Blueprint for Change

Executive Report

Implementation Plan for Reengineering Claims Processing

June 1997

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1. Introduction

1.1 Background

In December 1996, top managers from every VA Regional Office (RO) gathered in Annapolis, Maryland, to hear and discuss the recommendations of the Compensation and Pension (C&P) Business Process Reengineering (BPR) Team. The BPR Team — composed primarily of Adjudication Officers — presented a comprehensive and ambitious vision for the future of claims processing. A vision that:

- puts veterans first by redesigning processes to suit their expectations and unique needs
- fosters partnerships between Veterans Benefits Administration (VBA) and veterans and their service representatives
- provides a rewarding, professional environment for VBA employees
- exploits advances in information technology and training to improve claims processing timeliness and quality to unprecedented levels
- places management focus on desired customer service outcomes, not just efficiency

The C&P BPR Team documented their reengineered claims process in *A Case for Change*, which was endorsed by VBA's top management and presented to stakeholders as C&P's blueprint to the future. Initiatives required to implement BPR were specifically identified and projected in VBA's FY98 budget submission.

The Annapolis forum was the first major step toward achievement of the vision — communicating the change to VBA managers and employees. The next step, which is the subject of this report, was to engage a wide range of VBA employees and partners in planning the details of how to make the vision a reality.

1.2 Implementation Planning Teams

Six Teams were formed to conduct detailed implementation planning and one to provide broad input:

- **Work Design Team** — design the workflow of the new C&P claims process and post-decision review process.
- **Human Resources Team** — develop the human resource structure to support the new claims process; plan how to transition VBA employees into the new positions.
- **Information Technology/Telecommunications Team** — plan the development and deployment of technology necessary to support the new claims processing vision.

- **Training Team** — identify training requirements and determine appropriate training approaches.

- **Rules & Regulations Team** — identify changes in regulations and procedures that would simplify processing and help implement the vision; examine ways to simplify the current pension program.

- **Customer & Employee Satisfaction Team** — develop survey and outreach plans and products to evaluate customer and employee desires, attitudes, and issues through the use of surveys, interviews and other collection methods.

- **Guidance Team**: Chaired by the Director of the C&P Service, is composed of representatives of VHA, Board of Veterans Appeals (BVA), the office of the Assistant Secretary for Management, the office of the Assistant Secretary for Policy and Planning, VBA field stations and union partners and tasked with providing input into the planning done by all the teams.

Five of the six implementation teams were led by Regional Office Directors; Rules and Regulations was led by a member of the Compensation and Pension Service. Team membership was diverse, including representation from area offices, regional offices, unions, national and state service organizations, General Counsel, and the BVA.

Category	Number of Participants
Regional Office Staff	45
Area Staff	8
C&P Service	9
Union	8
Veterans Service Organizations and State Service Organizations	9
Other VBA	9
Other VA	4
Contractor	6
Internal VBA Consultants	4

Table 1-1: Membership — Implementation Planning Teams

As Figure 1-1 below suggests, the teams did not operate independently, but collaborated to develop a shared vision and an integrated strategy and execution plan for implementation. The focal point of the effort has been the new processes, which ultimately determine the value and service that VBA provides to veterans and other stakeholders. Improving the delivery of service to veterans was a guiding principle for the original C&P BPR Team. The implementation planning teams carried that philosophy forward — this report presents their recommendations on how to make claims processing work better for veterans and make VBA a more satisfying place to work.

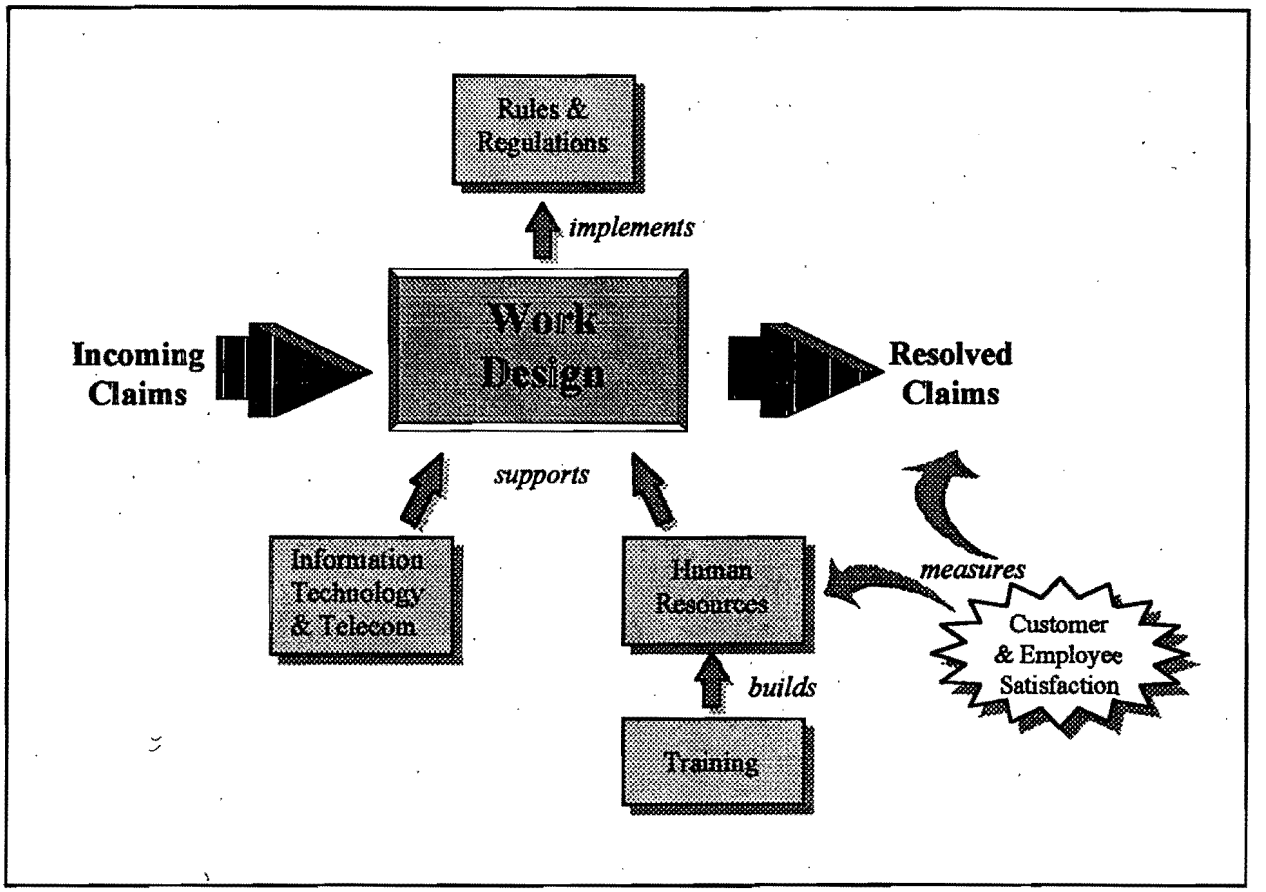

Figure 1-1: Interrelationships —Implementation Planning Teams

1.3 Purpose and Organization of this Report

The purpose of this report is to communicate the future vision for claims processing and the execution plan for implementation. It serves to enhance and supplement the concepts advanced in *A Case for Change* in a very specific way — it gives VBA's leadership a detailed blueprint to the future.

This Executive Report serves as a summary of the teams' findings and is organized as follows: Section 1 provides background information about the C&P BPR implementation planning teams. Section 2 describes the vision, transition strategy, and major recommendations of each team. Section 3 presents the integrated implementation plan and strategy. Section 4 details the BPR Life Cycles. Appendix A provides a detailed listing of all recommendations.

The implementation planning teams also produced separate reports detailing their findings and recommendations. They are published as Tabs 1 - 6 to this Executive Report.

2. Vision Of Claims Processing

2.1 Guiding Principles

The original BPR team established several guiding principles in *Reengineering Claims Processing: A Case for Change*. The implementation planning teams used these principles as a filter for new BPR initiatives and implementation concepts as they were developed.

- **Veterans' needs and expectations drive change** — Since the mission of the VBA is to "provide benefits and services to the veterans and their families in a timely and compassionate manner," any changes in the claims process, above all, must be designed to improve service to veterans and satisfy their needs. Throughout the implementation planning process, team members frequently asked how individual initiatives will benefit the veteran.

- **Proactive, frequent, and productive interaction with veterans** — VBA must work more closely and interact directly with veterans to assist them in filing their claims, provide timely information about benefits and the status of their claims, and explain claim decisions. The BPR team is convinced that this interaction is the key to improving claims processing effectiveness and customer satisfaction. Moreover, without this interaction it will be difficult, if not impossible, to determine the needs and expectations of veterans.

- **Identify and resolve issues at the earliest opportunity** — By focusing the issues concerning a claim and addressing them in a timely manner, much of the rework and appeals workload can be avoided. Issues deferred for later resolution invariably become more involved and require more effort to resolve.

- **Quality — *Get it right the first time*** — In addition to improving the timeliness of claims resolution, VBA must also improve the quality of its service. Improving quality is not only the best way to avoid costly rework, but also to avoid customer frustration and reduce the likelihood of appeals. VBA must strive to improve quality throughout the claims process from initial customer contact, through the rating decision, to the award payment.

- **Partnerships between VBA, veterans, and representatives** — Because the successful processing of compensation and pension claims as well as the implementation of the BPR vision requires the input and involvement of a number of parties, VBA must form partnerships with each of the key participants. Partnership between VBA and Veterans Service Organizations (VSO) should be possible because they share a common goal: to serve veterans. Veterans must also be included in partnership, because without their active participation in the claims process the other partners cannot effectively serve them. The BPR implementation team also recognizes the need to extend this partnership principle to include the unions that represent VBA employees and other government agencies that furnish the data necessary to process claims. The involvement of Veterans Service Officers, union members and others in the implementation planning process

represents an important first step in the development of the necessary partnerships. VBA must continue to strengthen these partnerships as it proceeds with BPR by involving these groups in the actual implementation of the new claims process. Without these partnerships, the vision cannot be achieved.

- **Increased accountability for employees, veterans, and VSOs** — All participants involved in the claims process must understand their important role and the responsibility that goes with that role. This responsibility includes accountability for performance in a timely and effective manner.

- **Professional and fulfilling work environment for VBA employees** — If employees are to be given more responsibility and made more accountable for their work, then they must also be given the tools and training necessary to be successful, and they must be treated as professionals. An atmosphere of teamwork and success must be created so that the VBA is a satisfying place to work.

The BPR concepts and recommendations contained in this report are consistent with these guiding principles. These principles will continue to be followed as VBA implements the recommendations. More than just guiding principles, they are critical success factors in the implementation of the BPR vision.

2.2 Work Design Vision

The *Case for Change* outlined the problems with the existing processes and a high-level view of the vision. This section further defines the vision for claims processing and post-decision review. The processes that compose the vision are largely independent of organizational structure; however, this section addresses the organizational possibilities consistent with the vision for VBA.

The Veterans Service Center of 2002 (which combines the traditional Adjudication and Veterans Services activities) is staffed with employees who have the authority to interact with veterans, make decisions, and identify and resolve issues at the earliest opportunity without hand-offs. More importantly, these employees work with veterans and their representatives to assess eligibility for benefits based on objective evidence and criteria, so that all see the process and its outcome as fair and equitable. Veterans and their representatives become partners in developing the claim and any post-decision review.

2.2.1 Claims Process

In the vision, claims processing is an interactive process with a VBA employee accountable for completing all actions necessary to come to closure on a claim. The Veterans Service Representative (VSR) has ownership of each claim to which he or she is assigned and forges a partnership with the veteran and his/her representative. The most common means to file a claim is a one-page application, with a structured initial telephone interview with a VSR. The VSR, consulting with the veteran and his representative , focuses the issue, identifies all sources

of evidence, and explains the claims process. The VSR informs the veteran on the progress of his/her claim. Rule-based technology supports the VSR in this process to ensure quick resolution of the claim. VSRs gather evidence, make decisions, notify veterans, and are accountable for their actions. Routine actions are handled quickly, often at the initial contact. If a claim requires more than a simple rating decision, which the VSR will prepare for the approval of a Rating Veterans Service Representative (RVSR), the VSR transfers ownership of the claim to a RVSR, to make the rating decision. The award and notification letter to the veteran are electronically generated. Throughout, a VSR works with the individual veteran and his/her representative to ensure that each claimant receives knowledgeable, compassionate, and equitable service.

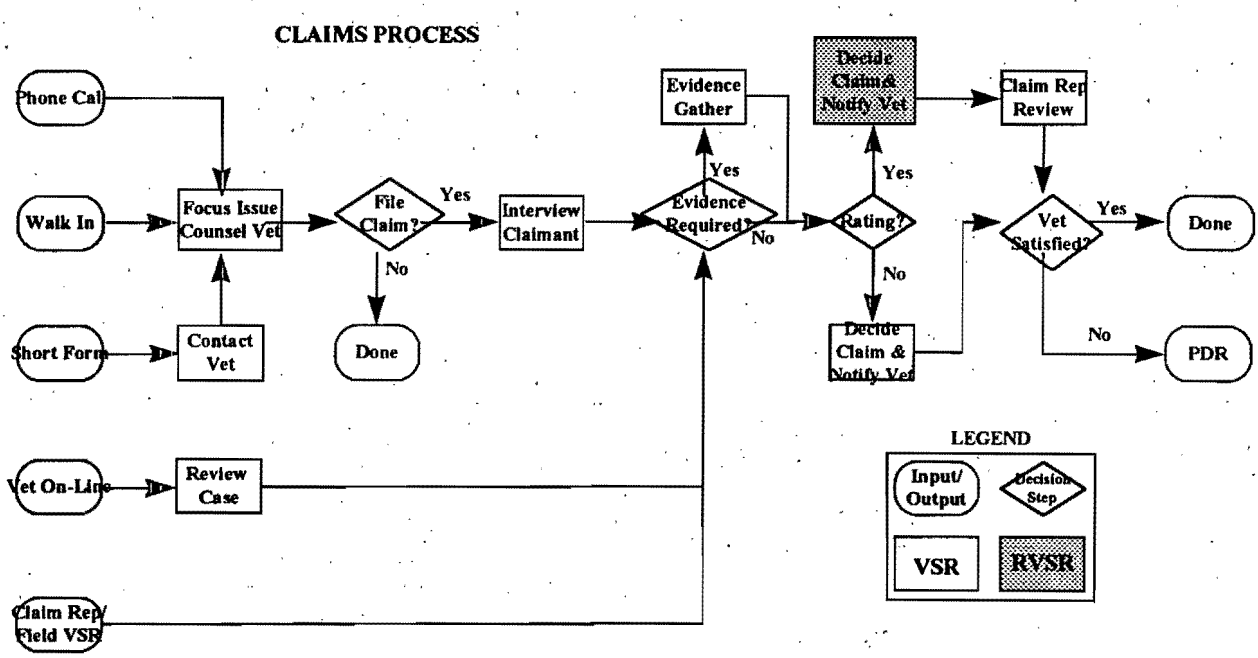

Figure 2-1: Process Flow for Claims Process

2.2.2 Post-Decision Review Process

Following claims processing, the next adjudication process is the post-decision review (PDR). The new PDR process is dynamic and highly interactive, focusing on identifying the issues and areas of disagreement, with an eye to resolution at the earliest possible point in the process. The PDR process begins with a request for clarification or expression of dissatisfaction from a claimant or a claimant's representative and ends with the final resolution of the claim.

The vision for post-decision review continues the partnership between veterans, their representatives, and VBA that began during claims processing. The new process specifically emphasizes streamlining the appeal process and maintaining close, personal contact among the claimant, his or her representative, and VBA.

There will be a new position in the appeal process, the Decision Review Officer (DRO). Individuals holding these positions will be highly skilled with the training and knowledge to perform their duties. The vision includes significantly fewer claims appealed because veterans will have had an accurate decision fully explained to them by knowledgeable and compassionate VBA employees.

The system performs automated checks of accuracy and timeliness of actions during the PDR process. To enhance the process, VBA offers veterans and their representatives electronic access to the veteran's VA records to view supporting evidence and VBA actions to date. They can also view the content of rating decisions and Statements of the Case. Electronic filing of appeals is available. An enhanced system allows for one electronic appeal tracking record used by both VBA and BVA. It includes all actions on remands and collects data needed for performance measurement. Figure 2-2 illustrates the flow for the vision of the PDR process.

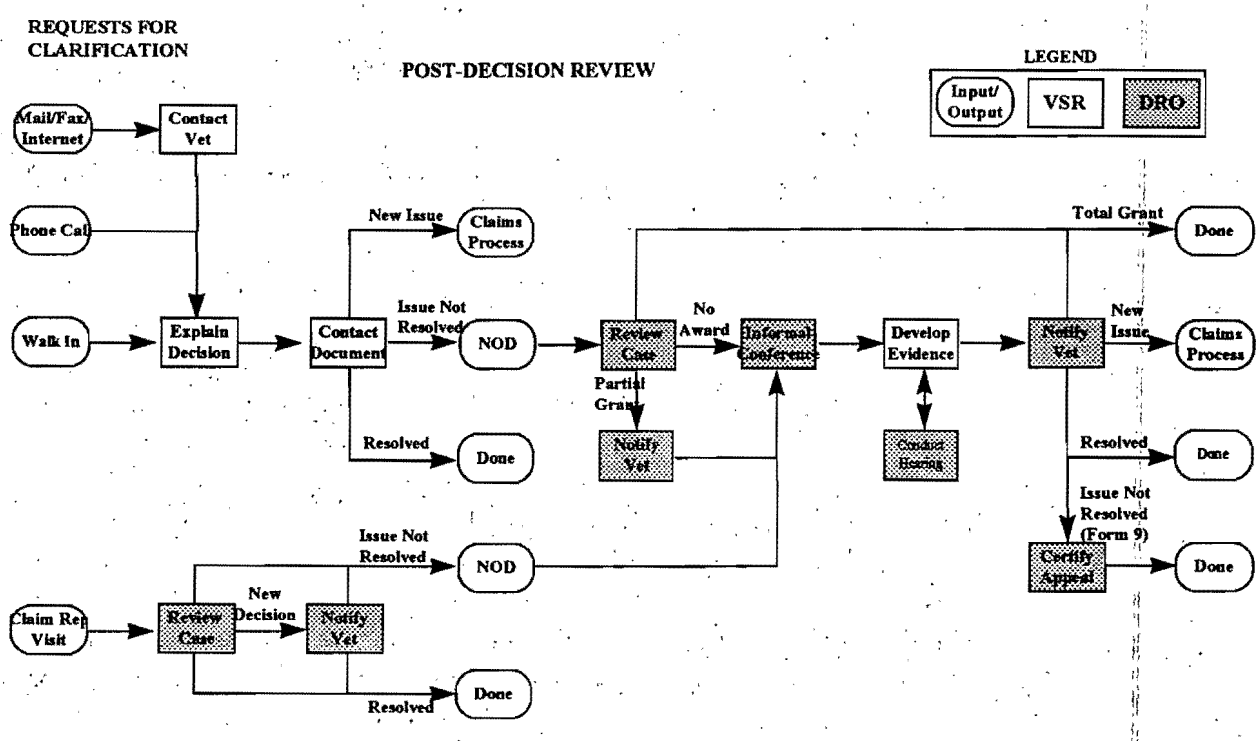

Figure 2-1: Process Flow for Post-Decision Review

2.2.3 Access Options

Personal Interactions. The new claims processing environment provides a number of access points for claimants. Claims will be filed in person at a Regional Office or at an out-based location, by telephone, electronically, via Internet or fax, by mail or through personal contact with the claimant's representative. Telephone contact is the major access point. An automated call attendant greets the claimant. Options are available for general benefits information, status of pending claims, or for filing a claim. If the option to initiate a claim is selected, the system routes the call to a VSR. As much development as possible is completed during the initial contact.

Regardless of point of entry, the VSR who initially receives the claim can, in most cases, arrive at a determination without handing off the claim to another employee.

Information Centers. VBA faces an immediate problem because its blocked call rate is high. Top management views the Information Centers as a solution to handle overflow calls. The volume of calls from veterans should decrease over time as VSRs become more proactive in contacting claimants, a sophisticated automated response system (ARS) handles most general inquiry and claim status calls, and enhanced outreach answers many questions before they are asked. Changes in the number and kind of calls that are directed to VBA will evolve as the functions and features of the Information Center system grows. It is important that the Information Center concept be consistent with the BPR vision of the fully functional VSR.

Information Center staff should be fully trained VSRs, capable of performing all duties required to provide immediate assistance to customers. An on-line information system which contains data on the entire array of federal, state, and local benefits must be available to the VSR. Although most claim specific calls will be routed directly to non-Information Center VSRs, it is certain that some of those calls will be taken at Information Centers. To eliminate hand-offs between the various centers, Information Center employees must be able to provide any service required to finalize action on those calls.

2.2.4 Lab Sites.

Successful BPR implementation requires testing and analysis in a "real" working environment. Testing must include establishing baseline measures and conducting ongoing measurements to confirm the effectiveness of initiatives. The lab sites will continually measure performance so that the real impact of individual initiatives can be monitored. Measures must be sufficiently detailed to uncover the root causes and potential solutions required if projected outcomes are not achieved.

The lab sites will serve as a focal point for VBA. Through local initiatives, Regional Offices have demonstrated substantial innovation, but implementation is fragmented and lessons learned are not shared throughout VBA. Lab sites will test all aspects of the vision and serve as a learning centers for the organization. The lab sites will be full and active partners in implementation, measurement, and development of modifications of IT applications. For the lab site to have merit, VBA must be willing to enforce some standardization of the lessons learned through testing.

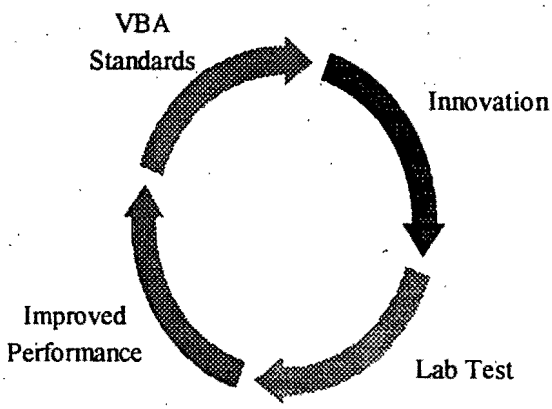

Figure 2-2: Life Cycle Innovation

The life cycle of lab status will be from eighteen to forty-eight months or more, depending on the results of testing, and the pace at which supporting initiatives, including IT, can be implemented. When an initiative proves successful (including any desirable modifications) as

documented by supporting objective measurement data, a procedure and timeline for nationwide deployment will be activated.

2.3 Human Resources Vision

For the BPR vision to become a success, VBA employees at all levels must be selected, trained, motivated, and utilized according to their unique skills and abilities.

2.3.1 Organizational Structure

The BPR vision design calls for fewer positions with expanded job responsibilities and authority. There are three primary positions for processing claims and providing customer service, and four positions for support and leadership. Highlights of the new positions[1] are outlined below. Transition to this vision begins with the merger of the Veterans Services and Adjudication Divisions. Veterans Benefits Counselors (VBC) and Veterans Claims Examiners (VCE) will cross-train to acquire claims examining or public contact skills.

- **Veterans Service Representative (VSR).** Duties include those of Veterans Claims Examiner and Veterans Benefits Counselor plus development work. Incumbents in this position will have single signature authority. In addition, they can complete simple rating cases for review and approval by a Rating VSR (a task comparable to what is currently performed by Rating Analysts/Technicians). This position will be classified at the GS-11 level.

- **Rating Veterans Service representative (RVSR).** This position is similar to the traditional Rating Specialist position. The Rating VSR will be expected to have occasional contact with the veteran. This position will be classified at the GS-12 level.

- **Master RVSR.** This position would conduct quality assurance reviews and serve as transition officer and technical advisor to RVSRs (not a supervisor or lead).

- **Decision Review Officer (DRO).** This position replaces the Hearing Officer and encompasses difference of opinion authority. Informal and formal hearings may be held by the DRO to foster early interaction with veterans (who have some dissatisfaction with the decision) and their representatives to identify issues and resolve dissatisfaction. This position will be classified at the GS-13 level.

- **Program Support Clerk.** This position replaces mail and file clerks, GS-4 claims or development clerks, and other Adjudication or Veterans Service Division program clerks. While VSRs will be responsible for case development, program support clerks will be responsible for mail receipt and distribution, files establishment and maintenance, general

[1] The appendix to Tab 2 of this report includes position descriptions and evaluations report for each of the positions listed here.

clerical duties, and data input and scanning (when a paperless system is implemented in the future). This position will be classified at the GS-4 level.

- **Supervisor and Team Leader/Coach.** Position descriptions are provided for both supervisors and team leaders/coaches to allow flexibility among Regional Offices.

- **Field-Based VSRs.** Field examiner duties should be incorporated within the VSR position to take advantage of outbased opportunities for claims processing. Because the field examiner portion of those duties involves unique skills (such as dealing with incompetency cases), these positions should be aligned within a discrete unit in the Veterans Service Centers with its own position description.

- **Legal Instrument Examiner.** The HR team recommends no changes in the current job description for the legal instrument examiner (estate analyst) position.

2.3.2 Career Progression, Certification, and Pay

The concept of career progression based on the acquisition and demonstration of skills is endorsed as the VBA model. Consistent with this philosophy of paying for acquired skills, it is also recommended that VBA request a waiver of time-in-grade requirements and qualifications requirements under the Office of Personnel Management's demonstration project authority. This would provide VBA with an opportunity to promote employees for their skills/knowledge without the limitations inherent in the GS system. In addition, the New York Regional Office and Detroit Regional Office demonstration project should be monitored to validate the progress of the skills-based approach to compensation. If this approach to compensation is successful, it should be exported to other parts of VBA where appropriate.

Job competency certification is the new formal, standardized process by which employees will demonstrate that they have acquired the skills and knowledge to perform in the VSR, Rating VSR, and Decision Review Officer positions. During the transition, VBA employees will be required to demonstrate a high level of competency. A modified form of certification will be applied to transition positions.

- **VSR**. To assure competence and quality service to the veteran, the VSRs in 2002 will be required to demonstrate possession of the necessary knowledge and skills prior to progression to the next grade. Hired at the GS-5 or GS-7 level, the VSRs will be placed in a career ladder position with promotion potential to the GS-11 level. Employees will receive module-based computer and classroom training designed to provide the skills and knowledge required at each grade level (i.e., GS-5/7/9/11). Employees will be tested at the conclusion of each module to assure training objectives have been met and knowledge has been acquired. Promotion to the GS-7 and GS-9 levels will also involve work sampling to assure acquisition of skills. Promotion to the GS-11 level will depend on the employee's demonstration of successful counseling skills and ability to "pass" an assessment or certification process. Existing GS-11 Senior VCEs unable to acquire and demonstrate the additional skills necessary to serve effectively as a VSR or unable to

complete the certification process will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreement. New VSRs who fail to progress to the next higher level will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreement.

Transition to VSR. To progress from either GS-9 VCE or VBC positions to the transition GS-10 position, work sampling will be used to assess VBC and VCE skills to determine readiness for the GS-10 level. Where stations have already merged these positions, supervisors will use the performance appraisal system to assess skills and proficiency. All VCEs should receive training in interviewing and interpersonal skills. Existing GS-11 Senior VCEs will begin to counsel veterans in addition to their authorizing functions.

- **Rating VSR**. Selection for Rating VSR will involve competition for the opportunity to obtain training and promotion. While being trained, the selectee will remain at the GS-11 level. Promotion to the GS-12 level will depend on the employee's ability to "pass" an assessment or certification process. The existing GS-12 Rating Specialists and GS-11 trainees who are unable to complete the certification process, even after additional training designed to address the identified deficiencies, will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreements.

  Transition to Rating VSR. Current Rating Specialists' work quality will be reviewed on a regular basis using work sampling. This will serve as a forerunner to the certification process and will continue to be used as a means to monitor employees' performance.

- **Decision Review Officer**. A training package for the DROs will include modules on dispute resolution, interviewing techniques, and advanced interpersonal skills. A necessary component of a DRO's preparation will include observation of current DROs conducting hearings/meetings, as well as supervisory/mentor assessment of the candidate's conduct of hearings/meetings prior to promotion. Individuals selected for this position must be rating certified.

  Transition to Decision Review Officer. Hearing Officers will continue to conduct formal hearings and interact with service organization representatives. Currently, some Hearing Officers are testing difference of opinion authority. If this test proves successful, plans will be made to expand the use nationwide. Supervisors will closely monitor the performance of Hearing Officers transitioning to DROs to identify additional training required.

- **Supervisor or Team Leader/Coach**. Current probationary and performance evaluation methods will be used to assess performance. However, these individuals will need to possess a wide range of technical knowledge, interpersonal skills, and competencies that will require more extensive training and development than VBA has provided in the past.

Transition to Supervisors or Team Leaders/Coaches. During the transition, supervisors, and team leaders/coaches should receive training, development, and mentoring in areas to include change management, the BPR implementation plan, the duties of the new positions and how each will function in the new organizational structure.

2.3.3 Performance Management and Incentive Awards

BPR offers the opportunity to evaluate a variety of individual and group performance measures and standards during the transition period to identify those that best support the broad Government Performance and Results Act (GPRA) measures. Performance plans will capture day-to-day activities that are performed by all employees that support and reinforce the connection to long-term strategic goals. Each employee will have a clear line of sight from his/her daily activities to VBA's organizational goals and program outcomes. Results of effort will be rewarded. Changes to performance plans will start at the top and set the example.

VBA's performance plans should be consistent with GPRA and VBA core values; include elements, standards, and measures consistent with labor-management agreements; be linked to organizational goals; provide a clear line of sight to goals; be communicated to employees clearly; include employee input; and provide for constructive feedback.

The reengineered incentive awards system will build on the priorities and measures set in the performance management system, identify meaningful distinctions in organizational and individual performance, and distribute funds and recognition accordingly. The incentive awards system will be aligned at all organizational levels to reinforce accountability and recognize results. Incentive awards should recognize and motivate employees for achievements; be linked to organizational goals and achievements; be given closer in time to the achievement; include individual and group recognition; use monetary and non-monetary options; incorporate employee input in criteria; and be funded at sufficient levels with distribution at the beginning and/or throughout the fiscal year.

2.4 Information Technology Vision

The information technology vision of claims processing in 2002 is fundamentally different from claims processing today. The process is oriented toward a very rich and productive initial contact with customers and seeks to intake as much data as needed early in the process. The vision of 2002 will emphasize data movement rather than paper and claims folder movement. Where possible, data will be obtained via electronic interfaces. The movement of data rather than paper will dramatically reduce delays in queue times and eliminate many of the hand-offs associated with today's process. Rule-based technology and case management are essential characteristics of the new system VBA will use to process claims. This system will provide accurate information to the many users who will be able to access the system from any point in the process.

The source of the information with which to populate the data in the system will change. Rather than paper applications received by mail, information will be taken via efficient

telecommunication systems and the Internet. Access to the system will be available for claimants through computer or telephone contacts. Veteran Service Officers will also have the same access should claimants seek their assistance in either filing claims or determining the status of prior applications.

The core concept for enhanced access to veteran benefit information is an Information Center. This is not necessarily a location but rather a single point of entry to the VBA designed to provide the requested service at the time of the request. The telecommunication system must provide customers with a wide range of services and must always give the client the choice of speaking with someone. The system would allow individuals to direct their questions to VSRs managing their cases, to VSRs who will personally respond to general inquiries or to use Automated Response Systems (ARS) which will have general information and secure access to claim specific information. The key components of the Information Center model will be the FTS 2000 network, national corporate data on claims and benefits, telephone trees to direct calls to the proper action point and regional office personnel. The location of VSRs providing Information Center services is a variable which will evolve as the concept matures. The careful blending of these components will result in timely, personal contacts with claimants, minimum blocked calls and 24 hour coverage.

In order to achieve the service goals of 2002, it is critical that VA effectively link applications that have needed functionality in a seamless manner. No one system can be developed rapidly enough to provide the functionality needed for the vision. The Veterans Service Network (VETSNET) currently being developed by VBA must be allowed to replace the current Benefits Delivery Network (BDN). Existing "stovepipe" applications must be linked effectively to produce a seamless transition of data from one process to the next. Keystrokes that are duplications of prior data must be eliminated and data population via interfaces must be the norm rather than the exception.

Many of today's applications have some functionality that will be needed in our new claims processing environment. However, these applications will need to be modified to include additional functionality or to be able to interface with the new system. These modifications will provide short-term IT solutions for business users. Long-term solutions will require applications that conform to standard conventions, use common interfaces, and are linked to a single corporate data base. Rule-based technology will also be a component of the IT solution. This concept will allow development to be conducted on many components in relative isolation, yet be assured that the components will seamlessly interface and share the same data.

The current plans and strategy of VBA's Chief Information Officer with respect to the development of VETSNET and its modern relational data base, rule-based technology, telecommunications, and the Rapid Application Development approach are consistent with the needs of the C&P business line. VBA and the Department must resist in the strongest possible ways any efforts to discontinue the development of VETSNET and the substitution of marginal enhancements to the current BDN. The BDN has consistently shown over the last several years that it is not a suitable tool to provide the kind of customer service delivery nor the data needs required by VBA to achieve the claims processing system envisioned by *the Case for Change*.

2.4.1 Short-Term Initiatives

Two factors will limit the number of short-term transition initiatives in the IT area. First, the lead time for major IT projects is such that it will be after the year 2000 before the planning and funding phases can be completed. Second, the more immediate need to replace the existing BDN and deal with year 2000 problems will relegate short-term solutions to modifications of existing applications to low priority. However, in order to support lab sites and other BPR initiatives, there are two significant software initiatives that should be accomplished. First, there needs to be case management software that will provide VSRs at Regional Offices and Information Centers with information on the current status of a claim. Second, specific initiatives should be aimed at linking some of the separate claims processing applications together in order to eliminate some of the repetitious, labor intensive tasks related to moving from one process to another. In the short run, the use of Rapid Application Development, coupled with applications already being deployed, will be the key to providing users with needed information. In the area of hardware activities that must take place, adequate telecommunication systems must be deployed in order to support the BPR concept of close communications between VA and clients. In order to support the demand for telephone service in the face of declining resources, regional information centers (ICs) will be established.

2.4.2 Long-Term Initiatives

In the long-term, VA must transition away from the paper intensive system and operate in an environment characterized by the movement of data rather than the movement of paper. This effort is critical if VA is to capitalize upon the interfaces that will be established in the coming years as other agencies and organizations likewise move toward data storage and retrieval. As the Internet continues to expand, VBA's systems must accommodate electronic claims filing. Claim specific information will be available from any site and will not require transfer of calls to a particular site. More award adjustments must be made fully automatic by linkages to interfaces. Case specific text data must be electronically warehoused as electronic warehousing becomes a lower cost alternative to paper warehousing. The present system of distinct stovepipe applications must be replaced with applications that link to a single corporate data base. Conformity to established programming conventions will allow for modules to be developed separately but assure seamless assimilation into the overall system. As service providers in related fields continue to improve the speed and quality of information to clients, VA must rely more on electronic solutions if customer expectations, driven largely by perceptions of service provided in these related organizations, are to be realized.

2.5 Training Vision

The fundamental changes that are envisioned by VBA demand the **development and incorporation of dynamic training programs** that are available for employees and representatives alike. VBA's ability to provide world class service, as articulated by the Secretary, is dependent upon a strong partnership with the Veterans Service Organizations and

County Service Officers. This means it is imperative for VSOs to be involved with VBA, in the design, training for, and implementation of BPR. The three new positions created by BPR present a unique training challenge. Employees will be required to become proficient at new tasks. The introduction of enhanced technology to the workplace also means that employees must learn new technical skills. ***In order to achieve the vision espoused in the Case for Change, VBA must increase its established commitment through the adoption of proven training strategies, and devote the resources to the development, delivery and maintenance of effective training packages.***

It is known that regional offices cannot afford to have an employee in a classroom training environment for many months then still require a great deal of assistance from experienced performers. When that happens, which currently is the situation, VBA loses productivity from both the student and from the experienced performer, who must stop working to provide on-the-job training. The impact of on-the-job training can be minimized by providing training at the desktop, which has proven effectiveness. Improved quality and timeliness are goals that VBA strives for, and which performance-based training can help to achieve.

The vision for the future sees VBA able to provide training in a shorter period of time. For the first time, training effectiveness will be measured directly through performance-based tests of students. Additional benefits will be realized through the improved training methods that are recommended, to include improved quality, reduced rework, and greater employee satisfaction.

2.5.1 Long-Term Training Approach

A training requirements analysis was performed through a study of transition staffing projections and a functional review of the three new BPR positions. A study completed by the Naval Training Systems Center in October 1993 identified opportunities for improvement in approximately 25 areas. These and other analyses validated the need for training tools development to proceed in an orderly, structured way, utilizing the instructional systems design (ISD) methodology. Timelines for delivery of each of the three training packages were developed along with cost estimates for producing the training materials. It is essential that the funding stream for these training packages be consistent and released in a timely manner. Otherwise, unnecessary slippage in the delivery schedule will result.

Each of the training packages will be developed using the ISD methodology. For each position, a job and task analysis will be the first items completed. These detailed analyses will form the basis for further development. A learning analysis will be needed to address the training objectives and the cognitive learning that needs to be addressed. An analysis of the proper mix of media and methods to present the materials will be completed. Finally, a set of valid and reliable performance-based tests will be developed to ensure that learning has been effectively transferred.

The ISD approach is a rigorous one that requires substantial development time. The VSR and RVSR training packages will require approximately three years to be fully fielded, while the DRO will take about 18 months to complete. Individual training modules will be released as they are finalized. A field and facilitation course will prepare field instructors to facilitate these training

packages. The role of the instructor will change from primary lecturer to facilitator, with skills in grading and credentialing, cooperative learning and on-site facilitation of interactive video teletraining. While the development of these programs will take time, the results of such an investment will benefit VBA in the long run. These improved training methods will also have residual effects on overall quality. Standardization of training will improve consistency in claims processing. Customer service skills will be emphasized, resulting in better customer and employee satisfaction.

BENEFITS OF THE ISD APPROACH
- Decreases time to train
- Permits measurement of training effectiveness
- Improves consistency of training and its application

2.5.2 Short-Term Training Approach

A list of training materials[2] to be used in the short-term has been developed. Each was mapped against the tasks and skills requirements for each of the three key BPR positions. These materials are recommended for use, prior to the time that the ISD-developed training tools will be ready for release. This includes an expanded Advisor program that will serve as a valuable job aid, particularly in transition for the VSR. In addition, an area of emphasis for centralized training classes and satellite broadcasts in FY98 and FY99 will concentrate on providing transition training for VSRs. It needs to be emphasized that the short-term training materials that are being recommended will not position VBA where it needs to be in the future. This will come with the delivery of the ISD-based training tools. A plan is under consideration to add the short-term tools to the Intranet under a BPR Training Web Page.

