

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



# Veterans Benefits Administration

*Inspection of  
the VA Regional Office  
Detroit, Michigan*

September 21, 2017  
17-02073-317

# ACRONYMS

EP	End Product
FY	Fiscal Year
DRO	Decision Review Officer
NWQ	National Work Queue
OIG	Office of Inspector General
RVSR	Rating Veterans Service Representative
SAH	Specially Adapted Housing
SHA	Special Home Adaptation
SMC	Special Monthly Compensation
TBI	Traumatic Brain Injury
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VSC	Veterans Service Center
VSCM	Veterans Service Center Manager
VSR	Veterans Service Representative

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# Highlights: Inspection of the VARO Detroit, MI

## Why We Did This Review

In April 2017, we evaluated the Department of Veterans Affairs Regional Office (VARO) in Detroit, Michigan, to determine how well Veterans Service Center (VSC) staff processed disability claims, how timely and accurately they processed proposed rating reductions, how accurately they entered claims-related information, and how well they responded to special controlled correspondence.

## What We Found

**Claims Processing**—Detroit VSC staff improved the accuracy of processing traumatic brain injury (TBI) claims but inaccurately processed a significant number of claims for special monthly compensation. We reviewed 30 of 679 veterans' TBI claims (4 percent) and found that Rating Veterans Service Representatives (RVSR) accurately processed 28 cases (93 percent)—a significant improvement from our 2013 inspection. However, RVSRs did not always process entitlement to special monthly compensation (SMC) and ancillary benefits consistently with Veterans Benefits Administration (VBA) policy. We reviewed 30 of 52 SMC claims (58 percent) and found that RVSRs inaccurately processed five cases (17 percent) due to ineffective second-signature reviews for higher-level SMC cases completed by VSC managers. Overall, four errors resulted in 43 improper monthly payments totaling approximately \$32,800. We sampled claims we considered at increased risk of processing errors, thus these results do not

represent the overall accuracy of disability claims processing at this VARO.

**Proposed Rating Reductions**—VSC staff generally processed proposed rating reductions accurately but needed better oversight to ensure timely actions. We reviewed 30 of 268 benefits reduction cases (11 percent) and found that RVSRs and Veterans Service Representatives (VSR) delayed or inaccurately processed eight cases (27 percent). Delays occurred because management prioritized other workload higher in order to meet established performance goals related to processing disability claims. These delays and processing inaccuracies resulted in 66 improper monthly payments to eight veterans, totaling approximately \$48,000.

**Systems Compliance**—VSC staff needed to improve the accuracy of data input into the electronic systems at the time of claims establishment. We reviewed 30 of 1,982 newly established claims (2 percent) and found that Claims Assistants did not correctly input claim information in 20 cases (67 percent) due to inexperience and ineffective quality reviews. These inaccuracies may result in misrouted claims and delays in claims processing.

**Special Controlled Correspondence**—VSC staff generally processed special controlled correspondence timely. We reviewed 30 of 173 special correspondences (17 percent) and found that VSC staff and management did not accurately control 21 inquiries (70 percent) due to insufficient oversight to ensure inquiries were properly established with the correct dates of claim.

## What We Recommended

We recommended the VARO Director implement a plan to ensure the accuracy of reviews of higher-level SMC cases; implement a plan to ensure Claims Assistants receive comprehensive training on claims establishment; and improve the quality review process for the claims establishment process. In addition, the VARO Director should ensure staff use the correct dates of claim for end product 500s to improve the management of special controlled correspondence.

## Agency Comments

The VARO Director concurred with our recommendations. Management's planned actions are responsive. Recommendations 1 and 3 are considered closed. We will follow up as required on the remaining recommendations.



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## INTRODUCTION

### Objectives

The Benefits Inspection Program is part of the VA Office of Inspector General's efforts to ensure our nation's veterans receive timely and accurate benefits and services. We conduct onsite inspections at randomly selected VA Regional Offices (VARO) to assess their effectiveness. In FY 2017, we looked at four mission-critical operations within VAROs—Disability Claims Processing, Management Controls, Data Integrity, and Public Contact. Our independent oversight inspection helps to identify performance risks within each operation or VARO program responsibility. In FY 2017, our objectives are to assess the VARO's effectiveness in:

- Disability claims processing by determining whether Veterans Service Center (VSC) staff accurately processed traumatic brain injury (TBI) claims and claims for special monthly compensation (SMC) and ancillary benefits
- Management controls by determining whether VSC staff timely and accurately processed proposed rating reductions
- Data integrity by determining whether VSC staff accurately input claim and claimant information into the electronic systems at the time of claims establishment
- Public contact by determining whether VSC staff timely and accurately processed special controlled correspondence

We identify potential procedural inaccuracies to help the VARO understand the improvements it can make for enhanced stewardship of financial benefits. Errors that affect benefits have a measurable monetary impact on veterans' benefits. Errors that have the potential to affect benefits are those that either had no immediate effect on benefits or had insufficient evidence to determine the effect on benefits.

### Detroit VA Regional Office

As of April 2017, the Detroit Veterans Service Center Manager (VSCM) reported a VARO staffing level of 290 full-time employees, 18 fewer than the authorized amount of 308 employees. The VSCM reported that, of this total, the VSC had 239 employees assigned, 18 fewer than the authorized amount of 257 employees. In FY 2017, the Veterans Benefits Administration (VBA) reported the Detroit VARO completed 15,951 compensation claims, averaging 4.1 issues<sup>1</sup> per claim.

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<sup>1</sup> Under M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, *Determining the Issues*, "issues" are disabilities and benefits.

