

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Benefits Administration

*Inspection of  
the VA Regional Office  
Denver, Colorado*

September 5, 2017  
17-01354-336

# ACRONYMS

FY	Fiscal Year
NWQ	National Work Queue
OIG	Office of Inspector General
RVSR	Rating Veterans Service Representative
SMC	Special Monthly Compensation
TBI	Traumatic Brain Injury
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VSC	Veterans Service Center
VSCM	Veterans Service Center Manager
VSR	Veterans Service Representative

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# Highlights: Inspection of the VARO Denver, CO

## Why We Did This Review

In March 2017, we evaluated the Department of Veterans Affairs Regional Office (VARO) in Denver, Colorado, to assess whether Veterans Service Center (VSC) staff accurately processed disability claims; timely and accurately processed proposed rating reductions; accurately entered claims related information; and timely and accurately responded to special controlled correspondence.

## What We Found

**Claims Processing**—Denver VSC staff generally processed the two types of disability claims we reviewed correctly. We reviewed 30 of 663 veterans' traumatic brain injury claims (5 percent) and found Rating Veterans Service Representatives (RVSR) accurately processed 28 of 30 claims. RVSRs also generally processed entitlement to special monthly compensation (SMC) and ancillary benefits consistent with Veterans Benefits Administration (VBA) policy.

We reviewed all 30 veterans' SMC or ancillary benefit claims and found RVSRs correctly processed 26 claims (87 percent). One error affected a veteran's benefits and resulted in eight improper monthly underpayments totaling approximately \$17,400. As we did not identify a systemic trend among these errors, we made no recommendation for improvement in this area.

**Proposed Rating Reductions**—VSC staff generally processed rating reductions accurately, but they needed to prioritize

workloads to ensure timely action. We reviewed 30 of 118 benefits reduction cases (25 percent) and found RVSRs and Veterans Service Representatives (VSR) delayed or incorrectly processed 14 cases. Delays were due to prioritization of other workloads by the VARO Director, Veterans Service Center Manager, and Supervisory Rating Service Representatives. Delays and errors resulted in approximately \$51,400 in overpayments and \$1,100 in underpayments.

**Systems Compliance**—VSC staff needed to improve the accuracy of claims-related information input into the electronic systems at the time of claims establishment. We reviewed 30 of 1,299 newly established claims (2 percent) and found that Claims Assistants and VSRs did not correctly input claim and claimant information into the electronic systems for 19 of 30 claims due to employee inexperience and ineffective operational oversight, as quality reviews were not conducted at the time claims were established.

**Special Controlled Correspondence**—VSC staff generally processed special controlled correspondence timely and accurately. We reviewed 30 of 342 special correspondence (9 percent) and found one was processed untimely and four were processed inaccurately. As we did not identify a systemic trend among these errors, we made no recommendation for improvement in this area.

## What We Recommended

We recommended the VARO Director implement a plan to complete proposed

rating reductions at the end of the due process period. We also recommended that the Director implement a plan to have all claims processing staff receive formal training on claims establishment procedures to improve quality review of the claims establishment process.

## **Agency Comments**

The VARO Director concurred with our recommendations. Management's planned actions are responsive and we will follow up as required.

A handwritten signature in black ink, reading "Larry M. Reinkemeyer". The signature is written in a cursive style with a large initial "L" and "R".

**LARRY M. REINKEMEYER**  
Assistant Inspector General  
for Audits and Evaluations

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## INTRODUCTION

### Objectives

The Benefits Inspection Program is part of the VA OIG's efforts to ensure our nation's veterans receive timely and accurate benefits and services. We conduct onsite inspections at randomly selected VA Regional Offices (VARO) to assess their effectiveness. In FY 2017, we looked at four mission operations—Disability Claims Processing, Management Controls, Data Integrity, and Public Contact. Our inspections help identify risks within each operation or VARO program responsibility. In FY 2017, our objectives were assessing the VARO's effectiveness in:

- Disability claims processing by determining whether Veterans Service Center (VSC) staff accurately processed traumatic brain injury (TBI) claims and claims related to special monthly compensation (SMC) and ancillary benefits
- Management controls by determining whether VSC staff timely and accurately processed proposed rating reductions
- Data integrity by determining whether VSC staff accurately input claim and claimant information into the electronic systems
- Public contact by determining whether VSC staff timely and accurately processed special controlled correspondences

When we identify potential procedural inaccuracies, we provide this information to help the VARO understand the procedural improvements it can make for enhanced stewardship of financial benefits. Errors that affect benefits have a measurable monetary impact on veterans' benefits. Errors that have the potential to affect benefits are those that either had no immediate effect on benefits or had insufficient evidence to determine the effect to benefits.

