

**STATEMENT OF RICHARD J. BYRNE  
TO THE  
COMMITTEE ON VETERANS' AFFAIRS  
U.S. HOUSE OF REPRESENTATIVES  
ON THE SUBJECT OF THE  
"INDEPENDENT ASSESSMENT OF THE HEALTH CARE  
DELIVERY SYSTEMS AND MANAGEMENT PROCESSES  
OF THE DEPARTMENT OF VETERANS AFFAIRS"**

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Chairman Miller, Ranking Member Brown, and distinguished members of the committee, I appreciate the opportunity to submit a statement in support of today’s hearing on *The Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs*. My name is Richard Byrne, and I am a Senior Vice President of The MITRE Corporation. MITRE is a not-for-profit company chartered in the public interest to address issues of critical national importance and as such operates under a set of rules and constraints prescribed by the Federal Acquisition Regulations to preserve its objectivity, independence, and freedom from conflict of interest.

**Introduction:** The Independent Assessment was conducted under the auspices of the Centers of Medicare and Medicaid Alliance for Modernizing Health, a Federally Funded Research and Development Center operated by MITRE, and in partnership with The RAND Corporation, McKinsey & Co., and Grant Thornton. We also set up an independent Blue Ribbon Panel composed of 16 top private sector health care executives to further review and critique our work to ensure that the best practices of the private sector were incorporated.

The Independent Assessment includes a broad, evidence-based set of findings and recommendations. It reveals that there are four pervasive systemic issues that, together, significantly contribute to large variations in performance and result in unacceptable Veteran experiences. It is our belief that the only way to successfully transform VHA to eliminate these variations in a sustainable and scalable manner is to address those four findings using an integrated systems approach.

**Background:** Section 201 of the Veterans Access, Choice, and Accountability Act of 2014 required an Independent Assessment of the hospital care, medical services, and other health care furnished in medical facilities of the

Department of Veterans Affairs (VA). The Act specifically directed that assessments be conducted in 12 areas, covering a broad spectrum of Veterans Health Administration (VHA) services, operations, and support (Figure 1). The findings and recommendations from these assessments revealed interrelationships that demand a holistic understanding of VHA.

VHA’s health care delivery system is challenged by a unique combination of factors including its significant scale and scope, unique patient population, and congressionally mandated funding, governance, and oversight. VHA operates one of the country’s largest and most complex organizations, with 1,600 care sites (including 167 medical centers) across 50 states, currently staffed by approximately 300,000 employees who cared for nearly six million Veterans last fiscal year. VHA is a major research and teaching

**Figure 1**  
**Veterans Choice Act Assessments**

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|----------------------------------|
| A. Demographics                  |
| B. Health Care Capabilities      |
| C. Care Authorities              |
| D. Access Standards              |
| E. Workflow – Scheduling         |
| F. Workflow – Clinical           |
| G. Staffing/Productivity         |
| H. Health Information Technology |
| I. Business Processes            |
| J. Supplies                      |
| K. Facilities                    |
| L. Leadership                    |

organization, with a \$1.2 billion annual research budget. Its health professional education program is the nation's largest, clinically training nearly 120,000 individuals each year via affiliations with more than 1,800 educational institutions.

**Approach:** The Independent Assessment was performed by interviewing VA employees and outside observers, visiting 87 VA sites, conducting multiple surveys, analyzing 560 data sets provided by VHA and data from other sources, and performing literature reviews. In addition, best practices were gathered from the private sector through interviews with top health care executives, site visits to high-performing health care organizations, and consultation with an independent advisory panel of nationally recognized health executives and stakeholders (Appendix Q: Blue Ribbon Panel). This approach not only provided deep understanding of the 12 assessment areas, but additionally provided a comprehensive view of VHA. It is VHA's interdependent system that is the focus of the findings and recommendations in the Integrated Report.

**The Independent Assessment:** The Independent Assessment includes an Integrated Report and the 12 major assessment reports for the areas designated in Figure 1. Each area is addressed in a separate assessment report that includes findings and evidence-based recommendations (Appendices A–L and Volume II). The Integrated Report builds upon the findings and recommendations of those reports and identifies the four systemic findings that must be addressed to enable a sustained transformation of VHA.

