



Veterans Benefits Administration

Quality Assurance Program (Millennium Act)

VBA maintains a national quality assurance program independent of the field stations responsible for processing claims and delivering benefits. The following information about our programs—including compensation and

pension, education, vocational rehabilitation and employment, housing, and insurance—is provided in accordance with title 38, section 7734.

Cases Reviewed and Employees Assigned by Program		
	Cases Reviewed	Employees Assigned
Compensation and Pension (C&P) (STAR Accuracy Reviews)	19,603	31
Education	1,587	4
Vocational Rehabilitation and Employment	6,146	8
Loan Guaranty (Housing)	1,211	5
Insurance	11,040	4

VBA administers a multi-faceted quality assurance program in an effort to ensure compensation and pension benefits are provided in a timely, accurate, and consistent manner. This comprehensive program includes four tiers. The first tier consists of the established accuracy measures of the quality products within the compensation and pension benefits processing arena. The Systematic Technical Accuracy Review (STAR) program measures accuracy of claims processing decisions made in all regional offices. Monthly quality reviews of VHA examination requests and reports accuracy are conducted in collaboration with the Compensation and Pension Examination Program (CPEP) office.

The second tier of the C&P quality assurance program consists of regional office compliance oversight visits conducted by central office site survey teams. In addition to these regional office visits, the Office of Field Operations also performs regular oversight reviews.

The third tier of the national quality assurance program consists of special ad-hoc reviews. The quality assurance staff completes special focused reviews as needed in support of the agency mission and needs. These reviews are generally

one-time case or examination reviews conducted for a specified purpose.

VBA added a fourth tier to its national quality assurance program by establishing a rating consistency review program in FY 2008. This review assesses recently completed rating decisions across all regional offices, identifies the disabilities by diagnostic code rated most often, and plots both the grant/denial rate and evaluation mode assigned across all regional offices. Stations that fall outside of two standard deviations are considered statistical outliers. Focused case reviews are conducted by the C&P quality review staff on a random sampling of cases completed by identified outliers to determine root causes of inconsistency. This consistency review methodology was piloted in FY 2007.

Summary of Findings and Trends – Compensation and Pension (C&P)

STAR accuracy reports are based on the month that a case was completed, not when reviewed. Cases are submitted for review no later than the end of the following month.



The STAR system includes review of work in three areas: claims that usually require a rating decision, authorization work (claims that generally do not require a rating decision), and fiduciary work.

Reviews of rating-related decisions and authorization-related actions have a specific focus:

- The benefit entitlement review ensures all issues were addressed, claims assistance was provided (under the Veterans Claims Assistance Act), and the resulting decision

was correct, including effective dates. Accuracy performance measures are calculated based on the results of the benefit entitlement review.

- The decision documentation/notification review ensures adequate and correct decision documentation and proper decision notification.

Results for C&P rating and Pension Management Center reviews for the 12-month period ending June 30, 2008, are as follows:

	Rating Reviews		Authorization Reviews		Pension Management Center Reviews	
	Reviewed	Accuracy	Reviewed	Accuracy	Reviewed	Accuracy
Benefit Entitlement	9,260	87%	6,326	94%	395	97%
Decision Documentation & Notification	9,260	90%	6,326	92%	395	92%

The fiduciary work review focuses on the appointment of fiduciaries, the content of field examinations, and the accountings by fiduciaries. The fiduciary review through June 2008 was based on 3,622 cases with an accuracy rate of 82 percent. Most of the errors were found in the area of protection. "Protection" includes oversight of the fiduciary/beneficiary arrangement, analysis of accounting, adequacy of protective measures for the residual estate, and any measures taken to ensure that VA funds are used for the welfare and needs of the beneficiary and recognized dependents. If any of the individual components is in error, the entire case is in error.

Actions Taken to Improve Quality – Compensation and Pension

Regional offices are required to certify corrective actions taken quarterly for errors documented by STAR. Reports on the corrective actions are submitted to VBA Headquarters, where they are reviewed to

determine the adequacy of such actions. Reliability of the reports is monitored during cyclical management site visits. Area offices continue to provide oversight for regional offices, directing the development and implementation of wellness plans as needs arise.

The fiduciary STAR team uses a philosophy of consistency in review and a policy of assigning a dedicated STAR reviewer to specific field stations. Common STAR error findings are used for discussion and training during scheduled site visits and as agenda items for quarterly fiduciary program teleconference calls.

Training remains a priority and is conducted using a variety of mediums including satellite broadcasts, training letters, and computer-assisted training. As part of our ongoing quality improvement effort to provide timely feedback, the C&P quality review staff began conducting monthly quality calls in March 2008 to discuss STAR error trends with regional office staff. C&P Training and STAR staffs collaborate on



training based on error trend analysis. Particular effort is made to ensure high-quality centralized training for new Veterans Service Representatives (VSRs) and Rating Veterans Service Representatives (RVSRs). VBA implemented national individual performance review plans with standardized review categories, sample size, and performance standards for all VSRs and RVSRs.