### Denver VA Regional Office

As of March 2017, the Denver VARO had a staffing level of 370 full-time employees, while authorized to have 391 employees. Of this total, the VSC had 217 employees assigned out of the 223 authorized employees. As of March 2017, the Veterans Benefits Administration (VBA) reported the Denver VARO completed 9,815 compensation claims—averaging 4.2 issues a claim.<sup>1</sup>

<sup>1</sup> Issues under M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, *Determining the Issues*, are disabilities and benefits.

# RESULTS AND RECOMMENDATIONS

## I. Disability Claims Processing

### Finding 1 **Denver VSC Staff Generally Processed TBI Claims and Claims Related To SMC and Ancillary Benefits Correctly**

Rating Veterans Service Representatives (RVSR) generally processed TBI claims and claims related to SMC and ancillary benefits correctly. Overall, RVSRs accurately processed 54 of the 60 disability claims (90 percent) we reviewed. One error affected benefits and resulted in eight improper monthly underpayments to a veteran, totaling approximately \$17,400 as of March 2017.<sup>2</sup>

Table 1 reflects the errors affecting, and those with the potential to affect, veterans’ benefits processed at the Denver VARO. We sampled claims related only to specific conditions that we considered at higher risk of processing errors. As a result, the errors identified do not represent the overall accuracy rate at this VARO.

**Table 1. Denver VARO Disability Claims Processing Accuracy**

		Veterans’ Claims Inaccurately Processed		
Type of Claim	Reviewed	Affecting Veterans’ Benefits	Potential To Affect Veterans’ Benefits	Total
TBI	30	0	2	2
SMC and Ancillary Benefits	30	1	3	4
<b>Total</b>	<b>60</b>	<b>1</b>	<b>5</b>	<b>6</b>

*Source: VA OIG analysis of the VBA’s TBI disability claims completed from July 1, 2016 through December 31, 2016, and SMC and ancillary benefits claims completed from January 1, 2016 through December 31, 2016.*

#### **VBA Policy Related to TBI Claims**

VBA defines a TBI event as a traumatically induced structural injury or a physiological disruption of brain function resulting from an external force. The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral/emotional.<sup>3</sup> VBA policy requires staff to evaluate these residual disabilities. RVSRs or Decision Review Officers who have completed the required TBI training must process all decisions that

<sup>2</sup> All calculations in this report have been rounded when applicable.

<sup>3</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 4, Section G, Topic 2, TBI.

address TBI as an issue. Rating decisions for TBI require two signatures until the decision-maker has demonstrated an accuracy rate of 90 percent or greater, based on the VARO's review of at least 10 TBI decisions.<sup>4</sup>

VBA policy requires that one of the following specialists must make the initial diagnosis of TBI: psychiatrists, neurosurgeons, or neurologists.<sup>5</sup> A generalist clinician who has successfully completed the required TBI training may conduct a TBI exam if the diagnosis is of record and was established by one of the aforementioned specialty providers.<sup>6</sup>

### **Review of TBI Claims**

We randomly selected and reviewed 30 of 663 veterans' TBI claims (5 percent) completed from July 1 through December 31, 2016 to determine whether VSC staff processed them according to VBA policy. For example, we checked to see if VSC staff obtained an initial VA medical examination as required.<sup>7</sup>

RVSRs correctly processed 28 of 30 TBI claims (93 percent). The two claims with inaccuracies had the potential to affect veterans' benefits. Of the claims we reviewed, 25 required medical examinations. The required medical personnel completed 19 of these examinations—specialists completed 13 and generalist clinicians completed six. Six veterans did not appear for their scheduled VA examinations. Our review of initial TBI examinations found no improper diagnoses of TBI.

We provided the Veterans Service Center Manager (VSCM) with the specifics of the claims and asked for their review. The VSCM concurred with the two errors we identified.

- In one claim, an RVSR denied service connection for TBI without obtaining all of the veteran's service treatment records as required. VBA policy notes that VA will make as many requests as necessary to obtain service medical records from a Federal department or agency.<sup>8</sup> Without the veteran's service treatment records and any subsequent medical examination results, it cannot be determined whether the denial of service connection for TBI was correct.
- In another claim, an RVSR improperly severed a veteran's service connection for TBI. VBA policy notes that a change in diagnosis is an acceptable basis for severance if the examining physician certifies that the initial diagnosis establishing service connection is clearly incorrect. In addition, VBA policy requires that notification to the claimant and due

<sup>4</sup> *Ibid.*

<sup>5</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 3, Section D, Topic 2, *Examination Report Requirements*.