## RESULTS AND RECOMMENDATIONS

### I. Disability Claims Processing

#### Finding 1 **Detroit VSC Staff Generally Processed TBI Claims Correctly But Needed To Improve Accuracy of Claims Related to Special Monthly Compensation and Ancillary Benefits**

Rating Veterans Service Representatives (RVSR) generally processed TBI cases correctly. However, RVSRs did not accurately process entitlement to SMC and ancillary benefits consistent with Federal regulations.<sup>2</sup> Generally, errors occurred because of a lack of adequate oversight, such as an ineffective second-signature review process to ensure the accuracy of ratings assigning higher levels of SMC. Overall, RVSRs inaccurately processed seven of the 60 veterans' disability cases (12 percent) we reviewed, resulting in 59 improper monthly payments to four veterans totaling approximately \$48,200<sup>3</sup> as of March 2017. We sampled claims related only to specific conditions that we considered at higher risk of processing errors. As a result, the errors identified do not represent the universe of disability claims or the overall accuracy rate at this VARO.

Table 1 reflects the errors affecting, and those with the potential to affect, veterans' benefits processed at the Detroit VARO.

**Table 1. Detroit VARO Disability Claims Processing Accuracy**

		Veterans' Claims Inaccurately Processed		
Type of Claim	Reviewed	Affecting Veterans' Benefits	Potential To Affect Veterans' Benefits	Total
TBI	30	1	1	2
SMC and Ancillary Benefits	30	3	2	5
<b>Total</b>	<b>60</b>	<b>4</b>	<b>3</b>	<b>7</b>

Source: VA OIG analysis of VBA's TBI disability claims completed from September 2016 through February 2017; and SMC and ancillary benefits claims completed from March 2016 through February 2017 obtained from VBA's corporate database.

<sup>2</sup> 38 C.F.R., 3.350, *Special monthly compensation ratings*.

<sup>3</sup> All calculations in this report have been rounded when applicable.

**VBA Policy  
Related to  
TBI Claims**

VBA defines a TBI event as a traumatically induced structural injury or a physiological disruption of brain function caused by an external force. The major residual disabilities of TBI fall into three main categories—physical, cognitive, and behavioral. VBA policy requires staff to evaluate these residual disabilities. Decision Review Officers (DRO) and RVSRs who have completed the required TBI training must process all decisions that address TBI as an issue. Rating decisions for TBI require two signatures until the decision-maker demonstrates an accuracy rate of 90 percent or greater, based on the VARO's review of at least 10 TBI decisions.<sup>4</sup>

VBA policy requires that the diagnosis of TBI be established by one of the following specialists: physiatrist, psychiatrist, neurosurgeon, or neurologist. A general practitioner who has successfully completed the required TBI training may conduct a TBI examination, if the record contains a TBI diagnosis established by one of the above-mentioned specialty providers.<sup>5</sup>

**Review of  
TBI Claims**

We randomly selected and reviewed 30 of 679 veterans' TBI claims (4 percent) completed from September 1, 2016 through February 28, 2017 to determine whether staff processed them according to VBA policy. We also reviewed the qualifications of the medical examiners to ensure compliance with VBA policy.

RVSRs correctly processed 28 of the 30 TBI cases we reviewed (93 percent). The single error identified that affected the veteran's benefits resulted in 16 improper monthly payments from May 2015 to March 2017 totaling approximately \$15,400. The Veterans Service Center Manager (VSCM) concurred with the two errors we identified. Details on these errors follow.

- A Rating Team Coach incorrectly increased the evaluation of TBI from zero to 10 percent based on an insufficient TBI medical examination. The medical examination was performed by a nurse practitioner who did not complete the required TBI training; therefore, according to VBA policy, the examination results cannot be used to determine the correct level of disability. Furthermore, the Coach inadvertently assigned incorrect effective dates for the increased evaluation of TBI, entitlement of individual unemployability, and eligibility to Dependents' Educational Assistance. As a result, the veteran was overpaid approximately \$12,300 over a period of 7 months. Moreover, the Coach failed to grant special monthly compensation (SMC) based on entitlement to statutory housebound benefits. The veteran's service-connected disabilities met the statutory housebound criteria<sup>6</sup> and benefits should have been granted effective May 1, 2016. As a result, the veteran was underpaid approximately \$3,100 over a period of 9 months.

<sup>4</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 4, Section G, Topic 2, *TBI*.

<sup>5</sup> *Ibid.*, Chapter 3, Section D, Topic 2, *Examination Report Requirements*.

<sup>6</sup> 38 C.F.R., 3.350(i)(1), *Total Plus 60 Percent, or Housebound*.



- An RVSR incorrectly evaluated seizure disorder at 40 percent disabling and headaches at zero percent disabling when the medical evidence showed the veteran warranted a 20 percent and minimum 30 percent evaluation, respectively. Although the veteran's overall combined evaluation for these and other conditions remained as 100 percent disabling, these processing inaccuracies could affect future benefits payments.

Even though we found two TBI errors, we did not identify a systemic trend in processing errors. As a result, we determined RVSRs generally followed VBA policy and we made no recommendations for improvement in this area.

*Previous  
OIG  
Inspection  
Results*

In our previous report, *Inspection of the VA Regional Office, Detroit, Michigan* (Report No. 12-03355-88, January 11, 2013), we determined VSC staff incorrectly processed 13 of 30 TBI claims. The majority of errors were due to VSC staff prematurely evaluating TBI residuals using insufficient medical examination reports and assigning separate evaluations for TBI and coexisting mental disorders. We did not identify similar errors during this inspection. Given the significant improvement demonstrated by RVSRs when processing TBI claims, we concluded the VARO's actions in response to our prior recommendations were effective.

