

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Review of
Alleged Data
Manipulation at the
VA Regional Office
Little Rock, Arkansas*

February 26, 2015
14-03963-139

ACRONYMS

FY	Fiscal Year
OIG	Office of Inspector General
VA	Department of Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration

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EXECUTIVE SUMMARY

On July 11, 2014, the Office of Inspector General (OIG) received an anonymous allegation that staff at the Little Rock VA Regional Office (VARO) inappropriately applied the Veterans Benefits Administration's (VBA) Fast Letter (FL) 13-10, "Guidance on Date of Claim Issues," dated May 20, 2013. The complainant alleged that adjusting the dates of claims was done to give the appearance that VBA was making more progress than it actually had in eliminating its backlog of disability claims.

On June 27, 2014, the Under Secretary for Benefits suspended use of Fast Letter 13-10 after the OIG determined staff were misapplying the guidance at another VARO. We had previously reported to the Under Secretary for Benefits that the guidance was used inappropriately to adjust dates of claims for unadjudicated claims discovered in the files. Changes to veterans' claims were made to process old mail instead of unadjudicated claims information found in the files.

We substantiated the allegation that Little Rock VARO staff adjusted dates of claims for unadjudicated claims discovered in the files; however, staff did so in compliance with VBA Fast Letter guidance in effect at that time. We reviewed documentation on 48 unadjudicated claims that VARO staff located in claims folders from May 22, 2013, through June 20, 2014. Staff adjusted the dates of claim for all 48 cases we reviewed, resulting in the claims having more current dates than the dates they were initially received within VA.

Staff we interviewed raised concerns that the use of this guidance led to providing veterans with incorrect information on claims processing timeliness. The application of this guidance was also considered inconsistent with VBA standard policy requiring use of the earliest date that a document is stamped as received at a VA facility as the date of claim.

Staff typically process claims in their workloads by claim type and age, generally working the oldest claims first. This VARO maintained records of the changes made to veterans' claims per the requirements in the guidance. To mitigate the potentially adverse effect the date adjustments would have on veterans' benefits, VARO staff took the initiative to develop a spreadsheet to track all unadjudicated claims found in the claims folders where dates of claims were changed. This action provided VARO managers with assurance that staff could easily identify the claims and initiate required development actions.

Based on our review, we concluded that adjusting the dates of aging claims to more recent "discovered" dates resulted in a lack of assurance that staff would expedite processing of the discovered unadjudicated claims, further delaying benefits decisions for veterans. Adjusting the dates of claims also misrepresented the time required for VARO staff to process the claims, potentially making performance look better than it actually was. In order to minimize confusion or misinterpretation of guidance for future claims processing, we recommended that VBA maintain a standard, universal policy for establishing dates of claims.

In a memo, received January 8, 2015, the Under Secretary for Benefits (USB) concurred with our recommendation and reported VBA terminated the use of FL 13-10, effective June 27, 2014. The memo also indicated all VARO staff had been instructed to immediately follow the permanent procedural guidance found in VBA's governing directives for all claims, to include "found" claims. However, as outlined in this report, we concluded that VBA did not take action to terminate FL 13-10 until January 22, 2015. Further, we remain concerned that VBA's permanent guidance related to dates of claims continues to provide for an exception that allows VARO staff to use a later date of claim, despite having evidence that an earlier date of claim exists.



LINDA A. HALLIDAY
Assistant Inspector General
for Audits and Evaluations

RESULTS AND RECOMMENDATION

Allegation **Did Staff at the Little Rock VARO Inappropriately Adjust Dates of Claims for Unadjudicated Claims Discovered in Claims Folders?**

On July 11, 2014, the Office of Inspector General (OIG) received an anonymous allegation that staff at the Little Rock VA Regional Office (VARO) applied the Veterans Benefits Administration's (VBA) Fast Letter (FL) 13-10, "Guidance on Date of Claim Issues," dated May 20, 2013, inappropriately to adjust dates of claims for unadjudicated claims discovered in the files. We were already reviewing a similar allegation at another VARO, but we proceeded with this review to determine whether the VARO was applying the guidance correctly. The complainant alleged that adjusting the dates of claims was done to give the appearance that VBA was making more progress than it actually had in eliminating its backlog of disability claims.

What We Did On July 28, 2014, we conducted an unannounced onsite review at the Little Rock VARO to assess the merits of the allegation. To accomplish our review, we examined the date of claims guidance provided in Fast Letter 13-10. We interviewed VARO managers and staff responsible for implementing and following the guidance outlined in Fast Letter 13-10. We reviewed a VARO spreadsheet of 48 unadjudicated claims that staff identified in claims folders from May 22, 2013, through June 20, 2014. Further, we sampled available claims folders and relevant staff memos to validate the spreadsheet data on the unadjudicated claims identified.

