

April 25, 2019

**Under Secretary for Benefits
Dr. Paul R. Lawrence
Managing VBA Performance & Results: Q2
April 25, 2019**

[Brandye Terrell]

- Good afternoon, everyone.
- I'm Brandye Terrell, Deputy Chief of Staff at the Veterans Benefits Administration, and it is my pleasure to welcome you to the Managing VBA Performance and Results Quarter 2 webcast of Fiscal Year 2019.
- Thank you to all of you who have joined us today:
- I'd now like to introduce our Under Secretary for Benefits, Dr. Paul Lawrence.
- I also want to welcome two special guests: Mr. Dave McLenachen, Director of our Appeals Management Office, and Mr. Will Streitberger, Director of Vocational Rehabilitation & Employment Service.
- We'll hear more from them later.
- Now without further delay, I'll pass it over to Dr. Lawrence.

[Dr. Lawrence]

- Thank you Brandye for that introduction.
- Hello everybody and thank you for joining us today.
- We're going to cover a lot of ground, so get ready for a lot of data in the next half-hour or so.
- We're tracking and reporting this data to be transparent and accountable.
- And of course, a big thank you to all our dedicated VBA staff, who work to make a difference for every Veteran we serve.
- Let's get started.
- Here's our agenda for today. We'll accomplish five things in our time together:
 1. Present VBA results for Quarter 2 of FY 2019;
 2. Describe how all VBA employees are working to serve Veterans;

3. Detail the engagement we've had with Veterans; to include what I have done.
 4. Provide an update on 2 important issues:
 - Appeal Modernization – Dave McLenachen, leader of VBA's appeals team, is back again to tell us about our progress since full implementation on February 19th.
 - Tele-counseling and modernization – I have asked Will Streitberger, head of our Vocational Rehabilitation & Employment team, to join me to talk about the newest developments in VR&E.
 5. And finally, I'll answer 2 questions from our VSO partners.
- Before we begin, I want to remind you about my three priorities.
 - They are:
 1. Providing benefits with excellent customer service;
 2. Fiscal stewardship; and
 3. Strong collaboration.
 - Everything we do relates back to these three priorities.
 - I will call out progress when it happens.
 - And when it doesn't, I will describe what we are doing about it.
 - For those new to VBA, here's a brief overview.
 - We are an impressive nationwide organization, comprised of more than 24,000 employees - most of whom are Veterans - that distributed more than \$29 billion in benefits to Service members, Veterans and their families in Q2.
 - Within VBA, we have **8** business lines that you see displayed on the chart.
 - I'll provide highlights for each business line for the past quarter.
 - Let's start with Compensation.
 - In Q2, we served **4.8 million** Veterans and paid **\$21.7 billion** in compensation benefits.

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- We completed **nearly 264,000** claims on average within **127.8 days** – while good, this is below our completion target for the quarter.
- Our successful implementation of the Appeals Modernization Act had a temporary impact to this performance. How?
- Some of our best performers were hired away to handle appeals processing and we didn't backfill them fast enough.
- Additionally, there were some unexpected technology glitches that impacted processing times.
- To deal with these, we have accelerated our hiring and are working closely with our IT colleagues to address system defects.
- Compared to the first quarter, we are also dealing with slightly more issues per claim.

Of note in Q2, as previously shared by Secretary Wilke, we began prioritizing the claims of Purple Heart recipients as of April 1st.

Let's now talk about our appeals program.

- Our legacy appeals inventory consists of appeals filed prior to February 19, 2019 when full implementation of appeals modernization began.
- In Q2, our legacy appeals inventory was reduced to about **267,000**, which is slightly above our target.
- Our actual appeals inventory was higher than projected due to a contractor technology glitch in the system we use to receive and process mail, which delayed mail sent to our staff, and, therefore, delayed processing
- This has been fixed and we are getting the mail to the right place.
- None-the-less, we remain committed to eliminating all non-remand legacy appeals in FY 2020.
- Now let's talk about Pension.
- As you can see, we provided significant benefits to approximately **251 thousand** Veterans.
- What's different from this chart compared to last quarter is that we broke out Veterans Pension and Survivors Pension into two parts.

