

**Statement**  
**by**  
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**for**  
**U.S. House of Representatives**  
**Committee on Veterans' Affairs**  
**Hearing Regarding**  
**“Provision of Care to Veterans through the Department of**  
**Veterans Affairs Health Care System Via Non-VA Providers”**  
**June 18, 2014**

Mr. Chairman, Ranking Member Michaud, and distinguished members of the Committee, thank you very much for the opportunity to appear before you this morning to discuss the critical topic of access to health care for our nation's Veterans – and, in particular, the use of non-VA care.

**Our History**

For 18 years, I have had the distinct privilege of leading a company whose sole mission is standing alongside the federal government in serving the health care needs of those who served this country in uniform and their families. In 1996, a group of non-profit health plans and university health systems came together and founded TriWest Healthcare Alliance. Our initial mission was to serve the Department of Defense (DoD) in bringing up the first TRICARE contract in what were then Regions 7 and 8. And while today TRICARE is recognized as a cherished benefit for our Service members and their eligible family members, it took many years of hard work, focus, and most importantly partnership between the contractor community and DoD's health care system to mature to this point. I am proud of the role TriWest played, along with our colleagues in the contractor community, in the implementation, maturation, and improvement of that program during our years of service in support of the Defense Department. And, I am even more proud today to have the privilege of bringing that same focus and intensity to the side of the Department of Veterans Affairs (VA) through their new Patient Centered Community Care (PC3) program.

In addition, we have the privilege of serving the United States Marine Corps as the worldwide operator of the DSTRESS stress and suicide-prevention contact center and the back-up to the Sexual Assault Prevention and Response (SAPR) line. We also serve the United State Air Force by providing appointing service in three Military Treatment Facilities in the Continental United States.

## **Awarded PC3 Contracts for Regions 3, 5, and 6**

On September 4, 2013, TriWest was awarded a contract to serve VA in implementing their brand new PC3 program. I want to say what an honor and privilege it is to be entrusted to serve alongside VA in caring for our Nation's most deserving citizens... its Veterans! Each and every member of the TriWest family feels privileged to be of service to our nation's Veterans – from the Chairman of our Board (who is the President and CEO of Blue Cross Blue Shield of Arizona) and the rest of our 11 owners, to our senior executives, to all of our employees.

Working with VA on implementing this new program is in many ways a return to our earliest days. We find ourselves partnering each and every day with a group of dedicated public servants, working long hours to deliver the promise of access to quality health care to a deserving population. We knew standing up a new program would be challenging and consuming. But, we also knew that success in meeting the challenge meant we would have the honor of playing a part in ensuring our nation's Veterans received the care they've earned through their service and sacrifice. Because of this, we embrace the opportunity to again lean all the way forward.

## **Our Network, Our Focus and Our Commitment**

As I just indicated, TriWest provides a diverse set of services to our military and VA clients. At our core, though, TriWest is a company that builds and maintains networks of health care providers, who agree to render care to the deserving beneficiaries we are privileged to serve at a reasonable price for the taxpayer. We then pay those providers on behalf of customers quickly and accurately while focusing intently on professional, fair dealing as the keys to maintaining that network of high quality clinicians.

Today, through the TriWest network, we provide Veterans with access to nearly 70,000 specialty providers and facilities throughout VA's Regions 3, 5, and 6 and are continuing to grow those numbers each and every day as we learn more about their health care needs. Right now, the network available in our native territory, which consists largely of the Western and Midwestern states, contain more robust availability due to how much we knew about that market and our historical presence in that area supporting the DoD. However, we have been engaging the provider community throughout the Southern and Eastern parts of the PC3 Regions for many months now and are finding providers of all types willing to come forward and serve this most deserving population. We have committed to VA that our network will be available within the access standards as well as credentialed and checked against all of VA's specialized quality requirements.

