

Ranking Member Richard Burr

March 13, 2013

Good morning, Chairman Sanders. Welcome to you and our colleagues. Thank you to the witnesses for being here to discuss VA's claims processing system and the current efforts to try to improve it.

As you know, the VA claims process has been plagued by errors, delays, and backlogs for many years. In the latest attempt to fix this system, VA hired thousands of claims processing staff, spent millions developing new IT solutions, and rolled out dozens of other initiatives. But, as these charts show, this has yet to translate into better service for veterans, their families, and their survivors.

- Over four years, the number of claims waiting for a decision grew from less than 400,000 to nearly 850,000. Today, it is even higher.
- The number of claims considered "backlogged" more than tripled.
- The accuracy rate of VA's decisions remained in the mid-80s.
- The time it takes to decide a claim increased by 83 days, and it is continuing to trend upward.
- And, if someone disagrees with VA's initial decision, it takes an average of 866 days for VA to decide the appeal – 7 months longer than in 2008.

Despite these trends, VA leaders say they are on track to eliminate the entire backlog and raise quality to 98% by 2015. In fact, VA recently released a backlog-reduction plan, which reflects that VA aims to increase productivity by about 80% over the next two years. Perhaps more challenging, VA would need to significantly reduce its error rate while deciding hundreds of thousands of additional claims each year.

To gauge how realistic this may be, we should look at how well VA has predicted its performance in recent years. For example, in 2011 and 2012, VA completed about 412,000 less claims than had been projected. Last year, VA estimated that during the current fiscal year no more than 40% of claims would be backlogged and claims would be decided with 90% accuracy in about 200 days. But, today, it takes roughly 280 days for an initial decision, VA makes errors in 14% of cases, and 70% of claims are backlogged.

In addition, there has been a shift in VA's projections about when we should see results from its initiatives to improve claims processing. Back in 2010, we were told that those efforts would begin to yield results in 2011. As this chart shows, VA then projected that it would begin to reduce the backlog in 2012. Now, VA expects the backlog to continue to grow until 2014.

Also, in estimating the work VA would need to do to eliminate the backlog, it appears VA did not take some factors into account, such as existing laws that could increase the number of incoming claims. On top of that, both the Inspector General and the Government Accountability Office have raised concerns about VA's ability to improve accuracy and timeliness, highlighting that the new IT system is only partially functional and that there were weaknesses in VA's

planning documents. We have heard some veterans' organizations express doubt that VA will reach its 2015 goals, as well.

Given all of this, we cannot simply wait until 2015 to see if VA's initiatives worked. We need to make sure VA has a realistic plan to begin providing timely, accurate decisions to anyone seeking veterans' benefits. If VA is not on track to do that, we must look at what else can be done to make sure we are not here in two years discussing an even worse situation. To that end, VA must be completely transparent about what is working, what is not, and where changes are needed to bring about lasting improvements.

In addition, VA should take a close look at how employees are being allocated among the offices processing claims for benefits. In North Carolina, there are dozens of empty workstations, equipped with computers and telephones, sitting idle at an office that handles important national missions -- such as Benefits Delivery at Discharge claims -- and has one of the largest caseloads of any VA office. At the same time, some regional offices are hampered by overcrowding and others have a history of poor performance even with appropriate staffing.

For months, I have been raising this issue with VA, including discussing it with Secretary Shinseki. But, VA still has not come forward with a plan to fully utilize the resources in North Carolina or to assess its decision-making process for staffing offices across the country. I hope today to get some clarity on these important issues.

Mr. Chairman, thank you for calling this hearing. I look forward to working with you to help ensure that veterans, their families, and their survivors -- in North Carolina and across the nation -- receive the high level of service they deserve when they seek assistance from VA.

I thank the Chair and yield back.