Training Tool/Reference	VSR	RVSR	DRO
(ISD Developed) "Certifying A Case To BVA" (Anticipated Release 7/97)		X	X
VCR Training Package	X		
Advisor	X		
"You're My Customer, I'm Yours!"	X	X	X
Rating Training For Non-Rating Personnel	X	X	
Telephone Interviewing Techniques	X	X	X
"Understanding The Appeals Process"	X	X	X
"Summary Of Significant Holdings Of The United States Court Of Veterans Appeals"	X	X	X
Development Guide For Compensation And Pension Benefits	X		
Medical References Booklet	X	X	X
"Government Life Insurance Programs For Veterans And Members Of The Uniformed Services"	X		

Table 2-1: Training Tools

[2] Additional training materials are listed in Tab 4 of this report.

Team building and coaching skills were also identified as requisites for VBA's business of the future. Coaching skills are valuable for all employees assuming leadership roles. In addition, supervisory ratio goals of 1:15 argue for an evolution to fewer supervisors and more coaches. As the organization transitions to its reengineered state with merged adjudicative and veterans assistance functions, the leadership of this combined operation will require training in the management of the component parts. Training segments are also recommended for development on change management, the overall BPR implementation plan, the duties of the three key positions and how each will function in the new organizational structure.

It is projected that the majority of time devoted to transition training will be for those converting from VBC and VCE positions into VSR position. Based on the experience of one office which recently merged operations, transition training for existing VBCs to VSR positions required approximately 400 hours. The training time required for existing VCEs to transition to VSR required approximately 80 hours.

The availability of interactive video **satellite training** presents a number of opportunities for training. This training approach is suitable for a wide range of training classes. **Traditional classroom** activities are also valuable and will continue to play a vital role in training for the short and long-terms. Both training approaches will be used in the short-term to supplement the training materials recommended above. The primary focus of satellite and classroom training in FY98 and FY99 will be to support the transition of VBCs and VCEs to VSRs.

2.5.3 Training Resources

Successful implementation of the BPR vision requires a commitment to increased, targeted training resources. The volume of training material that requires development between now and 2002 exceeds the present capacity of VBA's training and development staffs. Furthermore, it is not practical to maintain a staff of the size required and with the types of specialized skills to be devoted to this kind of activity. The Employee Development and Training function seeks to add additional contractor support in the area of validation and verification analysis to assist them in the development of ISD materials, in lieu of a request for additional FTE. Supplementing this staff with contract support makes sense, as this permits us to tap the experts to assist in the development of effective, efficient, proven training instruments. Contractors work directly with subject matter experts (SME) throughout the development process. This arrangement allows SMEs to contribute their knowledge of job and processes, while the instructional designers contribute to finding the best way to transfer the job skills to students. An organizational structure to support the development of training instruments is already present.

The C&P Service also has a staff element in place to carry out the mission. However, the current staff is not adequate to perform the level of oversight and execution required to provide the successful development, execution and maintenance of each short-term and long-range training project. The C&P Service Training Operations should be augmented by six personnel to a total of nine. This additional infrastructure is required to support the increased training classes, satellite broadcasts and hard copy material necessary during transition plus the delivery of ISD-based training instruments according to schedule.

2.6 Rules and Regulations

2.6.1 Pension Claims Processing Vision

The BPR business plan incorporated pension simplification as part of its vision for claims processing. The pension simplification plan will result in a more streamlined pension program that will better serve veterans. Implementation of the pension simplification initiatives will foster an organization which *works better and costs less*. This proposal does not advocate creating a new pension program. It proposes certain revisions to the Improved Pension program which will simplify the program and eliminate many of its more burdensome features. The proposal contemplates that the provisions of the revised program would be effective for all Improved Pension recipients on the rolls as of the effective date of the change.

The proposed revisions do not require new computer systems nor do they require extensive reprogramming of existing systems. All required systems and procedural changes can realistically be made within six months of the date that the necessary legislative and regulatory changes are made.

The following highlights how pension simplification will work:

Section 306 and Old Law Pension — recipients under the Section 306 and Old Law programs will be allowed to receive their benefits without change until their death. The only exceptions will be that marriage would result in loss of entitlement for a surviving spouse or child and election of another VA benefit would result in loss of protection. Implementation of this change will mean that Eligibility Verification Reports (EVRs) for Section 306 and Old Law are eliminated and that these beneficiaries are excluded from all matching programs. Pensioners will have no obligation to report any changes in entitlement factors to VA except marriage for surviving spouse and child payees. Also, benefits for Section 306 and Old Law pension will no longer be reduced based on hospitalization by VA. This will remove the inequity that exists in the law and make all veterans receiving pension subject to the same rules when hospitalized by VA.

Disability Determinations — under the revised pension program, presumption of permanent and total disability for pension entitlement will be expanded. A veteran who reaches a designated age[3] will not be required to submit medical evidence of disability or undergo physical examination. VA will assume such a veteran is entitled to pension as long as income is within applicable limits. VA will accept a Social Security Administration determination that a veteran is permanently and totally disabled and a veteran of any age who is a nursing home patient would be presumed to be permanently and totally disabled. These changes will result in an easier application process for veterans filing for pension benefits, reduce their reporting needs and eliminate the need for VA examinations. These changes will ultimately expedite the payment of pension benefits to the neediest veterans.

[3] The age at which veterans are presumed to be permanently and totally disabled is still under study.

Medical Expenses — a simpler, more equitable system for addressing medical expense needs of pensioners is envisioned in this plan. The new plan recognizes that all pensioners have medical expenses, but at the same time recognizes that VA has created a pension rate structure that accounts for its more disabled recipients. A higher income limit has been established for pensioners considered housebound or in need or regular aid and attendance. Equally as important is that veteran pensioners have access to the largest health care system in the country, and can avail themselves of this medical care and prescription medication.

Under this plan, a one-time addition will be made to the Maximum Annual Pension Rates (MAPR) for veterans and surviving spouses. This increase is based on the amount of benefit VA currently makes for unreimbursed medical expenses. Thereafter, the annual cost-of-living adjustments will account for necessary increases. This plan provides pensioners with more available money each month to handle their financial needs including medical expenses. It also encourages use of VA as the primary health care provider. It eliminates reporting burdens of submitting a separate claim each year for reimbursement. Pensioners will no longer struggle to understand the complicated rules governing unreimbursed medical expenses. This new way of addressing medical expense needs eliminates one of the major defects of the current program; namely, VA's inability to verify whether a claimed medical expense was reimbursed by a private source. The plan recognizes that pensioners who are patients in nursing homes have exceptional expenses associated with that care. For this reason, pensioners in nursing homes due to disability will be eligible for a dollar-for-dollar reduction in their countable income based upon these nursing home expenses.

Income and Dependency Determinations — the pension plan will build a dependency allowance into the pension rate structure and eliminate the various MAPR used for dependent children. Cost-of-living adjustments will ensure this dependency allowance keeps current with the economic environment of the country. This change will result in a simpler rate structure and reduced reporting requirements for pensioners. Pensioners will no longer have to report child income, dependency changes or school attendance information. No longer will pensioners be disadvantaged because a child has income or awarded additional benefits for dependents for whom the pensioner does not provide support. The income of estranged spouses will no longer be used against veterans. Pension payments will only be affected by the income of veterans and that of their spouses or the income of a surviving spouses.

Income Reporting — annual EVRs will no longer be required for pensioners whose only income is a matchable Federal benefit or for Pensioners in Medicare nursing homes. In addition, pensioners in receipt of Federal benefits matched with VA will have their VA pension rate adjusted automatically at the time of their annual cost-of-living adjustment. VA will give contemporaneous notice of pension reductions where the reduction is based on information furnished by the claimant, the claimant's representative, or where the information is furnished by a VA employee or another Federal agency. This will avoid overpayments to pensioners who timely report income changes or who are in receipt of a Federal benefit. Information regarding income change or dependency reduction will no longer be limited to just written statements from the beneficiary. VBA will be able to respond more quickly when pensioners provide information that requires adjustment while reducing burdens for pensioners. These changes recognize and

encourage more effective methods of receiving information from pensioners and also take advantage of technological solutions to more efficiently process pension payments.

2.6.2 Summary of Pension Simplification

As this plan shows, radical change to the current pension program is not necessary to achieve a simpler, more streamlined pension claims process. However, the changes outlined above are certainly needed to create a more equitable program for pensioners that requires less maintenance by VA. Without the adoption of these pension simplification proposals, more of VA's available workforce will be devoted to pension processing. As staffing levels decline, pending workloads will increase, affecting VBA's ability to process the claims of veterans and beneficiaries in a timely manner.

There are three crucial pension simplification initiatives presented in this report. Two require increasing the maximum annual pension rate: one to include a medical expense allowance; the other to include dependency allowance for children. These provisions are cost neutral. The additions to the MAPR provide the same total amount of benefits paid for the current reimbursement and dependency allowance. Without these two initiatives, savings required to support the basic elements of the BPR claims processing vision are not realized. The third initiative requires eliminating the income limitations for Section 306 and Old Law pension cases. The cost of this proposal is reasonable considering the average age of these pensioners is 75 and terminations due to dependency or income changes are very few.

2.6.3 Other Rules and Regulation Changes

The rules simplification implementation plan identifies rule changes that are needed to achieve the claims processing vision outlined in *A Case for Change*. These rule changes are separated into two categories. The first category identifies legislative or regulatory changes that need to be made to support the new claims processing vision. Pension simplification regulatory changes that do not require legislative approval are also included here. Although the listed rule changes are required to support the new claims processing vision, it is not intended as an all-inclusive list. Further regulatory changes are expected to be identified as VBA transitions to this new way of processing claims. The second category includes legislative or regulatory changes that will clarify existing VA policy or enhance or simplify the claims process.

Rule Changes to Support Vision

- Allow contemporaneous notice for information received from any Federal agency or Federal employee
- Allow contemporaneous notice for self-reporting via telephone, fax, or other electronic means
- Allow DRO to revise decisions based on same evidence
- Allow extra-scheduler pension ratings by rating decision-maker
- Allow NSO to certify DD214
- Change method to file NOD or substantive appeal
- Change method to withdraw appeal issues
- Eliminate EVRs for pensioners receiving federal annuities or who are in a Medicare approved nursing home
- Eliminate requirement to file claim in writing
- Establish new regulations for PDR process to include:
  - Authority of DRO
  - Request for clarification or expression of dissatisfaction
  - Informal conference
- Establish new regulations to define the authority of the VSR

Table 2-2: Proposed Rule Changes to Support Vision

Rule Changes that Clarify Regulations or Simplify Claims Processing

- Allow basic vocational rehabilitation eligibility determination to be made by VR&C
- Allow recognition of court appointed guardians
- Clarify individual unemployability criteria
- Clarify regulation on findings of mental unsoundness in suicide cases
- Clarify regulation on service connection by aggravation of pre-service conditions
- Define convalescence for paragraph 30 ratings
- Establish entitlement to clothing allowance payment by rating when veterans meet requirements of 38 C.F.R. 3.810 (a)(1)
- In claims for apportionment of compensation or DIC benefits, allow only the additional payment for dependents
- Increase estate limitation in incompetent veteran cases subject to reduction
- Provide for NSC burial allowance payment to next of kin (estate of) when FNOD is processed

Table 2-3: Proposed Rule Changes that Clarify Regulations or Simplify Claims Processing

There is considerable uncertainty involved within the legislative and regulatory process. The current legislative and regulatory process involves many different players, both internal and external to VA. Each will have different priorities and responsibilities. Proposed legislative or regulatory changes, in all likelihood, will not be accomplished within the time frames assumed. A real possibility exists that some proposals might never be adopted. This could have significant

consequences for the successful implementation of the BPR vision by FY02. Commitment to implementing the BPR vision must include all elements within VA who participate in the rule making process. Without this commitment and adequate resources assigned to the task of accomplishing the legislative and regulatory changes outlined in this report, milestones for accomplishing these tasks will not be met. This has the potential of impacting other activities or milestones of interdependent activities.

2.7 Customer and Employee Satisfaction

Customer and employee satisfaction are two core elements in the design and implementation of the new claims process. Using surveys, focus groups and other methods of data collection, input from veterans and VBA employees will be used to continuously define and fine tune customer and employee satisfaction measures. These measures, once established at the national and local level, will be an integral part in the design of methods of continuous improvement to the C&P work processes.

To begin to make the transition to this new customer and employee focused environment, the data collected from the Veterans' Satisfaction with C&P Claims Process survey and the ONE VA Employee Survey will be used as baseline information. The Veterans' Satisfaction survey will be used to begin identifying those variables needed in defining how we measure customer satisfaction. That data will be further defined as necessary to directly link satisfaction to the changes being implemented because of BPR. The Veterans' Satisfaction with C&P Claims Process survey will be administered annually. In addition to this survey, the lab sites will conduct local, frequent surveys to gather information about customer satisfaction.

The ONE VA Employee Survey which will be conducted every two years, will also be used as a starting point from which to begin identifying the information needed to develop a method of measuring employee satisfaction. Employee satisfaction with the new claims process and BPR implementation will be measured from local focus groups and surveys conducted as each new element of BPR is implemented. This information, while not statistically valid, will serve as a beginning point to allow the voice of the employees to be heard throughout this process and will also help in identifying those variables needed to develop a statistically sound, repeatable measure of employee satisfaction.

If VBA is to provide world class customer service and to become an employer of choice, a strong commitment must be made to vigorously pursue customer and employee participation and input into the design and implementation of its work processes. At each phase of implementation, customer and employee data must validate how and what is "rolled-out" as part of the new process. Without this type of information, VBA jeopardizes its credibility with these two groups and puts itself at risk of creating an organization that does not serve its customers' needs and alienates its employees.

3. Implementation Strategy

3.1 Implementation Strategy

Following approval of the BPR Implementation Plan by the Acting Under Secretary for Benefits, VBA will begin implementing the claims processing vision described in Section 2. The implementation strategy consists of several elements, including the establishment of lab sites; the concurrent deployment of the major components of the new work process; and aggressive development of the infrastructure necessary to support the vision.

- **Test BPR Concepts at Lab Sites.** Lab sites will be established at Houston and Seattle to test the validity of BPR concepts before nationwide deployment. The implementation approach and results of validated concepts will be documented at the lab sites to promote consistency and standardization across the country. However, station management will retain some flexibility in the actual implementation at their station to accommodate site-specific circumstances.

- **Concurrent Deployment of Process Components.** The major components of the new work design process will be implemented concurrently, but in a timeframe that recognizes that stations are at different starting points. This allows Area Office management to stagger the transition of stations to the new organizational structure and work process thereby minimizing any adverse impact on performance during the transition. This approach is consistent with full implementation of the BPR vision by FY02.

- **Aggressive Infrastructure Development.** During the next five years, VBA will continue aggressive development of the infrastructure, including enhanced information systems, telecommunications upgrades, training tools and materials, and customer and employee feedback mechanisms necessary to support the BPR vision. This infrastructure is absolutely essential to achieve the performance goals associated with the vision.

As the components of the vision are deployed and successfully implemented during the transition period, individual offices will experience several discrete changes in their level of performance as they proceed through the BPR "life cycle" described in Section 4. Initially, performance may be negatively impacted as process components are deployed. However, as stations become more familiar with the concepts and successfully implement them, overall performance should improve. In later stages, performance can be expected to improve dramatically as the infrastructure initiatives are deployed.

3.2 Implementation Schedule

Figure 3-1 is a milestone chart that displays the major tasks and milestones of the BPR Implementation Plan. There are two major categories of tasks shown on the milestone chart: tasks associated with implementing the new work design, and tasks required to build the infrastructure necessary to support the new work design.

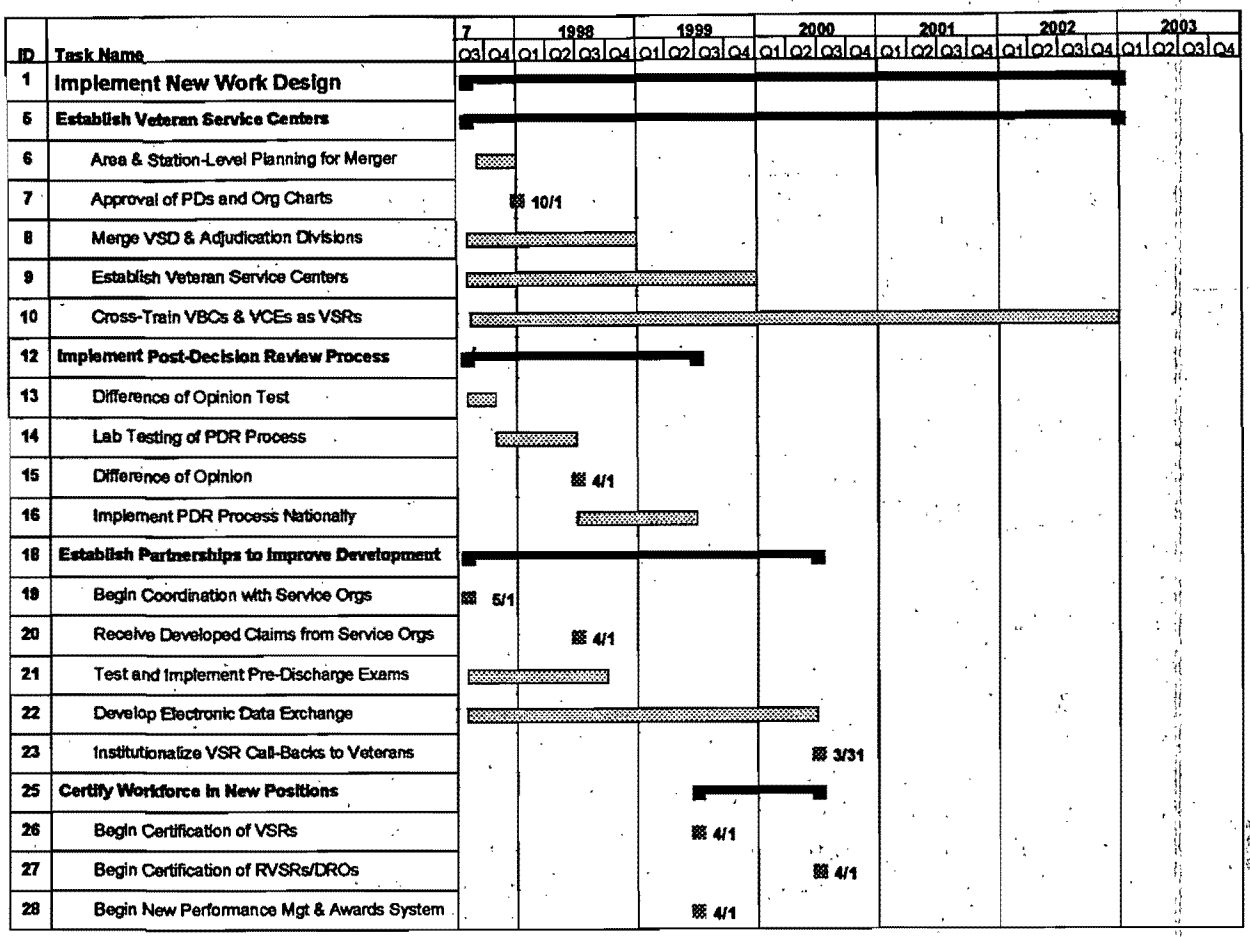

Figure 3-1: BPR Implementation Plan Milestone Chart

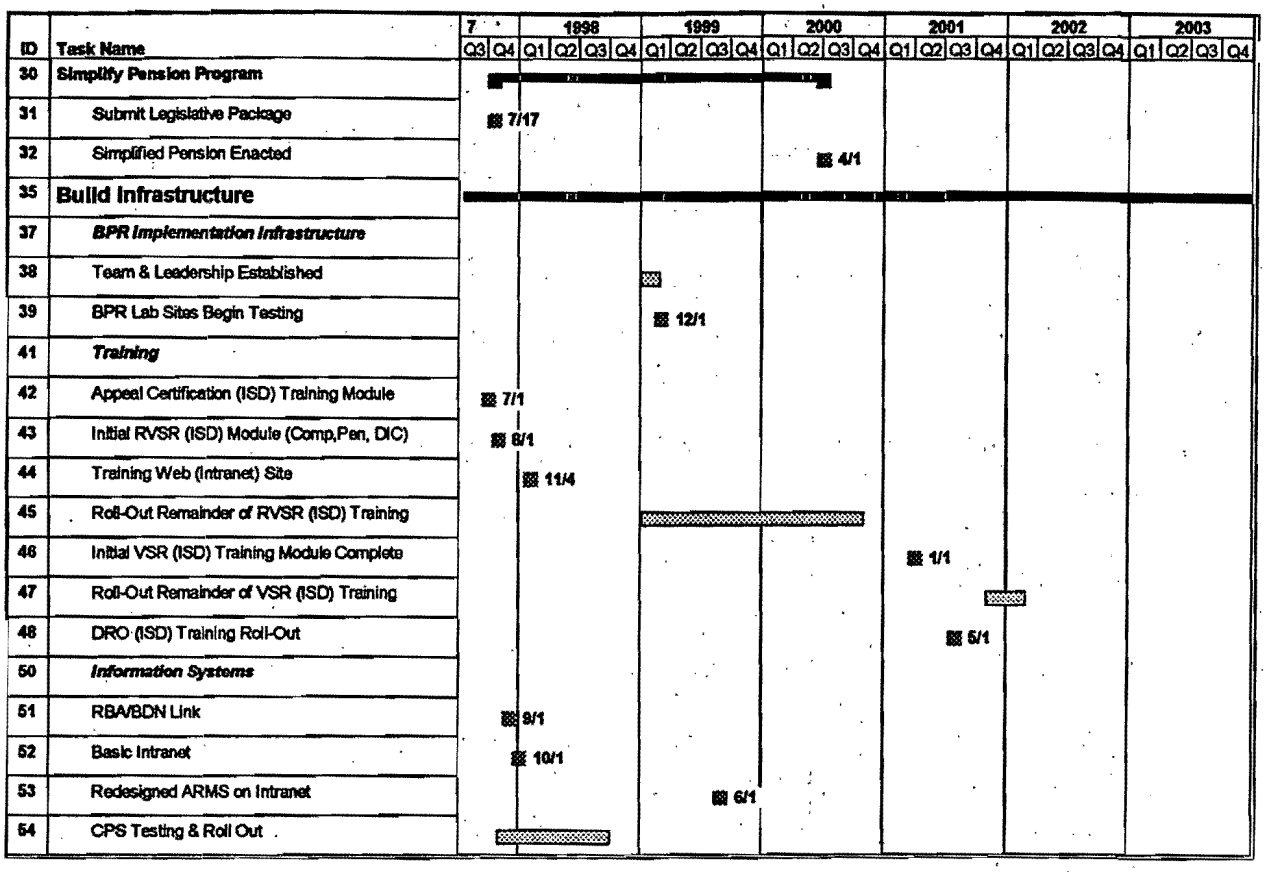

Figure 3-1: BPR Implementation Plan Milestone Chart (continued)

3.2.1 Implement New Work Design

- **Establish Veterans Service Centers - Merge Veterans Services and Adjudication Divisions.** The merger is the major near-term component of the BPR implementation. Some regional offices have already established Veterans Service Centers, some are in the process of establishing a Veterans Service Center and still others have not yet begun the process. In order for the merger to be truly successful, rather than result in nothing more than a redrawn organization chart, VBA will need to prepare the workforce for the change by explaining the need and the benefits for employees and the organization.

  Service Centers eventually will be staffed by fully functional VSRs. Concurrent with the establishment of Veterans Service Centers, stations will assemble teams and cross-train appropriate personnel to perform the full range of duties and responsibilities of the Veterans Services Representative (VSR). It is anticipated that cross-training will continue until the end of FY02, Internal consultant teams composed of VBA managers and employees from stations that have successfully merged should be established to assist merging stations. The tips on merging prepared by the BPR Implementation Team should also be provided to merging stations. Throughout the transition, and particularly during this period, the Transition Management Team must frequently communicate the BPR

transition plan to VBA employees and other stakeholders, and keep them informed as progress is made.

- **Area Directors must be responsible for achieving the transition to Veterans Services Centers.** Making this happen is a major investment of operational resources. Stations cannot meet performance goals and invest training time or non-payroll dollars if they are not supported in the larger Area environment. Only the Area Director is in a position to motivate regional offices and ensure that support systems exist that provide for the transfer of skills and experience among offices. Furthermore, the transition of offices must be planned at the Area level to avoid the catastrophe of simultaneous lost production.

- **All offices complete merger planning by October 1, 1997 and organizationally merge by October 1, 1998** During the same time period stations will establish Veterans Service Centers, so that each station will have a fully functional Veterans Service Center (VBCs and VCEs cross trained) by April 2000.

- **Implement Post-Decision Review Process.** Concurrent with the establishment of Veterans Service Centers, VBA will test and implement the post-decision review process concept to reduce the number of appeals through increased interaction with the veteran. VBA is currently conducting a test of "difference of opinion" authority at several regional offices, which should be completed by July 1997. The entire post-decision review process will be conducted at the lab sites beginning August 1, 1997. During the same period of time, the required regulation will be drafted, so that it can be enacted by April 1, 1998. At that point, it will be possible to deploy the post-decision review process on a national basis. Implementation of this process will take place over a 12-month period of time, but is contingent upon the approval of this regulatory change.

- **Establish Partnerships to Improve Development.** VBA has already experienced positive benefits from partnerships with its stakeholders. In particular, partnerships with Department of Defense, Social Security Administration, Veterans Service Organizations (VSOs), county veterans service offices (CSOs), and others have proved to be extremely effective in the development of claims. Immediately after approval of the BPR Implementation Plan, VBA will begin to develop formal partnership agreements with veterans service organizations, both at the national and local level. VBA will also develop formal partnership agreements with county veterans service offices. These partnership agreements will provide for training of VSO and CSO personnel and access to VBA information systems and tools so that they can provide fully developed claims by April 1998. On a parallel track over the course of the next year, VBA will work with the military services to test and implement pre-discharge medical examinations and facilitate the receipt of service medical records on a timely basis. Agreements, protocols and automated routines to establish electronic data exchange will be developed with various internal and external organizations to speed up the acquisition of information needed to process claims. A substantial electronic data interface exchange capability should be in place by April 2000.

The most important source of claim information is, of course, the veteran. Therefore, after Veterans Service Centers have been established, VBA will institutionalize in April 1999 the practice, for applicable claim types, of calling veterans to obtain information necessary to complete forms and to inform them of the status of their claims.

- **Certify Workforce in New Positions.** Once the Veterans Service Centers and Post-Decision Review Process have been implemented, VBA will begin to certify personnel in their new positions to ensure that they are adequately performing their new responsibilities. The certification process will begin April 1, 1999, for VSRs and April 1, 2000, for Rating Veterans Services Representatives (RVSRs) and Decision Review Officers (DROs). Concurrent with the certification process VBA will implement a new performance management and awards system on April 1, 1999. This management and awards system, which will be tested at the lab sites, will provide incentives and goals for employees which align with the goals of the organization.

- **Simplify Pension Program.** A key component of the BPR vision is the simplification of the pension program. The effect of pension simplification will: (1) reduce the reporting burden on clients; (2) reduce the number of VBA staff required to administer the program; and (3) reduce the number of payment errors. A legislative package containing the proposed changes to the pension program will be submitted to OMB in FY97. Given the lengthy legislative development and review process, it is estimated that pension simplification will become effective in January 2000.

3.2.2 Build Infrastructure

- **BPR Implementation Infrastructure.** Following approval of the BPR implementation plan, Compensation and Pension Service management will designate a team responsible for managing the implementation of the BPR initiatives described in this report, including the testing of these initiatives and concepts at the BPR lab sites. This team, its leadership and a concept of operations for the labs will be established by July 1, 1997. The lab sites will provide VBA an ongoing mechanism for testing the value of proposed initiatives and integrating them into overall operations.

- **Training.** As VBA transitions to the new work design, there will be a significant requirement for training. In the early stages of the transition, most training will be accomplished with local resources through the use of the existing training tools and materials recommended by the training implementation team. Selected training materials will be made available on an Intranet web site by November 1997. To improve the effectiveness and consistency of training and reduce the amount of time needed to train employees, VBA is developing training packages for the three new positions using the instructional systems design (ISD) approach. Modules within these ISD training packages will be made available for use during the transition period as soon as they have been developed and validated. Two ISD modules are scheduled to be deployed in the near term, an appeals certification training module which will be deployed during the fourth quarter, FY97 and the first module of the Rating VSR package which will also be released

during the fourth quarter, FY97. The remaining modules for the Rating VSR will be deployed between the first quarter, FY99 and the fourth quarter, FY00. The initial VSR training module will be deployed as early as the first quarter, FY00, with roll-out of the remaining modules occurring as they are completed. The remaining training module for the DRO will be completed by May 2001.

- **Information Systems.** Enhanced information systems support is absolutely essential for VBA to achieve the BPR vision. The VETSNET system currently under development will ultimately provide the functionality required for the vision by 2002, including case management. However, the critical need to replace the Benefits Delivery Network (BDN) and address year 2000 issues will relegate major new application initiatives to the out-years. Therefore, in the short-term, VBA will support the transition by focusing on solutions to assist lab sites in testing case management concepts and developing improved linkages between existing applications. By modifying and linking existing applications, VBA will achieve a much higher degree of data movement, provide users with a consistent presentation in terms of the user interface, and allow them to more easily move from application to application.

  CPS Testing & Roll-Out — Testing and roll-out of the Claims Processing System (CPS) will take place between the fourth quarter FY97 and the third quarter FY98. With its user-friendly interface and rule-based development CPS will be a valuable tool for VSRs in the Veterans Service Centers because it will facilitate the intake of claims data — either over the phone or in person.

  RBA/BDN Link — A useful and inexpensive short-term information system initiative will be to link the Rating Board Automation (RBA) and the BDN to enable automatic transfer of information from RBA directly into the appropriate fields within BDN, thus eliminating the double-keying of rating data. This initiative will ***not*** require changes to BDN.

  Build Context-Sensitive Help — As new applications are developed and existing systems are modified, context-sensitive help will be incorporated in each system so that by the second quarter, FY00 such help routines will be available within all of VBA's information systems. The availability of context-sensitive help will improve the quality of claims processing and benefits delivery, and will also assist in training new users of VBA systems.

  Basic Intranet — VBA has established Intranet capabilities for all Regional Offices. By October 1997, basic Intranet access will be provided to VBA employees. The use of a VBA Intranet will provide a powerful vehicle for linking Regional Offices and providing access to applications and data throughout the organization. In particular, it will make it possible to manage data centrally, thus eliminating the need to maintain multiple, independent local data bases.

Redesigned ARMS on Intranet — By June 2000, VBA will install a redesigned version of the Automated Reference Manual System (ARMS) on the Intranet. The redesigned version of ARMS, which will be more user-friendly and will better conform to the rating process, should reduce rating task times. Replatforming ARMS on the Intranet will make it more easily accessible within VBA and available to external users.

VETSNET I — Between the third quarter, FY98 and the third quarter, FY99 VETSNET I will be implemented. This is an important milestone for VBA because the implementation of VETSNET I and its corporate data base will provide the foundation for future system development efforts. The implementation of VETSNET I should also result in improved performance because, even though VETSNET I will provide the same functionality as the BDN system it is designed to replace, it will be very user-friendly system. In addition, this system is built to provided increased adaptability to meet functional needs.

VETSNET II — As VETSNET I is being deployed, VBA will begin the development of VETSNET II to provide the additional functionality required for the vision. Although this development effort will not be completed until the end of FY02, modular development will be employed so that modules with specific capabilities can be deployed as they are completed. Between the second quarter, FY99 and first quarter, FY02 award adjustments and award preparation will be automated within VETSNET, eliminating the need for VBA staff to perform these simple tasks. By July 1999, VBA will deliver the capability within VETSNET to begin automated claims processing. By January 2000 an electronic claim form should be available over the Internet to allow veterans and their representatives to file electronic applications. By April 2001, the fields in this electronic form will be linked to corresponding fields within the corporate data base to allow for more timely claims processing and full remote processing. Finally, by July 2002 it is anticipated that VETSNET will provide expert system support for rating decisions. While it is currently believed that the full scope of rating issues are so complex as to not lend themselves to expert systems, some of the decisions that relate to tables could be supported by expert system logic. The expert systems will help to improve rating quality and consistency. They will also allow certain decisions to be delegated to VSRs, freeing Rating VSRs to devote their time to the evaluation of the most complex of issues. With the release of each new VETSNET module, VBA will realize a measurable improvement in overall performance.

- **Telecommunications.** The VBA will develop a state-of-the-art telecommunications system to support the high level of direct customer interaction envisioned in the new work process. By the end of FY98, there will be a phone on the desk of every VBA employee who requires one, and regional Information Centers will be established to help manage the large volume of incoming calls VBA is currently receiving and the even larger volume projected in the future. Soon thereafter, VBA will implement more advanced telecommunications features to allow veterans to check the status of their claims and process certain transactions using their telephones. These advanced features will not only

make the VBA more accessible and responsive to customers, but will also free VSRs to spend more time on the complex aspects of their jobs.

- **Customer & Employee Surveys.** Each September, VBA will conduct a nationwide survey of veterans. These surveys represent an important step in providing VBA the kind of customer feedback it needs to be more responsive to the needs of veterans. The customer survey results will change the focus of VBA from traditional, internal, production-oriented performance measures to customer-based performance measures. VBA will utilize the ONE VA Employee Survey, which will be administered on a biennial basis, as the vehicle to capture employee feedback. In addition to these national surveys, VBA will conduct targeted surveys and focus groups of both veterans and employees to determine the effectiveness of specific BPR initiatives as they are Veterans Service and Adjudication divisions tested at the lab sites and implemented across the country.

3.3 Cost and Benefit of Implementation

Each of the teams has recommended actions which will contribute to achieving the vision. Implementation of the recommendations must ultimately be tasked throughout the Veterans Benefits Administration. Decisions on which tasks will be funded and when, are variables beyond the control of the teams and have a profound effect on the budget.

The net cost/benefit of implementation must be addressed in the dynamic environment of the budget process; both costs and the benefits which will be realized from the recommended changes in operation fluctuate in response to implementation decisions. The benefits must be portrayed in the same terms as the GPRA outcomes that are used in the budget. In addition, the net effect on operational performance (benefit) is an aggregate outcome with dependence on other factors such as workload and staffing.

Implementation of the *Blueprint for Change* has been incorporated into development of the VBA submission for the FY 1999 budget.

4. BPR Life Cycle

The vision described in this report represents comprehensive and fundamental change. For implementation, the far-reaching nature of the changes must be balanced by a well-defined structure that allows the organization to assimilate change at a practical pace. A key to successfully managing the transition will be to establish a clear blueprint for individual stations to follow. Well-defined, intermediate milestones are essential to maintain the pace of change envisioned by this plan. Furthermore, the transition must be approached strategically from National and Area level perspectives. Lessons learned from lab sites and other transitioning stations must be shared. Likewise, the pain — in terms of lost productivity during the transition — must be shared. VBA leadership should not focus on the success of individual stations making the transition, but rather on the success of the national network of stations changing how they do business while maintaining a reasonable level of performance through a tumultuous period.

Organizations change incrementally, regardless of the overall magnitude of the change. Achieving the claims processing vision will be an evolutionary process — stations will advance through various states (operational schemes) over time. Defining these transition states or levels is useful for a few reasons. First, and most importantly, they lend structure and near-term objectives to the transition. Second, they are a mechanism for communicating the nature of change. Finally, they support performance modeling and forecasting required for strategic transition management.

4.1 Transition Levels

Level 0 — Traditional Positions, Two-Division Structure, Paper and Mail-Driven

Today most stations have separate divisions, and staff, for the functions of processing claims and communicating with veterans. As Figure 4-1 shows, veterans interact primarily with Veterans Benefit Counselors (VBCs), while adjudicators work behind the scenes to process claims. This is the typical stovepipe organization, characterized by rigidity, hand-offs, and an emphasis on internal measures of productivity, not customer-oriented outcomes.

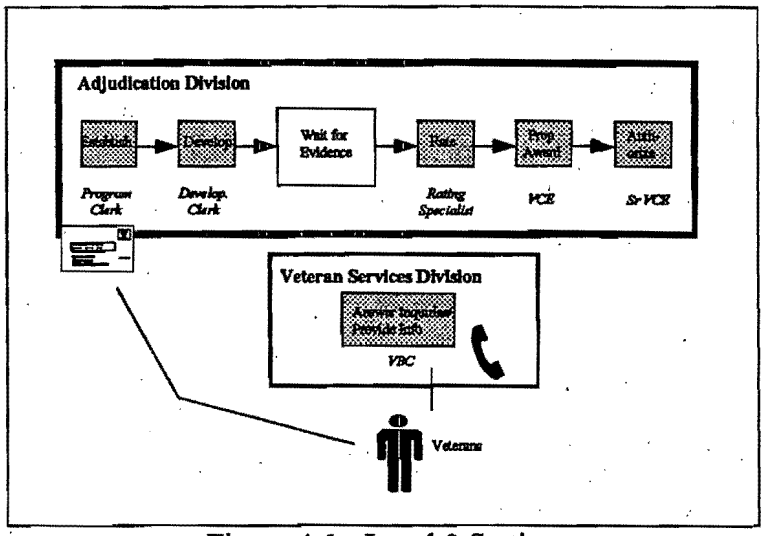

Figure 4-1: Level 0 Station

Level 1 — Merged Station (Veterans Service Center), CPS I, Tracking System, VETSNET I

The first level or stage of the evolutionary process will require stations to undertake a major cultural and organizational shift as they merge their Adjudication and Veterans Services divisions and cross-train personnel to staff a Veterans Service Center. By the middle of FY98, all stations will have begun to merge divisions and establish a Veterans Service Center (see Figure 4-2). The initial version of CPS will be available to assist in the development and establishment of original compensation claims and a claim tracking system to help manage workload and respond to claim status requests by customers. VETSNET I will be deployed during by the third quarter FY99. The PDR process is tested at the Lab sites. During this period the station may experience a degradation in performance as employees are pulled away from claim processing activities to undergo training. However, effective National and Area level planning will help to minimize any performance degradation by staggering the implementation of Veterans Service Centers and distributing work to allow Level 1 stations to avoid large levels of pending claims.