<sup>6</sup> *Ibid.*

<sup>7</sup> Title 38 Code of Federal Regulations Section (38 CFR) §3.159(c)(4).

<sup>8</sup> 38 CFR §3.159(c)(2).

process of the decision to sever service connection.<sup>9</sup> In this case, there was no evidence of a change in the veteran's TBI diagnosis and the veteran was not notified of any decision to sever service connection. The veteran's payments were not affected by this action, but future evaluations could potentially be affected by the improper severance.

RVSRs processed 28 of the 30 TBI claims correctly, and we did not identify a systemic trend given the low number of errors identified. Therefore, we made no recommendation for improvement in this area.

**VBA Policy  
Related to  
SMC and  
Ancillary  
Benefits**

VBA assigns SMC to recognize the severity of certain disabilities or combinations of disabilities by adding an additional compensation to the basic rate of payment where the basic rate is not sufficient for the level of disability present. SMC represents payments for "quality of life" issues such as the loss of an eye or limb, or the need to rely on others for daily life activities like bathing or eating. Ancillary benefits are secondary benefits considered when evaluating claims for compensation, which include eligibility for educational,<sup>10</sup> automobile,<sup>11</sup> and housing benefits.<sup>12</sup>

VBA policy requires staff to address the issues of SMC and ancillary benefits whenever they can grant entitlement.<sup>13</sup> VBA policy also requires a second signature for all rating decisions involving SMC above a specified level.<sup>14</sup>

In our report, *Review of Special Monthly Compensation Housebound Benefits* (Report No. 15-02707-277, September 29, 2016), we reviewed SMC Housebound Benefits. Our Benefits Inspection reports reviewed a higher level of SMC that included those payment rates related to disabilities such as loss of limb, loss of eyesight, and paralysis. These reviews did not overlap because our earlier inspection involved different types of SMC that cannot be granted simultaneously with SMC housebound benefits.

<sup>9</sup> 38 CFR §3.105(d).

<sup>10</sup> Dependents' Educational Assistance under Title 38 CFR Section 3.807 provides education benefits for the spouse and children of eligible veterans.

<sup>11</sup> Automobiles or Other Conveyances and Adaptive Equipment under Title 38 Code of Federal Regulations Section 3.808, provides eligible veterans payments toward the purchase of an automobile, or other special equipment or assistive devices such as power seats.

<sup>12</sup> Specially Adapted Housing (SAH) Grants under Title 38 CFR Section 3.809 and Special Home Adaptation (SHA) Grants under Title 38 Code of Federal Regulations Section 3.809a, provide eligible veterans the purchase or construction of barrier-free homes or remodeling an existing home to accommodate disabilities in accordance with Title 38 United States Code Section 2101. The maximum dollar amount allowable for SAH grants in 2016 was \$73,768. The maximum dollar amount allowable for SHA grants in 2016 was \$14,754.

<sup>13</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, Topic 2, *Considering Subordinate Issues and Ancillary Benefits*.

<sup>14</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section D, Topic 7, *Signature*.

**Review of SMC  
and Ancillary  
Benefit Claims**

We reviewed all 30 veterans' claims involving entitlement to SMC and related ancillary benefits completed from January 1 through December 31, 2016. We examined whether VSC staff accurately processed entitlement to SMC and ancillary benefits associated with anatomical loss, loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse. We found four of 30 veterans' claims (13 percent) contained errors—one error affected the veteran's benefits and resulted in eight improper monthly payments totaling approximately \$17,400 from September 2015 to May 2016. The VSCM concurred with the errors we identified.

The error that affected a veteran's benefits involved an RVSR failing to grant a higher level of SMC for a period of eight months. VBA policy notes that a decision-maker must recognize, develop, clarify, and/or decide all issues and claims, whether the subordinate issues are expressly claimed or unclaimed.<sup>15</sup> In this claim, an RVSR did not infer and grant a higher level of SMC for a veteran when evidence showed the evaluation was warranted. As a result, the veteran was underpaid approximately \$17,400 over a period of eight months.