### **PC3: Our Tasks and Our Team**

Under the terms of our contract with VA to administer the PC3 program, TriWest is responsible for:

*Building a network of providers* – This includes executing all contracts either in-house or in conjunction with our network subcontractors (who are indigenous to their territories of operation), verifying all licensure, certifications, and specialty designations as well as completing all credentialing work. In addition, our contract with VA contains a number of unique requirements for certain specialties and subspecialties that are needed by Veterans. It is our job to ensure those requirements are met.

*Making appointments for our Veterans; ensuring they see the doctor* – For each authorization TriWest receives, our staff reaches out and attempts to make contact with the Veteran to ascertain their preferred time and date of appointment. We then identify a network provider within the standards set forth in our contract and reach out to that provider and make an appointment before circling back with the Veteran to confirm. In addition, TriWest makes efforts to ascertain the Veteran's preferred communication method so that 48 hours prior to the appointment, we can send a reminder – lessening the potential for missed appointments and resulting in the delivery of the needed care. Afterwards, we confirm that the appointment occurred.

In those instances in which we cannot reach a Veteran within three days to make an appointment, our contract requires that we make an appointment for the Veteran and send a letter to him or her with the appointment information. We have noticed a not insignificant higher percentage of missed appointments when using the letter method, and have discussed this matter with VA officials.

*Following-up after appointments to retrieve medical documentation to return it to VA* – Ensuring that a Veteran receives timely access to a high quality health care provider is certainly the most important element of the program. However, following the delivery of health care it is important to make sure that a report from the provider rendering the care gets returned to the Veteran's home VA facility in a timely fashion so that it may be placed in the medical record of the Veteran. And, it is our responsibility to ensure that such occurs. This helps make certain that any findings, recommended treatments, or other important clinical services can occur with full knowledge of the episode of care that occurred in the community.

*Paying the providers' claims* – As I mentioned earlier, TriWest knows that without our providers, we cannot deliver care through the PC3 program. We realize that sometimes the federal reimbursement rates aren't always the most attractive rate in the marketplace. However, we have learned that timely and accurate payment of claims goes a long way towards ensuring that a provider stays in the network and continues to see our deserving Veterans. Our providers are patriotic and dedicated. But, we do need to recognize their professional value by paying them on time.

To accomplish all of this work, we rely on our dedicated team who work either in our corporate headquarters in Phoenix, AZ or our call center located in Puyallup, WA. In fact, I am pleased to tell the Committee that in an effort to be certain we are ready and able to assist VA in working down their identified backlogs for care, we recently doubled our front-line staff with the hiring of 100 new employees. They will be joined by another 100 or so next week. All of them will be trained and ready to serve VA and our nation's Veterans in the very near future, giving us the ability to meet the coming demand from the clusters of backlogs across our geographic area of responsibility.

### **Non-VA Care and the First Five Months of PC3**

#### ***Implementation work "behind the scenes"***

As noted earlier, TriWest was awarded the PC3 contract on September 4, 2013 and we officially began implementation of the program on September 26, 2013. Most of the early work consisted of "behind the scenes" efforts in coordination and cooperation with VA. Under our implementation plan, we would begin direct services to Veterans in Region 5 January 2, 2014 while rolling-out services to Regions 3 and 6 on April 1, 2014.

I would like to say at this time that I regret that our implementation schedule in Region 3 needed to be pushed back from the original April 1 date to allow for a phased implementation through June 30 to allow more time to ensure that we had the right providers available to VA when authorizations for care were sent to us. We had a robust network in many places throughout the Region; however, we expected to have many more providers than we did in some of the geographically diverse places to serve VA's needs. Since that time, we have been working around the clock to sign up additional network providers. And, as we do so, we are constantly updating VA on a location-by-location and service-by-service basis so that local officials know what is available. We expect to be at or near completion of our initial building goals by July 1, 2014. And, in the midst of it all, we have now been working to address the clusters of backlogged care that have materialized... making the challenge a bit more complicated.

During our “behind the scenes” implementation TriWest worked simultaneously on a number of initiatives, including:

*Ramping up our network building* – While TriWest maintained a sizable network from our previous TRICARE work, upon award of the PC3 contract, we began in earnest the work required to amend those contracts to meet all of VA’s standards.