**Significant Flaws:** While VHA exhibits a deep commitment to serving Veterans, many of the assessment teams consistently found that VHA's health care facilities deliver strikingly different patient experiences, apply inconsistent business processes, and differ widely on key measures of performance and efficiency. The assessments also provided evidence that the organization is plagued by many problems: growing bureaucracy, leadership and staffing challenges, and an unsustainable trajectory of capital costs. Other reports and assessments have pointed to local failures of access and quality. On the other hand, there are bright spots throughout VHA that illuminate best practices that work effectively within the VHA environment. Understanding the various aspects of these differences sets a context that can allow VHA to identify and act on opportunities for continuous sustained improvement.

**Systems Approach:** VHA must adopt systems thinking to address its most challenging problems, including access, quality, cost, and patient experience.<sup>1</sup> Systems thinking is a framework for solving problems based on the premise that a component part of an entity can best be understood in the context of its relationships with the other components of the entity, rather than in isolation. It takes into account the interdependencies of the parts to find the best combination of strategies that meet the needs of the whole. This approach is required to address the interdependent nature of the people, processes, and technologies supporting VHA. This approach has been well established in many industries, including health care, and often enables leaders to reframe the problem into opportunities based on an appreciation of how components of the program should be working together, as opposed to how they are currently interacting. Systems thinking does not promote tackling individual problems independently

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<sup>1</sup> This information is informed by the Institute of Medicine Assessment D (Access Standards) in Volume II.

because the solutions—more often than not—will be sub-optimal, non-scalable, and non-sustainable.

While complex problems benefit greatly by reframing problems in creative ways, systems solutions also work well for improving existing processes and motivating people to believe they can successfully change. Continuous improvement is one such approach that often uses a Plan-Do-Study-Act cycle that identifies, reduces, and eliminates suboptimal processes for continuous incremental or breakthrough improvements. This approach relies heavily on measuring, analyzing, and experimenting for successful innovations. The current culture in VHA would benefit greatly from instituting continuous improvement more effectively so that everyone participates, sees progress, and can build on the pride they have in being part of VHA. Some of VHA's best performers already focus on continuous improvement, but it is not widely adopted as a standard way of operating. Transforming any organization, especially one the size of VHA, requires that everyone understands, feels accountable for, and acts daily on how to continuously improve the organization. It is as much about engaging the people as it is about fixing the processes.

**Four Systemic Findings:** A review of the extensive evidence, findings, and recommendations in the assessment reports—informed by an analysis of industry benchmarks and best practices, insights from health care executives and high-performing health care systems, and interactions with Veterans Service Organizations—enabled the identification of four systemic findings that impact mission execution.

- A disconnect in the alignment of demand, resources, and authorities
- Uneven bureaucratic operations and processes
- Non-integrated variations in clinical and business data and tools
- Leaders are not fully empowered due to a lack of clear authority, priorities, and goals.

The recommendations that will enable VHA to address these findings are discussed below. These recommendations are interdependent and must be coordinated and implemented via a systems approach to improve the VHA system overall.

### **Finding 1: A disconnect in the alignment of demand, resources, and authorities**

VHA's mission—"Honor America's Veterans by providing exceptional health care that improves their health and well-being"<sup>2</sup>—is inspirational and widely accepted by VHA staff, but there are significant geographic variations with respect to how the mission is translated into action for individual Veterans. Complex eligibility rules make determining which Veterans are covered and which services those Veterans receive a challenge, and navigating VHA is often difficult for Veterans—a problem exacerbated by incomplete guidance and non-standardized business processes. Furthermore, the growing role of outside providers has not been effectively integrated into VHA's operating model, which is based on providing direct care within VHA facilities.

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<sup>2</sup> U.S. Department of Veterans Affairs. Veterans Health Administration. "About VHA." [Website]. Retrieved from <http://www.va.gov/health/aboutVHA.asp>

At present, VHA is over-committed in some geographic areas, given its broad mission, an expanding list of automatic eligibility criteria, and limited resources. Matching supply and demand at the local level is challenging because supply is relatively fixed each year once service projection models allocate resources to each facility through the appropriation and budgeting process.