*VBA Policy  
Related to  
SMC and  
Ancillary  
Benefits*

VBA assigns SMC to recognize the severity of certain disabilities or combinations of disabilities by adding an additional compensation to the basic rate of payment when the basic rate is not sufficient for the level of disability present. SMC represents payments for "quality of life" issues such as the loss of an eye or limb, or the need to rely on others for daily life activities, such as bathing or eating.

Ancillary benefits are secondary benefits considered when evaluating claims for compensation, which include eligibility for educational, automobile, and housing benefits.<sup>7</sup> Specially Adapted Housing (SAH) and Special Home Adaptation (SHA) are two grants administered by VA to assist seriously disabled veterans in adapting housing to their needs. An eligible veteran may receive an SAH grant of not more than 50 percent of the purchase price of a specially adapted house, up to the maximum allowable by law.<sup>8</sup> VBA policy requires staff to address the issues of SMC and ancillary benefits whenever they can grant entitlement.<sup>9</sup> VBA policy also states that all rating

<sup>7</sup> 38 C.F.R., Part 3 – Adjudication, (§3.807, §3.808, §3.809).

<sup>8</sup> Specially Adapted Housing (SAH) Grants under 38 C.F.R., §3.809 and Special Home Adaptation (SHA) Grants under 38 C.F.R., §3.809a, provide eligible veterans funds for the purchase or construction of barrier-free homes or the costs associated with the remodeling of an existing home to accommodate disabilities in accordance with Title 38 United States Code Section 2101. The maximum dollar amount allowable for SAH grants in 2016 was \$73,768. The maximum dollar amount allowable for SHA grants in 2016 was \$14,754.

<sup>9</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section B, Topic 2 *When to Address Subordinate Issues and Ancillary Benefits*.

decisions involving SMC above a specified level require a second signature.<sup>10</sup>

In our report, *Review of Special Monthly Compensation Housebound Benefits* (Report No. 15-02707-277, September 29, 2016), we reviewed SMC housebound benefits. This benefits inspection reviewed a higher level of SMC that included those payment rates related to disabilities such as loss of limbs, loss of eyesight, and paralysis. The recent review/benefits inspection did not overlap because this inspection involved different types of SMC that cannot be granted simultaneously with SMC housebound benefits.

**Review of  
SMC and  
Ancillary  
Benefit Claims**

We randomly selected and reviewed 30 of 52 veterans' claims (58 percent) involving entitlement to SMC and related ancillary benefits completed by VSC staff from March 1, 2016 through February 28, 2017. We examined whether VSC staff accurately processed entitlement to SMC and ancillary benefits associated with amputations, the loss of use of two or more extremities, or bilateral blindness with visual acuity of 5/200 or worse.<sup>11</sup> We determined four RVSRs incorrectly processed five of 30 claims. Three of the errors affected veterans' benefits and resulted in 43 improper monthly payments from May 2015 to March 2017—totaling approximately \$32,800. These improper monthly benefits payments will continue to increase without appropriate and timely action. We provided details on the following errors to the VSCM for corrective action.

- An RVSR incorrectly granted SMC at a rate for increased aid and attendance for a veteran based on the combined evaluation of service-connected disabilities. The veteran is service connected at 100 percent based on loss of use of a hand and foot, and the next higher evaluation is 60 percent based on incontinence. For SMC, at the rate for increased aid and attendance, the Federal regulation requires that the veteran have, in addition to the 100 percent evaluation for loss of use of a hand and foot, an additional single permanent disability independently rated at 100 percent to warrant SMC at the level in this case.<sup>12</sup> The veteran did not have an additional disability evaluated at 100 percent to warrant the maximum compensation. As a result, the veteran was overpaid approximately \$27,100 over a period of 6 months.
- An RVSR did not grant an increased level of SMC for a veteran with an additional permanent disability independently evaluated at 50 percent disabling, as required.<sup>13</sup> The veteran received SMC because of loss of use of both feet secondary to diabetes mellitus. The veteran was also

<sup>10</sup> M21-1 Adjudication Procedures Manual, Part III, Subpart iv, Chapter 6, Section D, Topic 7, *Two-Signature Ratings*.

<sup>11</sup> 38 C.F.R., 3.350(b): For VA purposes, blindness is conceded with visual acuity of 5/200 or worse.

<sup>12</sup> 38 C.F.R., 3.350(h)(1), *Maximum compensation cases*.

<sup>13</sup> 38 C.F.R., 3.350(f)(3), *Additional independent 50 percent disabilities*.

entitled to increased SMC based on service-connected neuropathy of the right arm, evaluated at 50 percent disabling. As a result, VA underpaid the veteran \$4,115 over a period of 1 year and 10 months. In addition, an RVSR did not grant SAH for a veteran based on loss of use of both legs, a benefit valued at \$73,768 in FY 2016.

- An RVSR did not assign the proper level of SMC for loss of use of a creative organ when evaluating other disabilities. As a result, the veteran was underpaid approximately \$1,500 over a period of 1 year and 3 months.

The remaining two errors had the potential to affect benefits. Both errors involved hospitalization rates for veterans with SMC. VBA policy requires staff to reduce some SMC benefits if a veteran receives hospital care at VA expense.<sup>14</sup> Because the SMC codes were incorrect, these veterans would receive inaccurate payments if hospitalized.