The three remaining errors had the potential to affect veterans' benefits. For example, in one of the three claims, an RVSR granted SMC for vision impairment without medical evidence showing the condition was aggravated by service. In this case, the veteran's service treatment record noted he had vision impairment due to injury prior to military service. As the medical evidence noted that the veteran had vision impairment prior to service, evidence of aggravation was needed prior to the grant of service connection. VBA policy requires that aggravation of a condition may not be conceded where the disability underwent no increase in severity during service.<sup>16</sup> As a result, the veteran may be receiving compensation for a condition not aggravated by service.

The VSCM concurred with the errors we identified. VSC staff correctly processed 26 of the 30 cases involving entitlement to SMC and related ancillary benefits. The four errors we identified did not constitute a pattern or systemic issue. Therefore, we determined staff generally followed VBA policy when processing SMC and ancillary benefit claims, and we made no recommendation for improvement in this area.

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<sup>15</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, Topic 1, *Types of Issues and Claims*.

<sup>16</sup> 38 CFR §3.306.

## II. Management Controls

### Finding 2

### Denver VSC Staff Generally Processed Proposed Rating Reductions Accurately But This Workload Needed Higher Priority to Ensure Timely Action

Veterans Service Representatives (VSR) and RVSRs generally processed proposed rating reductions accurately. However, VARO management, including the Supervisory Veterans Service Representatives, the VSCM, and the Director, needed to prioritize this workload higher to ensure timely action. We randomly selected and reviewed 30 proposed benefit reduction cases to determine whether VSC staff processed them accurately and timely. Overall, 14 of the 30 cases (47 percent) we reviewed contained inaccuracies or delays. Four cases involved inaccurate processing, and 13 cases involved delays; some cases had both delays and inaccurate processing. All 14 of these cases affected veterans' benefits and resulted in overpayments totaling approximately \$51,400 and underpayments of about \$1,100—representing 61 improper monthly payments from July 2016 to March 2017. Per VBA policy, VBA does not recover overpayments because the delays were due to VA administrative errors.<sup>17</sup> These processing delays occurred because VSRs, RVSRs, and VARO management did not prioritize these cases high enough to take action on the date the due process notice period expired.

#### VBA Policy Related to Proposed Rating Reductions

VBA provides compensation payments to veterans for conditions they incurred or aggravated during military service.<sup>18</sup> The amount of monthly compensation to which a veteran is entitled may change because his or her service-connected disability could improve. Improper payments associated with benefit reductions generally occur when beneficiaries receive payments to which they are not entitled.<sup>19</sup> Such instances are attributable to VSC staff not taking actions to ensure veterans receive correct payments for their current levels of disability.

When the VARO obtains evidence that demonstrates a disability has improved, and the new evaluation would result in a reduction or discontinuance of current compensation payments, VSRs must inform the beneficiary of the proposed reduction in benefits. In order to provide beneficiaries due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level. If the veteran does not provide additional evidence within that period, an RVSR may make a final determination to reduce or

<sup>17</sup> M21-1 MR Adjudications Procedures Manual, Part III, Subpart v, Chapter 1, Section I, Topic 3, *Consideration of the Cause of Erroneous Benefits*, and 38 CFR §3.500.

<sup>18</sup> 38 CFR §3.303.

<sup>19</sup> Public Law 107-300.

discontinue the benefit<sup>20</sup> beginning on the 65<sup>th</sup> day following notice of the proposed action.<sup>21</sup>

On April 3, 2014<sup>22</sup> and again on July 5, 2015,<sup>23</sup> VBA leadership modified its policy regarding the processing of cases requiring benefits reductions. The current policy no longer includes the requirement for VSC staff to take “immediate action” to process these reductions. VBA noted this change was made to avoid implying the next action on a proposed reduction must be immediate. VBA policy also no longer includes a measurable standard for VSC staff to make final determinations to reduce benefits following expiration of the due process period. Instead of merely removing the vague standard, VBA should have provided clearer guidance on prioritizing this work to ensure sound financial stewardship of these monetary benefits and to ensure timely processing of all workloads.

**Review of Cases  
to Assess  
Accuracy**

We randomly selected and reviewed 30 of 118 cases (25 percent) completed from August 1 through October 31, 2016 where rating decisions resulted in a proposed reduction of benefits. RVSRs inaccurately processed four of 30 cases (13 percent) we reviewed.