VBA continues to work closely with VHA to improve the quality of examination requests and reports. Efforts include measuring request and report accuracy, developing CD-ROM and Web-based training materials, and sponsoring quality improvement training sessions for key medical center and regional office staff. The STAR staff, out-based/hospital liaison RVSRs, and C&P Examination Program employees perform examination quality reviews. Another collaborative VBA/VHA initiative in the examination improvement process is the creation of standardized computerized templates for all 57 VBA examination worksheets. Improvements continue to be made in these templates to enhance usability and report generation.

Summary of Findings and Trends – Education

Education Service reviewed 1,587 cases in FY 2008. From 2007 to 2008, payment accuracy improved from 94.8 to 95.9 percent. Errors in determining the correct date for reduction or termination of payment were 22.9 percent of all payment errors. Errors in determining training time (part or full time) were 17.1 percent, and incorrect payment for intervals

between terms constituted 17.1 percent. These three causes accounted for 57.1 percent of all payment errors for the FYTD in 2008, slightly more than the 53.3 percent of payment errors that they constituted in 2007.

Actions Taken to Improve Quality – Education

As in previous years, the 2008 quarterly quality results identified error trends and causes. Errors in the areas identified then became topics for refresher training in regional processing offices. In addition, annual appraisal and assistance visits provided recommendations for improving specific quality areas.

Education Service is continuing to develop standardized training and certification for employees. The project is expected to have a significant impact in raising quality scores and maintaining them at high levels as the initiative is fully implemented over the next few years.

Summary of Findings and Trends – Vocational Rehabilitation and Employment (VR&E)

VR&E completed quality assurance (QA) reviews on 6,146 cases in 2008. The national QA reviews were conducted over a 12-month period, with each regional office reviewed twice during the fiscal year. The goal was to review at least 80 cases from each regional office.

Two reviews were added during this fiscal year: the Independent Living case reviews and the Maximum Rehabilitation Gain reviews.

Accuracy Elements	Target Score 2008	Actual Score 2008
Accuracy of Entitlement Determinations	96%	98%
Accuracy of Evaluation, Planning, and Rehabilitation Services	87%	82%
Accuracy of Fiscal Decisions	94%	87%
Accuracy of Outcome Decisions	92%	96%



In addition to review of cases from each regional office, the QA & Field Survey Team conducted site visits of 13 regional offices in 2008.

Actions Taken to Improve Quality – Vocational Rehabilitation and Employment

The VR&E accuracy scores met or exceeded the target scores for FY 2007 in the following two elements: Accuracy of Entitlement Decisions and Accuracy of Outcome Decisions. These scores are attributed to the following initiatives implemented over the last 3 years:

- Each regional office conducts a review of 10 percent of its caseload each year. This ensures consistency in the QA review process and office procedures.
- The QA review results for national and local reviews are available on the VA Intranet Web site. This information enables regional offices to assess individual quality and to identify training needs.
- The QA Review Team currently works with the Training Team to provide trend data and develop training that clarifies administration of VR&E benefits.

Although the VR&E program is not meeting current targets for Accuracy of Fiscal Decisions and Accuracy of Evaluation, Planning, and Rehabilitation Services, trends for both measures show improvement. Current initiatives to improve performance in these areas include targeted development of quality standards of practice, implementation of policy clarifying service requirements, development of automated job aids, and extensive training for new and experienced counselors.

Summary of Findings and Trends – Loan Guaranty (Housing)

The Loan Guaranty housing program reviewed 10,344 cases under its statistical quality control program during 2008. The defect rate equaled less than 1 percent, with the current national

accuracy index being 99 percent. This is an improvement from 2007.

The housing quality assurance program includes elements beyond the review of cases. The VBA Lender Monitoring Unit performed 45 on-site audits and 36 in-house audits of lenders participating in VA's home loan program. VA audits of lenders during 2008 amounted to approximately \$5,760,000 in liability avoidance via indemnification agreements. VA has also collected \$1,171,922 in 2008 as a result of having indemnification agreements in place.

The Portfolio Loan Oversight Unit (PLOU) conducts two types of reviews: in-house and on-site. PLOU reviewed 94 billing invoices and completed 3,721 associated invoice reviews of the portfolio services contractor, as well as 7,276 non-invoice reviews related to contract compliance. Additionally, PLOU conducted research and tracking on funds due the Department based on monies flowing through the Department of Justice to VA. The amount traced and recovered for VA in 2008 is \$565,458.

Loan Guaranty staff conducted 7 on-site reviews of VA Regional Loan Centers and an on-site review of the Winston-Salem Eligibility Center. On-site reviews are conducted by VA Quality Control Staff.