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- While our claims processing was slightly below target, we continue to identify opportunities to improve on this.
- Of note, we completed these claims in **115.1 days**, **10 days** faster than the target.
- Let's now talk about survivors benefits.
- In Q2, we paid **\$2.2 billion** in benefits to **615 thousand** survivors.
- We completed **15.3 thousand** claims, which is below the target of **23.1**.
- We are working to close the gap and continue to identify opportunities to streamline processes to meet these targets.
- Let's talk about Fiduciary.
- Previously in Q1, we reported on the number of fiduciaries helping Veterans, but that wasn't the full picture of who is served through this important program.
- Fiduciaries look out for the welfare of not only Veterans, but their beneficiaries such as surviving spouses and children.
- Therefore, we decided to report on the number of beneficiaries served.
- Our new reporting numbers show **190.1 thousand beneficiaries** were served in Q2.
- We also conducted **24,000** field exams to the homes of our most vulnerable beneficiaries, exceeding our target.
- Next, let's talk about Insurance.
- Our insurance offering is highly rated, with a customer satisfaction rating this quarter at **94%**, and we provide this benefit in a timely and accurate manner.
- In addition, we continue to locate hard to find beneficiaries upon an insured Veteran's passing.
- In Q2, we located **378** such beneficiaries and paid them **\$1.7 million** in death claim benefits.
- Let's turn our focus to another important benefit, education.
- In Q2, we paid **\$3 billion** to **488 thousand** Veterans or their dependents.

- We processed original applications in an average of **21.8 days**, over **6 days** faster than our target.
- We restored **929 months** of GI Bill entitlement to those affected by school closures.
- Following **3 new school closures**, we took quick action to notify the **2,173** Veteran students of their eligibility for restoration of education benefits.
- If you think you qualify for restoration of benefits, you can call the toll-free number on this slide.
- Now let's talk about Vocational Rehabilitation & Employment.
- Our goal in VR&E is to get Veterans to positive outcomes which includes employment, independent living, or continuing with school.
- We exceeded that goal last quarter.
- We also promised to hire a total of **169 counselors and are on track to do so.**
- Since we rolled out **tele-counseling** nationwide, appointments have averaged over **1 thousand** per month.
- Will is joining us later to talk more about modernization efforts and how we're bringing the highest levels of care to our Veterans and their families in VR&E.
- Now, let's turn to Home Loans.
- Our **Home Loan Program** helps Service members, and Veterans obtain, retain or refinance their home.
- It's doing a great job, and I want to call your attention to a couple of stats. On the left side, we guaranteed nearly **\$32 billion** for new home loans.
- We also worked with **31,432** Veterans to keep them in their homes and avoid foreclosure.
- Our target is to process **95 percent** of home loan certificates of eligibility within **5 days**.
- In Q2, more than **99 percent** were completed within **5 days**, well above the target, and almost half were completed in **one** day.
- Last time I told you that our Specially Adapted Housing program began executing housing adaptations for our Veterans enrolled in the VR&E program.

- As you can see, we approved **560 grant applications** totaling nearly **\$29 million**.
- In Q2, we awarded **4 grants** totaling almost **\$800 thousand**, to develop new assistive technology, which includes:
 - voice commands for severely disabled people to interface with their home environment,
 - artificial intelligence to monitor household hazards and object locators for the blind,
 - and a disability adapted, fully wheelchair acceptable bathroom module that can be delivered and attached to an existing home.
- Our next slide is the office of Transition and Economic Development.
- Our office of Transition and Economic Development (or TED) supports Veteran transition from military service to civilian life.
- TED administers our part of the Transition Assistance Program (or TAP), where we provide information on VA benefits and services.
- Department of Defense provides the surveys on customer satisfaction.
- We are now going to report on how we did on TAP touches.
- We will be reporting this measurement for the previous quarter every time to align with DoD's customer satisfaction surveys.
- TAP touches were **37,493** and it's defined as the number of Service members, spouses and caregivers that attend these TAP briefings.
- Satisfaction with our performance exceeded target.
- In terms of TED highlights, we have this cool new book that provides an overview of the military to civilian transition.
- You can access this book from the link on the slide.
- Additionally, the next economic investment roundtable will take place in the Washington area in Puget Sound later this year in August.
- This is similar to what we did in San Juan, as reported in Q1.
- Now let's turn to the topic of engagement with Veterans and Stakeholders.

