

**Statement of
The Honorable Tim S. McClain
President, Humana Government Business**

**Before the
House Committee on Veterans' Affairs**

June 12, 2014

Chairman Miller, Ranking Member Michaud and members of the Committee:

Thank you for holding today's hearing to examine bureaucratic barriers to healthcare for Veterans. I will focus my remarks on the very complex subject of organizational impediments in the Veterans Health Administration (VHA) that are not conducive to the delivery of effective and efficient healthcare to our nation's most deserving citizens.

The following recommendations are submitted for the Committee's consideration to drive VHA organizational alignment for improving healthcare delivery to Veterans:

- I. **A cultural assessment is recommended and should be completed before any major organizational changes are implemented**
- II. **Develop and implement a national Integrated Care Delivery (ICD) Model pilot program in several Community Based Outpatient Clinics (CBOCs) with a focus on health outcomes, cost of care, and Veteran satisfaction**
- III. **Utilize existing commercially available technology, such as health IT and scheduling/ consult tracking tools, to improve care coordination for Veterans who utilize VHA's "in-network" and "out-of-network" providers**
- IV. **For national or congressionally-directed programs, the program offices in VHA central office should be empowered to enforce policies and directives by providing organizational authority, centralized budgetary control, and meaningful outcomes-oriented performance metrics**

I. A cultural assessment is recommended and should be completed before any major organizational changes are implemented

Recent articles have opined that many of the current problems in the Veterans Health Administration are the result of an organizational culture that does not put the Veteran at the center of care and looks inward rather than outward for ideas and innovation. The alleged actions of certain VA employees in Phoenix and other VA facilities support those assertions. I believe the vast majority of VA employees are professional and dedicated to their primary mission of serving Veterans. However, there is a pervasive attitude among some levels of management that preservation of the "system" takes precedence over all other considerations,

including Veteran-centric healthcare. The result is an overall attitude that fears outside influence over VA healthcare. The paramount objective is to treat all Veterans within the walls of VHA, even if that means the patients must wait for care and even when some Veterans prefer to get care in the community. Sending a Veteran into the community for primary care is viewed as a potential weakness which might be exploited by those that want to provide Veterans an alternative to care closer to home. In many locations, VHA considers care delivered by a contracted community provider to be inferior to VHA care. In a recent article in the New England Journal of Medicine, Dr. Kenneth Kizer described VHA's current attitude as "insular."

This attitude is in direct contrast to how contracted care is viewed by a system such as Kaiser Permanente. Patients in the Kaiser system refer to the "Kaiser Experience", where care delivered anywhere within the Kaiser network, in a Kaiser hospital or a contract community provider, is considered Kaiser healthcare and part of the Kaiser Experience.

VHA should embrace this concept and move toward a "VA Experience" which incorporates all available quality healthcare and services in a community, including a modern Integrated Healthcare Delivery Model.

The cultural issues identified are most likely not restricted to VHA, but may be present throughout VA.

Recommendations:

1. After addressing the most immediate access problems, Congress should direct VA to contract with a national company or organization experienced in conducting cultural and organizational assessments of large, complex healthcare and/or service organizations.
2. VA should allow the voice of the Veterans to define the ideal "VA Experience". Then, VA should conduct a gap analysis and compare the results of the current cultural and organizational assessment to the desired Integrated Care Delivery Model of a 2020 and beyond world-class healthcare and services organization of choice.
3. VA should review all Personnel evaluation metrics and ensure that all VHA employees – from clerks, to clinicians, to senior managers – are evaluated based on outcomes for Veterans who are seeking and receive care from VHA – within its walls or in the community.
4. With the assistance of national experts, VA should develop and implement a plan to move from its current organizational culture to the desired 2020 and beyond world-class organizational structure and culture.

II. Develop and implement a national Integrated Care Delivery (ICD) Model pilot program in several Community Based Outpatient Clinics (CBOCs) with a focus on health outcomes, cost of care, and Veteran satisfaction

The transformation of VHA in the 1990s from a hospital-centric to a clinic-based system occurred, in part, as a reaction to a desire to provide accessible care to Veterans in the face of limited and dwindling budgetary resources. VISNs were established, there was a shift away from hospital-based inpatient care to outpatient care, and VHA became the decentralized system it is today. Over the past decade, VHA's budget has increased significantly and today budgetary restrictions are much less of a driving force. However, along with the growth of the budget came the growth of middle management positions at VA. The number of VA employees ballooned from 230,000 to over 320,000 in just five years. It appears that the vast majority of the additional employees are not engaged in direct healthcare. The bureaucracy is bloated. Also, Congress in appropriating the huge increases to the VA budget failed to require accountability for health and benefits outcomes for the taxpayers' dollars.