In the case with the most significant inaccurate payment, an RVSR reduced the evaluation of a veteran’s mental condition two months prematurely. Per VBA policy, a reduced benefit will be effective the last day of the month in which a 60-day period from the date of notice to the beneficiary of the final rating action expires.<sup>24</sup> In this case, VBA provided notification of the final reduction to the veteran on October 28, 2016. As such, the veteran’s reduction should have been effective January 1, 2017. However, the rating decision reduced the veteran’s benefit effective November 1, 2016. As a result, the veteran was underpaid approximately \$530 over a period of two months.

We did not identify a pattern or systemic trend among the errors identified; as such, we made no recommendation for improvement in this area.

**Review of Cases  
to Assess  
Processing  
Timeliness**

Processing delays that required rating decisions to reduce benefits occurred in 13 of the 30 claims (43 percent). We considered cases to have delays when RVSRs did not process them on the 65<sup>th</sup> day following notice of the proposed action, affecting the resulting effective date of reduction by at least one month. For the 13 cases with processing delays, the delays resulted in an

<sup>20</sup> 38 CFR §3.105.

<sup>21</sup> M21-4, Appendix B, Section II, End Products - Compensation, Pension, and Fiduciary Operations.

<sup>22</sup> M21-1MR Adjudications Procedures Manual, Part I, Chapter 2, Section B, Topic 7, *Establishing and Monitoring Controls*.

<sup>23</sup> M21-1 Adjudications Procedures Manual, Part I, Chapter 2, Section C, Topic 2, *Responding to the Beneficiary*.

<sup>24</sup> 38 CFR §3.105(e).

average of approximately four monthly overpayments at the time we began our review in March 2017.

The most significant improper payment occurred when an RVSR proposed to reduce a veteran's evaluation for residuals of prostate cancer from 100 percent disabling to 20 percent, based on medical evidence showing improvement. The due process period expired on July 20, 2016 without the veteran providing evidence showing the reduction should not occur. However, an RVSR did not take final action to reduce benefits payments until December 15, 2016. As a result, VA overpaid the veteran nearly \$13,100 over a period of five months.

The VSCM agreed with the accuracy errors cited but did not agree with the delay errors we identified, noting that VBA policy does not provide a specific timeframe for completion of the final rating decision to reduce benefits. However, prior to the policy change in April 2014, VBA policy had required immediate processing of maturing due process cases on the 65<sup>th</sup> day to minimize overpayments. An interview with VBA Compensation Service staff noted the policy change, as it was generally felt that workload management decisions were under the purview of VARO management and VBA's Office of Field Operations. While current policy does not include a specific timeframe to process rating reductions, Denver VSC staff, a Supervisory Veterans Service Representative, and the VSCM did agree that if staff had taken final action on the date that due process expired, it would have prevented approximately \$51,200 in overpayments to veterans for medical conditions that were shown to have improved.

Generally, these processing delays occurred because VSRs, RVSRs, and VARO management—including Supervisory Veterans Service Representatives, the VSCM, and the Director—did not prioritize these cases high enough to ensure action would be taken on the date the due process period expired. Interviews with VSC staff, a Supervisory Veterans Service Representative, and the VSCM confirmed that rating reduction cases were considered a lower priority than other work directed by VBA's Central Office. Without ensuring this work is processed timely, delays result in unsound financial stewardship of veterans' monetary benefits and failure to minimize improper payments.

## **Recommendation**

1. We recommended the Denver VA Regional Director implement a plan to complete proposed rating reduction cases at the end of the due process period.

### ***Management Comments***

The VARO Director concurred with our finding and recommendation. The Director stated that since May 2017, an RVSR is to complete all rating reductions within five days of assignment by the NWQ. Further, the Director noted it is expected that all rating reductions will be processed timely.

### ***OIG Response***

The VARO Director's comments and actions are responsive to the recommendations. We will follow up as required.

### III. Data Integrity

#### Finding 3

#### Denver VSC Staff Needed to Improve the Accuracy of Information Input Into the Electronic Systems at the Time of Claims Establishment

We randomly selected and reviewed 30 pending rating claims selected from VBA's Corporate Database to determine whether VSC staff accurately input claim and claimant information into the electronic systems when establishing the claims. In 19 of the 30 claims (63 percent), Claims Assistants and a VSR did not enter accurate and complete information in the electronic systems when the claims were established. These errors occurred due to the inexperience of staff and a lack of effective oversight. Because data were inaccurate at the time of claims establishment, these claims were vulnerable to misrouting in the National Work Queue (NWQ), delayed claims processing, or misrepresentation of the VARO's workload and performance data.