Generally, the errors were due to the VSC not ensuring the second-signature review process was consistently performed, which resulted in insufficient reviews. Although RVSRs complied with VBA and local policy to have higher-level SMC claims reviewed by designated second signers, we found the secondary reviews ineffective in ensuring SMC claims were accurately processed. We identified errors on claims reviewed by VSC managers, who do not regularly rate claims. Coaches with RVSR experience were authorized to complete the second-signature review for higher-level SMC. We found that four of the five cases reviewed by Coaches contained errors that were not identified by the second-signature review. The remaining case did not receive a second signature. The VSCM and Quality Review Team Coach stated that the team's current workload would make it difficult to provide second-signatures for higher-level SMC claims.

During interviews, staff expressed concern with Coaches providing second-signature reviews, stating that the Coaches lack experience rating the more difficult higher-level SMC claims. The VSCM agreed with our assessments in all claims and attributed the errors to lack of attention to detail in the second-signature review process. We concluded the VSC's second-signature process would be strengthened by restricting second-signature for higher-level SMC cases to Rating Quality Review Specialists and DROs with expertise in rating these cases. As a result of inadequate management oversight of the second-signature review process, veterans did not consistently receive correct benefits payments or they risk receiving incorrect benefits payments in the future.

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<sup>14</sup> 38 C.F.R., 3.552(a)(1), *Adjustment of allowance for aid and attendance*.

## **Recommendation**

1. We recommended the Detroit VA Regional Office Director develop and implement a plan to improve the accuracy of the second-signature review process for higher-level Special Monthly Compensation and ancillary benefits.

### ***Management Comments***

The VARO Director concurred with our finding and recommendation. In order to monitor and address the deficiency with the second-signature reviews for higher-level special monthly compensation, the Director provided an amended Signature Authority memo that designated staff to complete second-signature reviews for specific SMC cases.

### ***OIG Response***

The VARO Director's comments and actions are responsive to our recommendation. Based on the information provided, Recommendation 1 is closed.

## II. Management Controls

### Finding 2 **Detroit VSC Staff Generally Processed Proposed Rating Reductions Accurately But Needed To Improve Timeliness**

We sampled 30 proposed benefits reduction claims to determine whether VSC staff accurately and timely processed them. VSC staff accurately processed 29 of 30 claims (97 percent) involving benefits reductions. However, seven of these claims (23 percent) involved delays that affected veterans' benefits. Generally, these processing delays occurred because the VSCM's primary focus was on processing higher priority disability claims with timeliness measures listed on the VARO Director's performance goals—established by VBA Central Office. These delays and processing inaccuracies resulted in 66 improper monthly payments to eight veterans—from August 2015 through March 2017—totaling approximately \$48,000. Per Federal regulation, VBA does not recover these overpayments because the delays were due to administrative errors.<sup>15</sup>

**Federal  
Regulation and  
VBA Policy  
Related to  
Proposed  
Rating  
Reductions**

Federal regulation provides for compensation to veterans for conditions that were incurred in or aggravated by military service.<sup>16</sup> The amount of monthly compensation to which a veteran is entitled can change because his or her service-connected disability may improve or worsen. Improper payments associated with benefits reductions generally occur when beneficiaries receive payments to which they are not entitled. Such instances are attributable to VSC staff not taking the timely actions required to ensure veterans receive correct payments for their current levels of disability.

When the VARO obtains evidence that demonstrates a disability has improved, and the new evaluation would result in a reduction or discontinuance of current compensation payments, VSC staff must inform the beneficiary of the proposed reduction in benefits. In order to provide beneficiaries due process, VBA allows 60 days for the veteran to submit additional evidence to show that compensation payments should continue at their present level.<sup>17</sup> If the veteran does not provide additional evidence within that period, an RVSR must make a final determination to reduce or discontinue the benefit beginning on the 65<sup>th</sup> day following notice of the proposed action.<sup>18</sup> Timely action is needed since monthly benefits will continue to be paid to the veteran.

<sup>15</sup> 38 C.F.R., §3.500, *Reductions and Discontinuances*; M21-1 Adjudications Procedures Manual, Part III, Subpart v, Chapter 1, Section 1, Topic 3, *Handling Cases Involving Administrative Errors*.

<sup>16</sup> 38 C.F.R., §3.303, *Principles relating to service connection*.

<sup>17</sup> 38 C.F.R., §3.105(e), *Reduction in evaluation—compensation*.

<sup>18</sup> M21-1 Adjudications Procedures Manual, Part 1, Chapter 2, Section C, Topic 1, *General Information on the Adverse Action Proposal Period*.

**Review of  
Claims  
To Assess  
Accuracy**

We randomly sampled 30 of 268 completed claims (11 percent), from December 1, 2016 through February 28, 2017, that proposed reductions in benefits. RVSRs and Veterans Service Representatives (VSR) accurately processed 29 of 30 cases (97 percent) involving benefits reductions. In the case with an accuracy error, a VSR sent the veteran a deficient notification letter on April 28, 2016. The letter failed to inform the veteran of his right to present evidence at a hearing before his benefits were reduced as required by Federal regulation.<sup>19</sup> If the VSR had sent a letter that complied with the law, the veteran's right to a hearing would have expired on July 5, 2016, and a timely final decision would have reduced benefits effective October 1, 2016. Instead, a corrected letter had to be sent, delaying the effective date of the benefits reduction to March 1, 2017. Because of this processing error, the veteran was overpaid approximately \$4,000 over a period of 5 months.

We advised the VSCM of this due process error and he/she agreed with our assessment. We did not identify a systemic trend with this error; as such, we made no recommendations for improvement in this area.

