



For Immediate Release
December 11, 2013

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Statement of Chairman Bernard Sanders

Senate Committee on Veterans' Affairs
VA Claims System: Review of VA's Transformational Progress
December 11, 2013

"Good morning and welcome. Today, this Committee will continue its oversight of VA's efforts to transform the claims system.

Earlier this year, this Committee met to discuss one of the major challenges confronting the VA – the claims backlog. This is an issue of great concern to veterans across the country, the VSOs and every member of this committee.

The origin of this problem goes back a number of years. It has everything to do with the reality that, until 2008, for whatever reason, there was no serious effort on the part of the VA to do what every other major institution in this country had done – and that is move from the world of paper to electronics. The VA has also had to deal with a staggering number of new claims coming in from veterans of the wars in Afghanistan and Iraq, as well as making certain that a whole new class of veterans who were impacted by Agent Orange got the benefits they were entitled to.

Nonetheless this Committee, at our hearing in mid-March, heard about the unacceptably large number of claims that were pending and the numerous challenges confronting the Department. It is my view, and the view I believe, of every member of this committee that no veteran should have to wait years to have his or her claim adjudicated.

Today, as I understand it, the VA is going to give us some good news about significant progress made in this area.

When we last met to discuss this issue, there were over 896,000 claims in the inventory. Of that number more than 632,000 or 70 percent were backlogged – or pending longer than VA's goal of 125 days.

Today, those numbers look much different. The number of claims pending longer than 125 days – or officially part of the backlog – has dropped to just over 395,000 claims or 57 percent of the total inventory. The total number of pending claims has dropped to its lowest level since July of 2012 at slightly less than 694,000 claims.

Let me be clear – many challenges remain and I will touch on some of them later in my statement. We must, however, begin today by acknowledging the progress we have seen since we last met in March and we thank the VA and their staff for their very hard work in this effort.

For the fourth year in a row, VA has processed more than one million claims. This is no small feat given the sheer size of the transformation the Department is undertaking. VA is moving to an electronic claims processing system and VBMS, which is a major component of that system, has been deployed to every regional office ahead of schedule. The Department has implemented a new organizational model changing the way in which it processes claims. It also continues to build upon efforts to improve employee training and address underperforming regional offices.

I believe this Committee has worked in a productive and bi-partisan manner to support VA's efforts while also holding it accountable for meeting its ambitious claims processing goals – 125 days at 98 percent accuracy by 2015. For example, following the March hearing I was joined by all of my colleagues on this Committee in asking for DoD's continued commitment to help VA eliminate the backlog. This Committee continues to closely monitor, and when necessary, encourage greater cooperation between the Departments. Members from both sides of the aisle have presented legislative ideas. I am confident a number of these ideas, including significant portions of the Claims Processing Improvement Act that I introduced earlier this year, will pass the Senate this week as part of a veteran's omnibus bill. This Committee also continues to conduct aggressive oversight of VA's transformation efforts, in part through hearings like this one, in order to hold VA accountable for meeting its ambitious claims processing goals.

Despite this progress, we all know VA is not yet where it needs to be. Veterans are still waiting too long for a decision and the IG continues to find issues with the quality of the work. I am concerned by the most recent IG findings, which found significant problems with provisional rating decisions reviewed at the Los Angeles Regional Office. During Committee oversight my staff has identified clear and unmistakable errors in provisional rating decisions.

I'm pleased to hear VA is taking action to remedy the problems identified by the IG. However, this should have been done immediately upon recognition of the problem at the local level. Reducing the backlog at the expense of accuracy is not acceptable. We will continue to examine the oldest claims first initiative and the issuance of provisional rating decisions.

The Committee's oversight efforts will also continue to focus on other components of transformation to ensure VA is providing timely and accurate decisions. For example, VA still has a long way to go in creating a truly electronic claims processing system – a system that doesn't rely on the scanning of millions of pieces of paper. VA must also ensure that as it transitions to a Web-based system it does not inadvertently disadvantage certain populations of claimants, such as elderly veterans or those veterans living in rural areas with limited internet access. Finally, VA must do more to address other work pending at the ROs such as appeals and award adjustments. Despite the significant reduction in claims measured as part of the backlog, other pending work has continued to climb since our last hearing on this issue.

Finally, let me touch on a few areas that I believe VA needs to focus on as efforts to transform the claims system continue.

VA must focus on the appellate process. This is a large part of the claims system, and it is not receiving the attention it deserves. General Hickey, I know VA has been piloting a number of ideas in the Houston Regional Office, but I think we need some increased leadership attention on these efforts in order to make some real progress on appeals.

The numbers are bad. According to VA's Performance and Accountability Report, last year it took on average 866 days to provide a final decision on an appeal. Let me repeat that – veterans were waiting on average 866 days for a final decision on an appeal. This is why providing an accurate initial decision is so important.

General Hickey, I'm asking you today to get back to me by the end of January with how you plan to improve the processing of the appellate workload at the ROs.

In 2009, VA began an effort to revise and update VA's rating schedule. I know this is painstaking work, but I'm concerned about the progress of this effort.

In the fall of 2012, GAO provided a comprehensive review of this effort and the associated challenges. The rating schedule is the foundation of the claims system and any future updates will impact every piece of transformation – from the rules based calculators to employee training. VA will need to spend significant time and energy reprogramming computers, modifying forms and ensuring employees are properly trained on the updated schedule.

As VA moves forward with this update, it must plan accordingly. Too often in the past, the Department was not prepared to cope with major changes to the claims system and that failure resulted in negative experiences for veterans. Let's not let history repeat itself.

Finally, VA needs to continue to demonstrate with data and hard facts how transformation will ultimately improve the veteran experience and result in more timely and accurate decisions.

In closing, I am pleased to see VA making progress in reducing what everyone agrees is an unacceptable backlog of claims. I want this Committee to continue to work with VA to make certain that we identify workable long-term solutions and remain aggressive in closely monitoring this situation to ensure progress continues.

Thanks to General Hickey and the accompanying witnesses for joining us today. With that I would turn to Ranking Member Burr for his opening statement."