

STATEMENT OF  
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DEPARTMENT OF VETERANS AFFAIRS  
BEFORE THE  
SUBCOMMITTEE ON BENEFITS  
COMMITTEE ON VETERANS' AFFAIRS  
UNITED STATES HOUSE OF REPRESENTATIVES  
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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Compensation and Pension Service's implementation of the Government Performance and Results Act (GPRA), the adjudication of Persian Gulf compensation claims based on environmental hazards and undiagnosed illnesses, and the Department's proposed legislation to prohibit compensation to veterans with tobacco-related diseases or injuries. With me today are Mr. Jack Thompson, Assistant General Counsel, and Mr. Bob Gardner, Director of the Veterans Benefits Administration's (VBA) Office of Resource Management.

**GPRA**

Earlier this year we briefed staff members of this Subcommittee on our plan for implementing the requirements of the Government Performance and Results Act of 1993 (GPRA). I am happy to have this opportunity to provide Subcommittee members with details of the plan. GPRA is the primary vehicle through which the Compensation and Pension Service is developing and refining goals, objectives, and performance measures. We developed a business plan that was integrated and combined with Business Plans from four other Services (Education, Loan Guaranty, Vocational Rehabilitation and Counseling, and Insurance) into one comprehensive VBA Business Plan. For FY 1998, the VBA Business Plan was used as our annual budget request, which, to the extent possible, tied our program goals, objectives, and performance measures to our request for resources. We are currently in the early stages of the FY 1999 business plan and resource development process. The FY 1999 business plans will contain further enhancements compared to the FY 1998 plans and will satisfy the annual performance plan requirement contained in the GPRA.

The Compensation and Pension Service's FY 1998 Business Line Plan was based upon our Business Process Reengineering (BPR) project, which created a strategic vision of the way compensation and pension claims processing should occur by the year 2002. The main principles that guide our vision emphasize closer, more personal, and more frequent contacts with the veterans and greater responsiveness to their concerns. Veterans' needs and expectations drive the changes that we will make now and in the future.

We have developed a number of business line goals and performance objectives, as well as performance measures that will tell us how well we are achieving our goals, for FY 1998, one year in advance of the GPRA requirement.

### Objective #1 - Accuracy

For FY 1998, we plan to achieve and maintain a 92 percent accuracy rate.

The performance measure, National Accuracy, will be based upon the random selection and review of completed rating cases. The National Accuracy Rate will be determined by dividing the number of cases determined to be technically accurate by the total number of cases reviewed. This GPRA measure will be in place by September 30, 1997.

### Objective #2 - Timeliness

We intend to reduce the time required to process claims. Our current goals for the end of FY 1998 are 106 days for original compensation claims, 73 days for original DIC claims, 71 days for original disability pension claims, and 20 days for original death pension claims.

### Objective #3 - Appeals

We intend to do our part to shorten how long it takes to complete an appeal by reducing the time it takes to prepare an appeal and by reducing the remand rate.

We will measure our performance using appeals timeliness data maintained by VBA and BVA in a single, joint tracking system. Goals and measures are now in development and will be in place by September 30, 1997.

### Objective #4 - Customer Satisfaction

We intend to improve communications and outreach and be more responsive to customer and stakeholder needs. Specific goals are to respond to telephone calls within three minutes; to conduct office interviews within 20 minutes of arrival time; to answer Veterans Assistance Inquiries within 10 workdays; and to answer or acknowledge written correspondence within 10 workdays. We also will measure the percentage of veterans or family members who feel that VA kept them informed of the benefits and services available; explained the steps necessary to process the claim; kept them informed of the status of their claim; and provided a realistic estimate of how long it would take to process the claim.

We will use data from computer-generated management reports, as well as results from the Survey of Veterans' Satisfaction with the VA Compensation and Pension Claims Process to measure our performance in this area.

#### Objective #5 - Employee Satisfaction

With full implementation of BPR in 2002, we will ensure that all employees are trained and certified in their positions in order to maintain a highly skilled, motivated, and adaptable workforce.

We will be checking the percentage of our workforce trained and certified and using an employee climate survey to monitor our progress.

#### Objective #6 - Unit Cost

We plan to reduce overall operating costs and ensure the best value for the taxpayers' dollar with the implementation of BPR.

Our performance measure will be full Unit Cost. Initially, only direct labor costs will be considered in determining Unit Cost. VBA is, however, currently developing a full cost accounting system. Direct, indirect, and overhead costs will be allocated to derive total costs when this accounting system has been implemented. We expect to have our full unit cost system implemented by the year 2000.

Our vision and goals correlate directly with those of VBA and the Department. Through our GPRA-based goals and performance measures we support core values developed by VBA. We designed an ambitious plan with goals set high enough to inspire improvement, but not so high as to guarantee failure. We are working hard to develop GPRA goals and the measurement system to track our progress.

## **Persian Gulf War Claims**

In November 1994, the President signed Public Law 103-446, which authorized us to pay compensation to Persian Gulf veterans suffering from chronic disabilities resulting from undiagnosed illnesses. In February 1995, we published 38 CFR 3.317 to implement the statute.

In early 1996, after nearly a year's experience with undiagnosed illness cases, we reviewed a sample of claims denied because the disabilities first appeared after the 2-year presumptive period originally established by the regulation. We found several instances where recent medical examinations or lay statements that might have proved important to veterans' claims were not requested. We were concerned that these veterans had not received proper information about sources of information that might establish the merits of their claims. We also found numerous instances of incorrect information about denied claims in our Persian Gulf tracking system, raising concerns about the overall accuracy of our available data.

