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**Chapter 1 – General**

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**1.01    PURPOSE AND SCOPE**

a.     The basic aim of insurance quality control is the improvement and maintenance of quality at the highest levels which the various insurance work processes are capable of producing, within available resources.

b.    Regular supervision and training are basic to effective quality control and improvement.  There are various methods used by the Insurance activity to improve quality.  These include supervisory spot checks, 100 percent reviews, analyses of complaints, sampling of the work produced, customer surveys, and Quality Improvement teams.

c.    Of the various methods, sampling is the one most widely used in the Insurance activity for quality control purposes.  It has the advantage of economy and speed in feeding back information on quality.  Since drawing inferences about quality levels from samples is a basic function of statistics, it is termed SQC (statistical quality control).  The purpose here is to furnish procedures for its application in certain high volume and largely repetitive areas of the Insurance activity.

d.    It is not the intent that SQC displace any of the other supervisory tools.  Rather, it is designed to supplement it with the focus at the higher organizational level.

e.     In all areas, whether or not covered in this manual, the various levels of supervision are expected:

1.     To know and report upward the quality of work items being produced.

2.     To conduct reviews to determine areas where deficiencies may exist.

3.    To issue special instructions, train individual employees or groups, recommend procedural changes when indicated, or take whatever other action is necessary to ensure quality work performance.

**1.02    INSURANCE QUALITY CONTROL ELEMENTS**

Quality standards are comprised of Errors and Discrepancies, as discussed below:

**Errors**

An erroris an action which adversely affects the Veteran, the insured, the beneficiary, the payee, third party customers, stakeholders, or the financial health of the insurance program.

To be considered an error, the action must be incorrect based on the law, regulations, manuals, circulars, or statement of procedures (SOPs) for the action in question, or other written guidance issued by appropriate Insurance Management.  An action that is incorrect, but does not materially impact the provision of benefits, amount of insurance, premiums, or other substantive aspect of the legally required benefits, is not an error.   The end product selected for review must be processed according to established guidelines, without reviewer prejudice.

Errors should be charged against the SQC worksheet line code number which they most nearly resemble.  Only if totally unrelated to any of the defect line codes will an item be listed as an unclassified error.

**Discrepancies**

A discrepancy is an action or omission, the effect of which is minor or administrative.  It cannot have direct, substantive, or immediate impact on the benefits payable, the Veteran, the insured, the beneficiary, the payee, third party customers, stakeholders, or the financial health of the insurance program.

To be considered a discrepancy, the action must not rise to the substantive level of an error, but may negatively impact the image of the organization or confuse the customer.

Discrepancies should be charged against the SQC worksheet line code number which they most nearly resemble.  Only if totally unrelated to any of the defect line codes will an item be listed as an unclassified discrepancy.

**1.03    STATISTICAL QUALITY CONTROL**

SQC is a technique for detecting, by statistical means, the presence of systematic or non-random variations in quality in the output of a process.  This makes possible the reduction or elimination of these quality variations to an acceptable level, leaving the remaining variation due to chance causes.  A process operating within a stable range of chance causes is said to be statistically under control.

**1.04    ESSENTIALS OF SQC**

a.    Effective quality control does not stop with simply measuring the error rate.  Nor does it end with on-the-spot correction of an error.  The key to successful SQC is feedback of information to the training and planning phases, to remove the causes of error in future work products.  An effective system must include a valid sampling plan, quality indicators, information feedback, and action.  The following forms are available for application of SQC to insurance operations:

1.    Quality Review Exception Sheet.

2.    Statistical Quality Control Summary Report (Error Classifications).

***NOTE:****Please refer to M29-1, Part VII, Appendix A for SQC Quality Control Exception Sheets and Summary Reports.*

b.    There are additional essentials of reporting and validation.  These topics are discussed under their respective headings.

**1.05   SELECTION AND QUALITY REVIEW**

a.    Wherever possible, identification and selection of the cases to comprise a sample is performed by VA Insurance systems based on programmed random sampling logic.

b.    For quality control purposes, completed cases are defined as those upon which all action possible has been taken, based on the material of record, and the Veteran/inquirer has been informed as to his or her status.  Interim and intermediate replies and/or cases susceptible to selection under this definition include:

1.    Those going into diary on initial processing because of a further requirement (money, information, records, etc.).  Pending cases will be noted PEND.

