

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Review of
Alleged Use of Incorrect
Effective Dates
at the VA Regional Office
in Chicago, Illinois*

March 31, 2017
16-02806-182

ACRONYMS

FY	Fiscal Year
ITF	Intent to File
OIG	Office of Inspector General
QRT	Quality Review Team
RVSR	Rating Veterans Service Representative
VA	Department of Veterans Affairs
VARO	VA Regional Office
VBA	Veterans Benefits Administration
VBMS	Veterans Benefits Management System

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Highlights: Review of VBA's Alleged Use of Incorrect Effective Dates at the VARO in Chicago, IL

Why We Did This Review

We assessed the merits of a December 2015 Office of Inspector General (OIG) Hotline allegation that claims processors at the Chicago VA Regional Office (VARO) assigned incorrect effective dates when processing claims associated with "intent to file" (ITF) submissions.

An ITF provides claimants the opportunity to submit minimal information related to their claim for benefits and allows up to one year for the claimant to provide additional information and evidence necessary to complete the claim. If benefits are subsequently established, VA may use the date the VARO received the ITF as the basis for an earlier effective date for benefits payments.

What We Found

We substantiated the allegation that Rating Veterans Service Representatives (RVSRs) at the Chicago VARO did not always assign the correct effective dates when they received an ITF. Overall, RVSRs established incorrect effective dates for 15 of the 30 disability claims (50 percent) we sampled from a universe of 616 claims. Five of the errors resulted in 15 improper benefits payments totaling approximately \$5,700; 10 of the errors had incorrect effective dates but did not affect benefits payments.

The majority of effective date errors occurred when the claimant submitted an ITF electronically. In these cases, the Veterans Benefits Administration (VBA) automatically updates the corporate database; however, there is no standardized form within the electronic claims folder,

which increases the likelihood the VARO overlooks the ITF. Although a notification letter is generated, it is stored in a separate VBA system.

Generally, we attributed the errors to a lack of guidance within VBA policy on how to identify ITF filings and insufficient analysis of effective date errors, which led to weaknesses in training. Using incorrect effective dates may result in incorrect benefits payments. However, subsequent to our review, VBA updated its policy to include instructions on identifying ITFs and made additional ITF training available nationwide.

What We Recommended

We recommended the Chicago VARO Director conduct a review and take appropriate actions on the 586 claims associated with ITFs remaining from our universe. In addition, we recommended the Director implement a plan to ensure sufficient analysis is completed to identify effective date errors related to ITFs. Furthermore, we recommended the VARO Director ensure claims processors receive training on how to identify ITFs.

Agency Comments

The VARO Director concurred with the recommendations and provided sufficient evidence to close the recommendations.

A handwritten signature in black ink that reads "Larry M. Reinkemeyer".

LARRY M. REINKEMEYER
Assistant Inspector General
for Audits and Evaluations

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INTRODUCTION

Allegation

In December 2015, we received an allegation through the Office of Inspector General (OIG) Hotline that alleged Chicago VA Regional (VARO) staff assigned incorrect effective dates when awarding benefits. The complainant alleged that claims processors at the Chicago VARO did not recognize that an intent to file (ITF) had been received and that the ITF served to preserve an earlier effective date for benefits—in some cases, claimants were not given the extra year of entitlement.

Background and Criteria

On March 24, 2015, Veterans Benefits Administration (VBA) modified its policy that allowed VA to accept “informal claims.”¹ The new policy required claimants to submit an ITF any of the following ways:

- Submitting a completed VA Form 21-0966, *Intent to File a Claim for Compensation and/or Pension, or Survivors Pension and/or DIC* [Dependency and Indemnity Compensation]
- Calling the National Call Center or the National Pension Call Center and notifying a Public Contact Representative of his or her intent to file a claim for compensation, pension, or survivors benefits
- Initiating an application for benefits through eBenefits/Veterans On-Line Application Direct Connect or Stakeholder Enterprise Portal²

