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Backlog falls, but e-claims system costs soar

BY TOM PHILPOTT

The Veterans Benefits Management System (VBMS) has processed over 2 million disability claims electronically since it was rolled out in June 2013. The claims backlog, which peaked at 611,000 in March 2013, has fallen to 75,000.

But the costs to build VBMS so far are double what VA projected. The system is so riddled with software gaps and technical flaws that user satisfaction is uncertain, and VA failed to meet its goal to eliminate the backlog by the end of 2015.

The strengths and weaknesses of VBMS got a fresh look at a January hearing of the House Veterans' Affairs Committee. Auditors from the Government Accountability Office and VA Office of Inspector General outlined serious problems found during separate reviews of the e-claims system.

Senior VA officials answered critics and, with a lack of specificity that irked some lawmakers, sought to explain the way ahead.

Rep. Jeff Miller, R-Fla., committee chairman, noted that in 2009 VA projected VBMS would cost $580 million. So far it has spent $1 billion and said the total would soon reach $1.3 billion. More, it can give no guarantee costs won't keep climbing.
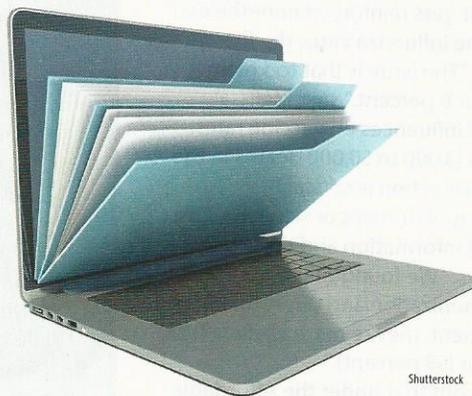
Cost overruns "are bad enough," Miller said. "But after six years in development, VBMS is still not able to fully support disability claims and pension applications." As for claims on appeal, VBMS "only acts as a document repository." So while VBMS does speed processing of original claims, the number of veterans awaiting decisions on appeals has jumped 70 percent since 2013, to 433,000, Miller added.

Brent Arronte, deputy assistant inspector general for VA audits and evaluations, blamed cost overruns on a combination of "inadequate cost controls, unplanned changes in system and business requirements, and inefficient contractor promises."

But Beth McCoy, VA's deputy undersecretary for field operations, suggested that VA has simply embraced an approach that relies on periodic software upgrades that continually improve it for both processors and claimants.

"Scope and cost increases were planned, essential and approved to move beyond just an initial electronic repository functionality," McCoy said. More and more automation over time is enhancing the processing platform.

Arronte and Miller challenged how much credit VBMS deserves for reducing the backlog. Miller noted that the Veterans Benefits Administration (VBA) hired 7,300 more full-time employees from 2007 to 2014. Arronte added that VBA spent a combined $255 million on mandatory overtime for claims staff dedicated to the backlog. It reallocated staff to process only claims affecting the backlog, sacrificing work on other types of claims, and implemented the fully developed claims (FDC) process to shorten processing times. Whatever backlog relief VBMS has provided, its "final end-state costs remain unknown," Arronte said.

The IG recently substantiated allegations of a significant backlog of unprocessed mail for entry into VBMS. At a scanning facility for the St. Petersburg, Fla., VA regional office, it found "more than 41,000 mail packages and over 1,600 boxes of evidence waiting to be scanned" by a contractor. A number of documents had been waiting more than 30 days despite a requirement that claims evidence be scanned into VBMS within five days of arrival.

Meanwhile, The American Legion advised the committee of two frustrations with VBMS experienced routinely by claim developers and veterans: improperly identified scanned documents and lack of true search capabilities. Also, VA promised while developing VBMS that it would have the ability to rapidly search data in a veteran's medical file for information relevant to the claim. Yet the search feature is a continuing disappointment.

VBMS "offers little to no improvement over manually searching though paper files, with perhaps additional eye strain from staring at monitors," the Legion stated.

Tom Philpott has been covering military personnel and veterans issues for nearly 40 years.