Over the next ten years VHA must continue its focus on addressing the signature injuries of the wars in Iraq and Afghanistan. In addition, there must be an equal focus on wellness and prevention to drive improved population health outcomes. As VA's budget stays flat or diminishes, as it surely will as the wars wind down, focusing on Integrated Care and population health are two proven ways to control rising healthcare expenditures by keeping the Veteran population in good health as the Vietnam era Veterans age.

There is abundant research that links wellness and preventive services to improved health outcomes. However, the way that VHA is currently organized does not integrate wellness and prevention into patient care plans and Veterans do not receive a consistent set of wellness services from one VAMC to the next. A pivot to Wellness is needed in VA.

Recommendations:

- 5.** To drive positive health outcomes, realize cost savings and improve Veteran satisfaction, VHA needs to focus on further developing a Veteran-centric, care coordinated delivery system that strongly promotes wellness and prevention. This requires policies and attitudes on these issues that are implemented consistently across the continuum of care as Veterans seek care within and outside of VHA. This will also assist VHA in making the VHA system the portal of choice for Veterans' healthcare.
- 6.** Congress can work with VHA to design a standardized, Veteran-centric healthcare delivery system, which is based on Integrated Care Delivery, care coordination and wellness.
 - a. VHA budget allocations should be dependent on VHA incorporating the policies, procedures, and programs designed so that VHA is the healthcare system of choice for Veterans.
 - b. Congress should direct VHA to establish a pilot program in several CBOCs, including contracted CBOCs, to determine the effectiveness of an Integrated Care Delivery model on health outcomes and cost of care.
 - i. Today, both VA and contractor-run CBOCs provide much of the primary care to eligible Veterans. The CBOCs serve as a natural home for extending wellness services as a test bed for the proposed coordinated and Integrated Care Delivery Model.

- ii. To fully understand the impact of integrating wellness offerings through the CBOCs, VHA should implement a pilot program in select VISNs that captures metrics and outcomes in both VHA and contractor-operated CBOCs that are representative of the variety of CBOCs that VHA operates. The pilot program must include provisions that allow CBOCs to experiment with various health and wellness approaches to determine the most effective and efficient model.
- iii. To ensure VHA and Congress are provided actionable information on these pilots, there must be a rigorous, independent evaluation component to the pilot program that focuses on care quality, cost, and Veteran satisfaction.

III. Utilize existing commercially available technology, such as health IT and scheduling/consult tracking tools, to improve care coordination for Veterans who utilize VHA’s “in-network” and “out-of-network” providers

The Electronic Health Record (EHR) is a critical component for robust care coordination. It is especially important for Veterans with co-morbid mental and physical health conditions that see multiple providers, both “in-network” providers within VHA and “out-of-network” providers outside of VHA.

VHA does not maintain a complete Veterans Health Record because it fails to capture, aggregate, and evaluate a Veteran’s care from all sources, both inside and outside VHA. A significant portion of VA patients do not receive their entire healthcare from VHA. Some only come to VA for the prescription drug benefit. Therefore, VA does not have a complete picture of a Veteran’s overall healthcare needs and treatment. VistA is an effective EHR tool to be used within each VHA facility; however, it is not ideal for an Integrated Care Delivery Model because it fails to aggregate charts, labs, consults and reports from all sources of a Veteran’s healthcare. The technology exists today in the Health IT space to accomplish this important aspect of total healthcare.

Currently when a Veteran receives an authorization for care through the Purchased Care Program, VHA essentially loses track of that Veteran’s healthcare because there is no tool to track the healthcare delivered by providers in the community. This may be one reason why care provided in the community is suspect to many in VHA. An EHR that presents the total healthcare picture of a Veteran could help to alleviate that attitude.

Recommendations:

7. Complete clinical information exchange is a key element of care coordination. VHA should be directed to:
 - a. Utilize off-the-shelf solutions that exist today in the commercial market that will provide immediate connectivity between VistA and EHRs that are used in systems outside of VHA. VistA evolution plans should ensure VHA IT can easily be linked with other existing IT tools and products that will enhance health care delivery for Veterans.
 - b. Leverage existing Health IT capabilities in the commercial sector to aggregate and evaluate health data from all healthcare delivery sources. This includes the power of big data and data analytics to study and positively impact population health outcomes.