*Developing our TriWest/VA portal* – This interactive portal system is used by VA employees to enter authorizations for care; track when care has been scheduled or provided; and monitor the return of medical documentation related to an appointment in the network. The portal is also used by TriWest staff to upload medical documentation in .pdf format for return to VA and also to enter Secondary Authorization Requests, which VA can then consider and approve for service in the network or appoint to its own facilities.

*Developing our TriWest Provider Portal* – This interactive portal allows network providers who see Veterans under the PC3 program to view authorizations; upload medical documentation; confirm appointment timeliness; and make a Secondary Authorization Request.

*Standing up our contact center operations* – In a short period of time we had to acquire building space, bring in Information Technology (IT) services, and hire the staff that would begin serving Veterans in Region 5 on January 2, 2014.

*Training hundreds of TriWest and VA staff* – The PC3 program was not only new to TriWest and our recently-hired staff, but many aspects of it were also new to employees of the non-VA Care Coordination offices in VA Medical Centers (VAMC) all across the Regions. Working closely with our VA team colleagues in the Project Management Office, we provided unique user names and passwords for all of the VA staff at facilities across Region 5 and trained them of the use of the portal.

*Conducting Site Visits* – On these visits, which were coordinated and led by our VA Project Management Office colleagues, we introduced ourselves and worked to educate VAMC staff and leadership on the elements of the PC3 contract and the tools we had and how TriWest would interact with them to serve Veterans.

### ***Start of direct care delivery***

On January 2, 2014, fewer than four months after award, we went live and began direct services to Veterans throughout Region 5. Not surprisingly, as a new program, PC3 started slow. During the first few months, we were receiving on average about 100 authorizations each day from the

VAMCs we serve; although the daily number fluctuated from between 30-150 each day. That workload translated into about 2,000 authorizations for care during the month of January. I can state, unequivocally, that slow initial start is now a very distant memory for all of us in our geographic area of responsibility... TriWest and VA team alike... in spite of the short timeframe since we started delivering services.

In February, workload inched up slightly from 2,000 to about 2,500 for the month. For the month of May, we received 10,000 authorizations for care – a quadrupling of the monthly volume in just three months. And we expect the growth to continue. I will talk shortly about how we are preparing for that growth.

Perhaps, as to be expected with any new program, not everything has gone according to plan during the first couple of months. First, as noted above, we know that despite our best efforts, not all of our network was ready in all of the places where we needed to have it in order to best serve VA's and Veterans' needs. The reasons are varied and several-fold: immaturity of data, complexity of contract requirements, Medicare-based reimbursements rates, VA's continued provider engagement separate and distinct from the PC3 program; and lack of clarity of all of the places in which care was going to be needed and the volume of such care... exacerbated a bit by the current clusters of backlogged care. But, whatever the reasons, they are only reasons and not excuses. It is our job to have services available and we will meet that expectation. And, I am pleased to state that in spite of these initial challenges, together we are gaining on it.

As you might expect, in a personnel-intense program, the rapid increase in workload from February to May led to some delays in appointing Veterans within the desired timeliness standards. Fortunately, as I noted earlier, in less than one month, we have been able to hire nearly 100 new staff. That growth in staffing has substantially cured those challenges. And, we will be adding another 100 this next week. That said, I would be remiss if I did not note that while TriWest certainly welcomes the rapid growth in the use of the PC3 program, the Indefinite Delivery/Indefinite Quantity (IDIQ) contract design can present some unique challenges when such a rapid and voluminous change in demand comes into play.

From a taxpayer-centric approach, VA does not wish to pay for services until after they are ordered. This is certainly understandable. And, with this contract design they do not have to. Yet, paying in arrears with little information on projected ordering volumes means TriWest is estimating the need for physical space and staff with little information or experience on all sides. As such, rapid growth could – and did for a bit – overwhelm TriWest's infrastructure and staff that was built without foreknowledge of the clusters of backlogged care that existed. But, together, we, and the VA team in our geographic areas of responsibility, are persevering and I

believe that we have prognosticated well enough to have a reasonable probability of positioning ourselves to successfully meet the demand when it arrives.