#### VBA Policy Related to Data Integrity

VBA relies on data input into electronic systems to accurately manage and report their workload to stakeholders and to properly route claims within their electronic workload management tool, the NWQ. The NWQ centrally manages the national claims workload by prioritizing and distributing claims across VBA's network of VAROs. The NWQ uses rules that assign workloads based on certain claimant and claim information within the electronic systems.<sup>25</sup> The NWQ uses the Veterans Benefits Management System (VBMS), an electronic processing system, to distribute work.<sup>26</sup> Because the NWQ relies on the accuracy of data, claims misidentified or mislabeled at the time of claims establishment can result in improper routing and lead to untimely processing of claims, delays in veterans' benefits, or misrepresentation of VARO workload and performance data. In addition, personally identifiable information could be disclosed without authorization if not controlled by accuracy reviews at time of claims establishment.

Initial claims routing begins at the time of claims establishment. Claims Assistants or VSRs must input claim and claimant information into the electronic systems to ensure compliance. Table 2 reflects nine claims establishment terms used by VSC staff when they establish a claim in the electronic record.

<sup>25</sup> Department of Veterans Affairs, Veterans Benefits Administration, National Work Queue, Phase 1 Playbook.

<sup>26</sup> *Ibid.*

**Table 2. Claims Establishment Terms**

Term	Definition
Date of Claim	Earliest date the claim or information is received in any VA facility
End Product	The end product system is the primary workload monitoring and management tool for the VSC
Claim Label	A more specific description of the claim type that a corresponding end product represents
Claimant Address	Mailing address provided by the claimant
Claimant Direct Deposit	Payment routing information provided by the claimant
Power of Attorney	An accredited representative of a service organization, agent, non-licensed individual, or attorney representative chosen by the claimant to represent him or her
Corporate Flash Indicator	Claimant-specific indicators which can represent an attribute, fact, or status that is unlikely to change
Special Issue Indicator	Claim-specific indicators and can represent a certain claim type, disability or disease, or other special notation that is only relevant to a particular claim
Claimed Issue with Classification	Specifies the claimed issue and its medical classification

*Source: VA OIG presentation of definitions from VBA's M21-1 and M21-4*

### **Systems Compliance**

We randomly selected and reviewed 30 of 1,299 claims (2 percent) established in December 2016 that were pending completion as of January 17, 2017. In 19 of the 30 claims (63 percent), Claims Assistants and a VSR did not enter accurate and complete information in the electronic systems at the time of claims establishment.

In 11 of the 19 claims with errors, Claims Assistants did not establish correct contentions and contention classifications—this was the most frequent establishment error type we found. For example, in seven cases veterans claimed service connection for tinnitus. However, Claims Assistants incorrectly listed the contention classification for the tinnitus claims as “Ear Disease and Other Senses Organs,” rather than the proper medical classification of “Hearing Loss.” VBA policy states that contention classification and medical fields are required components when entering a contention.<sup>27</sup> Selection of the appropriate contention classification will drive the selection of medical exams once exam automation functionality has been implemented. Furthermore, if the contention classification is incorrectly selected, it will send the incorrect data to the examiner and may cause the

<sup>27</sup> M21-1 Adjudications Procedures Manual, Part III, Subpart iii, Chapter 1, Section D, Topic 2, *Utilizing Contentions and Special Issue Indicators Associated with Claimed Issues*.

scheduling request to be returned with clarification requests. This could potentially lead to processing delays for veterans' claims.

The VSCM concurred with the errors we identified. Generally, the processing errors occurred due to inexperience of the Claims Assistants who processed the claims. Of the 19 claims with errors, 14 were processed by Claims Assistants who had less than six months of experience in the position at the time the claims were processed. Training records provided by a Management Analyst showed that a majority of Claims Assistants had not completed training on establishing contention classifications at the time of our file review, conducted from February 27 through March 17, 2017.

Claims establishment errors could have been mitigated if more effective oversight of the claims establishment process had been in place. The VSC had no requirement for oversight at the time claims are established. A Supervisory Veterans Service Representative stated that performance of oversight was random during the month following claims establishment. Therefore, quality reviewers were unable to determine whether Claims Assistants or VSRs initially established claims correctly.

In addition, the checklists used by quality reviewers did not fully reflect all establishment actions completed. For example, the checklist did not include quality assurance reviews to ensure selection of the correct contention classification when establishing claims. Staff stated, and the VSCM agreed, that an updated checklist would be helpful. The inexperienced staff and ineffective oversight created the potential to misroute claims in the NWQ, delay claims processing, and misrepresent the VARO's workload and performance data.