**Review of  
Claims  
To Assess  
Processing  
Timeliness**

Processing delays in rating decisions to reduce benefits occurred in seven of the 30 claims we reviewed (23 percent) and resulted in an average of 9 months of improper payments as of March 2017. We considered cases delayed when RVSRs and VSRs did not process them on the 65<sup>th</sup> day following notice of the proposed action and the resulting effective date for the benefit reduction was delayed by at least 1 month. VBA uses a system of suspense dates to monitor requests for information. A claim's suspense date indicates the date the next action should occur on the claim.<sup>20</sup> VSC staff can establish a suspense date 65 days following the date of the letter notifying the veteran of the proposed reduction in benefits.

The most significant overpayment occurred when the VSR sent a letter to the veteran on March 9, 2015, proposing to reduce benefits. During the due process period, additional evidence was required and a VA medical examination was completed on November 17, 2015. A timely final decision on this date would have reduced benefits effective February 1, 2016. Instead, an RVSR completed a final rating decision on February 16, 2017, which reduced benefits effective May 1, 2017—approximately 15 months later. As a result, the veteran was overpaid approximately \$15,200 over a period of 13 months.

The VSCM agreed with our assessment in these seven claims. Generally, these processing delays occurred because VSC management did not prioritize these claims to ensure action would be taken on the date a veteran's right to due process expired. The VSCM stated that he/she focused on processing disability claims with timeliness measures established by VBA

<sup>19</sup> 38 C.F.R., §3.105(i), *Predetermination hearings*.

<sup>20</sup> Veterans Benefits Management Systems User Guide, Release 12.1.

Central Office. The VSCM indicated that compliance with nationally mandated workload priorities affected the VSC's ability to dedicate the appropriate number of resources to address benefits reduction claims.

We are concerned VBA modified its policy and removed a control that could minimize overpayments. On April 3, 2014,<sup>21</sup> and again on July 5, 2015,<sup>22</sup> VBA leadership modified its policy regarding the processing of claims requiring benefits reductions. The current policy only outlines the processing steps and no longer includes the requirement for VSC staff to take "immediate action," nor does VBA have any timeliness standard to process these reductions. In lieu of merely removing the vague standard, VBA should have provided clearer guidance on prioritizing this work to ensure sound financial stewardship of these monetary benefits.

We made no recommendations for improvement in the area of proposed rating reduction timeliness because the VSC no longer manages this workload. Effective April 2017, VBA incorporated rating reductions into the National Work Queue (NWQ), which centrally manages the national workload by prioritizing and distributing claims across the network of VAROs.

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<sup>21</sup> M21-1 Adjudications Procedures Manual, Part I, Chapter 2, Section B, Topic 7, *Establishing and Monitoring Controls*.

<sup>22</sup> *Ibid.*, Section C, Topic 2, *Responding to the Beneficiary*.

### III. Data Integrity

#### Finding 3 **Detroit VSC Staff Needed To Improve the Accuracy of Information Input Into the Electronic Systems**

Claims Assistants needed to improve the accuracy of claim and claimant information entered into the electronic systems at the time of claims establishment. We randomly selected and reviewed 30 of 1,982 pending rating claims with multiple disabilities from VBA's corporate database to determine whether VSC staff accurately input claim and claimant information into the electronic systems at the time of claims establishment. In 20 cases (67 percent), Claims Assistants did not enter accurate and complete information in the electronic systems. Generally, errors occurred due to the inexperience of staff and a lack of oversight, such as an ineffective quality review process. As a result, claims established using erroneous or incomplete data are at increased risk of being misrouted in the NWQ and could result in delayed claims processing.<sup>23</sup>

#### **VBA Policy Related to Data Integrity**

VBA relies on data input into electronic systems to accurately manage and report its workload to stakeholders and to properly route claims within the NWQ—VBA's electronic workload management tool. The NWQ centrally manages the national claims workload by prioritizing and distributing claims across VBA's network of VAROs using rules that assign workload based on certain claimant and claim information within the electronic system, which include corporate flashes, claim labels, and special issues.<sup>24</sup> The Veterans Benefits Management System (VBMS) is an electronic processing system the NWQ uses to distribute work.<sup>25</sup> Claims misidentified or mislabeled at the time of claims establishment can result in improper routing within the NWQ and potentially lead to the untimely processing of claims.

Initial claim routing begins at the time of claims establishment. VSC staff must input claim and claimant information into the electronic system to ensure system compliance. Table 2 on the following page reflects nine establishment terms used by VSC staff when they establish a claim in the electronic record.

<sup>23</sup> Department of Veterans Affairs, Veterans Benefits Administration, National Work Queue, Phase 1 Playbook.

<sup>24</sup> *Ibid.*

<sup>25</sup> *Ibid.*



**Table 2. Claim Establishment Terms**

<b>Term</b>	<b>Definition</b>
Date of Claim	Earliest date the claim or information is received in any VA facility
End Product	The end product system is the primary workload monitoring and management tool for the VSC
Claim Label	A more specific description of the claim type that a corresponding end product represents
Claimant Address	Mailing address provided by the claimant
Claimant Direct Deposit	Payment routing information provided by the claimant
Power of Attorney	An accredited representative of a service organization, agent, non-licensed individual, or attorney representative chosen by the claimant to represent him or her
Corporate Flash Indicator	Claimant-specific indicators which can represent an attribute, fact, or status that is unlikely to change
Special Issue Indicator	Claim-specific indicators and can represent a certain claim type, disability or disease, or other special notation that is only relevant to a particular claim
Claimed Issue with Classification	Specifies the claimed issue and its medical classification

*Source: VA OIG presentation of definitions from VBA's M21-1 and M21-4*

### **Systems Compliance**

We randomly selected and reviewed 30 of 1,982 claims (2 percent) established in February 2017. We determined Claims Assistant established 20 claims (67 percent) using inaccurate or incomplete data and the VSCM agreed with our findings in these cases. The 20 claims included 36 errors because some cases had multiple inaccuracies—none of the errors affected benefits. We provided the details of the 20 claims with errors to the VSCM for appropriate action. Summaries of the errors follow.

