

**STATEMENT OF THE HONORABLE SLOAN GIBSON
DEPUTY SECRETARY OF VETERANS AFFAIRS
FOR PRESENTATION BEFORE THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
NOVEMBER 18, 2015**

Good morning, Chairman Miller, Ranking Member Brown, and Members of the Committee. Thank you for the opportunity to discuss the Department of Veterans Affairs' (VA's) proposal to consolidate VA's care in the community programs to improve access to health care. I am accompanied today by Dr. David Shulkin, Under Secretary for Health; Dr. Baligh Yehia, Assistant Deputy Undersecretary for Health for Community Care; and Mr. Joseph Dalpiaz, Network Director, Veterans Integrated Service Network 17.

VA is committed to providing Veterans access to timely, high-quality health care. In today's complex and changing health care environment, where VA is experiencing a steep increase in demand for care, it is essential for VA to partner with providers in communities across the country to meet Veterans' needs. To be effective, these partnerships must be principle-based, streamlined, and easy to navigate for Veterans, community providers, and VA employees. Historically, VA has used numerous programs, each with their own unique set of requirements, to create these critical partnerships with community providers. This resulted in a complex and confusing landscape for Veterans and community providers, as well as VA employees.

Acknowledging these issues, VA is taking action as part of an enterprise-wide transformation called MyVA. MyVA will modernize VA's culture, processes, and capabilities to put the needs, expectations, and interests of Veterans and their families first. Included in this transformation is a plan for the consolidation of community care programs and business processes, consistent with Title IV of the *Surface Transportation and Veterans Health Care Choice Improvement Act of 2015* (also known as the *VA Budget and Choice Improvement Act*) and recommendations set forth in the *Independent Assessment of the Health Care Delivery Systems and Management Processes of the Department of Veterans Affairs* (Independent Assessment Report) that was required by Section 201 of the *Veterans Access, Choice, and Accountability Act of 2014* (*The Choice Act*).

This document provides a plan for how VA could consolidate all purchased care programs into one New Veterans Choice Program (New VCP). The New VCP will include some aspects of the current Veterans Choice Program (Section 101 of PL 113-146, as amended) and incorporate additional elements designed to improve the delivery of community care. The 10 elements of this plan, as set forth in law, are listed to the right. With the New VCP as described in this

**VA Budget and Choice Improvement Act
Legislative Elements**

1. Single Program for Non-Department Care Delivery
2. Patient Eligibility Requirements
3. Authorization
4. Billing and Reimbursement Process
5. Provider Reimbursement Rate
6. Plan to Develop Provider Eligibility Requirements
7. Prompt Payment Compliance
8. Plans to Use Current Non-Department Provider Networks and Infrastructure
9. Medical Records Management
10. Transition Plan

plan, enrolled Veterans will have greater choice and ease of use in access to health care services at VA facilities and in the community.

The New VCP will clarify eligibility requirements, build on existing infrastructure to develop a high-performing network, streamline clinical and administrative processes, and implement a continuum of care coordination services. Clear guidelines, infrastructure, and processes to meet VA's community care needs will improve Veterans' experience and access to health care. VA's future health care delivery network will address gaps in Veterans' access to health care in a simple, streamlined, effective manner and will continue to support VA's missions of research and education.

VA is continuing to examine how the Veterans Choice Program interacts with other VA health programs, including the delivery of direct care. In addition, VA is evaluating how it will adapt to a rapidly changing health care environment and how it will interact with other health providers and insurers. As VA continues to refine its health care delivery model, we look forward to providing more detail on how to convert the principles outlined in this plan into an executable, fiscally-sustainable future state. In addition, we plan to receive and potentially incorporate recommendations from the Commission on Care and other stakeholders.

VA anticipates improving the delivery of community care through incremental improvements as outlined in this plan, building on certain provisions of the Veterans Choice Program. The implementation of these improvements requires balancing care provided at VA facilities and in the community, and addressing increasing health care costs. VA will work with Congress and the Administration to refine the approach described in this plan, with the goal of improving Veteran's health outcomes and experience, as well as maximizing the quality, efficiency, and sustainability of VA's health programs.

