

Veterans Benefits Administration Quality Assurance Program (Millennium Act)

Summary of Findings and Trends – Compensation and Pension

Accuracy reviews are accomplished through an outcome-based system, Statistical Technical Accuracy Review (STAR). STAR reports are based on the month that a case was completed, not when it was reviewed. Cases are requested to be submitted for review no later than the end of the following month.

Reviews of rating-related work (disability or death determinations) and authorization-related (generally not requiring a disability or death determination) products have a specific focus:

- The benefit entitlement review ensures all issues are addressed,

VBA maintains a quality assurance program independent of the field stations responsible for processing claims and delivering benefits. The following information about our programs including compensation and pension, education, vocational rehabilitation and employment, housing, and insurance is provided in accordance with title 38, section 7734.

Cases Reviewed and Employees Assigned by Program

	Cases Reviewed	Employees Assigned
Compensation and Pension	15,256	19.0
Education	1,573	1.0
Vocational Rehabilitation and Employment	3,712	8.0
Housing	8,969	3.0
Insurance	10,790	4.0

VCAA-compliant claim assistance was provided, and the resulting decision was correct, including effective dates.

- The decision documentation/notification review includes adequate and correct decision documentation and proper decision notification.

The following are results for rating and authorization reviews for the 12 month period ending July 31, 2003:

	RATING		AUTHORIZATION	
	Reviewed	Accuracy	Reviewed	Accuracy
Benefit Entitlement	7,218	85%	5,266	87%
Decision Documentation & Notification	7,218	90%	5,366	85%

The third type of work product-related review pertains to fiduciary work. The reviews include all review categories and are presented in a single overall report. The fiduciary review in 2003 was based on 2,772 cases through June 2003, with an accuracy rate of 77 percent. Most of the

errors were found in the area of protection with the small number of benefit entitlement issues. "Protection" includes oversight of the fiduciary/beneficiary arrangement, analysis of accountings, adequacy of protective measures for the residual estate, and any measures taken to

ensure that VA funds are used for the welfare and needs of the beneficiary and recognized dependents. If any of the components of entitlement or protection are in error, the entire case is in error.

Actions Taken to Improve Quality – Compensation and Pension

To ensure accountability for corrective actions, regional offices are now required to certify, on a quarterly basis, the corrective actions taken for errors documented on the national STAR. Reports on the corrective actions are submitted to VBA Headquarters, where they are reviewed to determine the adequacy of the corrective actions. Reliability of the reports will be monitored during the cyclical management site visits. Beginning in 2004, formal quality improvement plans are being required from all regional offices with rating benefit entitlement accuracy below 80 percent.

VBA has implemented a uniform national individual performance review plan with standardized review categories, sample size, and performance standards.

Training using a variety of mediums including satellite broadcasts, training letters, and computer-assisted training, will remain a priority. Particular effort is made to ensure high-quality centralized training for new veteran service representatives and rating veteran service representatives.

VBA developed a supplemental review to monitor the quality of written communication for clarity and conciseness (as opposed to technical accuracy measured by the STAR). Reviews will be initiated in early 2004.

Feedback on quality is provided to ROs for training purposes using a philosophy of consistency in its

review and a policy of assigning specific field stations to a dedicated STAR reviewer. Common STAR error findings are used for discussions and training during scheduled site visits and as agenda items for quarterly fiduciary program teleconference calls.

VBA is continuing to work closely with VHA to improve the quality of examination requests and reports. Efforts include measuring request and report accuracy, developing training materials such as videotapes and satellite broadcasts, and sponsoring quality improvement training sessions for key medical center and regional office staff.

VBA has also initiated a program of out-basing rating veteran service representatives (RVSRs) at selected VA medical centers to facilitate the examination process. Currently, there are 20 participating locations. These RVSRs are spending a part of their workday reviewing the examinations for quality as a part of a national review, which is the official performance measure for quality in this area. The STAR staff continues to conduct the majority of examination report quality reviews, but the out-based RVSRs' participation has significantly expanded review capacity.

Summary of Findings and Trends – Education

Of the 1,573 cases reviewed, there were 86 decisions with payment errors and 390 with service errors (note: some cases had more than 1 service error). Eligibility and entitlement determinations constituted approximately 3 percent of the service errors. Development errors and due process notification errors were

9 and 28 percent, respectively, of the service errors. From 2002 to 2003, payment accuracy improved slightly from 92.6 percent to 93.5 percent.

Actions Taken to Improve Quality – Education

As in previous years, the 2003 quarterly quality review results identified error trends and causes; these become topics for regional processing offices in conducting refresher training. Annual appraisal and assistance visit reports provided recommendations for improving specific quality areas. Both payment accuracy and service accuracy improved slightly. As predicted in 2002, overall quality continues to improve as the Education adjudicators hired in 2001 gain more experience.

