GEORGE C. TUREK
Written Statement
House Committee on Veterans' Affairs
VBA and VHA Interactions: Ordering and Conducting Medical Examinations
June 25, 2014

Chairman Miller, Ranking Member Michaud and Committee Members. Thank you for the opportunity to discuss the interactions between the VBA and VHA in the ordering and conducting of Compensation and Pension ("C&P") Medical Disability Examinations ("MDEs"), as well as my recommendations to streamline the process and maximize staff resources to best benefit our veterans.

By way of introduction, my name is George Turek and I am the majority shareholder of Veterans Evaluation Services ("VES"), a veteran-owned company which provides outsourced C&P MDE services to both the VBA and VHA through two contracts. VES was founded in 2007 as a wholly-owned subsidiary of MES Solutions ("MES"), which was established in 1978 to provide Independent Medical Examination ("IME") services to the commercial insurance and legal communities. MES was sold to a New York Stock Exchange listed company in 2011, at which point MES had the distinction of being the oldest and largest free-standing commercial IME facility in the United States. In 1978, as a young man, I sold my house and with a $5,000.00 profit, I founded MES. (Please see attached Exhibit # 1.) I thought I had started a business. Three-and-a-half decades later, I realize now that I had started an industry. When MES sold in 2011, VES was not part of the sale. We retained ownership of VES because we have a deep commitment to our veterans and were convinced that keeping VES family- and employee-owned would assure our veterans and the VA the very best in MDE services.

I have been asked to comment on several topics, one of them being comparing and contrasting the VBA and VHA MDE outsourcing processes. As noted above, VES holds two MDE contracts with the VA. (Please see attached Exhibit # 2.) One contract is with the VBA and is a single-source discretionary-funded contract. VES has held this seven-and-a-half region contract since 2008. The other contract is with the VHA, and VES has held this contract since 2011. In this contract, VES competes with four other contractors for overflow MDE work from VA Medical Centers ("VAMCs") located throughout the world. As a result, VES as a contractor works daily with both the VBA and VHA, adhering to each agency's differing requirements for the intake, scheduling, examination, diagnostic testing, processing, quality control, report delivery and invoicing associated with MDE services.

The differences are many between the VBA and VHA when it comes to processing MDEs. Below are some examples:

1. Although VBA regional offices send the actual MDE request, it is the VBA senior staff and the contracting officer in Washington, D.C., who set the monthly allotments. In contrast, the VHA Office of Disability and Medical Assessment ("DMA") staff located

in St. Petersburg, Florida, administers the VHA contract, but they do not dictate the number of MDE requests emanating each day or month from the individual VAMCs; that responsibility rests with each individual VAMC.

2. Although the VBA and VHA use the same computer system, CAPRI, they use entirely different appointment systems to request MDEs. The VBA uses CAATS to request MDE appointments. CAATS is highly automated and works seamlessly with VES' computer operating system, with very little human intervention necessary. On the other hand, the VHA uses DemTRAN, which is very labor-intensive and in essence is nothing more than encrypted e-mails and requires the contractor to receive and manually enter, one-by-one, each individual MDE referral.

3. The VBA and VHA have two vastly different workflow processes to which contractors must adhere. The VBA workflow has some 15 steps, while the VHA workflow has 33 steps. This obviously complicates and adds additional cost and man hours to the processing of MDEs. By way of example, VES had to establish a designated team just to individually enter VHA referrals by hand. (Please see attached Exhibit # 3.)

4. Monthly billing is a computerized, one-step process with the VBA. One monthly bulk invoice is created on a spreadsheet and e-mailed to the VBA for all MDEs performed during the month. Payment is made by wire transfer within 20 days. On the other hand, with the VHA each case is billed separately and paid separately by each VAMC. What is a one-step process with the VBA is a 12-step process with the VHA, which results in significantly slower payments, mistakes, underpayments and overpayments, and can be extremely labor-intensive and time-consuming for the VAMCs.