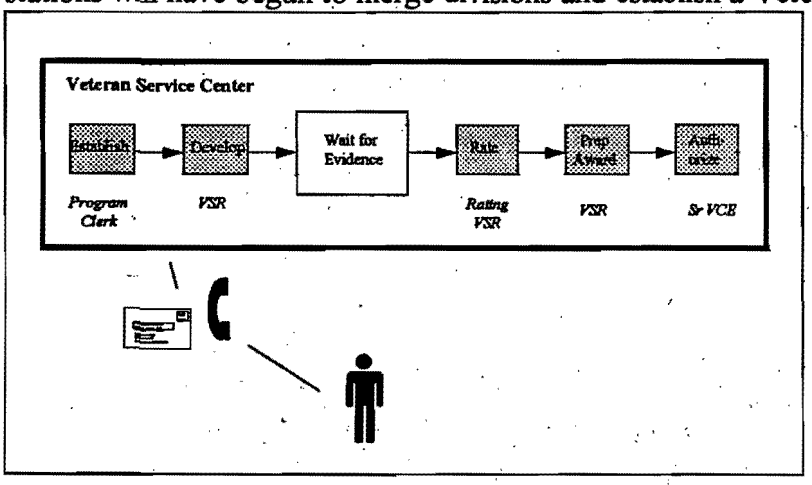

Figure 4-2: Level 1 Station

Level 2 — Certified VSRs, VETSNET II, CPS II operational

Level 2 of the transition will be characterized by fully trained VSRs and pockets of automation. The typical station should achieve Level 2 by the second quarter of FY00. At this point, cross-training will have been completed and the station's VSRs will have been certified — single signature awards will be the norm (see Figure 4-3). Pension simplification enactment will further simplify processing pension claims and free resources to concentrate on other types of pending claims. Task times will decrease and station performance will improve significantly as VSRs use an enhanced version of CPS II to develop an increasing number of claims over the phone and VETSNET I to process payments. Modules of VETSNET II begin to be deployed. The shift in applications from mail to

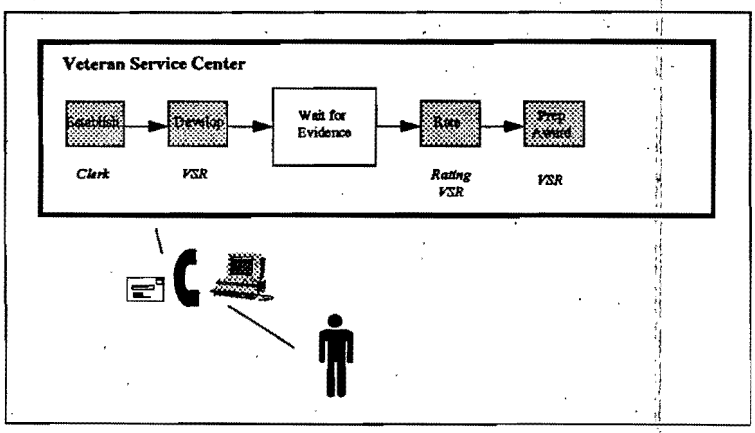

Figure 4-3: Level 2 Station

phone will reduce the requirement for Program Clerks, allowing station management to reassign these employees to perform other necessary tasks. Service Centers begin to implement the PDR process. Certification of the Decision Review Officers is completed. During this timeframe the station will begin to realize the benefits of national partnerships forged by VBA as it begins to receive fully developed cases submitted by veterans service organizations and pre-service discharge medical examinations and claims from military installations. The certification of the station's VSRs and RVSRs coupled with the implementation of single signature authority will eliminate the need for authorization tasks.

Level 3 —Movement to an Integrated Information System Platform (VETSNET II)

The typical station should achieve Level 3 by the end of FY01. At this point the station will realize another significant improvement in performance as the majority of the VETSNET II modules and advanced telecommunication capabilities become available and begin to form an integrated information systems platform. Hand-offs will be drastically reduced, as will the need for clerical support (see Figure 4-4). CPS will be incorporated into VESTNET which will have the functionality to develop all applicable claim types. Automation will allow Rating VSRs to easily prepare awards without an extra step in the process. During this period the station's automated voice response system will be used to handle certain types of calls such as claim status inquiries and general information calls. The enhanced VETSNET will automatically process award adjustments and begin to perform other background processing tasks for certain types of claims. As a result of partnerships and improvements in the information technology (IT) infrastructure, the number of claims submitted electronically will increase quickly when VSOs with access to VETSNET and other VBA Internet-based applications, outbased VSRs at VA hospitals and military facilities, and veterans with access to the Internet all begin to file claims electronically. An advanced claim tracking and performance measurement module within VETSNET helps station management to better understand and manage its workload.

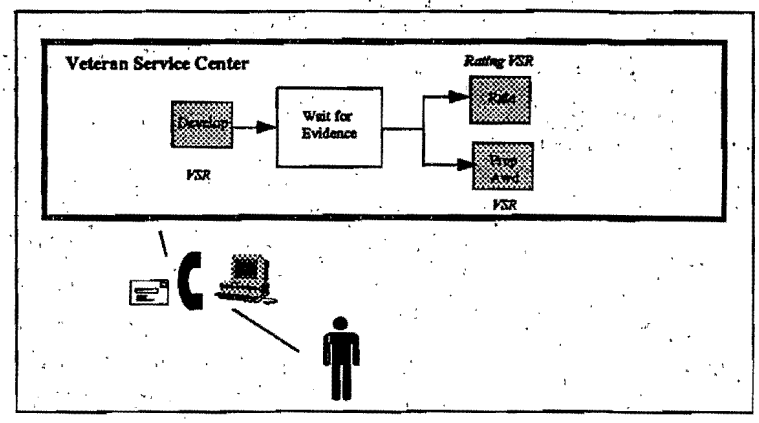

Figure 4-4: Level 3 & 4 Stations

Level 4 — Expert Systems Support & Enhanced Remote Access

The typical station should achieve Level 4, the vision, by the end of FY02. All employees will be in the new positions and the certification of VSRs completed. This final level of the BPR transformation is characterized by further IT enhancements that yield additional performance gains and, more importantly, provide management increased flexibility in conducting operations. As a result of the implementation of expert, rule-based systems, the processing of many claims will be completely automated within VETSNET. During this period electronic claim files will

begin to become a reality and, as they do, the geographic constraints imposed on operations by paper claim files will diminish.

4.2 Conclusion

Achieving the milestones in the implementation plan described in Section 3 suggests that stations will advance through the transition levels at different paces but will achieve level 4 in FY02. Level 1 is the most problematic of any as it represents cultural change and a fundamental shift in mindset among managers and employees. The remaining levels are largely defined by the maturation of the workforce and training and information technology enablers.

Performance during the transition will undoubtedly suffer to some extent. Additionally, some aspects of the implementation may not materialize as expected and could set back progress or performance. Specific areas of risk include: changes to rules and pension simplification, cultural resistance to change, lack of infrastructure support for implementation, large changes to C&P workload, and delays in deploying automation. Some of these risks can be managed to a certain extent, others are completely beyond VBA's control. Acknowledging them and developing dynamic mitigation strategies will be key to successful implementation.

The transition to the vision will take several years and will not be an easy process. As a result of different starting points, staggered implementation, and resistance to change, some stations will take longer to achieve the vision than others. The temptation to revert to the traditional claims process, with all its inherent problems, will be particularly intense during Level 1 as the organization struggles to maintain production at the same time it is learning how to operate under a new concept that will ultimately solve these problems. Therefore, if the vision is to be achieved, management must be committed to the BPR concept and implementation plan described in this report, and act decisively to initiate its recommendations. Decision making delays measured in months will inevitably lead to implementation delays measured in years.

Finally, if the vision is to be achieved, each of the support functions within VBA such as information resources management, human resources, training, and the C&P Service must complete their BPR implementation tasks on a timely basis. In addition, to ensure a successful result, VBA must work together to properly coordinate their efforts; *VBA must all build to the same blueprint for change.*

APPENDIX A. RECOMMENDATION

	Work Design Team Recommendations	Reference: Tab 1, Page(s)
WD-1	Establish a Veterans Service Center concept staffed by the positions detailed in this report. This is the foundation for the entire BPR process. It is the key concept to reducing hand-offs and providing better customer service.	12, 16, 22
WD-2	Test and analyze BPR initiatives at selected lab sites. Lab sites are essential to provide a controlled environment in which to test, observe, analyze, and fully develop the concepts and initiatives of the BPR concept.	15, 22
WD-3	Adopt performance measures based on GPRA. The vision for claims processing explicitly calls for more accountability for individuals and ROs. Measurement of both organizational elements and individual employees is based on Government Performance and Results Act (GPRA) and addresses customer satisfaction, accuracy, timeliness, employee satisfaction and unit cost.	6, 22
WD-4	Grant permanent "difference of opinion" authority to all DROs. The effectiveness of the DROs will be significantly enhanced with this authority.	7, 22
WD-5	Pursue partnership with service organizations and other claim representatives to initiate major rule and procedural changes which are critical to streamline the appeal process. Partnership will further reduce the number of appeals, improve timeliness of claims processing, and increase customer satisfaction.	7, 22
WD-6	Establish effective communication and teamwork between VBA and BVA. BPR concepts offer the opportunity for consideration of changes in BVA and VBA rules and procedures which can greatly improve timeliness, customer service and quality. It is imperative that VBA seek open dialogue and cooperation with BVA on these issues.	22

Table A - 1: Work Design Team Recommendations

	Human Resources Team Recommendations	Reference: Tab 2, Page(s)
Organizational Structure		
HR-1	Accept the proposed position descriptions and position evaluation reports for the positions of Veterans Service Representative, Rating Veterans Service Representative, Decision Review Officer, Program Support Clerk, Supervisory VSR, and VSR Team Leader/Coach.	4
HR-2	Following coordination with other business lines, prepare a request to the Office of Personnel Management requesting the retention of Series definitions for GS-962, Contact Representative, and GS-996, Veterans Claims Examining and the rescission of grade level descriptions for these Series.	4
HR-3	Request the new position titles of Veterans Service Representative, Rating Certified Veterans Service Representative, and Decision Review Officer be added to the PAID-OLDE/PAYVA system for use as employees complete training, acquire skills, and attain certification at the full performance level. Refer to the position evaluation reports for the VSR, Rating VSR, and RO positions, Appendices A-1, A-2, and A-3, respectively, for the discussion and basis of this recommendation.	4
HR-4	To take advantage of current knowledge, skills and outbased opportunities, expand the duties and responsibilities of the field examiner to include VSR duties; accept the proposed position description and position evaluation report (Appendix A-7) and retain this outbased activity as a discrete organizational entity.	4
HR-5	Include a "Master" Rating VSR position in the organizational structure.	4
HR-6	To allow employees the fullest opportunity for training, all stations should comply with the October 1, 1998, milestone for completion of merged Divisions.	4

	Human Resources Team Recommendations	Reference: Tab 2, Page(s)
Career Progression, Certification, and Pay		
HR-7	Recommend that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification for the VSR position. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable solutions to the cases.	7
HR-8	To continue to maintain the rigorous quality standards required by the certification process, strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual VSRs. Further recommend that C&P Service develop a method to extract a sampling of cases from the Benefits Delivery Network (BDN) or VETSNET (similar to the current quality review process) that are employee-specific to be used in conjunction with the performance appraisal process.	7
HR-9	Recommend that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification for the Rating VSR position. Also recommend that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable rating decisions.	7
HR-10	To continue to maintain the rigorous quality standards required by the certification process, strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual Rating VSRs. Further recommend that C&P Service develop a method to extract a sampling of cases from the Benefits Delivery Network (BDN) or VETSNET (similar to the current quality review process) that are employee specific to be used in conjunction with the performance appraisal process.	7
HR-11	Training package should be developed for the ROs which would include modules on dispute resolution, interviewing techniques, and advanced interpersonal skills.	8

Human Resources Team Recommendations		Reference: Tab 2, Page(s)
HR-12	Recommend the use of work sampling to assess VBC and VCE skills and knowledge to determine readiness for the GS-10 level.	8
HR-13	In order to ensure smooth transition of VCEs to the VSR position, recommend that all VCEs receive formal training in interviewing techniques and interpersonal skills.	8
HR-14	Due to the rigidity of the GS system and consistent with the philosophy of paying for acquired skills, recommend requesting a waiver of time-in-grade requirements and qualifications requirements as defined by the Office of Personnel Management (OPM) under the demonstration project authority which would provide VBA with an opportunity to promote employees for their skills/knowledge (as defined by VBA) without the limitations inherent in the GS system.	8
HR-15	Recommend that the NYRO/Detroit Regional Office demonstration project be monitored to validate the progress of the skills-based approach to compensation. If this approach to compensation is successful, recommend exportation to other parts of VBA where appropriate.	8
Performance Management and Incentive Awards		
HR-16	Create a work group to examine performance management and incentive awards and develop guidelines for new systems.	9
HR-17	Consider how to reward Regional Offices and executives for supporting BPR during the transition period. (It is possible that implementing BPR, e.g., merging Veterans Service and Adjudication Divisions, may affect organizational performance in the short run. Regional Offices that merge early should not be penalized for implementing BPR, but the system should be flexible enough to reward if appropriate).	9
HR-18	Reengineer budget processes to change when VBA allots incentive awards money to Regional Offices. Distribute the money at the beginning and/or throughout the Fiscal Year. This change is needed to enable payment of incentive awards closer in time to the achievements.	9
HR-19	Increase VBA funding levels for incentive awards. A review of best practices in government and private sector organizations should be done to see how VBA compares with other organizations.	10

	Human Resources Team Recommendations	Reference: Tab 2, Page(s)
HR-20	Consider changing incentive awards funding formulas to give larger percentages to the high performing Regional Offices. VBA should distribute funds to Regional Offices based on results rather than equally, as is currently done. Recommend that the formula would set an acceptable base or minimum funding level for each Regional Office with additional funds distributed based on organizational performance.	10
Workforce Management and Planning		
HR-21	The list of "tips" on merging should be provided to all stations.	11
HR-22	Each station should be provided with the list of consultants and consider using one or more of them in their merger efforts.	11
HR-23	At the next Director's Conference, a day should be set aside where information can be shared about the best practices for merging divisions and preparing the regional offices for the VBA of the future.	11
HR-24	Area Directors must be responsible for achieving the transition to Veterans Services Centers.	11
HR-25	Clearinghouse should be established to ensure that the mergers are constantly reviewed and information is shared.	11
HR-26	As an interim measure, a VSR training package should be developed which will supplement the Central Area training package.	11
HR-27	VBA should pursue a waiver of buyout provisions to allow employment of retirees for the specific and time-limited purpose of cross training staff.	11
HR-28	A group similar to the HR Team should monitor the impact of BPR throughout the transition.	11
HR-29	A plan (by area or nationally) should be developed to allow sharing of opportunities for excess personnel at different facilities. Qualified excess employees at one facility should be given the opportunity for positions at another facility before external candidates are considered.	11

Human Resources Team Recommendations		Reference: Tab 2, Page(s)
HR-30	A formal upward mobility program should be established at each station in consultation with our Union partners, by allowing employees to designate themselves as willing to participate in programs for self-improvement.	12
HR-31	An employee tuition reimbursement plan should be established. This increases the number of employees who can obtain higher education that is reasonably related to present and anticipated job needs. This is also consistent with Career Transition Assistance Plan (CTAP) and other programs to allow employees to transfer to other agencies or private industry should they prefer.	12

Table A - 2: Human Resources Team Recommendations

Information Technology Team Recommendations		Reference: Tab 3, Page(s)
IT-1	Develop context sensitive help on all developed applications	C-5
IT-2	Develop reference data bases	C-6
IT-3	Establish external interfaces linked to applications	C-6
IT-4	Program automatic pension adjustments from interfaces	C-7
IT-5	Enhance case management to flag special cases	C-7
IT-6	Create ad-hoc query tools for reports	C-7
IT-7	Combine VETSNET and VACOLS for single tracking	C-8
IT-8	Migrate ATS functionality into VACOLS	C-8
IT-9	Take electronic filing through CPS	C-9
IT-10	Develop fill electronic filing functionality	C-9
IT-11	Record Access/Transfer from Information Center to RO	C-9
IT-12	Establish universal application conventions/structure	C-10
IT-13	Expanded automated adjustments (hospital, drill pay, retired. pay)	C-10
IT-14	Enhanced rating support (automated visual/auditory)	C-11
IT-15	Create administrative decision software support	C-11
IT-16	Make ARMS available via Internet	C-12
IT-17	Establish DoD electronic interface	C-12
IT-18	Establish MOUs (VHA/VBA) to share electronic information.	C-12
IT-19	Expand data exchange with other federal agencies	C-13
IT-20	Establish Electronic interface with National Archives	C-13
IT-21	Establish National Cemetery System links	C-13

Information Technology Team Recommendations		Reference: Tab 3, Page(s)
IT-22	Establish local interfaces with private Medical sources	C-14
IT-23	Establish on-line interface with SSA	C-14
IT-24	Provide VSOs with system access	C-14
IT-25	Provide out-based access to VSOs	C-15
IT-26	Provide basic access to the public for electronic filing of claims	C-15
IT-27	Provide enhanced (help/rule-based) electronic filing of claims	C-16
IT-28	Provide outbased VA employee access	C-16
IT-29	Establish state and local interfaces	C-16
IT-30	Develop overall telecommunication concept of operations	C-17
IT-31	Develop detailed telecommunication operational model	C-17
IT-32	Provide Automated Pay Information System	C-18
IT-33	Put a telephone on each desk	C-18
IT-34	Convert to all 800 service	C-19
IT-35	Create Local/State benefit help file	C-20
IT-36	Create VBA information help file (VSR electronic references)	C-20
IT-37	Establish RO telephone asset profile	C-21
IT-38	Define information center sites	C-21
IT-39	Develop National Automated Response System (ARS)	C-22
IT-40	Adopt National Automated Response Script	C-22
IT-41	Create FAX back/automatic mailing labels	C-23
IT-42	Develop Area Specific Migration Strategy	C-23
IT-43	Develop on-line claim status information	C-24

Information Technology Team Recommendations		Reference: Tab 3, Page(s)
IT-44	Develop pop-up/data transfer technology	C-25
IT-45	Develop warm transfer capability	C-25
IT-46	Develop call history record	C-26
IT-47	Incorporate Voice Recognition Technology into ARS	C-26
IT-48	Develop automated transactions	C-27
IT-49	Develop automated out-dialing capability	C-27

Table A - 3: IT Team Recommendations

	Training Team Recommendations	Reference: Tab 4, Page(s)
T-1	Recommend that performance-based, multi-media, instructional system designed (ISD) courseware be developed to train employees in the skills required for the 3 new BPR positions, VSR, VSR-R and DRO. These packages will fulfill training requirements for credentialing employees as having the skills required to complete the job tasks.	2, 15
T-2	Recommend that the Compensation and Pension Service sponsor the development of this training, assisted by the Employee Development and Training Staff.	2, 15
T-3	Recommend that full funding and support to accomplish the development of this training be identified and provided to facilitate delivery to the field and minimize delays. This includes both contracting costs for development of training packages and costs of properly managing, monitoring and administering those contracts.	2, 16
T-4	Recommend that a course for training coordinators in the field be designed and delivered to provide those coordinators with the facilitation skills necessary to ensure successful implementation of the training packages.	2, 16
T-5	Recommend a set of training packages to assist with the transition period as stations begin to merge their operations into the BPR format, but before the formal training (mentioned above) is available. These "short-term" solutions consist of utilizing and updating current training opportunities that are presently available. The short-term training will not meet long-term training needs, but will provide assistance in the interim period. Short-term training includes, but is not limited to, customer service training, the Advisor program, team and coach training, interactive video teletraining, and the VCR training package.	3, 16
T-6	Recommend that VA pursue a memorandum of understanding (MOU) with the Disabled American Veterans for the sharing of training materials that their organization has developed.	3
T-7	Recommend placing appropriate short-term training materials on the Intranet in a BPR Training Web Page.	8

Training Team Recommendations		Reference: Tab 4, Page(s)
T-8	Recommend that the Veterans Service Organizations be included and involved in the planning, development and implementation of all training in order to facilitate their partnering role in the BPR vision.	3, 16
T-9	Recommend that embedded training devices be included in all informational technology releases currently under development or planned for development.	16

Table A - 4: Training Team Recommendations

	C&P Rules Team Recommendations	Type Change	Reference: Tab 5, Page(s)
R-1	Accept Social Security Disability Determinations	Legislative	19, C-10
R-2	Allow Basic Vocation Rehabilitation Eligibility Determination to be Made by VR&C	Regulatory	28
R-3	Allow Contemporaneous Notice for Information Received from any Federal Agency or Federal Employee	Regulatory	25
R-4	Allow Contemporaneous Notice for Self-Reporting via Telephone, Fax, Internet	Regulatory	26
R-5	Allow Decision Review Officer to Revise Decisions Based on Same Evidence	Legislative	25
R-6	Allow End of the Year Adjustments for Nonrecurring Income Adjustments	Legislative	21, C-20
R-7	Allow Extra Scheduler Pension Ratings by Rating Decision-Maker	Regulatory	25
R-8	Allow NSOs to certify DD214	Regulatory	26
R-9	Allow Recognition of Court Appointed Guardians without Oversight by VA	Regulatory	27
R-10	Build Dependency Allowance into Maximum Annual Pension Rate	Legislative	20, C-18
R-11	Build Medical Expense Coverage into Maximum Annual Pension Rate and Provide Medical Expense Exclusion Only for Nursing Home Patients	Legislative	19, C-12
R-12	Change Method to File Notice of Disagreement or Substantive Appeal	Regulatory	25
R-13	Change Method to Withdraw Appeal Issues	Regulatory	26
R-14	Clarify Individual Unemployability Criteria	Regulatory	28
R-15	Clarify Regulation on Findings of Mental Unsoundness in Suicide Cases	Regulatory	28

C&P Rules Team Recommendations		Type Change	Reference: Tab 5, Page(s)
R-16	Clarify Regulations on Service Connection by Aggravation of Pre-Service Conditions	Regulatory	27
R-17	Define Convalescence for Paragraph 30 Ratings	Regulatory	27
R-18	Discontinue Hospital Adjustments for Section 306 and Old Law Pension	Legislative	19, C-4
R-19	Eliminate EVRs for Pensioners Receiving Federal Annuities and for Pensioners in Medicare-Approved Nursing Home	Regulatory	21, 25
R-20	Eliminate Need to File Claim in Writing	Regulatory	25
R-21	Eliminate the 45 Day Rule for Surviving Spouses	Legislative	21, C-22
R-22	Eliminate Income Limits for Section 306 and Old Law Pension	Legislative	19, C-1
R-23	Establish Entitlement to Clothing Allowance Payment by Rating When Veterans Meet Requirements of 38 C.F.R. 3.810 (a)(1).	Regulatory	27
R-24	Establish New Regulations for Decision Review Officer	Regulatory	25
R-25	Establish New Regulations for Informal Conference	Regulatory	25
R-26	Establish New Regulations for Post Decision Review Process	Regulatory	5
R-27	Establish New Regulations for Request for Clarification or Expression of Dissatisfaction	Regulatory	26
R-28	Establish New Regulations for Veterans Service Representative	Regulatory	26
R-29	In Claims for Apportionment of Compensation or DIC, Allow Only the Additional Payment for Dependents	Regulatory	27

C&P Rules Team Recommendations		Type Change	Reference: Tab 5, Page(s)
R-30	Increase Estate Limitation in Incompetent Veteran Cases Subject to Reduction	Legislative	28
R-31	Presume Permanent and Total Disability at a Designated Age[4]	Legislative	19, C-6
R-32	Presume Permanent and Total Disability for Nursing Home Patients	Legislative	19, C-7
R-33	Provide for NSC Burial Allowance Payment to Next of Kin (estate of) When FNOD is processed	Regulatory	28

Table A - 5: C&P Rules Team Recommendations

[4] The age at which veterans are presumed to be permanently and totally disabled is still under study.

Customer And Employee Satisfaction Team Recommendations		Reference: Tab 6, Page(s)
C-1	The Compensation and Pension Service must "own" both customer and employee surveys as they relate to claims processing. That is, C&P will provide the structure, time lines, objectives and budget for surveys and focus groups. Most importantly, C&P will use the data gathered from these sources to further fine tune the implementation of the new claims process.	4
C-2	The responsibility for developing and conducting these surveys and focus groups will reside with the Office of Resource Management (ORM). ORM should be supported by field and other VA Central Office personnel in the development and administration of these instruments.	4
C-3	The nationwide customer surveys should be conducted in the fall of each year.	4
C-4	The VBA portion of the ONE VA Employee Survey should be conducted every two years in the fall of that year.	4
C-5	Focus groups should be conducted at the lab sites annually and the data should be compared to the baseline data.	4
C-6	Before each BPR initiative is implemented, a base line survey should be conducted and a follow-up survey should be completed within six (6) months of full implementation of that initiative. The survey may be written or telephonic and may have focus groups conducted in concert with their administration.	4
C-7	As the data from the nationwide C&P survey veterans survey is compiled and reports developed, the design of a customer satisfaction index will be pursued using the information from that survey as a guideline for developing the appropriate variables.	4
C-8	As the data from the ONE VA Employee Survey becomes available, the design for the employee satisfaction index should be pursued using that survey data as a baseline.	5

Table A - 6: Customer and Employee Satisfaction Team Recommendations

APPENDIX B. List of Acronyms

AMIE	Automated Medical Information Exchange
ARMS	Automated Reference and Manual System
AO	Adjudication Officer
AVR	Automated Voice Response
BDN	Benefits Delivery Network
BPR	Business Process Reengineering
BVA	Board of Veterans' Appeals
C&P	Compensation and Pension
CFR	Code of Federal Regulations
CIO	Chief Information Officer
COLA	Cost of Living Adjustment
COVERS	Control of Veterans Records System
COVA	Court of Veterans Appeals
CPS	Claims Processing System
CVSO	County Veteran Service Officers
DIC	Dependency and Indemnity Compensation
DoD	Department of Defense
DRO	Decision Review Officer
EVR	Eligibility Verification Report
FNOD	First Notice of Death
FTE	Full Time Equivalent
FY	Fiscal Year
GAO	General Accounting Office
GPRA	Government Performance and Results Act
GS	General Schedule
HR	Human Resources
IC	Information Center
IRS	Internal Revenue Service
ISD	Instructional Systems Design
IT	Information Technology
IVM	Income Verification Match
MAPR	Maximum Annual Pension Rate
NCS	National Cemetery System
NOD	Notice of Disagreement
NSC	Non-Service Connected
NSO	National Service Officers
OJT	On-the-Job
OMB	Office of Management and Budget
OPM	Office of Personnel Management
ORM	Office of Resource Management
PDR	Post-Decision Review
PIN	Personal Identification Number

POA	Power of Attorney
RAD	Rapid Application Development
RBA	Rating Board Automation
RO	Regional Office
RVSR	Rating Veteran Service Representative
SMC	Strategic Management Committee
SME	Subject Matter Expert
SMR	Service Medical Record
SOC	Statement of the Case
SSA	Social Security Administration
SSOC	Supplemental Statement of the Case
VA	Department of Veterans Affairs
VACOLS	Veterans Appeals Control and Locator System
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VBC	Veterans Benefits Counselor
VCE	Veterans Claims Examiner
VETSNET	Veterans Service Network
VHA	Veterans Health Administration
VR&C	Vocational Rehabilitation and Counseling
VSD	Veterans Services Division
VSO	Veterans Service Organization
VSR	Veterans Service Representative

Glossary

Certification	The formal, standardized process by which VSRs, Rating VSRs, and ROs will demonstrate that they possess the requisite job skills and competencies prior to promotion or career progression. The formal process may include testing, work sampling, and supervisory assessment. Certification supplements the performance appraisal process and is not a substitute for it.
Corporate Data Base (Enterprise Data Base).	A single data base which captures and stores all information currently stored in the Legacy systems that are required organizational entities and attributes. The Enterprise Data Base stores data for ALL distributed business solutions regardless of service (i.e., C&P, Loan Guaranty, etc.) and location. Common data fields (i.e., name, address, SS#, etc.) must comply with standard conventions (i.e., field length, numeric, logic, etc.). Use of an Enterprise Data Base is a fundamental concept in the Enterprise Architecture that will eliminate the current "stovepipe" applications and numerous non-linked data bases.
Demonstration Project	The opportunity for an agency to experiment with new and different personnel management concepts to determine whether such changes in personnel policy or procedures would result in improved Federal personnel management. The Office of Personnel Management approves agency proposals to engage in demonstration projects. The New York and Detroit Regional Offices have demonstration project proposals for new pay pending final OPM approval.
Difference of Opinion	Authority to revise or amend a previous decision, a difference of opinion being involved rather that a clear and unmistakable error. (See C.F.R. 3.105(b)). In the BPR vision, this authority is delegated from VA Central Office (CO) Compensation and Pension (C&P) service to Decision Review Officers. During the transition, it is also delegated to Hearing Officers.
"Master" Rating Veteran Service Representative (VSR)	A position in the reengineered environment. The incumbent will conduct quality reviews and appropriate training and serve as technical advisor to Rating VSRs to assure timely dissemination and uniform application of legal decisions and policy issues to rating actions.
Merger	The organizational and physical consolidation of Adjudication and Veterans Services Divisions, including comprehensive cross-

training of former VBCs and VCEs for the VSR position. A merger is a prerequisite to success in the BPR environment.

Performance Plans — The official document used to inform employees of organizational expectations for individual performance. The plan will be used to evaluate employee performance for annual ratings and includes performance elements, standards, and measures.

Post Decision Review — The process in BPR which replaces the present appeal process within VBA. It begins with an expression of dissatisfaction or request for clarification from a claimant or his/her representative. The process stresses personal contact with the claimant in an effort to focus appeal issues and resolve issues. In the BPR vision, the entire process is under the direction of the Decision Review Officer. The process ends with VBA's final resolution of the claim.

Request for Clarification/ Notice of Dissatisfaction — An inquiry by the claimant or his/her representative following a decision requiring explanation of the decision. The inquiry may express dissatisfaction with all or part of a decision, but has not reached the status of a formal Notice of Disagreement (NOD). This step in the Post-Decision Review Process allows for improved communication with the claimant and representatives in an effort to resolve questions prior to commencing the appeal process

VETSNET — A replacement for the Benefits Delivery Network (BDN) payment system characterized by a Y2000 compliance corporate relational data base, a three tiered client-server architecture, user designed Visual Basic presentation screens and on-line processing. The improvements in claims processing functionality are primarily those related to increased access by customers to their claim information, more user friendly processing screens and real time processing. Improvements in program management will derive from the capability of the system to capture data at the issue level. VETSNET will be the foundation system to which new claims processing functionality will be added. Basic claims process and veteran/dependent information will be available to all benefit program information systems (C&P, Education, Loan Guaranty, Vocational Rehabilitation and Insurance.) Payment, accounting and existing rudimentary claims processing for education, compensation and pension benefit programs are the basic components of the system application.

VETSNET II — The product of application development activity to incorporate

	rule based, stand alone systems such as the C&P Claims Processing System (CPS) will be incorporated into VETSNET; and extend the functionality to include the creation of ratings (Rating Board Automation - RBA). The objective is to develop an integrated system which supports one-time data input for the development of a claim and reuse of the information in subsequent processing to the point of award decision and payment.
VETSNET III	Continued incremental functionality and the development of automated decision making.
Work Sampling	The standardized approach to randomly selecting a uniform number and the type of cases to be reviewed for purpose of evaluating performance.

Blueprint for Change

Tab 1

Work Design Team Report

Implementation Plan for Reengineering Claims Processing

June 1997

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1. Work Design Report

The BPR vision encompasses a radical redesign of the work processes whereby employees of the Veterans Benefits Administration (VBA) interact with their customers. This appendix documents the proposed changes. Section 1.1 describes the vision for claims processing—both how work will be performed and how the agency will organize its resources. Section 1.2 highlights some of the key transition issues and provides a schedule for implementation.

1.1 Work Design Vision

Veterans' needs and expectations are driving the VBA to a new vision. VBA's vision emphasizes closer, more personal, and more frequent contact with veterans and greater responsiveness to their concerns. In the vision VBA forges a partnership with veterans and their representatives through proactive, frequent, and productive interaction. Such a partnership involves mutual actions and responsibilities to achieve shared goals. It also implies increased accountability for these actions by VBA personnel, individual veterans, and their representatives.

Through the partnership and internal changes, VBA strives to increase the quality of its service—getting it right the first time, in a timely manner. Simplified rules, regulations, and policies and streamlined procedures and processes will enable faster, more accurate delivery of benefits with reduced likelihood of appeals.

To accomplish these goals, the Veterans Service Center of 2002 (which combines the traditional Adjudication and Veterans Services activities) is staffed with employees who have the authority to interact with veterans, make decisions, and identify and resolve issues at the earliest opportunity without hand-offs. More importantly, they work with veterans and their representatives to assess eligibility for benefits based on objective evidence and criteria, so that all see the process and its outcome as fair and equitable. Veterans and their representatives become partners in developing the claim and any post-decision review.

The *Case for Change* outlined the problems with the existing processes and a high-level view of the vision. This section further defines the vision for claims processing and post-decision review. The processes that compose the vision are largely independent of organizational structure; however, this section addresses the organizational possibilities consistent with the vision for VBA.

1.1.1 Claims Process

In the vision claims processing is an interactive process with a VBA employee accountable for completing all actions necessary to come to closure on a claim. The Veterans Service Representative (VSR) has ownership of each claim to which he or she is assigned and forges a partnership with the veteran and his/her representative. The most common means to file a claim is a one-page application, with a structured initial telephone interview with a VSR. The VSR, consulting with the veteran, focuses the issue, identifies all sources of evidence, and explains the claims process. The VSR informs the veteran on the progress of his/her claim. Rule-based

technology supports the VSR in this process to ensure the quick resolution of the claim. VSRs gather evidence, make decisions, notify veterans, and are accountable for their actions. Routine actions are handled quickly, often at the initial contact. If a claim requires more than a simple rating decision, the VSR transfers ownership of the claim to a rating VSR (RVSR), who makes the rating decision. The award and notification letter to the veteran are electronically generated. Throughout, a VSR works with the individual veteran and his/her representative to ensure that each claimant receives knowledgeable, compassionate, and equitable service.

The duties of the VSR include all of those traditionally performed by Veterans Benefits Counselors (VBC), Veterans Claims Examiners (VCE), and Rating Analysts or Rating Technicians. The VSR is responsible for managing claims from application through final decision. The VSR serves as the primary point of contact for claimants and representatives. He or she decides all claims not requiring complex ratings but also prepares simple rating decisions for approval of a RVSR. The VSR position is an entry level GS-5 with a career ladder to a GS-11.

VSRs refer claims involving complex rating issues to a RVSR who ensures that all required development is completed. Following the receipt of all needed evidence, the RVSR processes the rating, which generates an award and the appropriate notification letter. The RVSR is a GS-12.

Process Description. As shown in Figure 1-1, the 2002 environment provides a number of access points for claimants. Claims will be filed in person at a Regional Office (RO) or at an out-based location, by telephone, electronically via Internet or fax, by mail or through personal contact with the claimant's representative. Telephone contact is the major access point. An automated call attendant greets the claimant. Options are available for general benefits information, status of pending claims or the ability to file claims. If the option to initiate a claim is selected, the system routes the call to a VSR. As much development as possible is completed during the initial contact. Regardless of point of entry, the VSR who initially receives the claim can, in most cases, arrive at a determination without handing off the claim to another employee.

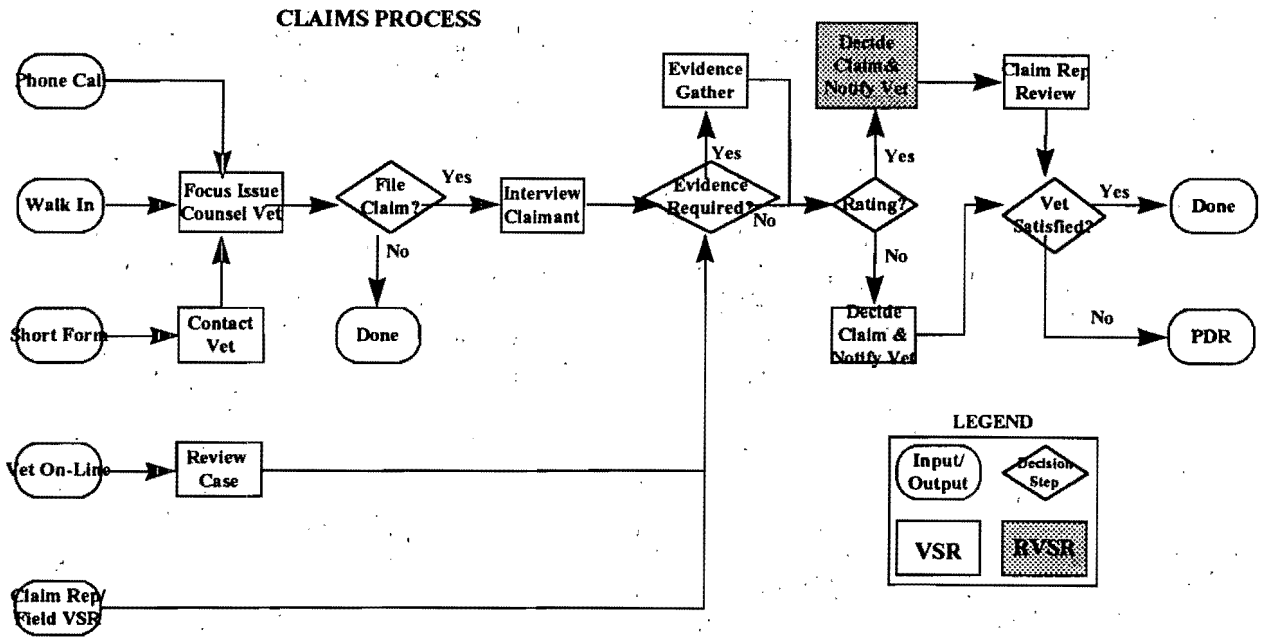

Figure 1-1: Process Flow for Claims Process

One of the key elements in the reengineered process is partnership. Working together, the VSR, the claimant and his or her representative, clearly identify each issue of the claim and the evidence necessary to support the claim. Continuing this partnership, the claimant and representative assist in gathering evidence which may be in their procession or may be needed from a private source. As always, the VSR requests all identified evidence in accordance with VA's duty to assist. VBA evidence gathering is the largest component of claim cycle time and, as such, must be improved. The vision emphasizes on-line electronic interfaces with internal and external entities, such as Veterans Health Administration (VHA), Department of Defense, Social Security Administration, Department of Labor, and the Internal Revenue Service. Automated data links also improve the quality and availability of evidence, reducing claim cycle time and appeal rates. The VA Corporate database links all applications to allow a much higher degree of data movement.

The VSR has available a comprehensive corporate database. The VSR determines the precise reason for the call and uses these tools to assist the claimant in completing an electronic application. Concurrent with preparing the application, the VSR assists the claimant to focus the issues. VBA's Claims Processing System (CPS) automatically prepares requests for evidence as it moves the VSR through the process, ensuring a fully developed claim. To further the partnership, claim representatives will have access to, and be trained on, VBA's systems. They will be able to enter claims and initiate development using CPS from their local offices. In addition, they will have on-line access to status information.

The claimant is fully informed of the time required to obtain the evidence and make a decision. The VSR, the claimant and representative all work together to ensure that all evidence needed to decide the claim is obtained. CPS records the evidence requested and establishes diaries for periodic review and claimant status update. The VSR or the representative answers

any status inquiry generated by the claimant, although most status calls are answered by the Automated Response System (ARS), which offers claim-specific information after the claimant enters a personal identification number (PIN).