The ITF establishes an effective date placeholder for benefits if the veteran submits a completed claim within one year of receipt of the ITF. If benefits are established, the ITF process allows claims processors to assign effective dates based on the receipt of an ITF. This may be up to one year earlier than when the completed claim was received. Additionally, if a veteran submits an ITF for an original claim between March 24, 2015 (the date of the policy change) and August 5, 2015, and submits a substantially complete application within one year from the date VA received the ITF, VA can potentially pay benefits with a one-year retroactive payment date.³

¹ M21-1 Adjudication Procedures Manual, Part III, Subpart ii, Chapter 2, Section C, *Informal Claims Received Prior to March 24, 2015, Intent to File (ITF) and Requests for Application.*

² VA Form 21-0966, *Intent to File a Claim for Compensation and/or Pension, or Survivors Pension and/or Dependency and Indemnity Compensation.*

³ M21-1.

RESULTS AND RECOMMENDATIONS

Finding **Chicago VARO Assigned Incorrect Effective Dates When an ITF Was Received**

We substantiated the allegation that Rating Veterans Service Representatives (RVSRs) at the Chicago VARO assigned incorrect effective dates where veterans completed their claims within one year of submitting an ITF. Generally, we attributed the errors to a lack of guidance on how to identify claims associated with an ITF. Furthermore, inadequate analysis of effective date errors and training contributed to these shortcomings. As a result, we found approximately \$5,700 in improper payments.⁴ If not corrected, veterans are at increased risk of receiving improper monthly benefit payments.

What We Did

In determining whether RVSRs assigned accurate effective dates based on receipt of an ITF, we reviewed 30 disability claims completed by the Chicago VARO from October 1, 2015 through March 31, 2016. We reviewed VBA policies and procedures associated with ITFs and reviewed Chicago VARO's workload management plans and training documents. Our review included interviews with VARO management responsible for providing guidance and oversight, and claims processors responsible for establishing effective dates when awarding benefits.

What We Found

We determined 11 RVSRs did not follow VBA policy when assigning effective dates for 15 of the 30 cases reviewed (50 percent) that contained an ITF—five of the errors affected benefit payments.⁵ VARO management concurred with all of the errors we identified. Summaries of the 15 errors follow.

- Five of the 15 errors resulted in 15 improper payments⁶ totaling approximately \$5,700 that occurred from April 1, 2015 through January 1, 2016.⁷ For example, in one of the cases, the veteran submitted an ITF on March 30, 2015 and then submitted a completed claim on September 15, 2015. Entitlement to benefits was incorrectly established effective September 15, 2015. According to VBA policy, the correct effective date should be March 30, 2015—the receipt date of the ITF.⁸

⁴ The five errors that affected benefits resulted in four underpayments totaling approximately \$5,000 and one overpayment totaling approximately \$700.

⁵ M21-1.

⁶ Veterans receive monthly benefits. The total of improper payments is equal to the total number of months the veterans were paid in error.

⁷ All calculations in this report have been rounded when applicable.

⁸ M21-1, Topic 1.

As a result, the veteran was underpaid approximately \$2,800 over a period of 6 months.

- Two of the 15 errors had the potential to affect veterans' benefits. In these cases, there was no change in the veterans' overall combined disability evaluations, so assigning incorrect effective dates did not affect payments. However, if the effective dates are not corrected, these errors have the potential to affect payments if additional benefits are awarded. For example, the veteran submitted an ITF on October 22, 2015 and a complete claim on November 18, 2015. An RVSR granted service connection for bilateral hearing loss but assigned a non-compensable evaluation effective November 18, 2015. VARO staff should have used October 22, 2015 as the effective date, but since the combined evaluation did not change, the benefits were not affected.
- In the remaining 8 of the 15 errors, there was no potential to affect veterans' benefits as the incorrect effective date provided was within the same month of the correct effective date identified. For example, the veteran submitted an ITF on September 14, 2015 and a completed claim on September 28, 2015. An RVSR granted service connection for posttraumatic stress disorder with an evaluation of 50 percent effective September 28, 2015. However, the effective date should have been September 14, 2015, the date of the ITF.

