

Veterans Benefits Administration Quality Assurance Program (Millennium Act)

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	17,001	23
Education	1,578	4
Vocational Rehabilitation and Employment	4,180	5
Loan Guaranty (Housing)	8,664	3
Insurance	11,040	4

Summary of Findings and Trends – Compensation and Pension (C&P)

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

Reviews of rating-related work and authorization-related products have a specific focus:

- The benefit entitlement review ensures all issues were addressed, claims assistance was provided (under the Veterans Claims Assistance Act), and the resulting decision was correct, including effective dates.
- The decision documentation/notification review ensures adequate and correct decision documentation and proper decision notification.

Results for C&P rating and authorization reviews for the 12-month period ending June 30, 2005, are as follows:

	Rating Reviews		Authorization Reviews	
	Reviewed	Accuracy	Reviewed	Accuracy
Benefit Entitlement	6,728	85%	6,231	90%
Decision Documentation & Notification	6,728	89%	6,231	88%

The third type of review pertains to fiduciary work. The fiduciary review for 2005 was based on 4,042 cases with an accuracy rate of 85 percent. Most of the errors were found in the area of protection. "Protection" includes oversight of the fiduciary/beneficiary arrangement, analysis of accounting, 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 individual components is in error, the entire case is in error.

Actions Taken to Improve Quality – Compensation and Pension

Regional offices are required to certify, on a quarterly basis, the corrective actions taken for errors documented by STAR. Reports on the corrective actions are submitted to VBA Headquarters, where they are reviewed to determine the adequacy of such actions. Reliability of the reports is monitored during cyclical management site visits. Beginning in FY 2004, formal quality improvement plans were required from all regional offices with rating benefit entitlement accuracy below 80 percent.

Feedback on quality is provided to the field offices for training purposes. The STAR team uses a philosophy of consistency in review and a policy of assigning a dedicated STAR reviewer to specific field stations. Common STAR error findings are used for discussions and training during scheduled site visits and as agenda items for quarterly fiduciary program teleconference calls.

Training remains a priority and is conducted using a variety of mediums including satellite broadcasts, training letters, and computer-assisted training. C&P Training and STAR staffs collaborate on training based on error trend analysis. Particular effort is made to ensure high-quality centralized training for new Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs).

VBA implemented national individual performance review plans with standardized review categories, sample size, and performance standards for all VSRs and RVSRs.

VBA continues 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. The STAR staff, out-based/hospital liaison RVSRs, and C&P Examination program employees perform examination quality reviews.

VBA also initiated a program for out-basing RVSRs to selected VA medical centers to facilitate the examination process. Currently, there are 20 participating locations. These RVSRs spend a part of their workday reviewing the examination reports for quality as a part of a national review, which is the official performance measure for quality in this area. National individual performance review plans have been piloted for these positions.

Summary of Findings and Trends – Education

Education Service reviewed 1,578 cases during 2005. Of these cases, there were 55 decisions with payment errors and 181 with service errors (note: some cases had more than 1 service error). Eligibility and entitlement determinations constituted approximately 0.5 percent of the service errors, while development and due process notification errors were 2.7 and 16.0 percent, respectively. From 2004 to 2005, payment accuracy improved from 94 percent to 96 percent.

Actions Taken to Improve Quality – Education

As in previous years, the 2005 quarterly quality results identified error trends and causes that became topics for refresher training in regional processing offices. In addition, annual appraisal and assistance visits provide recommendations for improving specific quality areas.

The Education Service is continuing to develop standardized training and certification for employees. The project is expected to have a significant impact in raising quality scores and maintaining them at high levels as the initiative is fully implemented over the next few years.

Summary of Findings and Trends – Vocational Rehabilitation and Employment (VR&E)

For 2005 VR&E completed quality assurance (QA) reviews on 4,180 cases. The reviews were conducted over a 12-month period, with each regional office having been reviewed twice during the fiscal year. The goal was to review at least 76 cases from each regional office.

Accuracy Elements	Target Score 2005	Actual Score 2005
Accuracy of Entitlement Determinations	96%	97%
Accuracy of Evaluation, Planning, and Rehabilitation Services	87%	87%
Accuracy of Fiscal Decisions	94%	87%
Accuracy of Outcome Decisions	90%	97%

In addition to review of cases from each regional office, the QA & Field Survey Team conducts site visits of regional offices. There are at least 12 offices surveyed within each fiscal year.

Actions Taken to Improve Quality – Vocational Rehabilitation and Employment

The VR&E accuracy scores met or exceeded the target scores for FY 2005 except for one element. These scores are attributed to the following initiatives implemented over the last 3 years:

- Local QA reviews continue to be implemented in all regional offices. Each regional office conducts a review of 10 percent of its caseload each year. This ensures consistency in the QA review process and office procedures.
- The QA Reconsideration Review Board continues to provide resolutions on any station's request for reconsideration of decisions made during a review. This auxiliary review process clarifies implementation of VR&E policies and regulatory guidelines.