## Recommendations

2. We recommended that the Denver VA Regional Office Director implement a plan to ensure all claims processing staff receive formal training on claims establishment procedures and monitor the effectiveness of that training.
3. We recommended the Denver VA Regional Office Director implement a plan to ensure data input at the time of claims establishment is reviewed for accuracy.
4. We recommended the Denver VA Regional Office Director implement a plan to update the checklist used to evaluate quality at the time of claims establishment.

### **Management Comments**

The VARO Director concurred with our findings and recommendations. The Director indicated that formal training on claims establishment procedures was completed and additional one-on-one training has continued throughout the year. Furthermore, every employee will receive five random quality

reviews per month and the supervisor conducting the review will provide timely feedback and instruction on error trends. Finally, the Denver VSC has implemented the use of a checklist for all employees who establish claims during their first six months of training.

**OIG  
Response**

The VARO Director's comments and actions are responsive to the recommendations. We will follow up as required.

## IV. Public Contact

### Finding 4 Denver VSC Staff Generally Responded To Special Controlled Correspondence Timely and Accurately

We randomly selected and reviewed 30 special controlled correspondence cases to determine whether VSC staff timely and accurately processed them. VSC staff responded to all 30 of the correspondences, averaging three business days after receipt. Of the 30 cases we reviewed, one was processed untimely and four were processed inaccurately. However, we did not identify a systemic trend among the errors; as such, we made no recommendation for improvement in this area.

#### **VBA Policy Related to Special Controlled Correspondence**

Special controlled correspondence is mail that requires expedited processing, control, and response. Examples of special controlled correspondence include mail received from the White House, members of Congress, national headquarters of service organizations, and private attorneys. VBA policy requires the VARO Director or the VSCM establish a specific tracking code for all special correspondence.<sup>28</sup> Employees are required to send an acknowledgement letter within five business days after receipt in the VARO if they cannot provide a full response.<sup>29</sup>

Furthermore, according to VBA policy, all correspondence generated by VA must provide complete, accurate, and understandable information.<sup>30</sup> In addition, VSC staff must either file these documents in a claims folder or upload them into an electronic folder.<sup>31</sup>

#### **Review of VARO Processing of Special Controlled Correspondence to Assess Timeliness**

VSC staff generally responded to special controlled correspondence timely. We randomly selected and reviewed 30 of 342 special controlled correspondence (9 percent) completed from October 1 through December 31, 2016. VSC staff responded to all 30 of the correspondences, averaging three business days after receipt. Staff also responded to 29 of 30 special controlled correspondences (97 percent) within five business days of receipt. In one case, it took VSC staff seven business days to respond. The VSCM concurred with the delay error we identified.

<sup>28</sup> M21-4, Appendix B, Section II, *End Products - Compensation, Pension, and Fiduciary Operations*.

<sup>29</sup> M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 3, *Acknowledging Correspondence*.

<sup>30</sup> *Ibid.*, Topic 1, *General Guidance for Processing Correspondence*.

<sup>31</sup> *Ibid.*, Topic 5, *Handling Various Types of Correspondence*.

***Review of  
VARO  
Processing of  
Special  
Controlled  
Correspondence  
to Assess  
Accuracy***

VSC staff incorrectly processed four of the 30 special controlled correspondence inquiries (13 percent) reviewed. In two of the cases, staff did not upload all of the required documents, such as the privacy consent document or interim response letter. Therefore, VBA management and staff would not be able to review issues pertaining to timeliness and accuracy of these documents in the veterans' electronic claims folders.

In the two remaining cases, VSC staff provided inaccurate responses to congressional inquiries. For example, in one case a Congressman requested information about widow's benefits. The response to the Congressman noted that a non-service-connected reimbursement for burial if hospitalized at VA was \$300. However, burial reimbursement rates allowed up to \$749 if the veteran was hospitalized at VA. Further, VSC staff did not provide a response relating to life insurance benefits.

The VSCM concurred with the errors we identified. As we did not identify a pattern or systemic trend among the errors, we made no recommendation for improvement in this area.

## Appendix A Scope and Methodology

### **Scope and Methodology**

In March 2017, we evaluated the Denver VARO to see how well it provides services to veterans and processes disability claims.

We reviewed selected management, claims processing, and administrative activities to evaluate compliance with VBA policies regarding benefits delivery and nonmedical services provided to veterans and other beneficiaries. We interviewed managers and employees and reviewed veterans' claims folders. Prior to conducting our onsite inspection, we coordinated with VA OIG criminal investigators to provide a briefing designed to alert VARO staff to the indicators of fraud in claims processing.