Please know that I am in no way advocating for a change in contract design. I am only noting the importance of sharing information between VA and the PC3 contractors in a design like this so that we can reasonably predict the workload we will be facing in advance and be better prepared to respond to it. And, I am pleased to report that VA has done a very solid job of responding to that need once we all got visibility of the clusters of backlogged demand for care.

I would also like to note that we have received a lot of feedback on our TriWest/VA Portal interface tool from VA staff and our Contracting Officer. We have listened and made substantial upgrades and improvements in recent months. These changes will not only enhance productivity and efficiency inside TriWest and VA, but they will also provide valuable data tools for all of us to use in monitoring our progress and the experience of receiving care through the PC3 program.

Finally, Mr. Chairman, I would like to spend a minute discussing how TriWest is partnering with the VA team to address the current access challenges faced by many of the VAMCs in our areas of geographic responsibility.

VA has discussed publicly its Access to Care Initiative. But, before the initiative even had a name, our colleagues in many VAMCs around the Regions we serve were reaching out to us to see if we could help, and if so, where and how fast. Our company is headquartered Phoenix AZ. And, while I realize much remains to be learned and understood about actions that occurred in Phoenix, I can say without hesitation that the leadership there today, their superiors, and the Program Management Office, have been collaborating with us each and every day to hone a model of partnering to work down the specialty care backlogs as quickly as possible. They have identifying their needs for assistance so that we can reasonably identify the capacity of the providers in our network to handle the care. And, indeed, the analysis of demand against capacity has been conducted there and for most of the places with backlogs across our entire service area. And, to ensure that we can handle the demand in Phoenix, my team and I have spoken with many leaders of large practices and facilities across Maricopa County. And, as you would expect, they are committed to leaning forward to help serve their fellow citizens. In fact, we expect to be receiving between 300-400 authorizations of care a day from the Phoenix VAMC and are prepared, along with our provider network, to handle them all within the access standards required in our contract.

In addition, just this past week, we began getting some of the authorizations for services needed to provide a special type of cognitive behavioral therapy. One of VA's Psychology Chiefs is in

direct communication with our head of Behavioral Health Services, who happens to be a Veteran himself. They are matching caseloads with network providers' schedules and specialties so we can place Veterans with care in the community as quickly as possible with the right type of provider for their needs.

I know Members of the Arizona Congressional delegation are rightly looking for accountability for the past, but they are also focusing intently on solutions for tomorrow -- both long term and those that are available quickly to help Arizona Veterans. TriWest takes very seriously our obligation and privilege to do our part for the short term as well as over the long term. I am hopeful that the tools we have developed and this model of information sharing and collaboration becomes one that we can use not only in Arizona but all across our Region to assist where and when we can. And, indeed, that is exactly what is underway.

### **Remaining Committed and Focused**

Mr. Chairman, and members of the Committee. I hope I have made clear in my comments today that TriWest is very committed to and indeed is working tirelessly alongside VA to successfully execute a program that was designed to provide Veterans with timely access to specialty care from community providers and community facilities when asked to do so by VA Medical Centers because they are unable to meet the need. We are growing our staff and we are collectively beginning to smooth-out the rougher edges of our operations under this new program. We are adding scores of new providers every day to our network. And, most importantly, we are communicating with our VA partners every single day to understand their needs community-by-community and Veteran-by-Veteran.

We have found a tremendously dedicated VA Management Team overseeing this contract and matching our work hours, focus, and intensity every step of the way. I don't think either of us believe that the other is perfect nor did we all think that we would be tested in this way. But, I want you and the rest of our fellow citizens to know that we have encountered a VA team that has nothing but the interests of our Veterans at heart, and I hope they know and believe the same thing about TriWest.

Working together, and armed with an open and honest dialogue between us, and an intensity to match the amazing service and sacrifice of our collective customer, I'm confident our Veterans will receive the timely, quality care they deserve.

Thank you. I will now be pleased to answer any questions that Committee members may have.