Although the population of Veterans is expected to decline by 19 percent over the next decade,<sup>3</sup> the demand for health care services is expected to rise before it levels off in five years, based on demographic factors (primarily aging)—and likely will rise even more if access to VHA health care is improved (Assessment B [Health Care Capabilities]). On the other hand, in some areas and for some health conditions, VHA may not have a sufficient population of patients to sustain highly specialized service lines with enough volume to achieve and maintain clinical excellence.

### **Recommendation 1—GOVERNANCE: Align demand, resources, and authorities.**

Congress, the Commission on Care, and VA leadership should address the misalignment of demand with available resources both overall and locally. They should align VHA's goal to provide comprehensive health care to Veterans with VHA's capacity by adjusting capacity or reshaping the expected benefit—that is, the Veteran population to be served (eligibility) on the one hand, and the health care those Veterans will be provided (service lines) both by VHA and by community resources on the other.

#### **Supporting Recommendations**

- **Establish a governance board to develop fundamental policy, define the strategic path, insulate VHA leadership from direct political interaction, and ensure accountability for the achievement of established performance measures.**

Congress should consider the following alternatives for such a governance board:

- Charter a commission modeled after the 1955 U.S. President's Commission on Veterans' Pensions.
  - Empower a board or commission to reshape geographic service areas and optimize facilities resourcing and lines of service (along the lines of the Defense Base Realignment and Closure Commission process used for military installations).
  - Assign the definition of the governance board as a mission for the Commission on Care, established under Section 202 of the Veterans Choice Act.
  - Whatever approach is selected, ensure that the solution focuses on governance, that members have sufficient longevity of term, and that the authorities of the board are fully endorsed by Congress.
- **Require a patient-centered demand model that forecasts resources needed by geographic location to improve access and to make informed resourcing decisions.**

VHA should:

- Effectively explore predictive tools to continually forecast local demand and fine-tune estimates of required resources.

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<sup>3</sup> This information is presented in RAND Corporation Assessment A (Demographics) in Volume II.

- Reallocate and manage resources flexibly to meet national, regional, and local variations in patient-centered demand.
- **Clarify and simplify the rules for purchased care to provide the best value for patients.**<sup>4</sup>

VHA should:

- Develop a stronger management structure for purchased care and allocate responsibility and authority to the most appropriate levels.
- Establish an ongoing process for evaluating third-party administrator performance.
- Develop clear and consistent guidance and training on VA's authority to purchase care.
- Ensure that both new and existing purchased care contracts with outside providers and third-party administrators include appropriate requirements for data sharing, quality-of-care reporting, and care coordination.

## Finding 2—Uneven bureaucratic operations and processes

Several centralized operational and support functions appear to have lost customer focus and do not adequately support the needs of the medical centers. In response, individual VA Medical Centers (VAMCs) have adopted local implementations of certain processes, but many of these were found to be unnecessarily complex and, not surprisingly, inconsistent across VHA. In many cases, these centralized and local process issues have become inefficient or bureaucratic and have had a direct and negative impact on the overall Veteran experience and timely access to care.

These widely varying processes highlight the complexity of VHA within the larger, equally complex VA organization. Severe problems may manifest themselves at one facility, while another constantly receives tributes from Veterans and health care experts. The oft-quoted reminder, “if you've seen one VA hospital, you've seen ONE VA hospital,” captures this reality.

**Recommendation 2—OPERATIONS: Develop a patient-centered operations model that balances local autonomy with appropriate standardization and employs best practices for high-quality health care.**

As Assessment L (Leadership) suggests, VA and VHA should streamline their Central Offices and strengthen poor-performing support functions. VHA should adopt systemic means to identify, assess, disseminate, adapt, and scale best practices throughout the system—whether these practices originate inside or outside of VHA.

### Supporting Recommendations

- **Right size and reorient the VHA Central Office to focus on support to the field in its delivery of care to Veterans.** This implies a series of actions to include reassessing all VHA Central Office-directed metrics and policies to ensure that they add sufficient value to patient outcomes and eliminate those that do not.