Once all relevant evidence is assembled, the VSR processes the claim including preparation of simple rating decisions for approval of a RVSR, or refers it to a RVSR if a complex rating is required. When a rating is created using an automated rating system, the data are automatically entered into the system, which generates both an award and notification letter. Prior to release of the notification, a copy of the decision is electronically referred to the representative. The representative will have a specified period of time to review the rating. Access to the claims folder will be available to the representative, if requested, on any specific case during the review period. As a practical matter, the intensity of POA review at the point of promulgation should greatly diminish in the future as the quality of rating decisions improves and claim representatives are fully incorporated into the development process. Upon electronic acknowledgment of review or expiration of the review period, the rating is promulgated and the notification released. The letter contains the name and phone number of the VSR or team responsible for processing the claim. In the event the representative initiates contact, the VSR or RVSR will address the issues presented in order to resolve the inquiry.

The core processes are the same, regardless of the entry point. Customers can come to ROs or other outbased locations. In this situation, the VSR takes the information from the claimant, as they would by phone, and creates an electronic claim using CPS and the Veterans Service Network (VETSNET). The VSR requests all the required information and asks the claimant to assist in the process. There will be instances when the VSR can obtain the required evidence, particularly at a clinic or hospital, and process the claim the same day. If a claim comes in electronically, such as by FAX, or via Internet, the VSR calls the claimant and begins the same process of clarifying the issues and explaining the process.

Examples. Two examples illustrate the process. In the first situation, upon dialing a toll-free number, the veteran is presented with a menu asking whether her call relates to a specific claim or is a request for general benefits information. At that time, the veteran is also given the opportunity to speak with an employee immediately if she is uncomfortable in dealing with the AVR. As soon as she selects the option for filing a new compensation claim, and enters the terminal digit of her Social Security number, she is routed to the appropriate team or individual for assistance.

Upon taking the call, the VSR determines the precise reason for the call and assists the veteran by completing an electronic application in CPS. Concurrent with preparing the application, the VSR helps the veteran focus the claims issue, ensuring the VSR knows precisely what disability or disabilities she wishes to have considered for service connection. CPS automatically prepares requests for necessary evidence from various sources as it moves the VSR through the application process, preventing the employee from omitting any necessary evidence requests. CPS records what evidence is requested and establishes diaries for periodic status reports to the veteran and automatic notification at the time that any piece of evidence is received.

The VSR advises the veteran what to expect as far as delays in the decision process, what steps she may take to expedite a decision and what evidence is required to complete action on the claim. The VSR asks the veteran and her representative for their assistance in gathering evidence such as any service medical records, private physicians reports, service verification documents or other relevant evidence that she may have in her possession.

Since initial compensation claims involve more than simple rating decisions, upon completion of all required development the claim will be referred to a RVSR. The veteran is advised that the referral will occur. Throughout the development phase the claim is regularly monitored by the VSR and the veteran and representative kept informed of claim status. The VSR or the representative answers any status inquiries from the veteran by accessing the complete claim history in CPS.

Once all relevant evidence is assembled, the claim is referred to the RVSR for rating and award action. In this example the RVSR determines that four disabilities are service-connected but denies service connection for two disabilities. The rating data entered into the system automatically generates both an award and a notification letter. Prior to release of the notification or award, the decision is electronically referred to the representative for review. The representative has access to the claims folder for review, if needed on any specific case, during the review period. At the end of a specified period of time, the rating is promulgated and the formal notification letter is generated. The letter provides the name and phone number of the VSR or team responsible for the processing of the claim. If the decision is complex, the VSR or representative may decide to contact the veteran by telephone to explain particular parts or all of the rating.

If the veteran needs clarification of an issue or is dissatisfied with part or all of a decision, she may contact the VSR or representative. If the veteran has a representative, we will encourage her to contact the representative. We will also contact the representative, fully informing that organization or person of all actions and contacts. Communications resulting in acceptance of a formal Notice of Disagreement or the withdrawal of an appeal issue must be confirmed in writing. This is discussed further in the post-decision review section (see Section 1.1.2).

In this case, the veteran believes that one of the two disabilities for which service connection was denied should indeed be service-connected and is displeased with the evaluation assigned to one of the service-connected conditions. She would contact the VSR by phone to discuss her dissatisfaction. The VSR explains the rating schedule provisions for the service-connected condition at issue and what additional symptoms are required for the next higher evaluation. In this example, the veteran is satisfied that the condition was evaluated correctly but still believes that the other disability should have been service-connected. Because of the complexity of the particular case, the VSR asks the RVSR who denied the service connection for assistance. The RVSR calls the claimant to further clarify the decision. Since the veteran continues to express dissatisfaction, the claim is referred for post decisional review (see Section 1.1.2).

The next example is a claim for nonservice-connected disability pension received by a VSR at a VA Medical Center (VAMC). The veteran enters the outbased office and expresses his desire to claim pension. The VSR interviews the veteran with a DAV representative stationed at the VAMC. The veteran has his DD214 showing his honorable service during the Vietnam Era. He states he has been hospitalized at the VAMC and was discharged a few days before. The VSR accesses the Patient Data File from the medical center and locates a summary of the veteran's hospitalization showing treatment for severe arteriosclerotic heart disease. The VSR assists the veteran by completing the electronic application and verifies income amounts through electronic interfaces with Social Security Administration, and other government agencies. The data from those interfaces is automatically loaded into CPS. The veteran provides information regarding dependency and his last employment. The VSR prepares the rating decision in VETSNET, granting pension entitlement and the RVSR approves the decision. The veteran's representative reviews the rating decision. The system automatically generates the award and notification letter. Over the life of the pension award, income is automatically monitored and the award adjusted based on electronic interfaces with income sources.

Measurement. The vision for claims processing explicitly calls for more accountability for individuals and ROs. Hence, measurement must be an important component of the vision. In the vision, measurement of both organizational elements and individual employees is based on Government Performance and Results Act (GPRA) and addresses customer satisfaction, accuracy, timeliness, employee satisfaction and unit cost. Work flow measures are captured automatically as claims are routed through the system[1]. IT systems generate data to determine the success of a RO, a service center, a team or an employee.

Timeliness goals are constantly monitored and adjusted as necessary to reflect customer and other stakeholder expectations, while realistically considering uncontrollable factors such as fluctuations in budget, staffing levels and unanticipated workload increases. Goals are also flexible enough to take into account new decisions by the Court of Veterans Appeals (COVA) and legislative changes which impact on the timeliness of claims processing.

As is required by GPRA, measurements look at outcomes instead of merely outputs. Accordingly, accuracy indicators measure only fatal errors, including (1) failure in duty to assist, (2) due process deficiencies, (3) incorrect payment and (4) inadequate notification. Expert systems eliminate many of the errors that previously resulted from carelessness, haste and improper or inadequate training.

1.1.2 Post-Decision Review Process

Following claims processing, the second core adjudication process is the post-decision review (PDR). The new PDR process is dynamic and highly interactive, focusing on identifying the issues and areas of disagreement, with an eye to resolution at the earliest possible point in the process. The PDR process begins with a request for clarification or expression of dissatisfaction from a claimant or a claimant's representative and ends with VBA's final resolution of the claim.

[1] The measurement of customer satisfaction and employee development is addressed in Tab 6.

The vision for post-decision review continues the partnership between the veteran, his or her representative, and VBA that began during claims processing. The new process specifically emphasizes streamlining the appeal process and maintaining close, personal contact among the claimant, his or her representative, and VBA.

There will be a new position in the appeal process, the Decision Review Officer (DRO). The DRO will be a highly skilled individual with the training and knowledge to perform his or her duties. On-going training must be held on technical aspects of changing legislation and directives as well as the precedential decisions from COVA. Staffing in this position is expected to be taken from current Hearing Officers and RVSRs. All DROs will have "difference of opinion" authority. The grade level for this position is GS-13.

The vision includes many fewer claims appealed because the veterans will have had an accurate decision fully explained to them by knowledgeable and compassionate VBA employees. Staffing at this position is sufficient to allow the DRO jurisdiction of all processing and decision-making in the PDR process. There are no Hearing Officers, as these personnel have converted to DROs. Both informal consultations and formal hearings, when needed, are accomplished by the DRO.

The system performs automated checks of accuracy and timeliness of actions during the PDR process. To enhance the process, VBA offers veterans and their representatives electronic access to complete claims development tools. They are able to access the veteran's VA records to view supporting evidence and VBA actions to date. They can view the content of rating decisions and Statements of the Case. Electronic filing of appeals is available. An enhanced VACOLS system allows for one appeal tracking record for VBA and BVA. It includes all actions on remands and collects data needed for performance measurement.

Process Description. The PDR process begins with a response to notification to a claimant or the claimant's representative notifying the claimant of a decision on his or her claim. Such a response could take any of several forms. It could be a request from the claimant in person, by letter/fax for clarification of the decision. It could be an informal discussion initiated by the representative. It could also be the submission of a Notice of Disagreement (NOD) from either the claimant or the representative. If the contact is from the claimant, the representative will be fully informed of all VSR discussions with the claimant, and the claimant will be encouraged to contact his representative. Throughout the PDR process, any verbal communication resulting in acceptance of a formal Notice of Disagreement or the withdrawal of an appeal issue must be confirmed in writing.

While the DRO may assume jurisdiction at any time during the appeal period to resolve an issue in the claimant's favor based on difference of opinion authority, he/she has jurisdiction and is responsible for all processing after receipt of a valid Notice of Disagreement.

As shown in Figure 1-2, if a claimant requests clarification or expresses dissatisfaction with a decision, the call or letter/fax is routed to a VSR for explanation. The VSR explains the

claim decision and the claimant's options. Those options include: (1) contacting his or her claim representative for assistance and advice; (2) submitting additional evidence; or (3) submitting a formal NOD to begin an appeal to the BVA. The VSR documents this contact electronically in the veteran's record with an electronic notification to the VSO or other representative. If the claimant submits additional evidence, but has not submitted a NOD, the evidence is reviewed and considered by an RVSR who will prepare a rating decision or further develop the claim as warranted. The DRO may assume jurisdiction to resolve an issue in the claimant's favor whenever a claim is within the appeal time frame.

POST-DECISION REVIEW: REQUESTS FOR CLARIFICATION

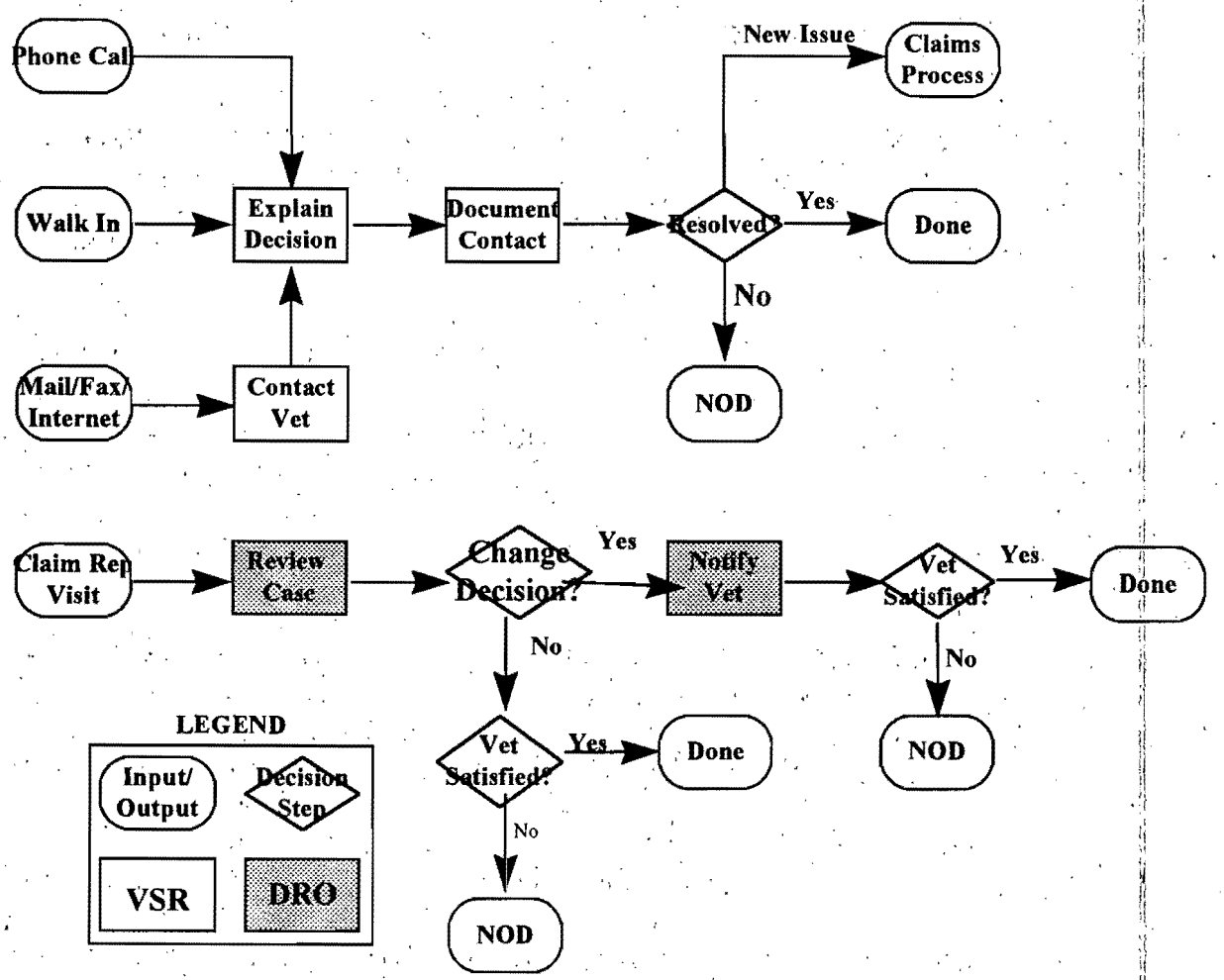

Figure 1-2: Process Flow for Requests for Clarification.

Figure 1-3 diagrams the process flow for notices of disagreement (NODs). When a valid NOD is received, the claim is referred to a DRO for review. If additional evidence is received with the NOD (or additional evidence source indicated), the DRO may schedule an informal conference to determine if any additional evidence may be obtainable prior to adjudicating the evidence received. Every effort must be made during the PDR process to ensure that the

evidentiary record is complete before the DRO enters a decision. A favorable decision should, of course, be entered as soon as there is sufficient evidence to support a grant of benefits.

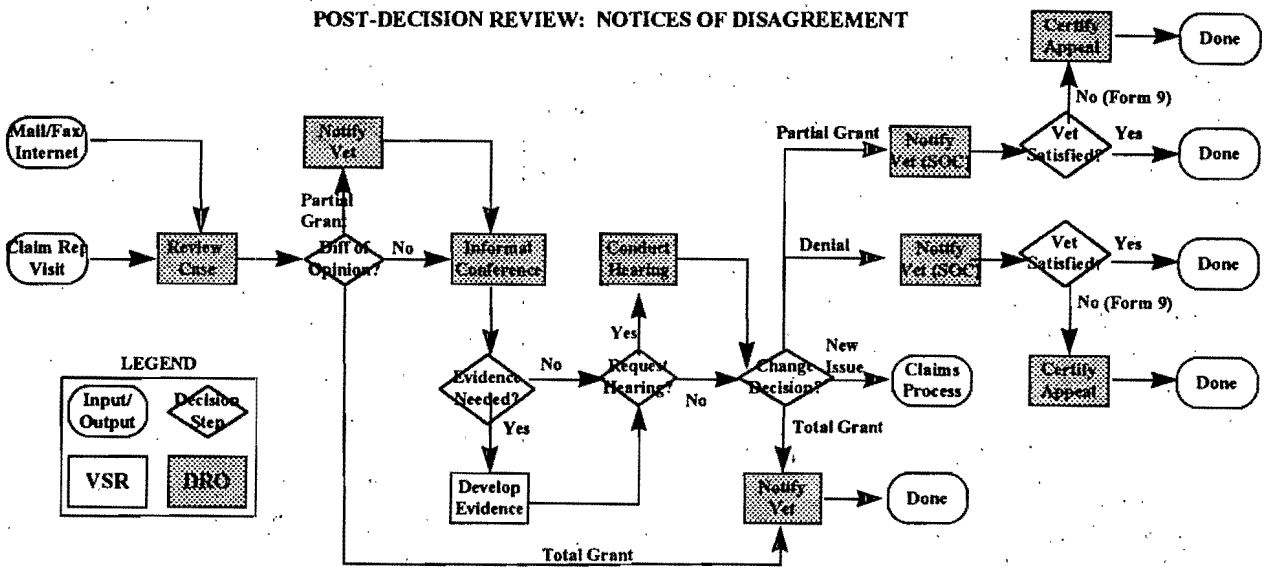

Figure 1-3: Process Flow for Notices of Disagreement.

The purpose of an informal conference is to clarify the issues the claimant wishes to appeal, provide explanations, and identify additional sources of pertinent evidence. An informal conference may be conducted by telephone, by video-conference, or in person. The claimant's representative is always given the opportunity to participate in informal conferences. In some circumstances, an informal conference includes only the DRO and the claimant's representative. A record of the substance of the conference and agreed upon actions will be electronically entered into the veteran's record, with notice to the representative.

An informal conference is a tool available to the DRO to ensure that all parties understand the issue(s) pending review, that the issues are focused and clarified, and that the record is fully developed. While the DRO may, at any time, assume jurisdiction and make a decision favorable to the claimant, the informal conference is not a decision process. If the claimant or representative desires to offer testimony and/or argument seeking a DRO decision, a formal hearing is conducted by the DRO. An informal conference will not be required in every instance. It is not intended to become simply another required administrative step in seeking appellate relief. An informal conference will not be conducted if the claimant (or claimant's representative on the claimant's behalf) declines participation in an informal conference; or the issue(s) are clear, and there is no indication of possible additional material evidence to be developed. When a DRO makes a decision based on an informal consultation and/or formal hearing, a Statement of the Case (SOC) is provided to the claimant and his or her representative.

Upon request, the DRO conducts a formal hearing. Since any formal hearing is usually conducted prior to issuance of a SOC, a substantive appeal is normally not of record. Therefore, it is important for the DRO to clarify the issues on appeal. Issues may be withdrawn at any point

in the appeal process, including during the formal hearing. Withdrawal of an appeal or appeal issue is acceptable by a written statement, testimony at a formal hearing or by telephone. However, withdrawal by telephone must be confirmed by a written statement. All testimony submitted at a hearing will be under oath or affirmation. After the hearing the DRO may order additional development or provide the claimant an opportunity to submit additional evidence. Upon completion of any development, or after the expiration of the time period for submitting additional evidence, the DRO enters a decision. If the DRO cannot resolve the issue in the claimant's favor, his/her decision constitutes a SOC.

Upon receipt of a timely substantive appeal, the DRO reviews that document to determine if additional sources of pertinent evidence have been identified, new issues have been raised, or a BVA hearing has been requested. Any new issues are referred to a VSR for appropriate action. If additional evidence has been identified, it is developed and another DRO decision is made which serves as a SSOC for issues not favorably resolved. If no additional evidence is received, the DRO certifies the claim for BVA review and immediately transfers the case to BVA. Any evidence pertaining to the appeal received after certification is under the jurisdiction of BVA. As shown in Figure 1-4, BVA remand development and resolution will be the responsibility of the DRO.

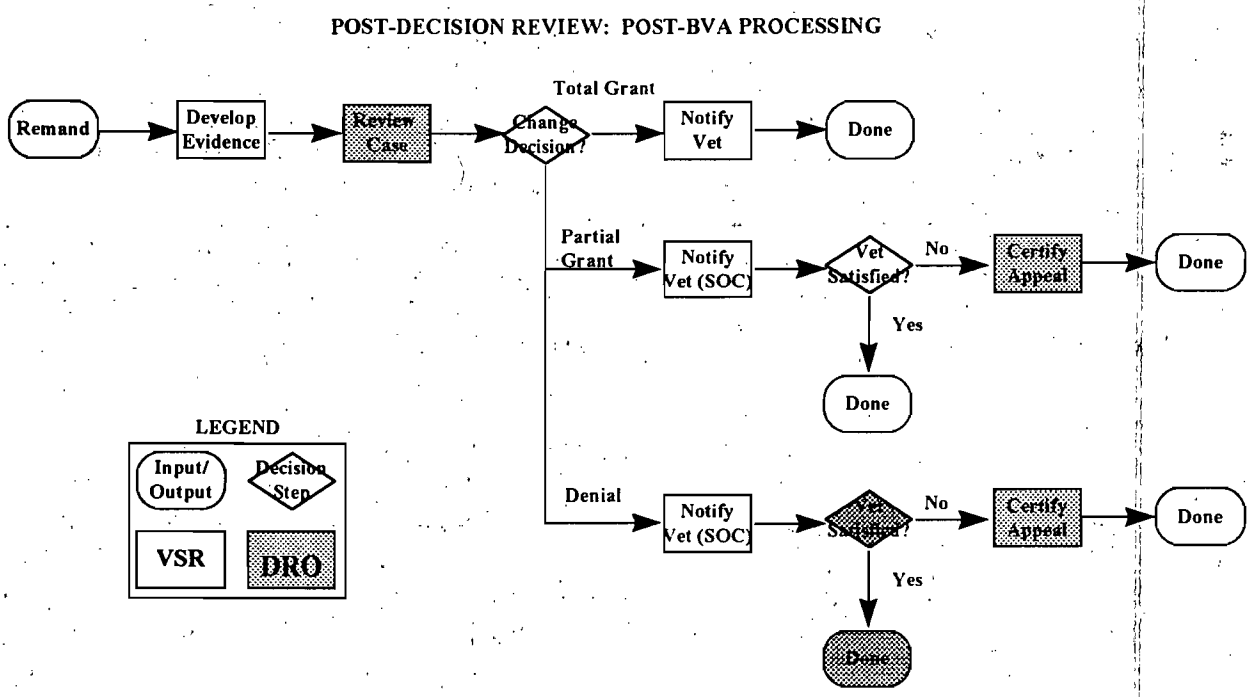

Figure 1-4: Process Flow for Post-BVA Processing

Measurement. RO performance measures are based on GPRA. Individual and team performance measures support VBA goals in 2002 of (1) fewer than 3% of decisions appealed, indicating high levels of customer satisfaction, (2) overall accuracy rate of 97%, (3) marked reduction in percentage of VBA decisions remanded by BVA for further work or overturned on appeal (4) improved timeliness in appeal processing, including remands and (5) improved

communications and outreach to veterans, resulting in marked improvement in customer and employee satisfaction.

1.1.3 Organization

The "to-be" processes are largely independent of the organizational structure. In fact, the increased flexibility provided by cross-trained staff and enhanced information technology make more organizational options feasible. This section outlines the future positions, potential organization of these positions into teams, configuration of individuals within the veteran community, and the enhanced access afforded by these organizational options.

Positions. The vision includes all the following positions:

- *Veterans Service Representative (VSR).* Duties include those of Veterans Claims Examiner and Veterans Benefits Counselor plus development work. In addition, completion of "simple" rating cases for review and approval by a RVSR (a task comparable to what is currently performed by Rating Analysts/Technicians). Incumbents in this position will have single signature authority. The position description assumes approval of pension simplification legislation, availability of structured training, and enhanced information technology. This position will be classified at the GS-11 level.

- *Rating Veterans Service Representative (RVSR).* This position is similar to the traditional Rating Specialist position. The RVSR will be expected to have occasional contact with the veteran. This position will be classified at the GS-12 level.

- *Master Rating Veterans Service Representative (RVSR).* This position would conduct quality assurance reviews and serve as transition officer and technical advisor to RVSRs (not a supervisor or lead).

- *Decision Review Officer (DRO).* This position replaces the Hearing Officer and encompasses difference of opinion authority and requires informal hearings to foster early interaction with veterans and their representatives to identify issues and resolve dissatisfaction. This position will be classified at the GS-13 level.

- *Program Support Clerk.* This position replaces mail and file clerks, GS-4 claims or development clerks, and C&P and VSD program clerks. While VSRs will be responsible for case development, program support clerks will be responsible for mail receipt and distribution, files establishment and maintenance, general clerical duties, and data input and scanning (when a paperless system is implemented in the future). This position will be classified at the GS-4 level.

- *Supervisor and Team Leader/Coach.* There will also remain the need for the traditional supervisory and coordinating functions now handled by Unit and Section Chiefs and Coaches. These supervisors will have a working knowledge of the full range of duties, to include rating, claims processing and counseling skills, in addition to "coach" training. Coach training

includes not only the team dynamics skills, but the human resource management issues of time and leave administration, discipline and contract administration. Station and division management will also receive the team dynamics training, as well as knowledge of how to communicate the vision and mission of the agency.

- *Field-Based Veterans Service Representative*. The HR Team recommends incorporating field examiner duties within the VSR position to take advantage of outbased opportunities for claims processing. Because the field examiner portion of those duties involves unique skills (such as dealing with incompetency cases), these positions should be aligned within a discrete unit in the Veterans service Centers with its own position description.

- *Legal Instrument Examiner*: The HR team recommendations no changes in the current job description for legal instrument examiner (estate analyst) position.

Teams. The vision is consistent with either traditional supervision or self-directed team approach. The stations that are actively merging divisions, cross-training their personnel, and moving towards the vision are generally moving towards team environments, but either approach can work. Traditional supervision may be the better model during the transition, whereas a team approach may better suit the more highly skilled, empowered work force of the future.

An appeals team may be established to assist the DRO, but the DRO is responsible for all aspects of appeal processing from receipt of the NOD through certification of the appeal to BVA. The DRO will also be responsible for the processing of BVA remands. Establishment of an appeals team will be a local option for consideration based upon workload demand, available resources, and other local circumstances. If an appeals team is created, VSRs assigned to the team may develop for additional evidence and prepare SOC when no new evidence has been received and a formal hearing has not been requested. An appeals team may also include a clerical function to schedule informal conferences and formal hearings, track appeal cases, maintain reports and prepare transcripts. An appeals team VSR may complete any development required by the remand decision, but the DRO must review the completed development, make appropriate decision(s) and, if necessary, recertify the appeal for BVA review.

Configuration. The Veterans Service Center (VSC) of 2002 has a number of possible configurations:

- A core staff physically located at a Veterans Service Center working in employee-managed teams organized by digits, or traditional supervisor-managed teams organized by digits.

- Satellite offices at medical centers or military installations staffed to perform the full range of functions available at the Veterans Service Center.

- Individual VSRs out-based to locations convenient to customer populations. These VSRs will generally work from their homes, Vet Centers or VA Medical Centers in a number of different capacities doing traditional Veterans Service Center tasks ranging from telephone

contacts to rating decisions on either a full-time or part-time basis. Additionally, VSRs will work in a manner similar to current field examiners doing outreach activities at locations su ch as nursing homes, civic organizations, and shopping malls. They too will provide to their customer contacts the full range of functions available at Veterans Service Centers.

Outbased employees will have the telecommunication and information technology required to perform complete claims processing. Only those issues requiring physical review of the claims folder will be handed off to the Veterans Service Center. Regardless of the point of entry into the system, be it telephone, personal or on-line, the VSR who initially receives the issue will be capable of doing everything possible to resolve it without referral to another employee.

Access. The 2002 vision calls for more frequent, personal and proactive contact among VBA, veterans and veterans representatives. Also, veterans, in customer surveys, indicate that they want to be able to deal with one person, preferably the one who handles his or her claim. In the transition, individual case managers will be the claimant's contact point with VBA. In the vision, however, on-line access to case history allows anyone to respond to claimants' needs. VA initiated customer contact at all phases of the claims process will require telecommunications support at all processing sites. Access to VBA will be heavily oriented toward telecommunication or other electronic mediums. In the vision, we will have an information system that allows for seamless electronic transfer of case specific data to decision makers and integrates additional interfaced information with little human intervention. Additionally we will provide claimants with access to information systems.

Service organizations have historically enjoyed greater access to the claims process because of their close relationship with VA and their co-location with regional offices. Given that the vision presumes even greater access for veterans, situations in which veterans choose to be represented by individuals other than service representatives or decline any representation should be studied and resolved as the vision is implemented.

Claims will primarily be initiated via telecommunication contacts or other electronic communications. Many of these contacts will involve interactions with the VSR. The VSR is both a decision maker and a case manager. The electronic tools available to the VSR in this process will be many. Electronic interfaces with private facilities, VA medical centers, and other agencies will allow rapid assembly of data and significantly more timely final actions on claims.

Veterans and their families will be able to access information about their benefits and claims through both automated options and by talking to a VSR. An ARS will be available 24 hours a day, seven days a week, and will offer customers general information about all VA benefits and the location and business hours of each Regional Office. Customers seeking forms for printed information about VA benefits can have the information faxed directly to them or leave their name and address for the information to be mailed to them. Information pertaining to a claimant's active claim can also be accessed by input of an individual's social security number and VA assigned PIN. The ARS also provides the claimant with the ability to speak personally with the VSR managing his/her case.

To reach the vision for claims processing by 2002 another critical change is required. This new process in which each veteran and his or her service representative join in full partnership involves much more than change to systems and processes. Frequent and productive direct contact between claims processing personnel, the veteran and the service representative at each stage of the process is the norm. This produces an efficient and effective development process by reducing duplication, initiating development actions at the originating claim location, and encouraging the veteran to become an active and helpful participant in the process. The expected benefits of this successful partnership are increased efficiencies in the work process, timeliness and accuracy, and far greater customer satisfaction. The end results of these efforts are more involved, better informed and sooner compensated veterans, dependents and survivors.

Information Centers (IC). VBA faces an immediate problem because its blocked call rate is so high. Top management views the Information Centers as a solution to handle overflow calls. The volume of calls from veterans should decrease over time as VSRs become more proactive in contacting claimants, a sophisticated ARS handles most general inquiry and claim status calls, and enhanced outreach answers many questions before they are asked. Changes in the number and kind of calls that are directed to VBA will evolve as the functions and features of the Information Center system grows. It is important that the Information Center concept be consistent with the BPR vision of the fully functional VSR.

Information Center staff should be fully trained VSRs, possibly supplemented by retrained employees who have been displaced by consolidation of other VBA activities, capable of performing all duties required to provide immediate assistance to customers. Once fully trained, they should perform any activity that can be done without physical review of the claims folder, including but not limited to adjustments based on dependency, income, hospitalization or changes in school attendance. Although most claim specific calls will be routed directly to non-information center VSRs, it is certain that some of those calls will be taken at the information centers. To eliminate hand-offs between the various centers, information center employees must be able to provide any service required to finalize action on those calls.

Similarly, non-information center VSRs will occasionally receive general information requests which they should be completely equipped to resolve. For that reason, it is essential that an on-line information system be developed which contains data on the entire array of federal, state and local benefits. For example, a VSR in North Dakota must be able to answer questions about eligibility for Disabled Veteran license plates in Alabama.

1.2 Transition Plan

To accomplish the vision requires a clear implementation approach. This section outlines a strategy for achieving the vision and a schedule of major milestones in the implementation process.

1.2.1 Implementation Strategy

Lab Sites. Successful BPR implementation requires testing and analysis in a "real" working environment. Testing must include establishing baseline measures and conducting ongoing measurements to confirm the effectiveness of initiatives. The lab sites will continually measure performance so that the real impact of individual initiatives can be monitored. Measures must be sufficiently detailed to uncover the root causes and potential solutions required if projected outcomes are not achieved.

VBA has established two lab sites—Houston and Seattle ROs—to provide a controlled environment in which to test, observe, analyze, and fully develop the concepts and initiatives of BPR.

The lab sites will serve as a focal point for VBA. There is currently no organizational standardization across ROs. Through local initiatives, ROs have demonstrated substantial innovation, but implementation is fragmented and lessons learned are not shared throughout VBA. Lab sites will test all aspects of the vision and serve as a learning center for the organization. For example, the lab sites will be provided all IT initiatives as soon as available. CPS will be the first application to be provided and tested at the two lab sites. The lab sites will be full and active partners in implementation, measurement, and developing modifications of applications. As shown in Figure 1-5, the lab sites do not obviate the need for local innovation; rather they are a proving ground. For the lab site to have merit, VBA must be willing to enforce some standardization of the lessons learned through testing.

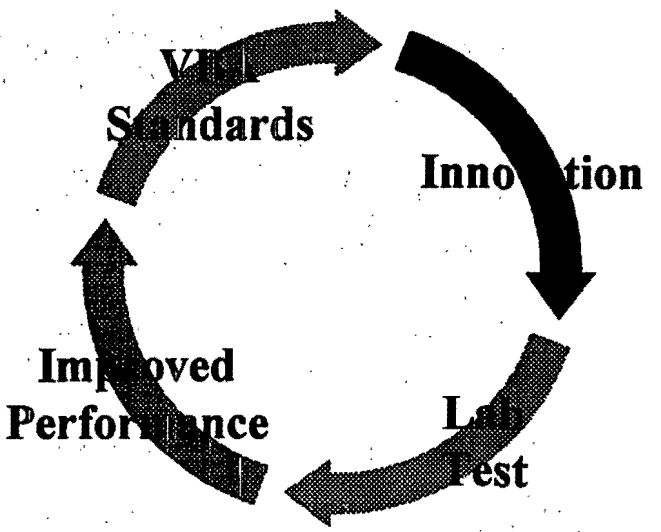

Figure 1-5: Life Cycle of Innovation

The life cycle of lab status will be from eighteen to forty-eight months or more, depending on the results of testing, and the pace at which supporting initiatives, including IT, can be implemented. When an initiative has proven successful (including any desirable modifications) and is documented by supporting objective measurement data, a procedure and timeline for nationwide deployment will be put in place.

1.2.2 Implementation Schedule

This section describes the major milestones associated with implementing the work design vision in the lab sites and across all Regional Offices, respectively. The steps include:

Preparatory Actions

- Apprise all stakeholders—let stakeholders know of BPR plan and vision/mission for organization (Employees, Union, VA hospitals, cemeteries, Regional Processing Offices (RPO), Congressional Staffs, County Service Officers and Service Organizations). This step gets buy-in from stakeholders and develops the personal relationships that are essential to the success of BPR

- Initiate partnership with Service Organizations—develop a partnership with the service organizations similar to St. Petersburg's Partner Assisted Rating and Assisted Development System (PARDS) initiative. This allows an efficient and effective development process reducing duplication between service organizations and VSRs and streamlines claims development process.

- Identify and cost basic infrastructure issues—includes space, equipment, phones, computer hardware and fax machines.

- Assess employee skills—using techniques such as skill blocks matrix (developed at New York RO), determine individual technical and team dynamics skills (if applicable) and project training needs.

- Establish baseline statistics—capture measures to gauge success of BPR initiatives, including customer and employee satisfaction and traditional measures (quality, timeliness and productivity), while awaiting development and validation of new measures.

Establish Veterans Service Center

- Train employees—includes coach training for supervisors; cross-functional training for former VBCs, VCEs, and Hearing Officers; and team dynamics training (if applicable).

- Begin planning new physical layout—planning for physical integration of employees from the Adjudication and Veterans Services Divisions.

- Relocate physical plant of division.

- Select DROs—move Hearing Officers to DROs and select best rating specialist (if necessary).

- Establish human resources infrastructure—distribute new position descriptions, develop performance standards, and finalize certification standards (interim for the lab and final for the nation).

Work Process Changes (prior to IT Enhancements)

- Implement transition telephone strategy—solve short-term blocked call problem by routing calls to an available telephone unit at another RO.

- Begin using telephone as primary communication—use as ROUTINE mechanism during development, claims processing, and working VSD correspondence. This is an essential element of cross-functional training for VCEs.

- Include NSO information on veteran notification letters—on all correspondence with the claimant, provide a paragraph identifying the claimant's power of attorney, e-mail address, and telephone number. This will facilitate implementation of partnership with service organizations.

- Receive applications and evidence via fax—allows for receipt of application and evidence associated with veteran's claim in an easier way.

- Begin Post Decision Review on new NODs/Form 9s—implement PDR process to resolve issues quickly and improve customer satisfaction through a more personal, informal process.

- Expand military separation exam process—include all separation centers: Procedure will facilitate claims development and provide a quality exam with consistent application of rating principles.

- VBCs begin working simple claims—part of cross-functional training for VBCs.

Work Process Changes with Quick IT Enhancements

- Give Finance commands to VSRs—expand computer commands to claims processors in order to expedite claims processing and avoid unnecessary hand-offs.

- Improve letters to veterans—modify and improve correspondence letters to veterans such as PCGL form letters and local Word letters, providing claim-specific information that satisfies the "duty to inform." This helps ensure receipt of evidence specifically needed by VA to process claim.

- Provide on-line access to address information—give personnel on-line access to state/national telephone directory; medical directory for private physicians and hospitals; and military installations directory, including hospitals, reserve units, and personnel. Address and telephone information will hasten direct retrieval of evidence required for claims processing.

- VCEs begin taking calls/seeing veterans—essential part of becoming VSRs. Two subtasks must precede this task:

  - Install Advisor—provides general benefit information. To serve as a tool for former VCEs in cross-training; and

  - Install telephones on all desks—upgrade phone systems to provide veterans and claims processors with direct access with each other.

- Access VAMCs databases/information—includes enhanced AMIE and ALL (nationwide) VAMCs. This allows for direct retrieval of evidence required for claims processing.

- Provide hand held computers/wands for COVERS—provide for better tracking of folders for better claims processing.

- VSRs begin taking calls on clarification of decisions—allows clarification and explanation of decisions and reduces the number of formal notices of disagreements.

- Begin accepting applications over the phone

- Place outbased offices—provide remote access capability to enhance access to claimants in outbased areas.

Work Process Changes with Long Term IT Enhancements

- Implement Automatic Voice Response capability—AVR handles many calls without the need for human intervention. AVR system includes capability to handle not only general information calls but also claim-specific inquiries with PIN access.

- Deploy CPS—provides for consistent and accurate development of claims and also allows fast retrieval of information to answer inquiries. Allows service organizations direct access to pending claim information.

- Provide VSRs on-line access to evidence sources—includes direct retrieval of service data and service medical records (personnel information exchange project), on-line interface with SSA/DOL/RRB/IRS for income updates and disability information, and on-line access to military records (DEERS, Military hospital records, ESG tracking system access, and PEB/MEB findings).

- "In-transit" status updates through COVERS—provides automatic updates as part of expert system.

- Provide VSRs with on-line job aids—include ARMS enhancements (e.g., user friendly search engines for all databases; access for all employees and claimant representatives; instant updates; and access to all manuals, 38 C.F.R., 38 USC, court cases, GC opinions and Fast Letters) and context-sensitive help in all applications.

- Simplify physicians guide—make rating examinations easier and establish training program for doctors. This initiative results in more comprehensive examinations, leading to fewer rescheduled exams and BVA remands.

- Accept e-mail applications—provide access to CPS over the Internet.

- RVSRs begin to process awards—RBA links to BDN (and then VETSNET) so that the rating decision generates award/notification documents and payment.

- VSRs begin to make simple ratings—expert system facilitates rating cases on simple cases.
- Forward rating decision electronically to claim representative—eliminates the manual steps involved in the current process, improves timeliness, and enhances the partnership.
- Automate simple transactions—eliminate all or major portions of certain end products through data links (e.g., burial claims upon first notice of death), policy changes (e.g., automatic clothing allowances), or ARS (e.g., change of address).
- Begin paperless C-files—through imaging technology and data links, process all new claims electronically.

