

HJR

61

ALASKA STATE LEGISLATURE

COMMITTEES:

- State Affairs
- Military and Veterans Affairs
- Economic Development

BUDGET SUBCOMMITTEES:

- Department of Administration
- Department of Military and Veterans Affairs



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REPRESENTATIVE ED WILLIS

DISTRICT 25

Birchwood • Chugiak • Eagle River • Fire Lake • Lower Peters Creek

TO: Chairman Jeannette James
House State Affairs Committee

FROM: Representative Ed Willis 

DATE: March 25, 1996

RE: HJR 61 - Supporting the Anchorage Veterans Affairs Regional Office

I would like to thank Chairman James and my colleagues on this committee for introducing HJR 61 as a State Affairs Committee resolution. I respectfully request that HJR 61 be scheduled in House State Affairs as the committee's earliest convenience.

I am presenting HJR 61 to this committee because of some very serious concerns about adverse impacts resulting from proposed downsizing and restructuring of the Anchorage Veterans Affairs Regional Office. More than 73,000 of Alaska's citizens are veterans. Alaska is one of only five states in which the proportional population of veterans is actually *increasing*, rather than decreasing. The volume of compensation and pension claims *increased* by 11% in FY1995 while nationally the VA saw a *decrease* of 27% in such claims. I'd also add that the Anchorage Veterans Affairs Regional Office is nationally the sixth best in terms of claims completed per staff hour in comparison to the other 57 regional offices.

In short, I believe that the Anchorage Veterans Affairs Regional Office is currently serving a steadily increasing veteran population in a very efficient manner. I do not believe that it is in the best interests in Alaska's veterans to fragment the function of this efficient operation to other offices thousand of miles away from those veterans needing assistance. I strongly encourage this committee to approve HJR 61, putting the Alaska Legislature on the record as opposing the proposed changes to the Anchorage VA Office.

I have included a memorandum from Mr. Warren Colver, a Department Service Officer for the American Legion, as well as other attached information, which more fully addresses some of the negative impacts of restructuring of the Anchorage Veterans Affairs Regional Office.



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FISCAL NOTE

STATE OF ALASKA
96 LEGISLATIVE SESSION

No. 1
Bill Version: HJR 61
(H) Publish Date: 3/25/96

Title: A Resolution opposing the proposed changes in the functions of the Federal Office of Veterans Affairs in Anchorage
Sponsor: House State Affairs
Requestor: _____

Dept. Affected: Office of the Governor
BRU: Executive Operations
Components: All components
Serial #: _____

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Buildings and Structures						
Grants, Claims						
Miscellaneous						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (THOUSANDS OF DOLLARS)

General Fund						
Federal Fund						
Other						
TOTAL	0	0	0	0	0	0

POSITIONS:

Full-time						
Part-time						
Temporary						

ANALYSIS: (ATTACH A SEPARATE PAGE IF NECESSARY)

See attached analysis

Prepared by:

Pete Scott
Representative Peter Scott
Co-Chair
House Special Committee on Veterans
Military & Veterans Affairs

Date: 3-21-96
Phone: 465-3777
Phone: _____

MEMORANDUM

To: Representative Ed Willis

From: Mr. Warren C. Colver
Department Service Officer
The American Legion

Subject: HJR 61
Veterans Affairs Restructuring Proposal

Date: March 20, 1996

Legislative Request for Impact Information

*Impact of Federal VBA Restructuring and Downsizing
of Anchorage Veterans Affairs Regional Office*

- A. Gained Efficiencies in transfer of certain operating functions from Anchorage Regional Office to lower 48 Regional Offices--None.
1. Anchorage Veterans Affairs Medical & Regional Office Center is nationally the sixth best in claims completed per staff hour in comparison with the other 57 Regional Offices. Transferring Compensation and Pension functions to other locations would diminish the high productivity and cost efficiencies now existing at present location.
 2. Compensation and Pension claims increased in Anchorage by 11% in FY95, while nationally, VA experienced a decrease of 27% in the processing and completion of C&P claims. Thus, the transfer of C&P functions to other locations would mean long and costly delays in processing of Alaskan Veteran claims.
 3. The Anchorage VAM&ROC has expeditiously completed C&P examinations in 19 days well below the national performance time of 35 days. Any location change, however, would probably increase performance time to the national standard of 35 days, and perhaps even longer depending on the workload of the transferee station. Further, timely processing of claims would suffer and the Veteran would ultimately be the loser because of division of claims functions located at different locations.