We randomly selected and reviewed 30 of 663 veterans' claims (5 percent) related to TBI that VSC decision makers rated from July 1 through December 31, 2016. We reviewed all 30 veterans' claims involving entitlement to SMC and related ancillary benefits rated by VSC decision makers from January 1 through December 31, 2016. Additionally, we randomly selected and reviewed 30 of 118 proposed rating reductions (25 percent) completed by VSC staff from October 1 through December 31, 2016.

Furthermore, we randomly selected and reviewed 30 of 1,299 claims (2 percent) that VSC staff established in the electronic records for systems compliance in December 2016. Finally, we randomly selected and reviewed 30 of 342 special controlled correspondence inquiries (9 percent) that VSC staff completed from October 1 through December 31, 2016.<sup>32</sup>

### **Data Reliability**

We used computer-processed data from the Corporate Data Warehouse in our review. To test for reliability, we reviewed the data to determine whether any data were missing from key fields, included any calculation errors, or were outside the timeframe requested. We also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, we compared the provided veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates with information contained in the 150 claims folders we reviewed.

Our testing of the data disclosed that they were sufficiently reliable for our inspection objectives. Our comparison of the data with information contained in the veterans' claims folders, reviewed in conjunction with our inspection of the VARO, did not disclose any problems with data reliability.

<sup>32</sup> While determining our sample size of 30 claims, we determined some claims were outside of the scope of our review; therefore, we removed these claims from the universe.

***Inspection  
Standards***

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

## Appendix B VARO Management Comments

### Department of Veterans Affairs Memorandum

Date: August 4, 2017

From: Director, VA Regional Office Denver, Colorado (339/00)

Subj: Response to Draft Report, Inspection of the VA Regional Office, Denver, Colorado

To: Assistant Inspector General for Audits and Evaluations (52)

1. The Denver VARO concurs with the Findings and Recommendations of the OIG draft report of the March 2017, Inspection of the VA Regional Office, Denver, CO. The following responses to the Recommendations are provided.

2. Please refer questions to Catherine Wright, Assistant Veterans Service Center Manager (AVSCM), Denver VSC, 303-914-5729.

*(Original signed by:)*

M. Renaye Murphy  
Director

Veterans Benefits Administration (VBA)  
Comments on Office of Inspector General (OIG) Draft Report  
Inspection of the VA Regional Office, Denver, CO

The Denver VARO concurs with the Findings and Recommendations of the OIG draft report of the March 2017, Inspection of the VA Regional Office, Denver, CO. The following responses to the Recommendations are provided.

Recommendation #1: We recommended the Denver VA Regional Director implement a plan to complete proposed rating reduction cases at the end of the due process period.

Response: Concur. Since May of 2017, an RVSR has been assigned to complete all rating reductions within 5 days of being assigned by NWQ. It is expected that all rating reductions will be processed timely.

Recommendation #2: We recommended that the Denver VA Regional Office Director implement a plan to ensure all claims processing staff receive formal training on claims establishment procedures and monitor the effectiveness of that training.

Response: Concur. Formal training was completed during the time of the Site Visit and additional one-on-one training has continued throughout the year.

Recommendation #3: We recommended the Denver VA Regional Office Director implement a plan to ensure data input at the time of claims establishment is reviewed for accuracy.

Response: Concur. Every employee receives 5 random quality review per month as per their standards. The supervisor conducting the reviews provides timely feedback and instructs employees on error trends.

Recommendation #4: We recommended the Denver VA Regional Office Director implement a plan to update the checklist used to evaluate quality at the time of claims establishment.

Response: Concur. The Denver VSC has implemented the use of a checklist for all employees who establish claims during their first 6 months of training.

*For accessibility, the format of the original memo has been modified to fit in this document.*

## **Appendix C Office of Inspector General Contact and Staff Acknowledgments**

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Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Steve Bracci, Director Dana Sullivan, Director Daphne Brantley Brett Byrd David Piña Jennifer Roberts Michael Stack Maria Stone Pauline Valdez Newton Todd Wagnild
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## **Appendix D Report Distribution**

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U.S. House of Representatives: Ken Buck, Mike Coffman, Diana DeGette, Doug Lamborn, Ed Perlmutter, Jared Polis, Scott Tipton

This report is available on our website at [www.va.gov/oig](http://www.va.gov/oig).