Why This Occurred

Thirteen of the 15 errors occurred when claimants submitted an ITF electronically. In these cases, the electronic folder does not display the standardized ITF forms, which increases the likelihood the ITF would be overlooked.⁹ In order to identify these ITFs, RVSRs must access ITF data within the Veteran's Profile tab in VBA's Veterans Benefits Management System (VBMS). VBMS is a web-based, electronic claims processing solution complemented by improved business processes. In addition, an RVSR can review an automated notification letter that acknowledged receipt of the ITF in Virtual VA—a separate VBA system.¹⁰ Interviews with staff revealed not all RVSRs were aware of the ITF receipt date within the veteran's profile in VBMS or the notification letter stored in Virtual VA. As such, an earlier effective date for benefits payments may not be considered.

In the remaining two cases with errors, the ITF forms were submitted through VBA's centralized mail process, scanned, and uploaded directly into the veterans' electronic claims folders. In these cases, and despite that the forms were stored in the veteran's electronic claims folder, staff assigned incorrect effective dates.

⁹ VA Form 21-0966, *Intent to File a Claim for Compensation and/or Pension, or Survivors Pension and/or DIC*.

¹⁰ Virtual Veterans Affairs is a legacy VA software program still used for storing documents. Documents that are restricted due to the sensitive information they contain are often stored in Virtual Veterans Affairs.

*Delayed
Guidance
Within VBA
Policy*

In June 2016, at the time of our review, VBA had yet to advise staff on how to identify when a veteran submitted an ITF. The following are changes to VBA's guidance made after our review.

- In a March 2016 Compensation Service Quality Call Notes, VBA's Quality Assurance discussed errors they identified in cases in which ITF guidelines were not correctly applied. As a result, they provided detailed steps on how to identify the presence of an ITF filing in VBMS. Although Compensation Service identified this issue, VBA's policy did not include this detailed guidance until July 22, 2016, subsequent to our onsite review.¹¹
- In July 2016, VBA modified its policy to add procedures for identifying ITF filings. The updated policy clearly outlined the steps to locate ITF information within VBMS.¹² If the veteran submits the ITF electronically, as was the case in 13 of 15 errors we identified, the ITF would not be recorded on a standardized ITF form. In these cases, it is necessary to review the ITF data under the Veteran's Profile tab in VBMS to ensure RVSRs consider all ITFs. Overall, it took VBA approximately 16 months following the establishment of the ITF process to provide guidance within its policy for locating ITFs within the electronic record.

*Insufficient
Trend Analysis*

VBA policy requires the Quality Review Team (QRT) to provide feedback and training on error trends.¹³ The QRT focuses on station quality in every VBA facility that processes compensation and pension claims. The purpose of the QRT is to improve the quality and timeliness of claims processing and decrease the amount of work performed on individual cases, such as evaluating station quality and identifying trend errors.¹⁴ However, we determined that QRT did not conduct sufficient analysis of effective date errors identified during their reviews.

The Veterans Service Center and QRT managers reported they conducted analysis on errors committed by RVSRs for effective dates. However, they confirmed that the analysis did not target the review of effective date errors related to ITF submissions, despite being a new initiative for VBA. The QRT manager was unaware that staff at the Chicago VARO did not process claims with an associated ITF until we notified them of the allegation. The manager further analyzed the VARO's local quality reviews and confirmed that there was an error trend related to ITFs and the assignment of incorrect effective dates. Subsequent to our review, we provided VARO management

¹¹ M21-1, Topic 1.

¹² *Ibid.*

¹³ M21-4 Manual, Chapter 6, Subchapter I, *Duties of the Quality Review Team.*

¹⁴ M21-4, General, *Overview.*

with the 586 claims remaining from our universe of 616 to determine whether similar action is required.