Claims Process Phase-In. The implementation schedule described above translates into the following timeline for the claims process.

1997. To have all employees fully trained in their new roles, cross-training among VBCs and VCEs should begin immediately. For many offices, gradual transition into the VSR position may be the only reasonable method of moving toward the 2002 vision while managing large workloads with shrinking resources. Employees training as VSRs should begin to take applications over the phone, faxing or mailing completed applications to claimants for required signatures, and performing the front end development in partnership with the claimant and his or her representative. Offices can begin to receive calls from claimants requesting clarification of decisions and attempt to resolve issues before resorting to the appeals process. All of the ADP developments that already exist, including CATS, enhanced AMIE programs, and locally developed applications, are made available to all ROs. Service representatives will be afforded the opportunity to attend any and all training provided to all RO employees.

1998. By July, ROs should have a cadre of fully trained VSRs and RVSRs. Training will be provided during the transition period to allow clerks to ultimately have the opportunity to move into the VSR position. A plan must be developed for dealing with the issue of clerks who are not able to successfully make the transition to VSRs.

Between now and 2002, the existing RVSRs should acquire the VSR expertise, such as telephone techniques, interview skills, and general BDN and new IT systems (e.g., AMIE, VACOLS) knowledge. Many Hearing Officers will have become fully functioning Decision DROs. As new DROs are brought in they will be required to learn the full range of RVSR duties, as well as how to conduct hearings, prior to receiving their certification as a DROs. Initiate a modified post decisional review system, discussing decisions with claimants and representatives both before and after those decisions have been finalized and at the time Notices of Disagreement and Form 9s are received. Begin the training of service representatives in the areas of claims development and evidence gathering to permit them to become true partners in the claims process. Ensure all employees have new and enhanced telephone systems capable of performing all of the functions that will be necessary in the vision.

1999. Implementing service organization partnership programs at all ROs by July. Service organizations will become increasingly important as sources of both information gathering and knowledge of the claims process.

2000-2002. The certification process for VSRs should be completed, meaning that a station which begins the cross training immediately has only about 3 years to completely train all employees who will be making the transition into that position.

PDR Process Phase-In. The implementation schedule described above translates into the following timeline for the post decision review process.

1997. Anticipated deployment date for the two selected lab sites, VAROs Houston and Seattle, is July, 1997. These two sites are participating in the Difference of Opinion pilot project which is scheduled to terminate in July. The difference of opinion authority to designated persons at the lab sites must be continued beyond July. This authority is an important part of the post decision review process. Both stations will implement the PDR process incrementally, while maintaining control of the present appeal backlog. Initially, the review will include a minimum of incoming NODs and VA Form-9s.

1998. Analysis of the results of the Difference of Opinion pilot project will be made available to the lab sites as soon as completed. Lab sites will determine at what pace they can implement the PDR process. At a minimum, during 1998 the labs will test PDR review of NODs and incoming VA Form-9s. The use of some informal conferences should be tested, with records kept of the effectiveness of this procedure. If an appeal team is formed, VSRs will begin doing development on appeals, including remands, and some SOCs. As adequate staffing at the DRO level is not anticipated at this point, RVSRs will also prepare the rating and SSOC, if necessary, before return of a remanded case to BVA. DROs at the lab sites will begin reviewing cases at the point of certification to BVA. The pre-certification process for BVA cases will be discontinued.

1999. Test results at the lab sites will be analyzed. PDR process is implemented nationwide. Difference of opinion authority is delegated to all DROs and all remaining Hearing Officers. VACOLS is enhanced and a single system available to BVA and VBA. It will provide complete tracking for all appeal actions, including remands. The case management concept will be a part of the application. Training programs for all DROs will be completed at all stations. Appeals teams will be fully functional. Certification requirements for DROs will be completed and implemented.

2000 and 2001. Staffing and certification of DROs will be improved as resources allow. The procedures and decisions of the PDR process are unique in that they are not dependent on technological advances to allow implementation. Stations should be given latitude in the pace of implementation based on local circumstances. All stations should have a fully implemented PDR program by the end of 2001.

Statutory and Regulatory Changes. The current statutory and regulatory scheme in many ways poses barriers to implementation of the BPR vision for claims processing. For

example, requirements that several documents be in writing preclude VA from using current and future technological resources. Changes to the statutes and regulations will allow VA to take full advantage of these resources. This section describes proposed amendments and how they will facilitate BPR.

Eliminating the requirement for written applications is necessary to permit VA to take advantage of electronic media in the claims process. See 38 C.F.R. 3.1(p), 3.155. With contact with a claimant either over the phone or in person, claims data can be entered directly into CPS without an intermediary paper form. Once data are entered into CPS for one type of claim, they will be available for any other type of claim.

Permitting veterans' service officers to certify "true copies" of certificate of discharge from military service (DD form 214) appears to be a transitional measure. See 38 C.F.R. 3.203(a). Electronic interface with the Department of Defense will eliminate the need for photocopies of the certificate altogether.

Promulgating regulations describing the complete post-decision review process will inform the public of the claims and appeals process within VBA. A new regulation establishing the request-for-clarification phase should clearly indicate that a request for clarification does not itself initiate an appeal. The BPR vision contemplates the liberal use of informal conferences with a claimant and his or her representative in any instance of disagreement. However, an informal conference is not required and is intended solely for clarifying the issues, identifying additional evidentiary sources, and further explaining the decision. An informal conference will streamline appeals with clearly defined issues. Use of informal conferences and increased contact with claimants will eliminate the need for multiple formal hearings.

Under current regulations, a hearing officer may revise or reverse a decision only with the receipt of new and material evidence or the discovery of a clear and unmistakable error. Certain hearing officers have been delegated authority to revise or reverse a decision based on difference of opinion. Preliminary results are encouraging. In the BPR vision, DROs have authority to revise or reverse decisions on a difference of opinion. Such authority for DROs will reduce the number of appeals to the BVA and expedite favorable appeal outcomes for appellants.

Processing pension claims, especially pension maintenance, absorbs a disproportionate share of resources. The problem lies in the number and complexity of the statutes governing the pension program. Such laws are not cost-effective. Simplification of the pension program[2] will improve customer service for all pensioners and veterans by freeing VBA personnel to focus on other matters and increasing the ease and predictability of pension for needy veterans and their dependents.

[2] Pension simplification proposals are outlined in the Executive Summary and discussed in more detail in Tab 5 of this report.

2. Recommendations

1. Establish a Veterans Service Center concept staffed by the positions detailed in this report. This is the foundation for the entire BPR process. It is the key concept to reducing hand-offs and providing better customer service.

2. Test and analyze BPR initiatives at selected lab sites. Lab sites are essential to provide a controlled environment in which to test, observe, analyze, and fully develop the concepts and initiatives of the BPR concept.

3. Adopt performance measures based on GPRA. The vision for claims processing explicitly calls for more accountability for individuals and Regional Offices. Measurement of both organizational elements and individual employees is based on Government Performance and Results Act (GPRA) and addresses customer satisfaction, accuracy, timeliness, employee satisfaction and unit cost.

4. Grant permanent "difference of opinion" authority to all DROs. The effectiveness of the DROs will be significantly enhanced with this authority.

5. Pursue partnership with service organizations and other claim representatives to initiate major rule and procedural changes which are critical to streamline the appeal process. Partnership will further reduce the number of appeals, improve timeliness of claims processing, and increase customer satisfaction.

6. Establish effective communication and teamwork between VBA and BVA. BPR concepts offer the opportunity for consideration of changes in BVA and VBA rules and procedures which can greatly improve timeliness, customer service and quality. It is imperative that VBA seek open dialogue and cooperation with BVA on these issues.

APPENDIX A. WORK DESIGN TEAM MEMBERSHIP

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Blueprint for Change

Tab 2

Human Resources Team Report

Implementation Plan for Reengineering Claims Processing

June 1997

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EXECUTIVE SUMMARY

1. Overview

Business process reengineering (BPR) within the Veterans Benefits Administration (VBA) supports a new vision for handling veterans' disability compensation and pension claims. The BPR project represents a coordinated effort of many participants dealing with work processes, information technology, rules and procedures, survey and outreach, training, and human resource management. The culmination of these efforts is a streamlined, resource efficient operation that views veterans as customers. For the vision to become a success, VBA employees at all levels must be selected, trained, motivated, and utilized according to their unique skills and abilities. This report documents the human resource (HR) management aspects of the BPR vision.

This report is organized into seven sections. The Introduction in Section 2 describes the approach taken by the HR Team convened to deal with employee issues. It discusses the scope of the HR Team, milestones, and issues beyond the scope of the project. Sections 3 through 6 of this report describe in detail the issues and recommendations in four major HR areas:

- Organizational structure
- Career progression, job certification, and pay
- Performance management and incentive awards
- Workforce management and planning

Each of these sections first discusses the As-Is operational environment and describes current HR practices. Then the changes are discussed that the HR Team deems necessary for successful implementation of the general BPR recommendations for the To-Be state. Each section ends with a discussion of actions necessary to transition the As-Is organization to the To-Be environment. The report ends with a conclusion and next steps in Section 7. This Executive Summary presents the major accomplishments documented in the full report.

1.1 Organizational Structure

As-Is. The HR Team noted that the organizational structure within C&P Adjudication Divisions has remained basically unchanged since the end of World War II. In order to perform the specific steps in processing claims, employees were segmented into specific duties in an assembly line type of operation. Because several employees worked on a particular case, the emphasis tended to be on the process rather than the individual veteran associated with the case. Hence, the concept of customer-oriented service is a recent innovation emerging from a commitment to Total Quality Management in the 1990s.

The Veterans Services Divisions had the primary responsibility for interacting directly with veterans and other interested parties both face-to-face and on the telephone. VBCs had no C&P decision-making authority and often did not have the information they needed to respond to a veteran's inquiry about the status of his/her claim or other information requested.

For years Adjudication Divisions were organized into a typical line management structure with three sections: development, authorization, and rating. Some modifications were made, such as those resulting from the Albany Plan in the early 1970s, or individual Regional Office (RO) initiatives, such as those in New York and Portland in the early 1990s. In New York the adjudication process was streamlined to reduce the number of individuals working on a case from 13 to 2 (a case technician who assembles the facts and evidence of the claim, and a case manager who reviews those facts and evidence and decides benefits due the veteran). In Portland the traditional positions of VBC and VCE were combined so employees could handle every aspect of customer service and claims processing. In 1994, the Under Secretary for Benefits issued a letter calling for ROs to begin blurring unnecessary division lines with the goal of eventually eliminating these lines. Progress in merging divisions varies at the present time. Some stations are nearing completion of the merger while others have not started. The HR Team recommends that by September 30, 1997 areas develop plans to merge and stations should be merged by September 30, 1998.

To-Be. The BPR To-Be design calls for fewer positions with expanded job responsibilities and authority. There are three primary positions for processing claims and providing customer service, and four positions for support and leadership. These positions are:

- Veterans Service Representative (VSR)
- Rating Veterans Service Representative (RVSR)
- Master Veterans Service Representative
- Decision Review Officer (DRO)
- Program Support Clerk
- Supervisory VSR
- VSR Team Leader/Coach
- VSR (Field-based Examiner)
- Legal Instrument Examiner (No change from current position)

Appended to this report are position descriptions and evaluation reports for each of the seven new positions. Each position description was written in the Factor Evaluation System

(FES) rather than the narrative format because FES facilitated recognition and detail for the expanded authority, accountability, and contacts envisioned for the new positions. These position descriptions have been reviewed by numerous agency experts. Highlights of the new positions are:

- Veterans Service Representative (VSR). Duties include those of Veterans Claims Examiner and Veterans Benefits Counselor plus development work. In addition, completion of "simple" rating cases for review and approval by a RVSR (a task comparable to what is currently performed by Rating Analysts/Technicians). Incumbents in this position will have single signature authority. The position description assumes approval of pension simplification legislation, availability of structured training, and enhanced information technology. This position will be classified at the GS-11 level.

- Rating Veterans Service Representative (RVSR). This position is similar to the traditional Rating Specialist position. The RVSR will be expected to have occasional contact with the veteran. This position will be classified at the GS-12 level.

- Master Rating Veterans Service Representative (RVSR). This position would conduct quality assurance reviews and serve as transition officer and technical advisor to RVSRs. This position is not a supervisor or lead.

- Decision Review Officer (DRO). This position replaces the Hearing Officer and encompasses difference of opinion authority and requires informal hearings to foster early interaction with veterans and their representatives to identify issues and resolve dissatisfaction. This position will be classified at the GS-13 level.

- Program Support Clerk. This position replaces mail and file clerks, GS-4 claims or development clerks, and C&P and VSD program clerks. While VSRs will be responsible for case development, program support clerks will be responsible for mail receipt and distribution, files establishment and maintenance, general clerical duties, and data input and scanning (when a paperless system is implemented in the future). This position will be classified at the GS-4 level.

- Supervisor and Team Leader/Coach. Position descriptions are provided for both supervisors and team leaders/coaches to allow flexibility among ROs.

- Field-Based Veterans Service Representative. The HR Team recommends incorporating field examiner duties within the VSR position to take advantage of outbased opportunities for claims processing. Because the field examiner portion of those duties involves unique skills (such as dealing with incompetency cases), these positions should be aligned within a discrete unit in the Veterans service Centers with its own position description.

- Legal Instrument Examiner: The HR team recommendations no changes in the current job description for legal instrument examiner (estate analyst) position.

A proposed organizational chart is provided in this report. Because the objectives of BPR stress cooperation and minimal hand-offs among units, the organizational chart depicts a close working relationships between VSRs and RVSRs, although individual Regional Offices can exercise latitude in selecting the exact nature of work units. The chart also depicts a "Master" RVSR. This position would conduct quality assurance reviews and serve as transition officer and technical advisor to RVSRs (not a supervisor or lead).

Transition. Transition to the To-Be environment begins with the merger of Veterans Services and Adjudication Divisions. VBCs and VCEs will cross-train to acquire claims examining or public contact skills. Work performed by these GS-10 employees will be reviewed and signed by higher-graded staff during the transition period. When training, information technology, and pension simplification are in place, these employees will assume the comprehensive range of duties including full authorization (single-signature) and accountability at the GS-11 level.

Summary of Organizational Structure Recommendations

1. Accept the proposed position descriptions and position evaluation reports for the positions of Veterans service Representative, Rating Veterans service Representative, Decision Review Officer (DRO), Program Support Clerk, Supervisory VSR, and VSR Team Leader/Coach.

2. Following coordination with other business lines, prepare a request to the Office of Personnel Management requesting the retention of Series' definitions for GS-962, Contact Representative, and GS-996, Veterans Claims Examining and the rescission of grade level descriptions for these Series.

3. Request the new position titles of Veterans service Representative, Rating Veterans service Representative, and DRO be added to the PAID-OLDE/PAYVA system for use as employees complete training, acquire skills, and attain certification at the full performance level. Refer to the position evaluation reports for the VSR, RVSR, and DRO positions, Appendices A-1, A-2, and A-3, respectively, for the discussion and basis of this recommendation.

4. To take advantage of current knowledge, skills and outbased opportunities, expand the duties and responsibilities of the field examiner to include VSR duties; accept the proposed position description and position evaluation report (Appendix A-7) and retain this outbased activity as a discrete organizational entity.

5. Include a "Master" RVSR position in the organizational structure.

6. To allow employees the fullest opportunity for training, all stations should comply with the September 30, 1998 milestone for completion of merged Divisions.

1.2 Career Progression, Certification, and Pay

As-Is. Today VBA does not have a standard training methodology or formal method of certifying proficiency of employees. To ensure consistency of rating decisions and other claims actions, the proposed certification process will indicate employees' proficiency and will be linked to how employees progress and are paid.

- VSRs. There are no formal national training initiatives in place today to insure proficiency in the GS- 9 VBC or VCE positions or the intervening GS-10 position. Individuals are often selected for these positions based on perceived potential. They receive training and, in most cases, develop the skills to perform the job at the grade to which they were promoted.

- RVSRs. Similar to promotion to VSR, Rating Specialist vacancies are typically filled on potential, with subsequent training. The training varies widely among ROs.

- DRO. Currently Hearing Officers performs many duties that will be performed by DROs in the future. Today most Hearing Officer selectees have rating experience but receive very little additional training.

- Supervisor or Team Leader/Coach. Supervisors are often selected based on their technical skills, with little emphasis on interpersonal skills.

The General Schedule system that serves as the basis for pay is quite rigid. Within-grade increases reward longevity rather than job knowledge. There is currently a demonstration project under development in New York and Detroit that will base compensation on acquisition of required skills and contributions to the organization. The HR Team endorses the concept of career progression based the acquisition and demonstration of skills.

To-Be. Job competency certification is the new formal, standardized process by which employees will demonstrate that they have acquired the skills and knowledge to perform in the VSR, RVSR, and DRO positions.

- VSR. To assure competence and quality service to the veteran, the VSRs in 2002 will be required to demonstrate possession of the necessary knowledge and skills prior to progression to the next grade. Hired at the GS-5 or GS-7 level, the VSRs will be placed in a career ladder position with promotion potential to the GS-11 level. Employees will receive module-based computer and classroom training to provide the skills and knowledge required at each grade level (i.e., GS-5/7/9/11). Employees will be tested at the conclusion of each module to assure training objectives have been met and knowledge has been acquired. Promotion to the GS-7 and GS-9 levels will also involve work sampling to assure acquisition of skills. Promotion to the GS-11 level will depend on the employee's demonstration of successful counseling skills and ability to "pass" an assessment or certification process. Existing GS-11 Senior VCEs unable to acquire and demonstrate the additional skills necessary to serve effectively as a VSR or unable to

complete the certification process will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreement. New VSRs who fail to progress to the next higher level will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreement.

- RVSR. Selection for RVSR will involve competition for the opportunity to obtain training and promotion. While being trained, the selectee will remain at the GS-11 level. Promotion to the GS-12 level will depend on the employee's ability to "pass" an assessment or certification process. The existing GS-12 Rating Specialists and GS-11 trainees who are unable to complete the certification process, even after additional training designed to address the identified deficiencies, will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreements.

- DRO. The HR Team recommends a training package be developed for the DROs which would include modules on dispute resolution, interviewing techniques, and advanced interpersonal skills. A necessary component of a DRO's preparation will include observation of current DROs conducting hearings/meetings, as well as supervisory/mentor assessment of the candidate's conduct of hearings/meetings prior to promotion. Individuals selected for this position must be rating certified.

- Supervisor or Team Leader/Coach. The one year probationary period will be used to evaluate supervisors and team leaders/coaches. However, these individuals will need to possess a wide range of technical knowledge, interpersonal skills, and competencies that will require more extensive training and development than VBA has provided in the past.

Transition. Because VBA employees need to demonstrate a high level of competency during the transition period, a modified form of certification will be applied to transition positions.

- VSR. To progress from either GS-9 VCE or VBC positions to the transition GS-10 position, work sampling will be used to assess VBC and VCE skills to determine readiness for the GS-10 level. Where stations have already merged these positions, supervisors will use the performance appraisal system to assess skills and proficiency. All VCEs should receive training in interviewing and interpersonal skills. Existing GS-11 Senior VCEs will begin to counsel veterans in addition to their authorizing functions.

- RVSR. Current Rating Specialists' work quality will be reviewed on a regular basis using work sampling. This will serve as a forerunner to the certification process and will continue to be used in the To-Be environment as a means to monitor employees' performance.

- DRO. Hearing Officers will continue to conduct formal hearings and interact with service organization representatives. Some Hearing Officers will exercise difference of opinion authority (which will be expanded nationwide if the initiative proves successful). Supervisors will closely monitor the performance of Hearing Officers transitioning to DRO to identify additional training required.

- Supervisors or Team Leaders/Coaches. During the transition, supervisors, and team leaders/coaches should receive training, development, and mentoring in areas to include change management, the BPR implementation plan, the duties of the new positions and how each will function in the To-Be organizational structure.

Due to the rigidity of the GS system and consistent with the HR Team's philosophy of paying for acquired skills, the HR Team recommends requesting a waiver of time-in-grade requirements and qualifications requirements (as defined by OPM) under OPM's demonstration project authority which would provide VBA with an opportunity to promote employees for their skills/knowledge (as defined by VBA) without the limitations inherent in the GS system.

The team recommends that the New York RO and Detroit RO demonstration project be monitored to validate the progress of the skills-based approach to compensation. If this approach to compensation is successful, the team recommends exportation to other parts of VBA where appropriate

Summary of Career Progression, Certification, and Pay Recommendations

1. The HR Team recommends that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification for the VSR position. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable solutions to the cases.

2. To continue to maintain the rigorous quality standards required by the certification process, the HR Team strongly recommends that C&P Service develop a national policy mandating standardized quality reviews of individual VSRs. The team further recommends that C&P Service develop a method to extract a sampling of cases from the Benefits Delivery Network (BDN) or VETSNET (similar to the current quality review process) that are employee-specific to be used in conjunction with the performance appraisal process.

3. The HR Team recommends that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification for the RVSR position. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable rating decisions.

4. To continue to maintain the rigorous quality standards required by the certification process, the HR Team strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual RVSRs. The team further recommends that C&P Service develop a method to extract a sampling of cases from the

Benefits Delivery Network (BDN) or VETSNET (similar to the current quality review process) that are employee specific to be used in conjunction with the performance appraisal process.

5. The HR Team recommends a training package be developed for the DROs which would include modules on dispute resolution, interviewing techniques, and advanced interpersonal skills.

6. The HR Team recommends the use of work sampling to assess VBC and VCE skills and knowledge to determine readiness for the GS-10 level.

7. In order to ensure smooth transition of VCEs to the VSR position, the HR Team recommends that all VCEs receive formal training in interviewing techniques and interpersonal skills.

8. Due to the rigidity of the GS system and consistent with the HR Team's philosophy of paying for acquired skills, the HR Team recommends requesting a waiver of time-in-grade requirements and qualifications requirements (as defined by OPM) under OPM's demonstration project authority which would provide VBA with an opportunity to promote employees for their skills/knowledge (as defined by VBA) without the limitations inherent in the GS system.

9. The HR Team recommends that the New York RO and Detroit RO demonstration project be monitored to validate the progress of the skills-based approach to compensation. If this approach to compensation is successful, the team recommends exportation to other parts of VBA where appropriate.

1.3 Performance Management and Incentive Awards

As-Is. Traditionally, performance management and incentive awards have been linked to one another. Most incentive awards money has been based on individual performance. Awards funding was distributed from Central Office annually based on a percentage of RO payroll. Specific performance standards and elements have varied by RO over time. Individual employee standards were based on discrete tasks or activities in handling claims at various stage of the process, focusing on individuals' contribution to the overall process. Some ROs have developed group-based performance measures and awards with varying degrees of success.

The new Master Agreement has changed performance appraisal to a pass/fail system. Awards are no longer based solely on performance rating, but include teamwork and group contributions. This new system emphasizes feedback, continuous communication, employee development, and administrative simplicity. Currently ROs are using different combinations of group and individual standards.

To-Be. BPR offers the opportunity to evaluate a variety of individual and group performance measures and standards during the transition period to identify those that best

support the broad GPRA measures. Performance plans will capture day-to-day activities that are performed by all employees that support and reinforce the connection to long-term strategic goals. Each employee will have a clear line of sight from his/her daily activities to VBA's organizational goals and program outcomes. Results of effort will be rewarded. Changes to performance plans will start at the top and set the example.

VBA's performance plans should be consistent with GPRA and VBA core values; include elements, standards, and measures consistent with labor-management agreements; be linked to organizational goals; provide a clear line of sight to goals; be communicated to employees clearly; include employee input; and provide for constructive feedback.

The reengineered incentive awards system will build on the priorities and measures set in the performance management system, identify meaningful distinctions in organizational and individual performance, and distribute funds and recognition accordingly. The incentive awards system will be aligned at all organizational levels to reinforce accountability and recognize results. Incentive awards should recognize and motivate employees for achievements; be linked to organizational goals and achievements; be given closer in time to the achievement; include individual and group recognition; use monetary and non-monetary options; incorporate employee input in criteria; and be funded at sufficient levels, distributed at the beginning and/or throughout the fiscal year.

Transition. VBA needs to convene a work group to develop the details for an effective performance management and awards system. This group should include representatives from labor and management along with an experienced consultant. This group should determine which standards, if any, should be national; compile a list of RO innovations in performance management and incentive awards; develop feedback options; consider employee and union concerns; and identify best practices/benchmark performance management and incentive awards systems.

Summary of Performance Management and Incentive Awards Systems Recommendations

1. Create a work group to examine performance management and incentive awards and develop guidelines for new systems.

2. Consider how to reward ROs and executives for supporting BPR during the transition period. (It is possible that implementing BPR, e.g., merging VSD and Adjudication, may affect organizational performance in the short run. ROs that merge early should not be penalized for implementing BPR, but the system should be flexible enough to reward if appropriate).

3. Reengineer budget processes to change when VBA allots incentive awards money to ROs. Distribute the money at the beginning and/or throughout the Fiscal Year. This change is needed to enable payment of incentive awards closer in time to the achievements.

4. Increase VBA funding levels for incentive awards. A review of best practices in government and private sector organizations should be done to see how VBA compares with other organizations.

5. Consider changing incentive awards funding formulas to give larger percentages to the high performing ROs. VBA should distribute funds to ROs based on results rather than equally, as is currently done. We recommend that the formula would set an acceptable base or minimum funding level for each RO with additional funds distributed based on organizational performance.

1.4 Workforce Management and Planning

As-Is. Merging Adjudication and Veterans Service Divisions is a prerequisite to transitioning to the BPR environment. To date, only four stations have merged, with eighteen reporting that they will merge within one year. A survey of the merger status at all stations reveals various perceived challenges to merging, and the results of the survey are shown in this report. Of particular concern is the fact that C&P workload is rising while staffing is declining. Factors underlying these trends are presented and the implications discussed. In summary, VBA's workforce is aging with many employees becoming eligible to retire within a few years. The workforce will be shrinking and losing its most experienced people to retirement. VBA needs to ensure that it will be able to replenish vital skills and experience, while retaining its institutional memory. It also needs to find a way to bring in "new blood" in order to provide for new ideas and fresh perspectives.

To-Be. For the year 2002, VBA will have successfully transitioned to the To-Be environment. The current positions (VCEs, VBCs, rating specialists, clerks, etc.) will be replaced by the new positions. The level of service will have improved significantly and VBA will be recognized as a world-class organization.

Transition. To facilitate timely, well-planned mergers, this report contains a list of tips for merging based on experience. The report also contains a list of consultants who can help individual stations with merger issues. The HR Team recommends that Area Offices be designated as the responsible agents within VBA to oversee merger efforts, and each area should work with its ROs to develop comprehensive plans for completing the merger. This report discussed the impact of training time for merging on workload, and also presents a scheme for stations to mentor each other through the process.

To achieve the desired To-Be environment by the year 2002 requires that VBA transition approximately 4435 current employees into 2955 positions. This report provides projections of this transition for each position considering workload and attrition. Projecting attrition alone, VBA will have about 70 excess employees. Obviously, the individual excesses/ shortages will be reduced/eliminated as people are promoted into shortage categories (e.g., RVSRs will be promoted to DROs thus creating openings for RVSRs, VSRs will be promoted to RVSRs, thus reducing the number of excess VSRs, etc.). However, given the fact that we are projecting that about 2% of the employees will be excess, and recognizing that attrition at every station is not

uniform, meaning that some stations will have a disproportionate number of excess employees, it is possible that small reduction-in-force actions may be required. However, many of these actions can be avoided if we move excess employees to different locations within VBA such as Loan Servicing Centers, Call Centers, other divisions, etc.

To implement the To-Be design, the HR Team recommends a number of actions such as developing an area or national plan to allow sharing of excess personnel, establishing an upward mobility program where employees self-designate their willingness to participate in self-improvement programs, and establishing an employee tuition reimbursement program to foster self-improvement. Additional recommendations are included.

Summary of Workforce Management and Planning Recommendations

1. We recommend that the list of "tips" on merging (Appendix E) be provided to all stations.

2. We recommend that each station be provided with the list of consultants (Appendix F) and consider using one or more of them in their merger efforts.

3. We recommend that a day be set aside at the next Director's Conference where information can be shared about the best practices for merging divisions and preparing the ROs for the VBA of the future.

4. We recommend that the four Area Offices be designated as the points within VBA to oversee the merger efforts.

5. We recommend that a clearinghouse be established to ensure that the mergers are constantly reviewed and information is shared.

6. As an interim measure, we recommend that a VSR training package be developed which will supplement the Central Area training package.

7. We recommend that VBA pursue a waiver of buyout provisions to allow employment of retirees for the specific and time-limited purpose of cross training staff.

8. We recommend that a group similar to the HR Team monitor the impact of BPR throughout the transition.

9. We recommend developing a plan by area or nationally to allow sharing of opportunities for excess personnel at different facilities. Qualified excess employees at one facility should be given the opportunity for positions at another facility before external candidates are considered.

10. We recommend establishing a formal upward mobility program at each station in consultation with our Union partners, by allowing employees to designate themselves as willing to participate in programs for self-improvement.

11. We recommend establishing an employee tuition reimbursement plan. This increases the number of employees who can obtain higher education that is reasonably related to present and anticipated job needs. This is also consistent with Career Transition Assistance Plan (CTAP) and other programs to allow employees to transfer to other agencies or private industry should they prefer.

2. Introduction

2.1 Background

In November and December 1996, senior managers from all VBA ROs as well as key union officials met in Annapolis for a series of meetings intended to introduce a new vision for handling veterans disability compensation and pension claims. This vision was an outgrowth of VBA's Compensation and Pension Business Process Reengineering (BPR) project which began in October 1995. In order to achieve the vision, four areas of fundamental change were required: change the relationship with the veteran, change the core process, change the infrastructure (including human resources and information technology), and rule and pension simplification.

To address these areas of change, six implementation teams were established: Work Design, Customer Service, Human Resources, Information Technology, Rule and Pension Simplification and Telecommunications, and Training. These teams were asked to analyze what needed to be done in each of these areas in order to achieve the BPR vision and to develop an implementation plan and schedule.

Membership on the teams consisted of volunteers from offices around the country as well as individuals added because of their area of expertise. The Human Resource Team consisted of the following:

Michael Walcoff, Team Leader	VARO, Huntington
Tom Ahrend, NFFE	VARO, Jackson
Mike Bratz	VACO, C&P Service
Jim Carilli	VARO, Denver
Rowland Christian	VARO, Indianapolis
Paul Cook	SRA, International
Jerry Gessner	VARO, Phoenix
Carole Harman	VACO, Human Resources
Stewart Liff	VARO, Los Angeles
Jennifer Long	VACO, Human Resources
John McCourt	VARO, Chicago
Gary Meade, AFGE	VAMROC, Sioux Falls
Dave Thomason	Disabled American Veterans

Dan Umlauf	VARO, Roanoke
Joyce Velli	VBA, Eastern Area
Veronica Wales	VBA, Central Area

Stephanie Glasser, SRA, assisted the team by providing data concerning attrition rates and career progression of VBA employees.

The Human Resource Implementation Team met four times. In those meetings, a plan was developed to address the human resource issues necessary to implement the BPR vision. It was understood by all team members that the plan had to be consistent with the provisions contained in the business case. Because many of the issues the team faced in the Human Resource area overlapped with areas covered by other teams, it was essential that close contact was kept with the progress of the other implementation teams. This was particularly true of the Training and Work Design Teams. This was accomplished through Team Leader meetings, conference calls, and in the case of the Training team, attendance at two of their meetings.

ROs will need to change their organizational structure to fully implement BPR. Merging divisions is a prerequisite to transitioning to the BPR environment. In order to assess where VBA is in terms of merging Adjudication and Veterans Services Divisions, several stations at various stages of merger were visited.

The report is organized into four major sections which describe in detail the issues and recommendations in four major HR areas (the relationship of these four areas to the vision for VBA is depicted in Figure 2-1):

- Organizational structure
- Career progression, certification, and pay
- Performance management and incentive awards
- Workforce management and planning

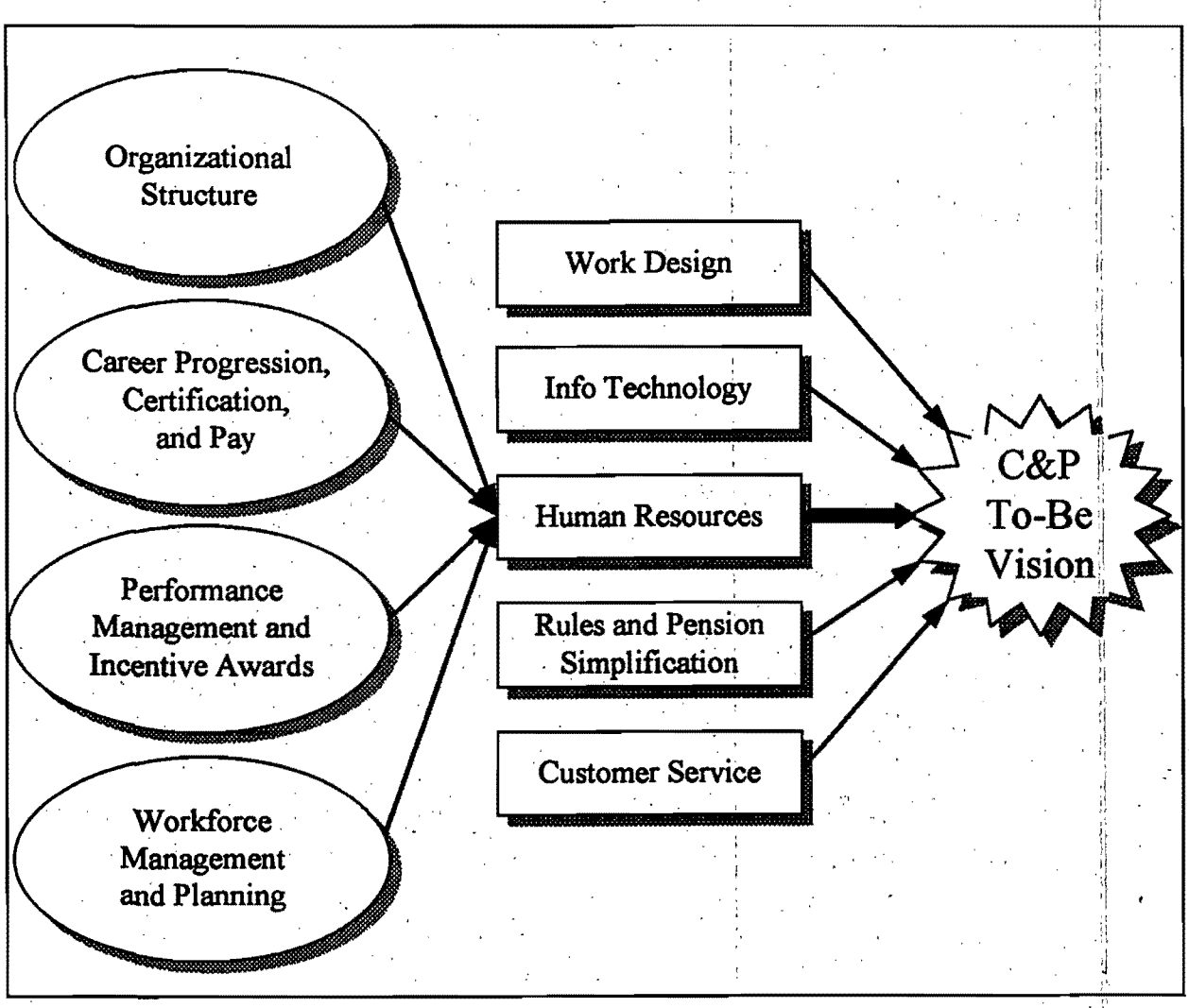

Figure 2-1: HR Issues Supporting BPR

Each of these sections first discusses the As-Is operational environment and describes current HR practices. Then follows the changes the HR Team deems necessary for successful implementation of the BPR recommendations for the To-Be state. Each section ends with a discussion of actions necessary to transition the As-Is organization to the To-Be environment.

2.2 Human Resources Issues

The discussions that took place during the team meetings covered a multitude of issues, many of which are included in the body of this report. However, several are not included in the report but are considered to be significant.

1. There was much discussion in the group about how much local flexibility should be allowed in implementation of the Human Resource aspects of BPR. There was a concern that some offices could delay their implementation of BPR in the name of local flexibility, thus negatively impacting the opportunity for employees to move into their new positions.

Additionally, this delay would send the wrong message to employees, many of whom are skeptical of the strength of VBA's commitment to this change. Therefore, the team decided to include a recommendation that human resource milestones be established (see the milestones in Figure 2-2). The HR Team recognized that there are areas where stations might differ in how BPR is implemented without jeopardizing the benefits inherent in BPR. For example, the team felt that BPR could be successfully implemented using traditional supervisors or team leader/coaches. Another example is the issue of whether RVSRs should be included on teams with other VSRs. This is the case in many stations such as New York and Los Angeles. However some stations such as Cleveland have merged divisions while keeping the Rating Boards intact.

2. While there has been much attention paid to what training will be available after BPR is fully implemented, the HR Team felt that training during the transition was of equal importance From now until full implementation in 2002, employees will be learning new skills as they prepare for certification. Single-signature authority makes it imperative that VSRs become experts in authorization work. Supervisors will be required to learn new skills as they are asked to function in the capacity of a coach/advisor, including more emphasis on employee development. Employees working as team members will need to learn how a team functions as well as basic elements of group dynamics. In order for VBA's transition to a BPR environment to be successful, appropriate training must be available for all employees.

3. The BPR business case deals solely with claims processing; it is silent as to other elements of the Veterans Services Division such as the 144 clerical positions and 600 Veterans Benefits Counselors who perform non-C&P duties. Realistically, any implementation plans VBA has for BPR must include a plan for what to do with the non-C&P functions of VSD and the employees performing these functions. Certainly, the resolution of this issue is partially dependent on the establishment of telephone centers and the movement of Education and Loan Guaranty calls to servicing centers. Still, the ambiguous way that this has been handled thus far has created much anxiety among VSD employees and may make BPR more difficult to manage for field stations.

4. For an endeavor as extensive as BPR implementation to be successful, VBA must have the support of its labor partners. Including union representation on all the implementation teams was a constructive first step. We must continue to include the unions in future implementation efforts. The HR Team has considered all the proposals put forth by its union representatives and agreement was reached in most areas. The team realizes, however, that there will be future negotiations on BPR implementation as required by statute. Hopefully, by working together at the initial stages of the process and identifying areas of agreement, the negotiations will be non-adversarial and create an environment that enhances employee development/satisfaction while providing world-class service to our customers.