- Thirteen errors occurred because Claims Assistants did not select the correct special issue indicators, as required.<sup>26</sup> Special issue indicators are claim-specific and represent a certain claim type, disability or disease, or other special notation. An example of a special issue indicator is Agent Orange – Vietnam that is both claim-specific and representative of a disability or disease that may result from exposure to the herbicide Agent Orange. Incorrect special issue indicators may result in misrouted and/or delayed claims.

<sup>26</sup> M21-1 Adjudications Procedures Manual, Part III, Subpart iii, Chapter 1, Section D, Topic 2, *Utilizing Contentions and Special Issue Indicators Associated with Claimed Issues*.

- Ten errors occurred because Claims Assistants did not enter the correct classifications as required by VBA policy.<sup>27</sup> Failure to enter the claimed issues, correct claim types, and/or issue classifications may require corrective action later in the claim development process and could lead to an incorrect VA examination request, resulting in processing delays.
- Six errors occurred because Claims Assistants did not input the correct dates of claim<sup>28</sup> as required for five reexamination reminder notifications and one request for reconsideration. Reminder notifications are generated to alert VSC staff to schedule medical examinations. Employees are required to establish the date of claim based on the date of the generated reexamination reminder notifications.<sup>29</sup> However, the Claims Assistants entered the dates of claim based on the dates of establishment instead of the date the reminder notifications were generated. Failure to enter correct dates of claim can result in inaccurate effective dates for increased evaluations and may misrepresent VSC performance for pending workloads.
- Four errors occurred because Claims Assistants did not enter accurate or complete address and direct deposit information as required.<sup>30</sup> Failure to enter accurate address and direct deposit information can result in undeliverable mail and may cause delays in veterans receiving their benefits.
- Three errors occurred because Claims Assistants did not input the correct claim labels in the electronic systems. VBA policy states that VSC staff must select the accurate claim label when establishing a claim.<sup>31</sup> Using an incorrect claim label may result in delays in the routing of claims to appropriate staff.

Generally, the processing errors occurred because VSC management did not ensure new Claims Assistants were fully trained. Of the 20 cases with errors, 18 were processed by Claims Assistants who had less than 6 months of experience in the position at the time the claims were processed. Records provided showed training had not been conducted for Claims Assistants on *Systems Compliance* or claims establishment based on reexamination reminder notifications. Moreover, only one Claims Assistant completed training on establishing contention classifications.

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<sup>27</sup> M21-1 Adjudications Procedures Manual, Part III, Subpart iii, Chapter 1, Section D, Topic 2, *Utilizing Contentions and Special Issue Indicators Associated with Claimed Issues*.

<sup>28</sup> M21-4 Manual, Appendix B, End Product Codes and Work-Rate Standards for Quantitative Measurements, Section I.c, *Correct Date of Claim*.

<sup>29</sup> M21-1 Adjudications Procedures Manual, Part III, Subpart iv, Chapter 3, Section C, Topic 2, Control of Future Examinations.

<sup>30</sup> *Ibid.*, Subpart ii, Chapter 3, Section C, *Systems Updates*.

<sup>31</sup> M21-4 Manual, Appendix C. Index of Claim Attributes, Section 1.a, *Purpose of Claim Labels*.

We confirmed there was no formal Claims Assistant training program. The Compensation Service report issued in January 2016 found that 50 percent of the claims they reviewed contained errors and that a high number of Claims Assistants were trainees—and responsible for those errors. This report contained an action item for VARO management to establish a mentoring and second-signature system for Claims Assistants. During our inspection, we continued to find errors made by inexperienced Claims Assistants.

VSC management did not provide sufficient oversight to ensure Claims Assistants established claims accurately. The Intake Processing Center Coach performed quality reviews; however, these reviews were generally not conducted at the time the claims were established. Therefore, the Intake Processing Center Coach was unable to determine whether Claims Assistants initially established claims correctly.

In addition, we found that the Intake Processing Center's Claims Assistants quality review checklist lacks sufficient questions to ensure systems compliance accuracy. Specifically, the checklist does not require the reviewer to determine if the Claims Assistants associated the correct claim label and contention classification—both of which are required at claim establishment. Because of an incomplete training and an insufficient quality review process, there is the potential to misroute claims in the NWQ and delay claims processing.

## Recommendations

2. We recommended the Detroit VA Regional Office Director implement a plan to conduct comprehensive training for Claims Assistants that emphasizes the importance of ensuring all elements are considered when establishing claims, and assess the effectiveness of that training.
3. We recommended the Detroit VA Regional Office Director implement a plan to modify the quality review checklist on claims establishment to include claim label and claimed issue classification indicators.

### **Management Comments**

The VARO Director concurred with our finding and recommendations. To address Recommendation 2, training was provided to Claims Assistants during May and June 2017, using curriculum from the Compensation Service training website. In addition, the Director reported that an Authorization Quality Review Specialist reviewed the Claims Assistants completed work after training to assess the effectiveness. For Recommendation 3, the Director provided a new standardized quality checklist that will be used when conducting quality reviews on claims establishment.

### **OIG Response**

The VARO Director's comments and actions are responsive to the recommendations. We will follow up for training documentation associated with Recommendation 2, as required. Based on the information provided, Recommendation 3 is closed.