- I've traveled across the country visiting and meeting lots of VA employees, VSOs and Veterans.
 - I went to Tampa and participated in a Point in Time count of the number of homeless Veterans in the area.
 - Those counts help us understand where there is more work to be done in the effort to finally end homelessness among Veterans.
 - I went to stand downs, VSO posts and chapters, and mid-winter conferences.
- For those of you who want to keep track, I try to post some of these activities regularly on social media.
- VBA more broadly conducted **nearly 2,000** outreach events and our Overseas Military Service Coordinators had **5,000** interactions with Service members and Veterans.
- In regard to financial well-being, VA remains committed to ensuring that Veterans and other beneficiaries are protected and understand how best to manage their benefits.
- For more information on financial well-being, please read VBA's blog at the link on this slide. It also has a list of useful financial resources.
- So now let's turn to the numbers and look at our budget.
- Our budget for FY19 is \$4.4 billion.
- As you can see, we are halfway through the year, and we have spent about half of our budget.
- We are on track and managing our resources well.
- Part of our commitment to being good stewards requires transparency and accountability to Congress.
- VA is part of the Executive Branch.
- As such, the Legislative Branch, Congress and the Senate, provide oversight as we execute our mission.
- In Q2, we participated in 3 hearings, explaining our operations and the resources we need to provide outstanding service to our Veterans.

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- In addition, GAO examines how taxpayer dollars are spent and provides reports to Congress on how agencies can work more efficiently.
- In Q2, we continued to work directly with GAO to resolve operational program issues and get off the GAO high risk list.
- Our goal is to continually improve our programs to better serve Veterans and their families.

[Brandy Terrell]

- Next, we want to showcase two important efforts we have been managing in Q2.
- We've brought back the leader of Appeals Modernization to provide a progress update and the leader of Vocational Rehabilitation and Employment to tell you about new improvements.
- First, Dave McLenachen, who leads VBA's appeals team, is here with us to share progress with the new appeals process.
- As you can see, he is an Army Veteran, has a long history with VBA and has been with appeals modernization since the beginning.
- Dave.

[Dave McLenachen]

- Thank you Brandy.
- As Dr. Lawrence reported, we implemented the Appeals Modernization Act on time on February 19.
- With less than 6,000 supplemental claims and higher-level reviews received so far, it is too early to draw any final conclusions about our progress.
- However, so far, everything is going as planned:
 - We consolidated higher-level reviews at our new Decision Review Operations Centers at the St. Petersburg and Seattle Regional Offices, which are fully operational,
 - Supplemental claims and higher-level reviews are being distributed in our NWQ to ensure efficient processing, and

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- The wait time for higher-level reviews is only 28 days and for supplemental claims only 25 days.
- We do have a few challenges:
 - Implementing significant legislation like the Appeals Modernization Act always presents some internal and external change management challenges.
 - We will continue to work with our employees and Veterans and their representatives to address these.
 - It is early, but we are seeing a lower than expected selection of the higher-level review option in the new process.
 - While this may indicate normal operation of the new process as Veterans first choose the supplemental claim lane to ensure that the record in their claim is complete, it means that we do not yet have a full workload for the new Decision Review Operations Centers.
- To give the workload time to build, we have assigned the remaining RAMP workload, consisting of about 500 higher-level reviews and 9,000 supplemental claims, to these Centers.
- Brandye, these challenges are not significant, and we believe our operation of the new process is on track.

[Brandye Terrell]

- Thank you, Dave.
- Next, Will Streitberger, who heads our Vocational Rehabilitation & Employment Service, is here to provide an update on the great work they are doing to modernize the way we deliver services to Veterans.
- He oversees the delivery of services for Service members and Veterans to prepare for, find, and maintain suitable careers.
- As you can see, he is a Navy Veteran with 25 years of federal service.
- Will.

[Will Streitberger]

- Thank you Brandye and thank you Dr. Lawrence for inviting me here today.

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- VR&E has embarked on a comprehensive multi-year modernization effort to improve customer service by streamlining processes and modernizing systems.
- Details which you can see on the slide.
- I'm also pleased to announce our new tele-counseling capability using VA VIDEO Connect.
- Tele-counseling is a new and innovative way to provide Service members and Veterans with greater access to benefits.
- It offers choice in how services are delivered, and flexibility to assist them in preparing for, finding, and maintaining employment when communicating with their Counselor and Employment Coordinator.
- The use of tele-counseling can save time and money, as well as support active lifestyles that include family, work, education and training.
- It's simple and easy to use on any mobile device or computer, just like your iPhone or iPad.
- It is important to point out that tele-counseling is one of many service delivery OPTIONS.
- It will never take the place of a Service member or Veteran's choice to meet in person with their counselor during their plan of service.
- For more information about VA VIDEO Connect and tele-counseling, please contact your Vocational Rehabilitation Counselor at your local VR&E office.
- We hope that you find tele-counseling valuable while participating in the VR&E program.
- Thank you Brandye.

