

**STATEMENT OF
UNDER SECRETARY OF BENEFITS ALLISON A. HICKEY
VETERANS BENEFITS ADMINISTRATION (VBA)
U.S. DEPARTMENT OF VETERANS AFFAIRS (VA)
BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
March 20, 2013**

Good morning, Chairman Miller, Ranking Member Michaud (MISH-OH), and Members of the Committee. Thank you for the opportunity to discuss VBA's Transformation efforts and the employees that are critical to its success. I am accompanied today by the Deputy Under Secretary for Field Operations, Diana Rubens.

As a direct result of the support provided by this Committee, VBA employees are completing more compensation claims than ever before in the history of VA – over 3 million in the past three fiscal years and 3 times the amount since 2000 – while increasing the quality by nearly 4 percent over the last year.

Yet, despite these efforts too many Veterans still have to wait too long to get the compensation benefits they have earned – and that is unacceptable. My testimony today will focus on how execution of our Transformation Plan, will allow VBA to eliminate the backlog in 2015 – by leveraging our greatest asset – our employees.

I'd first like to discuss the inventory of claims, and the factors impacting our timeliness. The current inventory represents claims from Veterans of all eras. The largest percentage of claims comes from our Vietnam-era Veterans who make up 37 percent of the inventory and backlog. 1990's Gulf War Era Veterans make up 23

percent while Veterans of Iraq and Afghanistan conflicts make up only 20 percent. Our WWII and Korea Era Veterans make up less than 10%.

39 percent of the inventory are original claims, which are those submitted by Veterans claiming disability compensation from VA for the first time. 61 percent are supplemental claims from Veterans who are seeking additional benefits.

In all, about half of the Veterans in the total inventory are already receiving some level of compensation from VA.

What's clear is the demand for this benefit is at an all-time high. In the past four years, we have added more than 940,000 Veterans to the VA compensation rolls, which is more than the active duty Army and Navy combined.

Coupled with this increase are two factors that have had a significant impact on the growth of the inventory and backlog.

In 2009, Secretary Shinseki made the decision to add three presumptive conditions for Vietnam Veterans who were exposed to the herbicide Agent Orange. In response, VBA dedicated 37% of our rating staff to re-adjudicate over a quarter million Agent Orange claims, providing \$4.5 billion in retroactive benefits to 164,000 Vietnam Veterans and their survivors.

While this decision was absolutely the right thing to do, it had an impact on our ability to keep up with the new claims coming in, and on the aging of claims we had already received.

The second factor is the increase in the complexity of the claims themselves. There has been a 200% increase over the last 10 years in original claims containing eight or more medical issues. From 2009 to 2012, the number of medical issues inside

the claims increased from 2.7 million to over 4 million. This 50-percent growth in medical issues – which is a truer measure of the time it takes to complete a claim – is having a significant impact on our production and the growth in inventory.

Given the growing demand and complexity of claims, it is clear that continuing a legacy approach will not meet the needs of Veterans. I am happy to report that we have achieved momentum with our transformation plan that will improve how Veterans' benefits are delivered for generations to come – and 2013 is the year of full deployment and change.

Our Transformation represents the largest single reinvention this organization has ever seen – and our focus is on managing this change while sustaining production and improving quality.

VBA's employees are the key to success, and over 52 percent of them are Veterans themselves. The productivity of this workforce and the accuracy of decisions are now being increased through new national training programs and standards. New employees attending Challenge training decide 150 percent more claims per day with a 30 percent increase in accuracy.

Through process-improvement design teams, VBA has launched initiatives like Segmented Lanes, Disability Benefits Questionnaires, and Fully Developed Claims, which are showing positive results with increased implementation.

The Veterans Benefits Management System is our web-based, electronic claims processing solution. We deployed the first Generation of VBMS in January 2013 and have 25 stations on VBMS today.

With the integration of VBMS and the online portal eBenefits, we have achieved an end-to-end digital filing capability. Veterans can now file a claim on line using a “turbo tax”- like model—and upload the evidence to support a claim, all within a digital environment.

These people, process, and technology elements are now coming together in an integrated way, and I am fully confident that through this Transformation plan we are on track to achieve our goals for improving the delivery of benefits for Veterans, their families and survivors.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or other Members of the Committee may have.