<sup>4</sup> This information is derived from RAND Corporation Assessment C (Care Authorities) in Volume II.

- **Fix substandard processes that impede the quality of care provided to the Veteran.** This is clearly dependent on, among other efforts, implementing an operating model that provides medical centers with the autonomy and flexibility to innovate and address local needs while also providing standardization across the system.
- **Design and implement a systematic approach to identify best practices and disseminate them appropriately across the enterprise.** This approach would include defining the role of the Veterans Integrated Service Network (VISN) to lead the best-practice identification and to share ideas within and across the enterprise, working collaboratively with VAMC leaders and staff.

### Finding 3—Non-integrated variations in clinical and business data and tools

A lack of common, integrated VHA enterprise systems and tools negatively impacts VHA’s operations and resulting data. Inconsistent and ineffective data collection and analysis undermines rapid, evidence-based assessment and improvement of quality and customer satisfaction. VHA lacks a holistic, enterprise approach to collecting and leveraging its data. Data interchange with the Department of Defense (DoD) and external health care providers is limited, which creates unnecessary clinical risk. Since newly discharged Veterans often become VA patients, interoperability with DoD is necessary and expected. These shortfalls hinder using available data to support effective decision making and performance management.

### Recommendation 3—DATA AND TOOLS: Develop and deploy a standardized and common set of data and tools for transparency, learning, and evidence-based decisions.

#### Supporting Recommendations

- **Use standardized clinical and administrative data for accuracy and interoperability.**
- **Implement a single, integrated set of system-wide tools centered on a common electronic health record (EHR) that is interoperable across VHA and with DoD and community providers.<sup>5</sup>**

Specifically, VHA should implement and integrate one system-wide:

- EHR system that is interoperable across the entire system and with DoD and community providers
  - Electronic claims payment system to pay for outside services
  - Billing system to collect from other payers
  - Patient-friendly scheduling system with modern, single toll-free-number call-center support
  - Set of electronic clinical decision-support tools describing standard work, protocols, and guidelines housed in an electronic medical library.
- **Transparently share performance metrics for leadership, clinical, and business functions across VHA to identify and adopt best practices for continuous improvement.**

<sup>5</sup> This information is derived from The MITRE Corporation Assessment H (Health Information Technology) in Volume II.

## **Finding 4—Leaders are not fully empowered due to a lack of clear authority, priorities, and goals**

As Assessment L indicates, VHA leaders operate within a challenging and disempowering environment that discourages emerging leaders from seeking promotion within the organization. While VHA has seen a 160-percent growth in headquarters program office staff in the past five years, key field leadership positions throughout the organization sit vacant or are staffed with acting leaders, and more than half of executives are eligible for retirement, potentially creating a larger number of vacant positions. Further, a misalignment of accountability and authority exists within a broader VHA culture characterized by risk aversion and lack of trust. Those leaders who are effective too often achieve outcomes despite the challenges of the organization within which they operate.

## **Recommendation 4—LEADERSHIP: Stabilize, grow, and empower leaders; galvanize them around clear priorities; and build a healthy culture of collaboration, ownership, and accountability.<sup>6</sup>**

VHA must resolve the leadership crisis by putting the right leaders in the right jobs with the right skills under an appropriate governance model for the appropriate amount of time.

### **Supporting Recommendations**

- **Push decision rights, authorities, and responsibilities to the lowest appropriate level throughout the organization.**
- **Build on Veteran-centered behaviors to drive a culture of service excellence, trust, continuous improvement, and healthy accountability.**
- **Revitalize the leadership pipeline through establishment of enterprise-wide, comprehensive succession-management and leadership-development functions.**
- **Strengthen the appeal of senior leadership positions by pursuing flexibilities in hiring and compensation.**
- **Establish sustained leadership continuity by extending tenure for key positions.**

**A Call for System-Wide Change:** The Independent Assessment highlighted systemic, critical problems and confirmed the need for change that has been voiced by Veterans and their families, the American public, Congress, and VHA staff. Solving these problems will demand far-reaching and complex changes that, when taken together, amount to no less than a system-wide reworking of VHA.