Background VBA uses dates of claims to control and manage claims workloads within the electronic processing environment. VBA policy states that the date of claim is the earliest date a claim is received at a VA facility. VBA staff typically process claims in their workloads by claim type and age—generally working the oldest claims first.

However, according to the Fast Letter 13-10 guidance, VARO staff could adjust dates of claims for unadjudicated claims to the dates they were discovered in claims folders. VARO staff were to use a special designation, "Unadjudicated Claims Discovered," to identify these unprocessed claims in the electronic record. In a public service announcement, VBA indicated that Fast Letter 13-10 guidance was necessary to incentivize VARO staff to place these discovered claims under control using a current date so as not to penalize the VARO for having old claims in its workloads. The Fast Letter rescinded prior guidance on dates of claim in a May 2009 training letter advising that, for discovered claims, staff use the earliest date stamp on the claim document for tracking purposes. This training letter was consistent

with VBA's standard policy on dates of claims and was to ensure claims received proper attention and timely processing.

What We Found

We substantiated the allegation that Little Rock VARO staff adjusted dates of claims for unadjudicated claims discovered in the files; however, staff did so as VBA directed in the Fast Letter guidance. Our review of documentation on the unadjudicated claims VARO staff located in claims folders from May 22, 2013, through June 20, 2014, showed staff adjusted the dates of claim for all 48 cases. This resulted in the claims having more current dates than the dates they were initially received within VA. Specifically:

- Of the 48 cases, 43 were rating-related, involving disability determinations. An average of 1 year and 8 months elapsed between the initial dates VA received the claims until the dates that staff discovered the unadjudicated claims in the files. Among the 43 rating-related claims, 1 claim was 20 years old, but the date of claim had been adjusted to make the claim appear 14 days old.
- The five remaining claims were non-rating related, involving issues such as additional monthly allowances for veterans' dependents. An average of 5 years and 9 months elapsed between the initial dates VA received the claims until the dates staff discovered the claims in the files. Among these five non-rating related claims, one claim was over 16 years old, but the date of claim had been adjusted to make the claim appear 6 days old.

Even though the VARO staff complied with the Fast Letter guidance to adjust dates of claims for unadjudicated claims, the staff we interviewed found this practice inconsistent with VBA's standard policy requiring use of the earliest date that a document is stamped as received at a VA facility as the date of claim. Staff also stated that the Fast Letter was not in the best interest of veterans or claimants as it could delay claims processing. Adjusting the dates of aging claims to more recent "discovered" dates resulted in a lack of assurance that staff would expedite processing of the discovered unadjudicated claims, further delaying benefits decisions for veterans. Adjusting the dates of claims also misrepresented the time required for VARO staff to process the claims, potentially making performance look better than it actually was.

To mitigate the potentially adverse impact on claims processing, VARO staff developed a spreadsheet for tracking unadjudicated claims found in the claims folders. This information provided VARO managers with assurance that staff could easily identify the claims, initiate required development actions, and process the oldest of these claims first. Otherwise, VARO staff would be unaware that these discovered claims existed. VARO managers and staff stated they maintained the spreadsheet to track the unadjudicated claims because it was the right thing to do.

On June 27, 2014, the Under Secretary for Benefits issued a moratorium for Fast Letter 13-10 while VBA thoroughly reviewed the implementation and determined the appropriate way to move forward. The Under Secretary for Benefits took this action after we determined VBA staff misapplied the guidance by using it to process old mail instead of adjudicated claims found in the files. For example, at another VARO, staff used the guidance to change dates of claim for incoming mail older than 7 days—the standard time frame in which claims-related mail should be placed under control in the Veterans Service Center.

We remain concerned that the Fast Letter guidance deviated from standard policy on establishing dates of claims and had a potentially adverse effect on veterans' benefits. In order to minimize confusion or misinterpretation of guidance for future claims processing, VBA needs to maintain a standard, universal policy for establishing dates of claims.

Recommendation

We recommended the Under Secretary for Benefits adopt a permanent, universal policy for dates of claims that VA Regional Office staff should use to manage disability and benefits claims.

Management Comments

The Under Secretary for Benefits (USB) concurred with our recommendation. In a memo, received January 8, 2015, the USB advised OIG that VBA terminated the use of FL 13-10, *Guidance on Date of Claim Issues*, effective June 27, 2014. The memo further indicated all VARO staff were instructed to immediately follow the permanent procedural guidance found in VBA's governing directives for all claims, to include "found" claims.

OIG Response

The USB concurred with the recommendation, however the actions taken only partially address the recommendation. We are concerned that the piecemeal approach taken by VBA to discontinue the use of Fast Letter 13-10, could be confusing to claims processing staff. Further, the guidance VBA provided for claims processing staff to apply when determining dates of claims contained conflicting guidance. Specific concerns follow.