In 2008 the reviews by Loan Management/PLOU recovered excessive contractor charges in the amount of \$2,409,187. PLOU also discovered approximately \$17,909 of potentially recoverable amounts from GI lenders in connection with title issues. Additionally, PLOU researched and provided legal descriptions to the Countrywide Home Loans tax unit on 1,338 Real Estate Owned properties.



Actions Taken to Improve Quality – Loan Guaranty (Housing)

The Loan Guaranty Service disseminates the results of statistical quality control (SQC) reviews to field offices on a monthly basis. The Service prepares and releases trend reports that identify negative trends and action items found during surveys. The reports are published to assist field personnel in identifying frequent problems facing loan guaranty management. Additionally, summaries of best practices employed by individual field stations are disseminated to all field stations with loan guaranty activity.

National training is provided to enhance the quality of service provided to veterans and to increase lender compliance with VA policies. Lenders who significantly fail to comply with policies are either required to enter into indemnification agreements with VA or immediately repay the agency for its losses.

The property management services contract with Ocwen terminated on July 24, 2008. In July 2008, VA awarded a new performance-based property management services contract to Countrywide Home Loans (CHL), a wholly-owned subsidiary of Bank of America (BOA). Under this new contract, CHL manages and sells all VA-acquired properties as a result of foreclosure or termination of GI and portfolio loans. The Property Management Oversight Unit (PMOU) monitors the management and marketing of the properties by CHL. These assets are currently worth approximately \$753 million. The PMOU monitors CHL's performance by inspecting properties nationwide to ensure compliance with the contract requirements and performs on-site case reviews at CHL's operations center on a quarterly basis. The PMOU is also responsible for reviewing and certifying all payments made to CHL, including reimbursement of expenses for the management and sale of acquired properties. This requires quality assurance checks to ensure that CHL is entitled to the claimed reimbursement.

Summary of Findings and Trends – Insurance

The Insurance program's principal quality assurance tool is the SQC review. It assesses the ongoing quality and timeliness of work products by reviewing a random sample of completed or pending work products. These work products are generally grouped into two broad categories based on the operating divisions in which they are performed – Policyholders Services or Insurance Claims Divisions.

Policyholders Services, whose work products deal with the maintenance of active insurance policies, had an overall accuracy rate of 95.6 percent for 2008. Work products included correspondence, applications, disbursements, record maintenance, refunds, and telephone inquiries. Insurance Claims Division is responsible for the payment of death and disability awards, the issuance of new life insurance policies, and the processing of beneficiary designations. The accuracy rate for Insurance Claims work products was 99.4 percent. Work products included death claims, awards maintenance, beneficiary designation changes, disability claims, and medical reinstatement applications. In total, the accuracy rate for all 2008 insurance work products was 97.5 percent.

Over 97.1 percent of the work measured in Policyholders Services and 97.4 percent in Insurance Claims was within accepted timeliness standards. The overall timeliness rate for 2008 insurance work products was 97.3 percent.

The insurance quality assurance program also includes internal control reviews and individual employee performance reviews. The internal control staff reviews 100 percent of all employee-prepared disbursements and also reviews insurance operations for fraud through a variety of reports. Reports are generated daily and identify various Insurance transactions based on specific criteria that indicate possible fraud. Primary end products processed by



employees in the operating divisions are evaluated based on the elements identified in the Individual Employee Performance Requirements. As a result of these controls, insurance disbursements are 99 percent accurate.

Actions Taken to Improve Quality – Insurance

The Insurance Service uses SQC, employee performance review programs, and feedback from Internal Control reviews to measure quality and timeliness on an overall and individual basis. These programs are valuable as training tools because they identify trends and problem areas.

SQC reviews are based on random samples of key work products and evaluate how well these work products are processed in terms of both quality and timeliness. Exceptions are brought to the attention of the insurance operations division chiefs, unit supervisors, and employees who worked the case. VBA's Insurance Service evaluates the SQC programs periodically to determine if they are functioning as intended. Individual performance reviews are conducted monthly. The performance levels – critical and non-critical elements – are identified in the Individual Employee Performance Requirements. These reviews are based on a random sampling of the primary end products produced by employees in the operating divisions. Those items found to have errors are returned to the employee for correction. At the end of the month, supervisors inform employees of their error rates and timeliness percentages as compared to acceptable standards.

The Internal Control Staff monitors, reviews, and approves insurance disbursements and certain other controlled transactions, as well as reviews post-audit reports. Work products with any detected errors are returned for correction.

The results of SQC, employee performance reviews, and Internal Control feedback are used to address any areas where improvement is

needed via corrective training and other steps to improve error rates and timeliness percentages.

The Insurance program has successfully implemented a dozen job aids under the initiative called "Skills, Knowledge and Insurance Practices and Procedures Embedded in Systems." This program captures "best practices" and standardized procedures for processing various work items and makes them available on each employee's desktop. The job aids are an important tool in reducing error rates and improving timeliness.