Although the service area of notification improved in 2003, it remains the most problematic area. The checklist used for quality assurance reviews was modified in 2002 to distinguish between errors in due process notices (for disallowance, reduction, or termination of benefits) and other notification errors. This allowed Education Service to determine that most notification errors were not due process errors but were in other less critical areas of internal and external notification. Overall, the rate of both due process and other notification errors decreased in 2003, indicating that periodic refresher training in these areas, which began in 2002 and continued in 2003, has been effective. Training will continue into 2004 until the quality reviews show that the need for refresher training is no longer needed.

Education Service is continuing its project to develop standardized training and certification for employees. The first phase, covering claims processing tasks, was completed in November 2002. The project is expected to have a significant impact in raising quality scores and maintaining them at high levels when the project is fully implemented over the next few years.

Summary of Findings and Trends –

Vocational Rehabilitation and Employment

In 2003, VR&E conducted quality reviews on a total of 3,712 cases. The reviews were conducted over a 12 month period. The goal was to review at least 64 cases from each station. Each station was reviewed twice during the year.

Following are the results from the balanced scorecards as of August 31, 2003:

- Accuracy of entitlement determinations was 92 percent
- Accuracy of evaluation planning and service delivery was 83 percent
- Accuracy of fiscal decisions was 85 percent
- Accuracy of outcome decisions was 81 percent

Actions Taken to Improve Quality –

Vocational Rehabilitation and Employment

Following are recommendations that were implemented in 2003:

- New employees were selected for the quality assurance (QA) team reviewers. The new QA team was designed to ensure that consistency in the scoring of the cases is maintained.
- An out-briefing with the VR&E staff is held after each station's review to discuss significant findings and provide training to the field.
- A QA Review Board has been established for stations that wish to request reconsideration of decisions during the QA review.
- In-service training is continually provided to the team. Additionally, satellite broadcasts are scheduled and held for VR&E staff training in the regional offices.

The local QA reviews were implemented in all regional offices during the first quarter of 2003. Each regional office conducts a review of 10 percent of their caseload each year. QA reports were developed and will be available on the Web site by the first quarter of 2004.

Summary of Findings and Trends – Housing

The housing program reviewed 8,969 cases under its statistical quality control program in 2003. Approximately 735 defects were found. This translates to a defect rate of 2.38 percent, with the current national accuracy index being 97.62 percent. This is an improvement of a .79 percentage point above 2002.

The housing quality assurance program includes elements beyond the review of cases. The Lender Monitoring Unit performed 41 on-site audits and 28 in-house audits of lenders participating in VA's home loan program.

The Portfolio Loan Oversight Unit (PLOU) conducts two types of reviews: in-house and on-site. In-house reviews are conducted on a continuous basis; approximately 52,800 reviews were completed in 2003. PLOU reviewed billing invoices and completed performance reviews from the portfolio services contractor, Countrywide Home Loans (CHL), in addition to solving problems associated with portfolio loans and properties. These reviews covered 34 topics.

During 2003, two new quality schedules were added to reflect recent changes in the way the loan guaranty program is administered. These include Schedule 112-Field Reviews, and Schedule 231-Certificates of Eligibility Processed by an Eligibility Center.

Associated with these changes, Loan Guaranty staff conducted 10 on-site reviews of regional loan centers and eligibility centers identifying 172 strengths, 100 weaknesses, and 50 best practices, and mandating 32 corrective actions. Other on-site reviews were made to CHL facilities. Those included:

- Foreclosure, bankruptcy, and loss mitigation issues were covered at a site review of CHL's Plano, Texas offices in January 2003;
- Customer service, delinquent loan servicing, taxes, insurance, etc., were covered by site reviews in April and August 2003 at CHL's Simi Valley, California offices;
- Loan Management/PLOU also conducted 4,610 document reviews during on-site visits to CHL's Simi Valley office in FY 2003.

On-site performance reviews are conducted in cooperation with VA's oversight review team, whose

members include: Loan Guaranty Service (Loan Management); the Indianapolis RO-based branch of Loan Management (PLOU); the Office of Inspector General (Financial Audit Division); the Office of Financial Policy (Financial & Systems Quality Assurance Service); and the Office of Resource Management (Finance and Administrative Services).

In 2003, the reviews by Loan Management/PLOU recovered excessive contractor charges by an estimated \$28,000. Additional amounts identified by PLOU related to real estate tax penalties exceeded \$150,000 as of the end of 2003. PLOU also discovered 228 real estate owned (REO) records in CHL's system for properties VA had previously sold or returned custody to the loan-servicing provider. This will avoid future annual tax payments of approximately \$114,000. Lastly, PLOU has identified over \$2.4 million in unwarranted costs resulting from delays or errors by the prior servicing contractor. Actions will be initiated to recover these monies.

