



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 (C&P)	15,240	18
Education	1,587	4
Vocational Rehabilitation and Employment	5,386	7
Loan Guaranty (Housing)	1,014	5
Insurance	11,040	4

VBA administers a multi-faceted quality assurance program in an effort to ensure compensation and pension benefits are provided in a timely, accurate, and consistent manner. This comprehensive program includes four tiers. The first tier consists of the established accuracy measures of the quality products within the compensation and pension benefits processing arena. The Systematic Technical Accuracy Review (STAR) program measures accuracy of claims processing decisions made in all regional offices. Monthly quality reviews of VHA examination requests and reports accuracy are conducted in collaboration with the Compensation and Pension Examination Program (CPEP) office.

The second tier of the C&P quality assurance program consists of regional office compliance oversight visits conducted by central office site survey teams. In addition to these regional office visits, the Office of Field Operations also performs regular oversight reviews.

The third tier of the accuracy performance case reviews consists of special ad-hoc reviews. The quality assurance staff completes special ad-hoc reviews as needed in support of the agency mission and needs. These reviews are generally

one-time case or examination reviews conducted for a specified purpose.

VBA recently added a fourth tier to its national quality assurance program by establishing a rating consistency review program. This review assesses recently completed rating decisions across all regional offices, identifies the disabilities by diagnostic code rated most often, and plots both the grant/denial rate and evaluation mode assigned across all regional offices. Stations that fall outside of two standard deviations are considered statistical outliers. Focused case reviews will be conducted by the C&P STAR staff on a random sampling of cases completed by identified outliers to determine root causes of inconsistency. This consistency review methodology was piloted in FY 2007 and will be fully implemented in FY 2008.

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

STAR accuracy reports are based on the month that a case was completed, not when reviewed. Cases are submitted for review no later than the end of the following month.

The STAR system includes review of work in three areas: claims that usually require a rating



decision, authorization work (claims that generally do not require a rating decision), and fiduciary work.

Reviews of rating-related decisions and authorization-related actions 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.

Accuracy performance measures are calculated based on the results of the benefit entitlement review.

- 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 May 31, 2007, are as follows:

	Rating Reviews		Authorization Reviews	
	Reviewed	Accuracy	Reviewed	Accuracy
Benefit Entitlement	7,075	89%	6,498	92%
Decision Documentation & Notification	7,075	92%	6,498	88%

The fiduciary work review focuses on the appointment of fiduciaries, the conduct of field examinations, and the accountings by fiduciaries. The fiduciary review through May 2007 was based on 3,805 cases with an accuracy rate of 82 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 corrective actions taken quarterly 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. Area offices continue to provide oversight for regional offices, directing the development and implementation of wellness plans as needs arise.

The fiduciary 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 discussion 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 CD-ROM and Web-based training materials, 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. Another collaborative VBA/VHA initiative in the examination improvement process is the creation of standardized computerized templates for all 57 VBA examination worksheets. Improvements continued to be made in these templates to enhance usability and report generation.

Summary of Findings and Trends – Education

Education Service reviewed 1,587 cases in 2007. From 2006 to 2007, payment accuracy improved slightly from 94.3 to 94.8 percent. Errors in determining training time (part or full time), errors in determining the correct date for reduction or termination of payment, and failure to process enrollment certifications each constituted 16.7 percent, and incorrect payment for intervals between terms constituted 13.3 percent. These four causes accounted for 63.4 percent of all payment errors in 2007, slightly

less than the 64.5 percent of payment errors that they constituted in 2006.

Actions Taken to Improve Quality – Education

As in previous years, the 2007 quarterly quality results identified error trends and causes. Errors in the areas identified then became topics for refresher training in regional processing offices. In addition, annual appraisal and assistance visits provided recommendations for improving specific quality areas.

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 2007, VR&E completed quality assurance (QA) reviews on 5,386 cases. The national QA 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 80 cases from each regional office.

Two reviews were added during this fiscal year: the Independent Living case reviews and the Maximum Rehabilitation Gain reviews.

Accuracy Elements (As of July 2007)	Target Score 2007	Actual Score 2007
Accuracy of Entitlement Determinations	96%	96.9%
Accuracy of Evaluation, Planning, and Rehabilitation Services	87%	77%
Accuracy of Fiscal Decisions	94%	80.3%
Accuracy of Outcome Decisions	92%	92.6%

In addition to review of cases from each regional office, the QA & Field Survey Team conducts

site visits of regional offices. There were 13 offices surveyed this fiscal year.



Actions Taken to Improve Quality – Vocational Rehabilitation and Employment

The VR&E accuracy scores met or exceeded the target scores for FY 2006 in the following two elements: Accuracy of Entitlement Decisions and Accuracy of Outcome Decisions. 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 regional office'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 the VA Intranet Web site. These data enable regional offices to assess individual quality and to identify training needs.
- The revision of the Site Visit Protocol now includes the review of contracting activities.
- The QA Review Team currently works with the Training Team to assist in providing further clarifications on administration of Chapter 31 benefits.

Summary of Findings and Trends – Loan Guaranty (Housing)

The Loan Guaranty housing program reviewed 12,800 cases under its statistical quality control program during 2007. The defect rate equaled 1.0 percent, with the current national accuracy index being 99.0 percent. This is an improvement from 2006.

The housing quality assurance program includes elements beyond the review of cases. The VBA Lender Monitoring Unit performed 42 on-site audits and 35 in-house audits of lenders participating in VA's home loan program. VA audits of lenders during 2007 amounted to approximately \$3,250,000 in liability avoidance via indemnification agreements. VA has also collected \$1,024,844 in 2007 as a result of having indemnification agreements in place.

The Portfolio Loan Oversight Unit (PLOU) conducts two types of reviews: in-house and on-site. PLOU reviewed 124 billing invoices and completed 9,750 associated invoice reviews of the portfolio services contractor, as well as 7,790 non-invoice reviews related to contract compliance. PLOU also conducted special detailed analyses and research on 182 portfolio loans and Real Estate Owned properties, with a total of \$89,251 in associated dollar adjustments. Additionally, PLOU conducted research and tracking on funds due the Department based on monies flowing through the Department of Justice to VA. The amount traced and recovered for VA in 2007 is \$1,644,109.

Loan Guaranty staff conducted 6 on-site reviews of VA Regional Loan Centers and an on-site review of the Winston-Salem Eligibility Center. On-site performance reviews are conducted by VA Quality Control Staff.

In 2007 the reviews by Loan Management/PLOU recovered excessive contractor charges in the amount of \$29,867. PLOU also discovered approximately \$19,001 of potentially recoverable amounts from GI lenders in connection with title issues.

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 disseminated 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 Loan Servicing, LLC (Ocwen) 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 approximately \$600 million. 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 97.5 percent for 2006. Work products included correspondence, applications, disbursements, record maintenance, refunds, and telephone inquiries. Insurance Claims Divisions are 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 percent. Work products included death claims, awards maintenance, beneficiary and option changes, disability claims, and medical applications. In total, 98.2 percent of all 2006 insurance work products were accurate.

Over 98 percent of the work measured in Policyholders Services and 97.5 percent in Insurance Claims was within accepted timeliness standards. In all, 97.8 percent of 2006 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 98.4 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 recently updated error and discrepancy codes to correspond with changing processes.

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." 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.