Training

The lack of guidance within VBA policy and insufficient analysis for effective date errors led to weaknesses in training. Claims processors attended several training sessions from March 2015 through June 2016 that discussed processing claims with an associated ITF. However, a review of the training documents provided by VARO staff revealed training did not address how to identify claims with ITF filings. Despite multiple training sessions related to ITFs, claims processors stated they were unaware of all the locations of an ITF filing until March 2016. The instructor of the March 2016 training stated he discussed the detailed steps outlined in the Compensation Service Quality Call Notes during the training session. However, based on the training documents provided, we could not confirm that any of the information provided to claims processors included recognizing ITF filings.

In July 2016, Compensation Service released ITF training nationwide for rating specialists, as its target audience; however, Compensation Service did not mandate the training. The July 2016 training material references the updated VBA policy that informs staff on how to identify ITF filings. Because the training occurred after our review, we could not determine if the training improved claims processors' ability to identify ITFs in the electronic folder.

Conclusion

We substantiated the allegation that the Chicago VARO assigned incorrect effective dates with cases that had an ITF submitted within one year. We determined RVSRs did not follow VBA policy when assigning effective dates for 15 of the 30 cases (50 percent) that had an ITF. VARO management concurred with all of the errors. Based on our review and interviews with staff, we found that ITFs submitted electronically are more likely to have effective date errors related to ITFs. As a result, VBA is at increased risk of paying inaccurate financial benefits.

Recommendations

1. We recommended the Chicago VA Regional Office Director conduct a review of the 586 claims with intent to files remaining from our universe, completed from October 1, 2015 through March 31, 2016, and take appropriate actions and report results back to OIG.
2. We recommended the Chicago VA Regional Office Director implement a plan to ensure sufficient analysis of quality reviews is completed to identify effective date errors related to intent to files.
3. We recommended the Chicago VA Regional Office Director ensure claims processors receive training on how to identify intent to files.

**Management
Comments**

The Chicago VARO Director concurred with and implemented the three recommendations. For Recommendation 1, the VARO Director reported the 586 claims were reviewed and 167 payment effective date errors were found. These errors resulted in approximately \$330,000 in underpayments and were corrected by March 2, 2017. For Recommendation 2, the VARO Director reported that the VSC implemented a quality review plan to target effective date errors related to ITF submissions. The QRT will ensure 25 percent of In Process Reviews on rating decisions will specifically assess ITF effective dates. For Recommendation 3, the VARO Director reported all Claims Assistants, Veterans Service Representatives, Rating Veterans Service Representatives, Quality Review Specialists and Decision Review Officers at the VARO completed training on ITF claims and on how to identify ITFs.

OIG Response

The VARO Director's comments and actions are responsive to the recommendations. As such, the recommendations are considered closed.

Appendix A Scope and Methodology

Scope and Methodology

We conducted our review of the Chicago VARO from June 2016 through February 2017 to assess the merits of the allegation that claims processors were not recognizing that VA had received an ITF. The ITF serves as a placeholder for the effective date of benefits. We assessed VBA policies and procedures associated with ITFs, Chicago VARO's workload management plans and training records relevant to the allegation. Our review included interviews with VARO management responsible for providing guidance and oversight, and claims processors responsible for establishing effective dates when awarding benefits. To determine whether RVSRs assigned accurate effective dates based on receipt of an ITF, we reviewed 30 disability claims completed by the Chicago VARO from October 1, 2015 through March 31, 2016.

Data Reliability

We used computer-processed data from Veterans Service Network Operations Reports to test for reliability of data. We reviewed the data to determine whether any data were missing from key fields or were outside the time frame 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, and dates of claims, as provided in the data received, with information contained in the 30 completed claims we reviewed.

Our testing of the data disclosed that they were sufficiently reliable for the purpose of this review. Our comparison of the data with information contained in the veterans' claims files reviewed in conjunction with the Hotline objective of the VARO did not disclose any obvious problems with data reliability.