8. Implement a national, centralized appointment scheduling system in VHA with a centralized budget and location(s).
 - a. A national scheduling system will provide the opportunity for any Veteran to be scheduled for any appointment in or out of Network anywhere Veterans are eligible to receive care. There are numerous commercially robust scheduling systems in use today that VHA could adopt.
 - b. Project HERO (Healthcare Effectiveness through Resource Optimization), a care coordination pilot program, utilized a contractor-provided scheduling and consults tracking system, which allowed VHA to track a Veteran's total healthcare experience when referred to a community provider. Such a system could be used to schedule and monitor the appointments for all purchased care. This centralized appointment system for contract care would be a tool for VHA in managing the delivery of timely access to care for Veterans.
 - c. VHA still lacks a nationwide state-of-the-art claims processing system. Each facility still has unique capabilities and approaches to paying for out of Network (Purchased Care/Fee) claims. In addition, VHA still lacks an automated system for collecting first and third party payments, which should be an integral part of an in-Network and out-of-Network claims payment system.

IV. For national or Congressionally-directed programs, the program offices in VHA Central Office should be empowered to enforce policies and directives by providing organizational authority, centralized budgetary control, and meaningful outcomes-oriented performance metrics

Properly managed, the decentralized model of VHA implemented in the mid-1990s has been a very effective model. However, some programs have required a national implementation approach, as directed by Congress. For those programs, offices in VHA Central Office establish national policies and issue guidance, but they lack direct line and centralized budget authority for ensuring that the policies are implemented and guidance is followed consistently in the field.

As mentioned above, Project HERO was a care coordination pilot program that yielded savings of \$16 million according to VA's calculations, even with a very limited use of the pilot program in the field. VHA missed a major opportunity to realize savings. Significant additional savings could have been realized if the Project HERO program office had centralized authority to implement a standardized authorization and referral process, and the authority to require a facility's use of the contracted network of outside providers in the pilot program.

Many existing VHA performance metrics are focused on process rather than outcomes, which hinders the ability to hold staff accountable to program success and improved Veterans' health outcomes.

Recommendations:

9. VHA should establish clear performance metrics that focus on clinical results, quality, access, timeliness, and Veteran satisfaction. These metrics would guide the work of VHA's administrative and clinical staff in central office and in the field. In addition, it would be an effective lever to drive desired behavior if these metrics are used to inform the staff's annual performance reviews and decisions about bonus awards and promotions.

10. The field staff – administrative and clinical - needs to have a clear reporting chain to eliminate the current confusion about the chain of command, authority and responsibilities. For example, there are VISN BIMs (Business Implementation Managers) with different organizational structures across the country. Some VISN BIMs have direct line authority over the Fee clerks at VAMCs and can direct their behavior, while other VISN BIMs lack that authority.

Mr. Chairman, thank you once again for the opportunity to address these extremely important issues. Humana Government Business stands ready to assist VHA in finding solutions to the current issues so that Veterans can receive the timely care they deserve.



Honorable Tim S. McClain

Tim S. McClain was appointed President, Humana Government Business in February 2012 and has responsibility for business and administrative contracts with the federal government. Previously, Tim was President and CEO of Humana Veterans Healthcare Services. He is a recognized expert in Veterans health care law and policy.

Mr. McClain has over thirty- five years of experience in executive leadership and management positions. He served as General Counsel for the U.S. Department of Veterans Affairs (VA) from 2001-2006, a Senate-confirmed Presidential appointment position, serving two Cabinet secretaries and managing an office comprised of nearly 400 attorneys.

In 2005, Mr. McClain served concurrently as General Counsel and as Chief Management Officer for VA, with overall responsibility for the Cabinet department's budget formulation and execution, procurement policy, acquisitions management, and business process oversight.

Tim is a graduate of the U.S. Naval Academy, Annapolis, Maryland, and California Western School of Law, San Diego, California. He is a retired Naval officer, having served as a Surface Warfare Officer and in the Navy's Judge Advocate General's (JAG) Corps.

Statement:

Humana Government Business currently provides administrative services to VHA under the Project ARCH (Access Received Closer to Home) contract, and also operates thirty-four Community Based Outpatient Clinics (CBOC) through contracts with VHA. Humana Government Business previously provided services under the Project HERO contract.