Several high-performing health care organizations were examined by the study team, including Kaiser Permanente, Virginia Mason, Geisinger Health System, and the Cleveland Clinic. Although all of these are of a differing scale than VHA, all overcame significant clinical or economic troubles by making consistent, organization-wide changes that enabled them to transform themselves into organizations that now excel at their specific missions. Similarly,

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<sup>6</sup> This recommendation and the ideas expressed in the supporting recommendations reflect information provided in McKinsey & Company Assessment L (Leadership) in Volume II.

during 1994 to 1999, sustained leadership within VHA deployed system-wide changes that effected a major transformation of the agency's operations. VHA should once again commit to that level of systemic change.

A system-wide transformation is required, based on an integrated systems approach that acknowledges the interdependence of the four systems recommendations:

- 1) **Governance:** Align demand, resources, and authorities.
- 2) **Operations:** Develop a patient-centered operations model that balances local autonomy with appropriate standardization and employs best practices for high-quality health care.
- 3) **Data and Tools:** Develop and deploy a standardized and common set of data and tools for transparency, learning, and evidence-based decisions.
- 4) **Leadership:** Stabilize, grow, and empower leaders; galvanize them around clear priorities; and build a healthy culture of collaboration, ownership, and accountability.

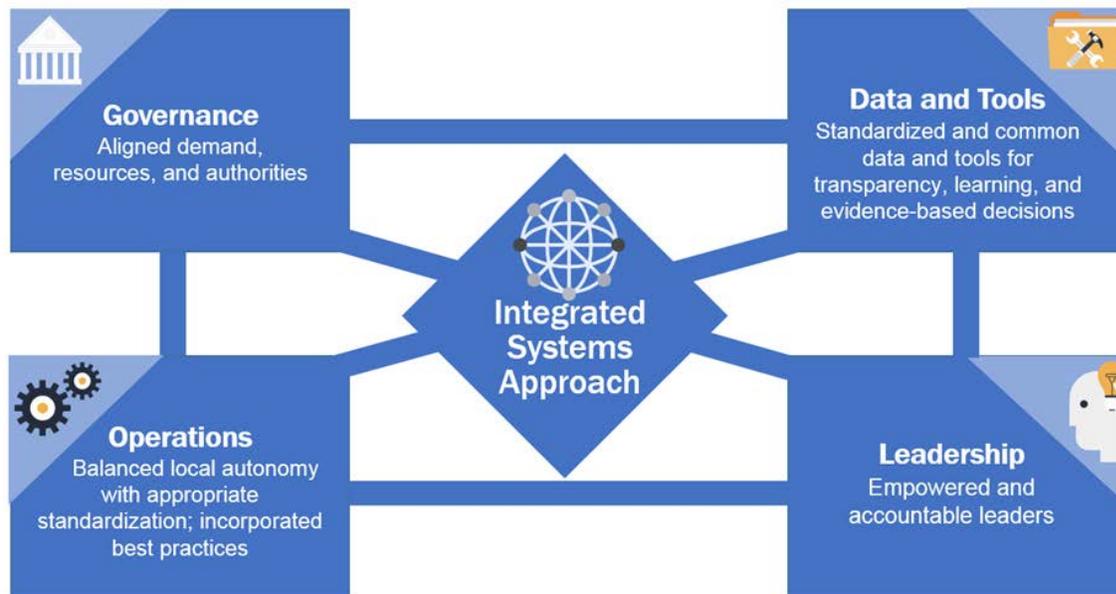
These four recommendations create the integrated systems cornerstones, as shown in Figure 2.

With these four interdependent systems components successfully in place, VHA will have the opportunity to achieve a place among the highest performing health care systems in the world. As an example of the value of this systems approach, consider the challenges that VA faces in managing its capital program in facilities management. As Assessment K (Facilities) highlights, provided that average funding levels remain consistent over the next 10 years, the \$51 billion capital requirement would significantly exceed the anticipated funding level of \$16–26 billion.<sup>7</sup> Not only would this shortfall jeopardize the capital program, it would also threaten the financial integrity of the entire VHA health care delivery system and, in turn, significantly impact the quality of health care provided to Veterans. Viewing this primarily as a funding problem would be shortsighted. Rather there are interdependent findings in each of the four cornerstones that need to be addressed in an integrated fashion to achieve a sustainable solution. In terms of governance, external constraints limit VHA's ability to deliver and operate medical facilities at the level of private-sector benchmarks; investments in facilities are not effectively linked to workload growth; existing space is not being used at its highest efficiency; and expected funding levels do not support identified capital needs.

