. This means adapting the delivery of our services to industry practices and making timely changes as technology generates improvements in the loan origination process.

For example, VA has recently implemented several applications to support electronic submission of appraisals, electronic data interchange (EDI)-based default status updates, and is expanding use of electronic applications for guaranty. A new Automated Certificate of Eligibility (ACE) application permits lenders to request a Certificate of Eligibility (COE) online in a matter of seconds.

A redesigned funding fee payment system is in production. Lenders no longer need to wait seven to ten days for a receipt to be mailed to them. Creating an easier way to pay the funding fee enhances the attractiveness of the VA guaranteed loan program to lenders. Lenders appreciate the speed and other benefits that Internet technology provides. This system has the ability to generate reports that will improve financial audit/reconciliation.

Current plans call for development of a paperless work environment, supported by web portal technology.

### **External Factors**

Economic factors such as interest rates, real estate appreciation and employment levels impact on the ability of veterans to purchase a home and avoid foreclosure in the event of default.

In addition to its direct impact on veterans and their families, the VA loan program benefits local economies by spurring economic activity for builders, construction workers, realtors, appraisers, and the real estate finance industry.

### **Crosscutting Activities**

Achievement of this performance goal is not directly dependent on other agencies. There is close interaction with the real estate industry.

### **Major Management Challenges**

Restructuring, Service Loss Mitigation, and training have improved delinquent Loan Servicing. However, there is a recognized need to fully review VA's supplemental servicing process. In FY 2003, the Loan Guaranty Program plans a thorough redesign effort to reengineer, standardize, and document work

processes and procedures involved in supplemental servicing and activities related to the lender's primary servicing efforts. This will include specific information technology requirements needed to support a redesigned process.

**Data Source and Validation**

Data to calculate the FATS ratio are extracted from the Loan Service and Claims (LS&C) System, which is used to manage defaults and foreclosures of VA-guaranteed loans.