## IV. Public Contact

### Finding 4 **Detroit VSC Staff Needed To Improve Controls for Processing of Special Controlled Correspondence**

VSC staff provided timely interim responses as well as complete and accurate final responses to special controlled correspondence. However, VSC management needed to improve its oversight of VSC staff responsible for establishing end products (EP) 500 used to manage the special controlled correspondence. We randomly sampled 30 pieces of special controlled correspondence to determine whether VSC staff timely and accurately processed them. VSC staff and management did not establish the correct dates of claim based on receipt of the special controlled correspondence in 21 of the 30 inquiries we reviewed (70 percent). These errors occurred due to insufficient oversight of the VARO at the national level. Specifically, the VSCM did not ensure special controlled correspondence received quality reviews to determine whether staff controlled them according to VBA policy.<sup>32</sup> Moreover, VBA's Benefits Assistance Service did not identify this deficiency during its site visit conducted in December 2015. VBA created Benefits Assistance Service to improve efficiency and quality through increased oversight and coordination of all direct services and outreach activities. As a result, the errors affected the VSC's data integrity and misrepresented the time it took VSC staff and management to process this workload.

#### **VBA Policy Related to Special Controlled Correspondence**

Special controlled correspondence is mail that requires expedited processing, control, and response. Examples include requiring special handling of inquiries from the White House, members of Congress, national headquarters of service organizations, and private attorneys. VBA policy designated responsibility for managing this correspondence to VARO directors or the VSCM. VBA uses a three-digit EP code to monitor and manage its workload. End products may be modified to identify specific issues, type of claim, or incremental multiple non-rating claims of the same end product category. The specific end product used to manage the special controlled correspondence workload is an EP 500.<sup>33</sup>

If VSC staff cannot provide a complete response within five business days of receiving the correspondence, an interim response acknowledging receipt is required.<sup>34</sup> Responses to correspondence must provide complete, accurate,

<sup>32</sup> M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 5, *Handling Various Types of Correspondence*.

<sup>33</sup> M21-4 Manual, Appendix B, Section I and II, *End Products – General Principles and End Products – Compensation, Pension, and Fiduciary Operations*.

<sup>34</sup> M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 3, *Acknowledging Correspondence*.

and understandable information.<sup>35</sup> In addition, VSC staff are required to maintain the correspondence in claims folders.<sup>36</sup>

**Review of  
VARO  
Processing of  
Special  
Correspondence**

We randomly selected and reviewed 30 of 173 special controlled correspondences (17 percent) that VSC staff and management processed from December 2016 through February 2017. VSC staff provided timely interim responses as well as complete and accurate final responses to special controlled correspondence in all 30 cases we reviewed. However, in 21 of those cases, VSC staff and management did not establish the correct dates of claim based on the date of receipt of special controlled correspondence. They incorrectly date stamped the special controlled correspondence received through email using the date the emails were printed instead of the actual date of receipt at the VARO. VSC staff and management used the incorrect date stamps as the dates of claim for the special controlled correspondence EP 500s. The VSCM agreed with our assessment.

The errors associated with incorrect dates of claims occurred because VSC management and Benefits Assistance Service did not provide sufficient oversight over special controlled correspondence.

The Public Contact Team Assistant Coach indicated emphasis of the quality reviews was only on the accuracy of the response to the inquiry. The manager also explained quality reviews were informal and not documented. The VSCM agreed that management lacked oversight to ensure staff properly established EP 500s for special controlled correspondence. As well, Benefits Assistance Service conducted a site visit at the VARO in December 2015, which included a review of special controlled correspondence. However, the Benefits Assistance Service report did not address any issues with dates of claim for special controlled correspondence.

VSC staff and management did not always establish an EP 500 with the correct dates of claim. These dates of claim errors resulted in an average of a 2-day difference for the processing time of special controlled correspondence. As a result, the VSC's data integrity, including the time it took staff and management to process this workload, may be misrepresented. The VARO's processing time from receipt of the inquiry to the final response ranged from 7 to 76 days—averaging 35 days. VSC management took immediate corrective action to train staff on the proper date of claim, update local guidance, and begin formal quality reviews of special controlled correspondence.

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<sup>35</sup> M27-1 Benefits Assistance Service Procedures, Part I, Chapter 5, Topic 1, *General Guidance for Processing Correspondence*.

<sup>36</sup> *Ibid.*, Topic 5, *Handling Various Types of Correspondence*.

## Recommendation

4. We recommended the Detroit VA Regional Office Director implement a plan to ensure staff adhere to Veterans Benefits Administration policy and use the correct dates of claim for end products 500 used to manage special controlled correspondence.

### ***Management Comments***

The VARO Director concurred with our finding and recommendation. The Director reported that all pending special controlled correspondence was reviewed and established with the appropriate date of claim during the site visit. In addition, the special controlled correspondence standard operating procedure was updated to clarify procedures and training was provided to all Public Contact employees.

### ***OIG Response***

The VARO Director's comments and actions are responsive to the recommendation. We will follow up as required.

## Appendix A Scope and Methodology

### *Scope and Methodology*

In April 2017, we evaluated the Detroit VARO to see how well it provides services to veterans and processes disability claims.

We reviewed selected management, claims processing, and administrative activities to evaluate compliance with VBA policies regarding benefits delivery and nonmedical services provided to veterans and other beneficiaries. We interviewed managers and employees and reviewed veterans' claims folders.