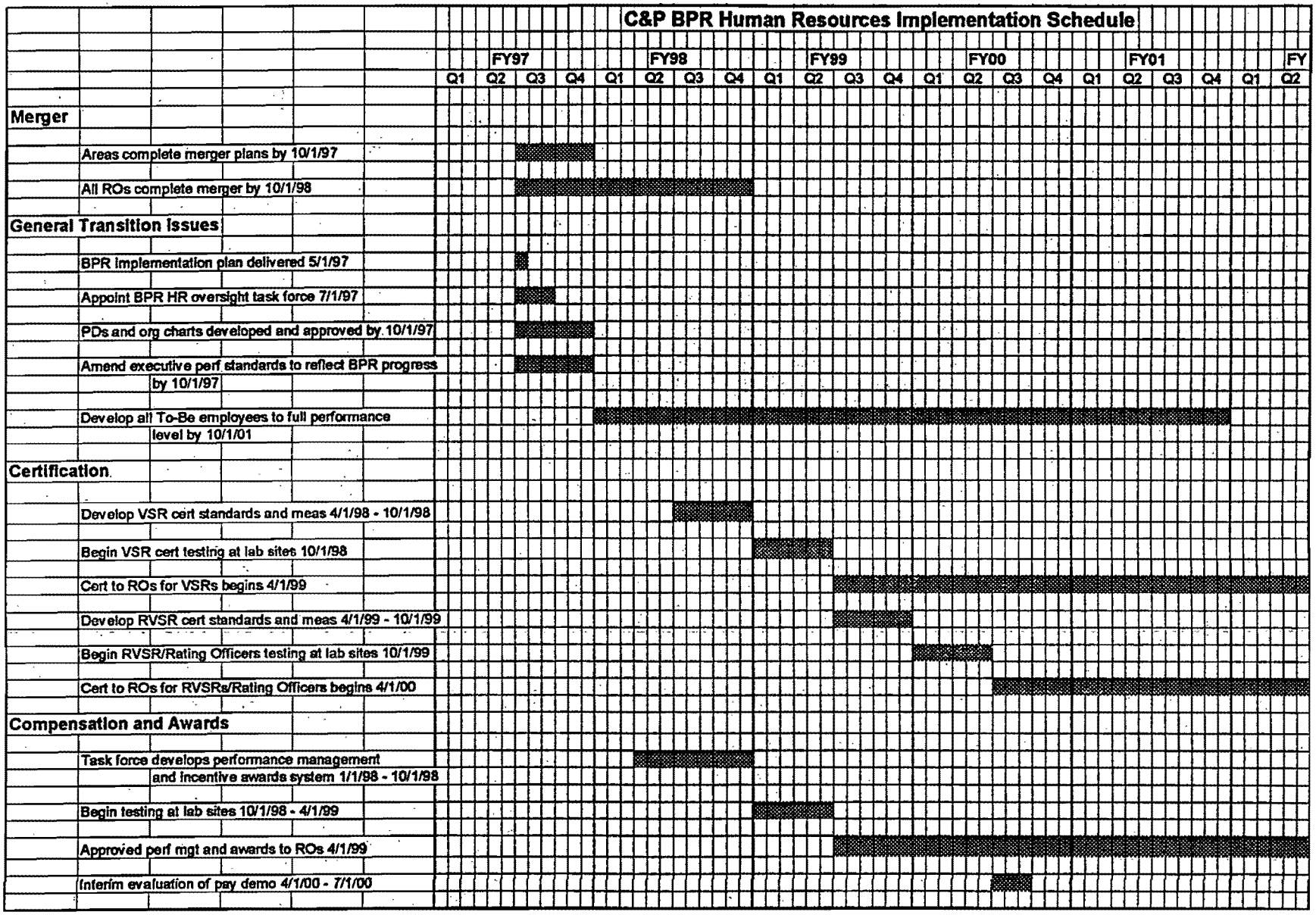

Figure 2-2: HR Implementation Milestones

5. As we transition into the BPR environment over the next five years, there will be many human resource issues that will need to be addressed. At the same time, there will be changes occurring in VBA's other business lines requiring similar efforts. The Human Resource Team feels that as we go through the transition period, a small team of people are needed to oversee the passage. This team would have a nation wide perspective: they would monitor attrition rates, track potential shortages and excesses throughout the country, oversee the certification process, communicate with the Office of Personnel Management on changes or waivers to various standards, rules and regulations that must be requested, monitor the progress of the pay demonstration project in New York and Detroit, and ensure that we continue to work with our partners in the implementation of BPR. By having central oversight of the human resource issues, we can better assure that there will be consistency in human resource policies and that all employees will be treated fairly and equitably.

2.3 Systems Perspective

The team adopted a systems perspective to identify HR issues and create comprehensive solutions. One of the values of a systems perspective is that it clearly illuminates the interdependencies among the major components necessary to carry out VBA's mission. This systems perspective is depicted in figures 2-3 and 2-4. Figure 2-3 shows all of the systems that interact to support the C&P mission along with a description of current characteristics of each component, current external influences, and typical outcomes. Figure 2-4 describes the expected characteristics, influencers, and outcomes of the To-Be system. Together these figures contrast the differences between operating principles of the current versus future systems. Of particular note is the future objective for a world-class organization supported by highly trained, fairly compensated employees who have sophisticated job aids and the authority to carry out their jobs.

2.4 Acknowledgments

The Human Resource Team would like to thank the staffs of the Central Area Office, Western Area Office, Phoenix RO, and Chicago RO for their assistance and support. Additionally, we would like to thank the staff and employees from the following ROs for their cooperation and input: Houston, Seattle, Los Angeles, Salt Lake City, Cleveland, New York, and Portland.

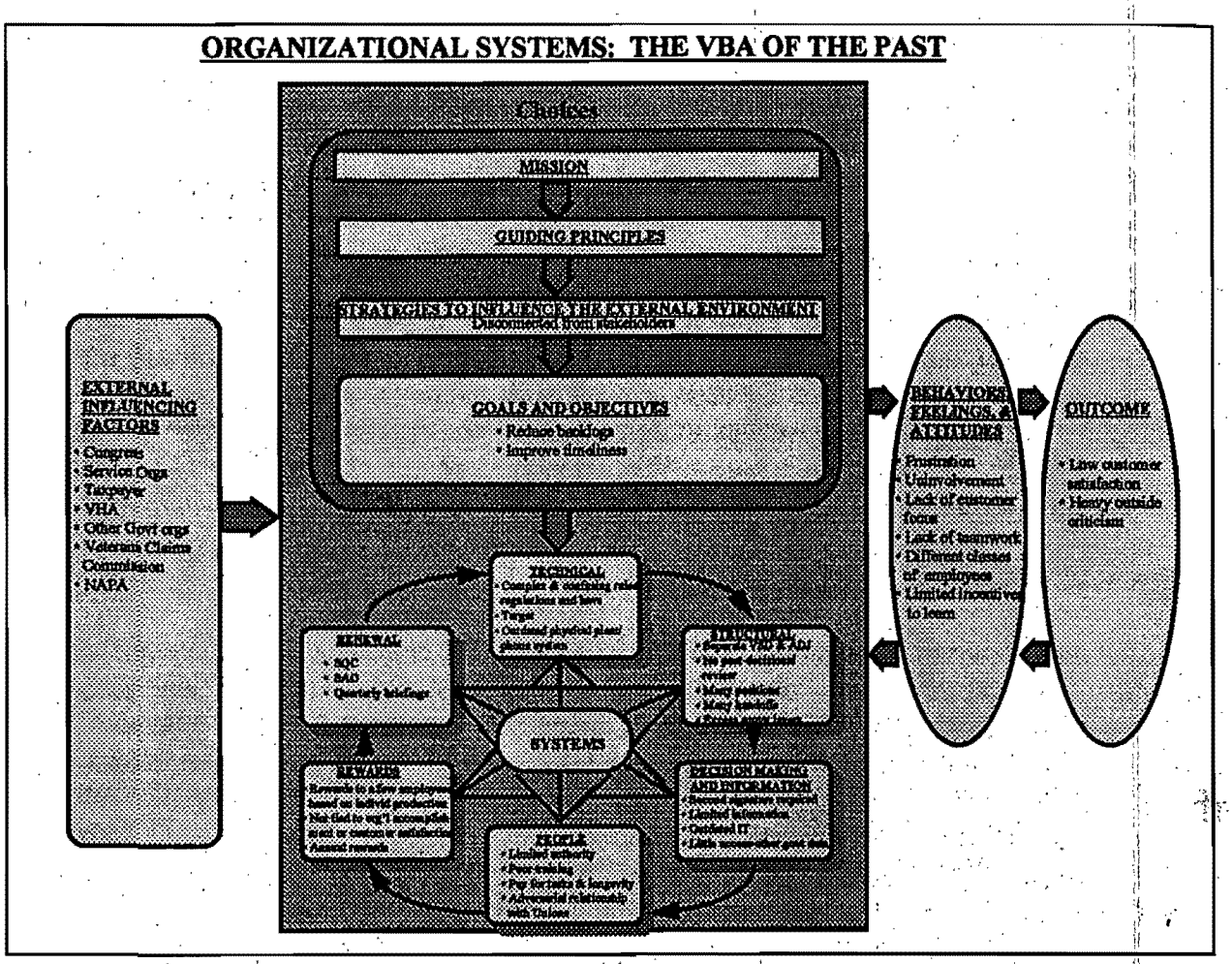

Figure 2-3: Past Organizational Systems

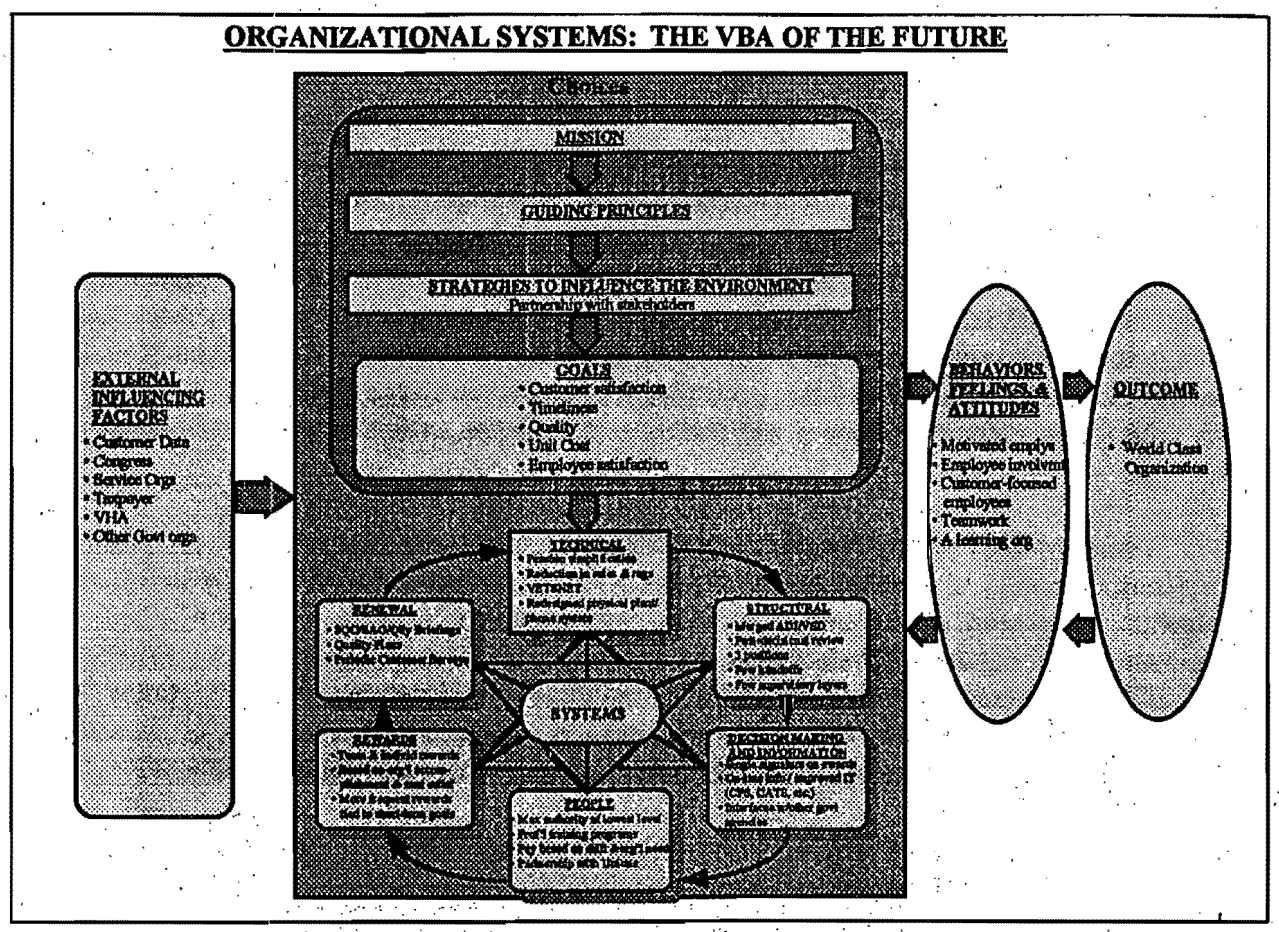

Figure 2-4: Future Organizational Systems

3. Organizational Structure

3.1 As-Is

The organizational structure in Adjudication Divisions has remained basically unchanged since the end of World War II. The system was set up similar to an assembly line with each employee executing a specific part of the process and then handing it off to the next in line. This system is designed to produce a large quantity of work; there is no room for consideration of customer needs. In fact, the lack of customer input has created a situation where VBA assumes what the customer wants and works toward meeting that assumption. Assembly line processes are notorious for their numbing effect on workers. Employees are required to perform repetitive tasks without ever getting to see a final product or interacting with the veteran on a personal basis.

Through the 1960s, Adjudication Divisions were divided into three sections: authorization, rating, and development. Each of these sections was led by a section chief. Adjudication files were the responsibility of the Administrative Division. In the early 1970s, an experiment called the Albany Plan led to the creation of units that were like small divisions. A Unit Chief was responsible for development and authorization. Development clerks worked with specific adjudicators. The files were transferred from the Administrative Division to Adjudication and were often included in the unit. Rating specialists remained under separate supervision.

The Veterans Services Divisions had the primary responsibility for interacting directly with veterans and other interested parties both face-to-face and on the telephone. VBCs had no C&P decision-making authority and often did not have the information they needed to respond to a veteran's inquiry about the status of his/her claim or other information requested.

By the early 1990s, most VBA offices had launched a Total Quality Management (TQM) effort. Employees were trained in the principles and mechanics of quality improvement and quality improvement teams were established. Employees began to look at VBA's processes and ask, "Is there a better way to do this?" In the spring of 1992, managers at the New York RO began to realize that TQM's "continuous incremental improvement" was inadequate to bring about the changes necessary to significantly improve service to veterans. So the office began to fundamentally redesign its major business systems. The adjudication process was redesigned to minimize hand-offs and other "nonvalue added" work. Under New York's redesigned system, cases that had formerly been handled by up to 13 different individuals in the Adjudication and Veterans Services Divisions are now addressed by only two employees — a case technician who makes sure all the facts and evidence are assembled, and a case manager who reviews those facts and evidence and decides what benefits are due. Veterans who had been frustrated by their inability to get clear and understandable information about their claims now can get the facts directly from the people actually working on their claims. Supervisors and managers have changed their leadership behavior from a "command and control" style to a more facilitating and coaching approach.

In March 1992, the Portland RO recognizing the need to improve the service they were providing veterans, decided to reengineer their claims processing. A decision was made to create a new position, Veterans Claims Representative (VCR), which combined the positions of Veterans Benefits Counselor (VBC) and Veterans Claims Examiner (VCE). Employees were organized into a test team that was empowered to handle every aspect of customer service and claims processing. Within a year the test team was outperforming the traditional Adjudication Unit operation in Portland. In 1993, further adjustments were made to ensure that Portland was providing more personalized service to veterans. In late 1994, the decision was made to permanently merge the Adjudication and Veterans Services Divisions.

On November 29, 1994, Under Secretary for Benefits Letter 20-94-32 was issued. This letter called for VBA to change its organizational environment to contain at a minimum:

- Improved overall service with an emphasis on customer satisfaction and heightened interaction with veterans and their dependents.
- The development of a team environment and decentralization of decision making authority with the "blurring" and gradual elimination of unnecessary division lines.
- A reduction in the numbers and layers of unnecessary management (with NPR's recommended ratio of 1:15 as a goal).
- A streamlining of the work processes and a decided reduction of case hand-offs with a focus on elements of the case-management process.

Attached to the letter were sample organizational models, some of which combined the Veterans Services function with Adjudication, while some models only dealt with Adjudication. Directors were advised, "From the models or a combination of them, determine the organization you believe appropriate for your station of the future."

Over the next two years, a few stations began the process of merging divisions and cross training their employees. Many others delayed for a variety of reasons: uncertainty as to VBA's commitment to reengineering, concern about the criteria that will be used in future restructuring plans, a feeling by stations doing well under existing criteria that "if it's working, why change, etc." The BPR meetings in Annapolis convinced most Directors that VBA was committed to change and plans must be made to transition to the new environment.

In order to learn how the merger process is progressing, members of the HR Team visited five stations. While there were many similarities among the stations, there were also many differences. This relates back to the flexibility allowed stations in the Under Secretary for Benefits letter of November 1994. All of the stations visited readily admit that they have a long way to go before they reach their goal.

Houston. In 1993, Adjudication organized into its first teams by end products rather than digits. By November 1995, the entire Adjudication Division was divided into end product teams. The plan is to merge Adjudication and Veterans Services by July 1997. Currently, veterans

benefits counselors do simple adjudication functions — development, burials, income adjustments, and dependency changes. In May 1997, nine VBC volunteers will start Adjudication training in four-hour blocks. They are expected to be fully trained in 12 to 18 months. There will be a call bank established for incoming calls. Calls will go to a router; the auto-attendant will answer some calls, a VSR in the Consumer Affairs Section will answer some, and the teams will answer some. Veterans will be able to talk to a team member although not necessarily the one working their case. Rating specialists will be part of the teams. At the outbased office in San Antonio, VBCs currently do all elementary Adjudication work and handle walk-ins but do not answer phone calls. Houston has been selected as a Lab site under BPR.

Seattle. Based on the Under Secretary letter, the Seattle Regional Office established a transition team made up of Adjudication and Veterans Services Division managers, employees, and union representatives as a prototype group in February 1996. This group was managed by a coach and was comprised of two teams, each of which had a team leader. Limited classroom training was provided to all employees and was supplemented by on-the-job training. Subsequently, at the request of the employees, an additional group of two teams was established. This group did not receive as much formal cross training or equipment as the original group. Both groups are beginning to mature and are clearly showing progress. Each group provides two individuals to answer general information calls. However, neither is performing case-management. Two remaining merged groups will begin to operate shortly. Limitations in the physical plant and telephone system have prevented them from forming more quickly. Seattle has been selected as a Lab site under BPR.

Cleveland. In November 1994, management and the union developed a plan to provide better customer service while facing more work with less people. Teams were established made up of VCEs and VBCs. These teams will eventually become totally self-directed. As they mature, they will get more involved in the decision making. Currently, there is a supervisor over two teams, each of which has its own team leader. Rating boards form their own teams and work with specific case-management teams. Employees are allowed to remain VCEs or VBCs although it has been made clear to them that the future consists of a merged position. Training was done locally. Originally, all work was case-managed. It was later decided that not all cases needed to be handled in this manner. Now, only cases that require the procurement of evidence from sources outside VA or branches of the military case-managed. However if the teams themselves decide they want to case-manage more cases, they can. Phone and interview duty is rotated among all the members of the team.

Los Angeles. The first merger of VSD and Adjudication personnel took place in May 1996. Seven VBCs, one to a team, were involved and went through seven months of classroom training. VCEs were given eight days of VBC training in December on such topics as interview skills, telephone techniques, insurance, and education. Team members rotate for four-hour shifts on general phone duty and case-specific phone duty. They have weekly meetings to review how the team is doing. Performance statistics are prominently displayed throughout the division so team members are aware of areas of success and areas where improvement is needed. Four more teams have been established. VBCs on these teams have gone through the Central Area VCE-VBC training course which is regarded as a good overview. Two teams conduct on-the-job

training every morning. VCEs have had 28 hours of VBC training again under the Central Area course. Rating specialists are part of the teams.

Salt Lake City. The station fully merged in February 1996. The merger was not staged — the entire division merged at one time. There was no classroom training done locally. VBCs and VCEs worked in pairs. Some VBCs went to the Veterans Benefits Academy for C&P training. In the beginning, each team decided how to cover the phones. Now each team contributes a certain number of employees for phone duty for a week. Everyone rotates daily doing walk-ins. Salt Lake used Portland as a model for their operation. Currently there are two teams — one team has the work divided by digit, the other does not. Rating specialists are included on the teams and sit with the teams. VSRs make development calls to veterans.

The above synopsis is just a sampling of the changes taking place at various stations. There are others where similar reorganizations are occurring. There are however, several stations that indicate it will be at least two years until they are merged. Still others say they have no intention to merge. This disparity of intention is an issue that needs to be addressed by VBA leadership.

3.2 To-Be

As noted in the Business Process Reengineering (BPR) report, a phased, coordinated approach to implementing the reengineered vision for claims processing will include an organizational structure that early on identifies expanded job responsibilities and authority for the redesigned positions. Appendix A includes the full-performance level position descriptions (PDs) and evaluation reports for the following positions:

Veterans service Representative (VSR)	A-1
RVSR	A-10
DRO	A-20
Program Support Clerk	A-29
Supervisory VSR	A-34
VSR Team Leader/Coach	A-42
VSR (Field-based Examiner)	A-48

Under modeling and restructuring, several ROs migrated to a combined position for current GS-9 Contact Representatives and Veterans Claims Examiners. The various position descriptions developed to support this effort effectively blended the duties and responsibilities of each position; however, they did not include the level of authority or accountability envisioned for VSR positions in the reengineered environment. Nonetheless, these positions descriptions were valuable resources in developing the reengineered job statements. The Social Security Administration is also involved in redesigning its claims processing function and developed a prototype position description to be used during a five-year test period in selected offices. The HR Team utilized these existing resources in combination with the new vision for how claim processing will be done for the future to develop position descriptions that encompass expanded roles, authority, and accountability.

The position descriptions were written in the Factor Evaluation System (FES) versus the narrative format because FES facilitated recognition and detail for the expanded authority, accountability, and contacts. Classification guidance from the Office of Personnel Management (OPM) encourages the Factor Evaluation System format for most General Schedule positions. Members of the Case Flow and Work Design Implementation Team, Adjudication and Veterans Service Officers from randomly selected ROs, and subject matter experts from the HR Team reviewed the position descriptions. Suggestions and comments have been incorporated; significant commentary and issues for action are addressed in the following narrative.

Veterans Service Representative PD: The Case Flow and Work Design Implementation Team recommended that the VSR's duties include the completion of "simple" rating cases — a task they identify as presently performed by the Rating Analyst/Technician. This generated significant discussion and differences of opinion as to the actual role the present Rating Analyst/Technician has and the new VSR should have for performing this duty. The attached PD (Appendix A-1) includes the responsibility to prepare and sign "simple" rating cases for review and approval by a RVSR. As noted in the PD, the VSR must possess "lay knowledge of medical terminology and anatomy sufficient to facilitate sound adjudicative/award decisions." From a classification perspective, the additional duty to "prepare and sign 'simple' rating decisions for review and approval . . ." should not affect the grade since final authority rests with the RVSR. All agreed the duty would provide a positive training opportunity for career progression to a rating certified position. However, this aspect of the PD caused concern among Union Representatives, particularly in the areas of the degree of knowledge required and including the duty in performance measures. This aspect of the PD should be addressed in Labor-Management Partnership implementation bargaining.

In place of VSR PDs at entry and intervening grade levels, the full performance level position description should include as an attachment the skill blocks the incumbent must acquire before progressing from one grade to the next (see Appendix A-9). The skill blocks allow an employee to understand what skills he or she must acquire to progress along the path to certification and the full performance level as a VSR This concept simplifies the current processes and serves to reinforce the philosophy that an employee is expected to progress to the full performance level to effectively contribute to the organization. This is in contrast to the traditional career ladder position where an employee may progress to a higher grade level before demonstration of proficiency and can remain in grade at less than full performance level.

RVSR PD: The RVSR position description (Appendix A-2) generated substantial feedback primarily due to an unclear understanding of exactly how the position is to function. The RVSR's responsibility for contact with the veteran and working as a member of a team were ubiquitous concerns expressed by reviewers.

Classification of the positions of Veterans service Representative and RVSR presented unique challenges for grade determination due to existence of the outdated classification standards for Veterans Claims Examining Series (1963) and Contact Representative Series (1971). The position descriptions developed for the combined functions in ROs with merged Divisions manifested the same challenges as evidenced by the disparity in organizational titling and grading.

Titles include Customer Service Representative or Specialist and Veterans Claims Representative or Specialist with positions graded at the GS-9 and GS-10 levels for ostensibly the same combined duties.

Ideally, a newly developed agency classification standard that combines the duties of contact representative, claims examiner, and hearing officer would address current inadequacies. However, VBA's Office of Human Resources advises that such a venture with the Office of Personnel Management (OPM) would be cost-prohibitive ($80,000+) and take two to three years to complete. The Social Insurance Administration Series, GS-105, developed for the Social Security Administration in 1993 contains duties and responsibilities that very closely correlate to VBA's current and reengineered positions. In fact, this series was utilized for validation in classifying the VSR, RVSR, and DRO positions.

To eliminate future classification difficulties and solidify the attached classification reports, the HR Team recommends that the Series' definition, which details typical duties for the GS-962, Contact Representative standard and GS-996, Veterans Claims Examining standard be retained. However, VA should request that OPM delete the imprecise grade level descriptions for each of these standards.[1] *The grade level criteria do not adequately address how counseling and claims work is presently accomplished and were of limited assistance in classifying the reengineered positions.*

If the Series definitions remain and grade level descriptions are deleted, grade determination can be effectively accomplished by cross-reference to other existing standards; specifically, the Social Insurance Administration Series, GS-105. This would mirror the situation that currently exists for many classification standards including VA's Hearing Officer and Field Examiner positions. There exists a series definition for the GS-930 and GS-1801 standards that describes the typical duties and responsibilities of a Hearing Officer and Field Examiner. However, the standards do not provide grade level information. The standards instruct the classifier to determine the grade by use of other existing, closely related series.

The position descriptions were developed assuming pension simplification approval, structured training, and enhanced information technology in place. Individual position descriptions were not written for entry and intervening grade levels. For example, the VSR position (Appendix A-1) replaces existing positions of GS-5/6 claims or development clerk, and GS-5/7/9/10/11 veterans claims examiner, contact representative, rating technician/analyst, and senior veterans claims examiner, as well as titling variations for the combined position — veteran claims representative, customer service specialist/representative. Employees on the rolls as well as any new hires must be educated to understand that at full implementation in 2002, the incumbent of each of the former positions will be expected to be a fully trained and certified VSR. In an era of diminished resources ROs must have the flexibility that fully trained VSRs offer. Having one position description establishes a clear line of sight for employees and precludes the

[1] The GS-996 Standard is used to classify claims work in other business lines; specifically, education and insurance. It is believed that classification of these positions would not be hampered by this recommendation. However, a personnelist with direct knowledge of these positions should review the recommendation and GS-105 Series to validate this supposition.

impression that an employee can function permanently at some intervening grade. It is expected that most employees will welcome the opportunities for new learning and greater autonomy and successfully train and attain certification for the full performance level VSR position.

Program Support Clerk PD: A position description for a GS-4 Program Support Clerk is found at Appendix A-4. This position description replaces mail and file clerks, GS-4 claims or development clerks, and Compensation and Pension and Veterans Services Divisions Program Clerks. Because VSR's are responsible for case development in the reengineered environment, the clerk will be responsible for mail receipt and distribution, files establishment and maintenance, general clerical duties, data input of easily recognizable claims information, and document scanning when a paperless system is implemented in the future.

Supervisor and Team Leader/Coach PDs: Appendices A-5 and A-6 provide supervisor and team leader/coach position descriptions for the reengineered environment. The decision as to whether a supervisor or team leader/coach is appropriate should be made by local RO management. If a station organizes in teams with leaders/coaches, it is recognized that early on the incumbent may perform traditional supervisory duties until the team evolves and matures. This local decision as to if, or when, to organize into teams should also consider the goal to maintain a supervisory ratio of 1 to 15. However, the HR Team cautions against rote adherence to this ratio. Employees on the rolls as well as new hires whose positions are covered by the reengineering effort will undertake extensive training and an organizational cultural change that may require increased supervisory/leader guidance and motivational support. In addition, within the transition period of BPR, VA's Shared Service Center will come on-line. The Shared Service Center will centralize the majority of human resources programs and payroll activities with selected exceptions, such as employee and labor relations. Utilizing expert systems, supervisors/leaders will be expected to initiate recruitment, classification, and placement processes that previously were supported by human resources staff. Notwithstanding, the information technology enhancements to be provided, this adds responsibilities and portends a time-consuming process. The overall impact of these changes should be carefully weighed in determining the number of supervisors/leaders in transition and in the early stages of full BPR implementation.

"Field-based" VSR PD: The HR Team reviewed the Fiduciary and Field Examining Unit to consider its alignment within the reengineered environment. Results of an informal survey of current and former Veterans Service Officers reveal that field examiners presently employ case-management principles and adjudicate and award specific cases (incompetency). To take advantage of existing knowledge and skills and the opportunity for outbased public contact, it was determined a logical extension to incorporate the field examiner duties under the VSR position. A position description for the "field-based" VSR is provided in Appendix A-7. The field examiner duties were expanded to include adjudication and authorization of other types of claims that may be encountered or elicited during the normal conduct of business. Because of the unique nature of incompetency cases, it was further determined that this outbased activity should remain a discrete unit organizationally aligned under the Veterans service Center. *The HR Team recommends expanding the former field examiner duties and responsibilities to take advantage of outbased opportunities for claims processing. Due to the unique nature of field work, it is*

appropriate that an individualized position description be developed and discrete organizational alignment be maintained.

Legal Instrument Examiner: No recommendations or changes were noted for the legal instrument examiner (estate analyst) position. However, at full BPR implementation, staffing patterns within this Section/Unit may warrant adjustment.

Organizational Chart: A proposed organizational structure is found at Appendix A-8.

a. The BPR report stresses partnership between the VSR and the veteran and/or representative (Veterans' Service Organization) and as well, suggests a close working relationship between the VSR and RVSR. As primary contact for the veteran and/or representative, the VSR must be in a position to explain all aspects of a decision on receipt of a notice of dissatisfaction. This necessitates a close working relationship between VSR and RVSR when case ownership transfers between the two.

b. The size and organizational culture at a RO will likely dictate if the team environment is the most effective way to accomplish the mission and goals. The HR Team acknowledges that a "team" is defined differently by different individuals and that a team is merely a means to an outcome and not an end in itself.

c. Historically, the rating activity was organized as a board or team of Rating Specialists who could discuss legal decisions and policy issues to assure uniform interpretation and application. Occasionally, officials with supervisory authority for the board or individual Rating Specialists did not have rating qualifications or experience and may have relied on colleagues with this background to validate assessments of work products or performance. Recognizing the past and current status of the rating activity and more importantly, the changeable body of decisions affecting the RVSR's position, the proposed organizational structure includes a position for a "master" RVSR. This individual would conduct quality assurance reviews and serve as transition officer and a skilled and trained technical advisor to RVSRs to assure timely dissemination and consistent application of decisions to rating actions. This position is neither supervisory nor lead; however, it is envisaged as a vital part of the 2002 organizational structure and will be an indispensable link between training and the certification process. *Therefore, the HR Team recommends the inclusion of this position in BPR organizational structure in individual or a consortia of ROs, where appropriate.*

3.3 Transition

In transitioning to the To-Be environment, the HR Team endorses the concept that the BPR effort encompass two components. First, a merger of Veterans Services and Adjudication Divisions where current GS-5/7/9 Contact Representatives and Veterans Claims Examiners will begin to acquire claims examining or public contact skills. During transition years, as the future VSR completes training and gains proficiency performing a combination of public contact and *substantive* claims examining duties, he or she can attain the GS-10 grade level. The GS-10

VSR's determinations would be subject to review and signature by higher-graded staff. Second, in 2002 at full implementation, with training, information technology, and pension simplification in place, employees will be prepared to compete to assume the comprehensive range of duties and responsibilities including full authorization (single-signature) and accountability at the GS-11 level. Thus, the earlier that ROs begin to merge Veterans Services and Adjudication Divisions, the better opportunity employees will have to evolve to the To-Be environment and the full performance level VSR. *So as not to penalize employees, the HR Team recommends that a milestone of September 30, 1998, be set for all stations to have completed their mergers.*

During the transition years until ROs have completely merged the Divisions, limited recruitment for traditional positions may be necessary. Selectees for traditional positions must understand their positions will evolve to include expanded duties and the expectation for individual training and certification. Vacancy announcements for traditional positions should include information concerning the vision for how the traditional position will function in the future. This will assure candidates are fully informed and committed to the training and certification processes. RO management officials should carefully assess their progress in merging the Divisions before deciding to recruit for a traditional or reengineered position.

3.4 Summary of Recommendations

1. Accept the proposed position descriptions and position evaluation reports for the positions of Veterans service Representative, Rating Veterans service Representative, DRO, Program Support Clerk, Supervisory VSR, and VSR Team Leader/Coach.

2. Following coordination with other business lines, prepare a request to the Office of Personnel Management requesting the retention of Series' definitions for GS-962, Contact Representative, and GS-996, Veterans Claims Examining, and the rescission of grade level descriptions for these Series.

3. Request the new position titles of Veterans service Representative, Rating Veterans Service Representative, and DRO be added to the PAID-OLDE/PAYVA system for use as employees complete training, acquire skills, and attain certification at the full performance level. Refer to the position evaluation reports for the VSR, RVSR, and DRO positions, Appendices A-1, A-2, and A-3, respectively, for the discussion and basis of this recommendation.

4. To take advantage of current knowledge, skills and outbased opportunities, expand the duties and responsibilities of the field examiner to include VSR duties; accept the proposed position description and position evaluation report (Appendix A-7) and retain this outbased activity as a discrete organizational entity.

5. Include a "Master" RVSR position in the 2002 organizational structure.

6. To allow employees the fullest opportunity for training, all stations should comply with the September 30, 1998 milestone for completion of merged Divisions.

4. Career Progression, Certification, And Pay

4.1 As-Is

The BPR Team lists two goals — responding to customer and stakeholder needs and maintaining a highly skilled, motivated, and adaptable workforce — which provide the major impetus behind developing a certification process for all positions in the BPR environment. Stakeholders expressed concern with the lack of consistency in rating decisions and the absence of formal credentials possessed by those employees making rating decisions. Therefore, it is imperative that we develop and implement an objective and consistent process for training and certifying employees. This includes developing and expanding skills and abilities of the current workforce as we transition into the new BPR environment.

Today, Compensation and Pension (C&P) Service supplements local training initiatives with training sessions at the Veterans Benefits Academy. However, VBA does not have a standard training methodology or formal method of certifying the proficiency level of employees. Therefore, in order to ensure employees have the knowledge and skills they will need to function within the reengineered environment and to meet organizational and customer needs, most C&P employees will need to undergo training and certification to transition and assume the new positions. The certification process will be an indicator of an employee's proficiency and will be linked to how employees progress and are paid in the organization.

Veterans Service Representative (VSR)

Under the current system, Veterans Claims Examiners (VCEs) and Veterans Benefits Counselors (VBCs) are selected for GS 5/7/9 career-ladder positions. However, unlike VBC work, which is seldom classifiable above the GS-9 level, VCE work can encompass duties sufficiently complex to support the GS-11 level. In addition, within the past few years, a number of ROs have created a new intervening grade GS-10 which combines VCE and VBC duties.

There are no formal national training programs in place to ensure proficiency at these grade levels other than the Veterans Benefits Academy and local training. Many offices select individuals based on perceived potential and promoted them into the higher grade position prior to demonstration of their actual ability to perform at the higher grade. Once promoted, the employee usually receives some training and, in most cases, develops the abilities and gains the knowledge to perform at the grade level to which promoted. However, there is no guarantee.

Similarly, career-ladder promotions are often effected solely on meeting time-in-grade requirements. The organization has not consistently focused on ensuring that an individual advancing in a career-ladder position has truly attained the skills, knowledge, and proficiency necessary to perform satisfactorily at the next higher level. Whether it be a competitive or career-ladder promotion, individuals too often progress without formal assessment of skills or knowledge.

Rating Veterans Service Representative (RVSR)

Each RO is responsible for filling Rating Specialist vacancies, typically at the GS-12 level, and assuring training which provides the knowledge and skills required to make rating determinations. Generally, the employee is selected and promoted based only on an assessment of their potential to perform the duties of a Rating Specialist. Training occurs after the employee has been promoted and the type and length of training varies greatly among ROs. Local training initiatives are supplemented with training at the Veterans Benefits Academy. However, in most instances, employees are making rating determinations before completing formal training. There is no standardized mechanism used to measure an employee's proficiency as a Rating Specialist other than periodic work sampling and the annual performance appraisal process.

Decision Review Officer (DRO)

The position described in the BPR model will replace the Hearing Officer position. While the selectees for the Hearing Officer positions typically have rating experience. These employees are promoted immediately upon selection without any enhanced training or formal certification. Hearing Officers interact with the public directly through the conduct of hearings/meetings with the veteran and his/her representative. However, the nature of most of these contacts is formal and structured.

Supervisor Or Team Leader/Coach

Presently, supervisors are selected and promoted based primarily on their possession of technical skills, with little emphasis placed on the degree to which they possess people skills. The current profile of supervisors in Adjudication Divisions consists of employees who have various levels of technical and managerial skills. Some supervisors have experience with both rating and authorization work, while others have experience with one or the other. Many supervisors in Adjudication have had little experience dealing with the public. Conversely, individuals who progressed through Veterans Services Division generally are skilled in dealing with the public but lack the skills necessary to perform C&P decision making.

Pay

The General Schedule (GS) system which serves as the basis for pay is quite rigid. Within-grade increases, a significant feature of the GS system, reward longevity (time-in-grade) rather than achievements linked to organizational goals.

In 1993, the New York RO merged the roles of VBCs and VCEs and implemented a case-management approach to customer service. It also changed its approach to career ladder promotions. Specifically, employees were required to demonstrate the knowledge and skills needed to perform at the higher grade prior to promotion. The resulting certification process served as the primary indicator for promotion decisions rather than the satisfaction of time-in-grade requirements. In fact, the New York RO and Detroit ROs are in the process of attaining demonstration project status from the Office of Personnel Management (OPM). They intend to

base their compensation system solely on the acquisition of skills and organizational contributions rather than the existing GS grade and step system.

While implementation of BPR initiatives does not require movement from the GS system, the concepts of demonstrating skills/knowledge prior to promotion and rewarding employees for their contributions have been adopted for the BPR environment.

4.2 To-Be

Job competency certification is the new formal process by which employees will demonstrate that they have acquired the skills and knowledge to perform in the VSR, the RVSR, and the DRO positions in the BPR environment. A detailed description of the process for each position follows.