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<sup>7</sup> This information comes from McKinsey & Company Assessment K (Facilities) in Volume II.

**Figure 2**  
**Integrated Systems Cornerstones**



As Assessment K also reveals, for operations, total cost of ownership is not calculated or integrated into capital planning decisions; VHA has no integrated system to manage the entire leasing process; comprehensive tracking or measurement of the leasing program and its outcomes is precluded; and a large majority of facilities noted challenges in hiring staff and filling vacant positions. For data and tools, data capture occurs at multiple levels and through multiple tools, generating multiple sources of truth about the status of the capital program; tools for developing Strategic Capital Investment Plan business cases rely on user creativity and capabilities to consider creative alternatives to capital solutions; and systems do not consistently capture key performance indicators, and the metrics are not standardized across all stakeholders. And for leadership, there are recognized shortfalls in overall accountability, role clarity, personal ownership, internal communication, and proactive problem-solving approaches that limit VA's and VHA's ability to deliver the correct projects on time and on budget; the broader culture of facilities functions is characterized by silos and risk aversion, resulting in an inability to consistently advance projects in an efficient manner; and competition for limited funds has led leaders to make a range of choices in developing projects that favor approval strategies over efficient project delivery.

Viewing these facilities challenges through the lens of the integrated systems approach begins to reveal the complexity of the problem, the integrated nature of the required transformation, and the opportunity to reframe the facilities challenges as part of a larger set of interdependent pieces of VHA's overall health care system. Facility challenges can be significantly mitigated by a transformative realignment throughout the capital program deploying best practices in leasing and contracting; realigning the strategy of the capital program to improve project selection, optimize the infrastructure portfolio, implement innovative care delivery models, understand demand-based needs, and explore and partner with purchased-care opportunities; and

reevaluating funding requirements. In short, employing the systems view could help reframe the vision for future health delivery and significantly reduce VHA's current and future capital investment issues. It also positions VHA not to be burdened long term with hospital overcapacity as the nature of health care delivery trends toward smaller inpatient facilities, increasing outpatient care, and more virtualized health care delivery.

The richness of the systems approach extends not just to facilities, but across many of VHA's biggest challenges. Patient access to clinician appointments cannot be sustainably addressed by only focusing on increasing overtime in the near term without looking at demand modeling, improving scheduling processes and tools, and a number of other dependencies. Choice Card funding is critical to increase purchased care access, but will not succeed without strong Veteran navigational aids, clearer rules of use, and a number of other cultural and leadership changes to promote using health care services outside of VHA. Prioritizing these findings and then solving them individually is tempting, but such an approach would not guarantee a sustainable solution. As H.L. Mencken stated, "For every complex problem there is an answer that is clear, simple, and wrong."

There are clear obstacles. As the assessment reports reveal, the number of issues VHA currently faces appears overwhelming. In its current state, VHA is not well positioned to succeed in the transformation that this analysis suggests. Three essential actions are required to realize the recommendations inherent in this transformation. VHA must:

- Recognize that the four cornerstones are interdependent and the success of any one of the four overarching recommendations hinges on the implementation of the other three. These solutions must be coordinated and implemented via a systems approach to improve VHA overall.
- Establish a transformation program management office with authority and funding (redirected from current central and local funding mechanisms) to implement the system-wide reworking of VHA. This will include establishing priorities, defining timelines for execution, allocating resources, and instituting appropriate metrics for success. It should merge relevant components of MyVA, the *Blueprint for Excellence*, and other ongoing initiatives into one coherent, focused transformational approach.
- Require evidence-based systems models to inform and implement integrated solutions that balance governance, operations, data and tools, and leadership.

It will be the charge of Congress, the Commission on Care, and VA leadership to see that these recommendations and resulting transformation efforts are given the necessary attention and support that they—and our nation's Veterans—deserve.