On the basis of these findings, in July 1996, we instructed our four Area Processing Offices (APOs) to undertake a readjudication of 10,736 cases identified from our tracking system. The purpose of the readjudication is twofold. The first goal is to ensure that proper weight is being accorded to less traditional types of evidence. Specifically, we want to ensure that lay evidence attesting to

signs and symptoms of illness is fully considered, since probative medical findings in these cases may not be available. The second goal is to ensure that information about the claims is properly entered into our tracking system. In our opinion, both of these goals are being met.

As of the end of April, we completed 4,966 cases (about 46 percent of the total readjudication workload). We awarded additional grants of service connection for newly considered or previously denied disabilities in 683 cases. Of these new grants, 157 were for undiagnosed illnesses. The overall grant rate of service connection for undiagnosed illnesses has risen from 5 percent prior to the readjudication to nearly 8 percent as of April. We believe that this increase can be attributed to more complete development for lay evidence and a more thorough analysis of lay evidence in conjunction with medical evidence. We expect to have the readjudication completed by the end of this year.

On April 29, 1997, we published an interim final rule implementing the Secretary's recent decision to expand the presumptive period for undiagnosed illnesses through December 31, 2001. Because of this change, we have begun a further review of claims that were denied because the disability first appeared more than 2 years following service in the Persian Gulf. As of the end of April, there were 4,435 cases coded as such in our tracking system. While it is too early to offer a definite projection about the impact of extending the presumptive

period, we expect a significant number of additional grants of service connection for undiagnosed illnesses.

In December 1992, VBA consolidated the adjudication of Persian Gulf environmental hazard claims in the Louisville Regional Office. As the volume of these cases began to outstrip that office's resources to handle them, in October 1994, we redistributed them to four regional offices (the APOs), Louisville, Philadelphia, Nashville, and Phoenix. When Public Law 103-446 was enacted, we also consolidated undiagnosed illness claims at these four stations. The purpose for consolidation of the Persian Gulf claims was to concentrate the expertise in rating these complex issues and dedicate resources to expeditious claims processing. The consolidation, however, has not been without problems.

The additional workload imposed on these four stations has had an adverse effect on other areas of their claims processing. To accommodate Persian Gulf cases, the APOs have had to "broker out" increasingly larger portions of their other work. This means that while the APOs have given priority to Persian Gulf cases, a large amount of the APOs' routine rating work has been temporarily transferred to other stations for processing. During the period October to April of FY 96, the APOs brokered out 3,625 cases. During this same period in FY 97, that number increased to 9,708, an increase of nearly 167 percent. Nationally, brokered work for these two periods increased by just slightly more than 50 percent, from 13,385 cases to 20,464. Brokered work from

the APOs has accounted for nearly half the total so far in FY 97. Moreover, Nashville's share of the Persian Gulf cases has itself proved to be so great that earlier this year we enlisted the assistance of the Cleveland and Muskogee regional offices to help with the readjudication. The percentage of claims pending over 180 days at the APOs during the first 6 months of FY 97 shows a tremendous increase over FY 96. Philadelphia's percentage has gone from 9.0 to 19.2 percent; Nashville's from 10.4 to 30 percent; Louisville's from 5.6 to 29 percent; and Phoenix's from 5.3 to 21.3 percent. By contrast, the national percentage has gone up from 8.4 to only 11.8.

Therefore, in order to maintain overall claims processing efficiency at the APOs and meet VBA performance goals, we recently recommended to the Secretary that Persian Gulf claims be redistributed to the regional offices of jurisdiction. In making this recommendation, we also took into account the views of those veterans, veterans' service organizations, and Members of Congress who had expressed concerns about consolidation of Persian Gulf claims.

When the Secretary gives his approval, we would then initiate procedures to return Persian Gulf cases from the APOs to the regional offices, including cases pending consideration under the readjudication. Pending approval, we have also instructed the regional offices to stop sending Persian Gulf claims to the APOs.

We would then prepare each regional office to process its own Persian Gulf environmental hazard and undiagnosed illness claims by scheduling at least two training sessions to assist them in approaching this task. We believe that a transition from APOs to the regional offices would not adversely affect the improvements we have been seeing in either the overall quality of Persian Gulf claims processing or the accuracy of data available from our tracking system.

## **Tobacco-Related Claims**

As our General Counsel interprets current law, direct service connection of a disability or death may be established if the evidence establishes that the underlying injury or disease resulted from tobacco use during active service, even if the disability or death did not occur until after service and expiration of any applicable presumptive period. We have approximately 4,250 such claims pending adjudication under current law, some involving contentions that smoking in service was the cause of post-service disease, and others in which it is contended a veteran became nicotine dependent in service and therefore the Government bears responsibility even for the adverse health effects of the veteran's post-service smoking.

In the Omnibus Budget Reconciliation Act of 1990, Congress prohibited compensation for disabilities which are the result of veterans' abuse of alcohol or drugs. This was fiscally responsible action which enhanced the integrity of our compensation program. In the same spirit, VA recently submitted to Congress proposed legislation that, among other things, would add a new section to title 38, United States Code, prohibiting service connection of a death or disability on the basis that it resulted from injury or disease attributable, in whole or in part, to the use of tobacco products by the veteran during his or her service. Our proposal regarding tobacco use would apply only with respect to claims filed after the date of its enactment, and would not preclude establishment of service

connection where the disease or injury became manifest or was aggravated during active service or became manifest to the requisite degree of disability during any applicable presumptive period specified in section 1112 or 1116 of title 38, United States Code.

Mr. Chairman, this concludes my testimony. I will now be happy to answer any questions you might have.