The Path Forward

The design of the New VCP (*Legislative Element 1*) is based on feedback from Veterans, Veteran Service Organizations (VSOs), VA employees, Federal stakeholders, and best practices. VA's plan centers on five functional areas. Within each functional area are key points to enable Veterans to receive timely and high-quality health care.

- 1. Veterans We Serve (Eligibility)** – This area addresses overlapping community care eligibility requirements, as directed in *Legislative Element 2*. Streamlining and consolidating these requirements will allow Veterans to easily understand their eligibility for community care and access community care faster. VA and community providers will have significantly lower administrative burdens, which have often impeded timely delivery of Veterans' care. This area includes the following possible enhancements:
 - Establish a single set of eligibility criteria for all community care based on geographic access/distance to a VA primary care provider (PCP), wait-time for care, and availability of services at VA.
 - Expand access to emergency treatment and urgent community care.

- 2. Access to Community Care (Referral and Authorization)** – This area addresses the complicated process of community care referrals and authorizations, as directed in *Legislative Element 3*. VA will optimize the referral and authorization systems and supporting processes, enabling more rapid exchange of information to support timely delivery of care. This area includes the following possible enhancements:

 - Streamline business rules in referral and authorization to minimize delays in delivering care and eliminate unnecessary administrative burdens.
 - Improve VA visibility into health care utilization in the community.

- 3. High-Performing Network** – This area leverages components of existing non-Department networks and identifies new community partners to build a high-performing network, as outlined in *Legislative Element 8*. Addressing issues of provider eligibility requirements and reimbursement rates, as outlined in *Legislative Elements 5 and 6*, will be key to this approach. This area includes the following possible enhancements:

 - Develop a tiered, high-performing provider network to better serve Veterans, consisting of the following categories:
 - **VA Core Network:** Includes existing relationships with high-quality health care assets in the Department of Defense (DoD), Indian Health Service (IHS), Federally Qualified Health Centers (FQHC), Tribal Health Programs (THP), and academic teaching affiliates.
 - **External Network:** Includes commercial community providers and distinguishes Preferred providers based on quality and performance criteria.
 - Move towards value-based payments in alignment with industry trends.
 - Implement productivity standards to better manage supply and demand.
 - Develop dedicated customer support to improve Veteran and community provider experiences.

- 4. Care Coordination** – This area focuses on improving medical records management and strengthening existing care coordination capabilities, as directed by *Legislative Element 9*. Improving medical records management will support a high-performing network and enable better decision making through analytics. It will also support more effective care coordination and improved Veteran health care outcomes. This area includes the following possible enhancements:

 - Offer a continuum of care coordination services to Veterans, tailored to their unique needs.
 - Use analytics to improve Veterans' health by guiding them to personalized services and tools (e.g., disease management, case management).
 - Enable community providers to easily exchange health information with VA.
 - Design customer service systems to help resolve inquiries from Veterans and community providers regarding care coordination.

- 5. Provider Payment** – This area focuses on improving billing, claims, and reimbursement processes, as well as Prompt Payment Act (PPA) compliance for purchasing care, as directed by *Legislative Elements 4, 5, and 7*. This area includes the following possible enhancements:
- Implement a claims solution which is able to auto-adjudicate a high percentage of claims, enabling VA to pay community providers promptly and correctly.
 - Move to a standardized regional fee schedule, to the extent practicable, for consistency in reimbursement.

The New VCP will use a system of systems approach to enhance these five functional areas as part of the larger VA health care transformation. This approach stresses the interactive, interdependent, and interoperable nature of external and internal components within VA's health care delivery system. The New VCP includes enhancements to the following systems, which will have a positive impact on VA and the greater Veterans' health ecosystem:

- **Integrated Customer Service Systems** – Provide a reliable, easy-to-use way for Veterans and community providers to get their questions answered, provide feedback, and submit inquiries.
- **Integrated Care Coordination Systems** – Establish a clear process for Veterans to seamlessly transition between VA and community care, supporting positive health outcomes wherever the Veteran chooses to receive care.
- **Integrated Administrative Systems (Eligibility, Referral, Authorizations, and Billing and Reimbursement)** – Simplify eligibility criteria so Veterans can easily determine their options for community care, streamline the referral and authorization process to enable more timely access to community care, and standardize business processes to minimize administrative burden for community providers and VA staff.
- **High-Performing Network Systems** – Enable the development and maintenance of a high-performing provider network to maximize choice, quality, and value for Veteran health care.
- **Integrated Operations Systems (Enterprise Governance, Analytics, and Reporting)** – Define ownership and management of community care at all levels of VA, local and national, and institute standard metrics to drive high performance and accountability across facilities.

The New VCP plan envisions a three-phased approach to implement these changes to support improved health care delivery, as outlined in the Transition Plan (*Legislative Element 10*). This will deliver incremental improvements while planning for a future state consistent with evolving health care best practices. The first phase will include development of the implementation plan and will focus on the development of minimum viable systems and processes that can meet critical Veteran needs without major changes to supporting technology or organizations. Phase II will consist of implementing interfaced systems and community care process changes. Finally, Phase III will include the deployment of integrated systems, maintenance and enhancement of the high-performing network, data-driven processes, and quality improvements.

Executing the New VCP will not be possible without approval of requested legislative changes and requested budget. The primary objectives of the legislative proposal recommendations are to make immediate improvements to community care, establish a single program for community care, and implement necessary business process improvements. The budget section of this plan is divided into three parts: (1) System Redesign and Solutions; (2) Hospital Care and Medical Services, including Dentistry; and (3) Expanded Access to Emergency Treatment and Urgent Care. System Redesign and Solutions include enhancements to the referral and authorization process, care coordination, customer service, and claims processing and payment. These changes are expected to improve the Veteran experience with community care. As a result, this may increase Veterans' reliance on VA community care, leading to increased Hospital Care and Medical Services costs. Expanded Access to Emergency Treatment and Urgent Care is important in providing Veterans with appropriate access to these services, but is severable from other aspects of the Program and could be implemented separately.

The incremental costs of the enabling System Redesign and Solutions for the New VCP are estimated to range between \$400 and \$800 million annually during the first three years. VA's community care programs (hospital care, medical services, and long-term services and supports) prior to the enactment of *The Choice Act*, cost roughly \$7 billion per year. Continuing the Veterans Choice Program, as amended, beyond its current expiration will cost approximately an additional \$6.5 billion per year, assuming no changes are made to its current structure (eligibility, referral and authorization, provider reimbursement, etc.). Improvements to the delivery of community care as described in this plan would require additional annual resources between \$1.5 and \$2.5 billion in the first year and are likely to increase thereafter. The proposed expanded access to emergency treatment and urgent care requires an additional estimated \$2 billion annually. Refer to the estimated costs and budgetary requirements (*Section 5*) and legislative proposal recommendations (*Section 6*) for additional information.

The estimated costs reflected in this report represent the funding required to maintain VA's delivery of community care at current levels, as well as incorporating the considerations outlined in this plan. Additional changes or expansion of the program beyond the scope outlined in this report could significantly increase the projected costs.

VA cannot reach the future state alone. Ongoing partnership with Congress will be critical to addressing the budgetary and legislative requirements needed for this important transformation, including outstanding decisions on aspects related to sustainability and cost-sharing. The support and active participation of Congress, Federal partners, VA employees, VSOs, and other stakeholders are necessary to achieve more efficient, effective, and Veteran-centric health care delivery.

Conclusion

Transformation of VA's community care program will address gaps in Veterans' access to health care in a simple, streamlined, and effective manner. This transformation will require a systems approach, taking into account the interdependent nature of external

and internal factors involved in VA's health care system. MyVA will guide overall improvements to VA's culture, processes, and capabilities and the New VCP will serve as a central component of this transformation. The successful implementation of the New VCP will require new legislative authorities and additional resources and will position VA to improve access to care, expand and strengthen relationships with community providers, operate more efficiently, and improve the Veteran experience.

Thank you. We look forward to your questions.