4. Adding additional layers and steps to the Claims and Pension process by keeping local counseling functions in Anchorage and sending claims decision making processing to Reno, Nevada and Phoenix, Arizona does little to improve the efficiency of the process. The consolidated claims process which splits counseling and decision functions to different localities can only result in long and inordinate delays in the processing of Alaskan Veterans claims. Additionally, many Veterans will suffer long delays as claims for Compensation and Pension are sometimes filed at the same time and the claims would be divided between Phoenix and Reno. As VA maintains only one claims folder, it would have to be transferred between the two offices, requiring extra time and delay in coordinating the transfer. Also, Veterans rights are compromised as they have a right to have their claims reviewed in a timely manner. Further, file folders would need to be transferred from Reno or Phoenix to the Anchorage Regional Office. Under the above circumstances, cost and productivity are at a low ebb, and certainly of a low priority.

5. Alaska is one of only five states which has a growing Veteran population. Many young veterans want to stay in Alaska rather than return to the lower 48. Transferring C&P claims outside will mean long and costly delays in the processing of their claims. This is especially true when it is realized that Anchorage has been able, with existing facilities, to up its performance rate for its Veteran customers by 23%, whereas in some of the larger VA facilities outside, rather than increasing, have diminished.

Respectfully submitted,


Warren C. Corver
The American Legion
Department Service Officer

WCC/mjr

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Congressional Delegation Request for Information

Impact of VBA Restructuring on Alaska Veterans

A. Gained Efficiencies - Anchorage is already very efficient

1. The Anchorage YAM&ROC is sixth best nationally when compared to the other 57 Regional Offices in claims completed per staff hour.
2. Compensation and Pension (C&P) Claims increased in Anchorage 11% in FY95 while nationally VA experienced a decrease of 27% in C&P claims.
3. Anchorage is now below the national average for C&P examination timeliness, a considerable improvement over our output the previous year.
4. Our percent of cases pending over six months dropped from the highest in the nation during FY94 to well below the national average.
5. Anchorage improved productivity despite experiencing staffing cuts and reductions in overtime funds available.
6. Anchorage is experiencing increasing workload and productivity gains simultaneously. It does not appear that this restructuring can have a positive effect on these trends.

B. Greater access - Moving providers 3000 miles from their Alaska customers does not necessarily improve access.

1. Anchorage has made major resource shifts to make decision makers directly accessible to the customer via the new team concept for a Veterans Service Unit. Restructuring reverts to the old method of one type of employee accepts and develops paperwork and another type, remote from the veteran, decides the claims merits.
2. Specialization of service centers reduces the level of personalized service that any one staff can provide the veteran. Personnel at consolidated service centers will become familiar with only one aspect of veterans benefits.
3. Customer service survey instruments have shown that customers want to speak to decision makers; claims specialists will undermine this effort. Recently some VBA stations have received Vice President Gore's Hammer Award for placing decision makers in touch with the customer. This proposal seems to ignore the success of these stations experiences.

III. Reduced Operating Costs - Alaska cost savings data is not explained.

1. While individual salary costs in Alaska are higher due to the 25% Cost of Living Allowance (COLA), the Anchorage VBA staff are low cost when analyzed on total salary costs. This is due to being collocated with the medical center under the VAM&ROC structure which provides the space and overhead for the operation. No rent will be saved since VA has a 10 year lease on the Anchorage VAM&ROC building.

2. VAM&ROC structure of "one stop shopping" for veterans is a positive approach to not only reducing operating costs, but also improvements in customer service and employee understanding of the agency as a whole. Of the six VAM&ROCs in VA's system, this restructuring proposal effectively eliminates four.

3. The net reduction in FTBE from restructuring is very small, compared the creation of a sizable backlog of claims following a move of this magnitude.

4. The responsibility for serving Alaskan veterans will still rest with the Director of the Anchorage VAM&ROC, but this authority to control claims processing will be lost.

5. Additional layers and steps are being added to the process by splitting claims counseling in Alaska from claims decision making in Nevada.

IV. Improvements in Timeliness and Quality - For Alaska veterans making the process more complex will not necessarily improve timeliness and/or quality.

1. Anchorage has shown considerable improvements in timeliness despite growing workload and reduction in both overtime and staffing. Staffing has been cut and frozen at approximately 23% of our authorized ceiling.

2. Anchorage has received excellent marks in the quality indicators.

3. Anchorage has very positive customer relations, this includes congressional offices, service organizations and individual veterans.

4. Alaska is one of only five states which continue to have a growing veteran population. The average age of Alaska veterans is second only to Utah for youngest. This young and growing veteran population will not experience the natural attrition that states with older veteran populations will.

5. Transferring records back and forth between Alaska and Reno/Phoenix will add delays and increase the chance for errors. In many instances a veteran applies for numerous benefits simultaneously. This would require multiple claims folders being created and sent to Reno, Nevada and Phoenix, Arizona, for Compensation and Pension respectively. This will delay processing timeliness and require unbelievable coordination between the three facilities.