Currently VES' timeliness for a VBA case is 18 days, while our timeliness for a VHA case is 26 days, with much of the difference being directly attributable to the difference in workflow processes. The same agency – the VA – but with two completely different processes, one of which is highly inefficient. In our opinion, the VBA workflow process for an outsourced MDE is significantly more time-efficient and cost-effective than the VHA workflow process for the exact same case. At the end of the day, the more efficient the process, the more veterans that can be evaluated and ultimately receive their much deserved C&P benefits.

Although not an issue of processing, another issue the Committee should consider is the method of funding for outsourced MDE contracts. As noted above, VES' contract with the VBA is discretionary-funded, whereas other outsourced MDE contracts are mandatory-funded. The reason this is significant is that a discretionary-funded contract (or an indefinite quantity contract) for MDE services makes it extremely difficult and costly for a contractor such as VES to develop and maintain a network of fully credentialed medical providers who are readily available, trained and experienced in conducting MDEs.

As a representative example, below is a chart of the MDE referrals VES received in 2013 from two different VAMCs, in two completely different geographical regions:

Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
10	24	125	364	8	5	0	39	0	2	0	0
0	0	0	0	0	0	352	697	775	17	14	48

For those Committee members who have run a business, you can easily see how difficult it becomes to plan, budget and staff for MDE services with such a widely fluctuating referral volume. Absent a reliable allocation of resources from Congress to fund these contracts, such as is the case with a discretionary-funded contract, the VA cannot establish a consistent flow of referrals to contractors providing MDE services. If contractors cannot count on a consistent flow of referrals during the term of a contract, it makes it very difficult, if not impossible, for the typical privately-held contractor to effectively manage and run their business. Ultimately this may dissuade such contractors from bidding on these contracts. The solution is simple: at least while there remains a significant backlog of veterans waiting to receive C&P benefits, Congress should pass legislation making all outsourced MDE contracts mandatory-funded.

I would like to share with the Committee some observations of the current MDE process based on 36 years of industry experience in facilitating Independent Medical Examinations ("IMEs"), which are the commercial equivalent to MDEs. In the commercial world, IMEs are part of the claims process, not the healthcare delivery system. This is a crucial point, which the Committee members who are medical providers should well understand. An IME is ordered by an adjuster in a claims department of an insurance company or third party administrator on an individual who has filed a claim for benefits (workers' compensation, personal injury, long-term disability, etc.). The claimant is sent to an independent third party medical provider for the IME. Somehow and at some point, and I admittedly do not know the history regarding this, the VA decided to use its own medical providers, in its own medical centers, to render third party independent medical opinions. This practice is completely at odds with the standard in the commercial claims world. In fact, this practice is contrary to what all other local, municipal, state and federal agencies, such as the Social Security Administration, the Department of Labor, and the U.S. Postal Service, do when they are required to obtain an IME. In every instance the claimant is referred to an independent third party medical provider for evaluation. I know of no instance where a claimant would be referred to his own treating medical provider for an IME (other than possibly in a rural area where no other medical provider is available). In fact, in the commercial world, a claimant would not even be referred to a medical provider either associated or affiliated with the claimant's treating medical provider, such as in a group practice or medical clinic. This is simply not considered proper protocol. Only a third party independent medical provider is capable of rendering an unbiased and objective opinion. These observations are based on years of working in the IME industry and having owned an IME company that provided services in all 50 states and numerous countries around the world, in most, if not

all, benefit delivery systems. I have always thought it peculiar that the VA actually conducted MDEs on veterans within their own medical centers where they treat those very same veterans. I find it even more peculiar that both the VBA and VHA not only send veterans to VAMCs for MDEs, but they also send veterans to truly third party independent medical providers using disparate workflow processes. From the perspective of an outsider to the VA, albeit someone who is intimately familiar with the IME industry, this just does not make sense.