We randomly selected and reviewed 30 of 679 veterans' disability claims related to TBI (4 percent) that VSC staff completed from September 2016 through February 2017, and 30 of 52 veterans' claims involving entitlement to SMC and related ancillary benefits (58 percent) that VSC staff completed from March 2016 through February 2017. In addition, we randomly selected and reviewed 30 of 268 completed claims (11 percent) that proposed reductions in benefits from December 1, 2016 through February 28, 2017. Furthermore, we reviewed 30 of 1,982 claims (2 percent) VSC staff established in the electronic records for systems compliance in February 2017. Finally, we reviewed 30 of 173 special controlled correspondences (17 percent) completed by VSC staff from December 2016 through February 2017.<sup>37</sup>

### *Data Reliability*

We used computer-processed data from VBA's corporate database obtained by the Austin Data Analysis division. To test for reliability, we reviewed the data to determine whether any data were missing from key fields, included any calculation errors, or were outside the period requested. We also assessed whether the data contained obvious duplication of records, alphabetic or numeric characters in incorrect fields, or illogical relationships among data elements. Furthermore, we compared veterans' names, file numbers, Social Security numbers, VARO numbers, dates of claim, and decision dates as provided in the data received with information contained in the 150 claims folders we reviewed. The 150 claims folders were related to TBI claims, SMC and ancillary benefits, completed claims related to benefits reductions, pending claims for systems compliance, and special controlled correspondence.

Our testing of the data disclosed that they were sufficiently reliable for our inspection objectives. Our comparison of the data with information contained in the veterans' claims folders reviewed in conjunction with our inspection of the VARO did not disclose any problems with data reliability.

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<sup>37</sup>While determining our sample size of 30 cases, we determined some cases were outside the scope of our review; therefore, we removed them from the universe of cases.

***Inspection  
Standards***

We conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.



## Appendix B Management Comments

### Department of Veterans Affairs Memorandum

Date: July 17, 2017

From: Director, VA Regional Office Detroit, Michigan

Subj: Inspection of the VA Regional Office, Detroit, Michigan

To: Assistant Inspector General for Audits and Evaluations (52)

1. The Detroit VARO's comments are attached.
2. Please refer questions to Terri Beer, Director, Detroit Regional Office, (313) 471-3600.

*(Original signed by:)*

TERRI BEER  
Director, Detroit RO

Attachment

### Detroit VARO's Comments

**Recommendation 1.** We recommended the Detroit VA Regional Office Director develop and implement a plan to improve the accuracy of the second-signature review process for higher-level Special Monthly Compensation and ancillary benefits.

**Concur:** The Signature Authority was amended effective July 17, 2017 in order to monitor and address the deficiencies with the second- signature review process for higher level special monthly compensation. The memorandum addresses Special Monthly (SMC) rating decisions above the "K" level (excludes automatic grants of Statutory Housebound) require exclusively the signature of a Rating Quality Review Specialist (RQRS) or Rating Team 4 Coach (Formerly Quality Review Coach). The amended Signature Authority Memorandum is attached. The Detroit Regional Office recommends closure of this recommendation.

**Recommendation 2.** We recommended the Detroit VA Regional Office Director implement a plan to conduct comprehensive training for Claims Assistants that emphasizes the importance of ensuring all elements are considered when establishing claims, and assess the effectiveness of that training.

**Concur:** Based on recommendation, the VSC pulled the training curriculum from the Compensation Service Training website and used it as our guide for retraining all of our Claims Assistants (CA). Training was provided by an Authorization Quality Review Specialist (AQRS) with IPC background twice a week during May and June 2017. The AQRS reviewed work completed after training to ensure the concepts were absorbed and being utilized appropriately. Work completed by CAs is randomly reviewed using a standardized quality checklist (see attached). The quality of work completed by the CAs has improved week over week. If an error is found, feedback is shared with the individual employee responsible. The Detroit Regional Office recommends closure of this recommendation.

**Recommendation 3.** We recommended the Detroit VA Regional Office Director implement a plan to modify the quality review checklist on claims establishment to include claim label and claimed issue classification indicators.

**Concur:** As noted above, the VSC adopted a quality checklist for use during quality reviews for CAs. Instruction has been provided to CAs concerning the checklist. The Detroit Regional Office recommends closure of this recommendation.

**Recommendation 4.** We recommended the Detroit VA Regional Office Director implement a plan to ensure staff adhere to Veterans Benefits Administration policy and use the correct dates of claim for end product 500s used to manage special controlled correspondence.

**Concur:** The VSC reviewed all pending Controlled Correspondence immediately once the issue was brought to management's attention. The Veterans Service Center (VSC) verified that all pending Controlled Correspondence was established (CEST) with the appropriate date of claim (DOR). VSC management completed this task prior to the end of the site visit. Additionally, the existing Controlled Correspondence Standard Operating Procedure (SOP) was reviewed by VSC management and updated to clarify the procedures associated with special controlled correspondence and the amended SOP is attached. Training was provided to all Public Contact Team members who process Controlled Correspondence to ensure the appropriate procedures are followed. Quality is assured, by the Public Contact Team Coach, who reviews all Controlled Correspondence drafts/final letters prior to their release. The Detroit Regional Office recommends closure of this recommendation.

*For accessibility, the format of the original memo has been modified to fit in this document.*

## Appendix C **OIG Contact and Staff Acknowledgments**

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Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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Acknowledgments	Nora Stokes, Director Kristine Abramo Lauralee Cook Kelly Crawford Yolanda Dunmore Kyle Flannery Suzanne Love Lisa Van Haeren Todd Wagnild
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## Appendix D Report Distribution

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This report is available on our website at [www.va.gov/oig](http://www.va.gov/oig).