

CLAIMS FOR HHG LOSS/DAMAGE FORECAST: CLOUDY THEN CLEAR

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DoD “Personnel Claims”

What is Our Authority?

- ✦ Authority to Pay Claims
 - ✦ Personnel Claims Act: 31 USC § 3721
 - ✦ AR 27-20 8 Feb 08; DA Pam 27-162 21 Mar 08
 - ✦ Service Agreements with Industry (e.g., ALDG)
- ✦ Authority to Recover \$\$ From TSPs
 - ✦ Fed’l Claims Collection Act: 31 USC §§ 3711-3720E
 - ✦ AR 27-20 8 Feb 08, ¶ 11-23 et seq; DA Pam 27-162 21 Mar 08, ¶ 11-23
 - ✦ Agreements (e.g., “50/50” refund requests)

Personnel Claims

How Do the Services Pay/Recover?

- ✦ Different Business Models for Payments and Recovery
 - ✦ Decentralized: Army payment, semi-centralized recoveries
 - ✦ Regional: Navy/MC, regionalized payment and centralized recovery
 - ✦ Centralized: AF payment and recovery operations centralized at Dayton
- ✦ Different Models Deliberately Chosen

Army Personnel Claims

Structure of the Army Claims System

- ✦ US Army Claims Service
 - ✦ Command under the TJAG, Army
 - ✦ Policy proponent; final authority
 - ✦ Personnel Claims/Recovery and Tort Claims
- ✦ OCONUS Command Claims Services
 - ✦ Europe - USACSEUR Heidelberg, GE
 - ✦ Korea – Claims Service Korea, Seoul, ROK
- ✦ Field Offices
 - ✦ >60 worldwide

Army Personnel Claims CONUS Points of Contact

- ✦ U.S. Army Claims Service
 - ✦ Bldg 4411 Llewellyn Ave, Suite 5360, Fort Meade, MD 20755-5125
 - ✦ Telephone: 301-677-7009
 - ✦ E-mail: reynold.masterton@us.army.mil (Cdr);
john.nolaniii@us.army.mil (personnel claims);
leland.gallup@us.army.mil (recoveries)

Army Personnel Claims OCONUS Points of Contact

- ✦ U.S. Army Claims Service Europe
 - ✦ Unit 30010, Box 37 (Mannheim, Germany), APO AE 09166
 - ✦ Telephone: 011-49-621-730-6417/6467
 - ✦ E-mail: lance.hamilton@eur.army.mil
- ✦ Eighth Army - Claims Service Korea
 - ✦ Unit 15322 (Yongsan, Korea), APO AP 96205
 - ✦ Telephone: 011-822-7918-8006/6856
 - ✦ E-mail: gabriel.tese@korea.army.mil

Army Personnel Claims Using Tech Over the Years

- ✦ Plain Old Paper - Always an Option
- ✦ Headquarters Database - Legacy/Moribund
- ✦ PCMS – Legacy/Dead or Dying
- ✦ PCLAIMS
 - ✦ Operational Oct 09
 - ✦ Online/soldier access worldwide
 - ✦ Rapidly becoming the preferred method
 - ✦ Nothing to do with DPS' Claims Module
- ✦ GFEBS – See Later Slide