Hypothetical Example #1

Veteran is discharged from Fort Wainwright, Alaska and joins Alaska National Guard. Veteran files a claim with Anchorage VAM&ROC. Power of Attorney is provided to veterans service organization with initial claim. Anchorage forwards claim to Reno, VARO for adjudicative action (mailing time approximately 3days). Reno, VARO builds folder and requests records and Compensation and Pension Examination from Anchorage VAM&ROC. Reno, VARO sends claims folder to Anchorage for examination (mailing time approximately 4days, one way). Examination completed and folder forwarded to Reno, VARO with completed examination (mailing time approximately 4days). Reno, VARO has difficulty obtaining military medical records from Alaska National Guard. Anchorage Veterans Service Officer requests review of claims folder (mailing time 4days each way). Reno, VARO completes claim and an additional 19 days of record transfer time is accrued during this process. This delay does not include the time lost in communications with Alaska National Guard.

Hypothetical Example #2

Alaska Native widow, in remote village, files Eligibility Verification Review (EVR). Reno, VARO is unfamiliar with special laws regarding Alaska Native income and creates an erroneous underpayment. Reno, VARO also does not check for unreported Alaska Permanent Fund Dividend bonus and Longevity Bonus income and thus creates an unnecessary overpayment. Later an income verification match (IVM) detects under reporting of income, leading to a suspension of the widows payments. Widow experiences extended financial hardship, and several Veterans Assistance Inquiries (VAIs) and congressional inquiries needed to correct problem.

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The proposal to restructure Veterans Benefits Administration (VBA) functions which was released December 13, 1995, presents some interesting questions and concerns upon review.

The motivating factor for initiating this restructure plan is that of improved efficiencies and cost savings. What savings will be realized from such a restructuring plan? Federal employees at the affected sites will be subject to federal relocation and placement authority. Additionally, what real reductions in staffing levels are to be gained under this plan? The benefits processing workload will be reallocated and require increased staffing at Reno and Phoenix VA offices to handle Alaska's veterans claims.

Customer expectations is isolated as being addressed by the restructure of VBA. How are veterans expectations being met through the elimination of local offices? The Veterans Health Administration (VHA) has been developing increased access points and consolidated service delivery. The establishment of VA Medical And Regional Office Centers (VAM&ROC's) was a positive approach to creating one stop shopping for veterans seeking their federal benefits. The restructure proposal eliminates four VAM&ROC's and removes this convenient access. The VAM&ROC concept also minimizes the need for redundant VBA and VHA offices and improves the customer's understanding of the agency. It appears that customer expectations will not be positively impacted by the initiative being proposed.

Alaska's veterans currently expect and receive priority claims processing when necessary to expedite treatment decisions or when a considerable hardship will or has been experienced. Can a consolidated claims processing process, such as the one being proposed meet this need?

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Additionally, often veterans file claims for both compensation and/or pension. If the processing for these two different claims is divided between Reno, Nevada and Phoenix, Arizona, wouldn't additional delays be expected as a result? VA maintains only one claims folder on the veteran and this would have to be transferred between the two offices. This will take extra time, coordination between offices and resources to coordinate and transfer the necessary documents and files.

In developing this proposal was any input solicited from the Anchorage, VAM&ROC regarding the impact of such a change?. The Alaska landscape and demographics are very unique and many lessons have been learned by this local VBA staff. The Anchorage VAM&ROC has shown consistent improvement over the past eighteen months on all critical customer service indicators. In FY93 a waiver of the national standard for Compensation and Pension Examination timeliness was needed in order to exempt the station from compliance with national timeliness standards.

Over the past year Anchorage VAM&ROC has consistently completed examinations *at 17 days* well below the 35 day national standard, the most recent performance being 19 days.

The relocation of veterans claims files and adjudication activities will have a very real impact on the medical care provided by the Anchorage VAM&ROC. Alaska VA medical providers depend more heavily on access to a veterans claims folder for guidance in treatment decisions. This is due to the unique mechanism VA utilizes for service delivery, fee for service community medical providers. The use of fee services is very strictly regulated by federal regulation. Very specific information is needed in order to determine VA's authority to pay for care by private providers. With the current collocation of VA activities this information is accessed quite readily. VA's

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relationship with the community has been greatly improved as a result of the efficiency of the Anchorage VA clinic staff.

In reading the specifics of the proposal one must wonder about the methodology used to develop this plan. Was there a methodology behind the decision? If so were the criteria made known nationally or was the decision made without input? This is a very major step to undertake without the thoughtful input of those effected by the changes.