- The QA review results for national and local reviews have been made available through an Intranet Web site. These data enable regional offices to assess individual quality and to identify training needs.

Summary of Findings and Trends – Loan Guaranty (Housing)

The Loan Guaranty housing program reviewed 8,664 cases under its statistical quality control program during 2005. The defect rate equaled 1.6 percent, with the current national accuracy index being 98.4 percent. This is an improvement of a 0.2 percentage point from 2004.

The housing quality assurance program includes elements beyond the review of cases. The VBA Lender Monitoring Unit performed 48 on-site audits and 46 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. PLOU reviewed billing invoices and completed 31,377 performance reviews from the portfolio services contractor, Countrywide Home Loans.

Detailed analyses on 2,077 portfolio loans (regarding loan amortization) were conducted during 2005.

Loan Guaranty staff conducted nine on-site reviews of regional loan centers and two on-site reviews of the San Juan Regional Loan Center, identifying 84 commendable items, 23 best practices, 60 closed action items, 32 open action items, and 66 suggestions.

On-site performance reviews are generally conducted in cooperation with VA's oversight review team, whose members include: Loan Guaranty Service (Loan Management); the Indianapolis regional office-based branch of Loan Management (PLOU); the Office of Inspector General (Financial Audit Division); the Office of Business Oversight (Management Quality Assurance Service and Systems Quality Assurance Service); and the Office of Resource Management (Finance and Administrative Services).

In 2005 the reviews by Loan Management/PLOU recovered excessive contractor charges in the amount of \$473,170. PLOU identified additional amounts relating to real estate tax penalties on GI loan property conveyances by some \$469,000 as of the end of 2005, and also identified or recovered taxes and penalties of approximately \$98,000. Additionally, PLOU identified almost \$3.1 million in unwarranted costs resulting from delays or errors by the prior servicing contractor. Actions are being initiated to recover these monies.

VA audits of lenders during 2005 amounted to approximately \$1,728,000 in liability avoidance with 48 indemnifications.

Actions Taken to Improve Quality – Loan Guaranty (Housing)

The Loan Guaranty Service disseminates the results of statistical quality control (SQC) reviews to field offices on a monthly basis. The Service prepares and releases trend reports that identify negative trends and action items found during surveys. The reports are 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 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 fail to comply with policies are either required to enter into indemnification agreements with VA or immediately repay the agency for its losses.

VA awarded a property management services contract to Ocwen Federal Bank of West Palm Beach, Florida, in August 2003. Under this contract, Ocwen manages and sells all VA-acquired properties as a result of foreclosure or termination of GI and portfolio loans. These assets are currently worth over a billion dollars. VA began transitioning properties to Ocwen in early December 2003. Loan Guaranty established the Property Management Oversight Unit (PMOU) in 2004 to monitor the management and marketing of the properties by Ocwen. The PMOU monitors Ocwen's performance by inspecting properties nationwide to ensure compliance with the contract requirements and performs on-site case reviews at Ocwen's operations center on a quarterly basis. The PMOU is also responsible for reviewing and certifying all payments made to Ocwen, including reimbursement of out-of-pocket expenses on VA properties as well as the service provider fee due when the property is sold. This requires quality assurance checks to ensure that Ocwen is entitled to the claimed reimbursement.

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 Services or Insurance Claims Divisions.

Policyholders Services, whose work products deal with the maintenance of active insurance policies, had an overall accuracy rate of 97.7 percent for 2005. Work products included correspondence, applications, disbursements, record maintenance, refunds, and telephone inquiries. Insurance Claims 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 98.7 percent. Work products included death claims, awards maintenance, beneficiary and option changes, disability claims, and medical applications. In total, 98.2 percent of all 2005 insurance work products were accurate.

Over 97 percent of the work measured in Policyholders Services and in Insurance Claims was within accepted timeliness standards. In all, 97.2 percent of 2005 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 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 are 98.1 percent accurate.

Actions Taken to Improve Quality – Insurance

The Insurance Service uses 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. The Insurance Service is currently examining error and discrepancy classifications and sample sizes.

Individual performance reviews are conducted monthly. 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 successfully implemented a dozen job aids under the initiative called “Skills, Knowledge and Insurance Practices and Procedures Embedded in Systems.” In 2005 three new job aids were under development. This program captures “best practices” for processing various work items and makes them available on each employee’s desktop. It is expected that the job aids will further reduce error rates and improve timeliness.

In addition to the actions above, the Internal Control Staff records and returns work with any errors detected while conducting reviews. The records are continuously analyzed, and corrective training and other steps are taken to reduce/eliminate such errors.

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