With the above in mind, and in light of the crisis facing the VHA right now with regard to providing timely medical treatment to our veterans, I would like to offer some recommendations regarding the C&P MDE process. There has in recent years been a substantial increase in total veteran enrollees for VA healthcare. There has also been a substantial increase in VAMC inpatient admissions and outpatient visits. The VA experienced an 80% increase in outpatient visits over a 10-year period, from 46.5 million in 2002 to 83.6 million in 2012, which begs the question: has the treating medical provider and associated support staff at VAMCs and outpatient clinics increased proportionately to accommodate this dramatic increase in patient population? From the looks of it, and based on what we see in the media, it appears that they have not.

Based on our experience at VES, on average it takes about three hours for a medical provider to review records, interview and examine a veteran, review diagnostic testing, and then enter the appropriate Disability Benefits Questionnaires ("DBQs") into the portal, and it is reasonable to assume that VAMC-employed medical providers are spending a comparable amount of time on each MDE they conduct. Our information is that approximately 80% of all MDEs are conducted by VAMC-employed medical providers. Suffice it to say, therefore, that VAMC-employed medical providers are spending hundreds of thousands of hours each year conducting MDEs. In addition, clerical and other professional staff spend hundreds of thousands more hours to support the VAMC MDE process. Finally, diagnostic testing and laboratory work is often conducted on the veteran as part of the examination process. As a result, VAMC departments such as radiology, audiology, the blood lab, cardiology and ophthalmology are called on to provide diagnostic testing services in association with an MDE, which further strains the VAMC MDE process, as both treating medical providers and MDE medical providers vie for diagnostic testing time slots.

When you consider the fact that IMEs, which are the commercial market equivalent of MDEs, have historically been conducted by independent third party medical providers, and the fact that hundreds of thousands of man hours each year are being devoted by VA-employed medical providers to conducting MDEs, rather than providing much needed medical treatment to our veterans, one simple solution becomes obvious: immediately pass legislation to outsource all MDEs to private contractors utilizing community-based independent medical providers.

This solution serves to address two very serious problems confronting the VA today:

1. Veterans are waiting too long to receive medical treatment appointments at VAMCs; and

2. Veterans are waiting too long to receive C&P benefits because there is a significant backlog of MDEs waiting to be performed.

By outsourcing all MDEs to private contractors, VA-employed medical providers would be free to devote 100% of their valuable time to providing much needed medical treatment to veterans. Moreover, outsourcing of MDEs has been extremely successful, and private contractors have access to trained and experienced community-based medical providers, as well as the necessary support staff, to quickly reduce the large backlog of these cases. Outsourcing all MDEs would solve both problems: it would reduce the long wait time for our veterans to receive appointments for medical treatment at VAMCs by allowing VA medical providers to focus exclusively on providing medical treatment and it would facilitate the timely delivery of C&P benefits to our veterans by significantly reducing the backlog of MDE cases.

This Committee, as well as the Senate Committee on Veterans' Affairs, has been grappling for some years with the long-standing backlog of C&P claims. Now, however, both Committees are confronted with an additional problem: the backlog of veterans seeking timely medical treatment at VAMCs. Ironically, the recommendations set forth above would, if adopted, have a positive impact on greatly reducing both the backlog of C&P claims as well as the backlog of veterans waiting for medical treatment at VAMCs. One of the most appealing aspects of this proposed solution is that it could be adopted and put into effect almost immediately; not in two or three or five years, but right now. The staff and physical assets are already located at the VAMCs in order to handle the additional treatment cases; they just need to be reallocated from MDEs.

In summary, my recommendation is to have the VHA focus on its primary responsibility – providing timely medical treatment to our veterans, and to have the VBA take full responsibility for what is essentially a claims processing function – referring our veterans to independent community-based medical providers for MDEs. Two problems: one simple solution.