Army Personnel Claims

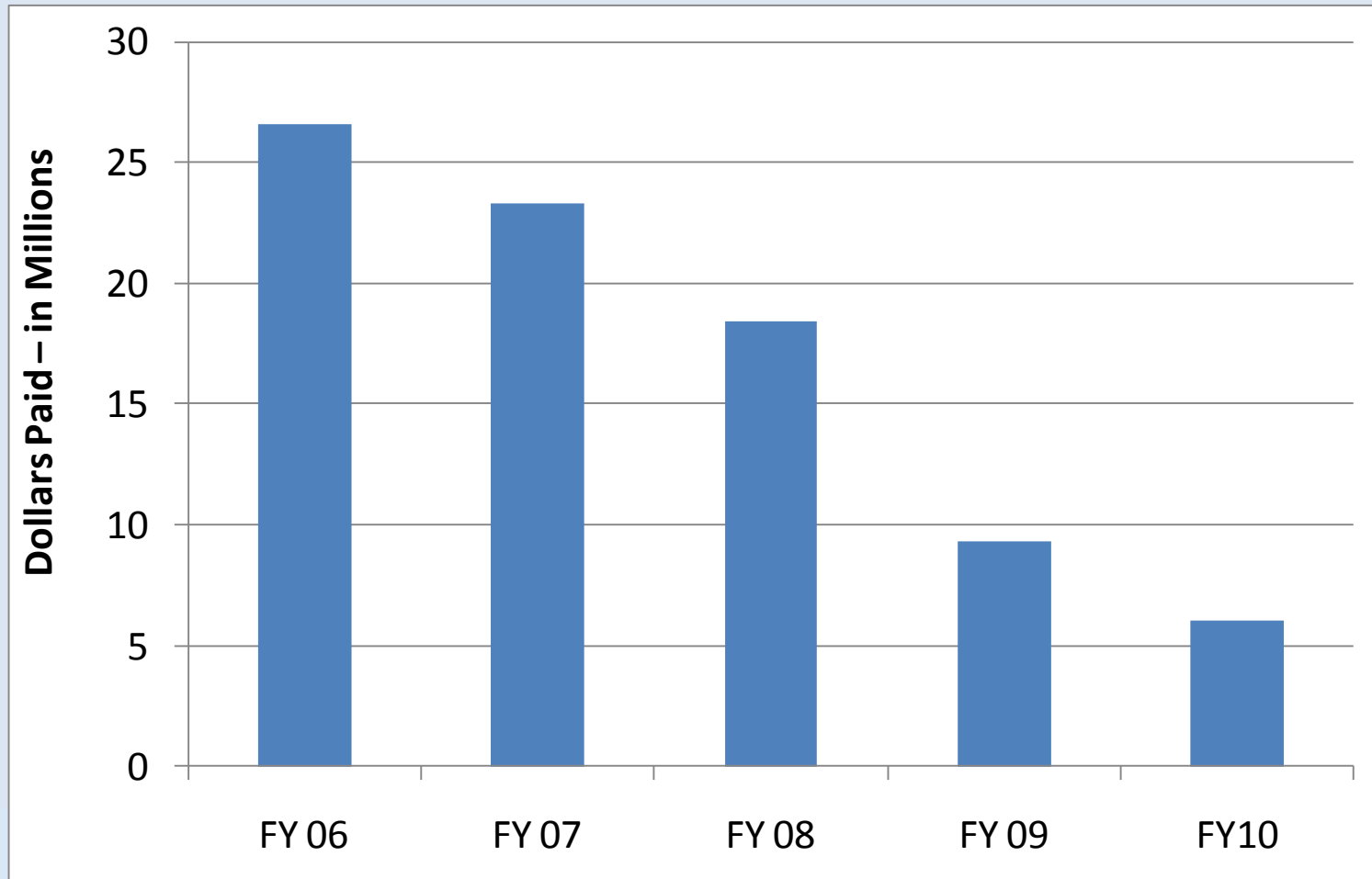
Not only the Tech has Changed

- ✦ It's not just the technology that has changed
- ✦ It's the underlying concept of how the Gov't procures HHG moves/storage
- ✦ Reengineering
 - ✦ Full Replacement Value
 - ✦ Direct Settlement with TSPs
 - ✦ DPS
- ✦ Upshot: Fewer HHG claims filed w/Gov't

Full Replacement Value What You May Know (Or Not)

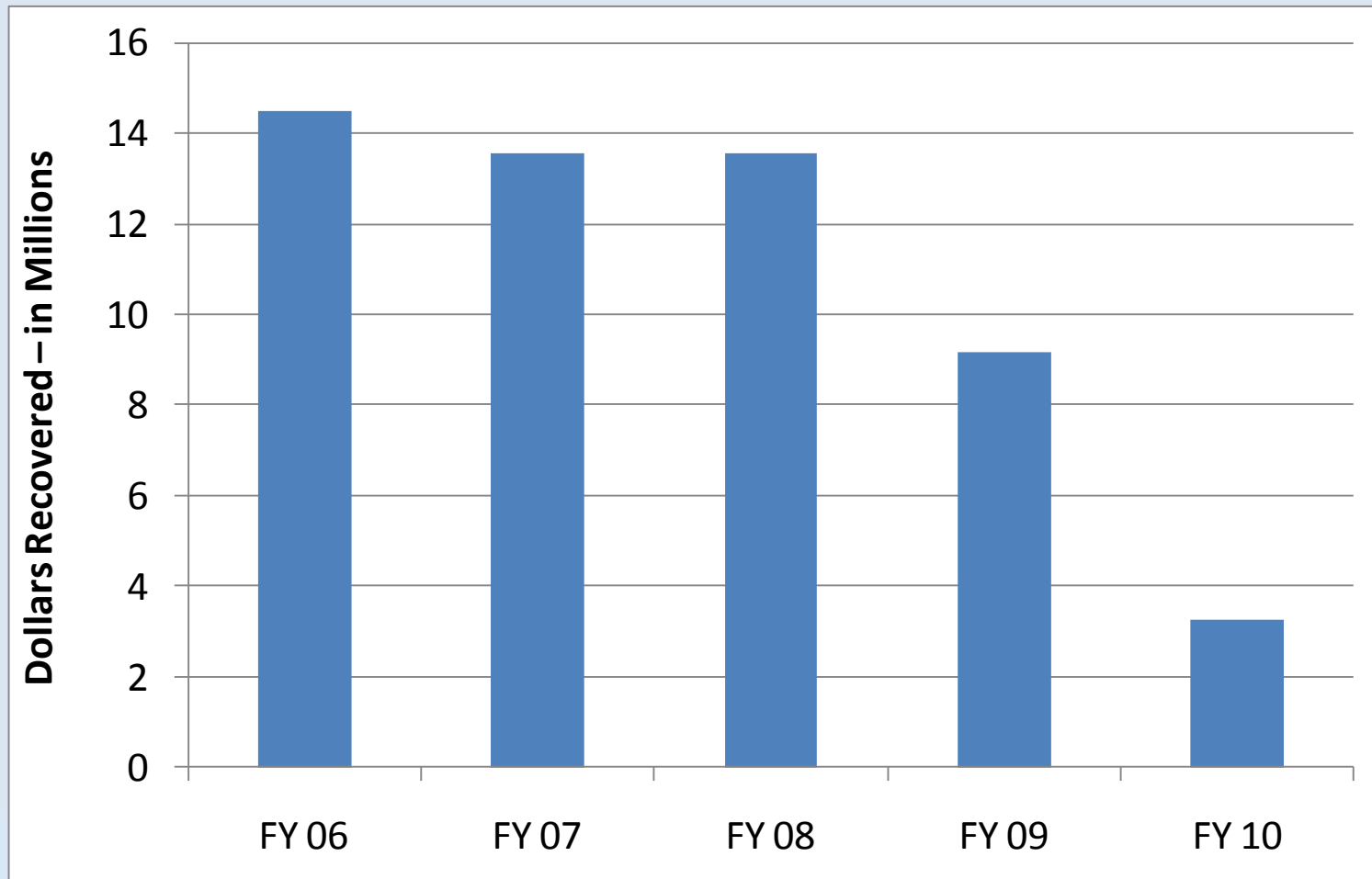
- Program began in fall 2007
- Claimants encouraged to file directly with TSP within 9 months of delivery
- If claimants do not like TSP's offer they can transfer claim to military claims office
- Customer satisfaction low (more on this later)
- Has not resulted in significant decrease in workload at military claims offices (more on this later)