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 B VARO Director's Comments

Department of Veterans Affairs Memorandum

Date: March 16, 2017

From: Director, Chicago Regional Office (328/00)

Subj: OIG Draft Report / Alleged Use of Incorrect Effective Dates

To: Director, VA Office of Inspector General, Bay Pines Benefits Inspection Division (52BP)

1. This is in response to the draft report and transmittal letter provided on March 2, 2017, concerning your review of allegations related to the use of incorrect effective dates at the Chicago Regional Office.
2. The Chicago Regional Office does not dispute the findings of the draft OIG Report of Alleged Use of Incorrect Effective Dates.
3. The Chicago regional Office concurs with the comments provided by OIG.
4. The Chicago Regional Office has implemented all OIG recommended actions.

(Original signed by:)

Hughes S. Turner
Director

Attachment

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Alleged Use of Incorrect Effective Dates, VA Regional Office, Chicago, IL**

VBA concurs with OIG's findings in the draft report and provides the following comments in response to the recommendations:

Recommendation 1: We recommend the Chicago VA Regional Office Director conduct a review of the 586 claims with intent to files remaining from our universe, completed from October 1, 2015, through March 31, 2016, and take appropriate actions and report results back to OIG.

VBA Response: A review was completed of all 586 claims with an intent to file (ITF) provided from OIG. A total of 167 claims were found to have effective date errors based on receipt of an ITF (28.5% error rate). Five of these errors were not corrected due to the death of the Veteran, with no claim for accrued benefits received. The remaining 162 claims were corrected by March 2, 2017. The total amount of underpayment to Veterans was \$329,765.14. A complete list of the findings is attached below.

Sixty-eight (68) errors did not result in an underpayment to Veterans. Of these, 42 claims did not result in underpayment because the ITF was received during the same month as the formal claim. The remaining 26 claims did not result in underpayment because the condition(s) granted were noncompensable, or VA pay was offset by retirement pay.

<OIG Remaining ITF Claims.xlsx>*

The Chicago Regional Office requests closure of this recommendation.

Recommendation 2: We recommend the Chicago VA Regional Office Director implement a plan to ensure sufficient analysis of quality reviews is completed to identify effective date errors related to intent to files.

VBA Response: The Chicago Regional Office has implemented a plan to target effective date errors related to ITF submissions with In-Process Reviews (IPRs). Beginning with March 2017 IPRs, the Chicago Veterans Service Center (VSC) Quality Review Team (QRT) will ensure that at least 25% of IPRs conducted on claims in the Rating Decision Complete cycle are specifically for ITF effective dates.

The Chicago Regional Office requests closure of this recommendation.

Recommendation 3: We recommend the Chicago VA Regional Office Director ensure claims processors receive training on how to identify intent to files.

VBA Response: All Claims Assistants (CAs), Veterans Service Representatives (VSRs), Rating Veterans Service Representatives (RVSRs), Quality Review Specialists (QRSs), and Decision Review Officers (DROs) at the Chicago Regional Office have completed training on ITF claims and how to identify ITFs received electronically either locally, nationally, or both. Additional training sessions have been conducted on effective dates locally, and nationally-mandated training has been completed or will be completed by March 31, 2017. During the July 2016 Compensation Service Site Visit, a member of the Training Staff completed ITF training for all positions at the Chicago Regional Office. However, this training was not recorded in TMS or with a sign-in log.

<Intent to File Training History.xlsx>*

<Effective Date Training History.xlsx>*

<RVSR ITF Local Training.pdf>*

<VSR ITF Local Training.pdf >*

<CA ITF Local Training ITF.pdf>*

During the review of the 586 remaining ITF claims, all errors were returned to the RVSR responsible for the error, to correct the effective date. This on-the-job training served as an additional beneficial training tool for RVSRs.

The QRT has identified five ITF errors through In-Process Reviews, and one ITF error on Individual Quality Reviews since January 2017. STAR has identified one ITF error during FY17. Feedback has been provided to the employee who committed the error in all instances.

The Chicago Regional Office requests closure of this recommendation.

**OIG Note: Due to the number and length, the attachments were not included in this report. Copies may be obtained from the OIG Information Officer.*

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

Appendix C **OIG Contact and Staff Acknowledgments**

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 Kelly Crawford Casey Crump Yolanda Dunmore Kyle Flannery Lisa Van Haeren Nelvy Viguera Butler
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