I commend both the House and Senate for considering other measures to address the long-standing backlog of C&P claims, and fully endorse both H.R. 2189 and S. 2091, and in particular Sections 201 and 203, respectively. The title of both of these sections is the same: "Improvements to Authority for Performance of Medical Disabilities Examinations by contract physicians." The proposal to expand the scope of the pilot program under the Veterans Benefit Act of 2003 is definitely a step in the right direction; however, I would suggest that it go further: why limit the number of VA regional offices allowed to outsource MDEs to 15 – why not allow all VA regional offices to do so? Allowing all VA regional offices to outsource MDEs to community-based independent medical providers, with mandatory-funded contracts awarded through the competitive bidding process (RFP), would serve to increase the number of resources available to the VA to reduce the backlog of C&P claims.

Similarly, the proposal to allow medical providers licensed in one state to perform MDEs for the VA in any other state would likewise add to the VA's resources and assist in reducing the backlog. We, therefore, support both pieces of legislation, although we would suggest that the pilot program be unlimited in its scope, and we encourage the Congress to adopt such legislation this session.

Thank you for the opportunity to address the Committee and share my thoughts and recommendations on these issues. VES and I stand ready and willing to assist this Committee as well as the VA in whatever measures are adopted to reduce and/or eliminate the long wait times for our veterans to receive much needed medical treatment and the C&P benefits they so justly deserve based on their service to our country.

All hands on deck for treatment and C&P benefits for our veterans!

GEORGE C. TUREK

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EMPLOYMENT

MES Group, Inc.
MES Solutions
Medical Evaluation Specialists, Inc. (MES) 1978 – 2011

Founder, Owner, Chairman & CEO

MES was founded in 1978 in Detroit, Michigan, as the first free-standing independent medical examination (IME) company in the United States. MES provided IME and associated services to the commercial insurance claims and legal communities, principally in the workers' compensation, personal injury and long-term disability markets. MES grew rapidly and ultimately expanded from Michigan to California, Massachusetts, Texas and Washington, and eventually all across the country. MES was, in part, employee-owned through an employee stock ownership plan (ESOP) and had in excess of 500 employees and 20,000 contracted healthcare professionals providing IME services throughout the country and internationally. MES was sold to a New York Stock Exchange listed company in February 2011.

Peer Review Services (PRS) 2004 – 2011

Founder, Owner, Chairman & CEO

PRS was a wholly-owned subsidiary of MES and was founded in 2004 in Boston, Massachusetts, as an independent review organization (IRO). PRS provided IRO services to the commercial insurance claims community, principally in the long-term disability market. PRS provided services all across the country, with in excess of 100 employees and 5,000 contracted healthcare professionals. PRS was included in the sale of MES in February 2011.

VES Group, Inc.
Veterans Evaluation Services (VES) 2007 – Present

Founder, Owner, Chairman & CEO

VES was initially a wholly-owned subsidiary of MES and was founded in 2007 in Houston, Texas, for the purpose of providing compensation and pension (C&P) medical disability examination (MDE) services to the Department of Veterans'

Affairs (the VA). VES has been awarded two contracts by the VA to provide C&P MDE services: one through the VBA in 2008, which includes 7½ regions in the central United States, and the other through the VHA in 2011, which includes in excess of 100 VAMCs throughout the world. VES continues to service both contracts, with some 300 employees and thousands of healthcare professionals. VES was excluded from the sale of MES in February 2011, and remains family- and employee-owned.

MILITARY SERVICE

United States Navy 1967 – 1975
Active and Reserve

EDUCATION

University of Michigan
Ann Arbor, Michigan 1975 – 1976
Degree: Masters of Science, Management

Eastern Michigan University
Ypsilanti, Michigan 1966 – 1970
Degree: Bachelor of Science, Industrial Technology

Catholic Central High School
Detroit, Michigan 1962 – 1966

FEDERAL CONTRACTS HELD BY VES

Fiscal Year	Source	Amount (maximum / minimum)
2014	VBA	$180,000,000 / $1,376,440
2014	VHA	$500,000,000 / $100,000
2013	VBA	$180,000,000 / $1,376,440
2013	VHA	$500,000,000 / $100,000
2012	VBA	$180,000,000 / $1,376,440
2012	VHA	$500,000,000 / $100,000

EXHIBIT # 3
George C. Turek
Written Statement