Army Personnel Claims Paid



FY 10 figures represent claims through 30 Sep10

Army Personnel Claims Recoveries



FY 10 figures represent claims through 30 Sep 10

Army Personnel Claims

Fewer Claims \$ Paid = ??

- Numbers down very significantly
- Does this mean “business” is less for Army Claims offices and personnel?
- Increasing assistance to claimants in dealing with TSPs and in working DPS issues
- Mediation
- Offices now documenting effort to reflect changing personnel utilization – to quantify work so to reflect different quality of effort
- Always looking at adjusting system

Army Personnel Claims FRV Claims Survey

- Anecdotal evidence of customer dissatisfaction
- Army DJAG directed “informal survey” early 09
- Army DJAG directs “formal survey” May 09
- Army OTJAG hires contractor
- Development phase May 10 – Sep 10
- FRV survey now open; via AKO email/URL
- Not a survey of DPS, but on the claims process
- Report by end CY

Army Personnel Claims

GFEBBS

- Congressional mandate: get with the program!
- Army-wide implementation of SAP gen'l ledger accounting/business program
- Army Claims Service: Phase 4, 1 Jan 11 go-live
- All Army field offices paying claims \$\$/recovering claims \$\$ must use GFEBBS
- No change in paper legacy processes
- Payment vouchers to DFAS; collection vouchers and deposits to continue the same way
- But what about offsets?

Army Personnel Claims Offsets, Powertrack, EILO

- Service claims organizations collect from TSPs not only by negotiation/check deposits, but also offsets
- HHG loss/damage claims arising out of DPMs also can lead to offsets
- No offset capability for Army claims now; ~650\$k backlog; other Claims Services have same issue
- Powertrack issues with HHG claims offset function
- E-bill in Lieu of Offsets proposal
- Status of EILO????
- Upshot: unsatisfactory for Claims Services

Army Personnel Claims Background to Legislative Initiatives

- Personnel Claim Act requires MCO to pay depreciated value
- TSP liability for FRV required in all DOD transportation contracts NLT March 2008
- FRV program created because DPS not ready; began October 2007
- Experience with FRV claims reveals “gap” in ability of claimants to receive FRV.
- Claimants cannot get FRV when TSP not liable for loss and damage

Army Personnel Claims

“Gap” FRV Legislative Proposal

- ✦ Military Claims Services write “Gap” legislation to allow MCO to pay FRV when TSP not liable
- ✦ “Gap” legislation to TRANSCOM: early 2008
- ✦ “Gap” legislation approved by House for 2011 NDAA; awaiting Senate action
- ✦ But in the meanwhile...

Army Personnel Claims

“Full” FRV Legislative Proposal

- “Full” legislation, drafted by Claims Services, would allow MCO to pay FRV in all cases (but must file with TSP first)
- “Safety Valve” guarantee of full/fair treatment
- Would also allow elimination of claims module
- Claims services active discussion with TSP industry reps about the “Full” FRV proposal
- Army TJAG to TRANSCOM Cdr seeking support
- Possibility that “Full” legislation could be substituted for “Gap” in 2011 NDAA

Army Personnel Claims Bottom Line on Change

- Direct settlement has changed the landscape
- No going back
- Offset issue must be solved!
- Claims services adjusting to the different work
- Services now using online filing
- Army being brought into modern accounting era
- Legacy paper continues after GFEBIS implementation so TSPs will deal with the Army Claims Service just as before
- Clear skies ahead??

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What do you think of the forecast?
Questions/Concerns?