VA audits of lenders during 2003 amounted to approximately \$2.5 million in liability avoidance. The Lender Monitoring Unit also recovered approximately \$530,000 in overcharges. These overcharges were refunded directly to veterans.

Actions Taken to Improve Quality – Housing

The Loan Guaranty Service in Central Office disseminates the results of statistical quality control (SQC) reviews to field loan guaranty divisions on a monthly basis. Loan Guaranty conducts and

releases a trend report to field personnel. This report identifies negative trends and action items found during 2003 surveys. It is published to assist field personnel in identifying frequent problems facing loan guaranty management. Additionally, summaries of best practices employed by individual field stations are distributed quarterly to all field stations with loan guaranty activity.

National training is provided to enhance the quality of service provided to veterans and to increase lender compliance with VA policies. Lenders who significantly failed to comply with policies were either required to enter into indemnification agreements with VA or immediately repay the agency for its losses.

Summary of Findings and Trends – Insurance

The insurance program's principal quality assurance tool is the SQC review. It assesses the ongoing quality and timeliness of work products by reviewing a random sample of completed or pending work products. These work products are generally grouped into two broad categories based on the operating divisions in which they are performed – Policyholders or Insurance Claims Divisions.

The Policyholders Services Division, whose work products deal with the maintenance of active insurance policies, had an overall accuracy rate of 99.2 percent for 2003. Work products included correspondence, applications, disbursements, record maintenance, refunds, and telephone inquiries. The Insurance

Claims Division is responsible for the payment of death and disability awards, the issuance of new coverage, and the processing of beneficiary designations. The accuracy rate for insurance claims work products was 99.4 percent. Work products included death claims, awards maintenance, beneficiary and option changes, disability claims, and medical applications. In total, 99.1 percent of all 2003 insurance work products were accurate.

Regarding timeliness, 97.2 percent of the work products measured in the Policyholders Services Division were within accepted timeliness standards, and 97.4 percent completed in the Insurance Claims Division were considered timely as well. In total, 97.6 percent of all 2003 insurance work products were timely.

The insurance quality assurance program also includes internal control reviews and individual employee performance reviews. The internal control staff reviews 100 percent of all employee-prepared disbursements and also reviews insurance operations for fraud through a variety of reports. Reports are generated daily and identify death claims cases based on specific criteria that indicate possible fraud. Primary end products processed by employees in the operating divisions are evaluated, based on the elements identified in the Individual Employee Performance Requirements. As a result of these controls, insurance disbursements have been 99.5 percent accurate.

Actions Taken to Improve Quality –

Insurance

The Insurance Service utilizes SQC and employee performance review programs to measure quality and timeliness on an overall and individual basis. Both programs are valuable as training tools because they identify trends and problem areas. When a reviewer finds an error or discrepancy during a review, he or she prepares an exception sheet that clearly describes how the item was processed incorrectly. The noted item is then reviewed with the person who incorrectly processed the form.

SQC reviews are based on random samples of key work products and evaluate how well these work products are processed in terms of both quality and timeliness. Exceptions are brought to the attention of the insurance operations division chiefs, unit supervisors, and employees who worked the case.

VBA's Insurance Service evaluates the SQC programs periodically to determine if they are functioning as intended. Currently, we are examining error and discrepancy classifications and sample sizes.

Individual performance reviews are conducted each month. The performance levels – critical and non-critical elements – are identified in the Individual Employee Performance Requirements. These reviews are based on a random sampling of the primary end products turned out by employees in the operating divisions. Those items found to have errors are returned to the employee for correction. At the

end of the month, supervisors inform employees of their error rates and timeliness percentages as compared to acceptable standards.

The insurance program has implemented the first eight of more than a dozen job aids under the initiative called Skills, Knowledge and Insurance Practices and Procedures Embedded in Systems (SKIPPEs). This program captures 'best practices' for processing various work items and makes them available on each employee's desktop. It is expected that the SKIPPEs job aids will further reduce error rates and improve timeliness.

Standards of Independence

Each VBA business line assigns staff who are responsible for quality assurance. These employees do not process claims or deliver benefits, with the exception of the VR&E Service. VR&E's quality reviews are performed by teams consisting of three representatives from headquarters along with rotating VR&E officers from the field.

The General Accounting Office (GAO) reviewed the C&P Service's plan to increase staffing and review sufficient samples to independently assess RO claims processing accuracy. A report was issued titled, "*Veterans' Benefits: Quality Assurance for Disability Claims Processing*" (GAO-01-930R VBA Disability Claims Processing) in August 2001. GAO concluded, "VBA's planned modification would bring the STAR system into compliance with our recommendation regarding standards on segregation of duties and organizational independence."

VBA conducts rigorous reviews under published guidelines using detailed schedules in program manuals. The quality assurance programs are subject to external review by oversight agencies such as the VA Office of Inspector General and GAO.