2.    Cases undergoing final processing after receipt of requested requirements or as a result of diary call-up.

**1.06   QUALITY WORKDAY**

An SQC workday must be established to consistently maintain a 24-hour cycle.  For example, an SQC workday established at 2 p.m. of one workday will run until 2 p.m. of the succeeding workday.  The Assistant Director, Insurance Program Management Division will be responsible for establishing the starting time of the quality workday.

**1.07   SAMPLING PLAN**

a.    Random sampling provides for the mathematical evaluation of the sampling error, and provides assurance as to the absence of bias in the selection of work units.

b.    The procedure outlined here subjects all items of the work population to an equal probability of selection.  It minimizes human influence in the selection of work units for quality review by use of predesignated control digits.  The control digits change daily as explained below.

c.    The basic plan utilizes the ready-made digit groupings of the established insurance numbering system.  The primary, secondary, and final group of digits, going from right to left in the file insurance number, are used for the three selection functions of control, initial match, and final designation, respectively.

d.    The listing control digits are derived from the last two digits (primary set) of the last file number selected by the VA Insurance system at the close of each quality workday.  These govern selections for the following workday, commencing immediately at the cut off time, and change daily.  Separate statistical quality review selection processes are maintained for each SQC survey within the VA Insurance system.  Thus, each work process has its own selection control digits.  The selection criteria for each SQC survey is listed in M29-1, Part VII, Chapter 4.

e.    The selection proceeds from the right to the left in the insurance number.  Therefore, all cases selected for the succeeding workday which bear the predesignated control digits in the secondary position (third and fourth from the end) are maintained by the VA Insurance system. These cases together with all related material constitute the initial selections; for further details, see M29-1, Part VII, Chapter 2.

f.   The final selections are made from the extreme left digit groups of the cases designated as initial selections.  The last two digits of this group are always used as a set.  If a file number has less than six digits, each missing digit will be regarded as a zero.  The highest and lowest numerical values of these sets are chosen in alternating sequence until a sufficient number of final selections have been gathered to satisfy sample size requirements for the day.  These values are chosen in accordance with the monthly sample size and the number of workdays in the current month.  The high-low selection sequence will be preserved in continuity from one workday to the next.

g.    To illustrate briefly the selection process, see the example below:

Last file number at cutoff time:                RS 1234 17 38

Cases encountered after cutoff time:        V 164 38 96

                                                          V***6*** 38 04

                                                           RH 10***98*** 38 55

Primary Set = Selection control ("38")

Single underscoring = Initial selections

***Bold and Italicized*** = Final selections for SQC

**1.08   SAMPLE SIZES AND FREQUENCY**

Unless otherwise specified, sample sizes are established at 100 monthly for each SQC program in the Policyholders Services entities; 100 monthly for each Death Claims related SQC program; 50 monthly for the Disability Claims programs; 50 monthly for Medical Determination end products; 50 monthly for Outreach end products, and 20 for VMLI.  Selections will be made daily throughout all workdays of every month.

**1.09    SELECTION BACKGROUND**

VA Insurance system’s logic identifies and selects completed cases matching the predesignated control digits automatically, using the applicable method for the work volume involved, as outlined in M29-1, Part VII, Chapter 2.  For quality control purposes, completed cases are defined as those upon which all action has been taken based on the material of record, and the Veteran/insured/inquirer has been informed as to his or her status.  Interim and intermediate replies and/or cases that may be selected under this definition include:

a.    Those going into diary on initial processing because of a further requirement (money, information, records, etc.) from outside the processing office.

b.  Cases undergoing final processing after receipt of requested requirements or as a result of a diary call-up.

**1.10   ACCUMULATION OF MONTHLY SAMPLE**

The monthly volume of initial selections should range from 10 percent to 25 percent above the number of cases required for SQC review (dependent upon work volume, sample size, nature of work, and need).  On a daily basis, deficits or excesses may be encountered and will be handled as stated below.

a.   If fewer cases than required are available for that day, the deficit will be made up from the cases listed in subsequent selection period(s), which can occur as soon as the next day or as late as three days after the end of the review month.  All cases listed as subject to SQC will be used until the required number of cases have been gathered to cover all existing deficits through that (current) date.

b.   Automated SQC only selects the number of cases needed for review each day from completed work.