[Brandye Terrell]

- Thank you Will. I know that your office is committed to making sure that Veterans have the support and services they need to find gainful employment.
- Now, we're going to move into the Q&A portion.
- We've asked two of our VSO partners to record questions for us today.

[Brandye Terrell]

- First, we'll hear a recorded question from Ryan Gallucci with Veterans of Foreign Wars.
- **[Recorded question plays]:** "We hear from many transitioning service members that while the TAP program is fantastic and provides really good information, it is so much information in such a short period of time that it's hard to absorb it all. What steps is VA taking to improve overall knowledge of VA Benefits and Services for transitioning service members?"

[USB]

- Thank you, Ryan, for this question, and for all the continued dedication and service VFW provides to our Veterans.
- VA has recently begun providing a variety of condensed classes designed to be given throughout a service members military career.
- These condensed classes that address specific groupings of benefit information.
- We are rolling out a total of 12 of these classes, with the last one going live by Summer 2020.
- We agree that early and consistent information about benefits is key.
- Next, we'll hear a recorded question from Vietnam Veterans of America's Executive Director, Rick Weidman
- **[Recorded question plays]: What can you tell us about Blue Water Navy, and when will VBA start processing Blue Water Navy claims?**
- Thank you, Rick, for your questions and thank you for all that VVA does to champion this generation of Veterans.
- "Blue Water Navy" refers to Veterans who served in the open ocean near the Republic of Vietnam between **January 9, 1962, and May 7, 1975.**
- The U.S. Court of Appeals for the Federal Circuit recently ruled that the clear intent of Congress was the definition of the Republic of Vietnam extends 12 nautical miles from shore.
- If this ruling stands, Blue Water Navy Veterans who served within the 12 miles of shore are presumed to have been exposed to Agent Orange and therefore entitled to a presumption of service connection for certain diseases.

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- This is a significant change from the past because they were not previously eligible for the presumption.
- Currently, we are:
 - **analyzing** policies and developing procedures,
 - **identifying** affected populations and their eligibility to benefits and healthcare, and
 - **developing** a robust outreach and communications plan.
- As you can appreciate, much of this is still in progress and we will continue to keep you informed regarding updates.
- Before I turn this over to Brandye, let me summarize and make a request.
- The purpose of this Managing VBA Performance and Results: Q2 webcast was to demonstrate what we're doing with your money and your trust.
- As I described, every day we're doing tremendous things for Veterans.
 - The overall performance of our business lines is positive.
 - In some areas, we fell short this quarter.
 - However, it is important to have a plan and work to get back on track. We do and we are.
 - We are on target when it comes to the budget and spending your money carefully.
 - As Dave mentioned, we implemented the Appeals Modernization Act on time.
 - As Will mentioned, we implemented tele-counseling and continue to modernize VR&E.
- Considering all of this, I call our performance this quarter: solid.
- I will never lose sight of the fact that everyday more than 24 thousand employees come to work at VBA with the sole purpose of serving Veterans.
- It's their passion, it's what motivates them, and I've seen their dedication.
- I am privileged to be a part of this team.
- Now for my request.

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- I invite you to celebrate the 75th Anniversary of the GI Bill with us.
- To celebrate this milestone, Veterans from all generations are invited to share a short video telling their story about how the GI Bill helped them realize the American dream.
- If you used the education benefit or the home loan benefit or another benefit in the law, please consider letting others know what you did.
- The submission instructions are simple for uploading and you can post your video at the link available on the slide.
- The GI Bill had such an impact on us as a nation.
- At VBA, we are proud to be the organization that administers these valuable benefits.
- I would like to introduce you to Leo Nunes [NOONS], a Navy Veteran from Connecticut. And this is his GI Bill story.

[Brandy Terrell]

- This completes the webcast on Managing VBA Performance and Results for the second quarter of Fiscal Year 2019.
- A recording of today's presentation will be available at **benefits.va.gov/stakeholder**.
- For VA customer service, you may call: **1-800-827-1000**
- To learn more about VA Benefits, visit: **www.benefits.va.gov**.
- That concludes our call today.
- Thank you again everyone.
- We are glad you were able to join us, and we look forward to the next time.