Veterans Service Representative (VSR)

To assure competence and quality service to the veteran, the VSRs in 2002 will be required to demonstrate possession of the necessary knowledge and skills prior to progression to the next higher grade. Hired at the GS-5 or GS-7 level, the VSRs will be placed in a career ladder position with promotion potential to the GS-11 level. Employees will receive module-based computer and classroom training to provide the skills and knowledge required at each grade level (i.e., GS-5/7/9/11). Employees will be tested at the conclusion of each module to assure training objectives have been met and knowledge has been acquired. Promotion to the GS-7 and GS-9 levels will also involve work sampling to assure acquisition of skills. Promotion to the GS-11 level will depend on the employee's demonstration of successful counseling skills and the ability to "pass" a technical assessment or job competency certification process.

Listed below is a detailed description of the progression and certification process that a VSR will follow on the road to the target GS-11 level VSR.

GS-5 to GS-7 (if hired or selected at the GS-5 level)

- Employees will successfully complete the training modules described above.
- Formal work sampling will be conducted in counseling skills to determine whether the GS-7 level has been achieved. Work sampling to determine effectiveness of customer contacts will include monitoring of both telephone and personal interviews.
- Work sampling of cases processed will also be reviewed to determine if the VSR has attained claims examining skills necessary to be promoted to the next higher level.

GS-7 to GS-9

- Same as process for GS-5 to GS-7.

GS-9 to GS-11

- Employees will successfully complete the training modules described above.
- Formal work sampling will be conducted in counseling and claims examining skills to assess readiness for certification.
- Upon reaching an acceptable level of proficiency and with concurrence of the supervisor or team leader, the employee may apply for certification.
- To be fully certified, the employee must successfully complete a set of nationally developed cases.

The HR Team recommends that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable solutions to the cases.

Figure- 4-1 illustrates the career progression and certification process for VSRs.

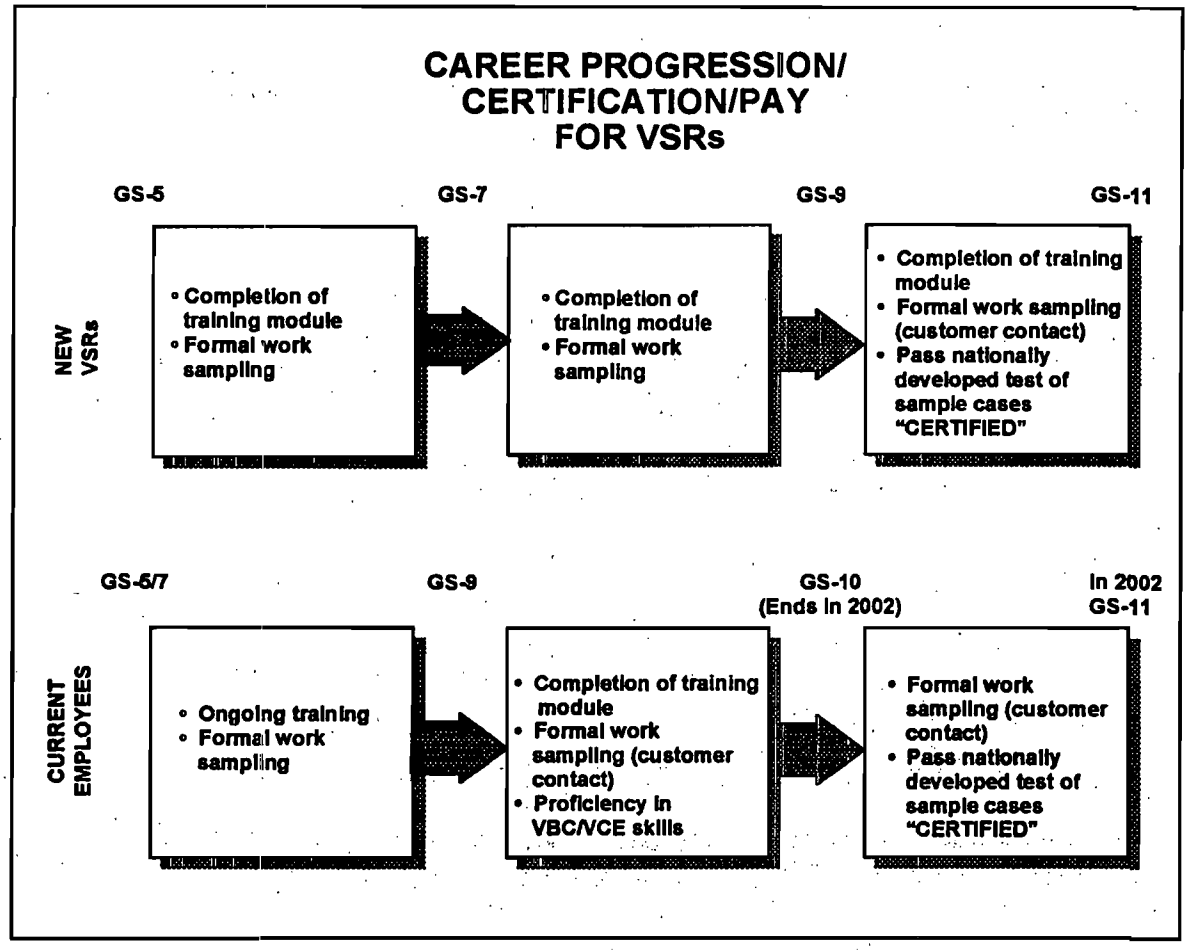

Figure 4-1: Career Progression, Certification, and Pay for VSRs

The certification process for existing GS-11 Senior VCEs transitioning to GS-11 VSRs will be the same as described above for new GS-11 VSRs, except that they will not be required to go through the formal training modules.

Existing GS-11 Senior VCEs unable to acquire and demonstrate the additional skills necessary to serve effectively as a VSR will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreement.

New VSRs who fail to progress to the next higher level will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreement.

To continue to maintain the rigorous quality standards required by the certification process, the HR Team strongly recommends that C&P Service develop a national policy mandating standardized quality reviews of individual VSRs. We further recommend that C&P Service develop a method to extract a sampling of cases (similar to the current quality review

process) from the Benefits Delivery Network (BDN) or Veterans Service Network (VETSNET) that are employee-specific to be used in conjunction with the performance appraisal process.

The certified GS-11 VSR will provide a wide range of comprehensive services needed by the veteran. These will include counseling, examining, single-signature authorization, "simple" ratings for approval by a RVSR, and clerical tasks, including the development of cases, required to assure end-to-end service.

Rating Veterans Service Representative (RVSR)

Selection for RVSR will involve competition for the opportunity to obtain training and promotion. While being trained, the selectee will remain at the GS-11 level. Promotion to the GS-12 level will depend on the employee's ability to "pass" an assessment or certification process.

Listed below is a detailed description of the progression and certification process that a RVSR trainee will follow on the road to the GS-12 RVSR.

GS-11 to GS-12

- The employee will receive module-based computer and classroom training designed by the Veterans Benefits Academy to provide the skills and knowledge required to perform at the GS-12 level. The employee will be tested at the conclusion of each module to assure training objectives have been met and knowledge has been acquired.

- Employee will work a carefully controlled mix of cases to gain practical experience under the guidance of a mentor. This period will last approximately 3-6 months.

- Upon reaching an acceptable level of proficiency and with the concurrence of the supervisor or team leader/coach, the employee may apply for certification.

- To be fully certified, the employee must successfully complete a set of nationally developed cases. Upon successful completion of the certification process, the employee will be promoted to the GS-12 RVSR position.

The HR Team recommends that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable rating decisions..

This group of employees will be required to complete a set of cases developed by the national team of experts on a one-time basis at the beginning of fiscal year 2002 in order to be certified in the RVSR position. Existing GS-12 Rating Specialists will not be required to complete the training modules offered by the Veterans Benefits Academy given their experience in rating cases. However, these employees will complete the nationally developed cases in lieu of

the normal quality review sample. Completion of this process will result in certification for the GS-12 RVSR.

Figure 4-2 illustrates career progression and certification for RVSRs.

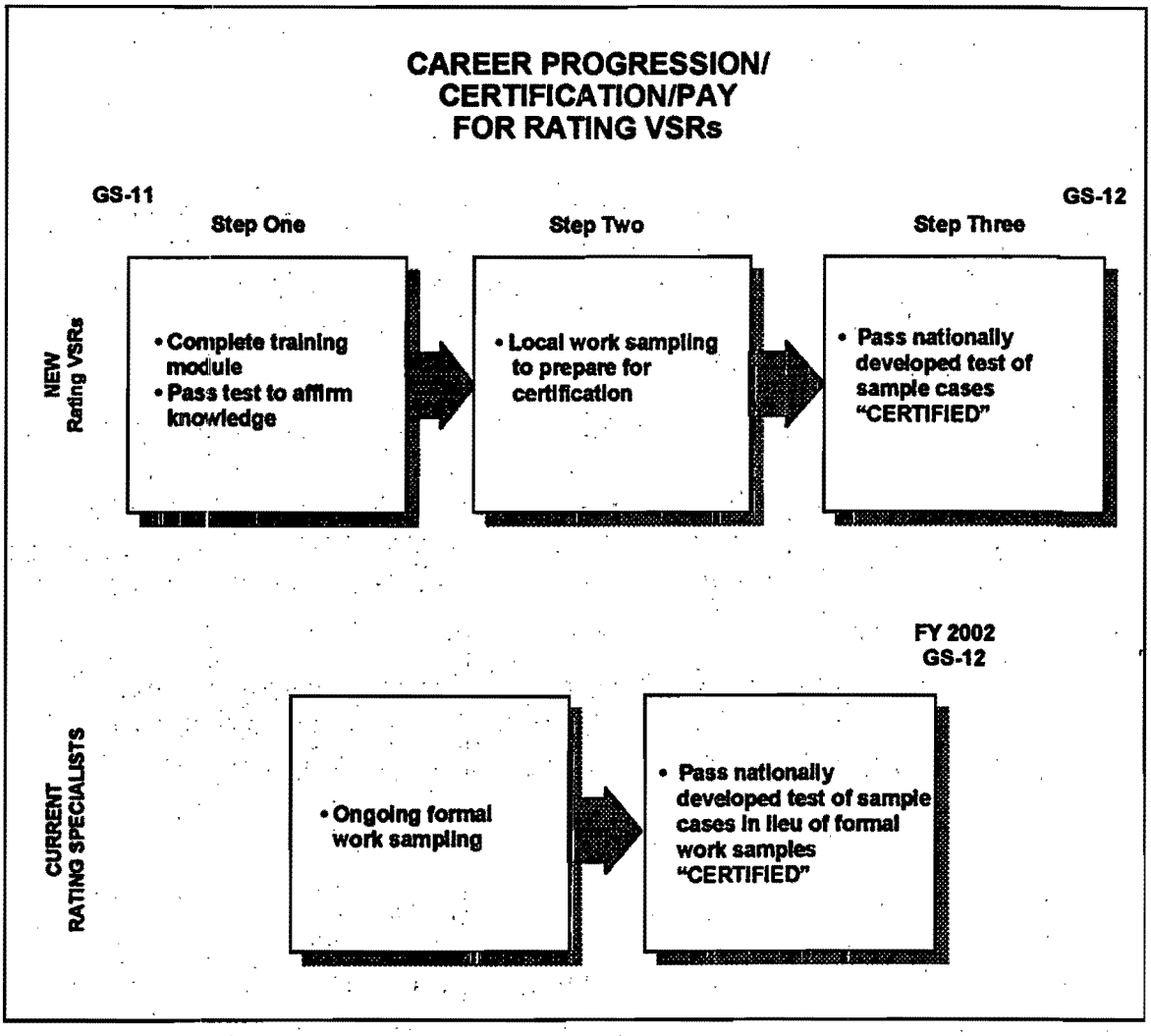

Figure 4-2: Career Progression, Certification, and Pay for RVSRs

Existing GS-12 Rating Specialists and GS-11 RVSR trainees unable to complete the certification process, even after additional training designed to address the identified deficiencies, will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreements.

GS-11 trainees unable to successfully complete the certification process, even after additional training designed to address the identified deficiencies, will be treated in a manner consistent with the appropriate statute and/or negotiated labor management agreements.

To continue to maintain the rigorous quality standards required by the certification process, we strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual RVSRs. The HR Team further recommends that C&P Service develop a method to extract a sampling of cases (similar to the current quality review process) from BDN or VETSNET that are employee specific to be used in conjunction with the performance appraisal process.

GS-12 RVSRs will make rating determinations, prepare statements of the case, and interact with/notify customers.

Decision Review Officer (DRO)

The HR Team recommends a training package be developed for the DROs which would include modules on dispute resolution, interviewing techniques, and advanced interpersonal skills. A necessary component of a DRO's preparation will include observation of current DROs conducting hearings/meetings, as well as supervisory/mentor assessment of the candidate's conduct of hearings/meetings prior to promotion.

To continue to maintain the rigorous quality standards required by the certification process, we strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual DROs. The HR Team further recommends that C&P Service develop a method to extract a sampling of cases (similar to the current quality review process) from BDN or VETSNET that are employee specific to be used in conjunction with the performance appraisal process.

The DRO GS-13 position will perform an array of duties with the purpose of resolving issues raised by our customers, or assisting them in preparation of their appeals when the issue cannot be resolved by the DRO. Individuals selected for this position must be rating certified.

Supervisor Or Team Leader/Coach

By the year 2002, the business case calls for a significantly reduced number of employees serving in traditional supervisory and managerial positions.[2] As a result, in the Business Process Reengineered environment, supervisors or team leaders/coaches will need to possess a wide range of technical knowledge, skills, and competencies that traditionally have not been required of employees serving in these positions. In many instances, success in the BPR environment will be based in part on the supervisor's or team leader's/coach's ability to coordinate, facilitate, develop, manage, and motivate a large group of employees.

Additionally, all supervisors or team leaders/coaches must possess a thorough understanding of the skills and knowledge required of the three new positions in the Veterans'

[2] *It should be noted that in the BPR environment, the Veterans' Service Center at each RO will be able to deliver compassionate, timely, accurate benefits and information to veterans and their families in either an environment that evolves to team leaders/coaches and self-directed teams or in a more traditional environment with supervisors and work units.*

Services Center. They will be required to have an understanding of the development, authorization, and rating of claims. They must also be able to deal with customers and manage a combined workload. With the many expectations and demands that the organization will place on managers, supervisors, and coaches in the BPR environment, VBA top management should plan for extensive training and development of individuals serving in these positions.

4.3 Transition

Veterans Service Representative (VSR)

As we gradually move to our new organization, the incumbents in each of the career-ladder positions will continue to perform the two separate functions. However, during transition, we will retain the GS-10 position, and it will be the first level at which both functions (VBC and VCE) will be performed. In fact, progression from either the VBC GS-9 or VCE GS-9 to the combined GS-10 position will depend on the ability to perform both functions and demonstrate the skills needed to serve veterans effectively in both roles. *The HR Team recommends the use of work sampling to assess VBC and VCE skills and knowledge to determine readiness for the GS-10 level.* In those stations that have already merged and/or already use the GS-10 position, supervisors will use the performance appraisal system to assess and address any deficiencies in the skills required at the GS-10 level.

In order to ensure a smooth transition of VCEs to the VSR position, the HR Team recommends that all VCEs receive formal training in interviewing techniques and interpersonal skills.

During transition, the existing GS-11 Senior VCEs will begin counseling of veterans in addition to their traditional authorizing functions.

Rating Veterans Service Representative (RVSR)

Existing Rating Specialists' work quality will be reviewed on a regular basis using a work sampling. See the recommendations in the To-Be section for a description of the work sampling methodology which will be used to monitor the RVSRs work. This process will serve as a forerunner to the certification process and will continue to be used in the To-Be environment as a means to monitor employees' performance.

Using this methodology to assess employees already occupying rating positions will ensure quality service is being provided to veterans. During this phase, existing GS-12s will continue to rate cases but must, in preparation for movement to the RVSR position, receive training that will enable them to comfortably interact with the veterans served.

Decision Review Officer (DRO)

During the transition phase, Hearing Officers will continue to conduct hearings and interact with service organization representatives. Hearing Officers at selected sites will exercise

difference of opinion authority. If this initiative proves successful, the program will be implemented nationwide. Additionally, as VBA moves toward the BPR environment, supervisors or team leaders/coaches will be responsible for modifying the performance appraisal system as needed for employees transitioning from Hearing Officer to DRO. This will allow supervisors to identify those employees who may need additional training or review in order to successfully transition to the position of DRO.

Supervisors Or Team Leader/Coach

During the transition, supervisors, and team leaders/coaches should receive training, development, and mentoring in areas to include change management, the BPR implementation plan, the duties of the new positions and how each will function in the To-Be organizational structure. In that regard, the degree to which VBA successfully transitions the leadership in the organization will directly impact and influence the degree to which the employees successfully transition into the new environment. Furthermore, as VBA implements BPR initiatives, it is critical that we clearly define the various terms used to describe the supervisory positions (e.g., coach, team leader, supervisor).

Pay

Due to the rigidity of the GS system and consistent with the HR Team's philosophy of paying for acquired skills, the HR Team recommends requesting a waiver of time-in-grade requirements and qualifications requirements (as defined by OPM) under OPM's demonstration project authority which would provide VBA with an opportunity to promote employees for their skills/knowledge (as defined by VBA) without the limitations inherent in the GS system.

The team recommends that the New York RO and Detroit RO demonstration project be monitored to validate the progress of the skills-based approach to compensation. If this approach to compensation is successful, the team recommends exportation to other parts of VBA where appropriate.

Appendix B-1 illustrates by position (including clerical and supervisory) and grade level the As-Is (Pre-Merger), To-Be (Merged), and Transition (Merging) phases of this process.

4.4 Summary of Recommendations

1. The HR Team recommends that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification for the VSR position. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable solutions to the cases

2. To continue to maintain the rigorous quality standards required by the certification process, the HR Team strongly recommends that C&P Service develop a national policy

mandating standardized quality reviews of individual VSRs. The team further recommends that C&P Service develop a method to extract a sampling of cases (similar to the current quality review process) from BDN or VETSNET that are employee-specific to be used in conjunction with the performance appraisal process.

3. The HR Team recommends that a national team of subject-matter experts, stakeholders, and Union partners establish the criteria for creating a pool of generic cases which will be used to test employees for certification for the RVSR position. The HR Team also recommends that a separate group of nationally recognized subject-matter experts be formed to identify/develop the cases that meet the criteria and to develop the correct/acceptable rating decisions..

4. To continue to maintain the rigorous quality standards required by the certification process, the HR Team strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual RVSRs. The team further recommends that C&P Service develop a method to extract a sampling of cases (similar to the current quality review process) from BDN or VETSNET that are employee specific to be used in conjunction with the performance appraisal process.

5. The HR Team recommends a training package be developed for the DROs which would include modules on dispute resolution, interviewing techniques, and advanced interpersonal skills.

6. To continue to maintain the rigorous quality standards required by the certification process, the HR Team strongly recommend that C&P Service develop a national policy mandating standardized quality reviews of individual Decision Review Officers. The team further recommends that C&P Service develop a method to extract a sampling of cases (similar to the current quality review process) from BDN or VETSNET that are employee specific to be used in conjunction with the performance appraisal process.

7. The HR Team recommends the use of work sampling to assess VBC and VCE skills and knowledge to determine readiness for the GS-10 level.

8. In order to ensure smooth transition of VCEs to the VSR position, the HR Team recommends that all VCEs receive formal training in interviewing techniques and interpersonal skills.

9. Due to the rigidity of the GS system and consistent with the HR Team's philosophy of paying for acquired skills, the HR Team recommends requesting a waiver of time-in-grade requirements and qualifications requirements (as defined by OPM) under OPM's demonstration project authority which would provide VBA with an opportunity to promote employees for their skills/knowledge (as defined by VBA) without the limitations inherent in the GS system.

10. The HR Team recommends that the New York and Detroit Regional Office demonstration project be monitored to validate the progress of the skills-based approach to compensation. If this approach to compensation is successful, the team recommends exportation to other parts of VBA where appropriate.

5. Performance Management And Incentive Awards Systems

5.1 As-Is

Throughout the last twenty years, the performance management and incentive awards systems were linked to one another. Most of the incentive awards money distributed by VBA was tied to its performance appraisal system, a system based on individual performance. The system was developed as a result of national negotiations between VBA and the unions and focused on the accomplishment of individual objectives as the cornerstone of performance appraisal. An employee could receive one of five separate evaluations: unacceptable, minimally successful, fully successful, highly successful, and outstanding. Employees who received evaluations at the outstanding, highly successful, and fully successful levels could receive incentive awards. The money is allotted from Central Office based on a percentage of the RO's payroll for a specific pay period. The money is usually distributed by CO after the appraisal period ended, and every RO receives the same percentage of payroll dollars. ROs often use their own payroll dollars to supplement the money received from Central Office each year.

As the system matured, there were numerous changes in the content and mix of the performance elements, performance standards, and levels of achievement. Some offices added, revised, or deleted various performance standards depending on the local situation and organizational culture. At times, some performance elements were changed from critical to non-critical, and vice versa. Not all of the performance standards were closely linked to organizational measures as established by the business lines or top VBA management. For example, many offices measured individual achievement for productivity and timeliness that often did not directly relate to organizational goals or standards.

At the national level, timeliness goals were traditionally established from the date the claim was received by VBA until the date of the decision. Since there were many hand-offs involved in the overall work process of the traditional RO, individual employees had little or limited control over the total time it took to process a claim. Performance standards were developed to measure the employee's part in the overall process. Under this system, it was not unusual for the sum of the individual parts to exceed the organization's overall timeliness goal. This led to situations in which many employees were performing at the successful, highly successful, and outstanding levels even while a RO may not have been meeting its overall goals for timeliness.

Productivity measures and standards for employees were developed differently from organizational standards. These standards were based on discrete tasks or activities involved in handling claims at various stages of the process. Some of those tasks or activities may or may not have been included in the work rate standards developed to measure organizational productivity. While these approaches helped employees isolate and measure their individual contributions

throughout the various stages of claims processing, the overall accomplishments of the organization as measured by Division or RO performance may have fallen far short of the veteran's or VBA's expectations. These approaches also served to dilute accountability and prevent employees from understanding how the sum of their efforts affected veterans.

Over the last few years, many ROs organized employees into work groups or teams and experimented with group performance and group incentive awards, rather than individual ones. This led to a new set of challenges concerning the value of individual achievement and individual contribution in terms of the share of incentive award money when the team is recognized and rewarded. Some employees believed their contribution deserved a higher percentage or award amount than other team members. Other challenges were created when employees accustomed to receiving award money based upon their performance suddenly found themselves on teams that were not recognized or rewarded.

The most recent Master Agreements changed the way VBA will administer performance appraisals. Beginning on August 1, 1997, employees will no longer receive one of five possible evaluations, but will be advised whether or not they are in "good standing." A pass/fail rating will be given and used as the initial factor in determining basic eligibility for consideration of awards, promotions and other personnel actions. Awards are no longer authorized based solely upon the performance rating. The new Master Agreements stress teamwork and the interdependence of employee contributions. They also state that the accomplishment of group or team objectives will be the cornerstone of performance evaluation. Awards for accomplishments or contributions may be given to individuals, groups, or teams at any time, based upon the value and impact of the work.

The new performance appraisal system emphasizes feedback, continuous communication, employee development, and administrative simplicity. It encourages employee input into group objectives and recognizes overall employee contributions. Most importantly, there is a requirement that each performance appraisal plan support organizational goals, include standard(s) that address customer service, and include only critical elements. At a minimum, performance plans will need to be revised to eliminate all non-critical elements, and focus on results or outcomes that the employee is expected to achieve, and not on the employee's tasks or activities.

Some ROs developed performance standards that include both individual and team measures, while other ROs continue using performance standards that only measure individual performance. Most of these measures include accuracy and timeliness as well as organizational support and cooperation. A large number still include productivity as an individual or group measure. However, some employees are still quite skeptical about being evaluated based upon team measures. They see it as a fairness issue. They do not want to be evaluated on factors beyond their control, be they work processes or the performance of coworkers.

5.2 To-Be

The Government Performance and Results Act (GPRA) incorporates performance measurements as one of its most important features, as they can influence organizational and individual behavior. VBA will need to align its performance appraisal and incentive awards systems with GPRA goals and objectives while it implements BPR. VBA has defined its core GPRA measures as Customer Satisfaction, Timeliness, Accuracy, Employee Satisfaction/ Development, and Cost-per-Claim. These are consistent with the Secretary's priorities for the Department.

By 2002, VBA should have fully developed a strategic planning process and supporting goals and measures. BPR will be the centerpiece used to redesign VBA's work processes and organizational structure. BPR will also be the catalyst used to align our performance management and incentive awards systems to support the new organizational structure and redesigned work processes. These systems also must support the broader goals and objectives of GPRA.

VBA's performance management and incentive awards systems will be the major tools used to accomplish the linkage between BPR and GPRA. VBA will have experimented with a number of performance measures and performance standards throughout the transition period and will have determined which measures or standards best support the linkage between performance measurement and long-term strategic goals. Performance plans will capture the day-to-day activities that are performed by all employees that support and reinforce the connection to long-term strategic goals. Each employee will have a clear line of sight from his/her daily activities and tasks to VBA's organizational goals and program outcomes. VBA employees will understand the key components of customer service and how and why they influence the level of customer satisfaction. Employees will understand that results will be rewarded.

VBA leadership will have worked with employees and their representatives to make fundamental changes to the performance management and incentive awards systems. Those changes will have been implemented from the top down when possible and will demonstrate VBA's total commitment to customer service. Executive performance plans and Senior Executive Service (SES) bonus plans will have been redesigned to lead and serve as an example to both employees and stakeholders.

Performance Management. The new system must be carefully designed if it is to be well aligned with organizational objectives and well understood by employees. The HR Team outlined some characteristics consistent with best practices from other organizations for consideration in the final design. The Team believes that VBA's performance management system should have the following characteristics:

- Performance plans are consistent with GPRA and VBA core values.
- Performance plans, including elements, standards, and measures, are consistent with labor-management agreements.

- Performance plans are closely linked to organizational goals and employees understand the linkages.
- Performance plans promote a clear line of sight between individual and/or team expectations and organizational goals.
- Performance plans are communicated to all employees in a clear and understandable way.
- Performance plans are developed with meaningful input from employees and their representatives.
- Performance plans provide for consistent, constructive feedback to and from all employees, and encourage employee involvement in the development of necessary skills and competencies.

Incentive Awards. The reengineered incentive awards system will build on the priorities and measures set in the performance management system, identify meaningful distinctions in organizational and individual performance, and distribute funds and recognition accordingly. As with the performance management system, the incentive awards system must be aligned at all levels starting from the top, to reinforce accountability and recognize results. Incentive awards funding distribution on an organizational level will reinforce excellence by providing funds for results. The HR Team believes that VBA's incentive awards system should have the following characteristics:

- Incentive awards are used to recognize and motivate employees for their achievements and are no longer linked to their performance rating of record.
- Incentive awards are linked to organizational goals and achievements.
- Incentive awards are given closer in time to the achievements on which they are based.
- Incentive awards may include both individual and group recognition.
- Incentive awards take maximum advantage of all monetary and non-monetary awards options.
- Incentive awards criteria are developed with employee participation, such as those already in place for on-the-spot awards.
- Incentive awards money is funded at sufficient levels and distributed to ROs throughout the Fiscal Year to recognize and reward individual and organizational achievements.
- Incentive awards funding formulas should give larger percentages to high performing ROs.

Figure 5-1 depicts the alignments and linkages of the performance management and incentive awards systems in the fully implemented BPR environment. It also shows the lines of sight between individual and organizational achievement and VBA's long-term strategic goals.

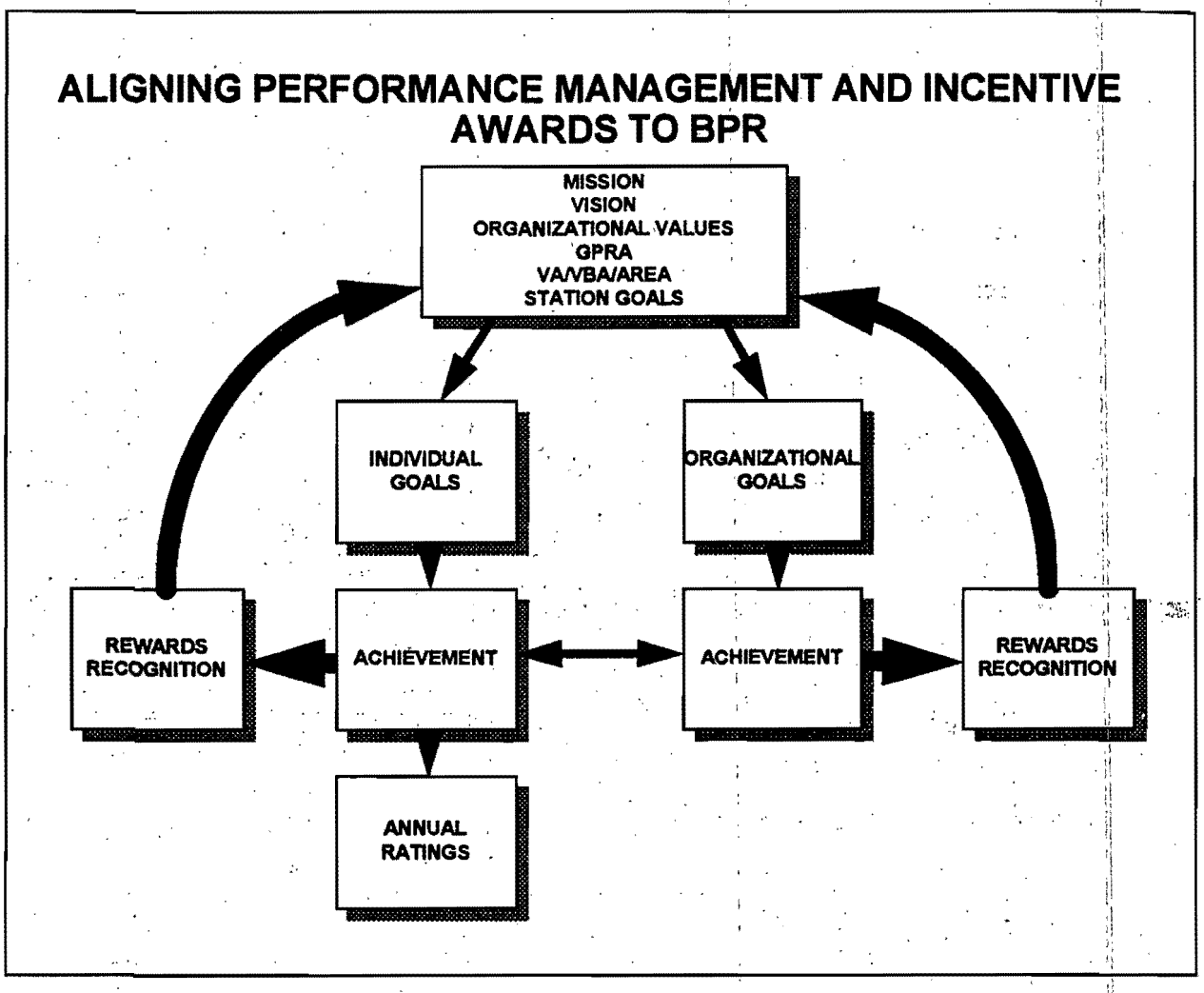

Figure 5-1: Alignments and Linkages of Performance Management and Incentive Awards

5.3 Transition

The primary transition initiative is to design new, workable, effective performance management and incentive awards systems to motivate and recognize achievements that truly serve veterans and help VBA succeed. In many ways, the new Master Agreements provide guidelines and a general framework for these new systems. Nevertheless, *the HR Team recommends that VBA convene a work group as soon as possible*. The group would establish additional guidelines to help ROs identify various ways to develop, motivate, and reward employees. The group should include representatives from labor and management along with an experienced consultant knowledgeable in performance management and incentive awards.

The following areas, in addition to the aforementioned characteristics, should be addressed by the group:

- Determine which performance standards, if any, should be national.
- Compile information on RO innovations in the areas of performance management and incentive awards.
- Develop various options for communication and feedback among employees and supervisors at all levels.
- Consider employee and union concerns about fairness in setting goals and accountability for employees who do not have commensurate control over the claims process.
- Benchmark and identify best practices on effective performance management and incentive awards for executives and employees.
- Consider how to reward ROs and executives for supporting BPR during the transition.

5.4 Summary of Recommendations

1. Create a work group to examine performance management and incentive awards and develop guidelines to support new systems.

2. Consider how to reward ROs and executives for supporting BPR during the transition period. (It is possible that implementing BPR, e.g., merging VSD and Adjudication, may affect organizational performance in the short run. ROs that merge early should not be penalized for implementing BPR, but the system should be flexible enough to reward, if appropriate.)

3. Reengineer budget processes to change when VBA distributes incentive awards money to ROs. Distribute the money at the beginning and/or throughout the Fiscal Year. This change is needed to enable payment of incentive awards closer in time to the achievements.

4. Increase VBA funding levels for incentive awards. A review of best practices in government and private sector organizations should be done to see how VBA's funding levels compare with other organizations.

5. Consider changing incentive awards funding formulas to give larger percentages to the high performing ROs. VBA should distribute funds to ROs based on results rather than equally, as is currently done. We recommend that the formula would set an acceptable base or minimum funding level for each RO with additional funds distributed based on organizational performance.

6. Workforce Management and Planning

6.1 As-Is

ROs will need to change their organizational structure to fully implement BPR. Merging divisions is a prerequisite to transitioning to the BPR environment. The chart below illustrates the progress of mergers in the field. This chart is based on reports provided by station management at the end of February, as well as a series of follow-up phone calls. For purposes of the chart, a station is considered merged if Adjudication and VSD are organizationally and physically merged, and the former VBCs and VCEs have been cross trained and functioning as case managers.

As you can see from the following chart, most stations have made relatively little progress in merging divisions:

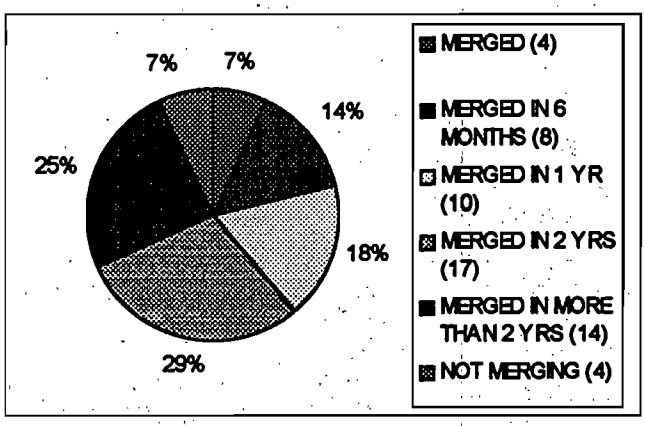

Figure 6-1: Progress of Mergers at VBA Facilities (As of February 1997)

By our count, only four stations (7%) have merged, while eighteen report that they will be merged within one year. This means that 61% of VBA's field stations are not close to merging, with 32% reporting that they will either take more than two years or have no plans to merge. (Note: It is likely that these percentages are overly optimistic since many of the stations we contacted reported more progress than had actually taken place.) While many of these stations have begun blurring the lines between the divisions, they have not yet started the more demanding work required for a full merger.

The stations that have not merged anticipate the following challenges in completing the merger. (Note: "yes" means a station foresees a challenge, while "no" means it does not.)

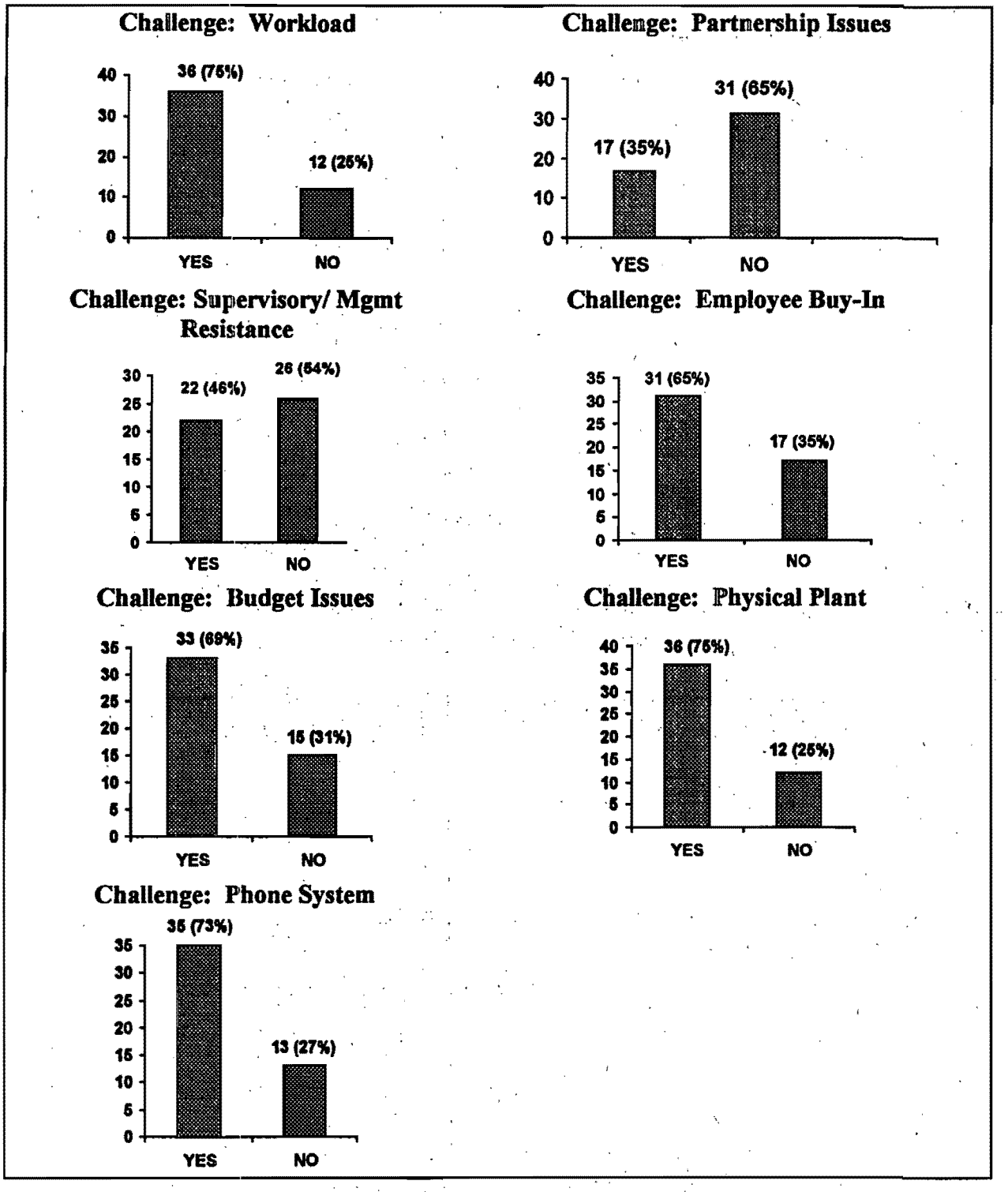

Figure 6-2: Challenges in Completing the Merger

Of all the challenges mentioned, we believe that managing the workload will be key to the success of the mergers. The problem is greatly complicated by the fact that our pending workload is currently rising. For example, since the beginning of fiscal year '97, the total number of C&P cases pending has risen by 19%:

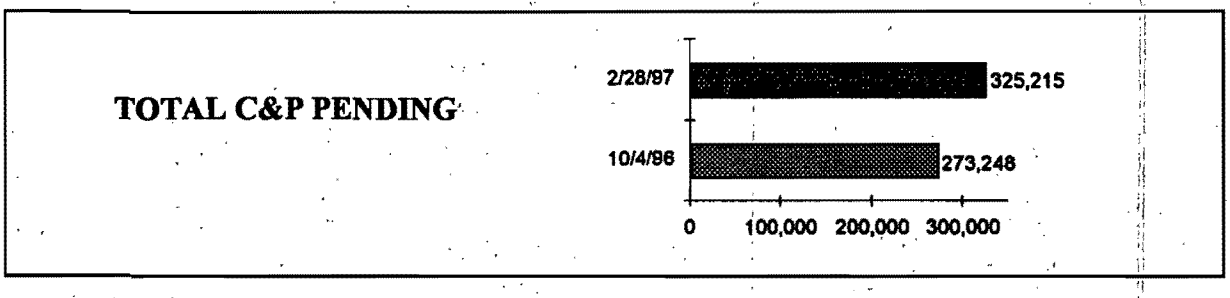

Figure 6-3: Total C&P Pending

Perhaps of even greater concern, our total C&P claims pending over 180 days has risen by 56%:

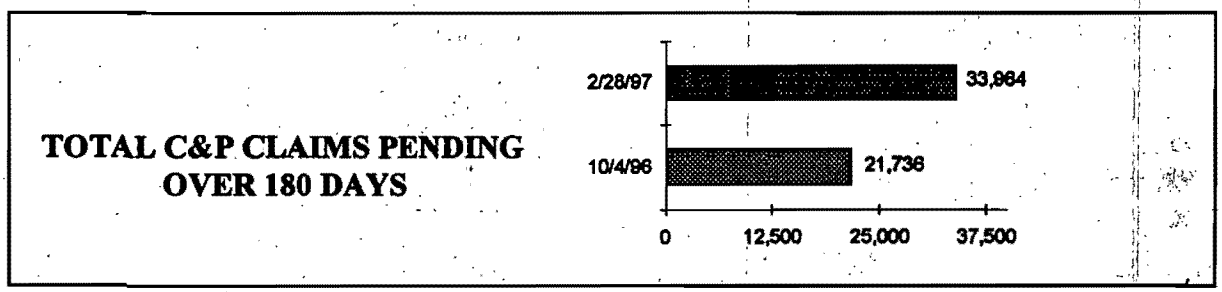

Figure 6-4: Total C&P Claims Pending Over 180 Days

The rise in the pending workload can be explained, in part, by an incoming workload that is 8% higher than the comparable period in FY96 and 7% higher than the comparable period in FY95.