**1.11    QUALITY REVIEWS FOR ACCURACY**

a.   Accuracy reviews will be conducted according to the error classifications on the VA Insurance system error classification interface (or SQC Summary Report), as detailed in M29-1, Part VII, Chapter 2.

b.   The Insurance Program Management SQC Program Coordinator has the responsibility to see that the SQC surveys are conducted on the cases selected for review.

c.   Insurance Program Management Division employees are responsible for conducting SQC Reviews.  Individual reviewers are responsible for completing SQC case reviews based on the guidelines provided by the SQC Program Coordinator.

d.   The Quality Review Exception Sheet will be completed for each deficiency, whether it be substantive or procedural in nature.  The deficiency and its corrective action should be explained to the originator by his or her own first line supervisor rather than the reviewer, so that all concerned will derive maximum benefit from this information feedback.

**1.12    LOCAL VALIDATION**

a.   At the discretion of local management, validity and/ or reliability checks may be performed on each of the SQC surveys shown in M29-1, Part VII, Chapter 2.  Validations will not be considered as substitutes for the regular quality reviews.

b.   Validations should be considered when results for the last reporting month showed an accuracy rate/timeliness below the lower control limit (LCL), any survey showing zero errors, an accuracy rate/timeliness close to the upper control limit (UCL), or other conditions indicated in M20-2 Quality Control.

c.   Sample sizes for validity checks should be the same size used for the monthly SQC.  However, samples as small as 60 percent of the monthly SQC samples are acceptable.

d.   A validity check is a review from an independent sample to ascertain whether or not the standard is being met and to determine if the SQC reporting is dependable.  (An independent sample is one from the same listing used for that month's SQC review, using initial selections that were passed over during the original review, rather than by a second review of the same cases.)

e.   A reliability check is the term used to describe reviews which are performed on the same cases selected in a previous SQC survey.  Ordinarily, reliability checks are conducted only when a marked disparity is disclosed between a validity check, as described above, and the corresponding basic SQC review.  A reliability check is not employed for determining percent in error.  Rather, its purpose is to test the know-how and accuracy of the SQC reviewer(s) and any sampling technique deviations or distortions.  Upper and lower control limits have no bearing.  Evaluation of results is strictly a judgment matter.

f.  Validity checks should consist of previously unreviewed, independent samples.  Reliability checks should be composed solely of cases drawn from a previously conducted, final SQC survey sample.  Unreviewed and previously reviewed samples will not be mixed together in the same check.

**1.13   RESPONSIBILITY FOR QUALITY REVIEWS**

The Insurance Program Management Division (IPMD) is responsible for processing SQC.  A designated IPMD staff member will be responsible for overseeing the SQC Program for the organization.

**1.14    INSURANCE PROGRAM MANAGEMENT OPERATIONAL REVIEWS**

IPMD staff will conduct Operational Reviews (OR) as needed.  Areas of review include both traditional end products now being reviewed under the SQC programs and other areas not reviewed on a formal basis.  The OR process will serve as a "spot check" on operational procedures.  Review samples will be taken on a random basis from pending and completed work products.  If possible, samples from the daily SQC listings that are chosen for review will be used.  Other sources of work samples will be desk audits, workflow, and workflow history.  Information for other Quality Assurance Reviews may come from interviews with operations management and reviews of miscellaneous documentation.

a.  Cases designated as exceptions because they are unacceptable, in need of improvement, or exceptionally well-done will be given to operations management during the course of the review.  Operations management should return any comments to IPMD within 2 workdays.

b.  A schedule of ORs will be made prior to the beginning of each calendar year.  OR findings will be used to provide suggestions for quality and timeliness improvement and to point operations management toward areas for possible further study.  OR results are not intended to validate the regular SQC programs.

**1.15    SUMMARY**

Strict adherence to the VA Insurance SQC sampling plan and documentation provides, among other things, the following advantages:

a.   The VA Insurance SQC sampling plan assures that the method of selection is completely random.  The documented selection of control digits by random chance rather than choice, and their application through the secondary and into the final digit groupings, keeps all work products subject to the possibility of selection constantly.  Sampling cannot become concentrated in any particular group of work items.

b.   The statistical quality review worksheet provides for local quality validations a ready trail to certain points in time, such as periods of heavy workload volumes or other occurrences.  It offers a choice between those items initially listed but passed over and those which entered the organized quality sample.  This choice can serve the various work processes as a double-check on the estimates of accuracy and timeliness, the reliability of reporting, and the efficiency, knowledge or training needs of the work item originator on up through the quality reviewer.

c.   The VA Insurance SQC sampling plan outlined adapts itself to any one or more of the 100 percentage plans outlined in paragraph 2.01 to all segments of the Insurance activity.  Further, it will provide for any future changes in staffing, organizational structure, or work volumes.Bottom of Form