- In response to OIG's management advisory, dated June 20, 2014, the USB indicated a moratorium for Fast Letter 13-10 had been issued, effective June 27, 2014. The response further stated the moratorium was issued while VBA thoroughly reviewed its implementation of the Fast Letter and determined the appropriate way to move forward. The USB's response was clear in that the moratorium was temporary.
- On June 27, 2014, VBA's Office of Field Operations (OFO) sent an email advising Area Offices to inform all VAROs that Compensation Service temporarily suspended the guidance provided in Fast Letter 13-10.

- On July 3, 2014, in another email from OFO, Area and regional office directors were advised that Fast Letter 13-10 had been suspended until further notice.
- On September 11, 2014, Compensation Service published a notice on its calendar pages notifying subscribers of an updated M21-4, Appendix B, “*End Product Codes and Work-Rate Standards for Quantitative Measurements.*” This policy stated there was no provision to establish a date of claim for a previously unadjudicated claim if found or “discovered” in VA claims records. The earliest date stamp shown on the claim document should be used as the date of claim to ensure all claims receive proper attention and timely processing. However, the policy allowed VARO staff to retain a more current date of claim in instances where an older claim is found in veterans’ Service Treatment Records.
- On January 22, 2015, VBA’s *Compensation Service Bulletin*, provided a reminder to claims processing staff that VBA terminated the use of Fast Letter 13-10, effective June 27, 2014. Staff were also reminded that they should follow the permanent procedural guidance in the M21-1MR and M21-4 for all claims, including those referred to as “found claims” in FL 13-10.

In summary, we determined responses from the USB and the OFO were clear that the moratorium on the use of Fast Letter 13-10 was temporary until January 22, 2015, when Compensation Services provided notice that the Fast Letter had been terminated. Further, the permanent guidance, as indicated in VBA’s updated M21-4, contains an exception that continues to allow staff to use a later date of claim, despite having evidence that an earlier date of claim exists. We will continue to follow-up on the recommendation as necessary.

**Government
Standards**

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

Appendix A Management Comments

Department of Veterans Affairs

Memorandum

Date: (undated)

From: Under Secretary for Benefits (20)

Subj: OIG Draft Report—Review of Allegation of Data Manipulation at the VA Regional Office Little Rock, Arkansas—VAIQ 7557117

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

1. Attached is VBA's response to the OIG Draft Report: Review of Allegation of Data Manipulation at the VA Regional Office Little Rock, Arkansas.
2. Questions may be referred to Catherine Milano, Program Analyst, at 461-9216.


for Allison A. Hickey

Attachment

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Review of Allegation of Data Manipulation at the VA Regional Office Little Rock,
Arkansas**

The Veterans Benefits Administration provides the following comments:

On May 20, 2013, VBA issued Fast Letter 13-10, "Guidance on Date of Claim Issues." VBA issued this guidance to ensure there was no disincentive for taking action on a previously undecided claim found in a Veteran's record. The intent was to protect the Veteran's rights and benefits with regard to any claim that had been received but overlooked in a previous adjudication process.

The directive instructed regional offices to start the clock for the claims processing time and tracking purposes as of the date the previously undecided claim was discovered in Veteran's claims record. The regional office still would ensure that the date the claim was originally received was used as the effective date for benefit entitlement purposes for the Veteran. This ensured that full benefits due were paid to the Veteran.

Fast Letter 13-10 provided date of claim guidance to all VBA regional offices and was not specific to the Little Rock Regional Office. All regional offices were required to comply with the Compensation Service Fast Letter as official guidance from VBA Central Office. Little Rock Regional Office complied with the guidance in Fast Letter 13-10.

The following comments are submitted in response to the recommendation in the OIG draft report:

Recommendation 1: We recommended the Under Secretary for Benefits adopt a permanent, universal policy for dates of claims that VA Regional Office staff should use to manage disability and benefits claims.

VBA Response: Concur. VBA provides permanent procedures to VA regional office personnel through its M21-1MR, *Adjudication Procedures Manual Rewrite*. Procedures for establishing control of claims are located in the M21-1MR, Part III, Subpart ii, Chapter 1, Section B. Additional guidance on general principles for end products is located in the Appendix B, Section 1 of M21-4, *Manpower Control and Utilization in Adjudication Divisions*. VBA issues interim procedural guidance in "fast letters."

VBA terminated the use of Fast Letter 13-10, *Guidance on Date of Claim Issues*, effective June 27, 2014. VBA informed all VA regional office personnel to no longer use FL 13-10 and directed all VBA personnel to immediately follow the permanent procedural guidance in the M21-1MR and M21-4 for all claims, including those referred to as "found claims" in FL 13-10. VBA requests closure of this recommendation.

Appendix B **OIG Contact and Staff Acknowledgments**

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
Acknowledgments	Nora Stokes, Director Karen Cobb Kelly Crawford Casey Crump Michelle Santos-Rodriguez

Appendix C Report Distribution

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