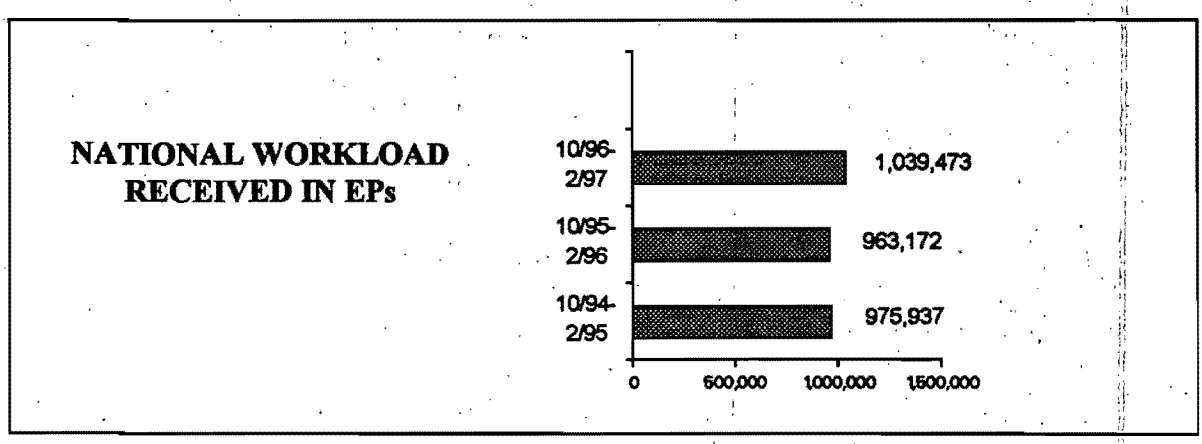

Figure 6-5: National Workload Received in EPs
(NOTE: EPs 095 and 295 were not counted until December 1996)

If we weight the incoming work based on its degree of complexity using VBA's standard base year weights, the increase drops to 6% relative to the comparable periods in FY96 and FY95.

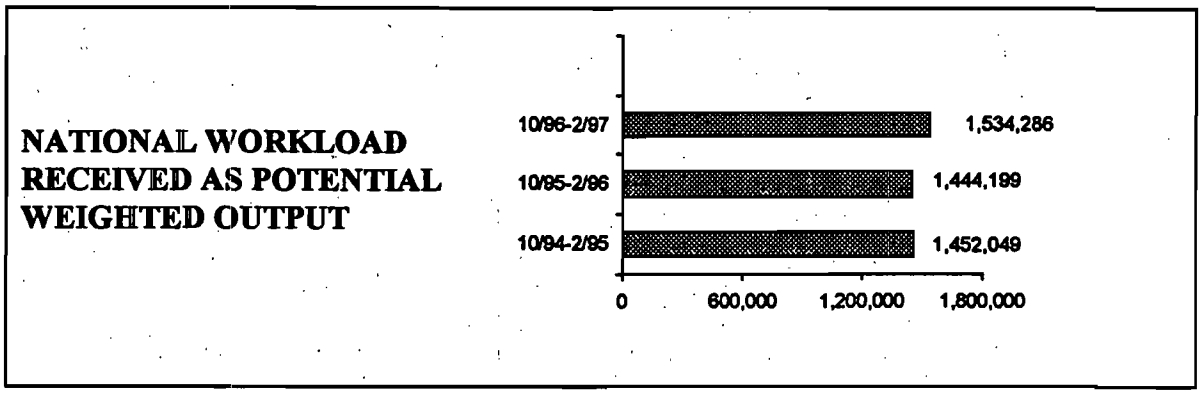

Figure 6-6: National Workload Received as Potential Weighted Output

However, these comparable periods in FY95 and FY96 contain variations in workload due to a variety of factors including CO projects (EPs 690 and 692 in FY95, EP 150 in FY96), EVRs not being mailed every year, etc. If we look at the trend of our incoming weighted workload in our core work (core work is defined as all original claims - EPs 110, 010, 180, 140, 190, 160, 165) plus key reopened work (020 and 120) and key appeals work (172, 070, 174) which is not subject to as much variation, we get a different picture of the trend of our incoming work.

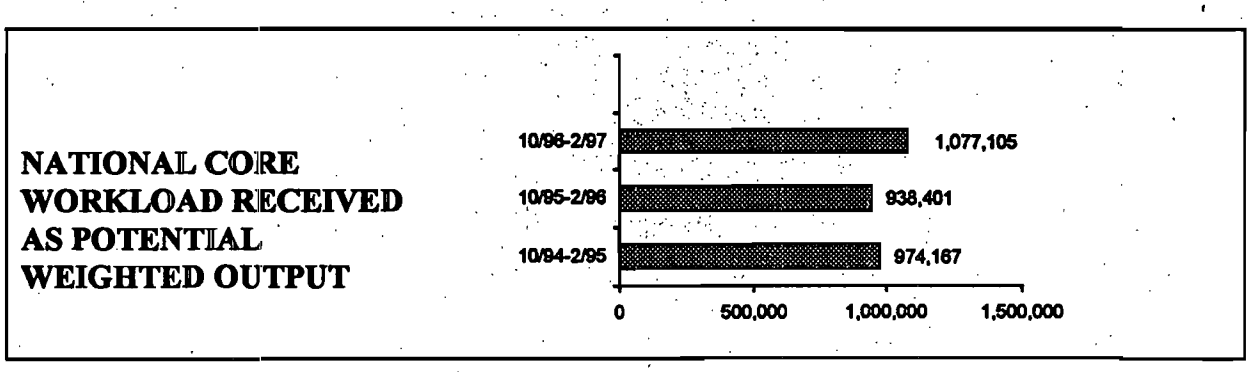

Figure 6-7: National Core Workload Received as Potential Weighted Output

From this perspective, the core workload is up by 15% relative to the comparable period in FY96 and 11% relative to the comparable period in FY95. We believe that this is a better indication of the workload challenge faced by VBA.

While the workload has increased, staffing has declined. The net result can be seen in the following graph which portrays a three-year decline in FTE versus an increase in the incoming core work:

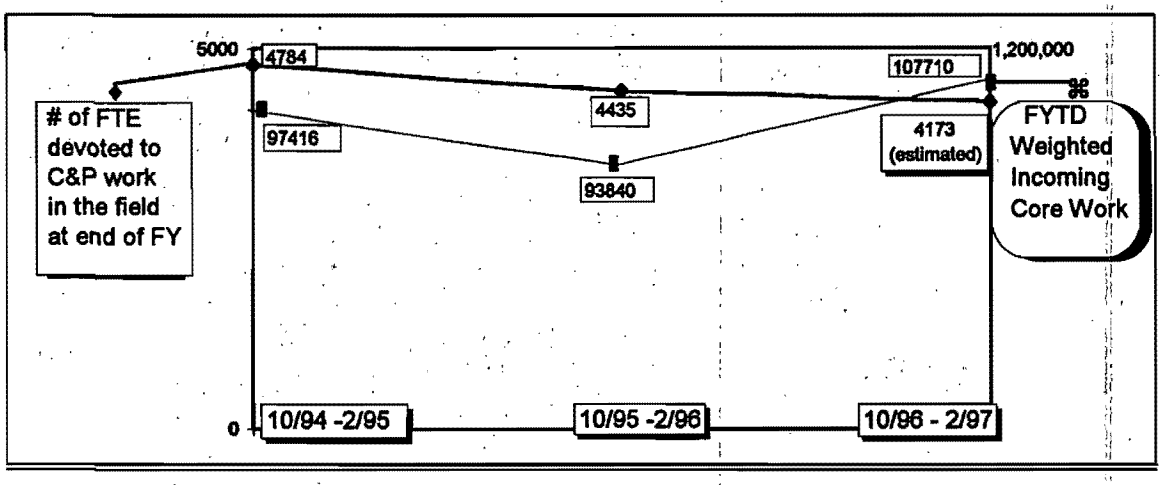

Figure 6-8: FTE versus Incoming Work FYs 95, 96, 97

Clearly, our pending workload has risen in part because of an increase in incoming work at the same time our workforce has reduced in size. Moreover, a significant reduction in overtime funds has also contributed to this situation.

The process of merging not only affects workload and claims processing, but also customer contacts. As shown below, VBA is already experiencing problems in meeting its customer service standards for receiving telephone calls:

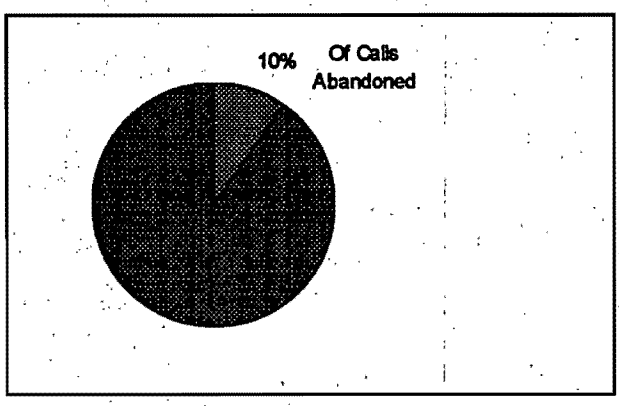

Figure 6-9: VBA Abandoned-Call Rate

Standard: < 10% calls abandoned

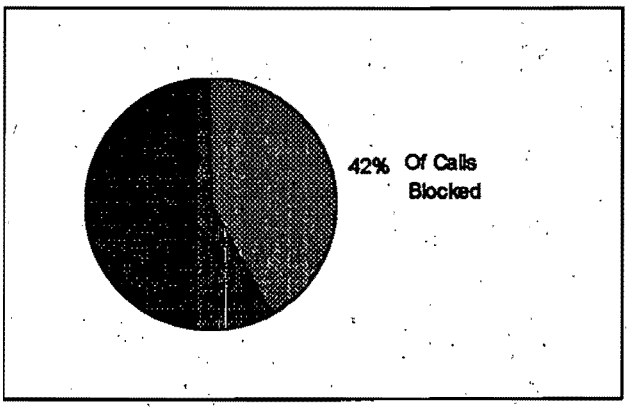

Figure 6-10: VBA Blocked-Call Rate

Standard: < 10% calls blocked

VBA must plan carefully or its performance in this area will deteriorate.

At the same time that our pending workload has increased and phone service has been below standard, a number of stations have become heavily involved in merging divisions. This has resulted in thousands of hours being redirected away from claims processing/customer contact into cross training. Several stations estimate that a minimum of 400 hours of classroom training is required for VBCs to learn the VCE job, while at least 80 hours of classroom training is needed for a VCE to learn the VBC job. (These figures do not take into account on-the-job training.) While estimates vary, with some stations indicating these numbers are far too low, the fact remains that when you multiply these numbers station-wide or VBA-wide, the number of man-hours required to successfully complete 58 mergers will be enormous.

The challenge is even more complex than just described, since the goal is not only to merge divisions, but to transit to three positions by the year 2002 (four if we count program support clerks). Listed below is VBA's staffing profile as of the end of FY96 as well as a flow chart showing how these employees will transit to the "To-Be" positions in FY02:

Position	No. Employees (9/30/96)	Transit To		No. To Be in FY02
VCEs VBCs Senior VCEs	1,083 469 437	Veterans Services Representative (VSR)	→	1,150
Rating Specialist	1,046	RVSR	→	767
Hearing Officer	72	DRO	→	256
Clerks (file, development, program)	896	Program Support Clerk	→	382
Office of the AO	432	Office of the AO	→	400
TOTAL	**4,435**			**2,955**

Table 6-1: VBA's Staffing Profile as of FY96 [3]

NOTE: The number of VBC's available in the As Is and To Be is subject to change based on the resolution of the final functionality of call distribution centers.

In essence, VBA must cross train the above employees as it converts to the "To-Be" state, lose 1480 in the process, and continue to meet its workload demands.

In spite of severe budget cuts, the physical plant and phones must be funded, if we are to physically merge divisions and be able to route calls to their proper location in the new VBA environment.

The fact that 65% of the stations have concerns about employee buy-in is not surprising, since change is always difficult. However, we have heard a number of comments from within VBA suggesting a perception that some high-level individuals have not yet bought-in to merging divisions either. This, coupled with the fact that 46% of the stations report supervisory/ management resistance, indicates that employees are receiving mixed messages. Unless employees are convinced that VBA's top managers strongly support our new direction, it will be difficult to get employees' commitment.

[3] The totals in this chart do not include 144 clerks in VSD, or 600 VBCs who perform non-C&P related tasks, the Field Section, or C&P Service. Additionally, the numbers do not include VSDs in the Field Section or staffing in C&P Service in CO.

35% of the stations report that they expect partnership difficulties while merging divisions. We believe that partnership is one of the key components of the merger process, and those stations who have a strong labor-management relationship will experience the smoothest transition to the new environment.

Fortunately, VBA does not have to reinvent the wheel when it comes to merging divisions. Since 1993, we have developed a great deal of organizational knowledge regarding the best practices for merging divisions. If we take advantage of our internal organizational expertise, and plan the transition as one committed organization, rather than as 58 individual ROs, we have an excellent opportunity to achieve our goals and transform VBA into a world-class organization.

There is one other factor that we must take into account and that is our aging workforce. Listed below are the average age and years of service for our Adjudication and Veterans Assistance workforce:

Personnel Type: Veterans Benefits Counselors

Position Group	Position	Average Age	Average Years of Service
VSD	VSD - clerk	45.95	14.18
	VSD - contact rep	47.96	19.03
	VSD - other	45.55	19.15
	Group Summary	***47.38***	***18.80***

Personnel Type: Adjudication

Position Group	Position	Average Age	Average Years of Service
Central Office	C&P Services	48.97	23.87
Clerk	AO Clerk	45.82	17.05
	Development Clerk	45.75	16.24
	File Clerk	41.46	10.47
	Program Clerk	43.56	13.63
Management	Adj Off/Asst	50.62	27.17
	Sect/Unit Chief	49.23	25.16
Other	Dictation/Transcript	46.98	11.88
	Non-C&P	49.32	21.42
	Other-Authorization	45.70	16.20
	Other -Office of AO	45.23	14.49
	Other - Rating Board	40.67	10.24
Rating Staff	Hearing Officer	50.06	25.63
	Rating Board - Legal	48.03	23.13
	Rating Board - Medical	68.69	13.75
	Rating Board - Trainee	42.71	14.89
VCE	Sr VCE	44.54	18.41
	VCE	42.71	14.64
	VCE - Trainee	38.98	9.73
	Group Summary	***45.39***	***17.58***
	Summary	**45.91**	**17.83**

Table 6-2: Average Age and Years of Service as of 9/30/96

As you can see, VBA's workforce is aging with many employees becoming eligible to retire within a few years. Moreover, the workforce will be shrinking at the same time it will be losing its most experienced people to retirement. VBA needs to ensure that it will be able to replenish these vital skills and experience, while retaining its institutional memory. It also needs to find a way to periodically bring in "new blood" in order to provide for new ideas and fresh perspectives. See Appendix C-1 for additional discussion of the characteristics of the workforce in the year 2000 and beyond.

6.2 To-Be

For the year 2002, we will have successfully transitioned to the BPR environment. The current positions (VCEs, VBCs, rating specialists, clerks, etc.) will be replaced by the new positions described earlier. The level of service will have improved significantly and VBA will be recognized as a world-class organization.

6.3 Transition

During the transition, we should take advantage of all the organizational expertise that we have developed on merging. To this end, we contacted all the stations that have either merged divisions or are close to merging divisions, and have put together a list of tips for merging (Appendix E).

We recommend that this list be provided to all stations. Since it would be impractical to expect stations to hire consultants to help them plan the merger, we have also put together a list of internal consultants (Appendix F) who could assist other stations in merging. *We recommend that each station be provided with the list of consultants and consider using one or more of them in their merger efforts.*

As discussed earlier, VBA must ensure the total commitment of its managers. By this we mean that all managers must understand and fully support VBA's long-term goals. We believe that VBA's goals are much broader than simply merging divisions. We think that the true goal is to transform our organization from one that processes claims using an assembly line approach and collaterally answers questions, to one that provides proactive world-class service to veterans. To ensure buy-in, we must continue to educate our employees. While the conference in Annapolis, Maryland, was an excellent first step, we must continue to educate our leaders/managers on the benefits of BPR, as well as on how to best implement its components. To this end, *we recommend that a day be set aside at the next Director's Conference where information can be shared regarding the best practices for merging divisions and preparing the ROs for the VBA of the future.*

Even if we develop a foundation of commitment and support, VBA's challenges and constraints will be formidable. Therefore, in order to prepare for the future, while meeting our present workload requirements, we must set up central points to support and facilitate the mergers. *We recommend that the four Area Offices be designated as the responsible agent*

within VBA to oversee these efforts. We also recommend that a clearinghouse be established to ensure that the mergers are constantly being reviewed and information is being shared.

The Area Offices need to review the plans of the individual stations and then develop an overall area-wide plan. The area plans should address the concerns identified in the "as-is" section, particularly the workload needs and funding requirements. They should also address the phone configuration, including how each station's phone system will fit into our transition to Call Centers.

As a first step, each area plan should ensure that every station is prepared at all organizational levels for change. Employees must understand why the change is taking place, how it will improve service to veterans, and what the ramifications are for them. (Preferably, each station plan should include visits to and/or from another station that has merged.) If employees are given information early enough in the process, they will know what's coming and be able to plan accordingly. At the same time, management needs to involve their Union partners early and often as our partners can make the experience more positive for everyone. Since we are all part of a shrinking organization, both management and our partners will need to be flexible during the process.

The area plans should provide for phased mergers; otherwise, our pending workload/customer contacts will quickly go out of control. As discussed earlier, the amount of time devoted to planning, preparing the organization for change, cross training, and logistics is enormous. As an illustration, listed below is the approximate amount of classroom training (400 hours for VBCs and 80 hours for VCEs) that would be diverted away from claims processing/customer contact during the next three years, assuming one third of the stations were to merge each year (as opposed to the estimated timeframes reported by individual stations in the survey):

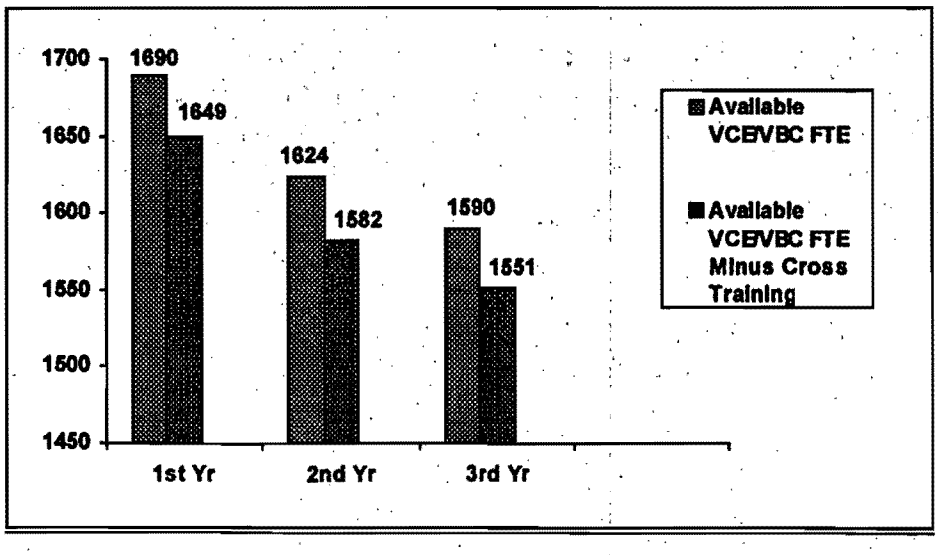

Figure 6-11: Impact of Cross Training VCEs/VBCs

While the above chart indicates that approximately 40 FTE would be lost per year, it only shows the time devoted to classroom training. (As discussed earlier, these numbers may be conservative.) If we then factor in time for preparing the organization for change, planning, logistics, on-the-job training, etc., the time unavailable to serve veterans is likely to rise significantly.

Another issue that is crucial to a smooth transition is training. Virtually every station that we visited which has merged or is close to merging, indicated that their training was inadequate. While the Central Area Training package was considered to be a good overview, it was not intended to be a complete training package and did not include the requisite case-specific training to enable former VBCs to learn how to process claims. *As an interim measure, we recommend that a training package be immediately developed which will supplement the Central Area training package.*

The HR Team also recommends that VBA consider employing on a temporary/ contractual basis, retirees who have recognized quality experience in adjudication/rating who can assist in the cross training efforts. Because many recent retirees separated with a voluntary separate incentive payment (buyout), they are precluded from reentering Federal employment for a five-year period without first repaying the buyout amount. Much of VBA's institutional knowledge and technical expertise cannot be accessed because of this restriction. The HR Team recommends that VBA request a waiver of this reemployment condition for the specific and time-limited purpose of retraining staff as we transition to the BPR environment.

Due to the complexity of merging so many stations, as well as the potential impact on workload, we believe that each area's merger plan could practically proceed as follows:

AREA X

Stations That Completed Merger→	1st Year Stations That Complete Merger→	2nd Year Stations That Complete Merger→	3rd Year Stations That Complete Merger
Station#1 (already merged)	Station#2 (m/b #1)	Station#6 (m/b #2)	Station#10 (m/b #6)
	Station#3 (m/b #1)	Station#7 (m/b #3)	Station#11 (m/b #7)
	Station#4 (m/b #1)	Station#8 (m/b #4)	Station#12 (m/b #8)
	Station#5 (m/b #1)	Station#9 (m/b #5)	Station #13 (m/b #9)

Figure 6-12: Area Merger Plan Procedure
(m/b= mentored by station)

NOTES:

1) Station #1 serves as master mentor throughout the process.

2) The year in which a station completes its merger is the year when the bulk of the cross training is completed. Other elements such as planning, preparing the organization for change, etc., should occur earlier.

3) As much cross training as possible should occur before normal phone business hours to enable the RO to meet its customer contact demands.

4) Stations who are undergoing mergers have the option of brokering work to stations who have completed mergers or whose mergers will occur later. This includes redirecting phone calls during periods of intensive training.

5) Funding should be budgeted each year by station to cover phone costs, physical plant changes, etc.

The above plan should go a long way to ensuring a relatively smooth transition. However, workload fluctuations, staffing imbalances, natural disasters, etc., are bound to occur. As a result, it is essential that the Areas secure a sufficient amount of overtime through FY99 and beyond to provide them with the needed flexibility to manage the workload throughout the transition.

Assuming that all of the above proceeds smoothly, we still must transition 4435 employees into 2955 positions by the year 2002. Accordingly, let's examine the impact of attrition on our key positions through FY02. Note that these projections are VBA-wide and variations from the projections are likely on a station-by-station basis.

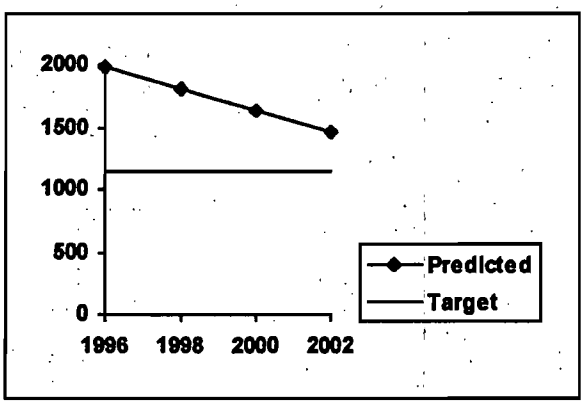

Figure 6-13: Attrition Rate of Current VCEs/VBCs versus "Target" Staffing Level - Veterans Service Representatives (VSRs)

** These figures only include VBCs currently involved in C&P related tasks.*

All - 9/30/96	Target	Predicted Profile	Excess/Shortage
1,989	1,150	1,465	315 (excess)

1,989 VCEs/VBCs are projected to transition into 1,150 positions. Factoring in historical attrition rates and projecting future retirements, we can expect to have an excess of 315 employees.

Listed below is the projected attrition rate for current rating specialists who are expected to transition to RVSRs:

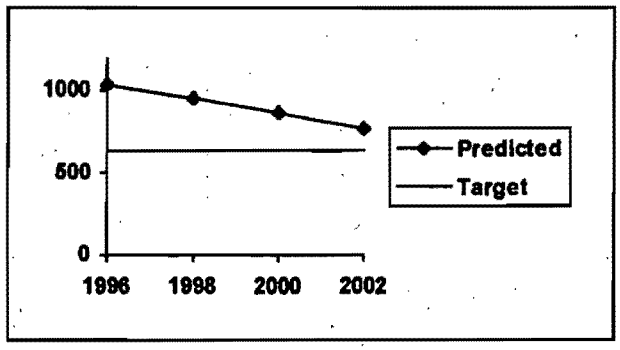

Figure 6-14: Attrition Rate of Current Rating Specialist versus "Target" Staffing Level: Rating Veterans Service Representatives (RVSRs)

All-9/30/96	Target	Predicted Profile	Excess/Shortage
1,046	767	775	8 (excess)

1,046 Rating Specialists are projected to transition into 775 positions. Factoring in historical attrition rates and projecting future retirements, we can expect to have an excess of 8 employees.

Listed below is the projected attrition rate for current Hearing Officers who are expected to transition to DROs:

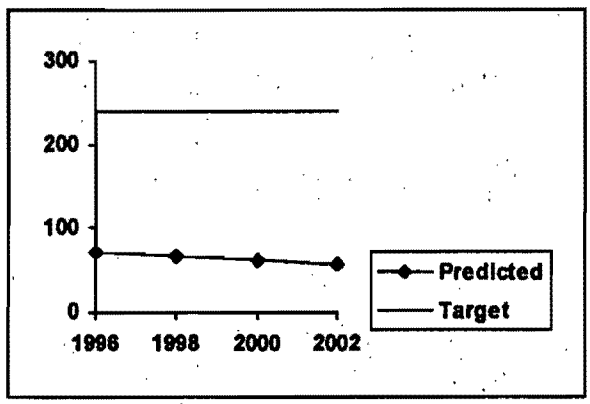

Figure 6-15: Attrition Rate of Current Hearing Officers versus "Target" Staffing Level - DROs

All - 9/30/96	Target	Predicted Profile	Excess/Shortage
72	256	58	-198 (shortage)

72 Hearing Officers are projected to transition into 241 positions. Due to the obvious shortage and factoring in attrition, it is clear that VBA will need to staff up in this category.

Listed below is the projected attrition rate for all clerical positions:

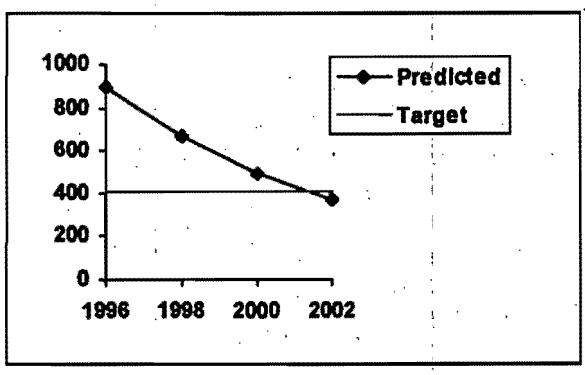

Figure 6-16: Attrition Rate of All Clerks versus "Target" Staffing Level - Program Support Clerks

All Clerks - 9/30/96	Target	Predicted Profile	Excess/Shortage
896	382	372	-10 (shortage)

896 Clerks are projected to transition into 382 positions. Factoring in historical attrition rates and projecting future retirements, we can expect to have a shortage of 10 employees.

Listed below is the projected attrition rate for the Office of the Adjudication Officer:

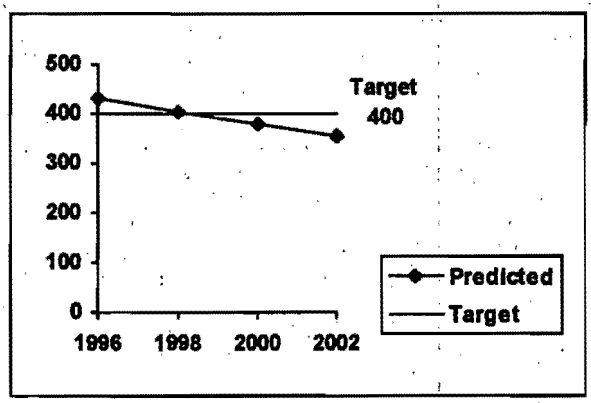

Figure 6-17: Attrition Rate of Office of the AO versus "Target" Staffing Level - Office of the AO

All 9/30/96	Target	Predicted Profile	Excess/Shortage
432	400	355	-45 (shortage)

Listed below is a summary of the above projections:

POSITION	TARGET	PREDICTED PROFILE	EXCESS/SHORTAGE
VSR	1150	1465	315
RVSR	767	775	8
DRO	256	58	-198
CLERKS	382	372	-10
OFFICE OF AO	400	355	-45
TOTAL	2955	3025	70 (excess)

Table 6-3: Summary of Attrition Projections

Projecting attrition alone, VBA will have about 70 excess employees. Obviously, the individual excesses/shortages will be reduced/eliminated as people are promoted into shortage categories (e.g., RVSRs will be promoted to DROs thus creating openings for RVSRs, VSRs will be promoted to RVSRs, thus reducing the number of excess VSRs, etc.) However, given the fact that we are projecting that about 2% of the employees will be excess, and recognizing that every station does not experience attrition uniformly, meaning that some stations will have a disproportionate number of excess employees, it is possible that small reduction-in-force actions may be required. However, many of these actions can be avoided if we move excess employees to different locations within VBA such as Loan Servicing Centers, Call Centers, other divisions, etc.

It should be understood that the above projections do not take into account the positions in C&P Service, 144 excess Clerks in VSD, and the consolidations in Loan Guaranty and Insurance (168 employees affected), Finance, and HRM. While some of those excess employees will leave VBA over the next few years, limited staffing flexibility in the C&P business line will make it difficult to place many of these individuals in positions in this business line.

Unfortunately, the above projections indicate that VBA will have little opportunity to bring in the "new blood" it clearly requires.

6.4 Key Employee Issues During Transition

Our employees will ultimately implement and achieve the successes of BPR. Maintaining faith with employees and maintaining trust with veterans must be the highest priority.

We must first acknowledge that the changes envisioned by the BPR are both sweeping and radical. A 25-year employee of VBA may see his /her entire job abolished. While the employee's new job may provide the opportunity for advancement, new skills, and challenges, management must be mindful that the job the individual was hired to do and has done with success for 25 years will be gone.

Providing support for employees is essential to successful implementation of any change. Assurance that these changes will occur, that they are well considered and that employees will be supported throughout the change will help ensure a smooth transition for our employees.

As employees transition to new positions, maximum flexibility must be allowed in training, levels of achievement, and time allowed for completion of training. An employee must feel the change and training are focused on achieving new goals, rather than eliminating employees.

As discussed earlier, *we recommend that a group similar to the HR Team monitor the impact of BPR on our employees throughout the transition.* The group would be charged with monitoring national trends to ensure that we are taking every reasonable action (e.g., setting hiring and reassignment policies, following the Career Transition Assistance Programs if necessary, etc.) to protect VBA's most valuable asset, its employees.

Obviously, intervening circumstances such as reduced funding or personnel ceilings may affect the ability of VBA to protect its employees. However, absent such occurrences, an aggressive program as described above will ensure employee buy-in, Union assistance in the transition, and demonstrate that we are an organization dedicated to caring for its employees.

Another challenge faced by VBA is that of upward mobility. The impact of Business Process Reengineering will increase that level of challenge, since many employees in the Adjudication and Veterans Services Divisions presently hold positions which are not part of the table of organization projected after the year 2002.

During the period of 1998-2002, approximately 23% of our employees will be eligible for retirement. As discussed earlier, even assuming all employees eligible for retirement do retire and assuming turnover rates continue as projected, there will be minimal opportunities to hire. Accordingly, we will have to look inward to help replenish our dwindling staff through an effective upward mobility program. Besides providing a supply of future VSRs, such a program will also enable VBA to maintain diversity in a shrinking workforce. This is essential, particularly when a substantial number of employee reductions are in the clerical area, traditionally an entry level for many employees and an additional source for our cultural and racial diversity. Our challenge is to develop the skills and abilities of these employees so that a significant number of them can move up within VBA and replace the employees who will be leaving in the next few years.

Collaborative efforts with schools having different academic and vocational programs will support this objective. For example, many years ago the Chicago RO, working with La Salle Extension University, tailored a correspondence course titled, "Law for Adjudicators," which provided basic information and training in administrative law. More recently, several offices have partnered with local colleges to help improve the basic reading, writing, and mathematical skills of employees. The net effect of the above approach is to develop part of VBA's next generation of decision-making employees.

In order to implement the above concepts, we recommend that VBA:

Develop a plan by area or nationally to allow sharing of opportunities for excess personnel at different facilities. Qualified excess personnel at one facility should be given the opportunity to compete for positions at another facility before external candidates are considered.

Establish a formal upward mobility program at each station in consultation with our Union partners, by allowing employees to designate themselves as willing to participate in programs for self improvement.

Establish an employee tuition reimbursement plan (subject to availability of funds). This increases the number of employees who can obtain higher education that is reasonably related to present and anticipated job needs. This is also consistent with a Career Transition Assistance Plan (CTAP) and other programs which would allow employees to transfer to other agencies or private industry should they prefer.

6.5 Conclusion

As VBA's BPR plan is implemented, we can expect significant improvements in performance. However, since the world will inevitably change, VBA will need to evolve. We must continually review our human resource management systems as our work processes, and technical, structural, decision making, and information management systems change. Moreover, we will eventually reach the point where our retirement rate will bring us below ceiling and we must then aggressively bring in "new blood."

World-class organizations constantly improve in order to stay ahead of the curve. If VBA can integrate this philosophy into its culture, we can build a great organization and maintain this greatness for years to come.

6.6 Summary Of Recommendations

1. We recommend that the attached list of "tips" on merging be provided to all stations.

2. We recommend that each station be provided with the attached list of consultants and consider using one or more of them in their merger efforts.

3. We recommend that a day be set aside at the next Director's Conference where information can be shared about the best practices for merging divisions and preparing the ROs for the VBA of the future.

4. We recommend that the four Area Offices be designated as the points within VBA to oversee the merger efforts.

5. We recommend that a clearinghouse be established to ensure that the mergers are constantly reviewed and information is shared.

6. As an interim measure, we recommend that a VSR training package be developed which will supplement the Central Area training package.

7. We recommend that VBA pursue a waiver of buyout provisions to allow employment of retires for the specific and time-limited purpose of cross training staff.

8. We recommend that a group similar to the HR Team monitor the impact of BPR throughout the transition.

9. We recommend developing a plan by area or nationally to allow sharing of opportunities for excess personnel at different facilities. Qualified excess employees at one facility should be given the opportunity for positions at another facility before external candidates are considered.

10. We recommend establishing a formal upward mobility program at each station in consultation with our Union partners, by allowing employees to designate themselves as willing to participate in programs for self-improvement.

11. We recommend establishing an employee tuition reimbursement plan. This increases the number of employees who can obtain higher education that is reasonably related to present and anticipated job needs. This is also consistent with Career Transition Assistance Plan (CTAP) and other programs to allow employees to transfer to other agencies or private industry should they prefer.

7. Conclusion

Implementing the human resource component of BPR will be an enormous challenge for VBA. It will require unprecedented organizational commitment, skillful planning, and the support of our partners and stakeholders. It will also require a high degree of flexibility and creativity as unexpected difficulties are bound to occur throughout the transition period.

The recommendations contained in this report provide a good foundation for reaching our goal. However, much remains to be done. Additional committees will need to be formed; waivers will have to be submitted to OPM; new policies will need to be issued; and detailed merger plans will have to be drafted.

The work of the Board of Directors for Training and the C&P Operations and Employee Development and Training staffs are crucial since high quality short-term and long-term training plans must be developed and implemented according to schedule. If we are unable to provide this support in a timely manner, it will be extremely difficult for us to successfully transition our organization to the new environment.

The HR Team is confident that VBA will develop a comprehensive plan for achieving its vision. Our challenge is to work together with our partners and stakeholders as one-VA, to implement this plan. If we are up to the task, we will build an organization that is truly world-class. We are excited about the future and look forward to the coming years.